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October 21, 2011

Via Hand-Delivery

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

RECEIVED

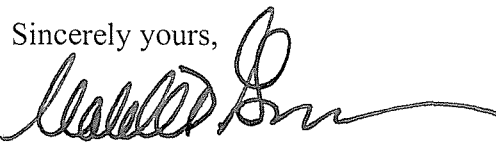
OCT 21 2011

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 copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to Commission Staff's Second Information Request dated October 14, 2011.

Sincerely yours,


Mark David Goss

Enclosures

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**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)	

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OCT 21 2011

**PUBLIC SERVICE
COMMISSION**

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

DATED OCTOBER 14, 2011

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2011-00125

SECOND INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 10/14/11

REQUEST 1

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 1. Refer to the Amended Application, Exhibit 2, P. 1 of 6 (Revised). Provide a detailed explanation of the terms “AD Hub” and “South Export delivery point,” including their respective physical locations.

Response 1. The South Export Interface is generally the collective points on the system where PJM facilities connect to non-PJM facilities (including EKPC's) on the southern side of the PJM system. The AD Hub is an aggregation of specific load, interface and generation points within the AEP and Dayton Power & Light systems. Therefore, the AD Hub cannot be narrowed down to one specific point. Generally, the AD Hub and the EKPC interface with PJM at the South Export delivery point are in relatively close proximity to each other in southern Ohio/northeastern Kentucky.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 2

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 2. Provide a schedule similar in form to that in Exhibit 2, P. 5-6 (Revised) showing a cost comparison of the Base Case and a three-year contract to purchase 50 MW of power at the AD Hub for \$41/MWh. The schedule should show separately the \$2/MW transmission congestion cost and the net savings.

Response 2. Please see pages 2 and 3 of this response for updates to Exhibit 2, pages 5 and 6 (Revised). These schedules reflect pricing of the \$41/MWh power purchase, along with estimated \$2/MWh transmission cost to move the purchase from the AD Hub to the South Export delivery point.

Net Impact of Proposed PPA with \$41/MWh & \$2/MWh Transmission Cost Included 2012 - 14

	<u>Base Case</u>	<u>Including 50MW</u>	<u>Adjusted</u>	<u>Transmission</u>	<u>Net Savings</u>
		<u>Purchase @</u> <u>\$41/MWh</u>	<u>Savings Due</u> <u>to Purchase</u>	<u>Costs @</u> <u>\$2/MWh</u>	
2012					
January	48,783,072	48,479,448	303,624	74,400	229,224
February	42,742,692	42,602,652	140,040	69,600	70,440
March	34,638,648	34,596,936	41,712	74,400	(32,688)
April	29,257,612	29,100,484	157,128	72,000	85,128
May	30,656,554	30,576,392	80,162	74,400	5,762
June	34,354,524	34,333,568	20,956	72,000	(51,044)
July	40,078,348	39,961,620	116,728	74,400	42,328
August	40,822,496	40,530,236	292,260	74,400	217,860
September	34,492,048	34,302,744	189,304	72,000	117,304
October	31,755,692	31,696,098	59,594	74,400	(14,806)
November	36,892,548	36,818,644	73,904	72,000	1,904
December	47,662,648	47,440,116	222,532	74,400	148,132
Annual	452,136,864	450,438,938	1,697,926	878,400	819,544
2013					
January	51,220,824	51,028,752	192,072	74,400	117,672
February	43,907,904	43,595,288	312,616	67,200	245,416
March	38,218,872	38,161,156	57,716	74,400	(16,684)
April	33,986,632	33,732,344	254,288	72,000	182,288
May	32,750,928	32,574,892	176,036	74,400	101,636
June	36,682,808	36,575,940	106,868	72,000	34,868
July	42,238,616	41,993,524	245,092	74,400	170,692
August	41,699,600	41,275,332	424,268	74,400	349,868
September	33,459,702	33,334,486	125,216	72,000	53,216
October	33,671,396	33,582,222	89,174	74,400	14,774
November	38,051,956	37,806,548	245,408	72,000	173,408
December	50,334,332	50,213,180	121,152	74,400	46,752
Annual	476,223,584	473,873,664	2,349,920	876,000	1,473,906

2014	<u>Base Case</u>	<u>Including 50MW</u>	<u>Adjusted</u>	<u>Transmission</u>	<u>Net Savings</u>
		<u>Purchase @</u> <u>\$41/MWh</u>	<u>Savings Due</u> <u>to Purchase</u>	<u>Costs @</u> <u>\$2/MWh</u>	
January	52,134,280	51,794,156	340,124	74,400	265,724
February	44,013,556	43,652,560	360,996	67,200	293,796
March	39,781,488	39,585,632	195,856	74,400	121,456
April	33,980,504	33,682,538	297,966	72,000	225,966
May	33,268,832	33,069,012	199,820	74,400	125,420
June	34,959,092	34,785,080	174,012	72,000	102,012
July	42,162,856	41,861,932	300,924	74,400	226,524
August	41,368,380	40,930,392	437,988	74,400	363,588
September	33,631,256	33,483,204	148,052	72,000	76,052
October	33,210,730	32,987,700	223,030	74,400	148,630
November	36,398,024	36,198,532	199,492	72,000	127,492
December	48,603,356	48,191,080	412,276	74,400	337,876
Annual	473,512,352	470,221,818	3,290,534	876,000	2,414,536
<u>3 Year Total</u>	<u>1,401,872,800</u>	<u>1,394,534,420</u>	<u>7,338,380</u>	<u>2,630,400</u>	<u>4,707,986</u>

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

COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 10/14/11
REQUEST 3

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 3. Is \$41/MWh still the current market price for the proposed purchase of 50 MW for three years? If not, state what the current market price is and provide the cost comparison schedule requested in Item 2, above, utilizing the Base Case and the new current market price.

Response 3. The finalization of the Cross State Air Pollution Rules has put upward pressure on power prices. The uncertainty of the amount of generation that will be limited or retired, along with the stricter limitation on SO₂ allowances, has created this pressure. Published price indices indicate that EKPC might still be able to obtain a three-year power purchase agreement in the \$41/MWh range, which was the AD Hub delivery point pricing at the time of the amended Application; however, EKPC cannot be certain of this pricing until it solicits the market and receives offers.

EAST KENTUCKY POWER COOPERATIVE, INC.
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SECOND INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 10/14/11
REQUEST 4

RESPONSIBLE PARTY: **Julia J. Tucker**

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

Request 4. Provide East Kentucky's most recent forecast by year through 2025 of its seasonal peak demands, seasonal reserves required, seasonal required capacity, seasonal existing capacity, seasonal capacity surplus or deficit, annual total energy requirements, annual energy available from existing generation, and annual energy surplus or deficit. Also provide the dates that this most recent forecast was prepared and approved by the Board of Directors.

Response 4. The forecasted information is provided on page 2 of this response. Please note that this information was included in the development of EKPC's most recent financial forecast, approved by the EKPC Board of Directors on July 12, 2011.

PSC Request 4

YEAR	Peak Demand		Reserve Requirement		Required Capacity		Existing Capacity		Capacity Surplus/(Deficit)		Total Energy Requirements	Energy Available from Existing Generation	Energy Surplus/(Deficit)
	WIN	SUM	WIN	SUM	WIN	SUM	WIN	SUM	WIN	SUM			
2011	2,984	2,319	358	278	3,342	2,597	3,126	2,772	(216)	175	12,726,352	9,583,703	(3,142,649)
2012	3,015	2,345	362	281	3,377	2,626	3,193	2,764	(184)	138	12,905,841	9,789,125	(3,116,716)
2013	3,034	2,360	364	283	3,398	2,643	3,018	2,764	(380)	121	12,976,989	9,252,575	(3,724,414)
2014	3,070	2,381	368	286	3,438	2,667	3,118	2,864	(320)	197	13,147,640	9,559,175	(3,588,465)
2015	3,132	2,418	376	290	3,508	2,708	3,118	2,864	(390)	156	13,409,480	9,559,175	(3,850,305)
2016	3,191	2,455	383	295	3,574	2,750	3,158	2,904	(416)	154	13,700,969	9,681,815	(4,019,154)
2017	3,245	2,495	389	299	3,634	2,794	3,158	2,904	(476)	110	13,890,678	9,681,815	(4,208,863)
2018	3,302	2,540	396	305	3,698	2,845	3,158	2,904	(540)	59	14,132,883	9,681,815	(4,451,068)
2019	3,363	2,589	404	311	3,767	2,900	3,158	2,904	(609)	4	14,390,412	9,681,815	(4,708,597)
2020	3,412	2,625	409	315	3,821	2,940	3,158	2,904	(663)	(36)	14,643,847	9,681,815	(4,962,032)
2021	3,486	2,682	418	322	3,904	3,004	3,158	2,904	(746)	(100)	14,914,374	9,681,815	(5,232,559)
2022	3,544	2,729	425	327	3,969	3,056	3,158	2,904	(811)	(152)	15,172,885	9,681,815	(5,491,070)
2023	3,610	2,781	433	334	4,043	3,115	3,158	2,904	(885)	(211)	15,462,140	9,681,815	(5,780,325)
2024	3,663	2,825	440	339	4,103	3,164	3,158	2,904	(945)	(260)	15,747,681	9,681,815	(6,065,866)
2025	3,733	2,879	448	345	4,181	3,224	3,158	2,904	(1,023)	(320)	16,009,722	9,681,815	(6,327,907)

YEAR	Peak Demand		Reserve Requirement		Required Capacity		Existing Capacity		Capacity Surplus/(Deficit)		Total Energy Requirements	Energy Available from Existing Generation	Energy Surplus/(Deficit)
	WIN	SUM	WIN	SUM	WIN	SUM	WIN	SUM	WIN	SUM			
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2012	3,015	2,345	362	281	3,377	2,626	3,193	2,764	(184)	138	12,905,841	9,789,125	(3,116,716)
2013	3,034	2,360	364	283	3,398	2,643	3,018	2,764	(380)	121	12,976,989	9,252,575	(3,724,414)
2014	3,070	2,381	368	286	3,438	2,667	3,118	2,864	(320)	197	13,147,640	9,559,175	(3,588,465)
2015	3,132	2,418	376	290	3,508	2,708	3,118	2,864	(390)	156	13,409,480	9,559,175	(3,850,305)
2016	3,191	2,455	383	295	3,574	2,750	3,158	2,904	(416)	154	13,700,969	9,681,815	(4,019,154)
2017	3,245	2,495	389	299	3,634	2,794	3,158	2,904	(476)	110	13,890,678	9,681,815	(4,208,863)
2018	3,302	2,540	396	305	3,698	2,845	3,158	2,904	(540)	59	14,132,883	9,681,815	(4,451,068)
2019	3,363	2,589	404	311	3,767	2,900	3,158	2,904	(609)	4	14,390,412	9,681,815	(4,708,597)
2020	3,412	2,625	409	315	3,821	2,940	3,158	2,904	(663)	(36)	14,643,847	9,681,815	(4,962,032)
2021	3,486	2,682	418	322	3,904	3,004	3,158	2,904	(746)	(100)	14,914,374	9,681,815	(5,232,559)
2022	3,544	2,729	425	327	3,969	3,056	3,158	2,904	(811)	(152)	15,172,885	9,681,815	(5,491,070)
2023	3,610	2,781	433	334	4,043	3,115	3,158	2,904	(885)	(211)	15,462,140	9,681,815	(5,780,325)
2024	3,663	2,825	440	339	4,103	3,164	3,158	2,904	(945)	(260)	15,747,681	9,681,815	(6,065,866)
2025	3,733	2,879	448	345	4,181	3,224	3,158	2,904	(1,023)	(320)	16,009,722	9,681,815	(6,327,907)