

October 27, 2014

VIA HAND DELIVERY

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

RECEIVED

OCT 27 2014

**PUBLIC SERVICE
COMMISSION**

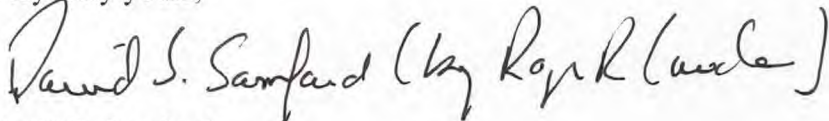
RE: Case No. 2014-00292

Dear Mr. Derouen:

Enclosed for filing, please find one original and ten copies of East Kentucky Power Cooperative, Inc. ("EKPC") responses to Commission Staff's First Request for Information dated October 9, 2014 in the above referenced case. Also enclosed are an original and ten copies of EKPC's Petition for Confidential Treatment of Information ("Petition") regarding the responses to Requests 5, 15, 17 and 18(b). One unredacted copy of the designated confidential portions of each of the responses to Requests 5, 15, 17 and 18(b), which are the subjects of the Petition, is enclosed in a sealed envelope.

If you have any questions or require additional information, please contact me.

Very truly yours,



David S. Samford

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**AN APPLICATION OF EAST KENTUCKY POWER
COOPERATIVE INC. FOR AN ORDER DECLARING)
THE GLASGOW LANDFILL GAS TO ENERGY PROJECT)
TO BE AN ORDINARY EXTENSION OF EXISTING)
SYSTEMS IN THE USUAL COURSE OF BUSINESS AND)
A JOINT APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION AND EAST)
KENTUCKY POWER COOPERATIVE, INC. FOR)
APPROVAL TO ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A SPECIAL)
CONTRACT)**

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**PUBLIC SERVICE
COMMISSION**

**CASE NO.
2014-00292**

MOTION FOR CONFIDENTIAL TREATMENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC") and Farmers Rural Electric Cooperative Corporation ("Farmers"), by and through counsel, pursuant to KRS 61.878, 807 KAR 5:001, Section 13 and other applicable law, and for its Motion requesting that the Kentucky Public Service Commission ("Commission") afford confidential treatment to certain information in the Responses to Commission Staff's Initial Request for Information, in the above-captioned proceeding, respectfully state as follows:

1. The Application in this case requests the Commission to determine that no Certificate of Public Convenience and Necessity ("CPCN") is necessary for a Landfill Gas to Energy Facility ("LFGTE Facility") in Glasgow, Kentucky, as well as to approve a purchase power agreement between Farmers and EKPC regarding the sale of energy, capacity and environmental attributes produced by the LFGTE Facility.

2. On October 9, 2014, Commission Staff propounded upon EKPC its Initial Request for Information. Request 5 of Commission Staff's Initial Request for Information has to do with aggregate amounts of off-system acquired by EKPC's Members. Request 15 of Commission Staff's Initial Request for Information pertains to calculations that support the figures contained in the Application relating to the cost of capacity, energy and environmental attributes sold to Farmers under the Agreement. Request 17 includes a request for the billing components relating to the proposed project. Request 18(b) pertains to information regarding the capital cost per kW for the Glasgow facility.

3. Contemporaneous with the filing of this Motion, EKPC is tendering information and documentation responsive to Commission Staff's Requests 5, 15, 17 and 18(b). Specifically, EKPC is providing, *inter alia*: (1) a listing of all Amendment 3 projects submitted to EKPC that shows potential third-party providers and other project-specific information; (2) information regarding the anticipated total annual MWh, capital costs and fuel costs associated with the Glasgow facility; (3) billing components for the project; and (4) the capital cost per kW for the Glasgow facility (collectively, the "Confidential Information").

4. The Kentucky Open Records Act exempts from disclosure certain confidential and proprietary commercial information. *See* KRS 61.878(1)(c). To qualify for this exemption from public disclosure and, therefore, to maintain the confidentiality of the information, a party must establish that disclosure of the confidential and proprietary commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information described above would lead to such a result.

5. The public disclosure of the Confidential Information would reveal information that is, quite obviously, highly sensitive, commercially valuable and strictly proprietary. The

public disclosure of this information would potentially harm movants' competitive position in the marketplace, to the detriment of movants and their customers.

6. The Confidential Information was developed internally by EKPC personnel or was the subject of confidential negotiations with Farmers and the City of Glasgow, Kentucky. The Confidential Information is not on file with any public agency, and is not available from any commercial or other source. Moreover, the aforementioned Confidential Information is distributed within EKPC and Farmers only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry. In particular, much of this Confidential Information was, and remains, integral to EKPC's and Farmers' effective execution of business decisions and strategy. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

7. The Confidential Information is also entitled to confidential treatment because it constitutes a trade secret under the two prong test of KRS 365.880: (a) the economic value of the information as derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure; and (b) the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The economic value of the information derives from the fact that it reveals Movants' business decisions and strategies – which are commercially valuable. EKPC and Farmers certainly endeavor to maintain the confidentiality of the information by limiting its dissemination, even within the respective companies.

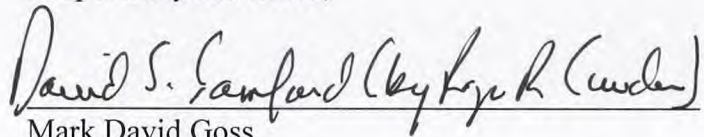
8. In accordance with 807 KAR 5:001, Section 13(3), the Movants are filing: (1) one copy of the Confidential Information, under seal, and one (1) original and (10) ten copies of the responses to Commission Staff's Initial Data Requests where the Confidential Information is redacted. The Movants respectfully request that the Confidential Information be treated as confidential under the Commission's regulations and Kentucky law for a period of at least ten (10) years from the date entry of an Order.

9. Movants do not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable confidentiality and nondisclosure agreement, to any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

WHEREFORE, on the basis of the foregoing, Movants respectfully request the Commission to enter an Order granting this Motion and to so afford such protection from public disclosure to the unredacted copies of the Confidential Information, which are filed herewith under seal, for a period of ten years from the date of entry of such an Order.

This 27th day of October 2014.

Respectfully submitted,



Mark David Goss
David S. Samford
L. Allyson Honaker
GOSS SAMFORD, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KY 40504
(859) 368-7740
mdgoss@gosssamfordlaw.com
david@gosssamfordlaw.com
allyson@gosssamfordlaw.com

*Counsel for East Kentucky Power Cooperative, Inc.
and Farmers Rural Electric Cooperative Corp.*

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

In the Matter of:

**APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER)
DECLARING THE GLASGOW LANDFILL GAS)
TO ENERGY PROJECT TO BE AN ORDINARY)
EXTENSION OF EXISTING SYSTEMS IN THE)
USUAL COURSE OF BUSINESS AND A JOINT)
APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR APPROVAL TO)
ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A)
SPECIAL CONTRACT)**

**CASE NO.
2014-00292**

**RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED OCTOBER 9, 2014**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

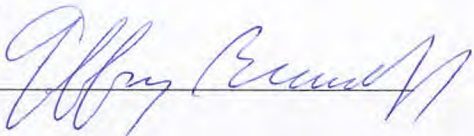
APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER)
DECLARING THE GLASGOW LANDFILL GAS)
TO ENERGY PROJECT TO BE AN ORDINARY)
EXTENSION OF EXISTING SYSTEMS IN THE)
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APPLICATION OF FARMERS RURAL)
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AND EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR APPROVAL TO)
ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A)
SPECIAL CONTRACT)

CASE NO.
2014-00292

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

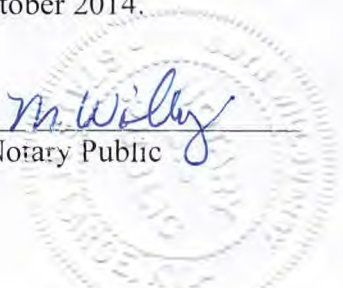
Jeffrey Brandt, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's First Request for Information in the above-referenced case dated October 9, 2014, and that the matters and things set forth 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 22 day of October 2014.




_____ Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER)
DECLARING THE GLASGOW LANDFILL GAS)
TO ENERGY PROJECT TO BE AN ORDINARY)
EXTENSION OF EXISTING SYSTEMS IN THE)
USUAL COURSE OF BUSINESS AND A JOINT)
APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR APPROVAL TO)
ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A)
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CASE NO.
2014-00292

CERTIFICATE

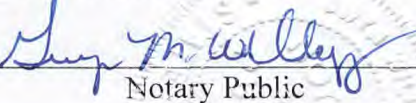
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

David Crews, 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 First Request for Information in the above-referenced case dated October 9, 2014, 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.

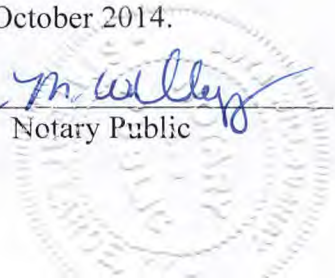


Subscribed and sworn before me on this 27th day of October 2014.





Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER)
DECLARING THE GLASGOW LANDFILL GAS)
TO ENERGY PROJECT TO BE AN ORDINARY)
EXTENSION OF EXISTING SYSTEMS IN THE)
USUAL COURSE OF BUSINESS AND A JOINT)
APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR APPROVAL TO)
ENTER INTO A TEN YEAR PURCHASED)
POWER AGREEMENT AND APPROVAL OF A)
SPECIAL CONTRACT)

CASE NO.
2014-00292

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF BARREN)

William T. Prather, 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 First Request for Information in the above-referenced case dated October 9, 2014, 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 20th day of October 2014.


Notary Public **EP#446566**

My Commission Expires: 07.30.15

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST**

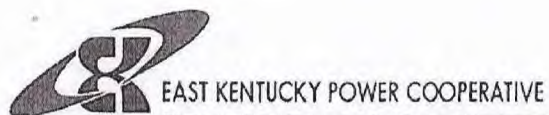
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 1**

RESPONSIBLE PARTY: William T. Prather

Request 1. Provide a copy of Amendment No. 3 to the Wholesale Power Contract between EKPC and Farmers.

Response 1. A copy of Amendment No. 3 to the Wholesale Power Contract between EKPC and Farmers is provided on pages two through eight of this response.

000353



September 20, 2004

Jackie B. Browning
President and CEO
Farmers RECC
P. O. Box 1298
Glasgow, KY 42142-1298

Re: Amendment No. 3 – Wholesale Power Contract

Enclosed is your executed copy of Amendment No. 3 to the Wholesale Power Contract, approved by RUS.

Sincerely,

A handwritten signature in cursive script that reads 'Dale W. Henley'.

Dale W. Henley
General Counsel

dwh/lm
enclosure

000354

U.S. DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

RUS BORROWER DESIGNATION Kentucky 34 Barren

THE WITHIN Amendment No. 3 dated November 23, 2003 to the Wholesale Power Contract
dated October 1, 1964 between East Kentucky Power Cooperative, Inc
and Farmer Rural Electric Cooperative Corporation

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

[Signature]
FOR THE ADMINISTRATOR

DATED

11/24/04

000355

AMENDMENT NO. 3 TO WHOLESALE POWER CONTRACT
BETWEEN EAST KENTUCKY POWER COOPERATIVE, INC. AND
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

This Agreement dated the 23rd day of October, 2003, amends the Wholesale Power Contract dated October 1, 1964 between East Kentucky Power Cooperative, Inc. (hereinafter "Seller") and Farmers Rural Electric Cooperative Corporation (hereinafter "Member") as follows:

I. Numerical Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

1. General - The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which shall be required to serve the Member's load, including all electric power and energy required for the operation of the Member's system. Notwithstanding the foregoing, the Member shall have the option, from time to time, with notice to the Seller, to receive electric power and energy, from persons other than the Seller, or from facilities owned or leased by the Member, provided that the aggregate amount of all members' elections (measured in megawatts in 15-minute intervals) so obtained under this paragraph shall not exceed five percent (5%) of the rolling average of Seller's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein and further provided that no Member shall receive more than fifteen percent (15%) of the rolling average of its coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the 3 twelve

000356

month periods immediately preceding any election by the Member from time to time, as provided herein.

For any election made or cancelled under this Section, the following provisions shall apply:

a. During any calendar year, the Member may make or cancel any such election or elections by giving at least 90 days' notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or less, in the annual aggregate.

b. During any calendar year, the Member may make or cancel any such election or elections by giving at least 18 months or greater notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or more, in the annual aggregate

Upon the effective date of the Member's cancellation of any such election under this Agreement, the load or loads shall be governed by the all requirements obligations of the Seller and the Member in this Section, and notice of same shall be provided to the Rural Utilities Service ("RUS") by the member. Such loads which are transferred to Seller's all-requirements obligations shall not thereafter be switched by Member to a different power supplier.

c. Should any such election by Member involve the acquisition of new service territory currently served by another power supplier or municipal utility, Member shall provide evidence to Seller and RUS in the new Load Purchase Agreement that the acquired territory must be served by the current power supplier as a condition of the acquisition of the new load.

Seller will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and Member will pay charges therefore to Seller. Seller also agrees to allow, at Member's sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

Member will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 and Section 11 shall read in their entirety as follows:

10. Retail Competition - Seller and its subsidiaries, shall not, during the term of this contract, without the consent of the Member, (i) sell or offer to sell electric power or energy at retail within the Member's assigned or expanded geographic area, if any, established by applicable laws or regulations or (ii) provide or offer to provide retail electric service to any person which is a customer of the Member.

11. Term - This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Section 1 hereof, service hereunder and the obligation of the Member to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC.

BY: *Dale Tolson*

ITS: CHAIRMAN OF THE BOARD

Sam Kern
ATTEST, SECRETARY

FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: *C. F. Martin Jr*

ITS: Chairman

Eddie Hatchett
ATTEST, SECRETARY

(H:Legal/misc/amend-3-wpc)

**EXTENSION OF WHOLESALE POWER CONTRACT BETWEEN
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
&
EAST KENTUCKY POWER COOPERATIVE, INC.**

Whereas, On February 6, 2001, the East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors approved construction of the 268 MW E. A. Gilbert Generating Unit ("Gilbert") at the Spurlock Power Station in Mason County, Kentucky, for purposes of securing an economical long-term source of wholesale power for EKPC's 16 member-owners;

Whereas, On August 14, 2001, the EKPC Board of Directors approved a loan filing with the Rural Utilities Service ("RUS") for \$410,000,000 to finance Gilbert and related transmission facilities; and on April 8, 2003, this loan application was amended to increase the amount to \$434,000,000;

Whereas, RUS has informed EKPC that its approval of the loan package is conditioned on extension of the Wholesale Power Contracts ("WPC") through 2041;

Whereas, A document entitled Third Amendment to Wholesale Power Contract, as Amended, dated October 14, 2003, ("Amendment No. 3") was approved by the EKPC Board of Directors on October 14, 2003;

Whereas, Amendment No. 3 reaffirms two earlier Amendments, two Supplemental Agreements and a Memorandum of Understanding, and extends the term of the WPC from January 1, 2025 to January 1, 2041;

Whereas, Amendment No. 3 provides, for the first time, some flexibility to the member-owners' current obligation to secure all of their system power supply needs from EKPC;

Whereas, RUS has agreed to consider opportunities for member-owners outside the percentage limitations contained in Amendment No. 3 on a case-by-case basis; to make every effort to work with member-owners and EKPC to convert any member-owner's WPC, as amended, to a partial requirements contract within 24 months;

Whereas, RUS financing is the least cost option for Gilbert; and

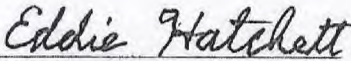
Whereas, The EKPC Board of Directors has requested that each of its member-owners approve and execute Amendment No. 3 as soon as possible; now, therefore, be it

Resolved, That the Farmers Rural Electric Cooperative Corporation Board of Directors approves Amendment No. 3 to the WPC, as attached, and authorizes its execution subject to RUS review and approval.

###

I, Eddie Hatchett, Secretary of Farmers Rural Electric Cooperative Corporation, certify that the above resolution is an exact copy of the resolution adopted by the Board of Directors of Farmers Rural Electric Cooperative Corporation at its regular meeting held on October 23, 2003 at which meeting a quorum was present. I also hereby certify that said resolution has not been rescinded or modified.

Witness my hand and seal this 23rd day of October 2003.


Eddie Hatchett, Secretary

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 2

RESPONSIBLE PARTY: David Crews

Request 2. State whether Farmers will receive electric power and energy from persons other than EKPC under the proposed special contract. If so, identify the person(s).

Response 2. No, they will not.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 3

RESPONSIBLE PARTY: David Crews

Request 3. State why the sale of power and energy under the special contract between EKPC and Farmers should be considered as a transaction separate and distinguishable from the sale of power and energy under the Wholesale Power Contract between EKPC and Farmers.

Response 3. Amendment 3 of the Wholesale Power Contract allows a Member to serve a limited amount of the Member's load with a power supply other than that supplied by EKPC. On May 2, 2013, Farmers gave EKPC notice in accordance with Section 1A of Amendment 3 to the Wholesale Power Contract of Farmers intention to serve approximately .939 MW of Farmers load with a Land Fill Gas generator at the Glasgow Landfill. EKPC accepted Farmers notice. This notice takes approximately 1 MW of Farmers load out of the Wholesale Power Agreement.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 4

RESPONSIBLE PARTY: David Crews

Request 4. State whether EKPC has any other landfill-gas-to-energy ("LFGTE") facilities that sell power and energy under a special contract to a single member. If so, identify the location of each such LFGTE facility, the generating capacity of the facility, and the name of the member.

Response 4. No, EKPC does not. Farmers and the City of Glasgow were independently collaborating on the development of the methane project. Farmers approached EKPC with the request to develop the generation portion of the project with Farmers being the sole purchaser of the energy.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 5

RESPONSIBLE PARTY: David Crews

Request 5. State whether EKPC undertook an analysis of the impact that the sale of power and energy under this special contract will have on the 5 percent coincident peak demand limitation applicable to the aggregate amount of all members' elections pursuant to Amendment No. 3. If so, provide the analysis.

Response 5. Yes, EKPC undertook an analysis.

On May 2, 2013, Farmers gave notice of the Glasgow LFGTE Project as an Amendment 3 resource. Farmers has a pre-existing Amendment 3 resource consisting of two 1.8 MW diesel generators on their system. The aggregate of Farmer's Amendment 3 resources is 4.539 MWs (less than 5% of Farmer's 3 year peak load). EKPC also reviewed the total of all Amendment 3 resources in comparison to the 5% Amendment 3 limit. See the tables on page two of this response.

Cooperative	Year Ending April 2011	Year Ending April 2012	Year Ending April 2013	3-year average	5% Election	15% Election
Big Sandy	75.2	61.8	61.3	66.1	3.3	9.9
Blue Grass	331.7	278.2	298.7	302.9	15.1	45.4
Clark	126.8	102.7	110.0	113.2	5.7	17.0
Cumberland Valley	139.8	118.1	114.7	124.2	6.2	18.6
Farmers	119.2	98.9	107.5	108.5	5.4	16.3
Fleming Mason	162.3	150.0	159.4	157.2	7.9	23.6
Grayson	69.2	56.3	59.8	61.8	3.1	9.3
Inter-County	135.7	111.8	118.2	121.9	6.1	18.3
Jackson	278.8	219.8	229.5	242.7	12.1	36.4
Licking Valley	74.0	59.4	61.3	64.9	3.2	9.7
Nolin	184.9	163.1	175.2	174.4	8.7	26.2
Owen	406.8	391.1	372.6	390.2	19.5	58.5
Salt River	255.0	241.2	241.0	245.8	12.3	36.9
Shelby	104.3	89.7	94.5	96.2	4.8	14.4
South Kentucky	366.8	304.3	320.9	330.7	16.5	49.6
Taylor	127.2	105.0	112.9	115.0	5.8	17.3
Total (MW)	2,801	2,419	2,563	2,594	129.7	



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 6

RESPONSIBLE PARTY: David Crews

Request 6. State whether EKPC undertook an analysis of the impact that the sale of power and energy under this special contract will have on the 15 percent coincident peak demand limitation applicable to Farmers' individual amount of election pursuant to Amendment No. 3. If so, provide the analysis.

Response 6. No. EKPC Policy 305 "Allocation Procedures for Non-EKPC-Sourced Power Acquisitions Under Wholesale Power Contract Amendment Number 3" is used to allocate the 5% EKPC cap when a member gives notice of a resource that is greater than 5%. Section III.C.2 of Policy 305 does not require the Allocation Committee to approve notices when a Member has not exceeded its load ratio share of the EKPC cap. Given the aggregate of Farmers' Amendment 3 resources does not exceed 5% of the EKPC cap, EKPC did not undertake an analysis related to the not-to-exceed 15% limit for Members. A copy of EKPC's Policy 305 is provided on pages two through five of this response.

EAST KENTUCKY POWER COOPERATIVE

Policy No. 305

March 9, 2004

ALLOCATION PROCEDURES FOR NON-EKPC-SOURCED
POWER ACQUISITIONS UNDER WHOLESALE POWER
CONTRACT AMENDMENT NUMBER 3

I. BACKGROUND

Amendment Number 3 to the Wholesale Power Contract between East Kentucky Power Cooperative (“EKPC”) and its member systems allows each member system executing the Amendment to purchase or otherwise acquire power and energy from non-EKPC sources up to a maximum of 15% of the member system’s 3-year rolling average peak load (the “15% Option”), provided that the total of all such non-EKPC acquisitions by all member systems does not exceed 5% of EKPC’s 3-year rolling average peak load (the “5% Cap”).

II. OBJECTIVE

The objective of this Board Policy is to provide a reasonable mechanism to allocate the 5% Cap among the member systems so that those member systems with specific, identifiable projects that would be facilitated by the use of the 15% Option can proceed in a timely manner.

III. CONTENT

- A. An Allocation Pool is hereby created which will be made up of the combined total of the unused portions of each member system’s load ratio share of the 5% Cap, as hereinafter set out.
- B. An Allocation Committee is hereby created as hereinafter set out which will administer the allocation of the unused portions of the member systems’ load ratio share of the 5% Cap in the Allocation Pool to requesting eligible member systems.
- C. (1) As soon as is reasonably possible, but no later than 90 days after either the adoption of this Board Policy or the execution of Amendment Number 3 of the Wholesale Power Contract, whichever is later, each member system shall submit to the Allocation Committee a detailed, written plan of its intended use of its 15% Option (the “Plan”). Each Plan shall include the following:

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- a) Whether or not the member system intends to use all or any portion of its load ratio share of the 5% Cap within 6 months of the date of submittal of the Plan;
 - b) How much of its load ratio share of the 5% Cap the member system intends to use;
 - c) A detailed description of the specific use to which it will be put;
 - d) The anticipated time frame within which the use will occur;
 - e) Any contracts or other agreements executed with respect to such use, and if none, the status of negotiations for such contracts or agreements and the anticipated date of execution thereof; and
 - f) Any other information that may be requested by the Allocation Committee.
- (2) A member system may immediately proceed to utilize that portion of its load ratio share of the 5% cap identified in its Plan.
 - (3) If a member system's Plan reveals that the member system does not intend to use any or all of its load ratio share of the 5% Cap, then the unused portion will be placed in the Allocation Pool.
 - (4) If, within 6 months from the submittal of its Plan, a member system does not use the portion of its load ratio share of the 5% Cap as stated in the Plan, or, if reasonable progress, in the determination of the Allocation Committee, has not been made by the member system toward such use, then that portion of the 5% Cap will be placed in the Allocation Pool.
 - (5) The Allocation Committee may require periodic progress reports with respect to such use at intervals of the Committee's determination.
- D. (1) At any time after submittal of its Plan, a member system who desires an initial allocation or an allocation of more than its load ratio share of the 5% Cap, shall submit a written request to the Allocation Committee, which request shall contain the same type of information as required by Paragraphs III(C)(1)(a-f) hereof.

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- (2) The Committee shall determine whether to grant such a request by majority vote.
 - (3) If, within 6 months from the granting of any such request by the Committee, a member system has not used the allocation, or if reasonable progress, in the determination of the Committee, has not been made toward such use, then the allocation shall be returned to the Allocation Pool.
- E. Any new member of EKPC admitted by the EKPC Board of Directors (“Board”) shall have the same rights as existing members with respect to the 15% Option and 5% Cap upon execution by the new member of the Wholesale Power Contract including Amendment Number 3. The new member shall submit a Plan within 90 days of its execution of the Wholesale Power Contract.
- F. The use of 15% Option shall be limited to the following:
- 1) Service of new load acquired by a member system and which was not part of the member’s traditionally recognized service territory as certified by the Kentucky Public Service Commission pursuant to KRS 278.017.
 - 2) Distributed Generation projects owned by a member system.
 - 3) Other uses as established by the Board.
- G. A member may exceed the 15% Option only upon approval of the Board and RUS. Any request by a member system to so exceed its 15% Option shall be made in writing to the Allocation Committee and shall include all relevant information and justifications for such request. The Committee shall have the authority to request any additional information or documentation it feels is necessary or advisable. The Committee shall review and consider the request and make a recommendation to the full Board for action.
- H. Any determination or decision of the Allocation Committee may be reviewed by the Board at the request and upon the motion of any director and the Board may affirm, overturn or modify such determination or decision in its discretion.

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MARCH 9, 2004

IV. ORGANIZATIONAL RELATIONSHIPS

- A. The Allocation Committee shall report directly to the Board.
- B. The Allocation Committee shall have 5 members, 3 of which shall be managers of member systems, 1 of which shall be a regular director of the Board, and 1 of which shall be an employee or other representative of EKPC. The members shall be appointed by the Chairman of the Board with the advice and consent of the other officers of the Board and in consultation with the President and CEO in accordance with Board Policy 105 and shall serve at the pleasure of the Board.
- C. The Committee is a continuing one, except for the EKPC representative, and the term of each member shall run for one year, coincident with the term of the Chairman of the Board, or until his successor is appointed. Appointments of committee members shall be staggered so that no more than two members leave the Committee each year. No member shall serve more than 4 consecutive years except that the term of the EKPC representative shall be indefinite.
- D. The Committee shall annually elect a Chairman, Vice-Chairman and Secretary. Minutes of each meeting shall be kept. The Chairmen of other Board Committees or any Board officer shall not be Chairman of the Allocation Committee.
- E. Meetings of the Committee shall be held at the call of the Committee Chairman, the Chairman of the Board, or at the call of three members of the Committee when there are items or other issues for consideration by the Committee. The time, location and agenda of the meeting shall be set in the notice.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00292
RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 7**

RESPONSIBLE PARTY: William T. Prather

Request 7. Refer to page 4 of the Application, paragraph 7. State how the improvement of the Glasgow Regional Landfill and the Glasgow LFGTE Facility create a larger tax base for the city of Glasgow and Barren County.

Response 7. The investment in the landfill generation assets will reside within the Glasgow city limits and within Barren County. Those assets will be subject to various property and other taxes assessed by both entities. Additional payroll dollars for the operation of these facilities will be subject to city occupational tax.

EAST KENTUCKY POWER COOPERATIVE, INC.

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RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 8**

RESPONSIBLE PARTY: William T. Prather

Request 8. Identify the electric utility that provides power to the Glasgow Regional Wastewater Treatment Plant. If more than one utility provides power, identify the facilities served and the quantity of power supplied by each utility.

Response 8. The Glasgow Electric Plant Board, which is a municipal electric company owned by the city of Glasgow, provides electric service to the city's wastewater treatment plant.

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RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 9**

RESPONSIBLE PARTY: William T. Prather

Request 9. State whether the Glasgow Regional Wastewater Treatment Plant is located within Farmers' certified territory.

Response 9. The wastewater treatment plant is not located within Farmers' certified territory, but is located on property adjacent to Farmer's certified territory.

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 10

RESPONSIBLE PARTY: David Crews

Request 10. State the actions that EKPC must take under the special contract in order to supply Farmers with power and energy during a scheduled outage of the LFGTE Facility.

Response 10. During periods when the LFGTE facility is scheduled for an outage, EKPC will provide Farmers with energy as needed through the Wholesale Power Contract.

EAST KENTUCKY POWER COOPERATIVE, INC.

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RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 11**

RESPONSIBLE PARTY: David Crews

Request 11. State the actions that EKPC must take under the special contract in order to supply Farmers with power and energy during an unplanned outage of the LFGTE Facility.

Response 11. During periods when the LFGTE facility is experiencing an unplanned outage, EKPC will provide Farmers with energy as needed through the Wholesale Power Contract.

EAST KENTUCKY POWER COOPERATIVE, INC.
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RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 12

RESPONSIBLE PARTY: **David Crews**

Request 12. Explain why it is appropriate for EKPC to design, construct and interconnect the LFGTE Facility at EKPC's expense when Farmers is the only member of EKPC that will receive power and energy from the LFGTE Facility.

Response 12. EKPC was approached by Farmers with a special request to develop the Glasgow LFGTE Project. As per the Capacity, Energy and Environmental Attribute Purchase, Sale, and Interconnection Agreement, EKPC will recover all costs from Farmers associated with the design, construction, and interconnection of the proposed LFGTE project through the monthly capacity charge. All expenses associated with the purchase of gas from Glasgow will also be recovered through the contract (see Exhibit 1 Schedule A of the Application).

**EAST KENTUCKY POWER COOPERATIVE, INC.
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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 13**

RESPONSIBLE PARTY: Jeff Brandt

Request 13. Refer to page 6 of the EKPC Feasibility Study located in Application, Exhibit 5. The study states that “[a]lthough LFG-to-electric projects have a successful history, they are not without risk to the entity that develops the project.” State the risks to EKPC associated with this project.

Response 13. The largest risk associated with development of a LFGTE project is long-term fuel supply quality and quantity. The gas purchase agreement between EKPC and the City of Glasgow contains a proofing period in which the City must prove fuel supply before EKPC is committed to development of the project (see Exhibit 13 Article 7 Acceptance Testing of the Application).

The gas purchase agreement between EKPC and the City of Glasgow also contains gas supply performance language that covers long-term fuel supply and remedies (see Exhibit 15 Article 2 of the Application).

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 14

RESPONSIBLE PARTY: Jeff Brandt

Request 14. Identify the party that will:

Request 14a. Have responsibility for maintaining an active gas-collection system.

Response 14a. City of Glasgow

Request 14b. Have responsibility for controlling water levels in the landfill.

Response 14b. City of Glasgow

Request 14c. Have responsibility for expanding the future gas collection into new MSW disposal areas.

Response 14c. City of Glasgow

Request 14d. Have responsibility for paying the costs of the LFGTE Facility if it is unable to generate electricity on a temporary or permanent basis.

Response 14d. Farmers has the obligation to pay the costs of the LFGTE Facility if it is unable to generate electricity on a temporary or permanent basis. Please see the Application, Exhibit 1 – “Capacity, Energy and Environmental Attribute Purchase, Sale, and Interconnection Agreement”, Schedule A – “Sale of Capacity, Energy and Environmental Attribute Rates”. In addition, Section 9.03(d) of the Capacity, Energy and Environmental Attribute Purchase, Sale, and Interconnection Agreement states:

Section 9.03(d) Limitation of Liability Upon Termination of Other Agreement. Notwithstanding any other provision of this Agreement to the contrary and for avoidance of any doubt, Farmers’ obligation to make payments shall be limited to twelve months following the termination of the Landfill Gas Purchase Agreement, dated August 11, 2014, between the City of Glasgow, Kentucky and EKPC that may occur prior to the expiration of the original term, or any renewal term, of the Landfill Gas Purchase Agreement.

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 15

RESPONSIBLE PARTY: Jeff Brandt

Request 15. Refer to page 3 of the Application, paragraph 5, which states, "The cost of the capacity, energy, and environmental attributes sold to Farmers under the Agreement is priced below the cost of the bundled wholesale rate charged by EKPC to Farmers pursuant to the Wholesale Power Agreement." Provide the calculations supporting this statement.

Response 15. Refer to Exhibit 6 of the application, included is the project Pro Forma.

Assumptions:

Generation	█ MWh per year	
Capital Cost	█	Depreciation 30-year straight line
Fuel Cost	█/mmBtu	2.00% escalation per year
O&M Costs	Table provided in Exhibit 9	2.5% escalation per year
Capacity	1 MW	
TIER	1.50	
Interest Rate	4.5%	

In the Pro Forma each year depreciation expense, O&M, and the product of interest rate, TIER, and net book value are summed. The monthly capacity charge is this sum

divided by the facility capacity divided by 12. The capacity charge is averaged for the six-year period and this average is used for the first six-year contract term.

To calculate cost of energy, fuel cost is added into the yearly facility cost and this sum is divided by the expected generation.

Additional savings Farmers will realize are from reduced demand charge at the EKPC substation which this facility is tied to. This is presented as “Actual Farmers COE (capacity charge less demand charge savings)”.

This cost is then averaged for the first six-year term and compared to the EKPC 2013 Financial Forecast Cost to Members six-year average.

The pro forma also includes expected Farmers revenue from the sale of Renewable Energy Credits and the effect that has on the cost of energy.

**EAST KENTUCKY POWER COOPERATIVE, INC.
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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 16**

RESPONSIBLE PARTY: Jeff Brandt

Request 16. Refer to page 4 of the application, paragraph 7, which states, "This will allow the City of Glasgow to assure the availability of reliable emergency power. . . ." Provide the 2013 capacity factors for each of EKPC's existing landfill units.

Response 16.

<u>EKPC Facility</u>	<u>2013 Capacity Factor</u>
Bavarian	90%
Green Valley	68%
Hardin County	78%
Laurel Ridge	83%
Mason County	0%
Pendleton County	83%

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 17

RESPONSIBLE PARTY: Jeff Brandt

Request 17. Refer to page 26 of the Application, Schedule A, which shows the rates to be charged to Farmers for power purchased from the Glasgow LFGTE facility. Provide a monthly sample bill which includes the breakdown of the billing components.

Response 17. Samples of monthly bills with the breakdown of the billing components are provided on pages two and three of this response.



EAST KENTUCKY POWER COOPERATIVE
O. BOX 707
75 LEXINGTON ROAD
WINCHESTER, KENTUCKY 40392-0707



BILLED TO: Farmer's RECC
P. O. Box 1298
Glasgow, Kentucky 42142-1298

INVOICE NUMBER IN00387

Phone No. 270-651-2191
Fax No. 270-651-7332

INVOICE DATE 11/1/2014
VENDOR # CO3400

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
KW CAPACITY	CAPACITY CHARGE PER CONTRACT DATED AUGUST 13, 2014 BETWEEN EKPC AND FARMERS RURAL ELECTRIC.	RATE PER KW	
█		█	█
	DIRECT ALL QUESTIONS CONCERNING THIS INVOICE TO LAURA WILSON EXT 752 PHONE: 859-745-9752		
	PAYMENT DUE ON THE 15TH DAY OF THE MONTH FOLLOWING PERIOD APPLICABLE OR THE 10TH DAY FOLLOWING RECEIPT OF INVOICE, WHICHEVER IS LATER.		

TOTAL AMOUNT THIS INVOICE █

REDACTED

PSC Request 17

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EAST KENTUCKY POWER COOPERATIVE
P. O. BOX 707
75 LEXINGTON ROAD
WINCHESTER, KENTUCKY 40392-0707



BILLED TO: Farmer's RECC
P. O. Box 1298
Glasgow, Kentucky 42142-1298

INVOICE NUMBER IN00388

Phone No. 270-651-2191
Fax No. 270-651-7332

INVOICE DATE 11/1/2014
VENDOR # CO3400

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
MMBTU	OCTOBER 2014 METHANE GAS USAGE FOR GLASGOW LFGTE FACILITY	RATE PER MMBTU	
			\$
	DIRECT ALL QUESTIONS CONCERNING THIS INVOICE TO LAURA WILSON EXT 752 PHONE: 859-745-9752		
	PAYMENT DUE ON THE 15TH DAY OF THE MONTH FOLLOWING PERIOD APPLICABLE OR THE 10TH DAY FOLLOWING RECEIPT OF INVOICE, WHICHEVER IS LATER.		

TOTAL AMOUNT THIS INVOICE

\$

EAST KENTUCKY POWER COOPERATIVE, INC.
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RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 18

RESPONSIBLE PARTY: **Jeff Brandt**

Request 18. Refer to Exhibit 6 of the application, page 1.

Request 18a. Explain the wide variance between the generation costs for EKPC's existing landfill units.

Response 18a. Due to OEM-recommended maintenance schedules for the engine/generator sets, Operating and Maintenance costs vary dramatically from year to year for the LFGTE facilities. Overhauls on each engine take place every five to six years depending on accumulated hours of operation. These overhauls can cause maintenance costs to more than double over non-overhaul years.

Exhibit 6 presents generation costs in a \$/MWh format. During maintenance-intensive years such as when a facility experiences multiple engine overhauls, yearly generation numbers for that facility will also be affected. This adds to the increased \$/MWh calculation.

In an effort to smooth out these varying maintenance costs, the Farmers capacity payment is based on a six year average.

Request 18b. Explain why the generation costs for the Glasgow LFGTE facility differ significantly from the generation costs of EKPC's existing landfill units.

Response 18b. Glasgow LFGTE facility will be a one engine facility with a capacity of 1 MW. Generally EKPC LFGTE facilities have been 2.4 to 3.2 MW facilities and built at an average cost of approximately \$1300/kW. The Glasgow LFGTE facility is estimated to cost [REDACTED]/kW. These fixed costs are the driving factor on the high cost of generation for this facility.

Request 18c. Provide the generation costs for each of EKPC's existing generating units, including its coal and natural gas units.

Response 18c. See table on page three of this response.

<u>EKPC Facility</u>	<u>2013 RUS Form 12d All-in Cost</u>	<u>\$/MWh</u>
Cooper	\$81,909,265	82.12
Spurlock	\$429,786,658	50.32
Dale	\$14,881,705	120.69
Bavarian	\$796,006	32.44
Green Valley	\$629,237	47.48
Hardin County	\$668,502	42.15
Laurel Ridge	\$908,403	41.27
Mason County	\$150,000	No Gen
Pendleton County	\$1,234,329	54.50
Smith	\$50,186,952	136.02

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 10/09/14
REQUEST 19

RESPONSIBLE PARTY: Jeff Brandt

Request 19. Refer to Exhibit 8 of the Application. Explain how the 90 percent capacity factor was determined.

Response 19. Gas supply to the LFGTE facility is predicted to be more than adequate to fully load the engine/generator from the time of initial operation. The landfill has recently started collecting and flaring gas and gas flow measurements have been very good. The gas purchase agreement with the City of Glasgow contains a "gas proofing period" before EKPC and Farmers would be committed to move forward with the project.