

Goss ■ Samford PLLC

 Attorneys at Law

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August 28, 2015

HAND DELIVERED

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

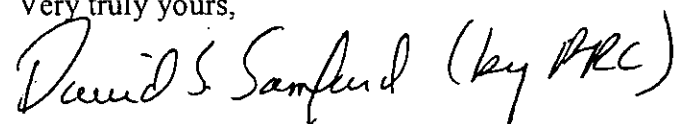
Re: PSC Case No. 2015-00267

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten redacted copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the information requests contained in the First Request for Information of the Commission Staff dated August 18, 2015. Also included are EKPC's redacted responses to the Attorney General's Initial Request for Information dated August 17, 2015 and LG&E/KU's Initial Request for Information dated August 18, 2015.

Also enclosed are an original and ten 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,

 (by PRC)

David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR APPROVAL)	
OF THE ACQUISITION OF EXISTING)	
COMBUSTION TURBINE FACILITIES FROM)	CASE NO.
BLUEGRASS GENERATION COMPANY, LLC AT)	2015-00267
THE BLUEGRASS GENERATING STATION IN)	
LAGRANGE, OLDHAM COUNTY, KENTUCKY,)	
AND FOR APPROVAL OF THE ASSUMPTION)	
OF CERTAIN EVIDENCES OF INDEBTEDNESS)	

RESPONSES TO ATTORNEY GENERAL'S INITIAL DATA REQUESTS
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED AUGUST 17, 2015

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00267

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 08/17/15

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits its responses to the information requests of the Attorney Generals ("AG") in this case dated August 17, 2015. Each response with its associated supportive reference materials is individually tabbed.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR APPROVAL)
OF THE ACQUISITION OF EXISTING)
COMBUSTION TURBINE FACILITIES FROM)
BLUEGRASS GENERATION COMPANY, LLC AT)
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LAGRANGE, OLDHAM COUNTY, KENTUCKY,)
AND FOR APPROVAL OF THE ASSUMPTION)
OF CERTAIN EVIDENCES OF INDEBTEDNESS)

CASE NO.
2015-00267

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 Attorney General's Initial Data Requests in the above-referenced case dated August 17, 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.

David Crews

Subscribed and sworn before me on this 25th day of August 2015.

Gwyn M. Willoughby #550144

Notary Public



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR APPROVAL)
OF THE ACQUISITION OF EXISTING)
COMBUSTION TURBINE FACILITIES FROM)
BLUEGRASS GENERATION COMPANY, LLC AT)
THE BLUEGRASS GENERATING STATION IN)
LAGRANGE, OLDDHAM COUNTY, KENTUCKY,)
AND FOR APPROVAL OF THE ASSUMPTION)
OF CERTAIN EVIDENCES OF INDEBTEDNESS)

CASE NO.
2015-00267

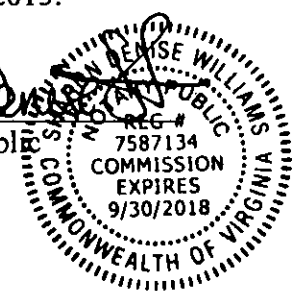
CERTIFICATE

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF FAIRFAX)

Ralph L. Luciani, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Requests in the above-referenced case dated August 17, 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.

Ralph L. Luciani

Subscribed and sworn before me on this 21st day of August 2015.

Sharon Denise Williams
Notary Public


COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR APPROVAL)	
OF THE ACQUISITION OF EXISTING)	
COMBUSTION TURBINE FACILITIES FROM)	CASE NO.
BLUEGRASS GENERATION COMPANY, LLC AT)	2015-00267
THE BLUEGRASS GENERATING STATION IN)	
LAGRANGE, OLDHAM COUNTY, KENTUCKY,)	
AND FOR APPROVAL OF THE ASSUMPTION)	
OF CERTAIN EVIDENCES OF INDEBTEDNESS)	

CERTIFICATE

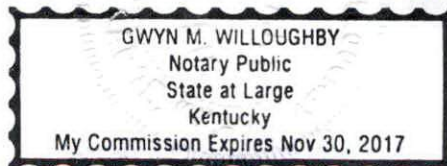
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry B. Purvis, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Requests in the above-referenced case dated August 17, 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 August 2015.


Notary Public



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR APPROVAL)
OF THE ACQUISITION OF EXISTING)
COMBUSTION TURBINE FACILITIES FROM)
BLUEGRASS GENERATION COMPANY, LLC AT)
THE BLUEGRASS GENERATING STATION IN)
LAGRANGE, OLDHAM COUNTY, KENTUCKY,)
AND FOR APPROVAL OF THE ASSUMPTION)
OF CERTAIN EVIDENCES OF INDEBTEDNESS)

CASE NO.
2015-00267

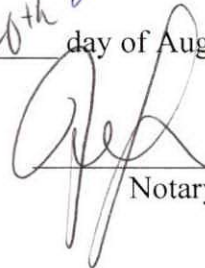
CERTIFICATE

STATE OF MASSACHUSETTS)
)
COUNTY OF MIDDLESEX)

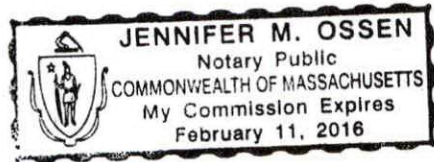
James Read, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Requests in the above-referenced case dated August 17, 2015, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



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



Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15

REQUEST 1

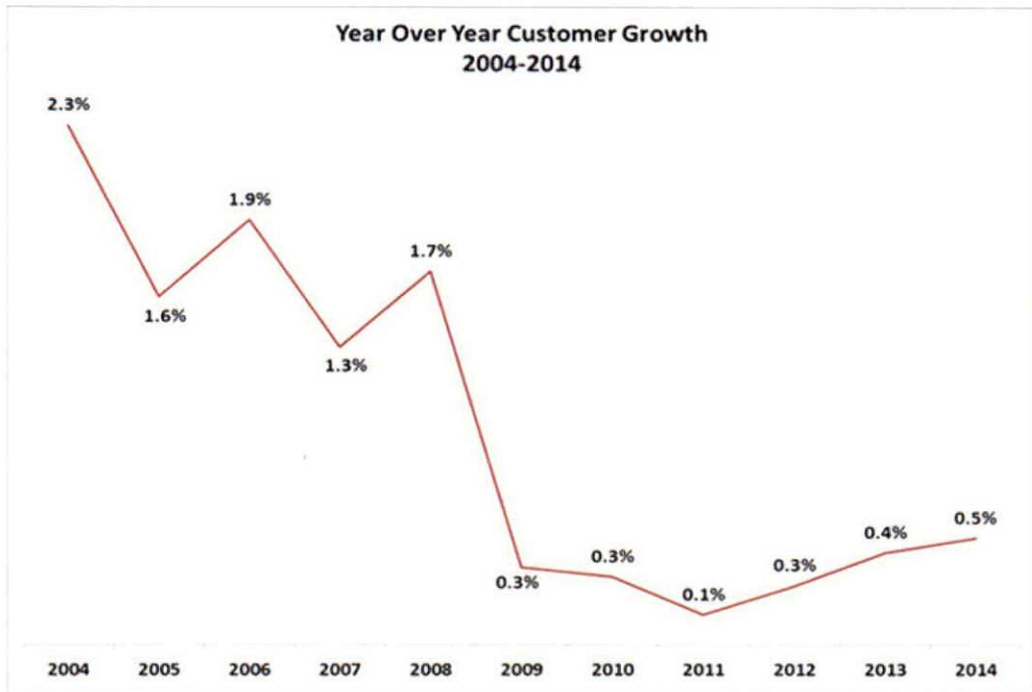
RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. In its application and testimony, EKPC mentions a growing demand in its service region. Please explain how this is demonstrated in its customer base.

Response 1. Historically, the EKPC Owner-Member systems' customer base has grown. As is shown in the following chart and graph, during the recession of 2008/2009, customer growth slowed down significantly, however, overall, still remained positive. Since 2011 the growth has been rebounding.

	Historical Growth Rates		
	2009-2014	2004-2014	1994-2014
Total Energy Requirements	1.5%	1.1%	3.3%
Total Retail Customers	0.3%	0.8%	1.8%



As was submitted in EKPC’s responses in case PSC Case No. 2015-00134, Staff’s First Request for Information, No. 45, the outlook for customer growth is expected to increase modestly.

5-Year Growth Rates (2013-2018)				
Region	County Total	County Total 5-Year Growth Rate	Member System Portion	Member System 5-Year Growth Rate
Central	298,472	1.5%	97,790	1.4%
East	214,042	0.1%	112,935	0.3%
North	191,649	1.3%	99,677	1.4%
North Central	176,804	1.8%	118,320	1.6%
North East	111,665	0.6%	90,968	0.8%
South	118,812	0.8%	111,570	0.8%
South Central	127,849	1.1%	26,538	1.0%

10-Year Growth Rates (2013-2023)				
Region	County Total	County Total 10-Year Growth Rate	Member System Portion	Member System 10-Year Growth Rate
<i>Central</i>	316,722	1.3%	104,236	1.3%
<i>East</i>	213,826	0.0%	114,154	0.3%
<i>North</i>	201,970	1.2%	106,720	1.4%
<i>North Central</i>	192,632	1.8%	127,267	1.5%
<i>North East</i>	114,611	0.5%	94,408	0.8%
<i>South</i>	123,683	0.8%	116,144	0.8%
<i>South Central</i>	132,580	0.9%	27,626	0.9%

15-Year Growth Rates (2013-2028)				
Region	County Total	County Total 15-Year Growth Rate	Member System Portion	Member System 15-Year Growth Rate
<i>Central</i>	334,447	1.2%	110,916	1.3%
<i>East</i>	213,772	0.0%	115,348	0.2%
<i>North</i>	211,866	1.1%	113,843	1.4%
<i>North Central</i>	209,329	1.7%	136,563	1.5%
<i>North East</i>	117,523	0.5%	97,877	0.8%
<i>South</i>	128,873	0.8%	121,018	0.8%
<i>South Central</i>	138,004	0.9%	28,744	0.9%

20-Year Growth Rates (2013-2033)				
Region	County Total	County Total 20-Year Growth Rate	Member System Portion	Member System 20-Year Growth Rate
<i>Central</i>	349,795	1.2%	116,360	1.2%
<i>East</i>	214,060	0.0%	116,336	0.2%
<i>North</i>	221,896	1.0%	120,500	1.3%
<i>North Central</i>	222,741	1.6%	144,133	1.4%
<i>North East</i>	119,847	0.5%	100,508	0.7%
<i>South</i>	132,700	0.8%	124,611	0.8%
<i>South Central</i>	143,249	0.9%	29,687	0.8%

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 2

RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. If the Commission should approve the application, please confirm that with regard to Bluegrass Unit 3, it is EKPC's intention to cancel the tolling agreement with LG&E-KU at its currently scheduled cancellation date of April 30, 2019.

Response 2. EKPC expects the tolling agreement with LG&E/KU to run its course and conclude on April 30, 2019.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 3

RESPONSIBLE PERSON: Craig Johnson and David Crews
COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please state whether any or all three of the Bluegrass Units have back-up fuel capability. If so, please identify: (i) the type of back-up fuel; and (ii) the capacity of fuel storage for the back-up fuel storage.

Response 3. The Bluegrass Units do not have a back-up fuel supply.

Request 3a. Does EKPC believe that it will be necessary to add additional back-up fuel storage in order to comply with PJM's Capacity Performance rules?

Response 3a. PJM does not currently have any back-up fuel storage requirements associated with the Capacity Performance rules. EKPC is considering diesel fuel back-up or firm gas transportation service to mitigate fuel risk in the Capacity Performance market.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 4

RESPONSIBLE PERSON: **Ralph Luciani**

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

Request 4. Reference the petition, numbered paragraph 26. Explain why EKPC and Navigant believe that the capacity factors for each of the Bluegrass Units are expected to increase substantially after the 2016-2022 timeframe as federal carbon policy is implemented.

Response 4. As noted in Exhibit RL-2, the increase in projected Bluegrass capacity factors in the early 2020's is due to the assumed introduction and subsequent ramping up of the national carbon policy, which puts upward pressure on energy prices and causes the economics of natural gas Units to be more favorable in comparison to coal-fired generation.

Request 4a. Does EKPC believe that any of the premises of Navigant's study need to be re-evaluated in light of the EPA's issuance of the final draft of the Clean Power Plan? Please explain in detail.

Response 4a. Please refer to EKPC's response to Commission Staff's First Request for Information dated August 18, 2015, Request 54d(3).

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15

REQUEST 5

RESPONSIBLE PERSON: Darrin Adams

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Reference the petition, numbered paragraph 32. Please provide a copy, if available, of the “updated operating guideline” under which EKPC intends to operate the Bluegrass Station.

Response 5. Please refer to EKPC’s response to Request 49 of the Commission Staff’s First Request for Information. Note that this operating guide has not yet been updated to reflect the status of Bluegrass Station Units 1 and 2 as Designated Network Resources for EKPC load connected to the LG&E/KU transmission system. This revision process is currently in progress and is being performed by the Reliability Coordinators (MISO, PJM, and TVA) responsible for the area surrounding the constraint. The revised operating guide is anticipated to be very similar to the operating guide that is currently in effect.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 6

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Reference the Mosier testimony, p. 5, lines 9-12. Please provide the names and titles of those individuals comprising EKPC's Power Supply Planning Group, and the Power Production Group.

Response 6. The names and titles of those individuals comprising EKPC's Power Supply Planning Group, and the Power Production Group are as follows:

Power Supply Planning Group:

David Crews, Senior Vice-President of Power Supply

Julia J. Tucker, Director of Power Supply

Jeff Brandt, Manager of Renewable Power Supply

Fernie Williams, Senior Resource Planning Analyst

Power Production Group:

Craig Johnson, Senior Vice-President of Power Production

Mary Jane Warner, Director of Production Engineers and Construction

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 7

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

Request 7. Reference the Mosier testimony, p. 5, line 10. Please provide a copy of the Burns and McDonnell Engineering report.

Response 7. Please refer to EKPC's response to Request 2 of the Commission Staff's First Request for Information. See section 3.5 'Test Operations and Thermal Performance.

Request 7a. Were there any flaws noted in that report of a non-material nature which could or will require further inspection or testing? If so, please identify same and provide any documentation associated therewith.

Response 7a. The Burns and McDonnell Engineering Company, Inc. ("B&McD") report referenced that the Bluegrass Units did not achieve the original equipment manufacturer's guaranteed heat rate in 2002 - the Units tested one to two percent higher than the guaranteed heat rate. B&McD recommended that EKPC hire a

third party to conduct a performance test prior to the purchase of the facility. EKPC production staff reviewed the historical heat rates and found them to be in line with our Smith Units. EKPC does not believe that the information gained from spending \$150,000 to \$200,000 for additional heat rate testing would reveal any meaningful information. The heat rate used for modeling the Units was based upon historical heat rates and not the original equipment manufacturer's guaranteed heat rates, and the purchase price accounts for the historical and expected performance of the Units going forward

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 8

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Reference the Mosier testimony, p.9, line 19. Please provide a copy of the most recent version of EKPC's Strategic Plan.

Response 8. Please refer to EKPC's response to Commission Staff's First Request for Information, Request 1(b).

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 9

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

Request 9. Reference the Mosier testimony, p. 10, lines 6-16. Please state whether the anticipated increased usage and consequent increased non-fuel O & M, and increased employee head-count at the Bluegrass station were taken into consideration when performing EKPC's "RFP Refresh."

Response 9. Yes, the non-fuel O&M was calculated based on the amount of hours that the Units were expected to run in the production cost model. The financial analyses all included the additional employees.

Request 9a. Please state whether the anticipated increased usage of the Bluegrass Units means that the Units' projected life span will decrease, and if so, by how much. If the anticipated usage will result in decreased lifespan, please state whether this was taken into consideration in the "RFP Refresh" analysis.

Response 9a. The increased usage is not expected to reduce the expected life span of the Units. These Units were designed and constructed to run as peaking service Units. The Units have run very little historically given their location and lack of transmission to make them economically and physically available to the market. EKPC's ownership will place the Units into the PJM market which will cause them to run more hours than they have historically, but those hours will still be well within the designed number of hours for peaking service.

Request 9b. Will the depreciation rates which EKPC expects to use for the Bluegrass Units be different than those used by L.S. Power? Regardless of the response, please provide the depreciation rates that EKPC plans to use for the Bluegrass Units, if they are available.

Response 9b. EKPC is not certain of the depreciation rates used by LS Power. Given that the LS Power depreciation rates do not impact EKPC's financial operations with these Units, then EKPC did not ask for the LS Power rates.

EKPC's studies assumed a normal 35 year depreciable life for the Units, and they have been in existence for 14 years. If EKPC is successful in its acquisition of these Units, then a subsequent detailed depreciation study will be conducted for these assets to determine the remaining depreciable life specifically for these Units.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15

REQUEST 10

RESPONSIBLE PERSON: Darrin Adams

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Please state whether the engineering congestion studies will take (or have taken) into consideration the anticipated increased usage which EKPC anticipates from the Bluegrass station.

Response 10. The studies performed by TranServ International as LG&E/KU's Independent Transmission Operator, related to EKPC's request to make the Bluegrass Station Units Designated Network Resources did effectively take into consideration their anticipated increased usage. These studies modeled the Units at full output under peak load conditions, which is typically when the transmission system is most stressed. These conditions are therefore considered to be the worst-case scenario. Operation of the Units during lower-load periods would therefore yield less congestion issues, and these issues should be addressed by mitigating the congestion identified for peak-load conditions.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE**

**ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 11**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. Reference the Mosier testimony, p. 12, line 1. If EKPC's application is approved, please describe the benefits EKPC will achieve by obtaining greater geographical diversity of its generation fleet.

Response 11. Please see EKPC's response to Commission Staff First Request for Information, Request 15.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE**

**ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 12**

RESPONSIBLE PERSON: Don Mosier

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. Reference the Mosier testimony, p. 12, lines 4-5. Will the addition of the Bluegrass Units eliminate the need for any market-based PPAs?

Response 12. EKPC purchased 200 MW through PPAs in January and February of 2015 that would not have been purchased if EKPC had owned the Bluegrass Units. In general, the acquisition makes the decision of purchasing from the market in the future an economic versus defensive move since the Bluegrass Units provide a heat rate hedge to high market prices.

Request 12a. Will the addition of the Bluegrass Units allow EKPC to meet its new winter peak demand?

Response 12a. Yes, EKPC is likely to have sufficient generation to meet its 2015 winter peak demand with the Bluegrass Units on its system.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15

REQUEST 13

RESPONSIBLE PERSON: Don Mosier and Craig Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. Please the Mosier testimony, p. 12, lines 17-18.

Request 13a. What is the age of the Bluegrass Unit's CTs in comparison to the Smith Station CTs?

Response 13a. The Bluegrass Units went into commercial operation in 2002. Smith Units 1, 2 and 3 went into commercial operation in 1999. Smith Units 4 and 5 went into commercial operation in 2001. Smith Units 6 and 7 went into commercial operation in 2005. Smith Units 9 and 10 went into commercial operation in 2010. The Bluegrass Units, commissioned in 2002, have been operated much less by comparison to the EKPC Smith Station Units. Bluegrass Unit 1 has accumulated 517 life starts with 1,602 operating hours, Bluegrass Unit 2 has 317 life starts with 1,119 operating hours, and Bluegrass Unit 3 has 331 life starts with 1,191 operating hours. Smith Units 1, 2, and 3 have 1,250 average life starts per unit and 8,423 average operating hours per unit.

Smith Units 4, 5, 6, and 7 have 1,113 average life starts per unit and 8,319 average operating hours per unit. Smith Units 9 and 10 have 1,030 average life starts per unit and 9,817 average operating hours per unit.

Request 13b. Will the generation assets at these two stations be aging on the same replacement schedule?

Response 13b. Replacement of any of these Units will be directly dependent on the specific condition of the individual Units, based on, among other things, the accumulated number of starts and actual hours of operation, not just on age alone.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE

ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15

REQUEST 14

RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 14. Reference the Crews testimony, p. 7, lines 15-17, wherein Mr. Crews states that EKPC's 2015 IRP indicates that EKPC's total energy requirement will increase by 1.4% year-over-year, over a twenty-year period.

Request 14a. During that twenty-year period, will there be a point in time that the combination of the Bluegrass Units and EKPC's other existing peaking Units will no longer be able to meet EKPC's peaking needs?

Response 14a. EKPC has not identified a need for additional peaking capacity during the 20 year time period at this time.

Request 14b. During the same period, will the Bluegrass Units have exceeded their expected lifespan?

Response 14b. The Bluegrass Units lifespan should envelope the 20 year period referenced above. Response 9a above discusses the increased usage on life span.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2015-00267
FIRST REQUEST FOR INFORMATION RESPONSE**

**ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 15**

RESPONSIBLE PERSON: James Read

COMPANY: East Kentucky Power Cooperative, Inc.

Request 15. Please provide a copy of EKPC's 2012 RFP.

Response 15. A copy of the 2012 RFP is provided on pages 2 through 20 of this response.



ALL SOURCE LONG-TERM REQUEST FOR PROPOSALS 2012

[JULY 5, 2012: TWO DATES REVISED; SEE ALSO THE FAQS ON WEBSITE FOR AMENDMENTS AND CLARIFICATIONS.]

RFP Issued: **June 8, 2012**

Supporting, Required Forms Issued: **June 15, 2012**

Notice of Intent to Submit Proposal Due: **July 10, 2012**

Required Forms with Revisions Issued: **July 13, 2012**

Proposal Submittal Deadline: **August 30, 2012**

RFP website: **www.ekpc-rfp2012.com**

RFP email: **ekpc-rfp@brattle.com**

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1. INTRODUCTION

1.1 OVERVIEW

East Kentucky Power Cooperative (EKPC) is issuing this All Source Long-Term Request for Proposals 2012 (RFP) to obtain new resources through a solicitation of interest from utilities, power marketers, project owners and project developers who desire to place a bid or bids and meet the minimum qualifications as described herein (Bidders or Participants). EKPC has formally applied to the Kentucky Public Service Commission for approval to transfer functional control of its system into the PJM Interconnection (PJM) and will systematically assume for purposes of this RFP that EKPC is a full member of PJM.¹ Thus, all Bidders should assume that they will deliver the capacity and/or energy resources to EKPC within PJM and under the PJM rules and procedures.

Subject to this and other conditions discussed below, EKPC will consider the following resources in this RFP:

- New construction of conventional generation technologies and all fuel types to include turnkey ownership, joint ownership or other alternatives;
- Existing conventional generation (a share of a plant could be accepted);
- New and existing renewable generation (as discussed below).

Pursuant to policies of the Kentucky Public Service Commission (PSC) and consistent with EKPC's Integrated Resource Plan (IRP) filed with the PSC on April 20, 2012,² EKPC seeks to acquire up to 300 megawatts (MW) of new resources, with an on-line date of October 2015. EKPC will consider resources that come on-line up to two years later, on or about October 2017, but will have to evaluate any additional costs it may incur under this later on-line date. As discussed in the IRP, one reason for the need for new resources is the impact of the EPA's Mercury and Air Toxics Standards (MATS) regulation. EKPC will evaluate the costs of retrofitting its older coal plants to comply with MATS. EKPC intends to offer a self-build option for this RFP.³ EKPC is not soliciting and will not accept capacity from PJM Demand Response resources. EKPC is developing its own demand side management resources.

¹ EKPC intends that during the full period of the contracts that come from this RFP it would be a signatory to the PJM OATT, the PJM Reliability Assurance Agreement, and the PJM Operating Agreement.

² EKPC, *2012 Integrated Resource Plan*, with Technical Appendices, all Redacted, April 20, 2012.

³ EKPC has established a wall to ensure that no cost information will be shared between its Power Production business unit, which will prepare the self-build proposal, and its Power Supply business unit, which will be involved in evaluating the bids that are received. The Brattle Group, as Independent Procurement Manager, also

For new conventional and/or renewable generation facilities, Participants may submit Bids in two forms. The first form is a Power Purchase Agreement (PPA) with EKPC, which is contained in the set of Required, Supporting Forms (Required Forms), which will be put on the RFP website on June 15, 2012. This is discussed below in Section 5. EKPC will consider PPAs for capacity in the EKPC Locational Deliverability Area (LDA) in PJM. EKPC will consider PPAs for energy delivered to:

- the EKPC load zone in PJM;
- the AEP-Dayton (AD) Hub;
- other delivery points that are fully described such that EKPC can determine the equivalent costs for delivery in comparing alternatives.

A PPA for bundled energy and capacity would need to specify both the energy delivery point and the LDA. EKPC would consider a bundled bid with the energy delivered to the AEP-Dayton Hub and the capacity delivered to the PJM LDA for AEP, and would evaluate any incremental costs or benefits from that arrangement. EKPC will consider energy and capacity from new or existing renewable generation resources.

One of the Required Forms is a signed draft PPA, which at the Bidder's discretion will contain terms, such as pricing terms, that are binding for 60 days from August 30, 2012. This signed form must be submitted for each PPA Bid. The conditions for the PPA Bids are discussed below in Section 2.3.4. Again, all Required Forms with their terms will be posted to the "ekpc-rfp2012" website on Friday, June 15, 2012. The final revisions to the Forms will be posted to the website by Tuesday, July 10, 2012.

The second form of the Bid is Facility Ownership by EKPC. For Facility Ownership, the sale would be conducted pursuant to a Purchase and Sale Agreement (PSA) and related documentation, which is found in Required Forms. This is the contract form under which a Participant would sell full or part ownership in an existing plant or would develop and cause to be constructed a fully permitted, operational generation facility, which would be sold in entirety or in part to EKPC at project completion. EKPC solicits both full and partial ownership shares, as long as the MWs of the project are within the minimum and maximum bounds for MW discussed below and other conditions are met. The Required Forms for Facility Ownership Bids would not need to be executable, but the conditions as discussed in the Required Forms would have to be met by any Bidder, or a Facility Ownership Bid may not be deemed acceptable to EKPC.

will have no contact with the Power Production business unit staff that are involved in the preparation of a self-build proposal.

EKPC has three sites in its service territory suitable for locating a gas-fired combined cycle combustion turbine facility (CCGT) or a gas-fired single cycle combustion turbine facility. A Participant could propose to build at any of these sites under the Facility Ownership and PSA arrangement. EKPC is not accepting a Bid for a PPA at any of these sites. For these three sites, EKPC will be responsible for building the fuel pipeline from the nearest natural gas pipeline interconnection to the input point of the generation plant. The three sites have different expected costs for this fuel pipeline connection, which the Bidders may wish to consider. EKPC will also secure the air and water permits. Additional information and the conditions for the use of the EKPC sites are described in a Required Form on development and siting status. EKPC may submit self-build proposals at one or more of its sites.

Additional general conditions are that Contracts for new resources should have a minimum of 50 MW for any conventional resource and 5 MW for any renewable resource, as further specified in Section 2.3.2 below. This is a long-term procurement, so the length of any PPA should be at least five years and can be longer at Bidder's discretion. EKPC's 2012 IRP showed a preference for dispatchable and operationally flexible resources, but EKPC will evaluate any reasonable and fully described resource that a Bidder offers.

East Kentucky Power Cooperative, Inc. is committed to environmental stewardship while safely providing affordable, reliable power to its members. Therefore, EKPC will also consider proposals for energy and capacity from renewable generation resources. The renewable resources' bids must be a minimum of 5 MW (single resource or an aggregate in one Bid that is greater than or equal to 5 MW). The duration of the renewable energy resource contract(s) should range from a minimum of 5 years to the life of the facility. The capacity and/or energy must be deliverable to EKPC's Delivery Points as described herein. Renewable energy resources may include, but are not limited to:

- Wind
- Biomass
- Solar (electric or thermal)
- Hydro
- Geothermal
- Recycled energy (waste heat, etc.)

This RFP is open to those parties who currently own, propose to develop, or have rights to a renewable energy generating facility 5 MW or larger. Preference will be given to renewable projects that are in the

state of Kentucky. Bidders may submit multiple proposals to fulfill the resource request. The proposal must be based upon a proven technology.

EKPC will retain all environmental attributes associated with Bidder's proposed bid energy, including but not limited to renewable energy credits, green tags, greenhouse gas or carbon credits, and any other emissions attributes. EKPC has engaged the services of The Brattle Group to act as an independent procurement manager and perform a comparative analysis and evaluation of proposals received under this solicitation. EKPC reserves the right to retain any other independent consulting service that it may deem necessary or advisable. The final decisions with regard to acceptance or rejection of any or all proposals are specifically reserved to EKPC, subject to the approval of the Kentucky PSC.

1.2 SCHEDULE

The schedule for this RFP process is set forth in Table 1. This schedule is subject to adjustment and any changes will be posted immediately on the website.

Table 1: Major Milestones for the RFP

No.	Major Milestones for the RFP	Dates
1	RFP document and Form 1 issue date	Friday, 6/8/2012
2	RFP Website live	Friday, 6/8/2012
3	Date to register at the Website to receive all further information with respect to the RFP. Potential bidders can continue to register up to Tuesday, 7/3/2012.	Wednesday, 6/13/2012
4	On the website, all Required Forms for a Bid will be posted, which will explain the information requirements for the Bids. An objective is to allow Bidders to fully explain their Bids, while systematically collecting as much information as possible in machine-readable format. Suggestions for improvements will be accepted by email through Tuesday, 7/3/2012, and the final Forms distributed on Tuesday, 7/10/2012	Friday, 6/15/2012
5	Webinar to answer questions of prospective bidders	Wednesday, 6/27/2012
6	Due date for Notice of Intent to Submit Proposal (Reset on July 2, 2012)	Tuesday, 7/10/2012
7	Final versions of Bidder Response Forms, including Excel Forms 10 - 13 that should include binding values for 60 days, except as explicitly indicated by bidder, as discussed in Draft Forms 10 - 13.	Friday, 7/13/2012
8	Proposals due in electronic form	Thursday, 8/30/2012
9	Proposals due with wet signed original in hardcopy	Wednesday, 9/5/2012
10	Date up to which the executable PPA Bids must be good, which is 60 days after the PPA Bids are submitted. EKPC may exercise the right to execute any such PPA Bid.	Sunday, 10/28/2012
11	Select Short Listed proposals, assuming that the RFP is going to continue.	Thursday, 11/1/2012
12	Execute Project Agreements, if not executed earlier.	1/1 - 1/15/2013

1.3 DISCLAIMER FOR REJECTING BIDS AND/OR TERMINATING THIS RFP

This RFP does not constitute an offer to buy and creates no obligation to execute any Agreement or to enter into a transaction under an Agreement as a consequence of the RFP. EKPC shall retain the right at any time, in its sole discretion, to reject any Bid on the grounds that it does not conform to the terms and conditions of this RFP and reserves the right to request information at any time during the solicitation process. EKPC also retains the discretion, in its sole judgment, to: (a) reject any Bid on the basis that it does not provide sufficient ratepayer benefit or that it would impose conditions that EKPC determines are impractical or inappropriate; (b) implement the appropriate criteria for the evaluation and selection of Bids; (c) negotiate with any Participant to maximize ratepayer benefits; (d) modify this RFP as it deems appropriate to implement the RFP and to comply with applicable law or other direction provided by the PSC; and (e) terminate the RFP should the PSC not authorize EKPC to execute Agreements of the type sought through this RFP. In addition, EKPC reserves the right to either suspend or terminate this RFP at any time for any reason whatsoever. EKPC will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to any Participant, whether submitting a Bid or not.

1.4 CONTACT INFORMATION

The Brattle Group (Brattle) is serving as the Independent Procurement Manager (IPM) for this RFP process. Proposals in response to this RFP are due at the IPM's offices no later than 4PM Pacific Daylight Time (PDT) on Thursday, August 30, 2012.

Proposals are to be submitted by mail, e-mail, fax, or hand delivery to the IPM. Faxed or e-mailed proposals must be followed up by a signed original that is delivered by mail or overnight courier no later than 4PM PDT on September 5, 2012.

All correspondence should be directed to the IPM at the following address:

EKPC All Source RFP c/o The Brattle Group
201 Mission St., Suite 2800
San Francisco, CA 94105
Phone: 415.217.1000
Fax: 415.217.1099
E-mail: ekpc-rfp@brattle.com
Web Site: www.ekpc-rfp2012.com

2. EKPC SITUATION AND THE RFP GOALS

2.1 HISTORY

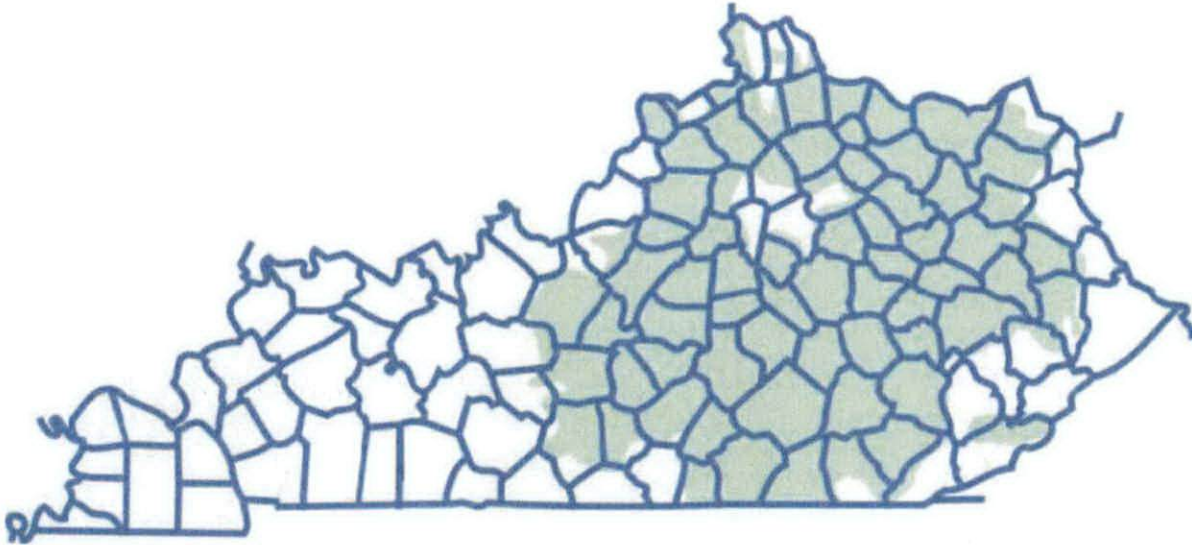
East Kentucky Power Cooperative, Inc. (EKPC) is headquartered in Winchester, KY and provides electric power and energy to 16 member distribution cooperatives serving approximately 511,000 meters in 87 Kentucky counties. EKPC is a member of the National Renewable Cooperative Organization. EKPC's existing resource portfolio consists of approximately 2,500 MW of coal and gas generating capacity, 15 MW of Landfill Gas generation, 170 MW of South East Power Administration (SEPA) hydro power, and various power purchase contracts. EKPC has applied for membership in PJM, and expects to be a member during the entire period of any contracts that result from this RFP. In addition to being a member of PJM, EKPC expects to maintain interconnections with the following other utilities/markets:

- KU/LG&E/PPL
- Tennessee Valley Authority (TVA)

Pursuant to policies of the Kentucky Public Service Commission (PSC) and consistent with EKPC's Integrated Resource Plan (IRP) filed with the PSC on April 20, 2012,⁴ EKPC seeks to acquire up to 300 megawatts (MW) of new resources, with on-line date on October 2015. EKPC will consider resources that come on-line up to two years later, on or about October 2017, but must evaluate any additional costs it may incur under this later on-line date. As discussed in the IRP, one reason for the need for new resources is the impact of the U.S. EPA's MATS policy. EKPC will evaluate the costs of retrofitting its older coal plants to comply with MATS. EKPC intends to offer a self-build option for this RFP. EKPC is not soliciting and will not accept bids for capacity from PJM Demand Response resources. EKPC has its own demand side management resources that it is developing.

⁴ EKPC, *2012 Integrated Resource Plan*, with Technical Appendices, all Redacted, April 20, 2012.

2.2 SYSTEM MAP



The above map shows the territory of EKPC and its member systems.

2.3 RFP GOALS

2.3.1 EKPC Resource Needs

EKPC submitted its Integrated Resource Plan (IRP) to the Kentucky Public Service Commission on April 20, 2012. Based on its IRP, EKPC projects it will need approximately 300 MWs of capacity by October 2015. As mentioned previously, EKPC will consider resources that come on-line up to two years later, that is, on or about October 2017, but must consider any additional costs it may incur under a later on-line date.

To meet this projected need, EKPC is seeking Bids from resources that meet the specifications set forth in Section 4 "Submission of Proposals and Eligibility Requirements." Attractive bids will be those that allow EKPC to produce energy and capacity products compatible with EKPC's requirements, and contribute to the other criteria specified in Section 6 "Proposal Evaluations."

In this solicitation, EKPC is willing to consider a wide range of intermediate and long-term resources that meet all or part of its requirements. EKPC will evaluate the benefits and costs of Bids in light of its existing portfolio of supply and demand-side resources.

EKPC must fully understand operational limitations of each Bid due to environmental constraints, such as air quality limitations. If applicable, Participants should specify all operational constraints the resource

will be required to meet, such as those needed to comply with local Air Board requirements as well as other permitting requirements.

In addition, EKPC intends to bid any resources selected as a result of this RFP into the PJM market. EKPC will rely on any selected Bidder's attestations as to expected commercial operations date (COD), delivery date, or other time sensitive information contained in the response. As such, it is expected that any negotiated agreement will contain terms including but not limited to liquidated damages and/or replacement capacity costs at the prevailing market price for capacity at the time of expected delivery and until such time as performance is satisfied under the terms of said agreement.

2.3.2 Resources

EKPC will consider proposals (1) to enter into power purchase agreements and (2) to purchase new or existing generation resources (full or partial). Also, EKPC will consider Bids from conventional and renewable generation resources. EKPC has a preference for physical resources or PPAs that are based on physical resources. EKPC is not willing to enter into purely financial contracts to satisfy this RFP.

Conventional Generation

For purposes of this solicitation, the term "conventional generation" includes combined cycle and simple cycle (combustion turbine) technologies fueled by natural gas or bio-fuels. It also includes existing coal, nuclear and hydro facilities. Minimum Bid size is 50 MW from each facility.

Renewable Resources

EKPC will consider energy and capacity from new or existing renewable generation resources, including facilities burning biodiesel, digester gas, landfill gas or municipal solid waste, fuel cells using renewable fuels, geothermal facilities, ocean wave, ocean thermal and tidal current facilities, solar photovoltaic and solar thermal facilities, small hydroelectric (30 megawatts or less) facilities and wind generators. The minimum Bid size is 5 MW from each facility.

2.3.3 Facility Ownership: Generation Characteristics

Each facility will be operated to provide products as needed to conform to the requirements of PJM. For some resources, this is expected to include multiple daily starts and stops, rapid turndown of and ramp up within the unit's capabilities and full compliance with environmental permit conditions. This is to be satisfied by fully and accurately completing the Required Forms.

Load Following Generation

Bids to develop and sell a shaping or load following facility to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form on combined cycle plants. The ability to meet these characteristics will be given additional weight in the evaluation process. Bids other than natural gas-fired technologies should respond to the appendices in a full and complete manner indicating where information is not applicable and provide additional information where appropriate in order to allow EKPC to fully evaluate its bids. Bids must meet all federal and state laws and be able to secure all permits.

Peaking Generation

Bids to develop and sell a peaking facility to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form on simple cycle combustion turbines. The ability to meet these characteristics will be given significant weight in the evaluation process. Bids other than gas-fired technologies should respond to the appendices in a full and complete manner indicating where information is not applicable and provide additional information where appropriate in order to allow EKPC to fully evaluate its Bid. Bids must meet all federal and state laws and be able to secure all permits.

Baseload Generation

Bids to develop and sell baseload generation to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form. Bids must meet all federal and state laws and be able to secure all permits.

2.3.4 Contract Options

All PPA Bids should include a draft PPA as part of the bid. Unless clearly set forth in the draft PPA to the contrary, the terms of the PPA shall be binding upon the Participant for 60 days from the date of submission, August 30, 2012, which is until October 28, 2012. Any section(s) or terms of the draft PPA which the Participant intends to be non-binding on the Participant (and subject to further negotiation) shall be clearly designated in the draft PPA. At the end of that period on October 29, 2012, EKPC may ask the Bidder to refresh the Bid for another 60 days, and the Bidder can respond accordingly, including any updates as to the binding nature of the terms of the draft PPA, so as to continue to be considered in the Short List negotiation of this RFP. Failure of a Bidder to provide a draft Purchase Power Agreement as set forth herein may result in disqualification of the Participant's Bid.

All Facility Ownership/PSA Bids must fully meet the conditions that are imposed on that kind of bid. These conditions will be stated in the Forms on Facility Ownership/PSA Bids that will be issued on June

15, 2012. EKPC wants to be certain that Facility Ownership Bidders planning to use an EKPC site are providing accurate and complete cost numbers on which they are prepared to execute. However, EKPC recognizes that building on one of its sites is likely to require additional negotiations, so EKPC is not expecting a fully-executable Facility Ownership Bid. Failure of a Participant to fill the details of the Required Forms for Facility Ownership/PSA option may result in disqualification of the Participant's Bid.

PPAs

EKPC is seeking PPA Bids for new and existing renewables and new and existing conventional generation technologies, including technologies capable of running on multiple fuels. The Required Forms will contain all forms for the PPA Bids. EKPC will provide the Required Forms on the website on June 15, 2012 and update certain of the Required Forms by July 10, 2012. As discussed above, each PPA Bid at the Bidder's discretion can have terms, such as price terms, that are binding for 60 days from its submission on August 30, 2012, which is until October 28, 2012.

For PPA Bids from natural gas-fired facilities, EKPC's preferred contract structure is a fuel conversion (tolling) structure. The documentation requested in the Required Forms will be generally structured to accommodate gas-fired units and a fuel conversion agreement. Participants offering a PPA other than a fuel conversion agreement for a gas-fired facility should adapt the documentation by selecting or deleting the optional elements as appropriate or making such other adjustments as necessary and appropriate for the technology and fuel-type offered. See the Required Forms.

Regardless of the contract structure offered, Participants are requested to specify contract quantities, fixed O&M costs, variable O&M costs, contract heat rate(s) (where applicable), and other parameters to aid EKPC in comparing Bids, which will be requested on the Required Forms.

Participants can submit fixed-price PPA Bids. Participants can also submit PPA Bids that use indexed pricing, as described below.

- PPAs must meet all of PJM requirements for Capacity transactions, as contained in the PJM Business Manuals,
- PPA must meet all of the PJM requirements for Energy transaction, as contained in the PJM Business Manuals,
- Variable O&M, Fixed O&M, Variable Energy and Fired Hour Charge: A Participant shall indicate in its Bid an initial price for each of these components. If the Participant elects to use indexed pricing, the Participant should fully describe the indexation approach by filling out the appropriate Required Forms, which will be sent out on June 15, 2012,

- Capacity Payment Rate: A Participant shall indicate in its Bid an initial price for capacity. If the Participant elects to use indexed pricing, the Participant should fully describe the indexation approach by filling out the appropriate Required Forms, which will be sent out on June 15, 2012.

Purchase and Sale Agreements (PSAs)

EKPC is seeking PSA Bids for Facility Ownership of new conventional generation technologies, including technologies capable of running on multiple fuels, whereby the Participant would design, develop, permit, construct and commission the facility. EKPC has three existing sites for such a facility, as discussed in the Required Forms. EKPC would take ownership of the facility once it is constructed, tested and accepted. Bids must include milestone guarantees and performance guarantees for the completed facility. Participants must completely fill out, but will not have to provide any executable Required Forms for a PSA.

Participants can submit fixed-price PSA Bids, as will be described in the Required Forms.

The PSA term sheet will be provided in the Required Forms. Generation characteristics that EKPC is seeking are described in Section 2.3.3 "Facility Ownership." EKPC plans to update the Required Form for the PSA Bids by July 10, 2012.

Purchase Price: A Participant shall indicate in its Bid a purchase price, as of the date the Agreement is executed by EKPC, for a Project offered in a PSA Bid.

The Delivery Points are:

- The EKPC load zone for energy and EKPC LDA for capacity,
- The AEP-Dayton (AD) Hub for energy and PJM LDA for AEP for capacity,
- other delivery points that are fully described such that EKPC can determine the equivalent costs for delivery in comparing alternatives.

As part of an individual Bid, a Participant may submit Bid variations, with each Bid variation indexing certain components. For example a Participant offering a PPA could offer one variation with a fixed capacity price and another variation may index the capacity price, while both Bid variations index the other pricing components. This information should be provided in the Required Forms.

3. TRANSMISSION AND DELIVERY INFORMATION

3.1. PJM MEMBERSHIP TO BE ASSUMED

EKPC considers transmission reliability to be of utmost importance, and the Bidder should specify what arrangements it intends to make to deliver the power reliably. EKPC has formally applied to the Kentucky Public Service Commission to join and is expecting to be a full member of PJM during the term of any contract resulting from this RFP. If the Bidder is also a member of PJM, then the transmission arrangements will be governed by the PJM protocols. If the Bidder is outside of PJM, the Bidder will have to explain the expected cost and reliability of transmission to the PJM system and to the EKPC Delivery Points.

Any modifications or additions to EKPC's system, including interconnection, transmission, or communications facilities, required by a Bidder for power delivery to EKPC's system, shall be subject to review and approval by EKPC. Expenses relating to any such modifications or additions will be included or inferred by EKPC in the price evaluation of the Bidder's proposal.

4. SUBMISSION OF PROPOSALS AND ELIGIBILITY REQUIREMENTS

4.1. OVERVIEW OF PROCESS

The bid process will include the events as indicated on the schedule in Section 1.2. June 8, 2012 is the release of the RFP and the opening of the website. On July 3, 2012, interested Bidders will be requested to submit a Notice of Intent to Submit Proposal form. Proposals will due August 30, 2012. The proposals will be screened and non-conforming offers will be rejected. Bidders for a short list can expect to be notified on or about November 1, 2012. There will begin negotiations of final offers. Final negotiation and the signing of offers will occur if the negotiations are successful.

4.2. NOTICE OF INTENT TO SUBMIT PROPOSAL

A Notice of Intent to Submit a Proposal is requested from all prospective Bidders. This notice includes a Confidentiality Agreement. This will be Form 1 in the Required Forms and should be returned to the IPM Official Contact as listed in Section 1.4. This form is due to the IPM at The Brattle Group offices by no later than by 4PM PDT on July 3, 2012. In addition to postal mail, fax, and email are sufficient as means to return the Notice of Intent to Submit Proposal. Potential Bidders should make their best effort to provide accurate information about their planned Proposal; however, Bidders will not be bound by the information provided in the completed Form 1, Notice of Intent to Submit Proposal.

4.3. DEADLINE AND METHOD PROPOSAL SUBMISSION

Proposals are due to the IPM no later than 4PM PDT on August 30, 2012. Proposals are to be submitted by mail, e-mail, fax, or hand delivery. Faxed or e-mailed proposals must be followed up by mail with a signed original which must be received no later than 4PM PDT on September 5, 2012. All correspondence should be directed to the IPM, as indicated in Section 1.4 of this RFP document.

5. PROPOSAL CONTENT

A proposal should contain responses on all of the Required Forms, which will be provided in the website on June 15, 2012. The Forms will encourage Bidders to provide additional information or other supporting documentation to provide a complete description of the proposal. The Brattle Group will receive suggestions on how the Forms can be enhanced to allow more complete descriptions of the Bids and, at the discretion of EKPC, use those suggestions to finalize the Forms on July 10, 2012. EKPC retains the right to combine any Bid with any other Bid to determine a mix of resources that will provide a total economical and reliable resource package.

The Required Forms will deal with the following issues:

- Conditions on the Firmness of the Offers
- General Project Characteristics
- Development Status and Site Description, which describes three EKPC sites that will be offered for Facility Ownership / Purchase and Sale Agreement
- Capacity and Energy Profile
- Technical Description and Data by Resource Type
- Description of Pricing Methodology
- Pricing Information
- Transmission and Interconnection
- Financing and Credit Arrangements
- References
- Project Team
- EEI Master Purchase Power and Sale Agreement
- Power Purchase Agreement for the RFP, and the relationship to the EEI Master Agreement
- Purchase and Sales Agreement for the Facility Ownership

EKPC will provide the Required Forms on the website on June 15, 2012. On July 10, 2012, EKPC will provide final updates to the Required Forms.

6. PROPOSAL EVALUATION

6.1. SCREENING

All proposals will be evaluated for completeness and technical viability as a part of initial screening. Non-competitive bids will be eliminated based on this preliminary analysis.

6.2. EVALUATION

EKPC and The Brattle Group will specifically take into account the price, type and location of project, reliability, dispatchability, transmission availability, financial stability, and any other factor which relates to the suitability of the proposed project for meeting EKPC's power supply needs. EKPC reserves the right to consider any and all aspects of any bid in its evaluation as well.

6.3 FINANCIAL STABILITY AND PERFORMANCE GUARANTEES

Financial stability of the Bidder, demonstrated ability to fulfill its contractual obligations and historical project and contract performance are of utmost importance to EKPC and will be an integral part of EKPC's evaluation process. EKPC requires secure and reliable physical delivery of the capacity and associated energy corresponding to all PPAs. A performance bond, or some other form of security acceptable to EKPC, will be required to ensure the consistency and reliability of the physical delivery of energy and capacity.

For equipment and/or erection contracts, successful Bidders shall secure, upon contract award, performance bond(s) to provide financial assurance that the project will meet schedule and proposed performance targets. EKPC reserves the right to determine, in its sole judgment, the sufficiency of any performance bond (or other form of security) proposed by Bidder.

The Bidder should discuss in detail the type and amount of proposed credit enhancements or other means proposed to guarantee performance under any contract that might result from this RFP. This discussion should identify the entity providing such performance security and provide all relevant terms of such security mechanism. Bidder must provide audited financial statements from the previous three years in order to demonstrate its financial viability. Such financial information shall also be provided for any entity which would provide a performance bond or other form of security.

Bidders proposing "greenfield" sites or new generation at one of EKPC's 3 suggested locations must provide a description of the Bidders' ability to execute such projects as demonstrated by previously

applicable experience and examples of operating facilities caused to be designed, permitted, constructed, tested and achieving successful commercial operation within a time frame typical for such type of project. Other means of satisfying EKPC's concerns regarding the Bidders expertise and experience may be considered but will be at EKPC's sole discretion in determining the Bidders qualifications and acceptance or rejection.

Failure by Bidders to not address the requirements herein may result in rejection of the Bid(s).

6.4. CONFIDENTIALITY

Form 1 Notice of Intent to Submit a Proposal is part of the Required Forms and will contain a Confidentiality Agreement. The Bidder must return a signed Required Form including the Confidentiality Agreement on July 3, 2012, as discussed above Section 4.2.

EKPC will not disclose any information contained in the Bidder's proposal that is marked "Confidential" to another party unless such disclosures are required by law or by a court or governmental or regulatory agency having appropriate jurisdiction. As a regulated utility and electric cooperative, EKPC may be required to release proposal information to various government agencies and/or others as part of a regulatory review or legal proceeding. EKPC also reserves the right to disclose proposals to any EKPC consultant(s) for the purpose of assisting in evaluating proposals. In the event EKPC is required to submit copies of proposals to the Kentucky Public Service Commission (PSC) or other governmental or regulatory agency, EKPC will attempt to file such information labeled as "Confidential" on a confidential basis. Designating specific information as confidential, rather than the entire proposal, may facilitate such efforts. However, EKPC cannot guarantee that such information will be deemed confidential by the agency or court the information is filed with.

By submitting a proposal to EKPC under this RFP, Bidder certifies that it has not divulged, discussed, or compared its proposal with other bidders and has not colluded whatsoever with any other bidder or parties with respect to this proposal.

6.5. ACCEPTANCE OF PROPOSALS

EKPC reserves the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. EKPC also reserves the right to request further information, as necessary, to complete its evaluation of the proposals received, and to negotiate with Bidders selected for the short list, prior to any selection of any winning proposals. Bidders who submit proposals do so without recourse against EKPC for either rejection by EKPC or failure to execute an agreement for purchase of capacity and/or energy for any reason. EKPC will not

reimburse any Bidders for any cost incurred in the preparation or submission of a proposal and/or any subsequent negotiations regarding a proposal. All hard copies of proposals once submitted will become the property of EKPC.

6.6. SHORT LIST DEVELOPMENT

EKPC will develop a short list of potential proposals based on the benefit to EKPC's members. EKPC will then refine its analyses and develop its final decision. Acceptance of final bids will most likely be subject to approval by the Kentucky Public Service Commission, permitting agencies and potentially the Rural Utilities Service or other lenders. All respondents to the PPA Bid options must keep the terms of their bids firm and in effect until October 28, 2012, after which the Bidders can refresh the Bids if EKPC wants to put the Bidder on the Short List.

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ATTORNEY GENERAL'S INITIAL DATA REQUEST DATED 08/17/15
REQUEST 16

RESPONSIBLE PERSON: James Read

COMPANY: East Kentucky Power Cooperative, Inc.

Request 16. Please provide a list of all entities responding to EKPC's 2012 RFP, together with the short list which Brattle prepared (Read testimony, p. 12, line 3).

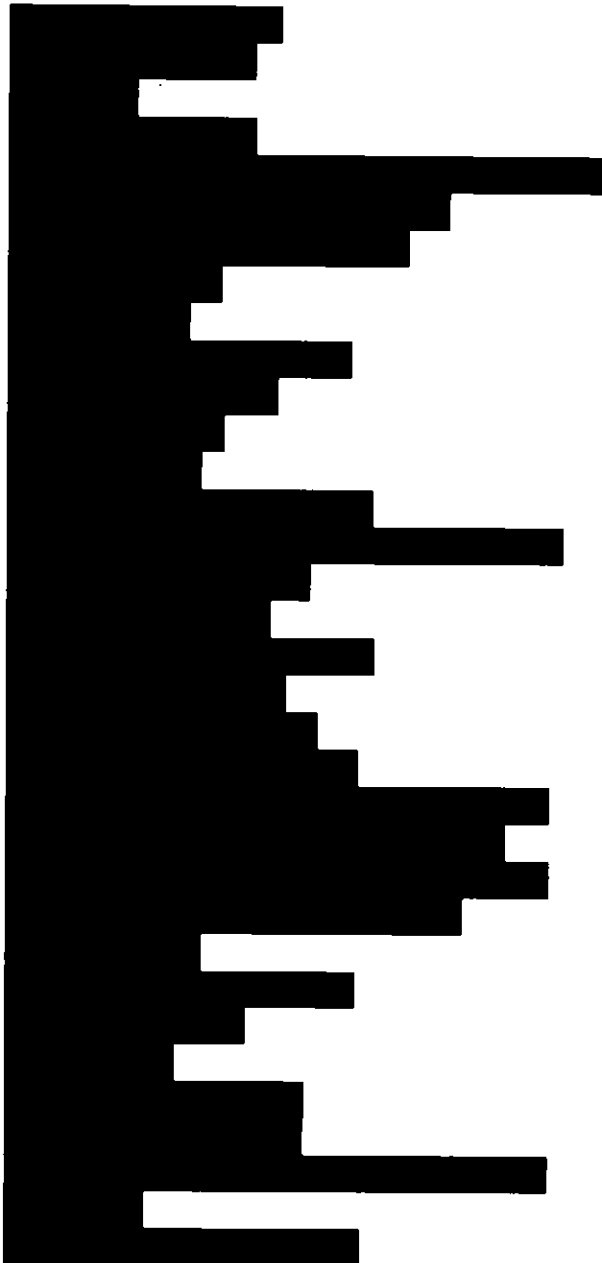
Response 16. Please see pages 2 and 3 of this response. Respondents on the short list are indicated by an asterisk. This information is confidential—it contains information subject to non-disclosure agreements between EKPC and bidders.

Request 16a. Of those entities responding to the 2012 RFP, please identify which ones offered gas-fired generation.

Response 16a. Please see page 4 of this response. This information is confidential—it contains information subject to non-disclosure agreements between EKPC and bidders.

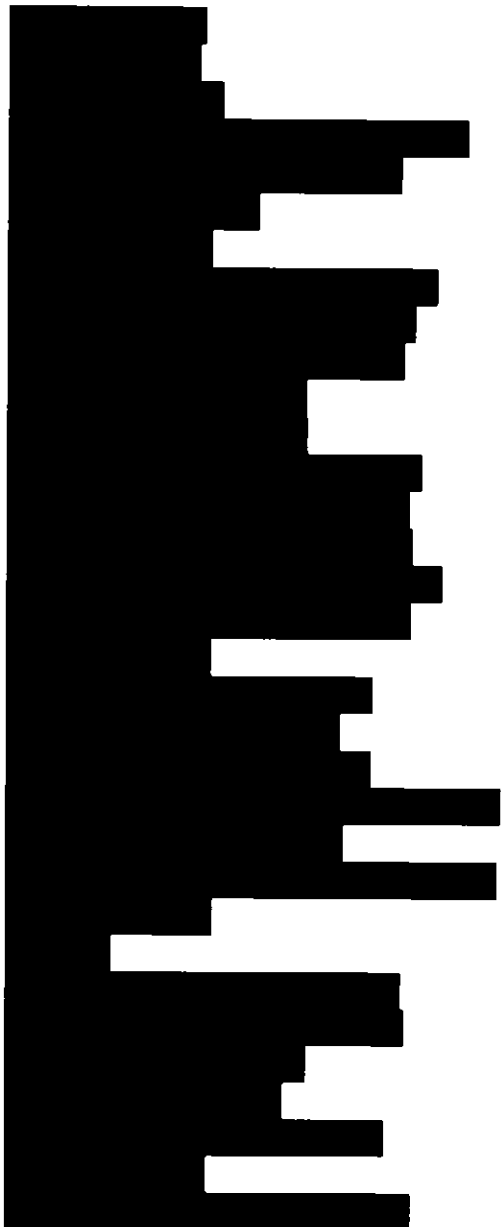
Confidential
Contains Information Subject to Non-Disclosure Agreements
between EKPC and Bidders

List of Respondents to 2012 RFP
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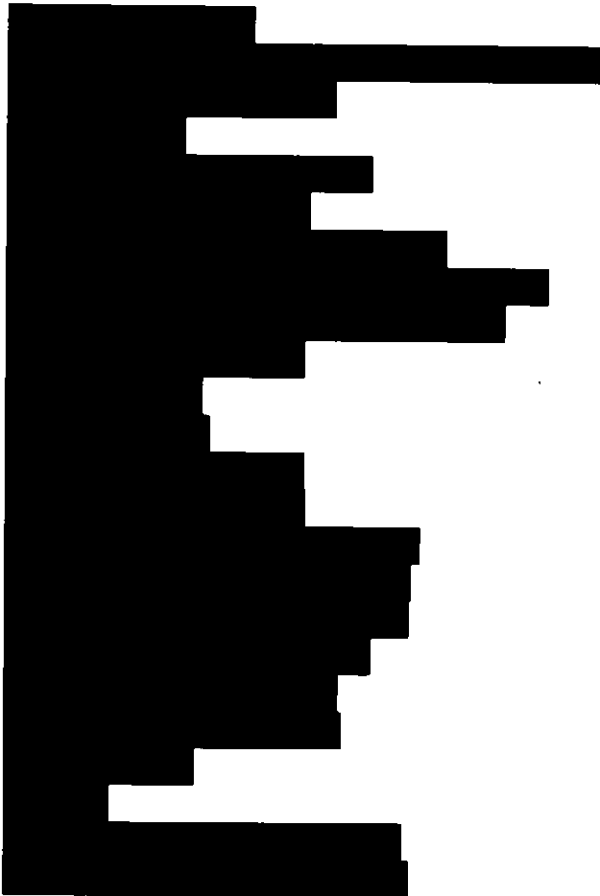
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List of Respondents to 2012 RFP
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Respondents to the 2012 RFP who offered Gas-Fired Generation



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REQUEST 17

RESPONSIBLE PERSON: James Read

COMPANY: East Kentucky Power Cooperative, Inc.

Request 17. Please provide a list of the firms which responded to EKPC[s invitation to submit updated or new proposals as part of the "RFP Refresh."

Response 17. Please see page 3 of this response. This information is confidential—it contains information subject to non-disclosure agreements between EKPC and bidders.

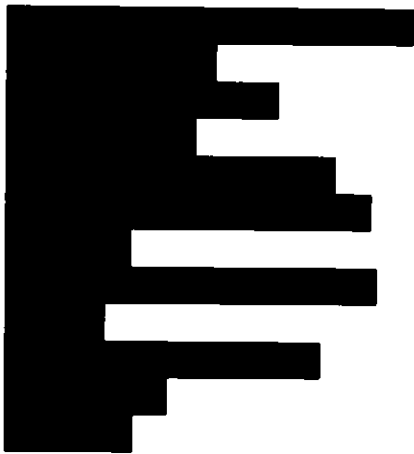
In reviewing this information, Mr. Read discovered an error in his direct testimony. At page 14 of his direct testimony, Mr. Read responded in the negative to the following question: "As part of the RFP refresh, did Brattle seek proposals from bidders that were not involved with the 2012 RFP?" In fact, Brattle sought proposals from two firms that did not submit proposals in response to the 2012 RFP.

Request 17a. Of those entities which responded to the “RFP Refresh,” please identify those whose proposals differed from the proposals in the original 2012 RFP.

Response 17a. The project team compared proposals received in the RFP Refresh to forward market prices on or about the proposal due date and to other proposals received in the RFP Refresh. EKPC did not compare proposals received in the RFP Refresh to the proposals received in response to the 2012 RFP. Forward market prices are always changing; other supply and demand factors rarely remain the same for long. Therefore, EKPC expects that every updated proposal submitted in response to the RFP Refresh differed in at least some respects from the corresponding proposal submitted in the 2012 RFP.

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Respondents to RFP Refresh



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REQUEST 18

RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 18. Please provide a list of all options other than the purchase of Bluegrass station that were presented to EKPC's Board of Directors following the "RFP Refresh."

Response 18. In addition to the Bluegrass station, the Board of Directors was briefed on the runner-up and third-place proposals in the RFP refresh. Both proposals were new-build options at EKPC's JK Smith Station.

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REQUEST 19

RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 19. Reference the Crews testimony, p. 10, lines 12-13. With regard to the short list that Brattle prepared following the 2012 RFP, please identify the other alternatives included on that list, and state whether the Board of Directors considered those alternatives.

Response 19. In addition to the proposals discussed in Response 18, the Board of Directors was also briefed on three purchase power proposals. Two of those proposals were from suppliers within the state of Kentucky and one was from resources outside Kentucky. The values of these proposals were significantly below the value of the Bluegrass station purchase. A complete summary of the 2012 RFP was filed previously as Exhibit 1a in PSC Case No. 2013-00259, An Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Alteration of Certain Equipment at the Cooper Station and Approval of a Compliance Plan Amendment for Environmental Surcharge Cost Recovery.

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REQUEST 20

RESPONSIBLE PERSON: Darrin Adams

COMPANY: East Kentucky Power Cooperative, Inc.

Request 20. Reference the Adams testimony, p. 10. Please confirm that EKPC's RPP process and analysis took into consideration the fact that EKPC will have to pay increased transmission rates to KU-LG&E for network service under that company's OATT. If EKPC cannot so confirm, will those increased costs change any conclusions EKPC reached as a result of those analyses? Please describe.

Response 20. EKPC's RFP process did not specifically take into account any potential increased transmission rates EKPC would pay to LG&E/KU for Network Integration Transmission Service ("NITS"). EKPC's transmission service requests submitted to LG&E/KU are to designate the Bluegrass Station Units as Network Resources for EKPC's existing load connected to the LG&E/KU transmission system, for which EKPC already pays the applicable NITS rate as specified in LG&E/KU's OATT. From that standpoint, there will be no incremental costs for EKPC's NITS from LG&E/KU as a result of these requests; that is, the requests simply allow EKPC to

deliver the output of the Bluegrass Station Units to EKPC load connected to the LG&E/KU system.

EKPC recognizes that there may be certain periods when it is desirable due to economics or reliability to dispatch the Bluegrass Units at an output level that is greater than the amount of EKPC load directly connected to the LG&E/KU system. The service granted by Transerv to EKPC does not specifically address this scenario. EKPC has discussed this with both LG&E/KU and Transerv, and the parties are in the process of developing the specific requirements and procedures necessary to allow this type of operation. EKPC anticipates that this type of operation will occur infrequently, and further, that the incremental cost EKPC would pay, if any, would be relatively small.

There could be an indirect impact on the transmission rates for NITS on the LG&E/KU transmission system as a result of the EKPC requests. The System Impact Studies and the Facility Study conducted by Transerv International and LG&E/KU identified some transmission-system enhancements that will be needed to accommodate EKPC's requests related to the Bluegrass Station Units. LG&E/KU annually updates its transmission service charges based on updated annual transmission revenue requirements. The annual transmission revenue requirements will reflect the costs of LG&E/KU's transmission facilities, so any capital costs incurred by LG&E/KU to add or upgrade transmission infrastructure due to EKPC's requests should be incorporated into this calculation. This

may result in a NITS rate that is higher than it would have been without the service requested by EKPC for the Bluegrass Station Units. The cost estimates from LG&E/KU for transmission modifications necessary due to the EKPC requests total \$9.48 million (\$8.72 million for Units 1 and 2 and \$0.76 million for Unit 3). This amount is approximately 1.5% of LG&E/KU's total transmission net plant value. Given this relatively small increase in the LG&E/KU transmission plant value, the impact on LG&E/KU's NITS rate is expected to be minor. Therefore, these small potential increases in EKPC's NITS costs within the LG&E/KU system would not materially impact the economics of the proposed acquisition of Bluegrass Station and consequently do not change EKPC's conclusions that this is the reasonable, least-cost option for addressing EKPC's long-term capacity needs.

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REQUEST 21

RESPONSIBLE PERSON: David Crews

COMPANY: East Kentucky Power Cooperative, Inc.

Request 21. Explain why EKPC did not conduct an entirely new RFP.

Response 21. EKPC had already spent considerable resources and time surveying the market for alternatives in its 2012 RFP. EKPC knew that the next best alternative it had found previously, second only to the Cooper Unit 1 retrofit project, was submitted by LS Power/Bluegrass. EKPC chose to refresh the bids and make sure that current market conditions had not changed the ranking of the options, and they had not.

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REQUEST 22

RESPONSIBLE PERSON: Jerry B. Purvis

COMPANY: East Kentucky Power Cooperative, Inc.

Request 22. Reference the Purvis testimony, p. 29, lines 11-12. Please state when EKPC's environmental compliance plan for the CCR Rule will be complete. Will the company submit it to the Commission?

Response 22. EKPC's environmental compliance plan for the CCR Rule is under review internally and its development is on-going. EKPC's team of legal advisors, environmental engineers and consultants are working together with the EKPC leadership and Board of Directors. EKPC is on track to comply with the CCR rule which is effective October 19, 2015. The amended environmental compliance plan must be reviewed and approved by EKPC's Board of Directors. It is important to understand that the CCR Rule and the forthcoming National Effluent Limitations Guidelines (ELG) water rules are interdependent; hence EKPC has elected not to move ahead separately for each rule until the ELG rule is finalized in September 2015. Upon approval by EKPC's Board

of Directors, EKPC will file the amended the compliance plan for both rules in the form of an application for consideration by the Commission.