



EAST KENTUCKY POWER COOPERATIVE

September 21, 2007

HAND DELIVERED

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

SEP 21 2007

PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2007-00168

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's data requests in this case dated September 14, 2007, and the Attorney General's data requests dated September 17, 2007. This filing includes an original and ten copies of EKPC's Petition for Confidential Treatment of Information. Attached to the original Petition are pages from the responses containing confidential information. Redacted copies of the responses are attached to the ten copies of the Petition.

Very truly yours,

Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Parties of Record

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

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR THE)	CASE NO. 2007-
CONSTRUCTION OF MODIFICATIONS TO THE)	00168
WATER INTAKE SYSTEM AT COOPER POWER)	
STATION IN PULASKI COUNTY, KENTUCKY)	

**PETITION FOR CONFIDENTIAL
TREATMENT OF INFORMATION**

Comes now the petitioner, East Kentucky Power Cooperative, Inc. (“EKPC”) and, as grounds for this Petition for Confidential Treatment of Information (the “Petition”), states to the Public Service Commission (the “Commission”) as follows:

1. This Petition is filed in conjunction with the filing of EKPC’s responses to Requests Nos. 2 through 5 contained in the Attorney General’s (“AG”) Data Request dated September 17, 2007, and relates to confidential information contained in those responses that is entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878 (1) (c) 1 and related sections.

2. A portion of the designated confidential information in Responses Nos. 2 through 5 to the AG Requests includes references in the minutes of executive sessions of the EKPC Board of Directors meetings held on June 11, 2007, July 10, 2007 and August 14, 2007. The designated portions of those minutes relate to privileged reports to the EKPC Board of Directors, by EKPC’s President and Chief Executive officer, about developments associated with the on-going litigation with the Environmental Protection

Agency (“EPA”) concerning EKPC’s compliance with environmental regulations. While settlements have been entered with the EPA, those settlements have not received final approval, and disclosure of the details of this information relating to the EPA litigation could adversely affect EKPC’s strategies and bargaining position in the final phases of settling this litigation. Such developments could increase EKPC’s overall operating costs, which would lead to an unfair competitive disadvantage for EKPC in its efforts to compete with the power marketers, utilities and other entities that deal in the market for surplus bulk power, and to compete with other utilities in Kentucky for new industrial customers.

3. Also included in the subject EKPC Board Meeting executive session minutes are discussions of the status of EKPC evaluations of partnering options for future power supply needs, and sensitive information concerning internal EKPC management actions. These discussions involve steps under consideration by EKPC for dealing with its current financial condition and in its attempts to control current and future expenditures. Disclosure of this information could jeopardize the success of such efforts, leading to higher costs of power production and prolonged financial vulnerability, and, thereby, providing an unfair competitive advantage to power marketers, utilities and other entities that deal in the market for surplus bulk power, and other utilities in Kentucky that compete with EKPC for new industrial customers.

4. The remainder of the confidential information in Responses Nos. 2 through 5 of the AG Requests includes detailed information in the minutes of regular sessions of the EKPC Board of Directors meetings, held on June 11, 2007, July 10, 2007, August 14, 2007, and September 11, 2007, and minutes of meetings of Power Delivery Committee of

the EKPC Board held on July 10, 2007, regarding the approval of various contracts for equipment and construction of EKPC generation and transmission facilities, and the evaluation of bids and proposals relating to fuel supply. Disclosure of the details of these contract awards could provide valuable information to bidders for similar contracts relating to future EKPC construction projects and fuel purchases. Bidders with such information could provide less competitive bids for such future projects, or could seek to manipulate the bidding process in other ways, thereby raising the cost of such future projects and of EKPC's fuel supply. Increased costs of such future projects and fuel supply would make EKPC less competitive with power marketers, utilities and other entities that deal in the market for surplus bulk power, and other utilities in Kentucky that compete with EKPC for new industrial customers, leading to an unfair competitive disadvantage for EKPC.

5. Along with this Petition, EKPC has enclosed one copy of confidential sections of the subject responses, with the confidential information identified by highlighting or other designation, and 10 copies with the confidential information redacted. The identified confidential information is not publicly available outside of EKPC and is distributed within EKPC only to persons with a need to use it for business purposes. It is entitled to confidential treatment pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c) 1, for the reasons stated hereinabove, as information which would permit an unfair commercial advantage to competitors of EKPC if disclosed. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c) 2 c, as records generally recognized as confidential or proprietary which are confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

WHEREFORE, EKPC respectfully requests the Public Service Commission to grant confidential treatment to the identified information and deny public disclosure of said information.

Respectfully submitted,



DAVID A. SMART



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ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

CERTIFICATE OF SERVICE

This is to certify that an original and 10 copies of the foregoing Petition for Confidential Treatment of Information in the above-styled case were delivered to the office of Elizabeth O'Donnell, Executive Director of the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601, and copies were mailed to Parties of Record, this 21st day of September 2007.



Charles A. Lile

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE 2007-00168

PUBLIC SERVICE COMMISSION'S DATA REQUEST DATED 9/14/07

In response to the Public Service Commission's Data Request, East Kentucky Power Cooperative, Inc. ("EKPC") submits its responses to the questions contained therein.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 1**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. State the current status of the construction of the modifications to the Cooper Power Station (“Cooper Station”) cooling system.

Response 1. The cooling tower concrete basin is 99-percent complete. It should be completely finished by October 5, 2007. All materials for the cooling tower are on the Cooper site with the exception of the mechanical draft fans and motors. These fans and motors are scheduled on the Cooper site by early November 2007. Concrete pipe to connect the cooling tower to the Unit 2 cooling system is scheduled for delivery to the Cooper site during October 2007. Four 10,000 gpm pumps, electrical switchgear, and protective devices have been installed on a barge platform and are currently operational.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 2**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. How much has EKPC expended on the modifications? Give a detailed breakdown of construction expenditures for both the barge-mounted pumps and the cooling tower.

Response 2. EKPC has committed \$13,290,204.86 to date on modifications to the cooling system at the Cooper Station. The following breakdown provides the details of this expenditure.

J. S. Cooper Station Low Water Mitigation Project Costs

Phase I Expenditures - Four Barge Mounted Pumps

*Materials/Labor	\$ 914,934.56
*Pumps	\$ 355,600.00
*Barges	\$ 1,300,000.00
*Electrical	\$ 700,000.00
*Engineering Design	\$ 1,128,707.10
*Wave Breaks	\$ 100,000.00
*Lights for wavebreaks	\$ 2,701.94
*Floats	\$ 16,759.78
*Dock Buoys	\$ 1,365.00
*Wet Well Fill Pump	\$ 45,000.00
*Supplemental Pumps / Barge	\$ 17,282.94
*Surge Tank Overflow Upsize	\$ 275,000.00
*Installation of Pumps/Switchgear on Barges	\$ 297,000.00
*Contingency	\$ 296,853.55
TOTAL	\$ 5,451,204.86

Cooling Tower Expenditures

*Excavation	\$ 350,000.00
*Cooling Tower Concrete Basin	\$ 2,000,000.00
*Concrete Piping	\$ 2,000,000.00
*SPX/Marley Cooling Tower Equipment and Materials	\$ 3,489,000.00
TOTAL	\$ 7,839,000.00

Total Phase I Project Cost \$ 13,290,204.86

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 3

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. State your estimate of the costs necessary to complete the cooling system, including the barge-mounted pumps and cooling tower. Give a detailed breakdown of the estimated construction expenditures for both the barge-mounted pumps and the cooling tower.

Response 3. EKPC estimates that an additional \$10,709,795.14 will be required to complete the erection of the cooling tower for Cooper Unit 2 and for the four additional barge mounted pumps. The following breakdown provides the details of this additional expenditure.

J S Cooper Station Low Water Mitigation Project Costs	
Phase II - Pumps and Barges <i>(September decision)</i>	
Pumps - 4 additional pumps	\$ 355,600.00
Barges - 5 additional barges	\$ 400,000.00
Electrical	\$ 500,000.00
Wave Breaks	\$ 100,000.00
Lights for wavebreaks	\$ 2,701.94
Floats	\$ 16,759.78
Dock Buoys	\$ 1,365.00
Engineering design	\$ 593,707.10
Contingency	\$ 296,853.55
Total - Pumps and Barges, Phases II	\$ 2,266,987.36
Cooling Tower projected costs	\$ 8,442,807.78
Total Remaining Project Costs	\$ 10,709,795.14

EAST KENTUCKY POWER COOPERATIVE, INC.
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**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 4**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. How many more construction days will be required to make the cooling tower operational?

Response 4. EKPC and its consulting engineer, Stanley Consultants, estimate that erection and commissioning of the Unit 2 cooling tower will require approximately four months.

EAST KENTUCKY POWER COOPERATIVE, INC.
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**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 5**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. What is the anticipated in-service date for all of the barge-mounted pumps?

Response 5. Four 10,000 gpm barge-mounted pumps are currently operational at the Cooper Station. An additional four pumps are on order, and are expected to be operational by the end of 2007.

EAST KENTUCKY POWER COOPERATIVE, INC.
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PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 6

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. In the table below, provide plant capacity at the Cooper Station for the various lake levels and water temperatures as indicated, assuming only the barge-mounted pumps are in service and the cooling tower is not in service.

Response 6. The following table provides the relationship between the Cooper Station capability and lake water temperatures and levels. Note that the capacity of the plant is not affected by the lake level, but by the intake water temperature.

Lake Elevation	Greater Than 80°	80°F - 75°	75°F - 70°	70°F - 65°	65°F - 60°
670 feet	165 MW	195 MW	230 MW	300 MW	341 MW
650 feet	165 MW	195 MW	230 MW	300 MW	341 MW
Below 650 feet	165 MW	195 MW	230 MW	300 MW	341 MW

EAST KENTUCKY POWER COOPERATIVE, INC.
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**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 7**

RESPONSIBLE PERSON: Julia Tucker
COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. How many MWh of power did EKPC replace from May 1, 2007 to August 31, 2007 due to the derating of the Cooper Station, and what was the total cost of that replacement power?

Response 7. EKPC has expended \$5.16 million on the purchase of 64,359 MWh of replacement power due to the derates at Cooper Station associated with the low lake level. The variable costs at Cooper Station for this 64,359 MWh would have been approximately \$1.83 million.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007**

REQUEST 8

RESPONSIBLE PERSON: Julia Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. How much does EKPC estimate expending for replacement power during the summer of 2008 if the cooling tower is not constructed by May 1, 2008 and the Corps of Engineers lowers Lake Cumberland below 670 feet?

Response 8. EKPC does not plan to be in the position of not having a cooling tower in place by May 1, 2008, should there be any expectation that the COE would be required to lower the lake level below 670 feet. However, should that happen, the estimated replacement cost of power during the summer of 2008 due to deratings at Cooper Station assuming the elevation of Lake Cumberland is below 670 feet is \$22.3 million for May through September as shown below:

May	\$6.1 million
June	\$4.4 million
July	\$4.1 million
August	\$3.4 million
September	\$4.3 million

These estimates are based on production cost modeling runs that assume at the lowered elevation of the lake that Cooper Station Unit #1 will be off-line and Cooper Station Unit #2 will be derated to 150 MW. These assumptions are for illustrative purposes and reflect a worst-case scenario of unusually high water temperatures and a very high derate

due to water temperature. EKPC's expectations of Cooper Station performance are reflected in the table included in Response 6. This table shows that the rating of Cooper Station in the months of May through September, with the barge-mounted pumps in operation but with no cooling tower, will range from 341 MW to 165 MW.

EAST KENTUCKY POWER COOPERATIVE, INC.
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INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 9**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. How much power will the barge-mounted pumps and the cooling tower each consume when they are operational? If the answer to this item is obtained from prior filings in this case, verify whether those prior estimates are still valid based on EKPC's current knowledge.

Response 9. The cooling tower and eight barge-mounted pumps are estimated to impose an additional station service demand of approximately five megawatts.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 10**

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. If EKPC delays this construction of the cooling tower beyond December 2007, how much will that delay add to the final cost of the project if the cooling tower is not operational by:

Response 10. EKPC's consulting engineer, Stanley Consultants, provided the following estimates for additional cost due to different in-service dates for the Cooper Unit 2 cooling tower. Stanley Consultants based their estimates on a general escalation of 5% per year for construction costs.

Request 10a. December 31, 2007

Response 10a. For a four-month delay in tower construction beyond December 2007, Stanley Consultants estimates an additional cost of \$200,000.

Request 10b. November 30, 2008

Response 10b. For a 15-month delay in cooling tower construction beyond December 2007, Stanley Consultants estimates an additional cost of \$725,000.00.

Request 10c.

May 31. 2009

Response 10c.

For a 21-month delay in cooling tower construction beyond December 2007, Stanley Consultants estimates an additional cost of \$1,000,000.00.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2007-00168
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**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 11**

RESPONSIBLE PERSON: Gary Crawford
COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. Given that the cooling tower for Cooper Station was to be diverted from the J.K. Smith Station, how will the delay in constructing the cooling tower at Cooper Station affect the construction schedule at the J.K. Smith Station?

Response 11. Diverting the J.K. Smith cooling tower to the Cooper Station is not expected to have any impact on the construction schedule for the J. K. Smith project. Based on the current status of environmental permits for Smith, the earliest anticipated construction start time for Smith would be December of 2008. This provides ample time to procure a new cooling tower.

EAST KENTUCKY POWER COOPERATIVE, INC.
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**PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 12**

RESPONSIBLE PERSON: Gary Crawford

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. When would EKPC need to order a new cooling tower in order to maintain the current construction schedule for the J.K. Smith CFB unit?

Response 12. The current estimate from a cooling tower vendor for delivery of a new cooling tower is 32 weeks. Based on the current schedule for the J.K. Smith CFB unit, a new cooling tower would not need to be ordered before 2010.

EAST KENTUCKY POWER COOPERATIVE, INC.
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PUBLIC SERVICE COMMISSION STAFF DATA REQUEST DATED
SEPTEMBER 14, 2007
REQUEST 13

RESPONSIBLE PERSON: Jerry Purvis
COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. If the Army Corps of Engineers lowers Lake Cumberland below 670 feet prior to the completion of the cooling tower construction, how long would it take for the lake to fall below the current water intake level at the Cooper Station?

Response 13. EKPC has no way to know how rapidly the water levels at Lake Cumberland would be lowered.

Request 13a. At that time, how many construction days would be required to make the cooling tower operational?

Response 13a. The estimated erection and commissioning time for a cooling tower for Cooper Unit 2 is four months (see Response 4).

Request 13b. How much would the Cooper Station be derated during that period?

Response 13b. If the COE lowered the lake level below 650 feet and there was no cooling tower for Cooper Unit 2, during the period January 2008 until early May 2008 EKPC does not expect to have any deration for the Cooper Station. This is because the

eight 10,000 gpm barge-mounted pumps should allow full load operation. During the period of mid-May 2008 through the end of September 2008 the barge-mounted pumps should allow the Cooper station to operate at a total of between 165 MW and 195 MW, depending on lake water temperature (see table in Response 6). This would equate to a derate of approximately 176 MW to 146 MW.

Request 13c. How much does EKPC estimate purchased power would cost during the period that the Cooper Station is derated?

Request 13c. The monthly estimated costs for replacement power are shown in Response 8. Based on that data and assuming the elevation of Lake Cumberland is below 670 feet, the average cost of replacement power would be approximately \$146,000 per day that the derated conditions at Cooper Station exist during the summer period.