



August 27, 2010

VIA U.S. MAIL

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

RECEIVED

AUG 30 2010

PUBLIC SERVICE  
COMMISSION

Re: Case No. 2010-00167

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-reference case, an original and ten copies of East Kentucky Power Cooperative, Inc.'s ("EKPC") revisions to Responses 6 and 7 of Gallatin Steel's Second Set of Data Requests, originally filed August 19, 2010. Portions of these responses are redacted, and have been granted confidential treatment in Case No. 2010-00166.

Please stamp and return the copy marked "to be stamped" in the enclosed postage paid envelope.

Very truly yours,

A handwritten signature in cursive script that reads 'Ann F. Wood'.

Ann F. Wood  
Manager, Regulatory Services

Enclosures

Cc: Parties of Record

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2010-00167**

**SECOND SET OF DATA REQUESTS RESPONSE**

**GALLATIN'S SECOND SET OF DATA REQUESTS DATED 08/05/10**

**REQUEST 6**

**RESPONSIBLE PERSON: Frank J. Oliva/Ann F. Wood**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 6.** Refer to the Company's response to Staff 2-4 and 2-18. Please provide the amount by RUS O&M expense account (fuel and purchased power expense) of the cost of forced outages by unit (if available by unit) for each month that were not or are projected not to be recovered through the Company's fuel adjustment clause during: a) 2009, b) the base period, c) the test year. For the projected months included in the base period and all months in the test year, please provide the Company's computations of this expense. Provide all assumptions, data, computations and electronic spreadsheets with formulas intact.

**Response 6.** For budget purposes, EKPC includes approximately \$833k/month in purchased power (account 555), which represents net unrecoverable forced outage costs. Please note that this methodology is used in place of the inclusion of "disallowed" fuel costs in the fuel adjustment clause revenue calculation.

Page 3 of this response provides forecasted test year forced outage information. Pages 4 and 5 of this response provides 2009, 2010 and base year information, with those months of the base year denoted by an asterisk.

Actual forced outage costs are reflected in accounts 555 (purchased power), 501 (coal and oil), and 547 (natural gas).

**Request 6a.** For each year from 2005 – 2009, please identify the amount of purchase power expense that was not recoverable through the fuel adjustment clause. Please separately identify how much of purchase power expense was deferred for later recovery.

**Response 6a.** Please see pages 6 through 13 of this response for 2005-2008 information. In case No. 2008-00436, the Commission approved the establishment of a regulatory asset for the 2008 amount (page 7 of 13) of \$12.3 million in unrecovered forced outage fuel costs.

Unrecovered Forced Outage Costs--Forecasted Test Year--Account 55500

	<b>Net Unrecovered</b>
Jan-11	\$ 833,300
Feb-11	833,300
Mar-11	833,300
Apr-11	833,300
May-11	833,300
Jun-11	833,300
Jul-11	833,300
Aug-11	833,300
Sep-11	833,300
Oct-11	833,300
Nov-11	833,300
Dec-11	833,700
As reflected on Wood Exhibit 1, Schedule 1.02	\$ 10,000,000

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2009, 2010 and BASE YEAR FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered	Breakdown of Cost of Replacement Power		Cost of Replacement Power
							Generation	Purchased Power	
Spurlock	Gilbert	1/21/09-1/29/09	199 Hrs 7 mins	\$ 1,125,040	\$ 3,402,117	\$ (2,277,077)	\$ 231,244	\$ 3,170,873	\$ 3,402,117
		8/4/09-8/4/09	7 Hrs 21 Mins	38,205	78,068	(39,863)	24,562	53,506	78,068
		10/12/09-10/14/09	41 Hrs 35 Mins *	231,588	416,966	(185,378)	350,354	66,612	416,966
		11/17/09-11/30/09	329 Hrs 44 Mins *	1,859,423	3,488,085	(1,628,662)	3,006,718	481,367	3,488,085
		12/1/09-12/4/09	75 Hrs 46 Mins *	462,784	975,921	(513,137)	656,761	319,160	975,921
		12/8/09-12/11/09	81 Hrs 12 Mins *	495,978	1,116,354	(620,376)	726,045	390,309	1,116,354
					<u>4,213,018</u>	<u>9,477,511</u>	<u>(5,264,493)</u>	<u>4,995,684</u>	<u>4,481,827</u>
					#				
Spurlock	1	2/14/09-2/14/09	7 Hrs 7 Mins	64,999	105,778	(40,779)	15,027	90,751	105,778
		5/2/09-5/10/09	197 Hrs 18 Mins	986,069	1,730,528	(744,459)	1,131,573	598,955	1,730,528
		6/2/09-6/3/09	13 Hrs 42 Mins	132,894	269,992	(137,098)	141,241	128,751	269,992
		7/16/09-7/17/09	35 Hrs 32 Mins	129,148	352,121	(222,973)	298,285	53,836	352,121
		Aug Addition		62,064		62,064			-
		7/23/09-7/23/09	6 Hrs 22 Mins	34,265	58,919	(24,654)	49,382	9,537	58,919
		9/2/09-9/2/09	8 Hrs 10 Mins *	41,899	106,114	(64,215)	96,314	9,800	106,114
			<u>1,451,338</u>	<u>2,623,452</u>	<u>(1,172,114)</u>	<u>1,731,822</u>	<u>891,630</u>	<u>2,623,452</u>	
Cooper	2	2/16/09-2/16/09	7 Hrs 56 Mins'	40,786	84,411	(43,625)	686	83,725	84,411
		7/22/09-7/31/09	226 Hrs	51,650	645,306	(593,656)	521,625	123,681	645,306
		Aug Addition		434,626		434,626			-
		8/1/109-8/31/09	744 Hrs	1,387,204	2,218,301	(831,097)	1,663,456	554,845	2,218,301
		9/1/09-9/30/09	720 Hrs *	1,342,448	2,481,479	(1,139,031)	2,239,953	241,526	2,481,479
		10/1/09-10/23/09	535 Hrs 5 Mins *	1,175,749	1,891,014	(715,265)	1,687,085	203,929	1,891,014
			<u>4,432,463</u>	<u>7,320,511</u>	<u>(2,888,048)</u>	<u>6,112,805</u>	<u>1,207,706</u>	<u>7,320,511</u>	

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2009, 2010 and BASE YEAR FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered	Breakdown of Cost of Replacement Power		Cost of Replacement Power
							Generation	Purchased Power	
Dale	1	1/17/09-1/19/09	40 Hrs 18 Mins	22,336	43,368	(21,032)	-	43,368	43,368
	4	1/4/09-1/7/09	64 Hrs 16 Mins	76,438	150,342	(73,904)	-	150,342	150,342
	4	4/27/09-4/29/09	42 Hrs 42 Mins	68,611	78,138	(9,527)	27,149	50,989	78,138
	4	5/27/09-5/29/09	59 Hrs 5 Mins	72,323	95,906	(23,583)	15,465	80,441	95,906
	3	5/16/09-5/22/09	143 Hrs 11 Mins	160,849	223,437	(62,588)	1,059	222,378	223,437
	4	6/15/09-6/18/09	71 Hrs 23 Mins	97,483	133,171	(35,688)	57,264	75,907	133,171
	4	6/26/09-6/29/09	63 Hrs 34 Mins	107,547	140,983	(33,436)	85,909	55,074	140,983
	2	8/12/09-8/14/09	41 Hrs 56 Mins	21,211	26,257	(5,046)	7,182	19,075	26,257
	3	9/6/09-9/7/09	19 Hrs 21 Mins *	32,409	49,776	(17,367)	47,436	2,340	49,776
	4	9/15/09-9/17/09	68 Hrs 20 Mins *	119,531	171,195	(51,664)	146,741	24,454	171,195
	3	10/6/09-10/6/09	9 Hrs 7 Mins *	15,895	24,377	(8,482)	19,841	4,536	24,377
	4	11/2/09-11/4/09	37 Hrs 18 Mins *	62,233	95,626	(33,393)	85,223	10,403	95,626
	2	11/4/09-11/6/09	56 Hrs 8 Mins *	19,504	34,829	(15,325)	34,384	445	34,829
	3	12/29/09-12/31/09	38 Hrs 30 Mins *	47,094	76,851	(29,757)	66,989	9,862	76,851
				<b>923,464</b>	<b>1,344,256</b>	<b>(420,792)</b>	<b>594,642</b>	<b>749,614</b>	<b>1,344,256</b>
Total				<u>\$ 11,020,283</u>	<u>\$ 20,765,730</u>	<u>\$ (9,745,447)</u>	<u>\$ 13,434,953</u>	<u>\$ 7,330,777</u>	<u>\$ 20,765,730</u>

\* Represent Actual Months in the Base Year (September 2009-March 2010 actual results)

Dale	4	1/14/10-1/16/10	33 Hrs 13 Mins *	73,768	119,187	(45,419)	108,342	10,845	119,187
	4	1/22/10-1/23/10	39 Hrs 10 Mins *	86,980	93,721	(6,741)	9,556	84,165	93,721
	4	1/26/10-1/30/10	86 Hrs 35 Mins *	192,323	280,080	(87,757)	170,055	110,025	280,080
		Apr-10	Forecast			(833,300)			
		May-10	Forecast			(833,300)			
		Jun-10	Forecast			(833,300)			
		Jul-10	Forecast			(833,300)			
		Aug-10	Forecast			(833,300)			

Total Base Year Only

\$ (9,328,469)

EKPC had no outages in February or March 2010

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2008 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered	Breakdown of Cost of Replacement Power		Cost of Replacement Power
							Generation	Purchased Power	
Spurlock	Gilbert	3/13/08-3/14/08	31 Hrs 50 Mins	\$ 75,071	\$ 305,059	\$ (229,988)	\$ 557	\$ 304,502	\$ 305,059
		6/24/08-6/30/08	145 Hrs 23 Mins	783,481	2,800,320	(2,016,839)	738,333	2,061,987	2,800,320
		7/1/08-7/10/08	227 Hrs 43 Mins	1,274,092	4,205,375	(2,931,283)	1,270,811	2,934,564	4,205,375
					<u>7,310,754</u>	<u>(5,178,110)</u>	<u>2,009,701</u>	<u>5,301,053</u>	<u>7,310,754</u>
Spurlock	2	3/4/08-3/7/08	75 Hrs 51 Mins	849,243	2,584,250	(1,735,007)	393,829	2,190,421	2,584,250
		3/13/08-3/14/08	12 Hrs 32 Mins	106,869	267,066	(160,197)		267,066	267,066
	2	6/7/08-6/8/08	11 Hrs 3 Mins	134,659	422,029	(287,370)	204,047	217,982	422,029
	1	7/1/08-7/1/08	7 Hrs 23 Mins	48,446	160,481	(112,035)	5,729	154,752	160,481
	1	7/9/08-7/12/08	80 Hrs 58 Mins	534,162	2,050,252	(1,516,090)	250,467	1,799,785	2,050,252
					<u>5,484,078</u>	<u>(3,810,699)</u>	<u>854,072</u>	<u>4,630,006</u>	<u>5,484,078</u>
Cooper	1	1/23/08-1/25/08	69 Hrs 30 Mins	161,545	629,864	(468,319)	145,734	484,130	629,864
	2	1/29/08-1/29/08	7 Hrs 12 Mins	32,310	96,435	(64,125)	171	96,264	96,435
	2	4/1/08-4/1/08	11 Hrs 45 Mins	21,132	82,967	(61,835)	64,666	18,301	82,967
	2	4/5/08-4/5/08	8 Hrs 56 Mins	36,570	87,233	(50,663)		87,233	87,233
	2	5/15/08-5/15/08	17 Hrs 28 Mins	86,746	210,087	(123,341)	52,010	158,077	210,087
	2	6/7/08-6/7/08	9 Hrs 5 Mins	49,784	255,120	(205,336)	106,271	148,849	255,120
	2	6/9/08-6/11/08	31 Hrs 19 Mins	150,300	390,230	(239,930)	106,447	283,783	390,230
	2	6/13/08-6/15/08	49 Hrs 34 Mins	271,631	725,675	(454,044)	131,779	593,896	725,675
	1	9/2/08-9/2/08	14 Hrs 5 Mins	43,312	115,291	(71,979)	38,182	77,109	115,291
	2	9/9/08-9/12/08	86 Hrs 9 Mins	429,390	755,742	(326,352)	76,334	679,408	755,742
				<u>3,348,644</u>	<u>(2,065,924)</u>	<u>721,594</u>	<u>2,627,050</u>	<u>3,348,644</u>	

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2008 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered	Breakdown of Cost of Replacement Power		Cost of Replacement Power
							Generation	Purchased Power	
Dale	4	1/8/08-1/11/08	58 Hrs 26 Mins	92,334	173,989	(81,655)	18,670	155,319	173,989
	4	1/16/08-1/18/08	37 Hrs 55 Mins	63,597	148,316	(84,719)		148,316	148,316
	1	2/9/08-2/11/08	35 Hrs 5 Mins	17,702	42,585	(24,883)	11,361	31,224	42,585
	2	2/3/08-2/4/08	26 Hrs 51 Mins	16,138	32,033	(15,895)		32,033	32,033
	2	2/11/08-2/12/08	32 Hrs 41 Mins	10,828	31,696	(20,868)	16,796	14,900	31,696
	1	3/10/08-3/12/08	48 Hrs 30 Mins	27,535	83,883	(56,348)	6,066	77,817	83,883
	4	3/14/08-3/16/08	46 Hrs 36 Mins	78,228	176,334	(98,106)		176,334	176,334
	4	3/16/08-3/19/08	59 Hrs 9 Mins	75,054	215,176	(140,122)	14,111	201,065	215,176
	3	4/29/08-4/30/08	28 Hrs 15 Mins	46,320	148,106	(101,786)	113,235	34,871	148,106
	2	5/4/08-5/6/08	29 Hrs 24 Mins	19,485	49,117	(29,632)	19,241	29,876	49,117
	2	5/21/08-5/23/08	57 Hrs 10 Mins	37,085	80,520	(43,435)	31,203	49,317	80,520
	4	5/1/08-5/1/08	22 Hrs 20 Mins	37,541	84,935	(47,394)	12,379	72,556	84,935
	4	5/5/08-5/6/08	30 Hrs 33 Mins	42,414	114,648	(72,234)	41,884	72,764	114,648
	4	5/11/08-5/13/08	38 Hrs 32 Mins	54,029	138,953	(84,924)	51,219	87,734	138,953
	1	6/23/08-6/25/08	37 Hrs 30 Mins	19,889	38,197	(18,308)	16,926	21,271	38,197
	2	6/8/08-6/10/08	46 Hrs 51 Mins	26,354	92,882	(66,528)	15,081	77,801	92,882
	2	7/15/08-7/16/08	25 Hrs 58 Mins	14,556	32,462	(17,906)	8,141	24,321	32,462
	3	7/18/08-7/20/08	32 Hrs 51 Mins	48,361	107,351	(58,990)	27,973	79,378	107,351
	4	7/27/08-7/29/08	40 Hrs 20 Mins	51,364	119,819	(68,455)	3,272	116,547	119,819
	1	8/1/08-8/2/08	28 Hrs 19 Mins	16,749	37,319	(20,570)		37,319	37,319
	3	8/28/08-8/28/08	7 Hrs 49 Mins	10,291	25,356	(15,065)		25,356	25,356
	4	8/25/08-8/27/08	32 Hrs 19 Mins	47,265	87,151	(39,886)	-	87,151	87,151
	4	9/15/08-9/18/08	64 Hrs 11 Mins	76,521	115,274	(38,753)	14,010	101,264	115,274
					<u>2,176,102</u>	<u>(1,246,462)</u>	421,568	1,754,534	2,176,102
					Total	<u>\$ (12,301,196)</u>			

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2007 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Spurlock	2	4/30/07-4/30/07	7 hrs 44 Mins	3,565	Bad Fuse	96,101	138,049	(41,949)
Spurlock	2	8/11/07-8/12/07	7 Hrs 13 Mins	3,424	Lube Oil Trip	81,965	240,380	(158,416)
Spurlock	2	12/9/07-12/13/07	94 Hrs 4 Mins	43,172	T10 problem	1,123,634	2,272,575	(1,148,941)
								<u>(1,349,305)</u>
Dale	4	1/7/07-1/9/07	39 Hrs 25 Mins	1,481	Tube Leak	41,177	75,728	(34,551)
Dale	2	1/11/07-1/12/07	25 Hrs 45 Mins	368	Tube Leak	10,660	18,963	(8,303)
Dale	3	2/9/07-2/11/07	42 Hrs 37 Mins	2,730	Tube Leak	77,989	183,010	(105,021)
					Mar-07 Adjustment	-	38,673	(38,673)
Dale	3	2/11/07-2/12/07	30 Hrs 24 Mins	1,533	Tube Leak	43,794	113,427	(69,633)
					Mar-07 Adjustment	-	3,783	(3,783)
Dale	1	2/18/07-2/19/07	26 Hrs 28 Mins	537	Tube Leak	15,861	41,074	(25,213)
					Mar-07 Adjustment	-	8,704	(8,704)
Dale	1	2/24/07-2/27/07	72 Hrs 50 Mins	951	Tube Leak	28,089	55,882	(27,793)
					Mar-07 Adjustment	-	(2,816)	2,816
Dale	4	3/18/07-3/19/07	32 Hrs 56 Mins	1,805	Tube Leak	52,693	97,081	(44,388)
Dale	3	4/10/07-4/12/07	61 Hrs 9 Mins	3,855	Tube Leak	109,639	272,043	(162,404)
Dale	1	4/13/07-4/15/07	26 Hrs 33 Mins	524	Tube Leak	15,612	33,793	(18,180)
Dale	2	5/20/07-5/22/07	48 Hrs 48 Mins	683	Tube Leak	21,403	25,174	(3,771)
Dale	2	5/22/07-5/24/07	29 Hrs 12 Mins	409	Tube Leak	12,817	17,852	(5,035)
Dale	4	6/3/07-6/5/07	44 Hrs 20 Mins	2,113	Tube Leak	63,200	88,933	(25,733)
Dale	4	6/9/07-6/10/07	26Hrs 15 Mins	897	Tube Leak	26,829	51,859	(25,030)
Dale	3	6/18/07-6/20/07	31 Hrs 49 Mins	1,574	Tube Leak	45,600	90,896	(45,296)
Dale	4	6/18/07-6/22/07	100 Hrs 48 Mins	4,717	Buss Problem	141,085	264,388	(123,303)
Dale	1	7/14/07-7/15/07	37 Hrs 31 Mins	637	Tube Leak	19,774	36,464	(16,690)
Dale	4	7/19/07-7/21/07	58 Hrs	2,755	ID Fan Coupling Failure	77,861	118,008	(40,147)
Dale	1	8/6/07-8/7/07	31 Hrs 16 Mins	606	Tube Leak	18,069	58,463	(40,394)
Dale	3	8/17/07-8/19/07	41 Hrs 36 Mins	2,478	Tube Leak	68,465	180,386	(111,921)
Dale	3	9/9/07-9/11/07	28 Hrs 3 Mins	1,483	Tube Leak	43,085	74,027	(30,942)
Dale	3	9/18/07-9/20/07	38 Hrs 49 Mins	1,648	Tube Leak	47,879	85,888	(38,009)
Dale	3	9/22/07-9/26/07	85 Hrs 13 Mins	2,624	Tube Leak	76,234	176,643	(100,409)
Dale	1	10/8/07-10/10/07	30 Hrs 34 Mins	549	Tube Leak	17,761	30,823	(13,062)
Dale	1	11/2/07-11/4/07	31 Hrs 53 Mins	574	Tube Leak	18,163	22,627	(4,464)

(Revised)

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Dale	4	11/19/07-11/21/07	43 Hrs 31 Mins	2,243	Tube Leak	67,077	104,524	(37,447)
Dale	2	11/21/07-11/22/07	29 Hrs 32 Mins	519	Tube Leak	16,076	23,175	(7,099)
Dale	2	12/8/07-12/10/07	39 Hrs 57 Mins	762	Tube Leak	23,469	43,940	(20,471)
Dale	2	12/13/07-12/15/07	38 Hrs 13 Mins	567	Tube Leak	17,463	38,407	(20,944)
Dale	1	12/27/07-12/29/07	35 Hrs 50 Mins	467	Tube Leak	14,572	23,205	(8,633)
								<u>(1,262,630)</u>
Cooper	2	3/22/07-3/24/07	40 Hrs 57 Mins	7,365	Tube Leak	161,236	217,489	(56,253)
Cooper	1	3/30/07-3/31/07	30 Hrs 18 Mins	2,439	Repair Drag Chain	53,198	101,626	(48,428)
Cooper	2	4/18/07-4/20/07	40 Hrs 56 Mins	7,805	Tube Leak	171,783	483,782	(311,999)
Cooper	1	6/10/07-6/12/07	54 Hrs 47 Mins	3,344	Tube Leak	76,104	176,493	(100,389)
Cooper	1	6/18/07-6/20/07	34 Hrs 49 Mins	1,999	Tube Leak	45,494	119,320	(73,826)
Cooper	1	7/26/07-7/28/07	59 Hrs 29 Mins	4,373	Tube Leak	101,876	199,941	(98,065)
								<u>(688,960)</u>
Spurlock	Gilbert	6/9/07-6/9/07	10 Hrs 28 Mins	2,651	Tube Leak	32,837	218,767	(185,930)
Spurlock	Gilbert	8/16/07-8/17/07	6 Hrs 7 Mins	1,631	Lightning Strike to Controls	21,959	145,160	(123,201)
								<u>(309,132)</u>
					Total 2007 Unrecovered Forced Outage Fuel Costs			<u>\$ (3,610,027)</u>

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2006 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Spurlock	Gilbert	1/1/06-1/9/06	181 Hrs 49 Mins	47,936	Tube Leak	717,966	2,148,727	(1,430,761)
Spurlock	Gilbert	1/16/06-1/18/06	64 Hrs 6 Mins	11,549	Air Heater Seals	172,976	656,528	(483,552)
Spurlock	Gilbert	1/18/06-1/20/06	37 Hrs 49 Mins	5,624	Voltage Regulator	84,234	373,523	(289,289)
Spurlock	Gilbert	2/28/2006	6 Hrs 57 Mins	1,826	Loss of oil pump	22,611	72,243	(49,632)
Spurlock	Gilbert	3/31/2006	15 Hrs 31 Mins	3,824	Tube Leak	47,272	237,944	(190,672)
Spurlock	Gilbert	4/1/06-4/6/06	131 Hrs	32,281	Tube Leak	416,041	1,457,901	(1,041,860)
								(3,485,766)
Cooper	1	6/11/06-6/15/06	77 Hrs 43 Mins	6,223	Tube Leak	142,972	183,639	(40,667)
Cooper	2	6/24/06-6/26/06	39 Hrs 20 Mins	6,352	Tube Leak	145,076	218,506	(73,430)
Cooper	2	9/19/06-9/21/06	42 Hrs 24 Mins	6,401	Tube Leak	150,279	188,011	(37,732)
Cooper	2	11/16/06-11/23/06	169 Hrs 52 Mins	30,288	Lost Station Service	694,064	1,756,681	(1,062,617)
Cooper	1	11/27/06-11/29/06	45 Hrs 39 mins	4,104	Tube Leak	94,871	181,385	(86,514)
								(1,300,960)
Dale	1	1/8/06-1/10/06	33 Hrs 5 Mins	685	Tube Leak	19,498	34,556	(15,058)
Dale	1	1/21/06-1/23/06	41 Hrs 22 Mins	806	Tube Leak	22,942	39,355	(16,413)
Dale	4	2/10/06-2/11/06	30 Hrs 35 Mins	1,715	Tube Leak	48,981	107,692	(58,711)
Dale	2	2/18/06-2/19/06	21 Hrs 52 Mins	403	Air Heater	11,329	32,162	(20,833)
Dale	1	3/20/06-3/22/06	52 Hrs 46 Mins	105	Tube Leak	3,085	7,884	(4,799)
Dale	3	4/3/2006	14 Hrs 12 Mins	870	Tube Leak	24,457	54,127	(29,670)
Dale	1	4/21/06-4/22/06	34 Hrs 39 Mins	594	Tube Leak	17,061	19,483	(2,422)
Dale	1	6/6/06-6/7/06	30 Hrs 7 Mins	534	Mod Bus to Mark 5 Comm Trouble	16,004	19,265	(3,261)
Dale	4	6/8/06-6/11/06	61 Hrs 27 Mins	526	FW Valve	15,817	20,140	(4,323)
Dale	3	6/21/06-6/23/06	42 Hrs 35 Mins	2,197	Tube Leak	62,161	168,790	(106,629)
Dale	4	6/27/06-6/29/06	42 Hrs 10 Mins	2,299	Tube Leak	69,130	104,414	(35,284)
Dale	1	8/11/06-8/17/06	125 Hrs 9 Mins	2,299	Tube Leak	70,602	112,337	(41,735)
Dale	3	11/1/06-11/2/06	37 Hrs 11 Mins	1,446	Tube Leak	40,960	70,558	(29,598)
Dale	3	11/16/06-11/18/06	38 Hrs 27 Mins	1,982	Tube Leak	56,143	125,432	(69,289)
Dale	1	12/10/06-12/12/06	48 Hrs 30 Mins	720	Tube Leak	21,863	37,599	(15,736)
								(453,760)

(Revised)

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Spurlock	2	2/24/06-2/25/06	16 Hrs 30Mins	7,341	Buss Differential on T-9	189,314	292,993	(103,679)
								<u>(103,679)</u>
Total 2006 Unrecovered Forced Outage Fuel Costs								<u>\$ (5,344,164)</u>

**EAST KENTUCKY POWER COOPERATIVE, INC.  
2005 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Spurlock	Gilbert	3/15/2005	13 Hrs 58 Mins	3,172	Boiler Tripped	41,361	202,172	(160,811)
Spurlock	Gilbert	3/21/05-3/22/05	9 Hrs 13 Mins	1,611	Boiler Tripped	21,006	94,135	(73,128)
Spurlock	Gilbert	4/13/05-4/14/05	29 Hrs 46 Mins	6,202	Repair Bag House	69,835	290,426	(220,590)
Spurlock	Gilbert	4/30/2005	8 Hrs 4 Mins	2,075	Boiler Tripped	23,365	86,538	(63,173)
Spurlock	Gilbert	5/1/2005	8 Hrs 59 Mins	2,310	Boiler Tripped	29,109	65,619	(36,510)
Spurlock	Gilbert	5/17/05-5/23/05	143 Hrs 17 Mins	33,919	Repair Ash Cooler	427,422	1,547,744	(1,120,322)
Spurlock	Gilbert	5/24/05-5/25/05	14 Hrs 54 Mins	193	To prevent reheat tube leak	2,432	6,153	(3,721)
Spurlock	Gilbert	7/25/05-7/31/05	167 Hrs 6 Mins	39,223	Tube Leak	462,971	2,498,984	(2,036,013)
Spurlock	Gilbert	8/1/05-8/8/05	173 Hrs 57 Mins	40,831	Tube Leak	491,622	3,284,857	(2,793,235)
Spurlock	Gilbert	8/10/05-8/11/05	33 Hrs 16 Mins	321	Steam leak in Economizer	3,865	25,735	(21,870)
Spurlock	Gilbert	9/1/2005	10 Hrs 53 Mins	2,421	Exciter Problems	27,418	311,304	(283,886)
Spurlock	Gilbert	11/21/05-11/22/05	21 Hrs 36 Mins	2,867	Turbine Control Failure	39,778	167,678	(127,900)
Spurlock	Gilbert	12/3/05-12/4/05	20 Hrs 13 Mins	4,940	Limestone Mill Malfunction	59,269	458,329	(399,060)
								(7,340,221)
Cooper	1	1/17/05-1/21/05	87 Hrs 45 Mins	7,819	Tube Leak	159,549	524,116	(364,567)
Cooper	1	3/6/05-3/8/05	33 Hrs 16 Mins	3,154	Tube Leak	68,175	149,572	(81,397)
Cooper	2	3/21/2005	6 Hrs 34 Mins	1,093	Tube Leak	22,562	75,040	(52,478)
Cooper	1	4/10/05-4/15/05	105 Hrs 31 Mins	6,109	Tube Leak	131,921	288,617	(156,695)
Cooper	1	4/16/05-4/19/05	54 Hrs 41 Mins	1,448	Tube Leak	31,269	68,206	(36,937)
Cooper	1	4/20/05-4/23/05	73 Hrs 9 Mins	2,378	Tube Leak	51,352	131,895	(80,543)
Cooper	2	5/24/05-5/27/05	73 Hrs 27 Mins	11,416	Tube Leak	239,352	374,021	(134,669)
Cooper	2	7/21/2005	7 Hrs 8 Mins	1,182	Repair drag chain on bottom ash	25,925	68,921	(42,996)
Cooper	1	9/4/05-9/6/05	55 Hrs 3 Mins	4,474	Tube Leak	99,025	259,138	(160,113)
Cooper	1	10/12/05-10/14/05	48 Hrs 34 Mins	3,572	Tube Leak	78,388	191,614	(113,226)
Cooper	2	10/24/05-10/26/05	35 Hrs 55 Mins	5,106	Tube Leak	113,171	447,107	(333,936)
Cooper	1	11/20/05-11/24/05	86 Hrs 8 Mins	7,515	Tube Leak	170,167	485,561	(315,394)
Cooper	1	12/5/2005	16 Hrs 14 Mins	1,505	ID Fan Grounded	32,537	172,740	(140,203)
Cooper	1	12/5/05-12/7/05	28 Hrs 46 Mins	2,667	ID Fan Grounded	57,658	333,426	(275,768)
								(2,288,924)

(Revised)

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Dale	4	1/12/05-1/14/05	50 Hrs 41 Mins	2,970	Tube Leak	76,397	158,322	(81,925)
Dale	2	2/13/05-2/15/05	38 Hrs 4 Mins	591	Tube Leak	14,916	27,971	(13,054)
Dale	1	4/23/05-4/26/05	53 Hrs 17 Mins	904	Tube Leak	24,021	43,081	(19,060)
Dale	1	5/27/05-5/29/05	32 Hrs 59 Mins	591	Tube Leak	16,134	21,694	(5,560)
Dale	3	6/27/05-6/30/05	64 Hrs 27 Mins	3,962	Tube Leak	114,647	258,534	(143,888)
Dale	2	7/15/05-7/17/05	49 Hrs 47 Mins	653	Tube Leak	19,671	34,354	(14,683)
Dale	3	8/24/05-8/26/05	52 Hrs 5 Mins	3,384	Tube Leak	93,433	108,613	(15,180)
Dale	1	8/25/05-8/27/05	39 Hrs 33 Mins	786	Tube Leak	23,170	31,435	(8,265)
Dale	1	9/19/05-9/21/05	48 Hrs 45 Mins	568	Tube Leak	16,491	30,346	(13,855)
Dale	4	10/23/05-10/25/05	34 Hrs 58 Mins	1,850	Tube Leak	53,869	119,370	(65,501)
Dale	1	11/6/05-11/8/05	34 Hrs 13 Mins	605	Tube Leak	18,247	45,290	(27,043)
Dale	1	11/8/05-11/10/05	50 Hrs 42 Mins	676	Tube Leak	20,388	31,500	(11,112)
Dale	1	12/9/05-12/11/05	30 Hrs 1 Min	593	Tube Leak	16,414	73,691	(57,277)
								<u>(476,404)</u>
Spurlock	2	3/6/05-3/7/05	12 Hrs 50 Mins	6,035	Lightning Arrestor on T9	111,301	264,961	(153,660)
								<u>(153,660)</u>
Total 2005 Unrecovered Forced Outage Fuel Costs								<u>\$ (10,259,209)</u>

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2010-00167**

**SECOND SET OF DATA REQUESTS RESPONSE**

**GALLATIN'S SECOND SET OF DATA REQUESTS DATED 08/05/10**

**REQUEST 7**

**RESPONSIBLE PERSON: Frank J. Oliva**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 7.** Refer to the Company's response to Staff 2-6. Please provide a copy of the terms of the new credit facility and provide a copy of the Company's computations of the increased expense. Provide all assumptions, data, computations and electronic spreadsheets with formulas intact.

**Request 7.** The information requested herein is highly confidential. EKPC has entered into Confidentiality Agreements with both Intervenors, Gallatin and the Attorney General.

EKPC now provides this information, pursuant to these Confidentiality Agreements. A redacted version of the terms of the new credit facility is provided on pages 2 through 5 of this response. A redacted version of the pricing changes is provided on pages 6 and 7 of this response. In addition, EKPC reminds the Commission and all parties that this same information has been previously afforded confidential treatment by the Commission in Case No. 2010-00166.

**EAST KENTUCKY POWER COOPERATIVE, INC.****DESCRIPTION OF A THREE-YEAR SENIOR UNSECURED REVOLVING AND TERM CREDIT FACILITY IN AN AMOUNT UP TO \$500,000,000****807 KAR 5:001, Section 11(1)(b)**

East Kentucky Power Cooperative, Inc. ("EKPC", the "Borrower") is seeking a 3-year unsecured revolving and term credit facility (the "Facility") in an amount up to \$500,000,000 for certain capital expenditure needs and general corporate purposes for the next three years. EKPC expects to obtain long-term funding from the Rural Utilities Service ("RUS"), an agency of the United States Department of Agriculture, and other sources to refinance all outstanding balances of the Facility by 2013.

The Borrower will repay and reborrow funds from the Facility based on the timing of its funding needs and long-term funds received from RUS and other lenders. EKPC has submitted long-term loan applications to RUS ahead of its funding needs to take into account RUS's normal review time for the loan application and approval process. EKPC also plans to arrange long-term financing with various financial institutions and insurance companies to fund capital expenditures not fundable by RUS. Because of the uncertainty regarding the timing of construction expenditures for the multiple projects being funded and the inability to predict when RUS loan funds will be available to EKPC, specific uses of the proceeds cannot be estimated at this time. Under the terms of EKPC's existing Mortgage Agreement with RUS (see Exhibit 4), all after-acquired assets (including all the assets to be funded with this facility) will become security interests under the Mortgage. As a result, in order to provide unsecured creditors additional assurance, there will be a provision limiting EKPC's ability to incur additional unsecured indebtedness.

National Rural Utilities Cooperative Finance Corporation, [REDACTED] [REDACTED] ("CFC", "[REDACTED]" respectively, and together, or the "Joint Lead Arrangers") have committed to provide EKPC [REDACTED] each toward a \$450,000,000 Senior Unsecured Revolving Credit Facility consisting of a \$150,000,000 term loan tranche (the "Term Loan Tranche") and a \$300,000,000 revolving tranche (the "Revolving Tranche"). The amount of the Facility may be increased by up to \$50,000,000 on or prior to the Closing. EKPC will consider upsizing the Facility from any oversubscription from the syndication. Any oversubscription of the Facility (after upsizing) will be used to reduce the Joint Lead Arrangers' commitments pro rata. CFC will be the Administrative Agent for the Facility. EKPC is seeking firm commitments by June 17, 2010 and expecting a financial closing date of June 24, 2010.

Key Terms and Conditions

- Lenders: A syndicate of financial institutions (including CFC, [REDACTED]) arranged by the Joint Lead Arrangers, and such institutions acceptable to the Borrower and the Joint Lead Arrangers (collectively, the "Lenders").
- Arranger Fee: The Borrower will pay a one-time fee of [REDACTED] to each Joint Lead Arranger, payable at the Closing.
- Facility Fee: The Borrower will pay a fee (the "Facility Fee"), in the amount of [REDACTED] basis points ("bps") per annum on each Lender's pro-rata share of the Facility, regardless of usage. The Facility Fee is payable quarterly in arrears commencing upon Closing.
- Upfront Fee: The Borrower will pay a one-time fee equal to [REDACTED]% for commitments greater than or equal to [REDACTED], [REDACTED]% for commitments less than [REDACTED] but greater than or equal to [REDACTED], [REDACTED]% for commitments less than [REDACTED] but greater than or equal to [REDACTED], and [REDACTED]% for commitments less than [REDACTED] of the amount of each Lender's allocated commitment upon the execution of a definitive credit agreement and the closing of the Facility, payable to the Lenders at the Closing.
- Administrative Agency Fee: The Borrower will pay an annual Administrative Agency Fee of [REDACTED] per annum, payable annually in advance to CFC on the date of the execution of a definitive credit agreement and closing of the loan and on each annual anniversary date thereof through the Maturity Date. This fee is nonrefundable and shall not be pro-rated in the event the Facility is prepaid.
- Interest Rates: At the Borrower's option, any loan under the Facility prior to Maturity Date will bear interest at a rate equal to an incremental borrowing margin of (i) the Adjusted London Interbank Offered Rate ("LIBOR") plus [REDACTED] basis points or (ii) the Alternate Base Rate as of the date of determination, defined as the highest of (a) the Prime Rate for such day, (b) the sum of 2% and the Federal Funds Rate for such day or (c) the Adjusted London Interbank Offered Rate for a one month Interest Period on such day plus 2% ("ABR"), plus [REDACTED] basis points (the "ABR Applicable Margin").

The Borrower may select interest periods of 1, 2, 3 or 6 months for LIBOR loans, subject to availability. Interest shall be payable at the end of the selected interest period, but no less frequently than quarterly.

A default rate shall apply on all loans in the event of default under the Facility at a rate per annum of 2% above the applicable interest rate.

- Expenses: The Borrower agrees to pay all reasonable out-of-pocket expenses of the Joint Lead Arrangers associated with the Facility regardless of the Closing of the Facility, including attorneys' fees.
  
- Maturity Date: The Facility shall terminate and all amounts outstanding thereunder shall be due and payable in full 3 years from Closing (“Maturity Date”). All Amounts under the Facility will be due and payable in full at the end of the three-year period but may be voluntarily prepaid in advance, in whole or in part, without penalty, subject to reimbursement of the Lenders’ breakage and redeployment costs in the case of prepayment of loans accruing interest at LIBOR.
  
- Prepayment Options: The Borrower may prepay the Facility in whole or in part at any time without penalty, subject to reimbursement of the Lenders’ breakage and redeployment costs in the case of prepayment of LIBOR borrowings. Any prepayment under the Term Loan Tranche shall result in a permanent commitment reduction.
  
- Conditions Precedent to Closing:
  - (i) The negotiation, execution and delivery of definitive documentation (including, without limitation, satisfactory legal opinions, corporate formation and authority documents and other customary closing documents) for the Facility satisfactory to the Joint Lead Arrangers and the Lenders.
  
  - (ii) There shall not have occurred a material adverse change since December 31, 2009 in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) of the Borrower and its subsidiaries taken as a whole or in the facts and information regarding such entities as represented to date.
  
  - (iii) Receipt and satisfactory review by the Joint Lead Arrangers and the Lenders of such financial information regarding the Borrower and its subsidiaries as they may reasonably request.
  
  - (iv) Payment of all fees and expenses required to be paid on or before the Closing.
  
  - (v) The absence of material litigation, subject to certain exceptions previously disclosed to the Lenders.
  
  - (vi) The Borrower shall be in compliance with all existing material financial obligations.

(vii) The Borrower shall make certain representations and warranties regarding itself, its members and the wholesale power contracts as agreed to between the Borrower and the Joint Lead Arrangers.

(viii) All governmental and regulatory approvals necessary, including, but not limited to the Kentucky Public Service Commission approval, for the transaction shall have been obtained.

(ix) No Event of Default, or event which with giving of notice or lapse of time or both would be an Event of Default (a "Default"), has occurred and is continuing.

(x) Favorable legal opinion from counsel for the Borrower, satisfactory to the Joint Lead Arrangers and the Lenders.

(xi) Favorable legal opinion from counsel for the Joint Lead Arrangers and the Lenders.

(xii) The Borrower shall certify that on and as of the Closing, to the best of its knowledge, there is no condition or circumstance that would impair the ability of the parties to the Borrower's wholesale power contracts to perform thereunder.

- Financial Covenants:

1. Debt Service Coverage Ratio ("DSCR") – The Borrower will maintain a minimum DSCR of [REDACTED] measured each calendar year as defined in Borrower's RUS mortgage;
2. Times Interest Earned Ratio ("TIER") – The Borrower will maintain a minimum TIER of [REDACTED] measured each calendar year as defined in Borrower's RUS mortgage;
3. The Borrower will maintain a minimum total members' equities of [REDACTED].
4. The Borrower will maintain a minimum Equity to Assets ratio of [REDACTED] %.

# EAST KENTUCKY POWER COOPERATIVE, INC.

## Summary of Pricing Changes

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	April 2010 Pricing	June 2010 Pricing	Increase
Total Arranger Fees:	[REDACTED]		
Administrative Agent Fee:			
Upfront Fee Tiering (bps):	[REDACTED]		
Facility Fee (bps):	[REDACTED]		
LIBOR Margin (bps):			
ABR Margin (bps):			

# EAST KENTUCKY POWER COOPERATIVE, INC.

## Pricing Increases

### INPUTS:

Estimated Facility Size	\$	450,000,000
Estimated Facility Term (Years)		3.00
Estimated Facility Usage (%)		100%

		ANNUALIZED	
		\$	%
April 2010 Pricing	<b>'BBB-' Indicative Pricing</b>		
	Admin Agent Fee (per year)		
	Blended Upfront Fee (per year)		
	Facility Fee (per year)		
	Interest Expense (100% usage)		
	<b>Total Cost</b>		
June 2010 Pricing	<b>'BB+' Indicative Pricing</b>	\$	%
	Admin Agent Fee (per year)		
	Blended Upfront Fee (per year)		
	Facility Fee (per year)		
	Interest Expense (100% usage)		
	<b>Total Cost</b>		
<b>Cost Increase</b>			
<b>% Increase</b>			

		LIFE OF FACILITY	
		\$	%
April 2010 Pricing	<b>'BBB-' Indicative Pricing</b>		
	Admin Agent Fee		
	Blended Upfront Fee		
	Facility Fee		
	Interest Expense (100% usage)		
	<b>Total Cost</b>		
June 2010 Pricing	<b>'BB+' Indicative Pricing</b>	\$	%
	Admin Agent Fee		
	Blended Upfront Fee		
	Facility Fee		
	Interest Expense (100% usage)		
	<b>Total Cost</b>		
<b>Cost Increase</b>			
<b>% Increase</b>			

REDACTED