

June 30, 2008

HAND DELIVERED

RECEIVED

JUN 30 2008

**PUBLIC SERVICE
COMMISSION**

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 supplemental data requests dated June 17, 2008.

Very truly yours,

A handwritten signature in cursive script that reads 'Charles A. Lile'.

Charles A. Lile
Corporate Counsel

Enclosures

Cc: Service List

RECEIVED

JUN 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 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 Supplemental Data Request in the above-referenced case dated June 17, 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.

James C. Lamb, Jr.

Subscribed and sworn before me on this 25th day of June, 2008.

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

**RESPONSES TO COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JUNE 17, 2008**

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

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 06/17/08
REQUEST 1

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

Request 1. Refer to the response to Item 2(a) of the Commission Staff's first data request ("Staff's First DR") and revised Exhibit JCL-5 attached to the response to Item 3(b). Explain whether the "15 minutes" shown under the heading Time Period for the Direct Control of Air Conditioners on page 2 of 3 of revised Exhibit JCL-5 should be "7.5 minutes" as indicated in the response to Item 2(a).

Response 1. EKPC would like to clarify its intent concerning the time period for cycling of air conditioners. The 15 minutes referenced in Exhibit JCL-5 is the cycling period, and when we implement a 50% cycling strategy, the air conditioner will be turned off up to 7.5 minutes. It is EKPC's intent to make the 50% cycling strategy the maximum cycling percentage under the tariff. See the proposed revisions to the "Time Period for Direct Load Control of Air Conditioners" sections of the wholesale tariff, Attachment 1, and a sample retail tariff, Attachment 2.

In addition, to clarify our intent, revisions have been made to the wholesale tariff and sample retail tariff in paragraph three of the Terms and Conditions.

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. T
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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 7.5 minutes of each 15-minute interval, or by adjusting the temperature setting on the thermostat up to two degrees) to reduce demand on the system. T
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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.

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

ISSUED BY _____ TITLE President & Chief Executive Officer

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. EKPC, on behalf of 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, or their representative, 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.
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.

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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. _
Original Sheet No. _

<NAME OF MEMBER SYSTEM>

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 <NAME OF MEMBER SYSTEM>. Availability may be denied where, in the judgment of the <NAME OF 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 <NAME OF 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.

Incentive - Direct Load Control of Water Heaters Program

<NAME OF MEMBER SYSTEM> will provide an incentive to the participants in this program. <NAME OF MEMBER SYSTEM> will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

DATE OF ISSUE <Date of Letter> 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 May 16, 2008

For All Counties Served
P.S.C. _____
Original Sheet No. _____

<NAME OF MEMBER SYSTEM>

Incentive - Direct Load Control of Air-Conditioners Program

<NAME OF MEMBER SYSTEM> will provide an incentive to the participants in this program. The customer may select one of two alternatives. One, <NAME OF MEMBER SYSTEM> will 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, on behalf of <NAME OF MEMBER SYSTEM>, will provide and install at no cost a digital thermostat for the participant. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is controlled during the month.

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.

East Kentucky Power Cooperative (“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 7.5 minutes of each 15-minute interval, or by adjusting the temperature setting on the thermostat up to two degrees) 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.

DATE OF ISSUE <Date of Letter> 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 May 16, 2008

For All Counties Served
P.S.C. No. ____
Original Sheet No. _____

<NAME OF MEMBER SYSTEM>

Terms and Conditions

1. If a participant decides to withdraw from the program(s) or change to another load control option, <NAME OF MEMBER SYSTEM> will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, <NAME OF MEMBER SYSTEM> may inspect the participant's electrical equipment to insure good repair and working condition, but <NAME OF MEMBER SYSTEM> shall not be responsible for the repair or maintenance of the electrical equipment.
3. EKPC, on behalf of <NAME OF MEMBER SYSTEM>, will install, own, and maintain the load management devices controlling the participant's air conditioner or water heater. The participant must allow <NAME OF MEMBER SYSTEM>, or their representative, reasonable access to install, maintain, inspect, test and remove load control devices. Inability of <NAME OF 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 <NAME OF MEMBER SYSTEM's> option, result in discontinuance of credits under this tariff until such time as <NAME OF MEMBER SYSTEM> is able to gain the required access.

DATE OF ISSUE <Date of Letter> 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 May 16, 2008

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

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 06/17/08
REQUEST 2

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

Request 2. Refer to the response to Item 2(b) of the Staff's First DR. Provide a detailed description of how EKPC envisions using the thermostat set-point adjustment and explain whether EKPC will have the ability to remotely control the thermostats. In the response, clarify whether customers that opt for a thermostat, rather than a \$20 credit, will be subject to both (1) air conditioner cycling and (2) thermostat adjustments

Response 2. EKPC will have the ability to remotely control the thermostats. The thermostat set-point adjustment is an alternative means to cycling for achieving load reductions during a control event. Instead of sending a signal to initiate 50% cycling, for example, the signal could initiate a 2-degree upward set-point adjustment to those digital thermostats in the load control program and achieve a similar result. Results to date from other utility programs have shown that having this flexibility improves the performance of the load control system in providing load relief for different contingencies. That said, the primary strategy that EKPC will use with the digital thermostats is the air conditioner cycling strategy. Customers that opt for the thermostat will be subject to both air conditioner cycling and thermostat adjustments. However, during any one-control event, one or the other will actually be implemented, but not both. The revised wholesale and retail tariffs, attached to the response to Request No. 1, reflect this clarification of the use of the thermostat control.

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

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST DATED 06/17/08
REQUEST 3

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

Request 3. Refer to the response to Item 4(b) of the Staff's First DR, which indicates that the marketing materials are expected to be finalized soon and that they will be provided to the Commission as soon as completed.

Request 3a. Provide EKPC's best estimate of the date the materials will be filed with the Commission.

Response 3a. The marketing materials have now been finalized and are attached. Included in the attachment is the DLC Media Plan, which describes the series of direct mail pieces and the support materials needed. Following the DLC Media Plan are examples of the direct mail pieces, which include a letter to members along with a postage paid enrollment card to be used in the first mailing, a four-color brochure to be used in the second mailing, and a postage paid enrollment card to be used as a reminder card in the third mailing.

Request 3b. The application and data responses refer to a "digital" thermostat. Explain whether this is the same as, or something other than, a "set back" thermostat.

Response 3b. The phrase “digital” thermostat in this program refers to a “set back” thermostat with load control capability. The word “digital” is used to indicate the presence of additional digital electronics added to the thermostat to enable it to be used as a load control device capable of receiving remote signals to initiate a control event. This distinguishes the device from conventional programmable thermostats that do not have this capability.

SimpleSaver program

DLC Media Plan DRAFT

The DLC media plan will be built around a series of direct mail pieces that go out in a prescribed timeline.

1. **A letter** with a postage paid enrollment card. The letter will be from the member's cooperative and signed by the co-op's CEO.
2. **A four-color brochure** with an integrated postage paid enrollment card. Again, from the member's cooperative.
3. **A reminder card** with an attached postage paid enrollment card.

Concurrent with these materials, the following support materials may be needed.

1. **Manager's Column** - For publication in the co-op's newsletter
2. **1/3 page ads** for the co-op's newsletter, to be used in target months.
3. **Press Releases** for:
 - A. the launch of the program.
 - B. the achievement of a landmark (x number of enrollments, installations, etc.).
 - C. an end of the season release touting energy savings and total enrollment.
4. **One-page description** of the program with contact information (these would be for the CSRs at distribution co-ops to hand out to interested members).
5. **Bill Stuffers** to be inserted prior to the target months.
6. **Presentations** for civic & community groups.

Once the first wave is underway, research should be done to find why literature was/was not effective with different demographics. Using that information, materials and/or timeline could be adjusted for the next year's push.

Dear Member,

Want to help the environment... and save money?

I want to introduce you to a new program called **SimpleSaver**. This program gives you a great opportunity to reduce your electric bill, make a positive impact on the environment and save resources for future generations.

In the summer, peak demand occurs as air conditioning strains the electric system. During the winter, water heaters consume more power, which increases your energy costs. But if those units are managed even briefly during peaks, you can get a credit on your bill and everyone benefits.

When you enroll in **SimpleSaver**, we install a remote switch to manage your central air conditioning unit(s) and/or your water heater(s)* – for brief periods, when demand reaches peak levels.

You'll save money, save energy and help the environment with no effort – and no discomfort. There will never be more than 2 degrees of difference in the room temperature. Except for the savings, you won't even notice the difference.

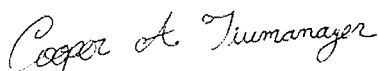
How does **SimpleSaver** work?

During June, July, August and September, we'll credit you with **\$5 per month (\$20 annually per unit)** for each air conditioner in the program, or you may choose to have a programmable thermostat installed free of charge. If you select the thermostat, you will not receive a credit on your bill, but you can reduce your year-round heating and cooling bill by **5 to 10 percent** each year.

If you have an electric water heater* of 40 gallon or greater capacity, you can receive an annual bill credit of \$10 by allowing us to install a switch to manage the power for brief periods. With a 40 gallon or larger tank, you should have enough hot water during a managed period.

By participating in **SimpleSaver**, you not only save money - you help save the environment. Call us today and sign up for **SimpleSaver**. **We guarantee your comfort.** To enroll, call 1-800-305-5493.

Sincerely,



Cooper A. Tivemanager

* Water heater must be electric with a 40-gallon or greater capacity.

SimpleSaver • 1-800-305-5493 • www.simplesaver.coop