

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC)
RATES OF EAST KENTUCKY POWER) Case No. 2006-00472
COOPERATIVE, INC.)

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to East Kentucky Power Cooperative, Inc. ["EKPC"], to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If EKPC objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

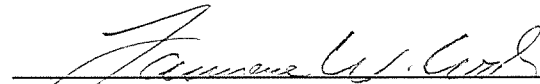
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Dennis G. Howard, II", is written over a horizontal line.

DENNIS G. HOWARD, II
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Certificate of Service and Filing

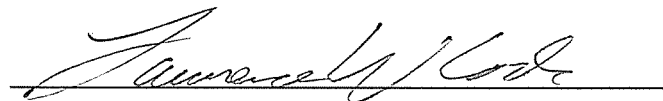
Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Charles A. Lile
Senior Corporate Counsel
East Kentucky Power Cooperative, Inc.
P. O. Box 707
Winchester, KY 40392-0707

Hon. Michael L. Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 E. 7th Street
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Honorable John J. Scott
Attorney at Law
Whitlow & Scott
P. O. Box 389
Elizabethtown, KY 42702

this 20th day of February, 2007.


Assistant Attorney General

**Attorney General's Initial Data Requests
to East Kentucky Power Cooperative
Case No. 2006-00472**

1. Please refer to the testimony of Robert M. Marshall. Does Eastern Kentucky Power Cooperative ("EKPC") acknowledge Mr. Marshall's testimony that the proposed rate increase which is the subject of the instant filing is needed for the following reasons: (a) a four-month forced outage at Spurlock 4 in 2004; (b) the 2004 EPA lawsuit regarding physical or operating changes to three coal-fired generators allegedly in violation of the Clean Air Act; (c) the 2006 EPA notice of alleged violations regarding the nameplate ratings on the Dale 1 and 2 generators; (d) increased interest expense for construction funds to meet new generation and transmission needs.
2. For each of the four reasons identified above, please state whether each event was foreseeable, and if not, why not? If the actions were foreseeable, what actions, if any, were taken to address and mitigate each event? Please explain in detail.
3. For each of the four reasons identified in question no. 1, above, please state when EKPC first became aware of them, what measures EKPC employed to deal with them, and any corrective measures EKPC may have employed to see that they do not occur again in the future.
4. Please state whether the withdrawal of Warren R.E.C.C. from its prior commitment to join the EKPC system is a factor in EKPC's present need for a rate increase. If so, please explain in detail:
 - a. the extent of nature of EKPC's financial losses resulting from Warren RECC's withdrawal; and
 - b. whether EKPC deems such losses to be recurring or extraordinary.
5. Please identify any and all other reasons for the rate increase not already set forth above. For each such reason not already identified above, please state in detail:
 - a. the extent and nature of any and all financial losses EKPC may have incurred directly as a result of such reason; and
 - b. whether EKPC deems such losses to be recurring or extraordinary.

6. Does EKPC classify the costs associated with the four-month forced outage at Spurlock 4 in 2004 as non-recurring? If not, why not? Please explain in detail.
 - a. Are there any facts known to EKPC that indicate that a similar outage will occur again in the future? If so, please explain, in detail.
7. Does EKPC classify the costs associated with the 2004 EPA lawsuit as non-recurring? If not, why not? Please explain in detail.
8. Does EKPC classify its legal costs associated with both EPA actions described in question no. 1, above, as recurring? If so, explain in detail:
 - a. How many times has the EPA initiated legal / regulatory proceedings against EKPC that required the company to incur legal fees? Please explain in detail, providing the style of each such action, the outcome, the total sum of legal fees so expended, and whether the company treated these expenses as recurring under any prior rate case.
 - b. For how many more years does EKPC anticipate that it will incur legal fees in these actions?
9. At an informal conference held in case no. 2006-00455 at the offices of the PSC, did EKPC's representatives represent to the PSC staff and to the Attorney General that the company has incurred a number of significant and extraordinary expenses, including the EPA enforcement actions referenced in question no. 1, above?
10. If you agree that the events inquired about in the questions above are non-recurring, please explain in detail the basis on which it is appropriate to award a permanent rate increase based on a financial condition that is the consequence of a series of non-recurring costs.
11. Would EKPC be willing to consider a term rate increase that will sunset when the financial crisis now faced is resolved?
12. Would EKPC be willing to consider a staged rate change that reduces the amount of the rate increase when the current financial crisis is resolved and the company has realized that amount of revenue necessary to meet added financing costs?