

June 5, 2007

HAND DELIVERED

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

RECEIVED

JUN 05 2007

**PUBLIC SERVICE
COMMISSION**

Re: PSC Case No. 2007-00165

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and five copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff Data Requests dated May 21, 2007, and the Attorney General's Data Requests dated May 18, 2007.

Very truly yours,



Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER APPROVING)
A PILOT REAL-TIME PRICING PROGRAM FOR)
LARGE COMMERCIAL AND INDUSTRIAL)
CUSTOMERS)

CASE NO.
2007-00165

RECEIVED

CERTIFICATE

JUN 05 2007

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

PUBLIC SERVICE
COMMISSION

William A. Bosta, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Data Requests in the above-referenced case dated May 21, 2007, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

William A. Bosta
William A. Bosta

Subscribed and sworn before me on this 5th day of June, 2007.

Deagay S. Griffin
Notary Public

My Commission expires:

December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER APPROVING)	
A PILOT REAL-TIME PRICING PROGRAM FOR)	CASE NO.
LARGE COMMERCIAL AND INDUSTRIAL)	2007-00165
CUSTOMERS)	

RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED MAY 21, 2007

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00165
FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07
REQUEST 1

RESPONSIBLE PERSON: William A. Bosta/Paul A. Dolloff
COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Refer to page 3 of the April 20, 2007 testimony of William A. Bosta which states that EKPC and Big Rivers had discussions about the pilot program but each ultimately elected to establish separate approaches and pilot programs.

Request 1a. Explain why Big Rivers and EKPC ultimately opted for separate approaches and pilot programs.

Response 1a. After careful deliberation, EKPC elected to utilize an approach to RTP that had been used successfully in other regulatory jurisdictions. Due to timing and operational considerations, EKPC and Big Rivers did not agree to use one approach and ultimately elected to file different pilots.

Request 1b. Explain why EKPC decided to make the proposed RTP pilot available to all of its Member Systems. Given the proposal, how many customers could participate in the RTP pilot?

Response 1b. EKPC decided to initially make the RTP pilot available to all of its Member Systems in an effort to garner as many participants as possible. Additionally, the number of eligible customers varies from Member Systems to Member System.

Some Member Systems have several eligible customers while other Members Systems have very few eligible customers.

Of the total number of commercial and industrial customers served by EKPC and its Member Systems (~8,000 customers), approximately 70 are eligible for the EKPC RTP pilot.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 2

RESPONSIBLE PERSON: Paul A. Dolloff/Michael T. O'Sheasy/William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Refer to page 4 of Mr. Bosta's testimony where he states that eligibility in the RTP program is limited to customers with peak demands of 1,000 kW or more and must have in place, or be willing to pay for a MV-90 metering system "or be willing to pay for the incremental costs of installing and maintaining such a system."

Request 2a. Given the above restrictions, how many customers in the EKPC system would currently be eligible for the RTP program? State whether EKPC anticipates that all its member systems will participate in the pilot program.

Response 2a. Of the total number of commercial and industrial customers served by EKPC and its Member Systems (~8,000 customers), approximately 70 are eligible for the EKPC RTP pilot. Of the 70 customers, approximately 56 have their electronic revenue meters connected to the EKPC MV-90 meter reading system. It is possible that the 14 customers that are not connected to the MV-90 system may not be willing to pay for the incremental cost of installing and maintaining the MV-90 system.

Though EKPC will encourage participation, EKPC is unsure if all Member Systems will participate in the RTP pilot. Likely, those Member Systems with several eligible

customers will consider participating in the RTP program, while those with few eligible customers may choose not to participate.

Request 2b. Provide the approximate number of customers that currently have the MV-90 metering system in place.

Response 2b. Of the total number of commercial and industrial customers served by EKPC and its Member Systems that are eligible for the EKPC RTP pilot (~70 customers), approximately 56 have their electronic revenue meters connected to the EKPC MV-90 meter reading system.

Request 2c. Provide the approximate installed cost of a MV-90 meter. Include a breakdown of equipment cost and labor cost.

Response 2c. The cost of an electronic meter capable of interfacing with the MV-90 system will vary between \$2,300 and \$4,500. The variation in cost is due to the complexity and functionality of the selected meter. For those industrial consumers who request a multitude of electric consumption data points (generally power quality data), a more sophisticated (and more expensive, i.e., \$4,500) meter is required.

In addition to a high quality, MV-90 compatible meter, a meter cabinet, current transformers, potential transformers, a cellular modem, ground rod, wire, clamps, and conduit, etc., will be required to complete the installation all at a cost of approximately \$3,000. Installation costs are approximately \$1,100. Thus, an estimated maximum cost of such a meter is \$8,600 (\$4,500 + \$3,000 + \$1,100).

Request 2d. Provide the incremental costs of installing and maintaining this system.

Response 2d. In most cases, each electronic revenue meter is required to have a cellular modem for communications between it and the MV-90 system located at EKPC headquarters in Winchester, KY. Currently, the monthly charge for the cellular modem service is \$15, or \$180 annually.

EKPC tests all electronic revenue meters on commercial and industrial customers once a year. Annual meter testing and maintenance costs are approximately \$250.

Request 2e. Mr. Bosta also states that, [i]f the real-time pricing (“RTP”) customer causes a local distribution system upgrade, the customer will be responsible for the cost of the upgrade.”

(1) Provide an example of when an upgrade would be necessary.
(2) Will the RTP service provider and the customer agree upon the necessity and cost of the upgrade prior to the customer’s participation in the RTP pilot program?

Response 2e. (1) A local distribution upgrade becomes necessary for an RTP customer in the same way that it does for a customer on a standard rate tariff. For a customer whose energy requirements are growing over time, possibly because their business is growing, it may be the case that their present local transformers are not sufficient to handle the future load requirements. As the customer’s energy needs approach the present load carrying capability of local distribution, the customer and a representative of the utility will plan on an upgrade. The difference with RTP arises, however, in that the incremental RTP price, which applies to the growing load above the CBL, does not contain a specific local distribution component unlike it does for generation and transmission cost and unlike the standard tariff which covers generation, transmission, and distribution cost. And, the risk adder is not sufficient to cover local

distribution upgrades. Therefore, the RTP customer will be asked to pay for the cost of the upgrade. The cost of the local distribution system to serve the RTP customer is covered through the standard rate that applies to the CBL so that it is only the additional upgrade that will require additional compensation to the utility by the RTP customer.

(2) Yes, the responsibility for any customer volunteering for RTP to pay for any local distribution upgrades will be clearly explained to any customer considering the RTP tariff. This explanation will also include why this is the customer's responsibility and the methods by which they can pay for the upgrade. The RTP tariff also states this requirement in its "Special Provisions" section. The customer must agree to this provision before being placed onto the RTP pilot tariff. Any specific cost of a possible upgrade will not be known until the time it occurs. At that time, the customer must agree to the necessity of the upgrade and the cost to be charged for the upgrade before the upgrade is made.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 3

RESPONSIBLE PERSON: Michael T. O'Sheasy/Gary Stansberry/William Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Refer to pages 4 through 6 of Mr. Bosta's testimony relating to the use of the historical Customer Baseline Load ("CBL").

Request 3a. EKPC proposes to charge or credit RTP participants for differences between the actual load and the CBL. Did EKPC consider basing the charge or credit on the difference between actual load and a CBL ratio (the difference in the load pattern) rather than the historical CBL?

Response 3a. EKPC preferred the concept of a fixed CBL as opposed to a CBL that varies using some type of ratio for the following reasons:

1. EKPC felt that it was important for the RTP customer to be able to know at all times whether additional changes in load would be priced at RTP prices or the standard rate to which the CBL applies. The simpler and clearer this price signal is to the RTP customer, the more efficient the RTP customer's energy use decisions will be. Use of an after-the-fact CBL ratio, which takes into account aggregate increases or decreases at the end of a month in the form of a CBL ratio, does not offer real time price certainty to the customer for specific load decisions. A fixed CBL allows the customer to easily confirm whether changes in load would be priced at RTP prices or the standard rate.

2. Many of the industry's most successful RTP programs employ a fixed CBL.

3. The fixed CBL enables the customer to be bill neutral with their standard tariff if they do not change usage from their historical level, the level of usage upon which the fixed CBL is based.

4. When a large commercial or industrial customer is making decisions on future operating changes, many times the customer must forecast the cost and benefits several years into the future. A fixed CBL enables future projections of energy cost consequences to be made more accurately than a CBL which varies.

5. Spot markets are prevalent in many other industries. A common additional pricing product in many of these spot markets is a fixed-quantity priced product similar to the nature of EKPC's CBL for its proposed RTP pilot.

Request 3b. Mr. Bosta states that the RTP participant will be billed under the standard tariff using the historical CBL and will also be credited or charged for the difference between the actual load and CBL for each hour multiplied by the real-time price at each hour.

(1) Provide a sample CBL for one customer for one month and a sample actual usage for the same month.

(2) Provide the total amount that would be billed to this customer showing the calculation of each part of the bill separately. Provide all information used to perform the calculations including sample hourly prices obtained on a real-time basis and the power factor adjustment.

Response 3b. (1) The attachment to 3b(1) provides a customers' CBL for each hour of January 2005. These load levels are compared to simulated hourly loads for

January 2006, based on possible price response, and the net difference in the load each hour is the amount to which the RTP price is applied. The RTP per hour and the resulting hourly dollar credit or charge amounts are shown in the attachment.

(2) Please see the attachment to 3b(2).

DATE	HOUR	KW	KVAR	PF	DATE	HOUR	KW	KVAR	PF	RTP Load	RTP Price	RTP \$\$
13105	2400	5657.04	2156.259									
13105	1900	4764.96	1598.799	0.948	13006	1900	4907.9088	1672.379	0.947	142.9488	41.05	5.87
13105	2000	4827.6	1607.529	0.949	13006	2000	4586.22	1663.649	0.940	-241.38	60.62	(14.63)
13105	2100	4993.92	1648.684	0.950	13006	2100	5143.7376	1757.183	0.946	149.8176	41.05	6.15
13105	2200	5155.92	1739.723	0.948	13006	2200	5310.5976	1719.769	0.951	154.6776	41.05	6.35
13105	2300	5505.84	2061.478	0.937	13006	2300	5671.0152	1965.45	0.945	165.1752	41.05	6.70
13105	2400	5657.04	2156.259	0.934	13006	2400	5826.7512	1986.651	0.946	169.7112	41.05	6.97
10205	100	3952.8	962.771	0.972	13106	100	4071.384	2050.254	0.893	118.584	41.05	4.87
10205	200	3954.96	961.524	0.972	13106	200	4073.6098	2046.513	0.894	118.6488	41.05	4.87
10205	300	3944.16	935.335	0.973	13106	300	4062.4848	1873.164	0.908	118.3248	41.05	4.86
10205	400	3935.52	942.818	0.972	13106	400	4053.5856	1939.261	0.902	118.0656	41.05	4.85
10205	500	3944.16	940.323	0.973	13106	500	4062.4848	1992.887	0.898	118.3248	41.05	4.86
10205	600	3952.8	892.933	0.975	13106	600	4071.384	2017.829	0.896	118.584	41.05	4.87
10205	700	4002.48	899.169	0.976	13106	700	4122.5544	2150.023	0.887	120.0744	41.05	4.93
10205	800	4324.32	1017.644	0.973	13106	800	3891.888	2300.924	0.861	-432.432	81.22	(35.12)
10205	900	4367.52	1137.367	0.968	13106	900	4149.144	2188.684	0.884	-218.376	68.86	(15.04)
10205	1000	4421.52	1106.189	0.970	13106	1000	4200.444	2317.136	0.876	-221.076	74.01	(16.36)
10205	1100	4615.92	1270.808	0.964	13106	1100	4477.4424	2242.31	0.894	-138.4776	57.53	(7.97)
10205	1200	4510.08	1568.868	0.944	13106	1200	4645.3824	2027.806	0.916	135.3024	41.05	5.55
10205	1300	4332.96	1439.169	0.949	13106	1300	4462.9488	1875.658	0.922	129.9888	41.05	5.34
10205	1400	4428	1511.501	0.946	13106	1400	4560.84	1945.497	0.920	132.84	41.05	5.45
10205	1500	4507.92	1605.035	0.942	13106	1500	4643.1576	2012.841	0.917	135.2376	41.05	5.55
10205	1600	4328.64	1409.238	0.951	13106	1600	4458.4992	1703.557	0.934	129.8592	41.05	5.33
10205	1700	4406.4	1486.559	0.948	13106	1700	4538.592	1713.534	0.936	132.192	41.05	5.43
10205	1800	4393.44	1399.261	0.953	13106	1800	4261.6368	1450.393	0.947	-131.8032	56.50	(7.45)
10205	1900	4529.52	1520.231	0.948	13106	1900	4393.6344	1440.416	0.950	-135.8856	57.53	(7.82)
10205	2000	4404.24	1417.968	0.952	13106	2000	4536.3672	1476.582	0.951	132.1272	41.05	5.42
10205	2100	4276.8	1429.192	0.948	13106	2100	4405.104	1494.042	0.947	128.304	41.05	5.27
10205	2200	4315.68	1491.547	0.945	13106	2200	4445.1504	1474.088	0.949	129.4704	41.05	5.31
10205	2300	5136.48	1933.025	0.936	13106	2300	5290.5744	1580.092	0.958	154.0944	41.05	6.33
10205	2400	5741.28	2197.413	0.934	13106	2400	5913.5184	1520.231	0.969	172.2384	41.05	7.07
		3964077.4					3908372.8			-55704.5856		-14431.12

Sample Bill

I. CBL

<u>Standard Bill (Jan 2005)</u>	<u>Units</u>	<u>Rate</u>	<u>\$\$</u>
Demand	6,163	5.39	33,219
Energy	3,964,078	0.03067	121,578
Cust	1,069		1,069
FAC	3,964,078	0.004	15,856
			171,722
ESC		5%	8,586
Total CBL Bill			180,308

II. RTP

<u>Incremental Energy Cost (Jan 2006)</u>	
See attachment to 3b(1)	(14,431)

<u>RTP Administrative Fee</u>	150
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Power Factor Adjustment

1/24/2006	9:45	
KW_{AM}	6777	
$PF_{AM} =$	0.888265163	
$PF_{MIN} =$	0.90	
$P_d =$	5.39	
Adjustment	$P_d * (K_{Am} * \{(PF_{MIN}/PF_{Am})-1\})$	
	$(5.39)(6777*0.013210961) =$	483

<u>III. Total Bill (I+II)</u>	166,510
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EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 4

RESPONSIBLE PERSON: Paul A. Dolloff/William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Refer to page 6, lines 5 through 12 of Mr. Bosta's testimony relating to the administrative costs of the RTP. Provide the calculation for the proposed administrative fee of \$150 per month.

Response 4. There are a number of administrative activities required to implement a real-time pricing tariff. Those include:

- 1). Calculating and monitoring the next day's hourly, real-time prices.
- 2). Calculating and monitoring forecasted hourly, real-time prices for days two and three beyond the next day.
- 3). Posting next day and forecasted real-time prices to the EKPC RTP website.
- 4). Creating and storing the monthly billing determinants.
- 5). Creating, storing, and annual alignment of each customer's CBL.
- 6). Periodic cost comparisons between the RTP bill and the bill that would have resulted had the customer remained on a standard tariff.
- 7). Customer service communication with current and prospective RTP participants.
- 8). Annual RTP workshop.

The costs to perform some of these activities are independent of the number of RTP participants while other costs are incremental based on the number of RTP participants.

Because of the incremental costs, a projected number of expected RTP participants is required. Of the 70 EKPC customers eligible for participation in the RTP Pilot (see Response 1b), EKPC expects a participation rate of 10%, 7 customers.

Table One below lists all of the RTP related administrative activities and a time estimate for each.

Table One RTP Administrative Activities

#	Administrative Activity	Time Estimate	Time Estimate per Year
1	Calculating and monitoring the RTP and forecasted prices	20 minutes per day	86.67 hours
2	Posting prices to the EKPC RTP website	10 minutes per day	43.33 hours
3	Creating and storing the monthly billing determinants	30 minutes per month per customer	42 hours
4	Creating, storing, and annual alignment of each customer's CBL	2 hours per customer per year	14 hours
5	Periodic cost comparisons	4 hours per customer per year	28 hours
6	Customer Service	16 hours per customer year	112 hours
7	Annual RTP workshop	24 hours per year	24 hours

The total number of hours required to perform all tasks given in Table One on an annual basis is 350 hours. One full time equivalent, FTE, employee provides 2080 hours of work per year. Therefore, RTP administrative activities of 350 hours represents 16.8% of an FTE (350/2080). Assume the annual estimated cost of an FTE is \$75,000. The cost of 16.8% of an FTE is \$12,600 a year or \$1,050 a month as shown in Eq. 2.

$$\$75,000 * 16.8\% = \$12,600 \text{ per year} \qquad \text{Eq. 2}$$

$$\frac{\$12,600}{12} = \$1,050 \text{ per month}$$

Dividing the total monthly RTP administrative costs of \$1050 by the number of expected customers, seven, \$150 per month is the resulting estimated per customer cost to cover EKPC's RTP administrative expenses.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 5

RESPONSIBLE PERSON: William A. Bosta/Paul Dolloff

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Refer to page 7 of Mr. Bosta's testimony.

Request 5a. Lines 1 through 3 briefly discuss access to an RTP Website. Will customers be required to physically connect to the Website to get the real-time pricing information? Is there any means through which the customers can get or be provided the real-time pricing information other than through the Website?

Response 5a. Yes, all RTP customers will be required to physically connect to EKPC's RTP website. As stated in the Availability section of EKPC's proposed RTP tariff, the "Customer must possess a personal computer with Internet Service." This is a reasonable requirement of any commercial or industrial customer who has the ability to shift energy consumption behavior based on real time prices. For any customer to fully take advantage of an RTP tariff, the customer will likely have some form of an energy management software tool residing on a personal computer. With that, the customer will develop an interface to the EKPC RTP website that will automatically download the real time prices and forecasted prices and import this data directly into their energy management software system.

Certainly there are other means of communicating the real time prices to customers. Customers could call EKPC or their Member System to obtain the prices. Another alternative would be to send an email to each RTP customer with the real time prices. However, each of these methods prevents the application of automation – the ability to directly import real time pricing information directly into an energy management software system.

Request 5b. In lines 6 through 8, Mr. Bosta’s testimony states that the RTP amounts would not be subject to the Fuel Adjustment Clause or the Environmental Surcharge and that “the RTP price contains marginal cost effects of these embedded cost riders.” Explain this statement.

Response 5b. EKPC will use the estimated variable fuel cost and/or purchased power cost to serve RTP load in each hour of the next day for inclusion in the RTP price. Estimated variable SO₂ and NOX emissions allowance cost will also be estimated for each hour of the next day. Inclusion of such costs in EKPC’s day-ahead price is consistent with the concept that the customer should face the Company’s total marginal cost when analyzing the value of increasing or decreasing consumption. Moreover, the embedded costs associated with the FAC and the Environmental Surcharge are recovered through application of present rates to the CBL.

Request 5c. Why is EKPC requesting 4 months to implement the RTP? Provide a detailed discussion of the activities EKPC will perform in the 4 months from the Commission’s Order approving the tariff to implementation.

Response 5c. Though work to develop a conceptual model of an appropriate RTP program has been on-going at EKPC since the Commission’s Order, software tool creation and final implementation plans cannot start until Commission approval for the

EKPC RTP pilot is given. Given the complexity of EKPC's proposed RTP pilot, EKPC feels that a four month lead time prior to the release of the RTP pilot is an aggressive schedule.

Offering an RTP program is significant and will include a number of different activities. Each activity will be discussed individually. Note that all tools necessary for the development of an RTP program will have to be thoroughly tested prior to launching the RTP program.

Calculating Real-Time Pricing Information

Perhaps the most challenging part of developing an RTP program is determining how to calculate the real-time pricing information and developing software tools to automate the process. To determine the pricing information, results from load forecasts, unit commitment, economic dispatch, firm and anticipated purchases and available transmission capacity. Though these functions are performed by EKPC on a daily basis, currently EKPC has no single tool for combining the individual results to produce forecast pricing information.

Once these software tools have been created and put in place, training and allocation of personnel will need to be determined. Primary and backup personnel assignments will need to be made and integrated into their current work schedules. Weekend and holiday personnel assignments will also have to be determined.

EKPC RTP Website Development

EKPC has been building templates and creating a name and logo for the EKPC RTP website.

The website will be developed in at least two phases. Phase one will provide basic information to include:

- 1) The real-time and forecasted RTP prices.
- 2) A copy of the EKPC and Member Systems RTP tariffs.
- 3) A description of the RTP program rules, regulations, and eligibility.
- 4) Contact information for EKPC and the customer's Member System.

Energy consumption data and energy pricing data is confidential; therefore, this entire website will have to be userid and password protected.

Once the EKPC RTP program is up and running, a substantial number of additions and enhancements can be made to the EKPC RTP website. Phase two of the website development will allow participating customers to access their own data on customized web pages after clicking on their company's link. Once there, the customer will be able to see:

- 1) The company's customer baseline (CBL)
- 2) Previous bills
- 3) Historical usage (likely by month in graphical and numerical form)

In the spirit of a pilot, customer interaction with the EKPC website will likely lead to further additions and enhancements.

Data files containing the pricing information will also be available on the EKPC RTP website, likely in comma separated variable (CSV) format. Therefore, file storage and a downloading feature will need to be incorporated on the EKPC RTP website. Data files will allow RTP customers to create software tools that can directly import the pricing information into their energy management software systems.

Posting Real-Time Pricing Information

Work is underway to develop the mechanisms that will automatically populate the EKPC RTP website. This automation tool will have to consider deviations from the ordinary daily postings to accommodate weekends and holidays. Failsafe mechanisms are also being developed to alert personnel should the RTP website be unavailable.

Customer Baseline (CBL) Creation

For each RTP customer, their CBL will need to be created. To use the CBL, annual adjustments will need to be made to align weekdays and weekends between the CBL and the current calendar year.

Integrating MV-90 with Billing Software

Though the MV-90 system will contain each RTP customer's electrical usage data, this information will have to be integrated into EKPC current billing software – Power Billing. Unfortunately, this is not a simple matter of a database import/export activity. Each customer's actual electrical usage will need to be compared to his specific customer baseline (CBL) usage profile on an hour by hour basis prior to being incorporated into Power Billing. A software conversion tool will ultimately have to be developed.

Integrating Real-Time Pricing Information with the Billing Software

It will be necessary to integrate real time pricing information with the Power Billing software. Though unclear at this time, EKPC will have to determine where to store the real-time pricing information. The most likely candidate is the historian that is integrated with the Energy Management System (EMS) used by the 24-hour dispatch center. Currently, EKPC is considering what is required to develop an automated software that will interface the EMS historian with Power Billing.

Power Billing Software Modifications

The Power Billing software will require modifications to incorporate hourly prices. EKPC is researching the usefulness of an RTP software module currently available from the Power Billing software vendor. Should this module prove useful, it will have to be purchased and installed. If this module will not work, some sort of an integration tool will have to be developed.

The Power Billing software will require another module to calculate the customer's power factor. The power factor calculation is based on a comparison of the customer's actual power factor and the minimum power factor required at retail. No Power Billing module exists to perform this calculation so a software routine will have to be developed.

Billing Determinants

Currently, EKPC prepares the billing determinants for the Member Systems, who prepare the final bill for each customer. Likely, there will be changes in the type and amount of data to be sent to the Member Systems for each of their RTP customers. This will, in turn, require modifications to the billing softwares used by the Member Systems.

The actual bill for RTP customers may change in appearance. Given that the EKPC RTP tariff is a two part structure, the customer's bill may change to indicate that portion of the energy use that is subject to the standard tariff and that portion that is subjected to the RTP tariff. Most notably, credits may be generated and a new line on the bill will be required to indicate those savings.

RTP Marketing

Once the RTP program details have been finalized and a Final Order issued, an in-house workshop will be held to educate the Member Systems about this program. Personnel from EKPC will also require thorough training and will need to make themselves

available to the Member Systems when discussing the RTP program with prospective customers. Flyers and other communication pamphlets will be created.

RTP Program Performance Tracking

As stated in the Commission's order, a tracking of the performance of the EKPC RTP program is required. EKPC will determine what and where performance data should be stored. Once established, EKPC will perform period spot checks between revenue generated under the RTP tariff and what would have been charged had the customer remained on a standard tariff. Any adjustments to the real time pricing calculations will be incorporated throughout the RTP pilot.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 6

RESPONSIBLE PERSON: Michael T. O'Sheasy

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Refer to Exhibit MTO-2. Item No. 5 refers to a Risk Adder. Subpart c. appears to provide for a contribution for administrative and general costs. Explain why these administrative and general costs would not already be included in the \$150 Administrative Fee.

Response 6. The \$150 per month administrative fee is designed to recover the estimated incremental administrative and general costs imposed by RTP. The risk adder is constructed to cover the incremental risk of RTP pricing and provide a contribution towards fixed cost. This contribution will help cover the fixed cost of existing embedded generation, transmission, distribution, and existing administrative and general costs.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

**COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07
REQUEST 7**

RESPONSIBLE PERSON: Michael T. O'Sheasy

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. In their Application, Kentucky Utilities Company and Louisville Gas and Electric Company state that their program was designed to be bill neutral with respect to a customer's historical usage. Will EKPC's RTP pilot be bill neutral to customers that do not change consumption patterns? Explain.

Response 7. Yes, EKPC's RTP pilot will be bill neutral to customers that do not change consumption patterns from historical usage, which is the basis of the fixed CBL. Suppose, for instance, historically a customer's load shape under that standard rate created a specific set of billing units. Additionally, suppose that those specific billing units produced a standard bill of \$20,000. Now let's suppose that the customer volunteers for RTP but does not change his/her load shape from historical. Therefore the billing units under the CBL will match those of the historical billing units and when applied against the standard tariff used for the CBL will produce a bill once again of \$20,000. This attractive feature of bill neutrality is an important element of EKPC's two-part RTP design with a fixed CBL.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2007-00165

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/07

REQUEST 8

RESPONSIBLE PERSON: William A. Bosta

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Explain how the real-time pricing program will be communicated and explained by EKPC's member cooperatives to those customers that are potentially eligible.

Response 8. There are two primary methods envisioned to alert potential RTP customers to the tariff. First, marketing representatives from Member Systems and EKPC will be trained in the features of the tariff and educated as to what types of customers will find it most attractive. For example, company representatives will be trained to bring RTP to the attention of eligible customers with flexible loads. These representatives will then be encouraged to explain RTP to those customers who appear to be best positioned to use RTP. The second method will be a customer forum in which eligible customers will be invited to attend. In this forum, the RTP tariff will be explained in detail and techniques for taking advantage of RTP and what to expect will be shared.