

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

JUN 15 2012

APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. TO TRANSFER )  
FUNCTIONAL CONTROL OF CERTAIN )  
TRANSMISSION FACILITIES TO PJM )  
INTERCONNECTION, LLC )

PUBLIC SERVICE  
COMMISSION

) Case No. 2012-00169

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to East Kentucky Power Cooperative, Inc. [hereinafter referred to as "EKPC"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for EKPC with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts

thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other

forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Jason R. Bentley  
McBrayer, McGinnis, Leslie & Kirkland PLLC  
305 Ann St.  
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Frankfort, KY 40601

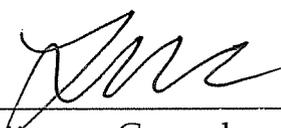
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Ann F. Wood  
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this 15<sup>th</sup> day of June , 2012

  
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Assistant Attorney General

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of Certain Transmission Facilities to PJM Interconnection, LLC  
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1. Reference the petition, pp. 17-18, and the Charles River Associates Report ("CRA Report"), pp. 6-7. Please confirm that:
  - a. the actual total costs EKPC could incur as a result of transferring control of its transmission facilities to PJM, including but not limited to PJM's administrative costs, are not known;
  - b. in particular, the amount of EKPC's share of PJM's RTEP transmission program, while unknown at this time, nonetheless could be "significant," according to p. 7 of the CRA Report; and
  - c. any PJM costs will be passed on to ratepayers, assuming the Commission approves this application.
2. With regard to your response to question 1, above, please provide any and all estimates regarding when the cost of EKPC's share of PJM's RTEP expansion will become known. Identify specifically how the company intends to notify the Commission, the parties, and its customers of those costs, once known.
3. As soon as is possible, please identify the amount of administrative costs EKPC would be required to pay to PJM in the event the application is approved. Include in your response the ratio of administrative costs to the percentage of PJM's total load that EKPC's system will constitute.
4. As soon as is possible, please identify the amount of any uplift costs EKPC would be required to pay to PJM in the event the application is approved. Include in your response whether PJM assigns or socializes these costs among all members of its system.
5. Please provide copies of any all materials regarding the scope of any and all PJM RTEP program expansions for which EKPC will or could eventually have to contribute to, including but not limited to:
  - a. geographic regions;
  - b. capacity expansions, both in existing facilities and any future contemplated projects;
  - c. any associated FERC fees (assuming EKPC's status as a coop does not insulate it from having to pay these fees); and
  - d. any potential inter-RTO projects with MISO and/or any other RTOs.
6. With regard to your responses to question numbers 1 through 4, above, please provide any and all cost estimates / projections known at this time. If none are

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available, will the company agree to promptly supplement its responses once they are become known?

7. At some time shortly after the filing of this case, the PJM Interconnection Board announced publicly that in order to counter generator-announced plans to retire nearly 14,000 MW of coal-fired generation within its footprint, PJM will undertake 130 transmission upgrade projects with a total value of approximately \$2 billion, and further, that more than one-half of these projects would occur in Ohio.
  - a. Does EKPC have any concerns that the geographic proximity of Ohio to its service territory will or could force some costs of the Ohio-based expansion projects onto EKPC? Please explain.
8. Please reference p. 7 of the CRA Report. Please confirm that EKPC would have only "a very limited role" in approving any RTEP projects.
9. With regard to your response to question 2, above, please identify any and all PJM plans to expand transmission to connect with wind power generation facilities, together with any and all cost estimates / projections of both the transmission facilities themselves, and cost estimates / projections for any such wind power generation.
10. Please identify any transmission expansions / modifications which EKPC may have to undertake in its own service territory, in the event the application is approved.
11. If the application is approved, please state to what extent, if any, EKPC will be required to purchase any wind power generation. If it will become so obligated, provide a very detailed and comprehensive discussion regarding the extent to which the purchase of wind power could have any adverse consequences on EKPC's system, including but not limited to any additional O & M costs for EKPC's own generating facilities. Include in your discussion any and all estimates for additional costs EKPC would incur.
  - a. Does the company agree to promptly supplement its response hereto in the event any new information should become available?
12. Has EKPC conducted any studies regarding what, if any, effects may occur as a result of the company being located with at, or in close geographic proximity to, the southern end of PJM's footprint? If so, please provide copies of any and all such studies.

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13. Does EKPC have any congestion on its system which would or could affect its ability to import or export generation? Please discuss in detail.
14. Will the company incur any additional costs if PJM re-orders EKPC's order of economic dispatch? If so, provide complete details.
  - a. If PJM does re-order EKPC's order of economic dispatch, will doing so affect the company's soon-to-be-filed application for ECR costs to be incurred for complying with new stringent EPA regulations? Please discuss in detail.
15. Could any RPS and / or climate change legislation at either the federal or the level of any state within the PJM foothold affect the total price of PJM's RTEP programs? If so, could they affect any portion of RTEP costs EKPC's ratepayers will or may be required to pay? Please provide any and all details.
16. Would EKPC agree that most of the costs it will eventually bear regarding its share of PJM's RTEP program will be the cost of RPS standards in other states PJM serves? Please discuss in detail.
17. Does EKPC know when its system would be included in PJM planning? If so, please identify when.
18. Is PJM's RTEP program composed primarily of projects the costs of which will borne across the entire PJM footprint?
  - a. Please provide any and all cost allocation methodologies of which EKPC is aware by which any portion of the RTEP costs could be allocated to EKPC's customers. Include in your response any applicable documents, records, and formulae.
19. Please indicate whether EKPC is aware of two (2) separate high-voltage DC current ("HVDC") transmission projects being proposed by the Eastern Interconnection Planning Collaborative. These proposals, if ever built, would bring wind-generated power from western states into PJM's footprint. One such proposed project would traverse the extreme northern portion of Kentucky in a west to east fashion, while the other project would be built across the extreme southern portion, again in a west to east fashion. It appears both such projects would either pass directly through, or at least in close approximation to EKPC's service territory. Please provide a discussion of the ramifications and possible impact such projects could pose for

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EKPC, including but not limited to whether EKPC's ratepayers would have to pay for any portion of any such project.

20. Please reference the CRA Report at p. 7. Confirm that the report states that the capacity market benefits EKPC could experience "are dependent on the continued diversity of EKPC's demand profile with that of PJM." Does EKPC foresee any situations in which the diversity of its demand profile with that of PJM could or may change? If so, please elaborate.
21. Please confirm that in the event EKPC decides to exit PJM, no exit fees would be charged, but that EKPC's obligation to pay for its share of transmission projects approved while a member would continue, as well as any commitments it may have in the congestion and capacity markets.
  - a. In the event that EKPC should ever exit PJM, and in the event that EKPC is required to continue to pay its portion of any allocated costs on a project basis, please confirm that EKPC's obligation to pay those costs would continue over the life of each applicable project.
22. Please reference the CRA Report at p. 9. Please confirm that the report states that EKPC's savings "will be offset by additional administrative and other costs incurred . . ." Please identify the nature of any such other costs, the amounts thereof, and the likelihood, if any, that they will occur.
23. Please reference the CRA Report, p. 19. Confirm that under PJM's Day 2 Market, demand side options have the ability to bid into the market to be compensated for both energy and capacity reductions. The LMP pricing in this market also provides better means to properly value and incent energy efficiency improvements. CRA anticipates that " . . . these economic incentives would provide EKPC with the ability to obtain more demand side and efficiency options on its system than in the Status Quo Case."
  - a. Does EKPC believe that in the event the Commission approves the instant filing, both it and its member coops, will be further incentivized to expand their DSM offerings? Please explain.
24. EKPC's application indicates that joining PJM will be beneficial to both the company and PJM because EKPC is a winter-peaking utility, whereas most of the remaining portion of the foothold is composed of summer-peaking utilities.

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- a. Please confirm that this benefit would not be affected in any way by the fact that Kentucky experienced an unusually mild winter in 2011-2012.
  - b. Please provide a discussion on the potential impact and ramifications that weather variations, either in Kentucky or elsewhere within the PJM footprint, would or could have on the nature of this projected beneficial aspect of the EKPC / PJM relationship.
25. Please confirm that EKPC expects its fuel costs to be reduced if the PSC allows the company to join PJM.
26. Please confirm that PJM membership would permit EKPC to delay incurring capital costs associated with having to seek new capacity and generation.
27. Please indicate whether the application contains a copy of the ACES study. If not, please provide one.
28. Please confirm that if the application is approved, there will be no impact on current RUS financing and no additional financing should be required.
29. EKPC's recently-filed petition set forth in Case No. 2012-00249 indicates it wishes to replace its current RUS mortgage with a "trust indenture." Please describe, in as much detail as is necessary, what effect the change the company seeks in 2012-00249 could or might have upon its application for PJM membership.
30. Are all of the assertions set forth in the application and in the company's discovery responses fully consistent with the information set forth in the company's recent IRP filing? Please provide a detailed discussion.
31. Please indicate whether EKPC will agree to promptly supplement its responses given herein, if and when any additional, new or different information should become known or available.