COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF EAST KENTUCKY POWER COOOPERATIVE, INC. FOR APPROVAL OF THE ISSUANCE OF $900,000,000 OF SECURED PRIVATE PLACEMENT DEBT AND UP TO $21,435,000 OF UNSECURED DEBT | ) ) ) ) ) | CASE NO. 2009-00476 |

FIRST DATA REQUEST OF COMMISSION STAFF
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 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than February 3, 2010. 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.

1. Refer to Exhibits 2 and 3 of EKPC's application. Exhibit 2 indicates that, to date, project expenditures for Smith Station Unit 1 ("Smith 1") have been funded from EKPC's general funds. It also indicates that proceeds from the proposed $900 million in financing will be used to reimburse EKPC's general funds and fund yet-to-be-incurred capital expenditures. Exhibit 3, page 4 of 4, indicates the total project cost for Smith 1 is $819.3 million.

a. Provide the amount of general funds that EKPC has expended to date on the Smith 1 project.

b. Explain whether the difference between the amount of general funds already spent on the Smith 1 project and the total project cost of $819.3 million should approximate the amount of the project's yet-to-be-incurred capital expenditures.

c. The amount of the proposed secured private placement debt is $80 million more than the Smith 1 total project cost of $819.3 million. Explain why the level of the proposed financing is roughly 10 percent greater than the project's total cost.

2. Refer to Exhibit 2, page 1 of 2, of the application, which states that "[E]KPC now seeks regulatory authority for the placement of $900 million of debt with capital markets lenders/investors." Identify all financing alternatives that EKPC will consider and describe the estimated financial impact of each different alternative.

3. Refer to the application, Exhibit 2.

a. On page 1 of 2, EKPC states that it expects to issue up to $900 million of debt in multiple private placements of $150 to $300 million each between 2010 and 2014. It also states that the tenor of each private placement will range from five to 35 years, depending on market conditions and lender expectations at the time of issuance and that, generally, EKPC favors using amortized fixed-rate financing for the project.

(1) Provide the projected date of each placement and explain why each date was selected.

(2) Explain in detail why EKPC favors fixed-rate financing for Smith 1.

b. On page 2 of 2, EKPC states that it plans to issue its first private placement in the amount of $175 million upon approval of this financing application by the Commission. Provide the estimated terms and conditions (interest rate and tenor) of this placement and describe its projected financial impact.

4. Refer to Exhibit 2, Attachment 1, of the application, which is a letter to the Chairman of EKPC's board from the Acting Administrator of the United States Department of Agriculture Rural Development ("RD") that appears to have been stamped "JUL 31, 2009" and "AUG – 6, 2009."

a. Explain whether either date stamp reflects when the letter was received by someone at EKPC.

b. The letter states that RD has approved a lien accommodation of its mortgage for EKPC in order to permit EKPC to finance the construction of Smith 1. Explain what purpose such a lien accommodation serves and why EKPC would seek such an accommodation.

5. In EKPC's recent rate case,[1] Mr. Jonathan Andrew Don, testifying for EKPC, stated that in early 2008, RD instituted a moratorium on electric cooperative loan applications related to coal-fired base load electric generation.

a. Explain whether the RD moratorium on financing for coal-fired electric generation remains in effect.

b. If RD will not finance coal-fired power plants but will approve a lien accommodation to assist an RD borrower like EKPC in obtaining such financing elsewhere, describe how EKPC views RD's position on the future of coal-fired electric generation.

6. Refer to Exhibit 3, page 4 of 4, of the application. Provide a detailed breakdown of the amount identified as "Owners Cost" and a detailed description of what this item represents.

7. Refer to Exhibit 5 of the application, EKPC's statement of operations for the 12 months ending September 30, 2009. Provide, in the same format, a preliminary statement of operations (unaudited if necessary) for calendar year 2009.

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[1] Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC Mar. 31, 2009).

8. Refer to Exhibit 7 of the application, which shows EKPC's long-term debt outstanding as of September 30, 2009 and its interest cost for calendar year 2008.

a. Provide, in the same format as Exhibit 7, a schedule which shows EKPC's interest cost for calendar year 2009.

b. Provide, in the same format as Exhibit 7, a schedule which, based on its current outstanding long-term debt, shows EKPC's projected interest cost for calendar year 2010.

c. Provide EKPC's projected annualized interest cost for calendar year 2011 assuming the proposed financing is approved by the Commission. Indicate all assumptions made in deriving the 2011 projection.

9. In Case No. 2008-00409, Mr. Daniel Walker, testifying for EKPC, stated, "To restore positive credit credentials, East Kentucky must earn a TIER on a consistent basis that would result in a credit assessment equivalent to the BBB+ to A+ range." Mr. Walker indicated that EKPC was not currently rated by the rating agencies.

a. Explain whether EKPC has sought a credit rating from Standard & Poor's, Moody's Investors Service, or Fitch since the end of Case No. 2008-00409.

b. If yes to part a. of this request, provide EKPC's current rating or an explanation for why it did not receive a rating.

c. If no to part a. of this request:

(1) Explain why EKPC chose not to seek a rating from the rating agencies; and

(2) Explain how, absent a credit rating of the type described by Mr. Walker in Case No. 2008-00409, EKPC expects to be able to attract the investors needed to market its proposed private placement debt.

10. In his testimony in Case No. 2008-00409, Mr. Daniel Walker's analysis included a comparison of EKPC's three-year average Times Interest Earned Ratio ("TIER") with those of other generation and transmission cooperatives. Provide EKPC's TIER calculations for the years 2007, 2008, and 2009 and its average TIER for those three years. A preliminary 2009 TIER calculation based on an unaudited statement of operations will be acceptable for this response.

Jeff Derouen
Executive Director
Public Service Commission
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DATED JAN 2 1 2010

cc: Parties of Record

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