

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

SECOND 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 March 1, 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 the response to Item 2 of Commission Staff's First Data Request ("Staff's First Request").

a. Provide a detailed description of the "144A market."

b. Describe, generally, the magnitude of the better pricing that may result if EKPC uses the 144A market.

c. Provide a general indication of how much higher issuance costs are in the 144A market compared to the traditional private placement market.

2. Refer to the confidential responses to Items 2 and 3 of Staff's First Request.

a. Explain whether these responses provide an indication of what a "ceiling" interest rate might be for the proposed financing. If yes, how much greater than the highest rate included in the responses could be considered the ceiling rate?

b. Explain whether the basis point add-on in the response to Item 3.b. is the actual add-on for recent private placement financings of which EKPC is aware. If no, explain how EKPC determined the amount of the basis point add-on.

3. Refer to the response to Item 3.a.(1) of Staff's First Request. The first sentence of the response indicates that EKPC has estimated the timing for the first three placements of the requested financing. However, only two placement dates were included in the response. Provide the third estimated placement date.

4. Refer to page 2 of the response to Item 7 of Staff's First Request, EKPC's unaudited statement of operations for calendar year 2009.

a. Provide EKPC's 2009 kWh sales to its member systems and show how they compare to its 2007 and 2008 kWh sales to its member systems.

b. Provide, for the EKPC system's combined territory, the 2009, 2008, 2007, and normal, as reported by the National Oceanic and Atmospheric Administration ("NOAA"), heating degree days ("HDD") and cooling degree days ("CDD").

5. Refer to the response to Item 8 of Staff's First Request. 8.c. states that EKPC's projected interest expense for calendar year 2011 is \$165.8 million. Update the schedule provided in response to parts a. and b. of the request with applicable columns added to show the components of the \$165.8 million projected interest expense.

6. Refer to the response to Item 9.c. of Staff's First Request.

a. A rating from the National Association of Insurance Commissioners ("NAIC") of NAIC-2 is described as "[e]quivalent to an investment grade credit rating." Identify the ratings of Moody's and Standard & Poors that are comparable to an NAIC-2 rating.

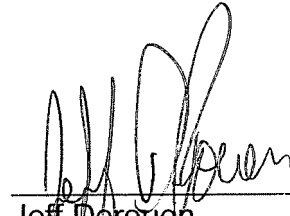
b. The response states that EKPC may be able to achieve a rating of NAIC-1. Identify the ratings of Moody's and Standard & Poors that are comparable to an NAIC-1 rating.

c. Provide any NAIC literature which describes its credit ratings and the financial criteria required to qualify for each NAIC rating level.

7. Refer to the response to Item 10 of Staff's First Request.

a. Assuming 2009 HDD and CDD had been normal, as reported by NOAA, provide an estimate of the effect this would have had on EKPC's 2009 Times Interest Earned Ratio ("TIER").

b. Provide an estimate of EKPC's 2009 TIER based on normal HDD and CDD and revenues normalized to reflect a full year of the increased rates approved in Case No. 2008-00409.¹



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
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DATED FEB 16 2010

cc: All parties

¹ Case No. 2008-00409, East Kentucky Power Cooperative, Inc. (Ky. PSC Mar. 31, 2009).

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