

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	CASE NO.
AMEND ITS ENVIRONMENTAL COMPLIANCE)	2017-00376
PLAN AND RECOVER COSTS PURSUANT TO)	
ITS ENVIRONMENTAL SURCHARGE,)	
SETTLEMENT OF CERTAIN ASSET)	
RETIREMENT OBLIGATIONS AND ISSUANCE)	
OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AND OTHER)	
RELIEF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than January 19, 2018. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

EKPC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which EKPC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, EKPC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Don Mosier (“Mosier Testimony”) at page 4 regarding EKPC’s strategic plan.

- a. State how often EKPC reviews and updates its strategic plan.
- b. Provide a copy of the 2016 Strategic Plan.
- c. When does EKPC anticipate updating the 2016 Strategic Plan?

2. Refer to the Mosier Testimony at page 10 regarding the alternative of retiring Spurlock Units 1 and 2 and replacing that lost capacity with a new 600-Megawatt (“MW”) combined-cycle natural gas unit at the Smith Station in combination with the purchase of 200 MW of power through a bilateral power purchase agreement. Fully explain the rationale for this alternative, including a discussion as to whether

EKPC considered replacing Spurlock Units 1 and 2 with an 800-MW combined-cycle natural gas unit.

3. Refer to the Mosier Testimony at page 15, lines 16–18. Explain in more detail the statement that the retirement of Spurlock Units 1 and 2 would result in EKPC losing its status as a net generator in PJM. Quantify the impacts, if any, of EKPC no longer being a net generator in PJM.

4. Refer to the Direct Testimony of Jerry B. Purvis (“Purvis Testimony”) at page 14, lines 20–23. With respect to the Spurlock landfill, state whether a Fugitive Dust Control plan has been developed. If so, provide a copy of that plan.

5. Refer to the Purvis Testimony at pages 16–17 regarding beneficial reuse.

a. Under the CCR Rule, who will make the determination as to whether a CCR material qualifies for beneficial reuse?

b. State whether CCR generated at the Spurlock Station could qualify for beneficial reuse under the CCR Rule.

6. Refer to the Purvis Testimony at page 19, lines 21–23. State whether EKPC is considering constructing a new landfill at the Spurlock Generating Station. If so, explain the need for a new landfill.

7. Refer to the Purvis Testimony at page 22, lines 12–14. State whether EKPC anticipates that the Kentucky Division of Water, upon its review of EKPC’s Kentucky Pollutant Discharge Elimination System renewal permit, and using a reasonable potential analysis, will find that the pollutants discharged at the Spurlock Station will meet water quality standards.

8. Refer to the Direct Testimony of Craig A. Johnson (“Johnson Testimony”) at page 3 regarding the Spurlock Station.

a. Explain why Unit 1 has a cold-side electrostatic precipitator (“ESP”) and Unit 2 has a hot-side ESP.

b. Explain why the Gilbert Unit and Unit 4 are equipped with dry scrubbers and Units 1 and 2 have wet scrubbers.

c. For each of the units at the Spurlock Station and the Cooper Station, provide the annual capacity factors for the time period 2015–2017.

9. Refer to the Johnson Testimony at page 4, lines 2–4. Explain in detail what the Work Process Optimization process entails.

10. Refer to the Johnson Testimony at page 6, lines 12–16. State whether the Cooper Station is currently in compliance with the CCR and ELG Rules.

11. Refer to the Johnson Testimony, pages 7–10, regarding the alternatives evaluated by EKPC. Provide the incremental annual operating and maintenance expense for each alternative.

12. Refer to the Johnson Testimony at page 11, lines 3–4. Provide the basis for the estimated \$3.12 million in stranded costs associated with the proposed CCR/ELG Project.

13. Refer to the Johnson Testimony at page 12, lines 6–14, regarding the fly ash storage silos.

a. What is the capacity of the current and proposed fly ash storage silos?

b. What is the average daily fly ash production at the Spurlock Station?

c. Refer also to the Johnson Testimony at pages 16–17. Fully explain the need for the silo as a redundant process for the removal of dry fly ash, given that the fly ash will be transported to the silo via vacuum exhausters and pressure blowers and then ultimately transported by truck to the Spurlock landfill.

14. Refer to the Johnson Testimony, pages 13 and 18. Confirm that EKPC is not requesting a CPCN for a Spurlock landfill expansion in this proceeding.

15. Refer to the Johnson Testimony, pages 17 and 19 and Exhibit HR-1, page 1 of 2. Confirm that EKPC's proposed timeline will eliminate wet ash handling at the Spurlock Stations by approximately 2021.

16. Refer to the Johnson Testimony at page 18, lines 13–15.

a. State whether the expanded portion of the Spurlock landfill will be compliant with the CCR Rule.

b. Provide the size and estimated cost of the expanded portion of the Spurlock landfill.

17. Refer to the Johnson Testimony at page 21, lines 6–10. Fully explain why EKPC chose to retain Burns & McDonnell Engineering Company, Inc. and whether EKPC considered other consulting firms to assist EKPC with CCR and ELG Rules compliance efforts.

18. Refer to the Johnson Testimony at page 22, lines 11–14. Provide in more detail how the Cooper Station Retrofit Project and the Cooper Unit 1 Duct Reroute

Project were timely completed, on budget, and resulted in high quality product under the multiple contract approach.

19. Refer to the Direct Testimony of Robin Hayes (“Hayes Testimony”) at page 3, regarding the EKPC Spurlock Gas Conversion Study Report. Provide a copy of that report.

20. Refer to the Hayes Testimony, page 4, line 13. Explain how the discount rate was determined.

21. Refer to the Hayes Testimony, Exhibit RH-1, page 1 of 2. Explain the derivation of the escalation factors used by Burns & McDonnell for engineered equipment and annual inflation for construction contracts.

22. Refer to the Hayes Testimony, Exhibit RH-1. Provide the depreciation rates and depreciable lives used for both the CCR/ELG and the natural gas conversion projects.

23. Refer to the Direct Testimony of Sam Yoder, P.E., Exhibit SY-2, page 1-5, regarding project risks. State whether EKPC has developed any processes to mitigate the scheduling and cost risks. If so, explain fully the risk mitigation processes that EKPC will implement.

24. Refer to the Direct Testimony of Isaac S. Scott (“Scott Testimony”), page 10. Confirm that EKPC’s current Rate ES – Environmental Surcharge tariff specifies a Base Environmental Surcharge Factor (“BESF”) of 0 percent.

25. Refer to the Scott Testimony, pages 11–13.

a. Confirm that a non-zero BESF would be utilized at least until EKPC’s next base rate case.

b. Confirm that a positive BESF reduces the Current Environmental Surcharge Factor.



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DATED JAN 05 2018

cc: Parties of Record

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