

# Goss ■ Samford PLLC

 Attorneys at Law

Mark David Goss  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

September 21, 2015

RECEIVED

SEP 21 2015

PUBLIC SERVICE  
COMMISSION

*Via Hand-Delivery*

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: *In the Matter of: The Application of East Kentucky Power Cooperative, Inc. for Approval of the Acquisition of Existing Combustion Turbine Facilities form Bluegrass Generation Company, LLC at the Bluegrass Generating Station in LaGrange, Oldham County, Kentucky and for Approval of the Assumption of Certain Evidences of Indebtedness*  
PSC Case No. 2015-00267

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) redacted copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the Second Request for Information of Commission Staff dated September 10, 2015. Also included are EKPC's responses to LG&E/KU's Supplemental Request for Information dated September 10, 2015.

Finally, enclosed are an original and ten (10) copies of EKPC's Motion for Confidential Treatment ("Motion") related to the above-referenced responses. One unredacted copy of the designated confidential portions of these responses, which are the subject of the Motion, is enclosed in a sealed envelope

Please return a file-stamped copy of these filings to me, and please do not hesitate to contact me if you have any questions.

Very truly yours,



Mark David Goss

Enclosures

2365 Harrodsburg Road, Suite B-325 | Lexington, Kentucky 40504

**RECEIVED**

**SEP 21 2015**

**PUBLIC SERVICE  
COMMISSION**

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR APPROVAL )  
OF THE ACQUISITION OF EXISTING )  
COMBUSTION TURBINE FACILITIES FROM )  
BLUEGRASS GENERATION COMPANY, LLC AT )  
THE BLUEGRASS GENERATING STATION IN )  
LAGRANGE, OLDHAM COUNTY, KENTUCKY, )  
AND FOR APPROVAL OF THE ASSUMPTION )  
OF CERTAIN EVIDENCES OF INDEBTEDNESS )**

**CASE NO.  
2015-00267**

**RESPONSES TO LOUISVILLE GAS AND ELECTRIC COMPANY'S AND  
KENTUCKY UTILITIES COMPANY'S SUPPLEMENTAL REQUEST FOR  
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.**

**DATED SEPTEMBER 10, 2015**

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2015-00267**

**LOUISVILLE GAS AND ELECTRIC COMPANY'S AND KENTUCKY  
UTILITIES COMPANY'S SUPPLEMENTAL REQUEST FOR  
INFORMATION DATED SEPTEMBER 10, 2015**

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits its responses to the information requests of Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU") in this case dated September 10, 2015. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY	)	
POWER COOPERATIVE, INC. FOR APPROVAL	)	
OF THE ACQUISITION OF EXISTING	)	
COMBUSTION TURBINE FACILITIES FROM	)	CASE NO.
BLUEGRASS GENERATION COMPANY, LLC AT	)	2015-00267
THE BLUEGRASS GENERATING STATION IN	)	
LAGRANGE, OLDHAM COUNTY, KENTUCKY,	)	
AND FOR APPROVAL OF THE ASSUMPTION	)	
OF CERTAIN EVIDENCES OF INDEBTEDNESS	)	

CERTIFICATE

STATE OF KENTUCKY    )  
                                  )  
COUNTY OF CLARK    )

Darrin Adams, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to Louisville Gas and Electric Company's and Kentucky Utilities Company's Supplemental Request for Information in the above-referenced case dated September 10, 2015, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 18<sup>th</sup> day of September, 2015.

  
Notary Public





**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2015-00267**  
**SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**LG&E/KU'S SUPPLEMENTAL REQUEST FOR INFORMATION DATED 09/10/15**  
**REQUEST 1**

**RESPONSIBLE PERSON: Darrin Adams**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 1.** In response to LG&E/KU Initial Request for Information Question No. 2c, EKPC indicated that it already has the needed transmission service on the LG&E/KU system to support bids into the PJM Base Residual and incremental auctions through Transmission Service Requests #80522955 and #81128526.

**Request 1a.** Please explain how EKPC has the requisite "long-term firm transmission service" required to bid into the PJM auctions when LG&E/KU's OATT does not allow network transmission service to be used for sales of capacity and energy to non-designated loads (i.e., loads connected to the EKPC transmission system).

**Response 1a.** This request by LG&E/KU seeks information regarding EKPC transmission arrangements for the Bluegrass Units under the LG&E/KU OATT. Such matters are within the exclusive jurisdiction of the Federal Energy Regulatory Commission ("FERC") and not within the jurisdiction of the Kentucky Public Service Commission ("PSC"). EKPC thus objects to this request because it goes beyond the

scope of this proceeding. In the interest of moving the instant proceeding forward and assuring the PSC that EKPC will indeed have adequate and appropriate transmission arrangements, EKPC nevertheless will respond to this request. By doing so, EKPC is not waving this or any future objection, and it should not be construed that EKPC is agreeing that such matters are within the scope of this proceeding.

Request #80522955 has been granted to EKPC by the LG&E/KU Independent System Operator. This request designates Bluegrass Station Units #1 and #2 as Network Resources for EKPC's load on the LG&E/KU system. EKPC's load on the LG&E/KU system is internal to PJM under the integration arrangements between EKPC and PJM that were approved by the FERC. PJM has indicated that this is acceptable transmission service for EKPC load and generation to participate in the PJM capacity and energy markets.

As a point of correction to EKPC's response to the aforementioned LG&E/KU Initial Request No. 2c, Transmission Service Request #81128526, which is a request to designate Bluegrass Station Unit #3 as a Network Resource for EKPC load on the LG&E/KU system just reached the completion of the Facilities Study phase by LG&E/KU on September 16. Therefore, EKPC has not yet been granted this service, and does not already have the needed transmission service on the LG&E/KU system to support bids into the PJM Base Residual and incremental auctions for Unit #3.

Similarly to the granted service for Bluegrass Stations Units #1 and #2, when Unit #3 becomes available to EKPC in 2019, EKPC's load on the LG&E/KU system is internal to PJM under the integration arrangements between EKPC and PJM that were approved by the FERC. PJM has indicated that this is acceptable transmission service for EKPC load and Bluegrass Station Unit #3 to participate in the PJM capacity and energy markets.

EKPC representatives and LG&E/KU representatives are participating in ongoing discussions to develop the specific arrangements to enable EKPC to deliver energy from Bluegrass Station to EKPC load connected directly to the EKPC transmission system to the extent that the amount of such energy exceeds EKPC's load on the LG&E/KU system. EKPC wants to have these arrangements in place to provide sufficient coverage for the possible range of operating levels for the Bluegrass generating units.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2015-00267**  
**SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**LG&E/KU'S SUPPLEMENTAL REQUEST FOR INFORMATION DATED 09/10/15  
REQUEST 2**

**RESPONSIBLE PERSON: Darrin Adams**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 2.** In response to the Attorney General's Initial Request for Information Question No. 20, Darrin Adams indicated that EKPC's RFP process and analysis "did not specifically take into account any potential increased transmission rates EKPC would pay to LG&E/KU for Network Integration Transmission Service ("NITS")" and that for the "certain periods when it is desirable due to economics or reliability to dispatch the Bluegrass Units at an output level that is greater than the amount of EKPC load directly connected to the LG&E/KU system...EKPC anticipates...that the incremental cost EKPC would pay, if any, would be relatively small."

**Request 2a.** Please explain why EKPC anticipates that the incremental cost EKPC would pay may be relatively small if anything.

**Response 2a.** This request by LG&E/KU seeks information regarding EKPC transmission arrangements for the Bluegrass Units under the LG&E/KU OATT. Such matters are within the exclusive jurisdiction of the Federal Energy Regulatory

Commission (“FERC”) and not within the jurisdiction of the Kentucky Public Service Commission (“PSC”). EKPC thus objects to this request because it goes beyond the scope of this proceeding. In the interest of moving the instant proceeding forward and assuring the PSC that EKPC will indeed have adequate and appropriate transmission arrangements, EKPC nevertheless will respond to this request. By doing so, EKPC is not waving this or any future objection, and it should not be construed that EKPC is agreeing that such matters are within the scope of this proceeding.

Transmission customers using Network Integration Transmission Service (“NITS”) on the LG&E/KU transmission system are billed for this service based on their usage of the system at the time of the LG&E/KU peak each month. This is the method approved by FERC for NITS and is not unique to LG&E/KU. The LG&E/KU LSE utilizes a NITS reservation on the LG&E/KU transmission system to deliver the output of any LG&E/KU Designated Network Resource both to its load that is directly connected to the LG&E/KU transmission system and to its load that is directly connected to the EKPC transmission system. The LG&E/KU Transmission Provider bills the LG&E/KU LSE only for its use of the transmission system to serve its native load at the time of the LG&E/KU system monthly peak. EKPC expects the same billing treatment – that is, based on EKPC’s usage of the LG&E/KU system to deliver the Bluegrass Station generation to EKPC load at the time of the LG&E/KU monthly peak.

EKPC expects the output of Bluegrass Station at the time of LG&E/KU's peak during most months to be equal to or less than the amount of EKPC load directly connected to the LG&E/KU system. Consequently, the output of the Bluegrass Station ordinarily will not increase EKPC's usage of the transmission system at the time of the LG&E/KU system peak each month. As a result, EKPC does not expect its dispatch profile of Bluegrass Station to cause EKPC to pay any additional charges for NITS to deliver excess output in most months based on the LG&E/KU established protocol for NITS billing.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2015-00267**  
**SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**LG&E/KU'S SUPPLEMENTAL REQUEST FOR INFORMATION DATED 09/10/15  
REQUEST 3**

**RESPONSIBLE PERSON: David Crews**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 3.** In response to LG&E/KU's Initial Request for Information Question No. 3d, David Crews states "EKPC is rated by S&P and Fitch and expects to come to agreement with LGE/KU on the necessary creditworthiness guarantee."

**Request 3a.** When does EKPC plan to begin and complete the process to "come to agreement with LGE/KU"?

**Response 3a.** EKPC is prepared to begin the process of coming to agreement with LGE/KU on the necessary creditworthiness guarantee as soon as possible and the completion will depend on LGE/KU's review period.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2015-00267**  
**SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**LG&E/KU'S SUPPLEMENTAL REQUEST FOR INFORMATION DATED 09/10/15  
REQUEST 4**

**RESPONSIBLE PERSON: David Crews**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 4.** In response to LG&E/KU's Initial Request for Information Question No. 4b, David Crews states that "EKPC believes MFA as billed is consistent with the formula described in Appendix B. EKPC also believes that as-billed MFA is representative of how a fuel adjustment should work." Given that the definition of Delivered Energy in the tolling agreement unambiguously includes the specific qualifying exclusion statement that "[a]ny MWHs generated before or after the start and end of any applicable Schedule is not included in the calculation of Delivered Energy"(emphasis added),

**Request 4a.** Why does EKPC believe including the MWHs generated before and after the applicable Schedule for the calculation of Delivered Energy (which LS Power/Bluegrass has done in its billings) is "consistent with formula described in Appendix B"?

**Response 4a.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**Request 4b.** Please explain in what ways "the as-billed MFA is representative of how a fuel adjustment should work."

**Response 4b.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**Request 4c.** Since it appears the MFA billing issue may be ongoing, which party (EKPC or Bluegrass/LS Power) will be responsible for resolving the billing issue with LG&E/KU for a) bills issued prior to the closing of the Bluegrass transaction and b) bills issued after the closing of the Bluegrass transaction?

**Response 4c.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2015-00267**

**SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**LG&E/KU'S SUPPLEMENTAL REQUEST FOR INFORMATION DATED 09/10/15  
REQUEST 5**

**RESPONSIBLE PERSON: David Crews**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 5.** Refer to response to KPSC Initial Request for Information Question No. 10c.

**Request 5a.** Was Bluegrass Unit 3 scheduled to operate for LG&E/KU on May 11, 2015 from 13:00 EST to 17:00 EST?

**Response 5a.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**Request 5b.** Did Bluegrass Unit 3 become unavailable at approximately 14:30EST on May 11, 2015?

**Response 5b.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**Request 5c.** Did Bluegrass Unit 3 become re-available at approximately 18:21 EST on May 11, 2015?

**Response 5c.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.

**Request 5d.** Was EKPC aware of the start and stop times of the following Trimble County Units on May 11, 2015?

Unit	EST	
	Start Time	Stop Time
Trimble County 05	11:17	21:29
Trimble County 06	9:32	21:00
Trimble County 07	12:02	20:05
Trimble County 08	12:26	15:11
Trimble County 09	9:44	20:20
Trimble County 10	12:03	16:36

**Response 5d.** Please refer to EKPC's response to Request 21 of PSC's Second Request for Information.