

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	CASE NO.
COOPERATIVE, INC. FOR APPROVAL OF AN)	2014-00034
ECONOMIC DEVELOPMENT RIDER)	

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

East Kentucky Power Company Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due by April 21, 2014. 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 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, EKPC shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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. Refer to the response to Item 6.c. of Commission Staff's Initial Request for Information ("Staff's First Request"). The response states that "[a]ssuming the EDR customer's special contract became effective in 2013 after the applicable PJM Incremental Auction, there would not have been a separate charge for any purchased capacity." Provide a response to this request with the assumption that the EDR customer's special contract became effective in 2013 before the applicable PJM Incremental Auction.

2. Refer to the response to Item 6.d. of Staff's First Request. The response states, "It is possible that the cost of the purchased capacity could be more than the monthly discount of the tariff demand charge. The likelihood could be greater in the last year of the discount period, when the discount percentage is only 10 percent." State whether eligible customers will be made aware of this possibility.

3. Refer to the response to Item 7.c. of Staff's First Request, which states that it is unclear to what "free rider" problem the request is referring. Page 14 of the

Commission's Order in Administrative Case No. 327 ("Admin. 327")¹ addresses the free rider issue:

On the other hand, however, the Commission realizes that customers do not require identical incentives in order to locate a new facility in a particular area or to expand existing operations. In fact, for some customers, utility rate incentives may not even be a factor in their locational or expansionary decision-making process. Customers who would have decided to locate in Kentucky or expand existing operations even in the absence of rate discounts, but who would take advantage of EDRs that are offered to all new or expanding customers, in effect, become "free riders" on the utility system at the expense of all other ratepayers.

Within the context expressed above, explain whether a free rider problem will be created by offering an EDR contract to a new customer that has already located its facility in EKPC's service territory with no EDR discount incentive to do so.

4. Refer to the response to Item 13 of Staff's First Request. The response states that EKPC does not charge for a meter associated with a contract load, but it proposes to keep the provision in the EDR tariff that customers be responsible for the cost of the installed meter "in the event that current policy is revised in the future."

a. State whether EKPC believes that the EDR tariff would be misleading if the provision were to remain.

b. Explain why it would not be more appropriate to delete the provision from the proposed tariff and file a revision to the tariff at a later date if the current policy is revised.

¹ Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities (Ky. PSC Sept. 24, 1990).

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DATED APR 07 2014

cc: Parties of Record

Case No. 2014-00034

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