

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC FUEL ADJUSTMENT CLAUSE CASE NO. 2005-00241
RESPONSE TO PSC ORDER DATED JULY 7, 2005

- Question 6 (a-k)** List all existing fuel contracts categorized as long-term (i.e., more than one year in length). Provide the following information for each contract:
- a. Supplier's name and address;
 - b. Name and location of production facility;
 - c. Date when contract executed;
 - d. Duration of contract;
 - e. Date(s) of each contract revision, modification or amendment;
 - f. Annual tonnage requirements;
 - g. Actual annual tonnage received since the contract's inception;
 - h. Percent of annual requirements received during the contract's term;
 - i. Base price;
 - j. Total amount of price escalations to date;
 - k. Current price paid for coal under the contract (i + j).

Answer 6 (a-k) See attached pages 2 through 8.

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(a) Supplier	(b) Production Facility	(c) Contract Date	(d) Duration of Contract	(e) Revisions or Amendments	(f) Annual Tonnage Required Through 06/05	(g) Actual Annual Tonnage Rec'd Since Inception of Contract Through 06/05	(h) % of Annual Requirements Received	(i) Base Price \$/MMBtu	(j) Total Amt. of Price Escalations to Date	(k) Current Price Paid for Coal (i&j)
Long Term: Dale Station Gatiff Coal Co. 200 Allison Blvd. Corbin, KY 40701	Gatiff Coal Co. Bell, KY	09/22/03	5 Yrs. 3 Mos.	Letter 09/25/03 Amendment 1 10/08/03 Letter 01/21/04 Amendment 2 03/22/04 Letter 08/20/04 Amendment 4 10/13/04 Letter 01/14/05	80,000—2003— 200,000—2004— 120,000—2005—	47,070.36 213,025.43 114,069.04	59% 107% 95%	\$2.399	---	\$2.399/MMBtu

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Cooper Station Gatliff Coal Co. 200 Allison Blvd. Corbin, KY 40701	Gatliff Coal Co. Bell, KY	09/22/03	5 Yrs. 3 Mos.	Letter 09/25/03	10,000—2003—	14,950.67	150%	\$2.366	---	\$2.366/MMBtu
				Amendment 1	138,600—2004—	156,307.96	113%			
				10/08/03	120,000—2005—	142,099.58	118%			
				Letter 01/21/04						
				Amendment 2						
				03/22/04						
				Letter 08/20/04						
				Amendment 4						
				10/13/04						
				Letter 01/14/05						
National Coal Corp. 8915 George Wms. Rd. Knoxville, TN 37923	National Turley Tippie Campbell, TN	10/06/04	4 Yrs.	---	30,000—2004—	18,414.07	61%	\$2.334	---	\$2.334/MMBtu
					60,000—2005—	80,414.77	134%			

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Spurlock Station Argus Energy, LLC Route 292 Fast Lane Bldg. P O. Box 190 Lovely, KY 41231 (Formerly Pen Coal)	Kiah Creek Wayne County, WV (Spurlock Station) Beechfork Johnson County, KY (Dale Station)	07/12/94	13 1/2 Yrs.	Letter 04/14/95 Letter 04/03/96 Amendment 1 11/25/96 Letter 11/29/97 Letter 07/03/97 Amendment 2 11/15/97 Letter 01/19/98 Letter 08/31/98 Letter 06/23/99 Letter 02/28/00 Letter 10/11/00 Amendment 3 10/26/01 Letter 04/09/02 Letter 09/20/02 Letter 10/16/02 Letter 11/13/02 Letter 12/19/02 Letter 02/20/03 Letter 04/30/03 Letter 05/09/03 Letter 12/01/03 Letter 02/11/04 Letter 03/03/04 Letter 07/20/04 Letter 08/13/04 Letter 09/07/04 Letter 12/06/04 Letter 02/08/05 Letter 02/22/05	45,000—1994— 78,750—1995— 77,200—1996— 121,500—1997— 330,000—1998— 395,000—1999— 309,800—2000— 41,900—2001— 340,000—2002— 240,000—2003— 670,000—2004— 390,000—2005—	46,292.00 78,806.00 71,855.00 127,474.00 317,831.00 403,754.00 301,525.00 41,900.00 357,317.10 213,659.93 498,304.32 329,800.77	103% 100% 93% 105% 96% 102% 97% 100% 105% 89% 74% 85%	\$1.246 (Spurlock 1) \$1.354 (Spurlock 2) \$1.396 (Dale)	\$.050/MMBtu plus \$1.42/ton \$.027/MMBtu plus \$1.42/ton \$.056/MMBtu plus \$2.40/ton	\$1.296/MMBtu plus \$1.42/ton \$1.381/MMBtu plus \$1.42/ton \$1.452/MMBtu plus \$2.40/ton

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Spurlock Station (Continued) Infinity Coal Sales, LLC Suite 106 3315 Springbank Lane Charlotte, NC 28226	Remington, Kanawha, WV	12/09/03	1 Yr. 6 Mos.	Letter 03/03/04 Letters 08/23/04 Amendment 1 05/02/05	202,500—2004— 67,500—2005—	198,006.00 61,011.00	98% 90%	\$1.432	---	\$1.432/MMBtu

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Spurlock Station (Continued) Central Appalachian Mining, LLC P. O. Box 11169 Pikeville, KY 41502	Damron Fork Pike, KY	01/29/02	47 Mos.	Letter 02/25/02 Letter 03/11/02 Letter 11/19/02 Letter 05/09/03 Letter 06/11/03 Letter 05/09/03 Letter 06/11/03 Letter 07/24/03 Amendment 1 09/11/03 Assignment 03/29/04 Letter 09/07/04	76,000—2002— 110,000—2003— 240,000—2004— 120,000—2005—	67,423.60 111,817.43 251,925.82 115,441.08	89% 102% 105% 96%	\$1.500	(\$.183/MMBtu)	\$1.317/MMBtu
Appalachian Fuels, LLC 1500 N. Big Run Road Ashland, KY 41101	Bevins Branch & Bent Mountain Pike, KY	12/04/01	6 Yrs.	Letter 01/28/02 Amendment 1 03/01/02 Letter 01/06/03 Letter 01/22/03 Letter 02/03/03 Letter 03/11/03 Letter 05/09/03 Letter 06/03/03 Letter 02/26/04 Letter 03/29/04 Letter 07/09/04 Letter 08/11/04 Letter 08/30/04 Letter 11/04/04 Amendment 2 06/14/05	345,900—2002— 467,000—2003— 580,000—2004— 250,000—2005—	256,877.00 200,305.00 231,978.00 161,306.89	74% 43% 40% 65%	\$1.396 (Spurlock 2)	\$.086/MMBtu	\$1.482/MMBtu (Spurlock 2) \$2.144/MMBtu (Spurlock 1)

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Spurlock Station (Continued) Keystone Industries, LLC Suite 401 1375 Jackson Street Fort Myers, FL 33901	Keystone Industries Kanawha, WV	10/16/01	5 Yrs. 6 Mos.	Amendment 1	99,000—2002—	100,267.00	101%	\$1,604	\$.02/MMBtu	\$1.624/MMBtu
				02/08/02	126,038—2003—	119,120.00	95%			
				Amendment 2	27,000—2004—	32,680.00	121%			
				10/08/02	72,000—2005—	49,513.00	69%			
				Letter 05/09/03						
				Letter 06/11/03						
				Letter 07/24/03						
				Letter 01/27/04						
				Letter 02/13/04						
				Amendment 3						
				07/13/04						
M. C. Mining, LLC 1717 S. Boulder Avenue Tulsa, OK 74119	Scotts Branch Pike, KY	01/01/05	2 Yrs.	Letter 03/08/05 Letter 06/15/05	26,044—2005—	19,724.10	76%	\$2,520	---	\$2.520/MMBtu

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Spurlock Station (Continued)										
Oxford Mining Co. 544 Chestnut Street P. O. Box 427 Coshocton, OH 43812	Daron-Liggett Harrison, OH Barnesville Belmont, OH	11/09/04	10 Yrs.	---	60,000—2005—	13,373.00	22%	\$1.0965	---	\$1.0965/MMBtu
B & N Coal Co., Inc. P. O. Box 100 Dexter City, OH 45727	Whigville, West Fork, & Ullman Noble, OH	01/10/05	5 Yrs.	---	30,000—2005—	16,408.00	55%	\$0.9840	---	\$0.9840/MMBtu
Charolais Coal Sales Highway 862 P. O. Box 1999 Madisonville, KY 42431-0040	Rapid Energy #6 Hopkins, KY	01/10/05	5 Yrs. 9 Mos.	---	60,000—2005—	45,982.00	77%	\$0.9842	---	\$0.9842/MMBtu

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Question 7 (a) Does East Kentucky regularly compare the price of its coal purchases with those paid by other electric utilities?

Answer 7 (a) Each month East Kentucky compares the price of its coal purchases on an evaluated and delivered basis against the price that other utilities within our region are paying for coal.

Question 7 (b) (1-2) If yes, state: (1) How East Kentucky's prices compare with those of other utilities for the review period. (2) The utilities that are included in this comparison and their location.

Answer 7 (b) (1-2) The most recent data available for comparison is for January 2005. East Kentucky ranked fourth on an evaluated basis for January 2005.

	Evaluated Basis ¢/MMBtu	Delivered Basis ¢/MMBtu
Kentucky Power (AEP)	250.0	185.5
Tennessee Valley Authority	250.3	140.7
Kentucky Utilities Company	257.6	176.7
East Kentucky Power Cooperative	268.0	183.9
Cincinnati Gas & Electric	296.2	162.5
Louisville Gas & Electric	336.4	126.2

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Question 8 (a-b) What percentage of East Kentucky's coal, as of the date of this Order, is delivered by: (a) rail (b) truck.

Answer 8 (a-b) (a) Rail = 12%; (b) Truck = 35%

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Question 9 (a) State East Kentucky's coal inventory level in tons and in number of days' supply as of April 30, 2005.

Answer 9 (a) East Kentucky's coal inventory level as of April 30, 2005, was 565,723 tons—47 days' supply.

Question 9 (b) Describe the criteria used to determine number of days' supply.

Answer 9 (b) Actual tons in inventory divided by the past 12 months' average daily burn. Due to the new Gilbert Unit No. 3 at Spurlock Power Station placed in operation recently that has no prior usage, East Kentucky is using its projected usage from April 2004 through March 2005 as the past usage and is replacing it with actual usage as it occurs. This is reflected in the days' supply noted in 9 (a).

Question 9 (c) Compare East Kentucky's coal inventory as of April 30, 2005, to its inventory target for that date.

Answer 9 (c) East Kentucky's coal inventory as of April 30, 2005, was just below its target range of 50-60 days' supply.

Question 9 (d) If actual coal inventory exceeds inventory target by 10 days' supply, state the reasons for excessive inventory.

Answer 9 (d) Actual coal inventory does not exceed inventory target by 10 days' supply.

Question 9 (e) (1-2) (1) Does East Kentucky expect any significant changes in its current coal inventory target within the next 12 months?

(2) If yes, state the expected change and the reasons for this change.

Answer 9 (e) (1-2) East Kentucky does not expect significant changes in its current coal inventory target within the next 12 months

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Question 10 (a) Has East Kentucky audited any of its coal contracts during the period from November 1, 2004, through April 30, 2005?

Answer 10 (a) East Kentucky has not audited any of its coal contracts during the period under review.

**EAST KENTUCKY POWER COOPERATIVE, INC.
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RESPONSE TO PSC ORDER DATED July 7, 2005**

- Question 11 a. Has East Kentucky received any customer complaints regarding its fuel adjustment clause during the period from November 1, 2004 through April 30, 2005?
- b. If, yes, for each complaint, state:
- (1) The nature of the complaint.
 - (2) East Kentucky's response.

Answer None.

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Question 12 (a) Is East Kentucky currently involved in any litigation with its current or former coal suppliers?

Answer 12 (a) No, East Kentucky is not involved in any litigation with a current or former coal supplier. East Kentucky did, however, have a contract with Horizon Natural Resources for its Cooper Power Station terminated through the bankruptcy court in April 2004. East Kentucky is in the process of recovering the \$420,000 due under the performance bond for this contract and has filed a proof of claim with the bankruptcy court and is litigating this issue with the third-party bonding company in U. S. District Court, Lexington, Kentucky.

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Question 13 (a) During the period from November 1, 2004, to April 30, 2005, have there been any changes to East Kentucky's written policies and procedures regarding its fuel procurement?

Answer 13 (a) Yes, East Kentucky has made changes to its written policies and procedures regarding fuel procurement.

Question 13 (b) If yes, (1) What were these changes? (2) When were these changes made? (3) Why were they made? (4) Provide these written policies and procedures as changed.

Answer 13 (b) Several changes were made to East Kentucky's written policies and procedures regarding fuel procurement in July 2004 and February 2005. These changes were made to update its policies and procedures in response to the Public Service Commission Audit. These changes encompassed small revisions such as name changes, page numbers, dates, etc., to more significant changes such as computer program description, proposal security handling procedures, emission allowance, risk management, natural gas procurement, environmental procedures, etc. Due to the wide range of changes that were made, East Kentucky sent an updated policy and procedures manual to the Public Service Commission for their files in June 2005.

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Question 14 (a) Is East Kentucky aware of any violations of its policies and procedures regarding fuel procurement which occurred prior to or during the period from November 1, 2004, through April 30, 2005?

Answer 14 (a) No, East Kentucky is not aware of any violations of its policies and procedures regarding fuel procurement.

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Question 15 Identify all changes, which occurred during the period from November 1, 2004, through April 30, 2005, in the organizational structure and personnel of the departments or divisions that are responsible for East Kentucky's fuel procurement activities.

Answer 15 No changes occurred in the organizational structure or personnel that are responsible for East Kentucky's fuel procurement activities during the period under review.

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- Question 16 a. Identify all changes that East Kentucky has made during the period under review to its maintenance and operation practices that also affect fuel usage at East Kentucky's generation facilities.
- b. Describe the impact of these changes on East Kentucky's fuel usage.

Answer During the period under review, East Kentucky did not make any changes to its maintenance and operational practices, which affected fuel usage at East Kentucky's generation facilities.

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- Question 17 (a-b)** List each written coal supply solicitation issued during the period from November 1, 2004, to April 30, 2005.
- a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
 - b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranked the proposals. (This document shall identify all vendors who made offers.) State the reasons for each selection.

Answer 17 (a-b) See attached pages 2 through 5.

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Unit	Date	Contract/Spot	Quantity (Tons)	Quality	Time Period	Number of Vendors Sent	Number of Vendors Respond	Tabulation Sheet
Spurlock #1	01/06/05	Spot	25,000	6# SO ₂ /MMBtu <14% Ash >11,000 Btu	04/01/05—12/31/05	78	4	No Coal Purchased
Gilbert	01/06/05	Spot	45,000	9.75# SO ₂ /MMBtu <30% Ash >9,000 Btu	04/01/05—12/31/05	78	12	Pages 3-5

FUEL EVALUATION FOR GILBERT UNIT

2ND QUARTER 2005

Date: 02/23/2005
 Event Nbr: 30
 Bid End Date: 01/28/2005

Coal Supplier	Number	Quality Btu		Tons	Term	Evaluated Cost	
		% Sulfur	% Ash			\$	MMBtu
Marietta Coal Co Belmont Weekly / Non-Union / Producer	7	9,500 4.00 30.00		10,000	9	27,428 <i>Recommended</i>	1,444
Marietta Coal Co Belmont Weekly / Non-Union / Producer	6	9,500 4.00 30.00		10,000	3	27,679 <i>Incl. Above</i>	1,457
Waterloo Coal Jackson Weekly / Non-Union / Producer	10	10,500 5.25 22.00		15,000	9	30,941 <i>Recommended</i>	1,473
Oxford Mining Belmont Weekly / Non-Union / Producer	17	11,400 5.60 18.00		25,000	6	34,521	1,514
Oxford Mining Belmont Weekly / Non-Union / Producer	16	11,400 5.60 18.00		20,000	3	34,521	1,514
Oxbow Carbon & Min Pike Monthly / Non-Union / Broker	14	8,650 2.70 17.00		50,000	3	26,391	1,526
Massey Utility Boone Weekly / Non-Union / Producer	15	10,800 5.25 20.00		40,000	9	36,159	1,674

Reason for Selection

These coal purchases were the lowest evaluated cost available to meet our tonnage requirements.

Cost Factors used in Gibert Model
 Weekly Pay Factor: \$0.005 Price of Limestone : \$6.85 SO2 Cost/Ton: \$675.00
 Limestone Reactivity: 87.00 % Ash Landfill Cost : \$2.12

FUEL EVALUATION FOR GILBERT UNIT

2ND QUARTER 2005

Date: 02/23/2005
Event Nbr: 30
Bid End Date: 01/28/2005

Coal Supplier	Number	Quality Btu			Tons	Term	Evaluated Cost	
		% Sulfur	% Ash	% Moisture			\$	MMBtu
Charolais Coal Muhlenburg Weekly / Non-Union / Broker	21	10,500	4.00	20.00	30,000	18	35.152	1.674
American Innovation Various Weekly / Non-Union / Producer	1	10,600	6.00	25.00	40,000	24	35.912	1.694
R & L Winn Muhlenburg Weekly / Non-Union / Broker	22	11,000	4.00	14.00	8,000	24	38.040	1.729
American Innovation Various Weekly / Non-Union / Producer	5	11,500	3.00	14.00	20,000	24	39.889	1.734
C & H Development Knox Weekly / Non-Union / Producer	9	9,000	4.00	30.00	20,000	9	31.839	1.769
C & H Development Knox Weekly / Non-Union / Producer	8	9,000	4.00	30.00	20,000	3	31.839	1.769
American Coal Saline Monthly / Non-Union / Producer	20	11,700	2.90	9.00	35,000	8	44.504	1.902

Cost Factors used in Gilbert Model
 Weekly Pay Factor: \$0.005 Price of Limestone : \$6.85 SO2 Cost/Ton: \$675.00
 Limestone Reactivity: 87.00 % Ash Landfill Cost : \$2.12

FUEL EVALUATION FOR GILBERT UNIT
2ND QUARTER 2005

Date: 02/23/2005
Event Nbr: 30
Bid End Date: 01/28/2005

Coal Supplier	Number	Quality Btu		Tons	Term	Evaluated Cost	
		% Sulfur	% Ash			\$	MMBtu
C & R Coal Co Muhlenburg Weekly / Non-Union / Broker	23	11,000	14.00	10,000	4	42.060	1.912
American Innovation Various Weekly / Non-Union / Producer	4	11,200	12.00	30,000	24	45.037	2.011
Pevler Coal Sales Martin Weekly / Non-Union / Producer	19	9,500	28.00	15,000	9	38.359	2.019
Pevler Coal Sales Martin Weekly / Non-Union / Producer	18	9,500	28.00	15,000	3	38.359	2.019
American Innovation Various Weekly / Non-Union / Producer	2	11,300	15.60	40,000	9	46.340	2.050
American Innovation Various Weekly / Non-Union / Producer	3	11,200	11.00	15,000	24	52.149	2.328

Cost Factors used in Gilbert Model

Weekly Pay Factor: \$0.005 Price of Limestone: \$6.85 SO2 Cost/Ton: \$675.00
Limestone Reactivity: 87.00 % Ash Landfill Cost: \$2.12

EAST KENTUCKY POWER COOPERATIVE, INC.
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- Question 18 (a-b)** List each oral coal supply solicitation issued during the period from November 1, 2004, to April 30, 2005.
- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
 - b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranks the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection.

Answer 18 (a-b) See attached pages 2 through 12.

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Unit	Date	Reason	Quantity (Tons)	Quality	Time Period	Number of Vendors Contacted	Tabulation Sheet
Cooper	11/17/04	Immediate Response Required	60,000	3.3# SO ₂ /MMBtu <12% Ash >11,500 Btu	11/17/04—03/31/05	6	Page 4
Dale	11/23/04	Immediate Response Required	1,000	1.8# SO ₂ /MMBtu <12% Ash >11,500 Btu	11/23/04—12/31/04	5	Page 5
Dale	12/30/04	Immediate Response Required	15,000	1.8# SO ₂ /MMBtu <12% Ash >11,500 Btu	01/01/05—01/31/05	7	Page 6
Gilbert	01/04/05	Immediate Response Required	40,000	9.75# SO ₂ /MMBtu <30% Ash >9,000 Btu	01/01/05—03/31/05	6	Page 7
Dale	03/10/05	Immediate Response Required	15,000	1.8# SO ₂ /MMBtu <12% Ash >11,500 Btu	03/10/05—03/31/05	7	Page 8
Dale	04/04/05	Immediate Response Required	5,000	1.8# SO ₂ /MMBtu <12% Ash >11,500 Btu	04/04/05—04/30/05	7	Page 9

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Unit	Date	Reason	Quantity (Tons)	Quality	Time Period	Number of Vendors Contacted	Tabulation Sheet
Gilbert	04/04/05	Immediate Response Required	7,500	9.75# SO ₂ /MMBtu <30% Ash >9,000 Btu	04/04/05—04/30/05	13	Pages 10-12

NOTE: All coal purchased is based on the lowest evaluated cost. Any deviations from this practice such as quality concerns, delivery commitments, diversity of suppliers, etc., are detailed on approval attachments. A portion of spot coal requirements at Cooper and Spurlock Power Stations are purchased through a "run-of-mine" program that typically purchases coal from small operators that do not have processing facilities. Approximately 10,000 tons per month is purchased for Cooper Power Station and 20,000 to 30,000 tons per month for Spurlock Power Station at prices competitive with prices paid for coal at the respective power plants. These purchases are not reflected in the above quantities since the coal is purchased at varying quantities and qualities and blended to meet respective plant specifications.

FUEL EVALUATION FOR COOPER POWER STATION

NOV. 2004 THROUGH MARCH 2005

Date: 11/17/2004
 Event Nbr: 24
 Bid End Date: 11/11/2004

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Reason for Selection	Evaluated Cost		
						\$	MMBtu	
Ikerd Coal Co Knox Weekly / Non-Union / Producer	6	12,000 2.03 12.00	10,000	2	<p align="center">Reason for Selection</p> <p>These coal purchases were the lowest evaluated cost available to meet our tonnage requirements. Proposal No. 4 was not selected based on coal handling problems associated with this coal.</p>	75.489	3.145	
Lewis Coal Sales Letcher Weekly / Non-Union / Producer	8	11,800 2.00 12.00	6,000	1		76.196	3.229	
C & H Development Knox Weekly / Non-Union / Producer	4	11,500 1.65 12.00	6,000	3		<i>Recommended</i>	76.976	3.347
Perry County Coal Perry Monthly / Non-Union / Producer	7	12,000 2.03 11.00	10,000	4		<i>Not Recommended</i>	80.508	3.355
ICG LLC Perry Monthly / Non-Union / Producer	5	11,700 1.87 13.00	10,000	3		<i>Recommended</i>	78.517	3.355
Ikerd Coal Co Knox Weekly / Non-Union / Producer	1	12,000 2.00 12.00	10,000	3			81.184	3.383
Jamieson Construction Knox Weekly / Non-Union / Producer	3	10,800 2.30 20.00	8,000	3			74.574	3.453
Jamieson Construction Laurel Weekly / Non-Union / Producer	2	11,500 2.00 12.00	5,000	3			86.054	3.741


EKPC Fuel Evaluation System

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO2 Cost/Ton: \$592.00 Maintenance Factor: 0.1938

FUEL EVALUATION FOR DALE POWER STATION

NOV. 2004 THROUGH MARCH 2005

Date: 11/23/2004
Event Nbr: 25
Bid End Date: 11/22/2004

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Reason for Selection					Evaluated Cost \$ Ton MMBtu					
C & H Development Knox Weekly / Non-Union / Producer	2	11,500 1.06 12.00	1,000	1	<p>Reason for Selection</p> <p>This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.</p>					77.578 3.373 <i>Recommended</i>					
Lewis Coal Sales Perry Weekly / Non-Union / Broker	6	12,000 1.11 12.00	6,000	1											82.998 3.458 <i>P.O. #51131</i>
Oak Hill Coal Magoffin Weekly / Non-Union / Producer	1	12,000 1.10 13.00	10,000	24											85.268 3.553
Oak Hill Coal Magoffin Weekly / Non-Union / Producer	3	12,000 1.10 13.00	3,000	1											87.278 3.637
Central Appalachian Pike Weekly / Non-Union / Producer	5	12,500 1.00 12.00	5,000	5											92.319 3.693 <i>P.O. #51126</i>
James River Coal Perry Monthly / Non-Union / Producer	4	12,500 1.15 10.00	5,000	2											96.241 3.850



Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO2 Cost/Ton: \$592.00 Maintenance Factor: 0.3940

FUEL EVALUATION FOR DALE POWER STATION

VERBAL PRICING FOR JANUARY 2005

Date: 12/30/2004
 Event Nbr: 28
 Bid End Date: 12/28/2004

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Evaluated Cost	
					\$	MMBtu
C & H Development Whitley Weekly / Non-Union / Producer	2	11,500 1.06 12.00	1,000	1	77,578	3,373
Lewis Coal Sales Perry Weekly / Non-Union / Producer	3	12,000 1.11 12.00	8,000	12	82,998	3,458
Oak Hill Coal Magoffin Weekly / Non-Union / Producer	1	12,000 1.10 13.00	10,000	24	85,268	3,553
Oak Hill Coal Pike Weekly / Non-Union / Broker	4	12,000 1.11 13.00	3,000	1	87,396	3,641
Central Appalachian Pike Weekly / Non-Union / Producer	6				0.000	No Coal Available
Gatliff Coal Co Bell Weekly / Non-Union / Producer	7				0.000	No Coal Available
James River Coal Perry Weekly / Non-Union / Producer	5				0.000	No Coal Available
Perry County Coal Perry Weekly / Non-Union / Producer	8				0.000	No Coal Available

Reason for Selection

This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.

Cost Factors used in Model
 Weekly Pay Factor: 0.005 Unit Boiler
 SO2 Cost/Ton: \$592.00 Maintenance Factor: 0.3940

FUEL EVALUATION FOR GILBERT UNIT

FIRST QUARTER 2005

Date: 01/04/2005
Event Nbr: 27
Bid End Date: 12/22/2004

Coal Supplier	Number	Quality Btu		Tons	Term	Evaluated Cost	
		% Sulfur	% Ash			\$	MMBtu
Marietta Coal Co Belmont Monthly/Non-Union /Broker	5	9,500 3.50 30.00	13,300	3	<p style="text-align: center;"><u>Reason for Selection</u></p> <p>This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.</p>	26.096	1.373
Waterloo Coal Jackson Weekly /Non-Union /Producer	4	11,000 5.00 16.00	10,000	3		33.845	1.538
Charolais Coal Hopkins Weekly /Non-Union /Producer	2	10,500 4.00 20.00	10,000	3		35.173	1.675
Resource Fuels Jackson Monthly/Non-Union /Producer	3	11,000 3.90 14.00	10,000	3		38.922	1.769
Oxford Mining Belmont Weekly /Non-Union /Producer	6					No Coal Available	
B & N Coal Noble Weekly /Non-Union /Producer	7					No Coal Available	

Cost Factors used in Gilbert Model
Weekly Pay Factor: \$0.005 Price of Limestone: \$6.85 SO2 Cost/Ton: \$700.00
Limestone Reactivity: 87.00 % Ash Landfill Cost: \$2.12



EKPC Fuel Evaluation System

FUEL EVALUATION FOR DALE POWER STATION
VERBAL PRICING FOR MARCH 2005

Date: 03/10/2005
Event Nbr: 34
Bid End Date: 03/09/2005

Coal Supplier	Number	Quality Btu % Sulfur % Ash	Tons	Term	Evaluated Cost	
					\$	MMBtu
C & H Development Whitley Weekly / Non-Union / Producer	2	11,500 1.06 12.00	1,000	1	79,274	3.447
Lewis Coal Sales Perry Weekly / Non-Union / Producer	3	12,000 1.11 12.00	8,000	12	84,774	3.532
Oak Hill Coal Magoffin Weekly / Non-Union / Producer	1	12,000 1.10 13.00	10,000	24	87,028	3.626
Oak Hill Coal Pike Weekly / Non-Union / Broker	4	12,000 1.11 13.00	3,000	1	89,172	3.715
Central Appalachian Pike Weekly / Non-Union / Producer	6				0.000	
Gatliff Coal Co Bell Weekly / Non-Union / Producer	7				No Coal Available	
James River Coal Perry Weekly / Non-Union / Producer	5				0.000	
Perry County Coal Perry Weekly / Non-Union / Producer	8				No Coal Available	

Reason for Selection

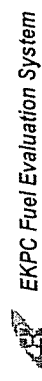
This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.

Cost Factors used in Model
Weekly Pay Factor: 0.005 Unit Boiler
SO₂ Cost/Ton: \$672.00 Maintenance Factor: 0.3940

FUEL EVALUATION FOR DALE POWER STATION
VERBAL PRICING FOR APRIL 2005

Date: 04/04/2005
Event Nbr: 36
Bid End Date: 04/04/2005

Coal Supplier	Number	Quality Btu % Sulfur	% Ash	Tons	Term	Reason for Selection						Evaluated Cost \$	Ton MMBtu
						This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.							
Lewis Coal Sales Perry Weekly / Non-Union / Producer	3	12,000 1.11 12.00		5,000	9							85.995	3.583
Jamieson Construction Roockastle Weekly / Non-Union / Producer	1	12,000 1.11 12.00		10,000	3							88.005	3.667
Oak Hill Coal Pike Weekly / Non-Union / Broker	4	12,000 1.11 13.00		3,000	1							90.393	3.766
Central Appalachian Pike Weekly / Non-Union / Producer	6											0.000	
Gatliff Coal Co Bell Weekly / Non-Union / Producer	7											No Coal Available	
James River Coal Perry Weekly / Non-Union / Producer	5											No Coal Available	
Perry County Coal Perry Weekly / Non-Union / Producer	8											No Coal Available	



Cost Factors used in Model
Weekly Pay Factor: 0.005 Unit Boiler
SO2 Cost/Ton: \$727.00 Maintenance Factor: 0.3940

FUEL EVALUATION FOR GILBERT UNIT

REVISED 2ND QUARTER 2005

Date: 04/04/2005
Event Nbr: 37
Bid End Date: 04/04/2005

Coal Supplier	Number	Quality Btu		Tons	Term	Evaluated Cost	
		% Sulfur	% Ash			\$	MMBtu
Alpha Coal Sales Dickenson Monthly/Non-Union /Producer	24	10,400	4.00	7,500	1	27.830	1.338
Marietta Coal Co Belmont Weekly /Non-Union /Producer	7	9,500	4.00	10,000	9	27.511	1.448
Marietta Coal Co Belmont Weekly /Non-Union /Producer	6	9,500	4.00	10,000	3	27.762	1.461
Waterloo Coal Jackson Weekly /Non-Union /Producer	10	10,500	5.25	15,000	9	31.050	1.479
Oxford Mining Belmont Weekly /Non-Union /Producer	17	11,400	5.60	25,000	6	34.637	1.519
Oxford Mining Belmont Weekly /Non-Union /Producer	16	11,400	5.60	20,000	3	34.637	1.519
Oxbow Carbon & Min Pike Monthly/Non-Union /Broker	14	8,650	2.70	50,000	3	26.447	1.529

Reason for Selection
This coal purchase was the lowest evaluated cost available to meet our tonnage requirements.

Cost Factors used in Gilbert Model
 Weekly Pay Factor: \$0.005 Price of Limestone: \$6.85 SO2 Cost/Ton: \$727.00
 Limestone Reactivity: 87.00 % Ash Landfill Cost: \$2.12



EKPC Fuel Evaluation System

FUEL EVALUATION FOR GILBERT UNIT

REVISED 2ND QUARTER 2005

Date: 04/04/2005
Event Nbr: 37
Bid End Date: 04/04/2005

Coal Supplier	Number	Quality Btu		Tons	Term	Evaluated Cost	
		% Sulfur	% Ash			\$	MMBtu
Charolais Coal Muhlenburg Weekly / Non-Union / Broker	21	10,500 4.00 20.00	30,000	18	35.235	1.678	
Massey Utility Boone Weekly / Non-Union / Producer	15	10,800 5.25 20.00	40,000	9	36.268	1.679	
American Innovation Various Weekly / Non-Union / Producer	1	10,600 6.00 25.00	40,000	24	36.037	1.700	
R & L Winn Muhlenburg Weekly / Non-Union / Broker	22	11,000 4.00 14.00	8,000	24	38.123	1.733	
American Innovation Various Weekly / Non-Union / Producer	5	11,500 3.00 14.00	20,000	24	39.951	1.737	
C & H Development Knox Weekly / Non-Union / Producer	9	9,000 4.00 30.00	20,000	9	31.922	1.773	
C & H Development Knox Weekly / Non-Union / Producer	8	9,000 4.00 30.00	20,000	3	31.922	1.773	



Cost Factors used in Gibert Model
 Weekly Pay Factor: \$0.005 Price of Limestone : \$6.85 SO2 Cost/Ton: \$727.00
 Limestone Reactivity: 87.00 % Ash Landfill Cost : \$2.12

FUEL EVALUATION FOR GILBERT UNIT

REVISED 2ND QUARTER 2005

Date: 04/04/2005
Event Nbr: 37
Bid End Date: 04/04/2005

Coal Supplier	Number	Quality Btu			Tons	Term	Evaluated Cost	
		% Sulfur	% Ash	% Sulfur			Ton	\$
American Coal Saline Monthly/Non-Union /Producer	20	11,700	2.90	9.00	35,000	8	44,565	1.904
C & R Coal Co Muhlenburg Weekly /Non-Union /Broker	23	11,000	4.00	14.00	10,000	4	42,143	1.916
American Innovation Various Weekly /Non-Union /Producer	4	11,200	3.25	12.00	30,000	24	45,105	2.014
Pevler Coal Sales Martin Weekly /Non-Union /Producer	19	9,500	2.19	28.00	15,000	9	38,404	2.021
Pevler Coal Sales Martin Weekly /Non-Union /Producer	18	9,500	2.19	28.00	15,000	3	38,404	2.021
American Innovation Various Weekly /Non-Union /Producer	2	11,300	3.84	15.60	40,000	9	46,420	2.054
American Innovation Various Weekly /Non-Union /Producer	3	11,200	2.64	11.00	15,000	24	52,204	2.331

Cost Factors used in Gilbert Model
 Weekly Pay Factor: \$0.005
 Price of Limestone : \$6.85
 Limestone Reactivity: 87.00 %
 Ash Landfill Cost : \$2.12
 SO2 Cost/Ton: \$727.00



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC FUEL ADJUSTMENT CLAUSE NO. 2005-00241
RESPONSE TO PSC ORDER DATED JULY 7, 2005

Q. a. List all intersystem sales during the period under review in which East Kentucky used a third party's transmission system.

A. Please see the attached information.

Q. b. For each sale listed above,

(1) Describe how East Kentucky addressed for fuel adjustment clause reporting purposes the cost of fuel expended to cover any line losses incurred to transmit its power across the third party's transmission system.

A. For each transaction, the cost of fuel recognizes the line loss factor provided in each party's OATT and EKPC's transmission system losses.

(2) State the line loss factor used for each transaction and describe how such line loss factor was determined.

A. The OATT line loss factors for third party transactions are shown below:

TVA	3.0%-4.0%
MISO	5.0%

In addition, EKPC used line loss factors of 3.31% in February, 3.51% in March, and 4.98% in April.

East Kentucky Power Cooperative
Intersystem Sales Transactions that
Use a Third Party Transmission System
November 2004-April 2005

a.	Date	Power Sold To	MWh Sold
	2/17/05	Associated	260
	3/28/05	Western Farmers	20
	3/28/05	Oglethorpe	75
	3/31/05	Associated	3,600
	4/1/05	Alabama Electric	2,400
	4/7/05	Cargill	1,200
	4/8/05	Alabama Electric	2,400
	4/10/05	Cargill	100

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC FUEL ADJUSTMENT CLAUSE NO. 2005-00241
RESPONSE TO PSC ORDER DATED JULY 7, 2005

- Q. Describe each change that East Kentucky made during the period under review to its methodology for calculating intersystem sales line losses.
- A. East Kentucky made no changes in methodology for calculating intersystem line losses during the period under review.