

**Goss  
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April 24, 2017

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APR 24 2017

PUBLIC SERVICE  
COMMISSION

*Via Hand-Delivery*

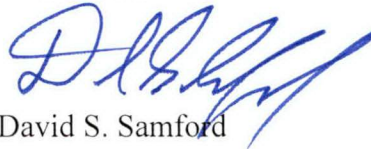
Dr. Talina R. Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: PSC Case No. 2017-00100

Dear Dr. Mathews:

Please find enclosed for filing with the Commission in the above-referenced case an original and eight copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's First Request for Information dated April 6, 2017. Please return a file-stamped copy of this filing to my office.

Very truly yours,



David S. Samford

Enclosures

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PUBLIC SERVICE  
COMMISSION

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

**In the Matter of:**

<b>APPLICATION OF EAST KENTUCKY POWER</b>	)	
<b>COOPERATIVE, INC. FOR A DECLARATORY</b>	)	<b>CASE NO.</b>
<b>ORDER CONCERNING A TRANSMISSION LINE</b>	)	<b>2017-00100</b>
<b>RELOCATION PROJECT</b>	)	

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

**DATED APRIL 6, 2017**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. FOR A DECLARATORY )  
ORDER CONCERNING A TRANSMISSION LINE )  
RELOCATION PROJECT )

CASE NO.  
2017-00100

CERTIFICATE

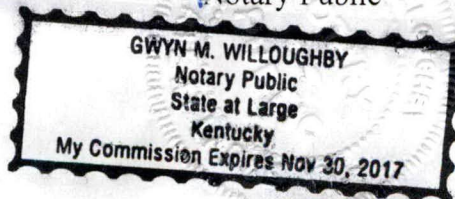
STATE OF KENTUCKY )  
 )  
COUNTY OF CLARK )

Darrin Adams, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's First Request for Information dated April 6, 2017 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.

*Darrin Adams*

Subscribed and sworn before me on this 21<sup>st</sup> day of April 2017.

*Gwyn M. Willoughby*  
Notary Public 6500144



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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APR 24 2017

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER )  
 COOPERATIVE, INC. FOR A DECLARATORY ) CASE NO.  
 ORDER CONCERNING A TRANSMISSION LINE ) 2017-00100  
 RELOCATION PROJECT )

CERTIFICATE

STATE OF KENTUCKY )  
 )  
 COUNTY OF CLARK )

Thomas J. Stachnik, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's First Request for Information dated April 6, 2017 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.

*Thomas J. Stachnik*

Subscribed and sworn before me on this 21<sup>st</sup> day of April 2017.

*Gwyn M. Willoughby*  
 Notary Public #500144



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2017-00100**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 04/06/17**

**REQUEST 1**

**RESPONSIBLE PARTY: Darrin Adams**

**Request 1.** Refer to the Application, paragraph 12, and to the Application, footnote 1, regarding the need to negotiate a new easement with affected property owners to accommodate the proposed new structures.

**Request 1a.** Provide the total number of properties that will be affected by this project.

**Response 1a.** This project ("the project") will affect 13 (thirteen) parcels of land owned by 10 (ten) different property owners. East Kentucky Power Cooperative owns 4 (four) of the 13 (thirteen) affected parcels.

**Request 1b.** Provide the distance by which the easement will be expanded.

**Response 1b.** None of the easements associated with the project will be expanded either in length or width. There are 2 (two) parcels where additional poles need to be installed: EKPC owns 1 (one) of these parcels. EKPC plans to negotiate with the property owner of the other parcel for the right to install 2 (two) new poles on an existing easement.

**Request 1c.** Provide the closest distance between residences or buildings on property affected by the project and the new structures.

**Response 1c.** Of the 9 (nine) parcels affected by the project that are not owned by EKPC, only 1 (one) has any type of buildings. This parcel contains a house that is 275 feet west of the proposed new conductor, an out-building that is 150 feet west of the proposed new conductor, and a barn that is 320 feet east of the proposed new conductor.

**Request 1d.** Explain whether the proposed project, if approved by the Commission, will comply with all applicable federal, state, and local laws, regulations, and safety requirements.

**Response 1d.** The proposed project will comply with all applicable federal, state, and local laws, regulations, and safety requirements.

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2017-00100**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 04/06/17**

**REQUEST 2**

**RESPONSIBLE PARTY: Darrin Adams**

**Request 2.** Refer to the Application, paragraph 13.

**Request 2a.** Provide the basis for EKPC's estimated cost of \$750,000 for the proposed project.

**Response 2a.** The estimated cost of the project is based on an engineering-level estimate that is broken down into the following components:

<b>Material</b>	<b>\$380,000.00</b>
<b>Labor</b>	<b>\$350,000.00</b>
<b>Overheads &amp; Miscellaneous Items</b>	<b>\$20,000.00</b>
<b>TOTAL</b>	<b>\$750,000.00</b>

**Request 2b.** State whether any other entities will be required to share in the cost of the proposed project. If so, provide the amount of costs, to whom such costs will be allocated, and the amount(s) that will be paid by the other entities.

**Response 2b.** Per PJM's methodology for allocating costs for baseline projects, the cost of the project will be allocated 100% to the EKPC transmission zone. Approximately 93% of the load in the EKPC transmission zone is EKPC native load, with Kentucky Utilities Company ("KU") comprising approximately 6% and Duke Energy – Ohio/Kentucky ("DEOK") comprising approximately 1% of the EKPC transmission zone load. As a result, EKPC will bear the large majority of the project costs, which will be rolled into its transmission rate base. KU and DEOK costs will be commensurate with their relative load percentages in the EKPC zone. That is, given that the combined KU and DEOK load is approximately 7% of the total load on the EKPC transmission system, those companies pay roughly 7% of EKPC's total transmission revenue requirements, and therefore would effectively absorb approximately 7% of any increase in EKPC's transmission rates due to the project (with EKPC absorbing the remaining 93%). PJM charges all customers obtaining transmission service within the EKPC transmission zone for their use of the EKPC transmission system. Therefore, PJM would bill the users of the system (currently EKPC, KU, and DEOK) based on their usage each month. PJM then returns the revenues from that usage to the transmission owner in the zone. As a result, EKPC would recoup the revenues from the KU and DEOK usage of its transmission system, which – as stated above – is currently estimated at 7% of the total usage.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2017-00100**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 04/06/17**

**REQUEST 3**

**RESPONSIBLE PARTY: Thomas J. Stachnik**

**Request 3.** Refer to the Application, paragraph 13, regarding EKPC's plans to finance the project through general funds initially, but ultimately to obtain low-interest Rural Utilities Service ("RUS") financing. Explain by what date or under what conditions EKPC will pursue RUS financing for the proposed project.

**Response 3.** The proposed project will be included in EKPC's next RUS transmission loan application, which EKPC expects to file in late 2017 / early 2018.

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2017-00100**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 04/06/17**

**REQUEST 4**

**RESPONSIBLE PARTY: Darrin Adams**

**Request 4.** Refer to the Application, paragraph 24, regarding the need for a Commission decision before May 31, 2017. State whether PJM Interconnection, LLC has established a date by which the project must be commenced or completed.

**Request 4.** PJM has identified the need for the project to be completed by June 1, 2019. However, EKPC is also planning a long-term transmission outage in order to rebuild a 69 kV transmission line in the immediate vicinity of the project that will commence in 2018. This will result in difficulty in taking the necessary outages for both the project and the 69 kV line outage. Furthermore, scheduling the project in 2017 provides some buffer in case EKPC is not able to take the necessary outages due to system conditions in 2017, which will result in potential additional outage windows in either 2018 or spring of 2019 in order to complete the project by the required date. If EKPC waits until the spring of 2019 to attempt to take the lines out of service for the project, there is a possibility that the necessary outages will not be approved by either PJM or EKPC Operations personnel and EKPC will have no recourse to complete the project prior to the PJM-identified need date.

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2017-00100**

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 04/06/17**

**REQUEST 5**

**RESPONSIBLE PARTY: Darrin Adams**

**Request 5.** State the expected timeline for commencing and completing the proposed project.

**Response 5.** If the Commission determines that a CPCN is not required for the proposed project, the timeline for construction is October 2, 2017 through November 24, 2017.