

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER APPROVING)	
ACCOUNTING PRACTICES TO ESTABLISH A)	CASE NO.
REGULATORY ASSET RELATED TO CERTAIN)	2008-00436
REPLACEMENT POWER COSTS RESULTING FROM)	
GENERATION FORCED OUTAGES)	

FIRST DATA REQUEST OF COMMISSION STAFF
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("East Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than October 31, 2008. 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.

East Kentucky shall make timely amendment to any prior responses 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 East Kentucky 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Paragraph 4 of East Kentucky's application states that the accounting treatment for which it is seeking approval relates to the costs of replacement power and energy purchases and the fuel costs of replacement generation related to the forced outages experienced at its generating plants in 2008. Provide a breakdown of the unrecovered forced outage costs, through August of 2008, of \$11,864,111 shown on Exhibit AFW-1 between power purchased and replacement generation. If applicable, show purchased power broken down further into demand costs and energy costs.

2. Refer to Paragraph 5 of East Kentucky's application and the answer beginning at line 21 on page 3 of the Direct Testimony of Ann F. Wood ("Wood Testimony"). The last sentence in Paragraph 5 refers to the high level of East Kentucky's replacement power costs during calendar year 2008, while the answer in the Wood Testimony indicates that East Kentucky's forced outage replacement power costs in 2008 are not unusually high. Provide a reconciliation of these contradictions.

3. Paragraph 14 of the application contains East Kentucky's request for expedited treatment citing its ". . . need to address its potential shortfall in net margins before the end of the calendar year 2008" Based on its various accounting and reporting requirements, what is the latest possible date that East Kentucky can receive a Commission decision and record the proposed regulatory asset on its books for calendar year 2008?

4. In the same form as used in Exhibit AFW-1 to show the detail of East Kentucky's 2008 forced outages, provide the detail of its forced outages for each of the years 2005, 2006, and 2007.

5. Refer to the question and answer beginning at line 19 on page 4 of the Wood Testimony, which refers to the Commission's approval, in Case No. 2006-00472,¹ of a three-year amortization of the \$20.5 million cost of a nearly four-month forced outage at East Kentucky's Spurlock No. 1 generating unit ("Spurlock Unit 1") in 2004. Given that the Wood Testimony (page 2, line 23 to page 3, line 2) and the Direct Testimony of Craig E. Johnson ("Johnson Testimony") at page 2, lines 19-20, indicate that East Kentucky's forced outage rates and forced outage replacement power costs are not unusually high, explain why Commission approval of recovery of the cost of the 2004 Spurlock Unit 1 forced outage, approval premised on "the magnitude of the associated costs and extraordinary nature of the event," is relevant to East Kentucky's current request.

6. Refer to the discussion of East Kentucky's Times Interest Earned Ratio ("TIER") and Debt Service Cover Ratio ("DSC") on pages 5 – 7 of the Wood Testimony.

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

a. Provide East Kentucky's achieved TIERs and DSCs for calendar years 2006 and 2007. Include the calculations.

b. The testimony emphasizes East Kentucky's need to meet its DSC requirement. Provide the TIER requirement(s) included in East Kentucky's Credit Facility Agreement and Rural Utilities Service Mortgage and the TIER it needs to achieve in 2008 to meet its requirement(s).

7. Refer to Exhibit AFW-2, page 2 of 2.

a. Explain in detail what the TIER and DSC levels under the heading "Average of Best 2 of 3" represent.

b. Provide the calculations of the TIER and DSC levels shown under the heading "Average of Best 2 of 3."

8. Refer to the discussion on pages 4–5 of the Johnson Testimony concerning forced outages caused by a tube leak.

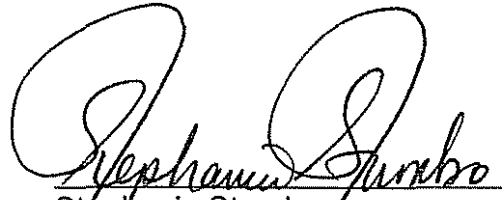
a. The discussion appears to indicate that such an outage at a circulating fluidized bed ("CFB") unit will require, at minimum, 7 to 8 days for cool-down, cleanup and start-up. The detail in Exhibit AFW-1 shows that the Gilbert outage that began on June 24, 2008 lasted a total of 17 days. Describe in detail the work or activity on the part of East Kentucky that required an outage of this length.

b. Other than their length, describe how the two tube leak outages shown on Exhibit AFW-1 for Spurlock Units 1 and 2 compare to the 17-day outage at the Gilbert unit.

9. The Johnson Testimony focuses on an outage at a CFB unit, such as East Kentucky's Gilbert unit. Provide Gilbert's position in East Kentucky's dispatch order. Also include the stacking order of all East Kentucky base load generating units.

10. Refer to page 7 of the Johnson Testimony. Provide the planned date and length of the maintenance outage scheduled for the Gilbert unit during the fall of 2008.

11. The question and answer beginning at line 13 on page 7 of the Johnson Testimony indicate that the weld defect which caused the 17-day outage at the Gilbert unit was the result of a field installation problem rather than a design flaw. That being the case, explain whether East Kentucky has grounds for seeking reimbursement for any of the costs of that specific outage from either the manufacturer or the installer.



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DATED October 23, 2008

cc: All parties