

Mark David Goss
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May 31, 2011

HAND DELIVERED

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

RECEIVED

MAY 31 2011

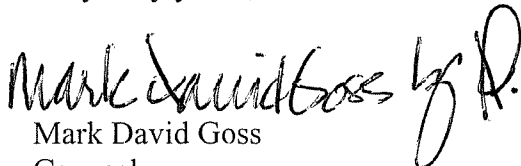
PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2011-00125

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 Commission Staff's Initial Information Request Dated May 16, 2011, and EKPC's Petition for Confidential Treatment of Information. One copy of the designated confidential portions of the responses is enclosed in a sealed envelope.

Very truly yours,


Mark David Goss
Counsel

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR)	
APPROVAL TO ENTER INTO A THREE-)	CASE NO.
YEAR PURCHASED POWER AGREEMENT)	2011-00125
WITH AMEREN ENERGY MARKETING)	
COMPANY)	

**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 certain information in the response to Request 4, Page 2 of 2, of EKPC’s responses to Commission Staff’s Initial Information Request Dated May 16, 2011, and relates to confidential information contained in that exhibit that is entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c)1 and §61.878(1)(c)2c.

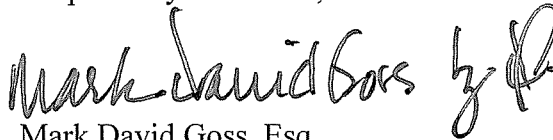
2. The information designated as confidential in the subject information request response contains information analyzing bid tabulation sheets from proposals received. The open disclosure of such anticipated pricing could arm power marketers with information that could allow such competitors an unfair commercial advantage over EKPC and its member systems. As such this information is confidential and not subject to public disclosure pursuant to KRS §61.878(1)(c)1.

3. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c)2c, as records generally recognized as confidential or proprietary which are confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

4. Along with this Petition, EKPC has enclosed one copy of the response to Request 4, Page 2 of 2, with the confidential information identified by highlighting or other designation, and 10 copies of the same exhibit, 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 the various sections of KRS 61.878 delineated above.

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,

A handwritten signature in black ink that reads "Mark David Goss" followed by a stylized flourish.

Mark David Goss, Esq.
Roger R. Cowden, Esq.
Frost Brown Todd LLC
250 West Main Street, Suite 2800
Lexington, KY 40507-1749
(859) 231-000—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 May 31, 2011.


Counsel for East Kentucky Power Cooperative, Inc.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	CASE NO.
ENTER INTO A THREE-YEAR PURCHASED)	2011-00125
POWER AGREEMENT WITH AMEREN)	
ENERGY MARKETING COMPANY)	

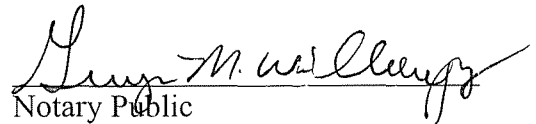
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Darrin W. Adams, 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's Initial Information Request in the above-referenced case dated May 16, 2011, 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 31st day of May, 2011.


 Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
 NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

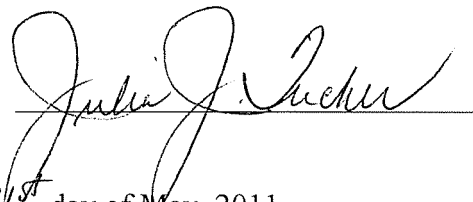
IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	CASE NO.
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POWER AGREEMENT WITH AMEREN)	
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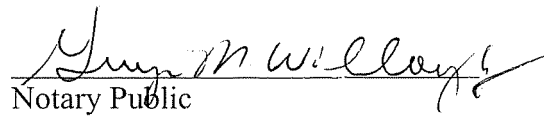
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Julia J. Tucker, 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's Initial Information Request in the above-referenced case dated May 16, 2011, 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.



Subscribed and sworn before me on this 30th day of May, 2011.



Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
 NOTARY ID #409352

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

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	CASE NO.
ENTER INTO A THREE-YEAR PURCHASED)	2011-00125
POWER AGREEMENT WITH AMEREN)	
ENERGY MARKETING COMPANY)	

**RESPONSES TO COMMISSION STAFF'S INITIAL INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED MAY 16, 2011

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 1

RESPONSIBLE PARTY: **Darrin Adams**

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

Request 1. Refer to the Application, Exhibit 2, page 1.

a. Explain the location of the EEI transmission interface and whether Ameren Energy Marketing Company (“Ameren”) is directly interconnected to that interface. If Ameren is not directly interconnected, explain the transmission route the power is expected to take to get to the EEI interface.

b. Assuming the power flows into the EEI interface and then onto transmission facilities owned by the Tennessee Valley Authority (“TVA”), describe the locations of the interconnections where the power is expected to pass from the TVA facilities to East Kentucky.

Response 1a. The Electric Energy, Inc. (EEI) Joppa generating plant in Joppa, IL is directly connected via 161 kV transmission lines to the Ameren, Kentucky Utilities (KU), and Tennessee Valley Authority (TVA) transmission systems.

Response 1b. EKPC has five (5) 161 kV interconnections with the TVA transmission system, all located in southern Kentucky. The physical locations of these five interconnections are:

- McCreary County 161 kV substation (McCreary County, KY)
- Summershade 161 kV substation – two interconnections (Metcalf County, KY)
- Wayne County 161 kV substation (Wayne County, KY)
- Wolf Creek Hydro 161 kV substation (Russell County, KY)

These five interconnections provide rated contract path capacity of 1008 MVA in summer and 1322 MVA in winter. Actual flow of the purchased power will not be restricted to these five interconnection points. EKPC is expected to experience increases in flows into its system on many of its interconnections, particularly the interconnections with KU and TVA.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00125

INITIAL INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 2**

RESPONSIBLE PARTY: Darrin Adams

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Has East Kentucky received the results of the TVA's System Impact Study of transmission availability on the TVA system? If yes, provide the study along with a brief summary if a summary is not included in the study. If no, explain when the study is expected to be available.

Response 2. TVA has provided the results of the System Impact Study to EKPC in draft form. EKPC has provided comments to TVA regarding the draft report, but has not yet received the final version.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00125

INITIAL INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 3**

RESPONSIBLE PARTY: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Provide the Request For Proposals issued by or on behalf of East Kentucky.

Response 3. Please see pages 2 through 3 of this response for the Request for Proposals.

ACES Power Marketing (APM), on behalf of its equity member East Kentucky Power Cooperative (EKPC), is seeking wholesale power supply offers for the periods listed below. Offers are due no later than 4:00 PM EPT on February 4th, 2011. Pending board approval, which will occur the following week, EKPC will request refreshed offers, and then notify the accepted offer.

The requirements of this request are as follows:

- Seller to deliver at one of the following Delivery Points:
 - PJM AEP-Dayton Hub (Financial or Physical)
 - PJM SouthEXP Interface (Financial or Physical)
 - “Into EKPC” – Seller will provide delivery via TVA, MISO, LGEE or PJM interfaces
- Settlement Type for PJM Offers:
 - Physical Day-Ahead Settled E-Schedule
 - Financial Day-Ahead Settled
- Please provide one flat price for the products below:
 - 50 MW 7x24 beginning January 1st, 2012 through and including December 31st, 2012
 - AEP-Dayton Hub: _____ per \$/MWhr
 - SouthEXP Interface: _____ per \$/MWhr
 - “Into EKPC”:
_____ per \$/MWhr
 - 50 MW 7x24 beginning January 1st, 2012 through and including December 31st, 2013
 - AEP-Dayton Hub: _____ per \$/MWhr
 - SouthEXP Interface: _____ per \$/MWhr
 - “Into EKPC”:
_____ per \$/MWhr
 - 50 MW 7x24 beginning January 1st, 2012 through and including December 31st, 2014
 - AEP-Dayton Hub: _____ per \$/MWhr
 - SouthEXP Interface: _____ per \$/MWhr
 - “Into EKPC”:
_____ per \$/MWhr
 - 100 MW 7x24 beginning December 1st, 2011 through and including February 29th, 2012
100 MW 7x24 beginning December 1st, 2012 and including February 28th, 2013
 - AEP-Dayton Hub: _____ per \$/MWhr
 - SouthEXP Interface: _____ per \$/MWhr
 - “Into EKPC”:
_____ per \$/MWhr

Buyer reserves the right to reject any and all bids. Non-conforming bids will be considered; however, in such case Seller shall provide adequate descriptions of the product and associated terms and conditions to allow Buyer to accurately evaluate the proposal.

EKPC will focus on execution with counter-parties that currently have an existing EEI or ISDA agreement with EKPC. EKPC may require credit amendments to support the term of this transaction. Counter-parties without enabling agreements will also be considered. EKPC will be finalizing their ISDA

template soon for distribution. If the EKPC chooses a party with that does not have an enabling agreement, EKPC will seek to execute the transaction under a long form agreement.

Please email or call Chamroeun Kong at chamroeunk@acespower.com or 317-344-7223 if there are any questions.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE**

**COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 4**

RESPONSIBLE PARTY: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

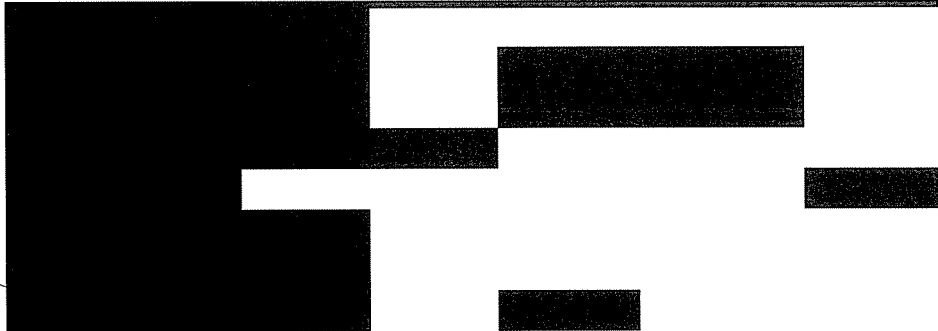
Request 4. Provide the bid tabulation sheets prepared by or on behalf of East Kentucky that were used to analyze and rank the bids received.

Response 4. The bid tabulation sheet is provided on page 2 of this response. Please note that the comment box provides a description of the product being quoted. Chamroeun Kong is an employee of ACES Power Marketing, ("APM"); APM assisted EKPC with the bid process.

Column headings AD Hub, AEP Gen, SouthEXP, Into EKPC and EEI-LGE reflect various transmission paths.

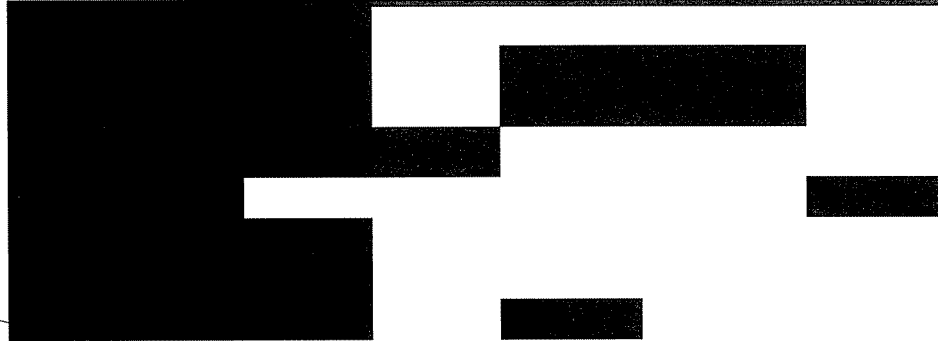
Chamroeun Kong:
50 MW 7x24 January 1st,
2012 through and including
December 31st, 2012 -
Products

Product
Cal 12 AD Hub AEP Gen SouthEXP Into EKPC EEI-LGE



Chamroeun Kong:
50 MW 7x24 January 1st,
2012 through and including
December 31st, 2013

Cal 12-13 AD Hub AEP Gen SouthEXP Into EKPC EEI-LGE



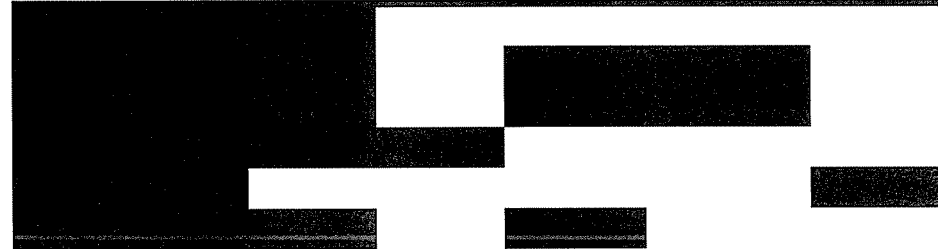
Chamroeun Kong:
50 MW 7x24 January 1st,
2012 through and including
December 31st, 2013

Cal 12-14 AD Hub AEP Gen SouthEXP Into EKPC EEI-LGE



Chamroeun Kong:
100 MW 7x24 December 1st,
2011 through and including
February 29th, 2012
100 MW 7x24 December 1st,
2012 through and including
February 28th, 2013

Winter Products AD Hub AEP Gen SouthEXP EKPC EEI-LGE



EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00125

INITIAL INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11

REQUEST 5

RESPONSIBLE PARTY: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Were any of the bids that were received rejected for reasons other than price? If yes, explain the reasons for the rejection.

Response 5. No bids were rejected for reasons other than price.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 6

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 6. Explain why a three-year term was chosen for the power purchase, rather than a shorter or longer term.

Response 6. The three-year term yielded the greatest savings as discussed below.

The best one-year deal offered resulted in \$3.1 million in savings. The best two-year deal offered resulted in \$2.8 million in savings the first year and \$3.4 million in savings the second year, for a total savings of \$6.2 million which was double the savings of the one-year product. The three-year product resulted in savings the first year of \$2.2 million, the second year was \$2.9 million and the third year was \$3.8 million for a total savings of \$8.9 million, which is \$2.7 million better than the two-year deal. The additional years of savings were preferred over smaller savings for shorter terms. Bidders were not comfortable offering firm priced products for more than 3 years. An initial RFP was issued in early January and the results indicated that the bidders would price a significant premium into anything greater than 3 years in term length and negate any potential savings in the years beyond 2014. EKPC believes this is a reflection in the uncertainty of potential environmental regulations.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 7

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 7. Was each bid received analyzed based on total price including transmission charges to deliver the power to East Kentucky's transmission system? If yes, indicate where the transmission charges related to each bid are reflected in the bid analysis. If no, explain why the transmission charges were not analyzed as part of the cost of each bid.

Response 7. Please refer to the response to Request 4, page 2 of 2. The bids were compared at the various delivery points. The best bid for each delivery point was then evaluated.

The low bidder at the AD Hub for the three year purchase is classified as Alternative A. EKPC evaluated this bid with an additional cost of \$2/MWh for transmission, based on historical congestion prices between the AD Hub and the SouthExport. EKPC takes delivery from PJM at the SouthExport. The results of this evaluation are shown as Alternative A on pages 3 through 4 of this response.

Alternative B is a bid at the generator. Based on the difference in pricing at the Generator site and the AD Hub, EKPC assumed a \$0.50/MWh transmission charge for this offer. Actual transmission could be higher or lower; there is not enough specific information to make this determination. The evaluated costs / savings for this alternative are shown as Alternative B on pages 5 through 6 of this response.

The best South Export product was the same supplier as evaluated in Alternative A and would result in the same costs / savings calculations as already shown for this bidder. EKPC has existing transmission rights to the SouthExport so no additional transmission costs would be added to the evaluation. However, the base energy price is \$2.00/MWh higher than the AD Hub price, which is equivalent to the transmission costs that were added to the AD Hub bid. No additional analysis was needed for the South Export bid.

Ameren was the only bidder at the EEI interface and this analysis was supplied in the Application.

Net Impact of Alternative A Power Purchase Agreement on Expected Variable Costs to Serve EKPC Member System Loads 2012 - 14

Alternative A at the AD Hub

2012	<u>Including 50MW</u>		<u>Savings Due to</u>		<u>Net Savings</u>
	<u>Base Case</u>	<u>Purchase</u>	<u>Purchase</u>	<u>Transmission Costs</u>	
January	48,783,072	48,442,244	340,828	74,400	266,428
February	42,742,692	42,567,852	174,840	69,600	105,240
March	34,638,648	34,559,736	78,912	74,400	4,512
April	29,257,612	29,064,484	193,128	72,000	121,128
May	30,656,554	30,539,194	117,360	74,400	42,960
June	34,354,524	34,297,568	56,956	72,000	(15,044)
July	40,078,348	39,924,424	153,924	74,400	79,524
August	40,822,496	40,493,032	329,464	74,400	255,064
September	34,492,048	34,266,744	225,304	72,000	153,304
October	31,755,692	31,658,900	96,792	74,400	22,392
November	36,892,548	36,782,640	109,908	72,000	37,908
December	47,662,648	47,402,924	259,724	74,400	185,324
Annual	452,136,864	448,726,048	3,410,816	878,400	1,258,740
2013					
January	51,220,824	50,991,556	229,268	74,400	154,868
February	43,907,904	43,561,688	346,216	67,200	279,016
March	38,218,872	38,123,952	94,920	74,400	20,520
April	33,986,632	33,696,344	290,288	72,000	218,288
May	32,750,928	32,537,686	213,242	74,400	138,842
June	36,682,808	36,539,940	142,868	72,000	70,868
July	42,238,616	41,956,324	282,292	74,400	207,892
August	41,699,600	41,238,132	461,468	74,400	387,068
September	33,459,702	33,298,484	161,218	72,000	89,218
October	33,671,396	33,545,020	126,376	74,400	51,976
November	38,051,956	37,770,548	281,408	72,000	209,408
December	50,334,332	50,175,976	158,356	74,400	83,956
Annual	476,223,584	472,165,440	4,058,144	876,000	1,911,920
2014					
January	52,134,280	51,756,952	377,328	74,400	302,928
February	44,013,556	43,618,960	394,596	67,200	327,396
March	39,781,488	39,548,432	233,056	74,400	158,656
April	33,980,504	33,646,536	333,968	72,000	261,968
May	33,268,832	33,031,818	237,014	74,400	162,614

June	34,959,092	34,749,080	210,012	72,000	138,012
July	42,162,856	41,824,728	338,128	74,400	263,728
August	41,368,380	40,893,192	475,188	74,400	400,788
September	33,631,256	33,447,204	184,052	72,000	112,052
October	33,210,730	32,950,500	260,230	74,400	185,830
November	36,398,024	36,162,536	235,488	72,000	163,488
December	48,603,356	48,153,880	449,476	74,400	375,076
Annual	473,512,352	468,513,664	4,998,688	876,000	2,852,536
<u>3 Year Total</u>	<u>1,401,872,800</u>	<u>1,389,405,152</u>	<u>12,467,648</u>	<u>2,630,400</u>	<u>6,023,196</u>

Net Impact of Alternative B Power Purchase Agreement on Expected Variable Costs to Serve EKPC Member System Loads 2012 - 14

Alternative B at the Generator

2012	<u>Base Case</u>	<u>Including 50MW Purchase</u>	<u>Savings Due to Purchase</u>	<u>Transmission Costs</u>	<u>Net Savings</u>
January	48,783,072	48,446,712	336,360	18,600	317,760
February	42,742,692	42,572,024	170,668	17,400	153,268
March	34,638,648	34,564,200	74,448	18,600	55,848
April	29,257,612	29,068,804	188,808	18,000	170,808
May	30,656,554	30,543,658	112,896	18,600	94,296
June	34,354,524	34,301,888	52,636	18,000	34,636
July	40,078,348	39,928,884	149,464	18,600	130,864
August	40,822,496	40,497,496	325,000	18,600	306,400
September	34,492,048	34,271,064	220,984	18,000	202,984
October	31,755,692	31,663,364	92,328	18,600	73,728
November	36,892,548	36,786,960	105,588	18,000	87,588
December	47,662,648	47,407,384	255,264	18,600	236,664
Annual	452,136,864	450,052,438	2,084,426	219,600	1,864,844
2013					
January	51,220,824	50,996,016	224,808	18,600	206,208
February	43,907,904	43,565,720	342,184	16,800	325,384
March	38,218,872	38,128,420	90,452	18,600	71,852
April	33,986,632	33,700,664	285,968	18,000	267,968
May	32,750,928	32,542,150	208,778	18,600	190,178
June	36,682,808	36,544,260	138,548	18,000	120,548
July	42,238,616	41,960,792	277,824	18,600	259,224
August	41,699,600	41,242,592	457,008	18,600	438,408
September	33,459,702	33,302,804	156,898	18,000	138,898
October	33,671,396	33,549,488	121,908	18,600	103,308
November	38,051,956	37,774,868	277,088	18,000	259,088
December	50,334,332	50,180,440	153,892	18,600	135,292
Annual	476,223,584	473,488,214	2,735,370	219,000	2,516,356
2014					
January	52,134,280	51,761,420	372,860	18,600	354,260
February	44,013,556	43,622,992	390,564	16,800	373,764
March	39,781,488	39,552,900	228,588	18,600	209,988
April	33,980,504	33,650,856	329,648	18,000	311,648
May	33,268,832	33,036,278	232,554	18,600	213,954

June	34,959,092	34,753,400	205,692	18,000	187,692
July	42,162,856	41,829,192	333,664	18,600	315,064
August	41,368,380	40,897,652	470,728	18,600	452,128
September	33,631,256	33,451,524	179,732	18,000	161,732
October	33,210,730	32,954,966	255,764	18,600	237,164
November	36,398,024	36,166,856	231,168	18,000	213,168
December	48,603,356	48,158,344	445,012	18,600	426,412
Annual	473,512,352	469,836,380	3,675,972	219,000	3,456,974
<u>3 Year Total</u>	<u>1,401,872,800</u>	<u>1,393,377,032</u>	<u>8,495,768</u>	<u>657,600</u>	<u>7,838,174</u>

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE**

**COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 8**

RESPONSIBLE PARTY: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Refer to Exhibit 2, page 60 of the Application.

- a. Confirm that Product C is the power that East Kentucky proposes to purchase.
- b. Explain whether East Kentucky chose the criteria shown for each product shown for Products A through E. Include in the explanation whether each respondent to the RFP was required to adhere to the same criteria.

Response 8. a. EKPC confirms that Product C is the power that it proposes to purchase. As stated in the last paragraph on Page 2 of Exhibit 2 of the Application, "Please note that Product C/Term C reflects the transaction which is the subject of this Application".

b. Please refer to the RFP provided in the response to Request 3. Each party had the opportunity to respond with an indicative bid for any or all of the requested products.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE**

**COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 9**

RESPONSIBLE PARTY: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. If an RFP for power meeting the same criteria was reissued today, would East Kentucky expect the same prices and same result, that Ameren is the lowest cost? Explain.

Response 9. EKPC would expect an RFP issued today to result in higher prices overall since the electric power market prices have moved up since the original request was issued. EKPC has no basis to postulate how the bids would compare to one another if a new RFP were issued today.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2011-00125
INITIAL INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S INITIAL INFORMATION REQUEST DATED 05/16/11
REQUEST 10

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 10. East Kentucky has requested approval of a power purchase with Ameren at a price equal to Ameren's non-firm bid price plus a premium to cover any potential pricing increase. Explain whether the price for the Ameren purchase, including the full premium, will be below the price of all other bids received.

Response 10. At the time that all bids were received, Ameren's price, including the full premium, was lower than any other bidder's. Additionally, EKPC would expect ACES to do a "phone canvas" of the lowest bidders prior to completing the requested transaction to ensure that Ameren was still offering the best priced product.

Similar to the stock market, power prices fluctuate continuously. There is no way to hold a proposed price for an extended period of time without incurring a financial commitment. Because of this, EKPC requested approval for a premium price in an effort to have enough flexibility to transact on a reasonable offer once Commission approval is received.