

BOEHM, KURTZ & LOWRY

ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255
TELECOPIER (513) 421-2764

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PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT MAIL

December 18, 2008

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

Re: Case No. 2008-00436

Dear Ms. Stumbo:

Please find enclosed the original and twelve (12) copies of COMMENTS OF GALLATIN STEEL COMPANY filed in the above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service been served. Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

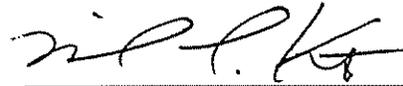
MLKkew
Attachment

cc: Certificate of Service
A W Turner, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by regular U.S. mail (unless otherwise noted) to all parties on the 19th day of December, 2008.

Mark David Goss
Frost Brown Todd LLC
250 W. Main Street, Suite 280
Lexington, KY 40507-1749

A handwritten signature in black ink, appearing to read "M.L. Kurtz", written over a horizontal line.

Michael L. Kurtz, Esq.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

Case No. 2008-00436

In The Matter Of: The Application Of East Kentucky Power :
Cooperative, Inc. For An Order Approving Accounting :
Practices To Establish A Regulatory Assets Related To :
Certain Replacement Power Costs Resulting From Generation :
Forced Outages :

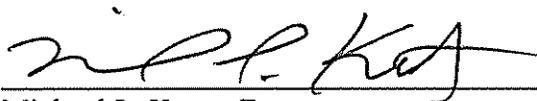
**COMMENTS OF
GALLATIN STEEL COMPANY**

On October 9, 2008, East Kentucky Power Cooperative (EKPC) requested approval to establish a regulatory asset of approximately \$12.3 million representing the costs of replacement power related to generating unit forced outages that are not recoverable through the fuel adjustment clause. EKPC states that without the creation of the regulatory asset there is virtually no chance that it will have sufficient margins to meet its debt covenants. EKPC further states that failure to meet its debt covenants could cause the lenders in its Credit Facility to declare EKPC in default and refuse to advance additional funds. If additional funds do become available, EKPC predicts that its borrowing costs will increase significantly. EKPC concludes by recognizing that the failure to approve the regulatory asset could be very damaging to its financial health and pose serious problems for its Members.

Gallatin Steel is the largest retail customer served by the EKPC Member Cooperatives. As such, Gallatin Steel will ultimately pay the greatest cost of any consumer if the regulatory asset is approved. Right now, Gallatin Steel is itself suffering through very difficult financial conditions. The selling price of steel has fallen greatly in recent months and Gallatin has had to curtail production. Nevertheless, Gallatin Steel recognizes that EKPC manages its operations prudently and that it is generally in the public interest for utility providers of essential service to be financially healthy.

Therefore, based upon the representations of EKPC, Gallatin Steel does not oppose EKPC's application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael L. Kurtz", written over a horizontal line.

Michael L. Kurtz, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

513.421.2255 Fax: 513.421.2764

E: mail: mkurtz@BKLawfirm.com

COUNSEL FOR GALLATIN STEEL COMPANY

December 18, 2008