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July 24, 2012

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

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

Re: PSC Case No. 2012-00169

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 the Commission Staff's Second Request for Information, dated July 11, 2012. Also enclosed are an original and ten copies of EKPC's responses to the Supplemental Data Requests of Kentucky Utilities Company and Louisville Gas and Electric Company, dated July 11, 2012.

Very truly yours,

Mark David Goss

Enclosures

CC: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. TO TRANSFER) CASE NO.
FUNCTIONAL CONTROL OF CERTAIN) 2012-00169
TRANSMISSION FACILITIES TO PJM)
INTERCONNECTION, L.L.C.)

**RESPONSES TO KENTUCKY UTILITIES COMPANY AND LOUISVILLE
GAS AND ELECTRIC COMPANY SUPPLEMENTAL DATA REQUESTS TO
EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JULY 11, 2012**

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2012-00169

**KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS AND ELECTRIC
COMPANY'S SUPPLEMENTAL DATA REQUESTS DATED 07/11/12**

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits responses to the data requests of Kentucky Utilities Company and Louisville Gas and Electric Company's ("KU/LG&E") in this case dated July 11, 2012. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. TO TRANSFER) CASE NO.
FUNCTIONAL CONTROL OF CERTAIN) 2012-00169
TRANSMISSION FACILITIES TO PJM)
INTERCONNECTION, LLC)

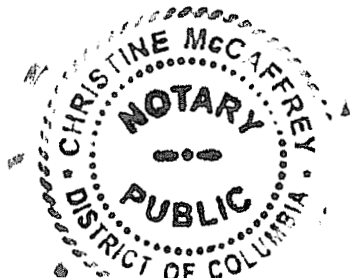
CERTIFICATE

District
STATE OF *Columbia*)
City
COUNTY OF *Washington*)

Ralph L. Luciani, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Kentucky Utilities Company and Louisville Gas and Electric Company's Supplemental Data Requests in the above-referenced case dated June 11, 2012, 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.

Ralph L. Luciani

Subscribed and sworn before me on this 23 day of July, 2012.



Christine McCaffrey

Notary Public
CHRISTINE McCAFFREY
NOTARY PUBLIC
DISTRICT OF COLUMBIA
My Commission Expires
October 14, 2012

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. TO TRANSFER) CASE NO.
FUNCTIONAL CONTROL OF CERTAIN) 2012-00169
TRANSMISSION FACILITIES TO PJM)
INTERCONNECTION, L.L.C.)

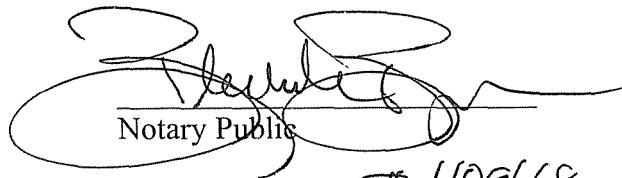
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Don Mosier, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Kentucky Utilities Company and Louisville Gas and Electric Company's Supplemental Data Requests in the above-referenced case dated July 11, 2012, 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 24th day of July, 2012.



Notary Public

409668

My Com Exp. 1/27/14

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE

KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 1

RESPONSIBLE PERSON: **Don Mosier**

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

Request 1. Please provide updated responses to the Companies' first set of Data Requests to the extent new or revised data or analyses have become available, including any cost-benefit or system impact studies and related work-papers that were not available when EKPC provided its original responses.

Response 1. At this point, there are no new or revised data or analyses that have been completed and are available since EKPC tendered its responses to the Companies' initial data requests. EKPC is in the process of preparing its load forecast as required by RUS and will produce an additional sensitivity analysis once the load forecast is complete and appropriate review of the data has occurred. EKPC expects a new scenario based on a revised load forecast to be complete within thirty (30) days. EKPC will supplement its response to this data request once the load forecast and resulting analysis is complete. Please note that this load forecast will still be preliminary and subject to EKPC Board of Director approval. EKPC anticipates that this additional sensitivity analysis (based upon the most recent load forecast) will confirm that the overall net benefit to EKPC of fully integrating into PJM remains well within the range of sensitivity analyses previously prepared by Charles Rivers Associates and set forth in EKPC's application. *See Application, Exhibit RLL-2, p. 20 of 49.*

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 2**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. EKPC's response to the Companies' Data Request No. 1a states, "EKPC expects its generation units to dispatch in the same order after the PJM integration . . ." and its response to 1b states, "EKPC does not expect its unit operations to change significantly." Please provide the peak hour unit dispatch by month used in the study both before and after integration into PJM.

Response 2. As described in the CRA Study (Application Exhibit 4, Testimony of Ralph L. Luciani, Exhibit RLL-2), the GE MAPS model used to analyze the Status Quo and Join PJM cases optimizes the dispatch of all available generating units in the modeled footprint on an hourly basis over the entire year modeled. The EKPC "peak hour unit dispatch by month" requested is not specifically reported in the GE MAPS output reporting created for the CRA Study; however, the dispatch in these hours is included within the annual EKPC generation data provided in the study workpapers (EKPC's Response to Request 11 of the KU/LG&E data request, submitted June 28, 2012).

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 3**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please see EKPC's responses to the Companies' Data Request Nos. 3, 5, and 6.

Request 3a. How will the ratio share of the RTEP costs be allocated and to whom?

Response 3a. From a PJM RTEP upgrade cost allocation perspective, transmission upgrade cost responsibility for baseline upgrades required to solve identified NERC reliability criteria violations is assigned to individual PJM zones in accordance with PJM's Open Access Transmission Tariff (OATT), Schedule 12, "Transmission Enhancement Charges," accessible from PJM's web site via the following <http://www.pjm.com/documents/~media/documents/agreements/tariff.ashx> Consistent with Schedule 12, EKPC's cost responsibility for its share of RTEP regional upgrades - 500 kV and above - will depend on two factors: (1) elements of PJM's transmission plan itself as of December 31st of each year, and (2) EKPC load ratio share. Costs for required regional facility upgrades at 500 kV and above (including those below 500 kV required to install such upgrades) are allocated on an annual load-ratio share basis using the applicable PJM market settlement zonal loads at the time of each zone's annual

peak load from the 12-month period ending October 31 of the calendar year preceding the calendar year for which the annual cost responsibility allocation is determined.

Given the anticipated June 1, 2013 integration date, EKPC's load will be based on the period October 1, 2013 through October 31, 2014, as determined in December 2014. EKPC's cost obligation would then begin following FERC approval of PJM's requisite filing, expected by December 31, 2014.

EKPC will also bear cost responsibility - beginning immediately after June 1, 2013 - for RTEP upgrades below 500 kV that have estimated costs greater than or equal to \$5 million. The cost responsibility for such upgrades will be based on EKPC's distribution factor ("DFAX") contribution to the facility driving the upgrade, unless the upgrade is required as part of an RTEP project at 500 kV or above, in which case the cost responsibility borne by EKPC will be as described in the preceding paragraphs. DFAX represents a measure of the effect of the load of a zone on the transmission constraint driving the need for the facility under 500 kV, as determined by a power flow analysis. This is also described in more detail in OATT Schedule 12, accessible from PJM's web site via the URL link provided above.

Request 3b. Of the RTEP cost allocated to EKPC, how much would be allocated to OATT customers?

Response 3b. When EKPC becomes a full member of PJM, transmission purchases for service within the EKPC footprint will be under the PJM OATT. EKPC and the Companies will receive RTEP charges based on the NITS service it purchases from the PJM OATT. See response to Request 3a. above.

Request 3c. How will EKPC's RTEP costs affect the Companies' rates as Network Integration Transmission Service ("NITS") customers of EKPC?

Response 3c. The Companies will not be EKPC NITS customers. The Companies will purchase NITS service from PJM. RTEP charges to the Companies will be assessed per the PJM OATT. The Companies would receive RTEP charges as described in the response to Request 3a.

Request 3d. If EKPC were not seeking full PJM membership, what transmission (OATT Attachment O) rate changes would EKPC expect to make in the next five years? How do those changes compare to the rate changes EKPC expects will occur in PJM?

Response 3d. EKPC anticipates it would review the OATT Attachment O calculations at least once, if not more frequently, during the next five years to determine if all appropriate costs are being recovered through that tariff. However, at this time EKPC cannot state exactly what rate changes would be determined, proposed, or approved. Consequently, a comparison to rate changes expected from membership in PJM cannot be performed with any degree of certainty or reasonableness.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 4**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. EKPC's response to the Companies' Data Request No. 7 discusses changes to three particular EKPC transmission planning criteria. Please identify the additional construction, cost, and timing associated with these criteria changes.

Response 4. PJM's integration studies are still in progress. Until these studies are complete, EKPC cannot determine the additional construction and associated costs that will be necessary to conform to PJM's planning criteria.

**EAST KENTUCKY POWER COOPERATIVE, INC.
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**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 5**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. EKPC's response to the Companies' Data Request No. 9 states, "The list of EKPC flowgates that will be monitored by PJM will be available near EKPC's integration date into PJM."

Request 5a. What are EKPC's existing monitored flowgates?

Response 5a. EKPC's existing list of monitored flowgates is as follows:

- Avon 345/138 kV Transformer for loss of JK Smith-North Clark 345 kV line
- Summer Shade EKPC-Summer Shade Tap EKPC 161 kV line for loss of Summer Shade TVA-Summer Shade EKPC 161 kV line + Summer Shade 161/69 kV transformer
- Summer Shade TVA-Summer Shade EKPC 161 kV line for loss of Bullitt County-Summer Shade TVA 161 kV line
- Summer Shade TVA-Summer Shade Tap EKPC 161 kV line for loss of Summer Shade TVA-Summer Shade EKPC + Summer Shade 161/69 kV transformer
- Wolf Creek-Russell County Jct. 161 kV line for loss of Alcalde-Elihu 161 kV line
- Wolf Creek-Russell County Jct. 161 kV line for loss of Pocket North-Phipps Bend 500 kV line

Request 5b. Which of these flowgates would remain after EKPC's full integration into PJM?

Response 5b. PJM has not yet performed its analysis to identify flowgates to be monitored within the EKPC system. PJM will perform this analysis consistent with applicable NERC Modeling, Data and Analysis (MOD) standards, PJM's Tariff (OATT Attachment C) and other applicable Joint Operating Agreements.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 6**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. In the integration study mentioned in EKPC's response to the Companies' Data Request No. 10, will the Companies flows and voltages be monitored?

Response 6. Yes. PJM's EKPC market integration studies are considering several dimensions of LG&E/KU system impacts including the tie lines between EKPC and LG&E/KU and associated firm interchange in recognition of the external loads (such as KU and LG&E) in EKPC and the EKPC load in external zones (such as KU and LG&E). Please note, though, PJM's EKPC market integration studies do not extend to an examination of all KU and LG&E facilities in the context of a full PJM RTEP protocol body of analysis.

Request 6a. Which impact threshold to voltage and flows will be used in the integration study?

Response 6a. It is presumed that the term "impact threshold" means the limits observed for bus voltages and transmission line flows in RTEP power flow analysis. To that end, PJM's RTEP process – including EKPC integration studies are described in PJM Manual 14-B, *PJM Region Transmission Planning Process*, Attachment F and employ the same voltage and thermal limits used in actual system operations, per PJM Manual 3, *Transmission Operations*, Section 3 and Section 2, respectively.

--- PJM Manual 14-B, *PJM Region Transmission Planning Process*, is accessible from PJM's web site via the following URL link:

<http://www.pjm.com/~media/documents/manuals/m14b.ashx>

--- PJM Manual 3, *Transmission Operations*, is accessible from PJM's web site via the following URL link: <http://www.pjm.com/~media/documents/manuals/m03.ashx>

Request 6b. Which voltage and flow temperature-based limits will be used?

Response 6b. From a voltage perspective, the power flow case system model provided by EKPC includes the bus voltages which PJM will monitor in its RTEP studies, consistent with the "impact threshold" limits described in the response to Request 6a, above.

From a thermal perspective, PJM will monitor the summer normal and emergency ratings provided by EKPC as part of RTEP studies. PJM notes that while EKPC is a winter-peaking system, PJM's planning process calls for load deliverability and generation deliverability analyses that test the PJM system for NERC reliability criteria violations under summer peak load emergency conditions.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE

KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 7

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. How will EKPC's full PJM membership impact the Companies' cost to provide service to their native load customers (i.e., the Companies' native load customers) served on EKPC's transmission system?

Response 7. This question implies that EKPC should make its determination as to whether to seek to fully integrate into PJM in part upon the resulting rate impact (if any) to the Companies' ratepayers. EKPC does not accept that premise and is unaware of any statutory authority or Commission precedent holding that a utility must act in the best interests of the ratepayers of another utility. To the contrary, EKPC believes that a utility has the obligation to act in the best interests of its own customers, which in EKPC's case are also its owners. In line with this idea, EKPC's analysis to date has focused upon the rate impact that full integration into PJM would have upon its own customers and not the customers of other utilities, including the Companies'. That being said, EKPC has attempted to mitigate the impact upon the Companies of its decision to fully integrate into PJM by communicating its intent to remain a member of the TCRSG and by engaging the Companies in the integration process in early 2012 – even before the EKPC Board had made the decision to seek approval to become fully integrated. None of the analysis performed by EKPC to date has suggested that the Companies will be harmed in any respect as a result of the integration.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 8**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Please state the status of any and all studies and work-papers the Companies requested in their first set of Data Requests

Response 8. Regarding the studies related to possible EKPC generating unit retirements mentioned in Data Request No. 2 of the Companies' first set, as stated in EKPC's response to that request, EKPC has not yet developed a final plan to comply with MATS. Until this plan is developed, EKPC will not be in a position to perform associated studies. When EKPC performs these studies, impacts on neighboring systems – including LG&E/KU – will be assessed, and EKPC will coordinate with potentially impacted parties.

Regarding the studies mentioned in Data Request No. 4b of the Companies' first set related to potential impacts on current interconnections between EKPC and LG&E/KU, PJM is still in the process of performing its integration studies for EKPC. As stated in EKPC's response to this previous Data Request, the results of the integration studies will be provided once they are available.

Regarding the studies mentioned in Data Request No. 10 of the Companies' first set, related to potential impacts on flows and voltages on the LG&E/KU system, EKPC continues to assess possible impacts. As stated in EKPC's response to this previous Data Request, it is not anticipated that dispatch patterns will vary outside of

what is typically considered in planning studies conducted by EKPC and LG&E/KU today. Therefore, significant changes in voltages and flows on the Kentucky transmission system are not expected.

EKPC is in the process of conducting power flow analyses for a range of import/export patterns and load levels to provide an indication of potential issues due to varying EKPC dispatch/power transfers, and will include the LG&E/KU system in this assessment. EKPC expects to complete this assessment in August 2012, and will provide the results to LG&E/KU upon completion.

Request 8a. If EKPC does not plan to conduct any of the requested studies, please state which ones and why EKPC does not plan to conduct them.

Response 8a. Please see the response to Request 8 above.

Request 8b. For all studies and work-papers the Companies requested and that EKPC is planning to conduct or is currently conducting, please state when EKPC plans to provide them.

Response 8b. Please see the response to Request 8 above.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 9**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Page 34 of 52 of EKPC's response to the Commission Staff's Request No. 2 lists "[l]oss of dispatch control" as one of the "cons" of PJM membership. EKPC's response to the Companies' Data Request No. 1 states that PJM's dispatch of EKPC's generating units will result in "running the coal units as much or slightly more within PJM and running gas combustion turbines less."

Request 9a. Does EKPC agree that changing generating unit dispatch can affect flows on systems to which EKPC is interconnected? If EKPC does not agree, please explain why.

Response 9a. Yes. EKPC agrees. The dispatch contemplated in the CRA Analysis is fully enveloped by historical operations of EKPC's generation fleet.

Request 9b. Does EKPC agree that such changing flows on interconnected systems could affect the cost of serving customers of the utilities whose systems are impacted? If EKPC does not agree, please explain why.

Response 9b. While the answer to this question is yes, the dispatch contemplated in the CRA Analysis is fully enveloped by the historical operations of EKPC's generation fleet.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 10**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. EKPC's response to the Companies' Data Request No. 15 states, "EKPC does not anticipate any substantial impact to LG&E-KU operations resulting from full membership of EKPC into PJM." How does EKPC define "substantial"?

Response 10. EKPC would define substantial as: (1) requiring frequent out-of-merit order generation redispatch to provide transmission loading relief ("TLR"), (2) significantly different line loadings due to major power transfers between organized markets or (3) any other operating condition that would materially change the economic order of the Companies' generation dispatch or create large amount of transmission losses on the Companies' system.

EKPC's generating units are expected to dispatch similarly in PJM as they do on a standalone basis. EKPC currently optimizes its load and generation against the PJM market signals today. LGE/KU has not made EKPC aware of any transmission issues that would require expensive redispatch conditions. If the Commission approves EKPC's petition to join PJM, EKPC will continue to optimize its generation and load portfolios much as it does today, but more efficiently. Any changes in EKPC's future dispatch driven by the PJM market will likely occur regardless of EKPC's membership status. The more likely drivers of material changes in EKPC's and

other utilities' dispatch are the EPA's Mercury and Air Toxics Standards, future EPA regulations, and dramatic swings in fuel prices.

Lastly, large power transfers that occur North to South and vice versa between the markets occur today and EKPC's participation in the market will not impact these transfers.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 11**

RESPONSIBLE PERSON: Ralph L. Luciani
COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. EKPC's response to the Companies' Data Request No. 10a states, "At this time, no significant impacts on flows and voltages on the LG&E-KU system [resulting from EKPC's proposed membership in PJM] have been identified." How does EKPC define "significant"?

Response 11. It is not anticipated that dispatch patterns will vary outside of what is typically considered in planning studies conducted by EKPC and LG&E/KU today. Therefore, flows and voltages identified in planning studies should be approximately equivalent whether EKPC is a full member of PJM or an external market participant, as is the case today. This is the basis for the statement that no significant impacts on flows and voltages on the LG&E/KU system have been identified to date.

As stated in the response to Request 8, EKPC is in the process of conducting power flow analyses for a range of import/export patterns and load levels to provide an indication of potential issues due to varying EKPC dispatch/power transfers, and will include the LG&E/KU system in this assessment.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 12**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. Please refer to the Companies' Data Request 5b. EKPC's response to that Data Request states, "EKPC is not aware of any drive-in or drive-out charges in PJM. LG&E-KU will work with PJM to determine what transmission services they choose to serve their load."

Request 12a. Has EKPC performed any analysis to determine what the cost impacts might be to the Companies or other neighboring utilities arising from EKPC's membership in PJM? If so, please provide it. If not, please explain why EKPC has not performed such analysis.

Response 12a. EKPC has not performed any analysis specifically to determine what the precise cost impacts might be to the Companies or other neighboring utilities to serve their native load customers from the EKPC system after EKPC becomes a full member of PJM. None of the other analyses performed by EKPC to date has suggested that the Companies will be harmed in any respect as a result of the integration.

EKPC was in a similar position when Duke Energy-Ohio/KY ("DEOK") announced its plans to integrate into PJM. EKPC took the initiative to coordinate with DEOK and PJM well in advance of the January 1, 2012 integration date

to ascertain the cost impacts on service to EKPC's native load customers connected to the DEOK transmission system. At that time, EKPC worked with PJM directly to determine the preferred method to serve these loads. As a result of these efforts, EKPC determined that the preferred method would be to serve these loads from its generation resources, and secure Network Integration Transmission Service (NITS) and Auction Revenue Rights (ARRs) to deliver energy to its loads on the DEOK system.

Based on EKPC's experience with the DEOK integration, EKPC believes that a process where LG&E/KU coordinates directly with PJM to develop an understanding of its options and the potential impacts on its costs is a valuable approach and one which the Companies should employ. EKPC will be involved in this process to whatever degree LG&E/KU wishes, but it will be beneficial for LG&E/KU and PJM to directly coordinate this aspect of the integration in order for LG&E/KU to fully understand the cost implications. Indeed, EKPC hopes and assumes that this coordination has already begun.

LG&E/KU will likely incur charges from PJM related to transmission use for bringing generation from the PJM border to the LG&E/KU load delivery points connected to the EKPC transmission system, much as it incurs charges from EKPC today related to bringing generation from the EKPC border to these delivery points. PJM charges that may be incurred by LG&E/KU include the following:

- NITS or PTP charges
- Congestion charges
- Losses
- Schedule 9-1 (Control Area Administration Service)
- Schedule 9-2 (Financial Transmission Rights Administration Service), if Auction Revenue Requirements (ARRs) or Financial Transmission Rights (FTRs) are elected
- Schedule 9-3 (Market Support Service)
- Schedule 9-FERC (FERC Annual Charge Recovery)
- Schedule 9-OPSI (OPSI Funding)
- Schedule 9-MMU (MMU Funding)

- Schedule 9-AC2
- Schedule 1A (Transmission Owner Scheduling, System Control and Dispatch Service)
- Schedule 2 (Reactive)
- Schedule 6A (Black Start)
- Schedule 12 (RTEP charges)

These total cost impacts cannot be quantified, as many of these are a function of the day-to-day operation of the PJM market and the operational decisions of the Companies. As noted, LG&E/KU will also have the option to elect to secure either ARR or FTRs for its load served from the PJM OATT.

Request 12b. Is it EKPC's position that the Commission should grant EKPC's request to become a full member of PJM without any information concerning the cost impacts of such membership on other Commission-jurisdictional utilities?

Response 12b. EKPC objects to this Request on the basis that it is argumentative and asks for a legal conclusion.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 13**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. Please see EKPC's response to Commission Staff Request 25b and page 14 of 17 of EKPC's response to Commission Staff Request 4f. What cost impact, if any, does EKPC expect PJM's acting as EKPC's agent in the TVA-LG&E-KU-EKPC Contingency Reserve Sharing Group will have on the other members of the group, particularly LG&E and KU?

Response 13. Until PJM has the opportunity to review the Reserve Sharing Agreement, it cannot be determined what cost impact, if any, that PJM's acting as EKPC's agent in the TCRSG will have on other members of the group. Please see the response to Requests 5a and 5b to the Commission Staff's Second Data Request for the status of the confidentiality issues surrounding the Reserve Sharing Agreement.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE**

**KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 14**

RESPONSIBLE PERSON: Don Mosier
COMPANY: East Kentucky Power Cooperative, Inc.

Request 14. Please provide the information the Companies requested in Data Request 8a of their first set of Data Requests.

Response 14. A specific example of transmission constraints that has directly affected EKPC's operations is indicated in EKPC's Motion to Amend Application in Case No. 2011-00125, filed with the Commission on July 20, 2011. EKPC was unable to secure a firm point-to-point transmission path at the EEI interface for the proposed Ameren long-term power purchase. Ameren was the lowest bidder in the solicitation but EKPC could not secure a firm transmission path across TVA or LGE/KU from the EEI interface to the EKPC system. As a result of LGE/KU and Duke withdrawing from MISO, EKPC no longer had a direct interconnection with MISO and could not deliver the EEI energy to EKPC through MISO. EKPC had previously purchased power from the Bluegrass Plant and delivered the energy directly to the LGE/KU system to serve EKPC's load. However, when EKPC applied for transmission service under the same conditions for the Ameren power purchase, EKPC was told that it was not acceptable to deliver the power to the LGE/KU interface to serve the EKPC load on the Companies' transmission system. EKPC was told that it must deliver the purchased power to the EKPC interface. While there was transmission available from EEI to LGE/KU, there was no available firm transmission across the LGE/KU transmission system to the EKPC

system. This constraint negatively impacted EKPC's operations, as EKPC had to re-solicit power supply bids.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2012-00169
SUPPLEMENTAL DATA REQUEST RESPONSE

KU/LG&E'S SUPPLEMENTAL DATA REQUEST DATED 07/11/12
REQUEST 15

RESPONSIBLE PERSON: Don Mosier
COMPANY: East Kentucky Power Cooperative, Inc.

Request 15. Please refer to page 17 of 52 of EKPC's response to the Commission Staff's Request No. 2. Is it EKPC's position that it has no operational alternative but to join MISO or PJM?

Response 15. That is not EKPC's position. As stated in EKPC's original petition and supporting testimony to this proceeding, EKPC's proactively joining PJM as a fully integrated member provides superior operating flexibility, reliability, market access, and cost-savings versus remaining a stand-alone utility. As evidenced in EKPC's response to Companies' Request 14 herein, remaining a stand-alone utility subjects EKPC to severely restricted transmission and limited economic resource access in TVA and the Companies' territories, and also limits EKPC's abilities to transact efficiently with PJM.