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PUBLIC SERVICE
COMMISSION

June 4, 2008

HAND DELIVERED

Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: Case No. 2008-00161

Dear Ms. Stumbo:

Please find enclosed for filing with the Commission in the above-referenced case an original and seven copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff first data requests dated May 21, 2008.

Very truly yours,



Charles A. Lile
Corporate Counsel

Enclosures

Cc: Service List

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

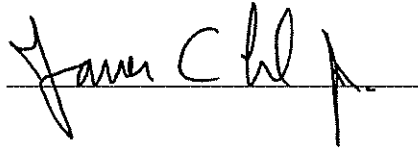
IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR A PERMANENT)
DEMAND-SIDE MANAGEMENT DIRECT LOAD) CASE NO. 2008-00161
CONTROL PROGRAM)

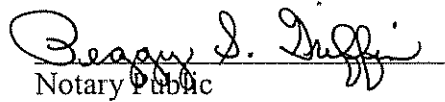
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

James C. Lamb, Jr., 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 First Data Request in the above-referenced case dated May 21, 2008, 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.



Subscribed and sworn before me on this 30th day of May, 2008.


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 A PERMANENT)
DEMAND-SIDE MANAGEMENT DIRECT LOAD) 2008-00161
CONTROL PROGRAM)**

**RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED MAY 21, 2008**

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2008-00161
FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/08
REQUEST 1

RESPONSIBLE PARTY: James C. Lamb, Jr.
COMPANY East Kentucky Power Cooperative, Inc.

Request 1. Refer to the answer to the last question on page 6 of the Direct Testimony of James C. Lamb and to the second paragraph on page 2 of 3 in Exhibit JCL-4. The testimony refers to 45,000 residences contributing a total of 50,000 air conditioners and 27,000 water heaters. Exhibit JCL-4 refers to 50,000 switches on air conditioners and water heaters, which comports with statements made by EKPC personnel at the April 11, 2008 meeting with representatives of its distribution cooperatives and Commission staff which referred to "50,000 customers and 100,000 switches" within 5 years. Clarify the discrepancies between these apparent contradictions in the scope and magnitude of the proposed permanent Direct Load Control ("DLC") program.

Response 1. The correct numbers are those which appear in Mr. Lamb's testimony. The targets for the program have gone through some refinements. The primary target is 50,000 central air conditioners. The program is also targeting water heaters. Early analyses of the program assumed equal numbers of both appliances. However, it is more cost-effective to recruit central air conditioners and enroll water heaters only in homes that have already enrolled the central air conditioner. This reduced the water heater count from 50,000 to 27,000. Finally, a closer review of the pilot

recruitment data showed that approximately 10 percent of the central air conditioners were second air conditioners in the home. This reduces the residence count from 50,000 to 45,000.

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2008-00161
FIRST DATA REQUEST RESPONSE

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REQUEST 2

RESPONSIBLE PARTY: James C. Lamb, Jr.
COMPANY East Kentucky Power Cooperative, Inc.

Request 2. Refer to Exhibit JCL-1, the second full paragraph on page 3 of 16 under the heading "II. Results." Refer also to Exhibit JCL-5, the first paragraph under the heading "Time Period for the Direct Load Control of Air Conditioners."

Request 2a. The language in JCL-1 refers to a 50 percent cycling strategy for air conditioners during the pilot which indicates that the compressor ran for a 7.5 minute interval out of a 15 minute period. The proposed tariff language in JCL-5 refers to cycling the unit off for periods of time up to 15 minutes. Clarify whether the air conditioner compressor will be off for intervals of 7.5 minutes, as during the pilot, or intervals of up to 15 minutes. If up to 15 minutes, explain the reason for departing from the practice in use during the pilot program.

Response 2a. The air conditioner will be off for 7.5 minutes of every 15-minute interval.

Request 2b. The language in JCL-5 indicates that control of the air conditioner can be by cycling the unit off or "by adjusting the temperature setting on the thermostat." Describe the extent to which adjusting thermostat temperature settings was employed

during the pilot program and explain why this technique is being proposed as part of this application.

Response 2b. Thermostats were not included in the pilot program. Digital thermostats are being proposed for the permanent program because they provide an additional value to the customer, which serves as their incentive to participate, and also because thermostats produce kWh savings for the program. Operationally, the thermostat gives the utility added flexibility in the manner of control by introducing the option of the thermostat set-point adjustment in addition to the cycling strategy. The set-point adjustment may be an approach in certain operating situations.

EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2008-00161

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/08

REQUEST 3

RESPONSIBLE PARTY: James C. Lamb, Jr.

COMPANY East Kentucky Power Cooperative, Inc.

Request 3. Refer to Exhibit JCL-2, page 2 of 9, numbered paragraphs 8 and 11, and Exhibit JCL-5, page 2 of 3.

Request 3a. Clarify whether the thermostats will be purchased and installed by EKPC, or the applicable distribution cooperative, as opposed to the customer being responsible for the purchase and installation and then being reimbursed by EKPC.

Response 3a. Thermostats will be purchased by EKPC. GoodCents will install the thermostats, and EKPC will pay GoodCents for the installation costs.

Request 3b. Explain whether EKPC believes that more detail regarding the provision of thermostats should be included in the text of the tariff.

Response 3b. Attached is a revised Exhibit JCL-5, which includes additional detail about the digital thermostat option, and other corrections and clarifications.

For All Counties Served
P.S.C. No. 32
First Revised Sheet No. 26
Canceling PSC No. 32
Original Sheet No. 26

EAST KENTUCKY POWER COOPERATIVE, INC.

Section DSM - 3

Direct Load Control of Water Heaters Program

Direct Load Control of Air-Conditioners Program

Purpose

The Direct Load Control of Water Heaters and Air Conditioners will encourage the reduction in growth of peak demand, enabling the Company to utilize its system more efficiently and defer the construction of new generation.

Availability

Both the Direct Load Control of Water Heaters Program and the Direct Load Control of Air Conditioners Program are available to residential customers in the service territories of EKPC. Availability may be denied where, in the judgment of the Member System, installation of the load control equipment is impractical.

Eligibility

To qualify for these Programs, the participant must be located in the service territory of a participating Member System and have central air conditioning or heat pump units and/or 40-gallon (minimum) electric water heating units. The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff. T

Incentive - Direct Load Control of Water Heaters Program

EKPC and participating Member Systems will provide an incentive to the participants in this program. EKPC will reimburse the participating Member System \$10.00 per water heater annually. The participating Member System, in turn, will annually credit the residential power bill of the participant \$10.00 per water heater. The participant will receive this credit regardless of whether the water heater is cycled. T

DATE OF ISSUE June 4, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2008-00161 Dated _____

For All Counties Served
P.S.C. No. 32
First Revised Sheet No. 27
Canceling PSC. 32
Original Sheet No. 27

EAST KENTUCKY POWER COOPERATIVE, INC.

Incentive - Direct Load Control of Air-Conditioners Program

EKPC and participating Member Systems will provide an incentive to the participants in this program. The customer may select one of two alternatives. One, EKPC will reimburse the participating Member System \$20.00 annually per air conditioner (\$5 per summer months, June, July, August, and September). The participating Member System will, in turn, credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September). Two, alternatively, EKPC will provide and install at no cost one or more digital thermostats as needed for control purposes. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is controlled during any program month.

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Time Period for the Direct Load Control of Water Heaters Program

A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

EKPC will cycle the water heaters only during the hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Time Period for the Direct Load Control of Air Conditioners

A load control device (switch or thermostat) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified (by cycling the unit off for periods of time up to 15 minutes, or by adjusting the temperature setting on the thermostat) to reduce demand on the system.

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
May through September	10:00 a.m. to 10:00 p.m.

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For All Counties Served
P.S.C. No. 32
First Revised Sheet No. 28
Canceling PSC No. 32
Original Sheet No. 28

EAST KENTUCKY POWER COOPERATIVE, INC.

Terms and Conditions

1. If a participant decides to withdraw from the program(s) or change to another load control option, the Member Systems will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, the Member Systems may inspect the participant's electrical equipment to insure good repair and working condition, but the Member Systems shall not be responsible for the repair or maintenance of the electrical equipment.
3. The Member Systems will install, own, and maintain the load management devices controlling the participant's air conditioner, heat pump, or water heater. The participant must allow the Member System reasonable access to install, maintain, inspect, test and remove load control devices. Inability of the Member System to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at the Member System's option, result in discontinuance of credits under this tariff until such time as the Member System is able to gain the required access. T
4. Participants in the Pilot program from Big Sandy RECC and Blue Grass Energy will have the opportunity to participate in this program. Equipment already installed on the premises may be used as part of this program.

DATE OF ISSUE June 4, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008

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EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2008-00161
FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/08
REQUEST 4

RESPONSIBLE PARTY: James C. Lamb, Jr.
COMPANY East Kentucky Power Cooperative, Inc.

Request 4. Refer to Exhibit JCL-2, page 2 of 9, numbered paragraph 10.

Request 4a. Provide a breakdown of the projected annual marketing and operating costs of \$460,000 into the categories identified in the paragraph.

Response 4a. Listed below is a breakdown of the projected annual marketing and operating costs of \$460,000 into the categories identified in paragraph 10 of Exhibit JCL-2, page 2 of 9:

Marketing	\$ 100,000
Communications	\$ 20,000
Software Maintenance	\$ 10,000
Program Management & Administration	\$ 220,000
Measurement & Verification	\$ 80,000
Customer Service Center	\$ 30,000

Request 4b. Provide copies of the marketing materials EKPC plans to use to promote the permanent DLC program to the customers of its member cooperatives.

Response 4b. At this time, these marketing materials are still under development, and are expected to be finalized soon. EKPC will provide these materials to the Commission as soon as they are completed. The materials will consist of a series of direct mail pieces that are sent in a prescribed timeline and will include a letter with a postage-paid enrollment card, a brochure, and a reminder card.

EAST KENTUCKY POWER COOPERATIVE, INC
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COMMISSION STAFF'S FIRST DATA REQUEST DATED 05/21/08
REQUEST 5

RESPONSIBLE PARTY: James C. Lamb, Jr.
COMPANY East Kentucky Power Cooperative, Inc.

Request 5. Refer to page 2 of 3 of Exhibit JCL-5, specifically, the paragraph under the heading "Incentive – Direct Load Control of Air Conditioners Program." The next-to-last sentence indicates that the participant selecting the \$20 incentive will receive this credit regardless of whether the air conditioner or heat pump is controlled.

Request 5a. Explain why similar language is not included in the last sentence in connection with the alternative incentive – installation of a digital thermostat.

Response 5a. Such language was inadvertently omitted from that section of the proposed tariff. Please refer to the revised Exhibit JCL-5, attached to the response to Request 3 b, above.

Request 5b. At what point in their participation will customers receive their thermostats?

Response 5b. Participants who choose the digital thermostat option will be provided the thermostat as a part of the initial installation of control equipment.

Request 5c. Will participants receive the thermostat regardless of whether their cooling appliance is controlled? Explain the response.

Response 5c. Yes, the participant will be entitled to receive the digital thermostat, whether or not the cooling appliance is actually controlled by the thermostat in any program months. This is clarified in the revised Exhibit JCL-5.