

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. TO REQUEST APPROVAL )  
OF PROPOSED CHANGES TO ITS QUALIFIED ) CASE NO. 2008-00128  
COGENERATION AND SMALL POWER )  
PRODUCTION FACILITIES TARIFF )

SECOND DATA REQUEST OF COMMISSION STAFF TO  
EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("East Kentucky"), pursuant to 807 KAR 5:001 is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due June 9, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

East Kentucky shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

East Kentucky fails or refuses to furnish all or part of the requested information, East Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to East Kentucky's Response to Commission Staff's First Data Request, Item 2(c), and East Kentucky's Proposed Tariff, "Terms and Conditions," Paragraph 7. State whether, as it is willing to consider contracts less than 5 years in duration, East Kentucky intends to revise Paragraph 7 to reflect this willingness. Explain.

2. Refer to East Kentucky's Response to Commission Staff's First Data Request, Items 1 and 3(b), and East Kentucky's Application, Exhibit II, Sections II.B.1 and III.

a. Explain why, if the 100 Megawatt ("MW") reduction in load applies only to avoided energy costs, Exhibit II, Section II.B.1, refers to both avoided demand and energy costs.<sup>1</sup>

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<sup>1</sup>

Avoided demand and energy costs are updated consistent with the approach taken in prior filings, the avoided demand and energy cost is based on a comparison of costs using EKPC's proposed capacity expansion plan as anticipated, with costs associated with a capacity expansion plan assuming a 100 MW reduction in load. (Emphasis added)

b. Explain why, if the 100 MW reduction in load applies only to avoided energy costs, the first two sentences of Exhibit II, Section II.B.1,<sup>2</sup> refer to avoided capacity costs.

c. In its response to Commission Staff's First Data Request, East Kentucky discusses the different approaches used to develop avoided capacity costs and avoided energy costs.

(1) Explain, in detail, why the avoidance of "the equivalent purchase of two 50 MW blocks of power" which is used to develop avoided energy costs is not also used to develop avoided capacity costs.

(2) Explain whether the cost of the two 50 MW blocks of power used to develop the avoided energy costs reflect the total cost to East Kentucky, including the cost for wheeling or delivering the power to East Kentucky's system.

3. Refer to East Kentucky's Response to Commission Staff's First Data Request, Item 1, and East Kentucky's Application, Exhibit II, Section II.B.1, which refer to East Kentucky's proposed capacity expansion plan and the one-year delay capacity expansion plan.

a. List each capacity addition included in the proposed capacity expansion plan and state its proposed in-service date.

b. Provide an estimate of how much co-generation capacity and/or enhanced demand-side management programs would be necessary to reduce East

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<sup>2</sup>


The avoided capacity cost analysis is prepared using a spreadsheet based model that compares expansion plans and annualized capital costs. EKPC's anticipated annual growth is in the 70-80 MW range and the reduction in the 100 MW load effectively means that the base expansion plan will be shifted out one year except for units that are already committed. (Emphasis added).

Kentucky's forecasted demand growth sufficiently to delay the need for the Smith No. 1 base load unit for (i) five years beyond the planned in-service date and (ii) ten years beyond the planned in-service date.

c. State and describe in detail each step East Kentucky has taken to assist, facilitate or otherwise encourage the development of additional and/or new qualifying facilities to interconnect with its system.

4. Refer to East Kentucky's Application, Exhibit II, Compact Disc containing energy calculation summaries. Explain why, for some hours, the amounts in the "Delta" columns are negative.

5. Refer to East Kentucky's Response to Commission Staff's First Data Request, Item 2(c), and East Kentucky's Proposed Tariff, "Rates," Paragraph 2. Explain what is meant by "base payment." State whether the use of this term has different implications for the tariff than the single word "payment" would have. Explain.

  
for Stephanie  
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DATED: May 30, 2008.

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