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MAY 30 2008
PUBLIC SERVICE
COMMISSION

Via Overnight Mail

May 29, 2008

Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2008-00115

Dear Ms. Stumbo:

Please find enclosed the original and twelve (12) copies of the SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO EAST KENTUCKY POWER COOPERATIVE, INC. filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by first-class postage prepaid mail, to all parties on the 29th day of May, 2008.

Honorable Charles A Lile
Senior Corporate Counsel
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

Honorable David A Smart
Attorney at Law
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
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Winchester, KY 40392-0707

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

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MAY 30 2008

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of: Application Of East Kentucky Power Cooperative, Inc. For Approval Of An Amendment To Its Environmental Compliance Plan And Environmental Surcharge	: : :	Case No. 2008-00115

SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Dated: **May 29, 2008**

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.

2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.

3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.

4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.

5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it?

6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.

7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.

10. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.

11. "EKPC" means Eastern Kentucky Power Cooperative and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.

2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.

3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.

4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.

5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.

7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.

8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

KIUC'S SECOND SET OF DATA REQUESTS TO EKPC
Case No. 2008-00115

1. Please provide the following information for each EKPC member Coop, monthly, for 2007:

   a. mWh purchased from EKPC at wholesale

   b. monthly Coop peak mW demands coincident with the EKPC monthly system peak, associated with purchases from EKPC.

   c. monthly energy related revenues associated with Coop purchases from EKPC.

   d. monthly capacity or demand related revenues associated with Coop purchases from EKPC.

   e. total monthly revenues associated with Coop purchases from EKPC, as used in the current development of the allocation of the environmental surcharge.

2. For each Coop member of EKPC, please provide for calendar year 2007:

   a. Total retail revenues by rate class

   b. mWh energy sales by retail rate class

   c. Purchased power charge revenues by rate class

3. Please provide a description of any proposed change that EKPC is considering in the allocation of the environmental surcharge cost among its member Coops. Please also provide a description of any proposed change that is being prepared by EKPC for the member Coops regarding the allocation of the environmental surcharge among retail customers.

4. Please provide copies of any studies, memoranda, minutes of meetings, letters from member Coops or other writings prepared or obtained by EKPC during the past three years that address the allocation of the environmental surcharge among its member Coops <u>or</u> address the allocation of the EKPC environment surcharge among retail rate schedules or customers of a member Coop.

5. Please provide an excel spreadsheet showing the development of the allocation of the EKPC environmental surcharge for each month during 2007 and 2008, year to date.

6. Please provide an excel spreadsheet showing the development of the allocation of the EKPC environmental surcharge among Coop members, reflecting EKPC's requested increase in the surcharge to recover the cost of new projects at issue in the current proceeding.

7. Please provide a breakdown of EKPC's environmental surcharge revenue requirements, including all new projects, between 1) fixed, demand related costs and 2) variable, energy related costs. Please show detailed itemization for the costs included in each category.

8. Please provide a copy of EKPC's most recently completed cost allocation study.

9. Please provide a copy of all computations of TIER and DSC used in the tests under the Company's RUS loan covenant and all other credit agreements for each calendar year 2006 and 2007 and for the 12 months ending each month January 2008 through April 2008.

10. Refer to page 5 of the Company's response to KIUC 1-5 and the $2.473 million for fixed O&M and $2.683 million for variable O&M for the Spurlock 1 scrubber.

   a. Please provide all support for these projected amounts.

   b. Please confirm that these amounts are incremental and that other costs are not reduced. If this is not the case, then please describe all costs that are reduced and provide a quantification of the amounts included base rates for the twelve months ending September 30, 2006.

11. Refer to page 5 of the Company's response to KIUC 1-5 and the $4.006 million for fixed O&M and $3.805 million for the variable O&M for the Spurlock 2 scrubber. Please provide all support for these amounts.

12. Refer to the Company's response to KIUC 1-7. Please respond to the question that was asked.

13. Please refer to page 4 lines 12 -18 of Ms. Wood's Direct Testimony. Assume that $1,000 of CWIP, net of AFUDC, is included in the environmental surcharge and the interest rate is 0.5 percent per month for both return on rate base in the environmental surcharge and for AFUDC purposes.

   a. Confirm that it is the Company's position that the environmental surcharge should include a return on the CWIP of $5.00 for the month.

   b. Confirm that it is the Company's position that it also will record $5 in AFUDC for the month. If this is not the Company's position, then please describe the Company's position in detail and all reasons in support of the Company's position.

   c. If it is the Company's position that it also will record $5 in AFUDC for the month, please explain why this does not provide the Company double recovery of the same carrying cost on the same CWIP, one through a current recovery pursuant to the environmental surcharge and one through a deferred recovery by adding the AFUDC to the cost of the plant and subsequently recovering it through depreciation, interest and TIER margin over the life of the asset?

   d. Please explain specifically how the Company proposes to compute AFUDC on CWIP that is included in the environmental surcharge given Ms. Wood's statement that "This change will allow EKPC to apply the rate of return to the proper CWIP balance during the period of construction." What is the proper CWIP balance? Is it only the AFUDC that is not included in the environmental surcharge or something else? Please explain and provide an illustration of the proposed methodology.

14. Refer to the Company's response to KIUC 1-8, which requested the support for the $0.008 million amount of Spurlock 2 O&M expense presently included in base rates, and page 5 of the Company's response to KIUC 1-5, which provides the projected fixed and variable O&M expense for the new Spurlock 2 scrubber.

   a. The Company's quantification of the Spurlock 2 scrubber O&M expense presently included in base rates at $0.008 million for the existing scrubber appears to be substantially understated. The sum of the projected fixed plus variable O&M expense for the new Spurlock 2 scrubber is $7.8 million (see response to KIUC 1-5). Please explain this difference.

   b. If the Company's previous quantification of $0.008 million was in error, then please provide the correct quantification for the twelve months ending September 30, 2006 by FERC account and subaccount.

c. Please provide the number of employees and the related labor and payroll tax expenses associated with the existing Spurlock 2 scrubber for the twelve months ending September 30, 2006 and each month thereafter for which actual information is available. Provide the expense information by account and subaccount.

d. Please confirm that the Company presently uses calcium oxide (lime) as the reagent feed material for the existing Spurlock 2 scrubber. Please provide the lime expense for the twelve months ending September 30, 2006 and each month thereafter for which actual information is available.

e. Please confirm that the Company incurs O&M expenses in addition to labor and lime to operate and maintain the existing Spurlock 2 scrubber. Please provide the amounts for each of these O&M expenses for the twelve months ending September 30, 2006 by account and subaccount.

f. Please confirm that the new Spurlock 2 scrubber will reduce or eliminate the need to purchase SO2 allowances for the emissions from that unit.

g. If the new Spurlock 2 scrubber will reduce or eliminate the need to purchase SO2 allowances, please provide the annual reduction in the number of SO2 allowances compared to the twelve months ending September 30, 2006. Provide all assumptions, including the number of SO2 allowances used for the unit during the twelve months ending September 30, 2006.

h. Please provide the dollar amount of the SO2 allowance expense for Spurlock 2 for the twelve months ending September 30, 2006 by account and subaccount. In addition, please provide the weighted average cost of those allowances per allowance, starting with the beginning balance, the allowances granted by the US EPA, purchases and ending balance for each month during that twelve-month period.

i. Please provide the projected savings in SO2 allowances compared to the twelve months ending September 30, 2006. Provide both the number of allowances and the dollar amount of savings. Provide and use the twelve months ending September 30, 2006 as the base amount for computing the savings in the number of allowances and the dollar amount.

j. Please confirm that the Company includes no O&M expenses associated with the existing Spurlock 2 scrubber in the environmental surcharge. If this is not the case, then please provide the amount of O&M expenses included by the Company in its environmental surcharge filings for the existing Spurlock 2 scrubber for the twelve months ending September 30, 2006 by account and subaccount.

15. Refer to the Company's response to KIUC 1-9. Please provide a copy of all studies, e-mails, or other documents that address in any respect savings, particularly in O&M expenses, resulting from the new Spurlock 2 scrubber compared to the continued operation of the existing Spurlock 2 scrubber.

16. Please identify, describe, and quantify each O&M expense savings as the result of each new environmental project for which the Company seeks approval. Provide and use the twelve months ending September 30, 2006 as the base amount for computing savings. Provide all assumptions, data, and computations, including electronic spreadsheets with cell formulas intact.

17. Refer to NOX reduction projects 5 (Dale) and 6 (Spurlock 1) on Exhibit DGE-1. For these two NOX reduction projects, please provide the projected savings in NOX allowances compared to the twelve months ending September 30, 2006. Provide both the number of allowances and the dollar amount of savings. Provide and use the twelve months ending September 30, 2006 as the base amount for computing the savings in the number of allowances and the dollar amount.

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May 29, 2008