

**Frost  
Brown Todd** LLC  
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

October 26, 2010

HAND DELIVERED

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

**RECEIVED**

**OCT 26 2010**

**PUBLIC SERVICE  
COMMISSION**

Re: PSC Case No. 2010-00265

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten redacted copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the Commission Staff's Information Requests at Hearing on October 12, 2010. The Petition for Confidential Treatment of Information, originally filed with the Commission on September 7, 2010, also attaches to the enclosed responses. One copy of the designated confidential portions of the responses is enclosed in a sealed envelope.

Very truly yours,



Roger Cowden  
Counsel

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

OCT 26 2010

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF EAST )  
KENTUCKY POWER COOPERATIVE, )  
INC. FROM NOVEMBER 1, 2009 THROUGH )  
APRIL 30, 2010 )

PUBLIC SERVICE  
COMMISSION

CASE NO. 2010-00265

PETITION FOR CONFIDENTIAL  
TREATMENT OF INFORMATION

Comes now the petitioner, East Kentucky Power Cooperative, Inc. ("EKPC") and, as grounds for this Petition for Confidential Treatment of Information (the "Petition"), states as follows:

1. This Petition is filed in conjunction with the filing of EKPC's responses to Requests 19 and 20 contained in the Appendix to the Order in this case dated August 13, 2010, and relates to confidential information contained in those responses that is entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878 (1) (c) 1 and related sections.

2. The information designated as confidential in the subject responses includes the identification of coal vendors, and ranking of proposals under EKPC's evaluation process, for all bids submitted to EKPC's written and oral coal solicitations during the Fuel Adjustment Clause ("FAC") period under review in this case. The tabulation sheets requested disclose critical information relating to EKPC's current coal pricing and volume of usage, its proposal evaluation procedures, and its coal acquisition strategies.

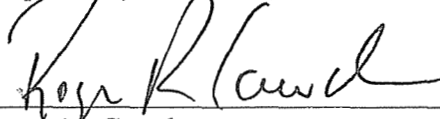
Allowing potential coal suppliers to access this information could provide them an unfair competitive advantage which could raise EKPC's cost of power production and place it at an unfair competitive disadvantage in the market for surplus bulk power. Disclosure of this information to utilities, independent power producers and power marketers that compete with EKPC for sales in the bulk power market, would allow such competitors to determine EKPC's power production costs for specific periods of time, or under various operating conditions, and to use such information to potentially underbid EKPC in transactions for the sale of surplus bulk power, which would constitute an unfair competitive disadvantage to EKPC.

3. Confidential protection has been given by the Commission to the responses to data requests 19 and 20 in past cases by other jurisdictional utilities, based on the same grounds stated herein, and was originally granted to EKPC in PSC Case No. 2007-00523.

4. Along with this Petition, EKPC has enclosed one copy of its responses to Requests 19 and 20, with the confidential information identified by highlighting or other designation, and 10 copies of the complete responses, with the confidential information redacted. The identified confidential information is not known outside of EKPC and is distributed within EKPC only to persons with a need to use it for business purposes. It is entitled to confidential treatment pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c) 1, for the reasons stated hereinabove, as information which would permit an unfair commercial advantage to competitors of EKPC if disclosed. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c) 2 c, as records generally recognized as confidential or proprietary which are confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

WHEREFORE, EKPC respectfully requests the Public Service Commission to grant confidential treatment to the identified information and deny public disclosure of said information.

Respectfully submitted,

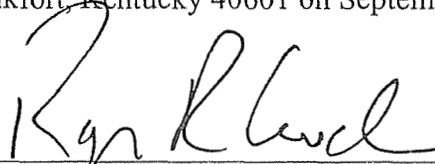


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Roger K. Cowden  
Frost Brown Todd LLC  
250 West Main Street, Suite 2800  
Lexington, KY 40507-1749  
(859) 231-0000 – Telephone  
(859) 231-0011 – Facsimile  
Counsel for East Kentucky Power Cooperative, Inc.

**CERTIFICATE OF SERVICE**

This is to certify that an original and 10 copies of the foregoing Petition for Confidential Treatment of Information in the above-styled case were hand-delivered to the Office of Jeffrey Derouen, Executive Director of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 on September 7, 2010.



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Counsel for East Kentucky Power Cooperative, Inc.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

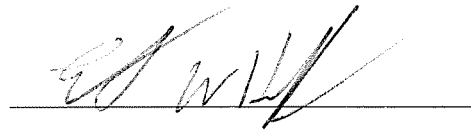
IN THE MATTER OF:

AN EXAMINATION OF THE	)	
APPLICATION OF THE FUEL	)	
ADJUSTMENT CLAUSE OF EAST	)	
KENTUCKY POWER COOPERATIVE,	)	CASE NO. 2010-00265
INC. FROM NOVEMBER 1, 2009	)	
THROUGH APRIL 30, 2010	)	

CERTIFICATE

STATE OF KENTUCKY )  
 )  
 COUNTY OF CLARK )

Ernest W. Huff, 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 Information Requests made at the Hearing held in this case on October 12, 2010, 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 19<sup>th</sup> day of October 2010.



Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013  
 NOTARY ID #409352

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

**IN THE MATTER OF:**

AN EXAMINATION OF THE	)	
APPLICATION OF THE FUEL	)	
ADJUSTMENT CLAUSE OF EAST	)	
KENTUCKY POWER COOPERATIVE,	)	CASE NO. 2010-00265
INC. FROM NOVEMBER 1, 2009	)	
THROUGH APRIL 30, 2010	)	

**CERTIFICATE**

STATE OF KENTUCKY    )  
  )  
COUNTY OF CLARK    )

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Information Requests made at the Hearing held in this case on October 12, 2010, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

*Ann F. Wood*  
\_\_\_\_\_

Subscribed and sworn before me on this 19<sup>th</sup> day of October 2010.

*Greg M. Wilcox*  
\_\_\_\_\_  
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013  
NOTARY ID #409352

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

**In the Matter of:**

**AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF EAST )  
KENTUCKY POWER COOPERATIVE, ) CASE NO. 2010-00265  
INC. FROM NOVEMBER 1, 2009 )  
THROUGH APRIL 30, 2010 )**

**RESPONSES OF EAST KENTUCKY POWER COOPERATIVE, INC.  
TO COMMISSION STAFF'S INFORMATION REQUESTS MADE  
AT HEARING HELD ON OCTOBER 12, 2010**





EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00265  
FUEL ADJUSTMENT CLAUSE  
RESPONSE TO INFORMATION REQUESTS

COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 1

RESPONSIBLE PARTY: Ann F. Wood

**Request 1.** Refer to the response to Request 6. How much energy does each member system purchase from an entity other than EKPC and why?

**Response 1.** Salt River Electric ("Salt River") purchases energy from the Lock 7 hydroelectric project, then resells it to EKPC. The table below reflects the energy purchased for the six-month review period.

Month	kWh Purchased
November	826,331
December	805,499
January	918,567
February	804,186
March	1,186,044
April	1,080,268

Specific questions regarding why the purchase is made would be more appropriately directed to Salt River.

Additionally, Jackson Energy entered into a contract with an independent power producer, Wellhead Energy, to purchase 375 kW. The contract was approved by the Jackson Energy Board of Directors on September 1, 2010. Wellhead Energy has created a “Gridbox” utilizing stranded gas wells as the source of fuel for a combustion engine that generates power; this power is put directly onto Jackson Energy’s distribution system. This installation is not operational to date but is expected to be on-line by the end of 2010. Jackson Energy negotiated a purchase price with Wellhead Energy that is less than EKPC’s wholesale rate.



**EAST KENTUCKY POWER COOPERATIVE, INC**

**PSC CASE NO. 2010-00265  
FUEL ADJUSTMENT CLAUSE  
RESPONSE TO INFORMATION REQUESTS**

**COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 2**

**RESPONSIBLE PARTY: Ernest W. Huff**

**Request 2.** Refer to the response to Request 19(a)(b), page 3 of 24.

**Request 2a.** What parameters are set by EKPC regarding supplier diversity?

**Response 2a.** EKPC has no firm set parameters regarding supplier diversification but evaluates the following factors in the process of supplier selection:

1. Supplier's past and current performance for EKPC and, if known, other buyers.
2. Supplier's current production capabilities and the amount of that production that is committed to other buyers.
3. Supplier's permitted reserves.
4. The number of capable, available suppliers for the plant for which coal is being sourced.

**Request 2b.** Is there a particular percentage limit from a single supplier?

**Response 2b.** No. While there is no firm specific percentage limit for a single supplier, evaluations are performed using the criteria stated in the response to Request 2(a).

**Request 2c.** If the third supplier from the bottom were selected, what percentage would that make the supplier have at Cooper?

**Response 2c.** The percentage would be approximately 43%.



EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00265

FUEL ADJUSTMENT CLAUSE

RESPONSE TO INFORMATION REQUESTS

COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 3

RESPONSIBLE PARTY: Ernest W. Huff

**Request 3.** Refer to the response to Request 19(a)(b), page 5 of 24. On the third supplier from the top, what was the reason for the recommendation?

**Response 3.** The bid received from the third supplier from the top resulted in a purchase. This contract was recommended at a later date (approved at the May Board of Directors meeting) as a result of finalizing certain terms and conditions.





EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00265

FUEL ADJUSTMENT CLAUSE

RESPONSE TO INFORMATION REQUESTS

COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 4

RESPONSIBLE PARTY: Ernest W. Huff

**Request 4.** Refer to the response to Request 19(a)(b), page 9 of 24. On the third supplier from the top, there are no written comments, yet a PO number is listed. If this coal was selected, was this selected prior to the selection of other bidders?

**Response 4.** Yes. This coal was selected prior to the selection of other bidders. This purchase order was approved by the Fuel and Power Supply Committee of the EKPC Board of Directors at its April board meeting. The selection of other suppliers included with this bid did not occur until the May Board meeting.



EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00265  
FUEL ADJUSTMENT CLAUSE  
RESPONSE TO INFORMATION REQUESTS

COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 5

RESPONSIBLE PARTY: Ernest W. Huff

**Request 5.** Refer to the response to Request 19(a)(b), page 9 of 24. On the fourth supplier from the top, please provide more information on performance issues.

**Response 5.** EKPC experienced significant performance issues related to the contractually required quality of coal to be delivered pursuant to the terms of a purchase order entered into with this supplier during the second quarter of 2009.



**EAST KENTUCKY POWER COOPERATIVE, INC**

**PSC CASE NO. 2010-00265**

**FUEL ADJUSTMENT CLAUSE**

**RESPONSE TO INFORMATION REQUESTS**

**COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 6**

**RESPONSIBLE PARTY: Ernest W. Huff**

**Request 6.** Refer to the Response to Request 19(a)(b), page 20 of 24. On the second supplier from the bottom, please elaborate on the notation.

**Response 6.** This supplier is a small independent coal operator. While EKPC entered into small, short term purchase orders with this supplier, EKPC does not feel that the supplier qualifies for larger, longer term commitments considering the evaluative factors set forth in the response to Request 2a, including a lack of proven reserves and limited production capabilities.



EAST KENTUCKY POWER COOPERATIVE, INC

PSC CASE NO. 2010-00265

FUEL ADJUSTMENT CLAUSE

RESPONSE TO INFORMATION REQUESTS

COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 7

RESPONSIBLE PARTY: Ernest W. Huff

Request 7. Refer to the Response to Request 20 (a)(b), page 2 of 5. For the three solicitations reflecting an "Economy Purchase No Tabulation", please provide the name of the supplier and the price paid by EKPC.

Response 7. The two tabulation sheets labeled "Economy Purchase" were from [REDACTED] at a delivered price of [REDACTED].

The tabulation sheet labeled "Emergency Purchase" was from [REDACTED] at a delivered price of [REDACTED]. It should be noted that additional transportation expenses of [REDACTED] were incurred as a result of lock outages on the Ohio River.





**EAST KENTUCKY POWER COOPERATIVE, INC**

**PSC CASE NO. 2010-00265  
FUEL ADJUSTMENT CLAUSE  
RESPONSE TO INFORMATION REQUESTS**

**COMMISSION STAFF'S INFORMATION REQUESTS AT HEARING ON 10/12/10  
REQUEST 8**

**RESPONSIBLE PARTY: Ann F. Wood**

**Request 8.** Refer to the March 2010 fuel adjustment clause filing with the Commission. Certain pages are titled March 2010 and certain pages are titled March 2009. Please confirm that each page should read March 2010? If that is correct, please provide a revised copy.

**Response 8.** Each page should read March 2010. The revised March 2010 FAC filing, reflecting the corrected dates, is provided on pages 2 through 5 of this response.

Company EAST KENTUCKY POWER COOPERATIVE

FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended MARCH 2010

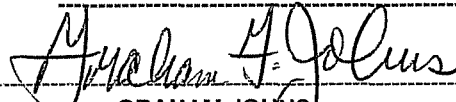
FAC Factor\*

Fuel Fm (Fuel Cost Schedule)	=	\$24,506,485	=	(+)	\$0.02336
Sales Sm (Sales Schedule)		1,049,174,877			
Fuel (Fb)		\$38,507,736			
Sales (Sb)	=	1,054,149,573	=	(-)	\$0.03653
					(\$0.01317)

Effective Date for Billing MAY 2010

Submitted by

(Signature)

  
GRAHAM JOHNS

Title

MANAGER OF ACCOUNTING

Date Submitted

APRIL 20, 2010

\* (Five decimal places in dollars or three decimal places in cents - normal rounding)

Company EAST KENTUCKY POWER COOPERATIVE

FUEL COST SCHEDULE

Month Ended MARCH 2010

(A) Company Generation

Coal Burned	(+)	\$25,050,926
Oil Burned	(+)	166,999
Gas Burned	(+)	(822,438)
Fuel (Jointly Owned Plant)*	(+)	0
Fuel (Assigned Cost during F.O.)	(+)	0
Fuel (Substitute for F.O.)	(-)	0

\$24,395,486

(B) Purchases

Net Energy Cost - Economy Purchases	(+)	\$3,764,752
Identifiable Fuel Cost - Other Purchases	(+)	0
Identifiable Fuel Cost - (Substitute for F.O.)	(-)	0

\$3,764,752

Subtotal

\$28,160,237

(C) Inter-System Sales

Fuel Costs		<u>\$1,827,925</u>
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(D) Over or (Under) Recovery from Page 4

1,825,827

Total Fuel Cost (A + B - C - D)

\$24,506,485

\*Detail Attached

F.O. = Forced Outage

Company EAST KENTUCKY POWER COOPERATIVE

**SALES SCHEDULE**

Month Ended MARCH 2010

(A)

Generation (Net)	(+)	1,033,490,452
Purchases	(+)	105,361,016
Inadvertent Interchange In	(+)	6,549,093
		<u>1,145,400,561</u>

(B)

Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	51,700,200
Inadvertent Interchange Out	(+)	409,326
System Losses	(+)	44,116,158
		<u>96,225,684</u>

(C)

Total Sales	(A - B - C)	<u>1,049,174,877</u>
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Company EAST KENTUCKY POWER COOPERATIVE

OVER OR (UNDER)-RECOVERY SCHEDULE

Month Ended MARCH 2010

1. Last FAC Rate Billed		(\$0.00772)
	(1)	-----
2. KWH Billed at Above Rate		1,049,174,877
		-----
3. FAC Revenue/(Refund) (L1 x L2)		** (\$8,099,630)
	(1)	-----
4. KWH Used to Determine Last FAC Rate		1,285,680,963
		-----
5. Non-Jurisdictional KWH (Included in L4)		0
	(1)	-----
6. Kentucky Jurisdictional KWH (Included in L4) (L4 - L5)		1,285,680,963
		-----
7. Recoverable FAC Revenue/(Refund) (L1 x L6)		(\$9,925,457)
		-----
8. Over or (Under) Recovery (L3 - L7)		\$1,825,827
	(1)	-----
9. Total Sales (Page 3)		1,049,174,877
	(1)	-----
10. Kentucky Jurisdictional Sales		1,049,174,877
		-----
11. Ratio of Total Sales to Kentucky Jurisdictional Sales (L9 \ L10)		1
		-----
12. Total Company Over (Under) Recovery (L8 x L11) (Page 2, Line D)		\$1,825,827
		-----

\*\*FAC Revenue/(Refund) on Line 3 reflects actual amount charged or credited due