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SEP 16 2015

PUBLIC SERVICE
COMMISSION

September 16, 2015

Via Hand-Delivery

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

Re: *In the Matter of: The Application of East Kentucky Power Cooperative, Inc. for Approval of the Acquisition of Existing Combustion Turbine Facilities form 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*
PSC Case No. 2015-00267

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced matter an original and ten (10) copies of East Kentucky Power Cooperative, Inc.'s Revised Response to Item No. 52(b) of Commission Staff's First Request for Information dated August 18, 2015. Please return a file-stamped copy of the Response to me.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

David S. Samford

Enclosure

CC: Jennifer Black Hans (with enclosure)
Allyson C. Sturgeon (with enclosure)
Michael L. Kurtz (with enclosure)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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SEP 16 2015

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

REVISED RESPONSE TO ITEM NO. 52(b) OF
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC. DATED AUGUST 18, 2015

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2015-00267

FIRST REQUEST FOR INFORMATION RESPONSE (REVISED)

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 08/18/15
REQUEST 52b**

RESPONSIBLE PERSON: James Read

COMPANY: East Kentucky Power Cooperative, Inc.

Request 52. Refer to the Read Testimony, Exhibit JR-2, pages 3-4, concerning the economic evaluation of the various proposals submitted in response to the RFP Refresh.

Request 52b. With respect to the capacity revenues, is it EKPC's belief that the current capacity prices in PJM's capacity market represent a reasonable view of capacity prices in the long term? Explain why or why not.

Response 52b. This response presumes that the question refers to the results of the 2017/2018 RPM Base Residual Auction ("BRA"), specifically the \$120/MW-day resource clearing price for the PJM RTO. As of the proposal due date, this was a conservative estimate of future capacity prices in the PJM RTO. PJM's administrative net cost of new entry ("Net CONE") for the 2017/2018 auction was \$351/MW-day, far above \$120/MW-day. However, PJM's Net CONE calculations have been far above the corresponding resource clearing prices in almost all of the auctions since 2007/2008.

Resource clearing prices averaged \$73/MW-day (with a range of \$73 to \$136) in the five auctions preceding 2017/2018; they averaged \$90/MW-day (a range of \$16 to \$174) in the ten preceding auctions.

Revised Response 52b. This response presumes that the question refers to the results of the 2017/2018 RPM Base Residual Auction (“BRA”), specifically the \$120/MW-day resource clearing price for the PJM RTO. As of the proposal due date, this was a conservative estimate of future capacity prices in the PJM RTO. PJM’s administrative net cost of new entry (“Net CONE”) for the 2017/2018 auction was \$351/MW-day, far above \$120/MW-day. However, PJM’s Net CONE calculations have been far above the corresponding resource clearing prices in almost all of the auctions since 2007/2008. Resource clearing prices averaged \$73/MW-day (with a range of **\$16** to \$136) in the five auctions preceding 2017/2018; they averaged \$90/MW-day (a range of \$16 to \$174) in the ten preceding auctions.

[This revised Response is submitted to correct an inadvertent typographical error.

The figure in bold is the only revision to EKPC’s original Response to this item.]

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

VERIFICATION OF JAMES READ

STATE OF MASSACHUSETTS)
COUNTY OF MIDDLESEX)

James Read, being duly sworn, states that he has supervised the preparation of the revised response of East Kentucky Power Cooperative, Inc., to Item No. 52(b) of the Public Service Commission Staff's Initial Request for Information in the above-referenced case dated August 18, 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.

James Read

JAMES READ

Subscribed and sworn to before me on this 14th day of September, 2015.

Jennifer M. Ossen

NOTARY PUBLIC

