EAST KENTUCKY POWER COOPERATIVE

December 19, 2006

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED
DEC 20 2006
PUBLIC SERVICE COMMISSION

Re: PSC Case No. 2006-00455

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the responses of East Kentucky Power Cooperative, Inc., to information requests made by the Commission Staff in the course of the informal conference in this case held on December 15, 2006.

Very truly yours,

Charles A. Lile

Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

4775 Lexington Road 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
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http://www.ekpc.coop

A Touchstone Energy Cooperative

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2006-00455

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION DATA REQUEST AT INFORMAL CONFERENCE HELD ON DECEMBER 15, 2006

REQUEST NO. 2

RESPONDING PERSON: Roy Palk

Request No. 2 : Provide any information about the current status of the review of EKPC's new depreciation study by the Rural Utilities Service ("RUS").

Response No. 2 : The RUS Assistant Administrator reported on Friday, December 15, that the RUS depreciation committee had reviewed EKPC's new depreciation study, and that the only identified concern, regarding engineering issues, had been addressed through EKPC's submission of additional information. The Assistant Administrator expects no additional concerns about EKPC's study, and hopes to complete his final review by Tuesday, December 19.

Additionally, the RUS Assistant Administrator indicated that the USDA Office of General Counsel plans to begin the preparation of documents regarding EKPC's RUS loan for Spurlock Unit No. 4 in the next few days, and hopes to complete that process by t he end of 2006.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2006-00455
INFORMATION REQUEST RESPONSE

RECEIVED
DEC 20 2006
PUBLIC SERVICE COMMISSION

PUBLIC SERVICE COMMISSION DATA REQUEST AT INFORMAL CONFERENCE HELD ON DECEMBER 15, 2006
REQUEST NO. 1
RESPONDING PERSON: David Eames

Request No. 1 : Please provide information about the financial condition of East Kentucky Power Cooperative, Inc., that has been discussed with, or otherwise provided to lenders participating in the Credit Facility Agreement.

Response No. 1 : Since EKPC's failure to meet the calendar year 2005 equity limitations, EKPC has been contacted, from time to time, by many of the individual lenders involved in the Credit Facility. Some lenders have contacted EKPC on a monthly basis, while others have made less regular contact, inquiring about EKPC's financial condition. Many of these calls seek additional details about information that EKPC has posted on the IntraLinks On-Demand Workspaces website. Attached, as a supplement to Response 5 to the Commission's Second Data Request, is information that has been posted by EKPC on that informational website since November 8, 2006. All lenders involved in the Credit Facility have password access to the website.

EAST KENTUCKY POWER COOPERATIVE

November 8, 2006

Mr. Andrew Don
Director, Loan Syndications
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025

Dear Andrew:

As a lender to East Kentucky Power Cooperative (EKPC) along with the other banks in the Revolving Credit Facility, your organizations should be aware of some events of the past week affecting EKPC.

Last Wednesday, October 25, representatives of EKPC met with staff members of the Kentucky Public Service Commission (KPSC) to discuss EKPC finances. Representatives of EKPC, the KPSC staff, the office of the Kentucky Attorney General and Gallatin Steel Company were present at the initial meeting at which the parties discussed the cooperative's finances and the possibility of a rate increase.

As a result of that meeting, EKPC is evaluating when to file for a rate increase in the range of \$50 million to \$60 million annually, which would be about a 7 percent wholesale increase. The rate increase could go into effect as soon as January 1, 2007.

Of course, any rate increase is subject to approval by the KPSC. Under KPSC regulations, EKPC must give the Commission and the Attorney General's office notice of its intent to file a rate increase request at least four weeks before the application is filed, which may be as early as December 11, 2006. Therefore, EKPC plans to give such notice of intent to file on or before November 13, 2006.

If any of you have any questions, please do not hesitate to contact me at (859) 745-9345.

Sincerely,

David G Eames

David Eames
Vice President, Finance

/dd
By e-mail

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November 15, 2006

ROY PALK ANNOUNCES HIS RETIREMENT

During Tuesday's Board meeting, President and CEO Roy M. Palk announced his decision to retire effective Sept. 7, 2007. "I will be working on several key issues until next September, especially pursuing joint strategic power supply options and other important issues facing East Kentucky Power," he said.

Mr. Palk became the president and CEO in 1994. Under his leadership, EKPC brought one of America's cleanest coal generating units on-line, won numerous state and national environmental awards, and opened Kentucky's first renewable energy plants. During his tenure, East Kentucky and the member systems were instrumental in the creation of the national Touchstone Energy brand and founding ACES Power Marketing, a national risk management and power trading organization for G&Ts.

Prior to joining EKPC, Mr. Palk served as assistant general manager of the National Rural Electric Cooperative Association in Washington, D.C., where he also served as NRECA's corporate counsel. Mr. Palk once served as the interim president and CEO for Colorado-Ute Generation and Transmission Cooperative. His international assignments to expand the benefits of electrification have included Europe, Asia, Central America, and South America. He also spent 17 years with two distribution systems supplied by the Tennessee Valley Authority.

Yesterday, Board Chairman Wayne Stratton thanked Mr. Palk for his years of service. "We wish Roy the best and are very appreciative of his accomplishments at EKPC and his distinguished career on behalf of rural electrification."

"I'm happy with my decision to retire," Mr. Palk said yesterday. "Kathy and I are looking forward to having more personal time together, and more time to be with our four children and eight grandchildren. Although I still have important work ahead, I thank the employees of East Kentucky for your friendship and our years working together."

Nov. 15, 2006

MARK BAILEY NAMED EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

President and CEO Roy M. Palk has announced that Mark Bailey, the president and CEO of Henderson-Kentucky based Kenergy Corp., will become East Kentucky Power's executive vice president and chief operating officer effective Jan. 2, 2007.

"All business units at East Kentucky Power will report to Mark," Mr. Palk said. "He will oversee day-to-day operations and brings more than 32 years of extensive experience to the job. I selected Mark following an intensive search and interview process."

Mr. Bailey grew up in West Liberty, Ohio, where his father was area supervisor for Dayton Power & Light. As a boy, he occasionally accompanied his father on customer hook ups, reading meters, responding to outages and performing substation switching.

Upon graduation from Ohio Northern University, he began working for American Electric Power subsidiary Ohio Power as an electrical engineer. After assignments of progressive responsibility at three of AEP's generating plants (involving engineering, operations and maintenance functions), he became Administrative Assistant to the President of Ohio Power. AEP later sent him to the Massachusetts Institute of Technology to complete coursework leading to a master's degree in management.

(Continued on next page)

After leaving MIT, he played a key role in AEP's merger with CSW. In May 2004, he left the AEP system to become president and CEO of Kenergy, which has the largest kilowatt-hour sales of any electric cooperative in the nation and serves 54,000 members in 14 counties.

He and his wife Susie have been married 34 years. They have three children, including a son who is a physician in Columbus, a daughter who is a patent attorney in Atlanta and another daughter who works for St. Jude Medical in Orlando. Mr. Bailey enjoys collecting and working on automobiles, and restoring older models.

"I am delighted to have the opportunity to join the East Kentucky Power team and look forward to working with Roy and the staff in serving our members," he said. "I can't wait to meet my new colleagues."

NEWS
ABOUT
THE EAST
KENTUCKY
SYSTEM

November 29, 2006

MARK BAILEY ANNOUNCES DECISION TO JOIN BIG RIVERS

Originally Selected As EKPC COO -- Will Succeed To Big Rivers CEO Position

Mark Bailey, president and CEO of Henderson-based Kenergy Corp., today announced his decision to remain in Henderson to join the Big Rivers Electric Corporation management team as executive vice president functioning as chief operating officer. In addition, Big Rivers announced that Bailey will be the next Big Rivers chief executive officer after the retirement of current president and CEO Mike Core.

In mid-November, Mr. Bailey had accepted the position as executive vice president and chief operating officer at EKPC. This week, he said the certainty of his succession to the Big Rivers chief executive officer position and the familiarity of staying in Henderson convinced him to join Big Rivers.

"A major consideration was that I already live in Henderson where Big Rivers is headquartered, and I would not have to worry about selling my residence and relocating."

EKPC CEO Roy M. Palk said that he understood the reasons behind Mr. Bailey's decision and said that the selection of an executive VP and COO will proceed.

Dec. 6, 2006

EKPC NAMES NEW CEO

The East Kentucky Power Cooperative Board of Directors yesterday named Owen Electric President and CEO Robert M. Marshall as EKPC's new President and Chief Executive Officer effective January 1, 2007.

After January 1, current EKPC CEO Roy M. Palk will continue working on special projects involving EPA litigation, strategic matters, regulatory issues and other external issues until his retirement from EKPC. The position of chief operating officer will not be filled.

Marshall has served as President and CEO of Owen Electric for seven years. Prior to that, he worked for two years as general manager of Coosa Valley Electric Cooperative, a distribution system served by Alabama Electric Cooperative. He arrived at Coosa Valley following a 28-year career at Florida Power and Light. At FP&L he rose from a field engineer to vice president of the Distribution Business Unit, leading 4,500 employees and serving 2.8 million consumers.

Dec. 6, 2006

EKPC RATE INCREASE FILING POSTPONED

The East Kentucky Power Cooperative Board of Directors yesterday postponed the requested date for implementation of a wholesale rate increase until April 1, 2007. The Board decided the membership would best be served by avoiding a rate hike impacting retail members during the highest billing months of the year.

EKPC now expects to file a request for a wholesale rate increase in the early part of 2007. The request is expected to be about $43 million, which would be about a 6.5 percent wholesale increase based on EKPC's gross revenue, subject to final approval by the PSC.

December 7, 2006

WARREN CO-OP DECIDES NOT TO JOIN EKPC SYSTEM

Warren Rural Electric Cooperative's (WRECC) Board of Directors has decided to withdraw its notice to leave the Tennessee Valley Authority system and to return to TVA for future power supply. As a result, WRECC will not be joining EKPC as a cooperative member.

"In 2004, WRECC's leaders made the decision to pursue a power supply arrangement with EKPC in order to obtain wholesale power at a more economical rate than they were getting with TVA, and also to obtain an ownership stake in EKPC," said Roy M. Palk, EKPC's President and CEO. "Since then, both cooperatives have worked diligently to develop the partnership between the two cooperatives. But WRECC's leaders now have determined it is in the best interest of their members not to join EKPC."

Palk noted there are many complex issues to be addressed by the two organizations. The cooperatives will work together to resolve those issues during the coming weeks and months, he said.

EKPC plans to continue construction on Spurlock Unit #4, a new coal-fired generation unit. The output of the unit will still be needed to meet EKPC's future power supply needs.

COMPLIANCE CERTIFICATE

I, Roy M. Palk, the President & Chief Executive Officer of East Kentucky Power Cooperative, Inc. (the "Company"), and, as such, a Responsible Officer of the Company, DO HEREBY CERTIFY that:

(a) I have conducted a review of the Credit Agreement dated as of September 2, 2005 (the "Credit Agreement") and amended as of April 6, 2006 between the Company, the lenders party thereto and National Rural Utilities Cooperative Finance Corporation, as Administrative Agent, the financial statements of the Company and such other documents as I have deemed necessary for this certificate. The statements present fairly in all material respects the financial condition and results of operations of the Borrower and its subsidiaries on a consolidated basis in accordance with GAAP consistently applied. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Credit Agreement. This Compliance Certificate is being delivered pursuant to Section 5.01(c) of the Credit Agreement.

(b) No Default has occurred during the period beginning on January 1, 2006 and ending on the date hereof.

(c) Attached hereto as Schedules 1, 2, 3, and 4 are detailed calculations demonstrating compliance with the covenants set forth in Sections 6.01, 6.02, 6.05 and 6.08, respectively, of the Credit Agreement as of the date hereof.

WITNESS my hand this 29th day of November, 2006.

Roy M. Palk

Title: President & Chief Executive Officer

Schedule 1

As of the date hereof, the Company has not created, incurred, assumed, or permitted to exist any Indebtedness, except that which is permitted under Section 6.01 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have created, incurred, assumed, or permitted to exist any Lien on any property or asset now owned by it, or assigned or sold any income or revenues (including accounts receivable) or rights in respect of any thereof, except that which is permitted under Section 6.02 of the Credit Agreement.

As of the date hereof, neither the Company nor any of its Subsidiaries have made or permitted to remain outstanding any Investments, except that which is permitted under Section 6.05 of the Credit Agreement.

Compliance to SECTION 6.08. Certain Financial Covenants

(a) Debt Service Coverage Ratio. The Borrower will not permit, as of the last day of any calendar year, the average Debt Service Coverage Ratio during the two best years out of three calendar years then ended to be less than 1.00 to 1.

2003	**2004**	**2005**	**Average of Best Two**
1.35	**0.72**	**1.09**	**1.22**

(b) Total Members' Equities. The Borrower will not permit the aggregate amount of its Total Members' Equities to be less than the following respective amounts as at the last day of any calendar year ending during the following respective periods:

Period	Amount
From January 1, 2005 through December 31, 2007	$ 90,000,000
From January 1, 2008 through December 31, 2010	$ 100,000,000

Total Members' Equities at December 31, 2005 was $96,108,000.

(c) Times Interest Earned Ratio. The Borrower will not permit, as to the last day of any calendar year, the average Times Interest Earned Ratio during the two best years out of three calendar years then ended to be less than 1.05 to 1.

2003	**2004**	**2005**	**Average of Best Two**
1.66	**0.49**	**1.04**	**1.35**

(d) Equity to Assets Ratio. The Borrower will not permit the Equity to Assets Ratio to be less than 3% as at the last day of any calendar quarter.

Quarter ending 9/30/2006

Assets	**Equity**	**Equity to Asset Ratio**
$ 1,879,395,000	**$ 91,986,000**	**4.90%**

EXHIBIT F

Pursuant to Section 5.09 (b) of the Credit Agreement, below is a status report setting forth a detailed summary of the status of any applications submitted by EKPC to the RUS pursuant to Section 5.09 (a) of the Credit Agreement.

Report Period: September 30, 2006

Loan applications Submitted, Approved, and Funded

Loan Application Date		Loan Amounts Applied	Loan Purposes	Loan Approval Date		Loan Amounts Approved	Loan Funds Available Date
4/29/1992	$	108,808,000	Combustion Turbines 1-3	7/28/1993	$	108,808,000	10/11/1995
10/28/1994	$	43,594,300	Construction of Transmission Facilities	3/19/1996	$	32,910,000	11/4/1999
1/24/1997	$	6,626,000	Generation Upgrades	9/17/1997	$	6,626,000	11/4/1999
1/24/1997	$	61,436,530	Generation Upgrades	1/21/1998	$	56,833,000	11/4/1999
12/21/1999	$	86,096,000	Construction of Transmission Facilities	7/27/2000	$	85,600,000	8/2/2001
3/27/2000	$	92,400,000	Combustion Turbines 4-5	8/28/2001	$	92,300,000	7/11/2002
7/18/2001	$	217,500,000	Generation Upgrades - Pollution Control Equipment	9/5/2002	$	223,500,000	6/26/2003
9/14/2001	$	410,000,000	Construction of Gilbert Unit at Spurlock Station	9/23/2003	$	433,863,000	12/7/2004
4/10/2003	$	27,105,000	Construction of 5-Landfill Gas Units	9/25/2003	$	27,645,000	5/13/2005
9/23/2004	$	55,240,000	Combustion Turbines 6-7	5/11/2005	$	55,240,000	8/1/2006
Total	**$**	**1,108,805,830**			**$**	**1,123,325,000**	

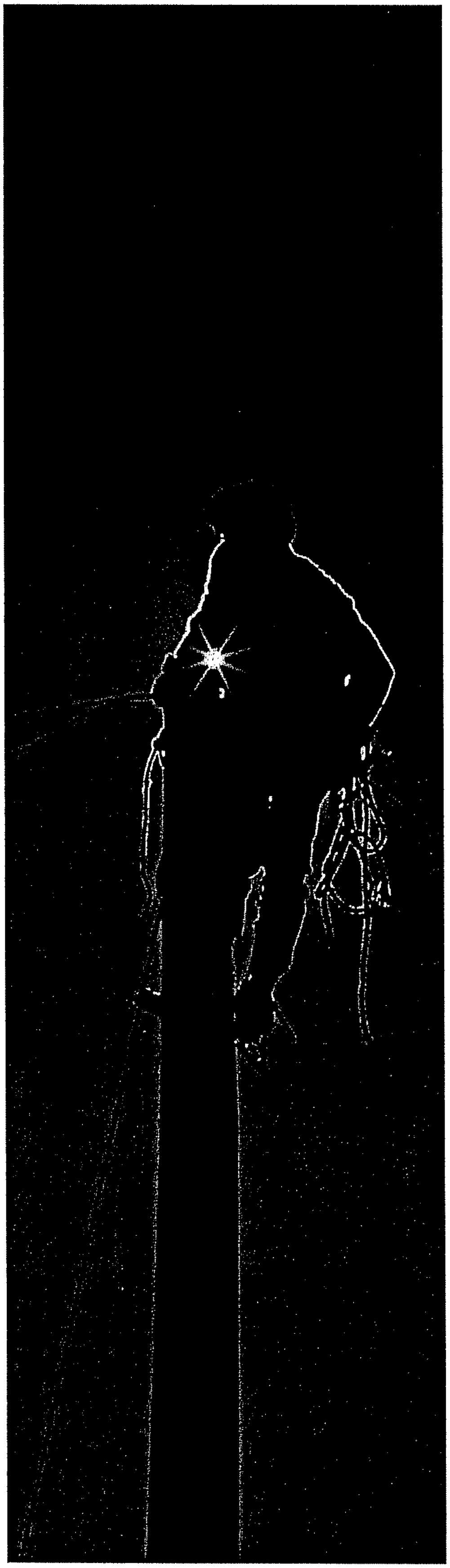
Loan Applications Submitted and Approved

Loan Application Date		Loan Amounts Applied	Loan Purposes	Loan Approval Date		Loan Amounts Approved	Loan Funds Available Date [(a)]
12/21/2004	$	75,813,000	Construction of Transmission Facilities	8/9/2005	$	64,240,000	1/31/2007
4/26/2005	$	481,388,000	Construction of Spurlock 4 Unit	3/2/2006	$	481,388,000	3/31/2007
Total	**$**	**557,201,000**			**$**	**545,628,000**	

New Loan Applications Submitted

Loan Application Date		Loan Amounts Applied	Loan Purposes [(a)]	Loan Approval Date		Loan Amounts Approved	Loan Funds Available Date [(a)]
5/24/2005	$	906,973,000	Construction of Smith 1 and CT's 8-12	8/31/2007 & 5/31/2008	$	906,973,000	5/31/2008 & 12/31/2008
Total	**$**	**906,973,000**			**$**	**906,973,000**	

[(a)] EKPC estimates.



Third Quarter Report

As of and for the
nine months ended
September 30, 2006

EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy® Cooperative

Interim Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	September 30 2006	September 30 2005
Assets		
Electric Plant, at Original Cost		
In-service	$2,052,639	$2,029,242
Construction in Progress	300,891	90,647
	2,353,530	2,119,889
Less Accumulated Depreciation	804,958	762,630
Electric Plant, Net	1,548,572	1,357,259
Long-term Accounts Receivable	8,811	9,192
Investment Securities		
Available for Sale	44,396	41,268
Held to Maturity	8,216	8,237
Current Assets		
Cash and Cash Equivalents	81,364	77,703
Accounts Receivable	51,685	64,260
Fuel	37,111	40,282
Materials and Supplies	36,414	31,753
Emission Allowances	50,282	(4,050)
Other	2,075	1,477
Total Current Assets	258,931	211,425
Deferred Charges	4,623	4,839
Other	5,846	4,568
Total Assets	**$1,879,395**	**$1,636,788**
Liabilities and Members' Equities		
Members' Equities	$91,986	$139,759
Long-term Debt	1,621,262	1,399,178
Current Liabilities		
Accounts Payable	32,623	33,463
Accrued Expenses	26,721	6,854
Total Current Liabilities	59,344	40,317
Accrued Postretirement Benefit Cost	48,854	46,542
Other	57,949	10,992
Total Liabilities and Members' Equities	**$1,879,395**	**$1,636,788**

Interim Consolidated Statements of Revenue and Expenses (unaudited)

(Dollars in Thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Operating Revenue	$168,007	$169,162	$491,388	$454,901
Operating Expenses:				
Fuel	77,532	85,625	210,466	201,664
Other Production	32,838	15,476	87,577	68,030
Purchased Power	14,063	16,386	57,985	64,055
Transmission and Distribution	6,824	5,024	21,146	16,979
Depreciation	13,830	13,446	41,371	38,274
General and Administrative	9,639	8,732	28,265	27,564
	154,726	144,689	446,810	416,566
Operating Margins (Deficit)	13,281	24,473	44,578	38,335
Interest Expense	22,639	18,105	61,303	51,467
Net Operating Margin (Deficit)	(9,358)	6,368	(16,725)	(13,132)
Nonoperating Margins:				
Interest Income	2,852	1,723	5,875	4,231
Allowance for Funds Used During Construction	2,525	383	5,801	5,408
Miscellaneous	203	53	898	731
	5,580	2,159	12,574	10,370
Capital Credits and Patronage Capital Allocations	307	563	315	574
Net Margin (Deficit)	$(3,471)	$9,090	$(3,836)	$(2,188)

Interim Consolidated Statements of Changes in Members' Equities (unaudited)

(Dollars in Thousands)

	Memberships	Patronage Capital	Donated Capital	Accumulated Other Comprehensive Income (loss)	Total Members' Equities
Balances, September 30, 2005	$2	$136,205	$3,035	$517	$139,759
Comprehensive Income					
Net Deficit		(43,819)			(43,819)
Unrealized Gains on Investments					
Available for Sale				168	168
Total Comprehensive Loss					(43,651)
Balances, December 31, 2005	2	92,386	3,035	685	96,108
Comprehensive Income					
Net Deficit		(3,836)			(3,836)
Unrealized Losses on Investments					
Available for Sale				(286)	(286)
Total Comprehensive Loss					(4,122)
Balances, September 30, 2006	$2	$88,550	$3,035	$399	$91,986

Selected Financial Highlights

Year-to-date Ending September 30

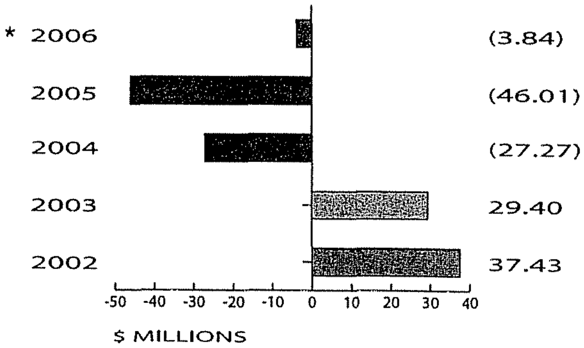
	2006	2005
Equity as a Percentage of Assets	4.90	8.54
Current Ratio	4.36	5.24
Times Interest Earned Ratio	0.94	0.96
Debt Service Coverage Ratio	0.97	1.03
Average Cost of Long-term Debt	5.36	5.12

Interim Consolidated Statements of Cash Flows (unaudited)

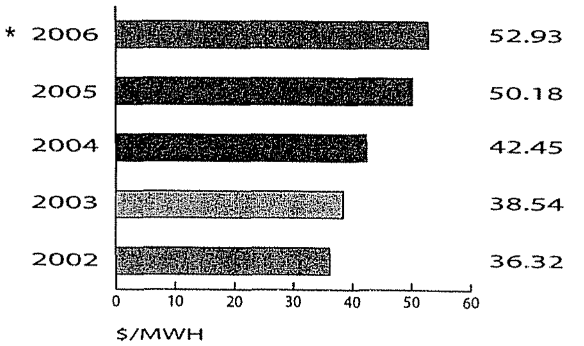
(Dollars in Thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Cash Flows from Operating Activities				
Net Margin (Deficit)	$ (3,471)	$ 9,090	$ (3,836)	$ (2,188)
Adjustments to Reconcile Net Deficit to Net Cash from Operating Activities				
Depreciation	13,830	13,446	41,371	38,274
Amortization of Loan Costs	277	92	769	134
Changes in:				
Accounts Receivable	5,779	(16,509)	25,978	(7,753)
Fuel	6,435	(1,267)	2,125	(3,770)
Materials and Supplies	(489)	(1,434)	(2,836)	(4,381)
Emission Allowances	1,806	(7,079)	(46,195)	4,249
Accounts Payable, Trade	(1,743)	(7,711)	(43,232)	(41,928)
Accrued Expenses	17,595	(1,877)	6,620	(9,267)
Accrued Postretirement Benefit Cost	750	690	2,250	1,910
Other	(4,481)	(4,075)	(11,267)	(7,635)
Net Cash from Operating Activities	36,288	(16,634)	(28,253)	(32,355)
Cash Flows from Investing Activities				
Additions to Electric Plant	(73,362)	(40,754)	(161,271)	(94,575)
Maturities and Calls of Securities Available for Sale	19,342	36,666	57,874	73,086
Purchases of Securities Available for Sale	(20,020)	(36,990)	(59,975)	(74,754)
Maturities of Securities Held to Maturity	-	14,290	21	14,311
Payments Received on Long-term Accounts Receivable	(339)	225	191	609
Net Cash from Investing Activities	(74,379)	(26,563)	(163,160)	(81,323)
Cash Flows from Financing Activities				
Proceeds from Long-term Debt	53,904	173,680	259,328	305,867
Principal Payments on Long-term Debt	(1,886)	(151,246)	(30,414)	(174,596)
Net Cash from Financing Activities	52,018	22,434	228,914	131,271
Net Change in Cash and Cash Equivalents	13,927	(20,763)	37,501	17,593
Cash and Cash Equivalents at Beginning of Period	67,437	98,466	43,863	60,110
Cash and Cash Equivalents at End of Period	$ 81,364	$ 77,703	$ 81,364	$ 77,703

NET MARGIN (Deficit)

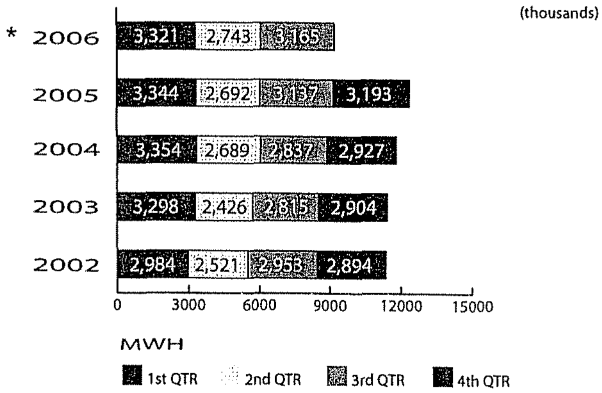


AVERAGE MEMBER COST



MWH SALES TO MEMBER COOPERATIVES

(thousands)



* Year-to-Date