

Goss ■ Samford PLLC



Attorneys at Law

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PUBLIC SERVICE
COMMISSION

October 20, 2015

HAND DELIVERED

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

Re: PSC Case No. 2015-00233

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and eight copies of the redacted responses of East Kentucky Power Cooperative, Inc. to Commission Staff's Post Hearing Date Requests from the hearing held on October 7, 2015.

Also enclosed are an original and eight copies of EKPC's Motion for Confidential Treatment of Information ("Motion"). One unredacted copy of the designated confidential portions of these responses, which are the subject of the Motion, is enclosed in a sealed envelope.

Very truly yours,

David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN EXAMINATION OF THE APPLICATION)	
OF THE FUEL ADJUSTMENT CLAUSE OF)	
EAST KENTUCKY POWER COOPERATIVE,)	CASE NO. 2015-00233
INC. FROM NOVEMBER 1, 2014 THROUGH)	
APRIL 30, 2015)	

MOTION FOR CONFIDENTIAL TREATMENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), 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 its Post-Hearing Request for Information Response No. 9 in the above-captioned proceeding, respectfully states as follows:

1. A hearing was held in this matter on October 7, 2015. During this hearing, EKPC was requested to produce certain information as responses to post-hearing data requests. Request No. 9 states as follows:

9. Please provide the names of the insurance companies with whom EKPC has Outage Insurance policies, the cost of those policies, along with a summary of the potential payouts to EKPC and under what circumstances those payouts would be made.

2. In its response to Request No. 9, EKPC is providing a copy of a summary of the potential payouts and under what circumstances those payouts would be made as well as the annual cost of the policies.

3. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the information provided by EKPC in response to Request No. 9 is being tendered in redacted form in the public version of EKPC's filing and in an un-redacted form filed under seal herewith. Collectively, this information is hereinafter referred to as the "Confidential Information."

4. The Confidential Information contains extensive information pertaining the price EKPC pays for Outage Insurance and specifics regarding under what circumstances payouts would be made under the policies.

5. The Confidential Information is retained by EKPC on a "need-to-know" basis and is not publicly available. If disclosed, the Confidential Information would give potential insurance vendors and competitors a tremendous competitive advantage in the course of ongoing and future negotiations for renewals and replacements of the existing policies. These market advantages would likely translate into higher insurance costs for EKPC and, by extension, detrimentally higher rates for EKPC's Members. Thus, disclosure of the Confidential Information would be highly prejudicial to EKPC, EKPC's Members and those Members' retail customers.

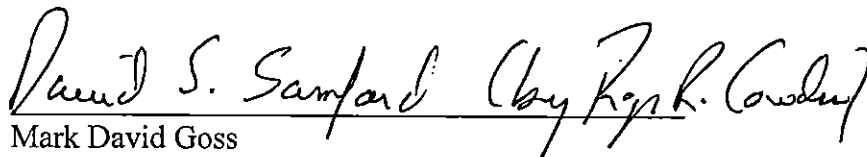
6. The Kentucky Open Records Act exempts the Confidential Information from public disclosure. *See* KRS 61.878(1)(c). As set forth above, disclosure of the Confidential Information would permit an unfair advantage to third parties. Moreover, the Kentucky Supreme Court has stated, "information concerning 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). Because the Confidential Information is critical to EKPC's effective execution of business decisions and strategy, it satisfies both the statutory and common law standards for being afforded confidential treatment.

7. EKPC respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will be less likely to include information that continues to be commercially sensitive so as to impair the interests of EKPC if publicly disclosed. However, EKPC reserves the right to seek an extension of the grant of confidential treatment if it is necessary to do so at that time.

WHEREFORE, on the basis of the foregoing, EKPC respectfully requests the Commission to enter an Order granting this Motion for Confidential Treatment and to so afford such protection from public disclosure to the un-redacted copies of Confidential Information, which is filed herewith under seal, for a period of ten years from the date of entry of such an Order.

This 20th day of October, 2015.

Respectfully submitted,

A handwritten signature in cursive script, reading "David S. Samford (by R. K. Goss)".

Mark David Goss
David S. Samford
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Counsel for East Kentucky Power Cooperative, Inc.

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

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)	
THE FUEL ADJUSTMENT CLAUSE OF EAST)	CASE NO.
KENTUCKY POWER COOPERATIVE, INC.)	2015-00233
INC. FROM NOVEMBER 1, 2014 THROUGH APRIL)	
30, 2015)	

**RESPONSE OF EAST KENTUCKY POWER COOPERATIVE, INC.
TO COMMISSION'S DATA REQUEST FROM
HEARING HELD ON OCTOBER 7, 2015**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF EAST)
KENTUCKY POWER COOPERATIVE, INC.)
INC. FROM NOVEMBER 1, 2014 THROUGH APRIL)
30, 2015)**

**CASE NO.
2015-00233**

CERTIFICATE

**STATE OF KENTUCKY)
COUNTY OF CLARK)**

Michelle K. Carpenter, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission's Information Request at the hearing held on October 7, 2015, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Michelle K. Carpenter

Subscribed and sworn before me on this 20th day of October 2015.

Gwyn M. Willoughby #50044
Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF EAST)
KENTUCKY POWER COOPERATIVE, INC.)
INC. FROM NOVEMBER 1, 2014 THROUGH APRIL)
30, 2015)**

**CASE NO.
2015-00233**

CERTIFICATE

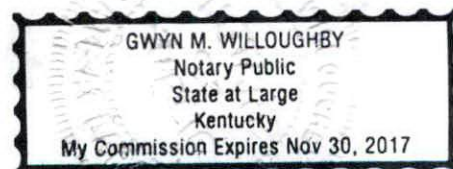
**STATE OF KENTUCKY)
COUNTY OF CLARK)**

Mark Horn, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission's Information Request at the hearing held on October 7, 2015, 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.

Mark Horn

Subscribed and sworn before me on this 20th day of October 2015.

Gwyn M. Willoughby #520144
Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN EXAMINATION OF THE APPLICATION OF)	
THE FUEL ADJUSTMENT CLAUSE OF EAST)	CASE NO.
KENTUCKY POWER COOPERATIVE, INC.)	2015-00233
INC. FROM NOVEMBER 1, 2014 THROUGH APRIL)	
30, 2015)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission's Information Request at the hearing held on October 7, 2015, 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 2015.

 #50044
Notary Public



IN THE MATTER OF:

CASE NO.
2015-00233

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

N. Narmada

Steph M. Williams #500144
Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF EAST)
KENTUCKY POWER COOPERATIVE, INC.)
INC. FROM NOVEMBER 1, 2014 THROUGH APRIL)
30, 2015)**

**CASE NO.
2015-00233**

CERTIFICATE

**STATE OF KENTUCKY)
COUNTY OF CLARK)**

Julia J. Tucker, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission's Information Request at the hearing held on October 7, 2015, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 20th day of October 2015.


Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 1**

RESPONSIBLE PARTY: Craig A. Johnson

Request 1. Please explain Generator Step-Up Transformer ("GSU") testing, as mentioned on Page 12 of Response #7 to Staff's Initial Data Request.

Response 1. EKPC was having issues with circulating current on the black start generators and wanted to eliminate the Unit 4 GSU as a problem by testing it. No issues were found with the GSU.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 2**

RESPONSIBLE PARTY: Craig A. Johnson

Request 2. Please provide details of the Planned and Forced outages of Smith Unit 7 in March and April 2015, as mentioned on Page 15 of Response #7 to Staff's Initial Data Request.

Response 2. Planned outages of Smith Unit 7 took place on March 29, 2015 and April 1, 2015. The March 29 outage was a routine outage to perform borescope inspections. The April 1 outage was a continuation of the March 29 outage. The forced outage on April 25, 2015 was due to elevated Nitrogen Oxide ("NOx") emissions which required a brief tuning outage to bring the unit back within operating limits.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 3**

RESPONSIBLE PARTY: Craig A. Johnson

Request 3. Please provide details of the planned outage of Smith Unit 10 in April 2015, as mentioned on Page 17 of Response #7 to Staff's Initial Data Request.

Response 3. The planned outage on Smith Unit 10 on April 27, 2015 was in order to wash the Carbon Monoxide ("CO") Catalyst. The washing was necessary to increase the CO removal efficiency.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 4**

RESPONSIBLE PARTY: Mark Horn

Request 4. Please provide a copy of the source documents and calculations used to support the amounts used in the comparison of the price of EKPC's coal purchases to those paid by other utilities.

Response 4. A copy of the source document and calculations is provided on the attached CD. The information is sourced from the Ventyx Coal Pricing Forecast. The source of the data is the United States Energy Information Agency's Form 923 and the Asea Brown Boveri ("ABB") transportation model. The price of delivered fuel in dollars per ton is dependent upon whether the receiving utility facility is regulated or non-regulated. Regulated entities file the price of delivered fuel. Non-regulated facilities are not required to report delivered prices. As a result, the Ventyx Coal Pricing Forecast models data for the non-regulated facilities.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 5**

RESPONSIBLE PARTY: Mark Horn

Request 5. Please provide a copy of EKPC's Fuel and Lime Procurement Manual, dated December 16, 2014, showing tracked changes from the previous version.

Response 5. A copy of EKPC's Fuel and Emissions Department Procurement Manual is provided on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233
FUEL ADJUSTMENT CLAUSE
RESPONSE TO POST HEARING DATA REQUEST

COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 6

RESPONSIBLE PARTY: Mark Horn

Request 6. Explain if the Emergency Fuel Purchase for Dale Station in February 2015, mentioned on Page 2 of Response 20 a-b, is the same as the purchase of 1,242 tons from Blue Diamond Mining as shown on the FAC back-up file for the expense month of March 2015.

Response 6. No, the referenced purchases are not the same. A copy of Appendix B that was filed with the FAC back-up for February 2015 is provided on the attached CD. The Perry County Coal Corporation tonnage listed on the first page (3,047 tons) corresponds to the emergency purchase shown on page 2 of the response to question 20(a)-(b) in EKPC's original responses to Staff's First Data Request.

The receipt of coal from Blue Diamond Mining, LLC in February 2015 (6,355 tons) and March 2015 (1,424 tons) are receipts from purchases made in November 2014 for Cooper Power Station. A portion of this coal was then diverted to Dale Power Station, through an option in the purchase order, for the same price.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 7**

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 7. Refer to the response to Item 28 of the Commission's Request and Item 3 of Commission Staff's Second Information Request. The questions and responses relate to PJM billing codes 1370 and 2370.

Request 7a. For the months of January through April 2015, East Kentucky has not billed or collected for these PJM billing codes, is that correct?

Response 7a. Yes, that is correct. PJM billing codes 1370 and 2370 have not been included in the FAC calculation for recovery for the months of January through April 2015.

Request 7b. But for the months of November and December 2014, East Kentucky is currently in the process of billing the \$114,723.93 that it was authorized to collect pursuant to the recent 2-year review proceeding which includes these billing codes for the months of November and December 2014, is that correct?

Response 7b. Yes, EKPC began recovery of the \$114,723.93 authorized in the two year review, effective with the July 2015 FAC calculation filed in August 2015. This amount includes PJM billing codes 1370 and 2370 for the months of November and December 2014, but does not include any other activity from the months of November and December 2014.

Request 7c. Is it East Kentucky's belief that it should be allowed to recover for the review period a net cost of \$984,939.34 which was provided in response to Item 3 of Staff's Second Request?

Response 7c. Yes, EKPC believes the net cost of \$984,939.34 for the months of January through April 2015 should be recovered in the FAC.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 8**

RESPONSIBLE PARTY: Julia J. Tucker

Request 8. Please provide a copy of EKPC's Fuel Cost Policy as filed with
PJM pursuant to PJM Manual #15.

Response 8. A copy of EKPC's Fuel Cost Policy as filed with PJM pursuant to
PJM Manual #15 is provided on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

**COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15
REQUEST 9**

RESPONSIBLE PARTY: Narmada Nanjundan/Julia J. Tucker

Request 9. Please provide the names of the insurance companies with whom EKPC has Outage Insurance policies, the cost of those policies, along with a summary of the potential payouts to EKPC and under what circumstances those payouts would be made.

Response 9. EKPC currently has an Outage Insurance Policy with North American Elite Insurance Company, a member company of Swiss Re Corporate Solutions, that covers the Spurlock and Cooper units. The current, total cost of this annual policy, including the cyber endorsement, is [REDACTED]. The following is a summary of the payouts and under what circumstances those payouts would be made:

- Strike price: Spurlock - [REDACTED] / Mwh; Cooper - [REDACTED] / Mwh;
- Deductible - [REDACTED] MM;
- Policy limit [REDACTED] MM;
- Per event max time limit: 180 days; if the event is less than 6 hours it is not covered

- Price cap: [REDACTED] / MWhr;
- Covered hours: 7x16 (Monday – Sunday 8 am – 11 pm);
- Covered events: forced outage, includes cyber events, tornado and flood perils

If EKPC loses any of the units at either Spurlock or Cooper, the policy will pay:

Payout = (Average hourly day-ahead peak price at AD hub - strike price)* MW forced out for each hour.

Please note that derates are not a covered event.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00233

FUEL ADJUSTMENT CLAUSE

RESPONSE TO POST HEARING DATA REQUEST

COMMISSION'S DATA REQUEST FROM HEARING HELD ON 10/07/15

REQUEST 10

RESPONSIBLE PARTY: Mark Horn

Request 10. Relating to the Appalachian Fuels, LLC, bankruptcy:

Request 10a. When does EKPC expect payments to be made by the trustee on its claim in that case?

Response 10a. As stated in Response 14c to Staff's First Information Request, EKPC will receive distribution at such time that the Trustee makes distributions to allowed general unsecured claim holders. The actual date of distribution is unknown to EKPC and has not been announced by the Trustee. To date, no distributions have been made to EKPC.

Request 10b. What does EKPC estimate the percentage on its claim would be?

Response 10b. As stated in Response 14c to Staff's First Information Request, EKPC will receive a pro-rata share of all distribution to unsecured creditors. The actual amount of recovery is currently unknown.