

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE
COMMISSION**

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC)
RATES OF EAST KENTUCKY POWER) Case No. 2006-00472
COOPERATIVE, INC.)

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION ISSUED
PURSUANT TO THE PROCEDURAL SCHEDULE OF APRIL 18, 2007

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and in accordance with the Commission's Order of Procedure issued on April 18, 2007, submits this Initial Request for Information to East Kentucky Power Cooperative, Inc. ["EKPC"], to be answered by the date specified in said Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If EKPC objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

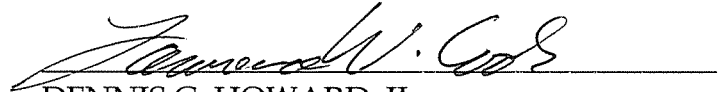
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Dennis G. Howard, II", is written over a horizontal line.

DENNIS G. HOWARD, II
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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

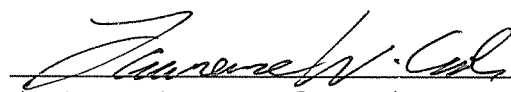
Hon. Charles A. Lile
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Honorable Oscar H. Gerald, Jr.
Attorney at Law
Gerald, Moloney & Jones
Old Northern Bank Bldg.
259 West Short St.
Lexington, KY 40507

this 1st day of May, 2007.



Assistant Attorney General

**Attorney General's Initial Data Requests
to East Kentucky Power Cooperative
Case No. 2006-00472**

1. Please refer to the company's response to PSC 1-25. The data provided in indicates \$260.05 in "CAM overhead," which is identified in a footnote as being that portion of director's fees allocated to non-regulated activities. Is it EKPC's intent to recover this item of expense from the rate base?
 - a. If the answer to the question above is "yes," please provide a detailed rationale for doing so.
2. Please describe the purpose of the director's expense identified as "internet," and justify the reason for including this item of expense in the rate base.
 - a. Does this item of expense refer to payment for directors' internet charges? If so, are these charges incurred for an internet account with an internet service provider in which the usage is restricted solely to business purposes? Are directors allowed to use these services for their own personal, non-business use?
3. Explain the nature of the "official duty fee" item of directors' expenses, and please provide the rationale for including it in the rate base.
4. Please explain whether EKPC ever reimbursed its attorneys for expenses incurred at any legal seminars. If so, please provide the amounts so reimbursed, and the account numbers in which such information can be found.
5. If EKPC is granted the full amount of its \$43.4 million rate increase, what TIER will be achieved as a result? What DSC rating will be achieved?
6. Please state the level of TIER and DSC ratings EKPC is required to maintain to comply with its debt service covenants and mortgages. If the rating levels provided in response to question number 5, above, exceed those rating levels provided in the instant question, please explain the rationale for obtaining higher TIER and DSC rating levels than are required.
7. Describe the impact that the implementation of remedial measures for Cooper Station's intake problems will have on EKPC's financial situation, especially in regard to the instant rate case.

**Attorney General's Initial Data Requests
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8. Please state whether any members of EKPC's Board of Directors are employees, board members, partners, or members of any other business entity or organization (excluding the EKPC member co-op they represent). Identify each such individual, the name of the business entity or organization, and the title of their position.
9. For each person and business entity or organization identified in your response to question number 8, above, please state whether that entity or business organization has any business transactions of a recurring nature with EKPC.
10. Please state whether any relative, by blood or marriage, of EKPC's board of directors or executive management team holds, or will hold any type or sort of position, whether as employee, officer, board member, contractor or consultant, with EKPC.
11. Does EKPC anticipate any changes in any existing contracts as a result of any potential rate increase (e.g., engineering, information technology, maintenance, etc.)?
12. Does EKPC maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to EKPC's officers, members of its Board, its employees, its independent contractors or consultants? If yes:
 - a) Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and
 - b) Please state whether the contracts were awarded pursuant to a bid process, and if so, provide specifics of that bid process.
13. Does EKPC have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.
14. Does EKPC employ the relatives of:
 - a) any EKPC board member;
 - b) any EKPC officer;
 - c) any EKPC consultant;

d) any other EKPC employee?