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PUBLIC SERVICE
COMMISSION

February 15, 2008

HAND DELIVERED

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

Re: PSC Case No. 2007-00553

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and six copies of the responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's First Data Request, and the Attorney General's Request for Information, dated February 1, 2008.

Very truly yours,



Charles A. Lile
Corporate Counsel

Enclosures

Cc: Dennis Howard II, Esq.
Paul D. Adams, Esq.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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FEB 15 2008

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

EAST KENTUCKY POWER COOPERATIVE)
INC.'S FILING TO RESUME THE DEMAND-)
SIDE MANAGEMENT DEMONSTRATION)
PROJECT FOR DIRECT LOAD CONTROL OF)
WATER HEATERS AND AIR CONDITIONERS)

CASE NO. 2007-00553

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

William A. Bosta, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Request for Information in the above-referenced case dated February 1, 2008, 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.

William A Bosta

Subscribed and sworn before me on this 15th day of February, 2008.

Deagay S. Duffin
Notary Public

My Commission expires:

December 8, 2009

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FFR 1 5 2008

**PUBLIC SERVICE
COMMISSION**

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

In the Matter of:

**EAST KENTUCKY POWER COOPERATIVE)
INC.'S FILING TO RESUME THE DEMAND)
SIDE MANAGEMENT DEMONSTRATION) CASE NO. 2007-00553
PROJECT FOR DIRECT LOAD CONTROL OF)
WATER HEATERS AND AIR CONDITIONERS)**

**RESPONSES TO ATTORNEY GENERAL'S REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED FEBRUARY 1, 2008**

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 1

RESPONSIBLE PARTY: William A. Bosta

Request 1. Please reference the Application, Section II, at page 2. Provide a copy of the GoodCents Solutions final report on the program.

Response 1. A copy of the GoodCents Solutions report is attached on CD-ROM. By prior agreement with the Attorney General, names of participating retail customers have been deleted in the report.

Please note that EKPC has not submitted an Application for a permanent program. It has submitted a proposal for approval to continue the Pilot program until an Application for a permanent program is submitted to the Commission and approved.

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 2

RESPONSIBLE PARTY: William A. Bosta

Request 2. Please reference the Application, Section II, at page 2. Explain in detail why the final report from GoodCents Solutions was not included in the application.

Response 2. The GoodCents Solutions report was not included in the report to the Commission as EKPC believed that a summary of the results of the pilot program was sufficient.

**EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION**

**ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 3**

RESPONSIBLE PARTY: William A. Bosta

Request 3. Please reference the Application, Section II, at page 2. State Whether the data used in the report was actual or estimated. If the data was estimated, please explain why actual data was not used for calculating energy savings?

Response 3. The information used in the report was actual data.

EAST KENTUCKY POWER COOPERATIVE, INC
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 4

RESPONSIBLE PARTY: William A. Bosta

Request 4. Please reference the Application, Section II, at page 2. Explain how the different cycling strategies (33% and 50%) were chosen.

- a. Were participants notified of the level of control for air conditioning/heat pumps and/or water heaters?
- b. How?
- c. Provide copies of all materials furnished to participants regarding this issue.

Response 4. Hunt Technologies stated that their load control software cycling options included 33% and 50%. Given this pilot was designed to cover two summer seasons, EKPC elected to use the lower cycling option of 33% for the first summer. The second summer, EKPC used the 50% cycling to provide a more in-depth analysis.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION


ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 5

RESPONSIBLE PARTY: William A. Bosta

Request 5. Please describe the type of educational materials and/or information furnished to customers participating in the program. Provide copies of all materials furnished to participants.

Response 5. Please see attached.



A Touchstone Energy Cooperative 

Project Contact Number: 1-800-305-5493
www.bgenergy.com

Energy Management Program FAQs (Frequently Asked Questions)

What is an Energy Management Program and how does it work?

An Energy Management Program is designed to monitor and reduce electricity use during peak demand periods when energy costs are higher. The reduction is beneficial to you because Blue Grass Energy pays a higher price for energy during higher demand periods. During periods of peak energy use in the summer months, a signal will activate your switch. Your switch will interrupt the flow of electricity to the air conditioner compressor for a few minutes during our control periods. Your indoor fan will continue to run and circulate the air that has already been cooled, keeping you comfortable. We do not interrupt the cycle very often or for very long. We even have a maximum number of days per summer that we are permitted to use the switch.

What are the benefits of an Energy Management Program?

Reducing energy demands during high-demand periods helps contain cost and places less demand on power generating and transmission facilities. With less demand on generation resources, there is less impact on the environment.

How will I earn my bill credits?

For your cooling system, the credit you earn will be applied in \$5 increments to your bill on a monthly basis in July, August, September and October. For your water heater, the annual credit of \$10 will be applied to your February bill.

Will my home get hot?

You should notice little or no difference. Programs similar to this have been implemented and in existence since the early 1980s by other electric utilities. Their experience has been the same as ours—customers say they either notice no difference, or by the time they notice a slight difference, the home is being cooled again.

We don't want you to be uncomfortable. Call us at 1-800-305-5493 if you have any problems.

This is a voluntary, no-risk program. If you ever feel that using the switch has made you feel uncomfortable, call us immediately. We can usually identify the problem. But you are welcome to discontinue the program if you are not satisfied.

How often will my switch be activated?

Your switch will be activated on summer days when demand for electricity reaches a peak. Typically, cycling will occur no more than 20-25 days all summer, during the late afternoon and early evening. Your switch will not be activated during holidays unless there is a system emergency.

How do I know if my switch is activated?

Your switch has three lights — green, red and yellow. A green light (or no light) indicates that your switch is not activated. A red or yellow light indicates that the switch has been activated, or is currently activated (i.e.

(continued, p. 2)

power to the compressor is briefly being cycled off). Cooling will continue when the yellow or red light goes out. This process may repeat for a few minutes every 30 minutes during the control periods. A flashing green light means the switch is testing its communication but not controlling your cooling.

If my switch fails or is damaged, will my air conditioner or my heat pump work?

Your switch is an extremely reliable piece of equipment, with a failure rate below 1 percent. In the unlikely event of failure, the switch is designed to fail in a "fail-safe" mode, so your compressor will continue to operate normally.

My heating won't come on. How do I know it's not my switch?

The switch is not connected to your heating system. A heat pump uses the same compressor as the air conditioner, but we only activate the switch during the summer. In the unlikely event that the switch fails, it is designed to "fail-safe" — so your system remains on and operating. To see if the switch is controlling your compressor, check the light indicator in the switch window. In the extremely unlikely event that the lights are red or yellow when your heat is on (during the winter), call us immediately at 1-800-305-5493.

I'm having a problem with my air conditioner or heat pump not operating properly. Is there someone I can call to make sure it's not my switch?

First, you should check your circuit breaker or fuses. Next, double check the thermostat to be sure it's set properly. If those are okay, call toll free 1-800-305-5493. Our experts can often help you determine what the problem is during a phone call. If there is a problem with the switch, we will send a technician to repair it or replace it.

What if my heating/air conditioner service technician recommends that I have my switch disconnected or removed?

Please have your service technician call us at 1-800-305-5493 before disconnecting your switch. We work with manufacturers to ensure that the switch will not harm your air conditioner compressor, electrical system or warranties in any way.

How does the switch control power to my air conditioner compressor?

The switch is connected to the low-voltage wire (24 volts) that goes from your thermostat to your air conditioning compressor. The switch turns off the compressor just as if you had controlled it with your thermostat. Your switch receives our signal, and a microcomputer manages the control. The switch does not control your indoor fan. The fan continues to operate and circulate the air in your home that was already cooled.

Does the Energy Management Program switch work on other appliances?

Yes. If you have an electric water heater with a minimum tank size of 40 gallons, we will install an Energy Management device on your water heater and pay you an extra \$10 per year, per water heater.

I am moving to a new house, and I want to stay in the program. What should I do?

Call us toll free at 1-800-305-5493. We will install the unit at your new house. Please make the new owner of your current home aware of the existing unit.

If I need to install a new AC compressor, what should I do?

Call us toll free at 1-800-305-5493 when the new compressor is installed. We will re-install the switch.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 6

RESPONSIBLE PARTY: William A. Bosta

Request 6. Please describe what types of customer information are collected under the program.

- a. Does the Company have a policy regarding the dissemination of customer information?
- b. If so, provide a copy of said policy. If not, please explain why not?

Response 6. A description of the customer information collected under the program is as follows:

- (1) Meter information
 - End use load data
 - House and appliance characteristics
 - (2) Enrollment information
 - Customer account identification
 - Customer contact information
 - Scheduling and installation records
 - (3) Customer service
 - Records of service performed
- a. There is no written policy for the two Member Systems involved in the Pilot Program.

b. It is the practice of both Member Systems to not divulge any customer information because the utility treats it as confidential information that is not to be shared.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 7

RESPONSIBLE PARTY: William A. Bosta

Request 7. Please provide a cost breakdown for all program administration, development and evaluation costs associated with the Company's DSM programs (such breakdown need not disclose individual salaries of personnel employed by the Company).

Response 7. Please see Table 8.(3)(e)(4)-1 Existing Programs estimates, page 8-44, from the 2006 IRP (Case No. 2006-00471), identified as AG-7, Attachment 1.

**AG Request 7
Attachment 1**

Table 8.(3)(e)(4)-1
Existing and New DSM Program Costs

Existing Program	Program Costs				
	Present value, 2006 \$				
	Distribution System Admin	EKPC Admin	Distribution System Rebates	EKPC Rebates	Customer Investment
Electric Thermal Storage Propane	\$ 212,993	\$ 181,174	\$ 597,176	\$ 298,588	\$ 1,890,062
Electric Thermal Storage Furnace	\$ 196,609	\$ 176,198	\$ 496,116	\$ 248,058	\$ 1,744,673
Electric Water Heater New Construction	\$ 318,494	\$ 18,750	\$ 734,986	\$ 367,493	\$ 563,489
Electric Water Heater Retrofit	\$ 24,882	\$ 7,013	\$ 57,421	\$ 28,710	\$ 47,851
Geothermal Heating & Cooling	\$ 291,698	\$ 118,869	\$ 516,787	\$ 258,394	\$ 2,340,471
Air Source Heat Pump New Construction	\$ 445,892	\$ 18,750	\$ 734,986	\$ 367,493	\$ 3,429,935
Air Source Heat Pump Retrofit	\$ 473,760	\$ 7,013	\$ 780,923	\$ 390,461	\$ 3,644,306
Tune-Up HVAC Maintenance	\$ 696,705	\$ 26,100	\$ 696,705	\$ 348,353	\$ 803,891
Button-Up Weatherization	\$ 535,927	\$ 30,915	\$ 1,148,416	\$ 574,208	\$ 2,155,193

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 8

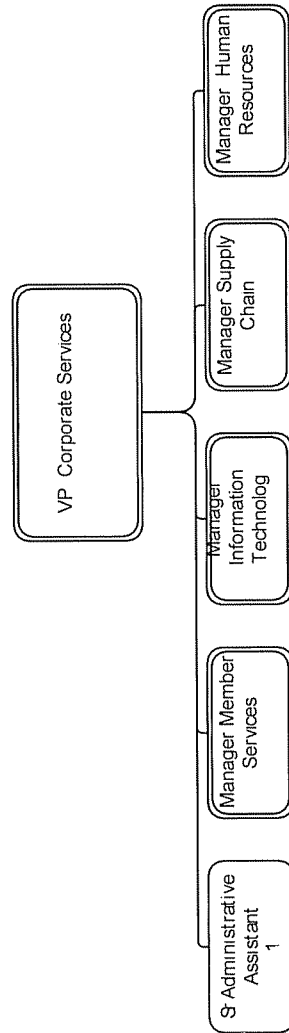
RESPONSIBLE PARTY: William A. Bosta

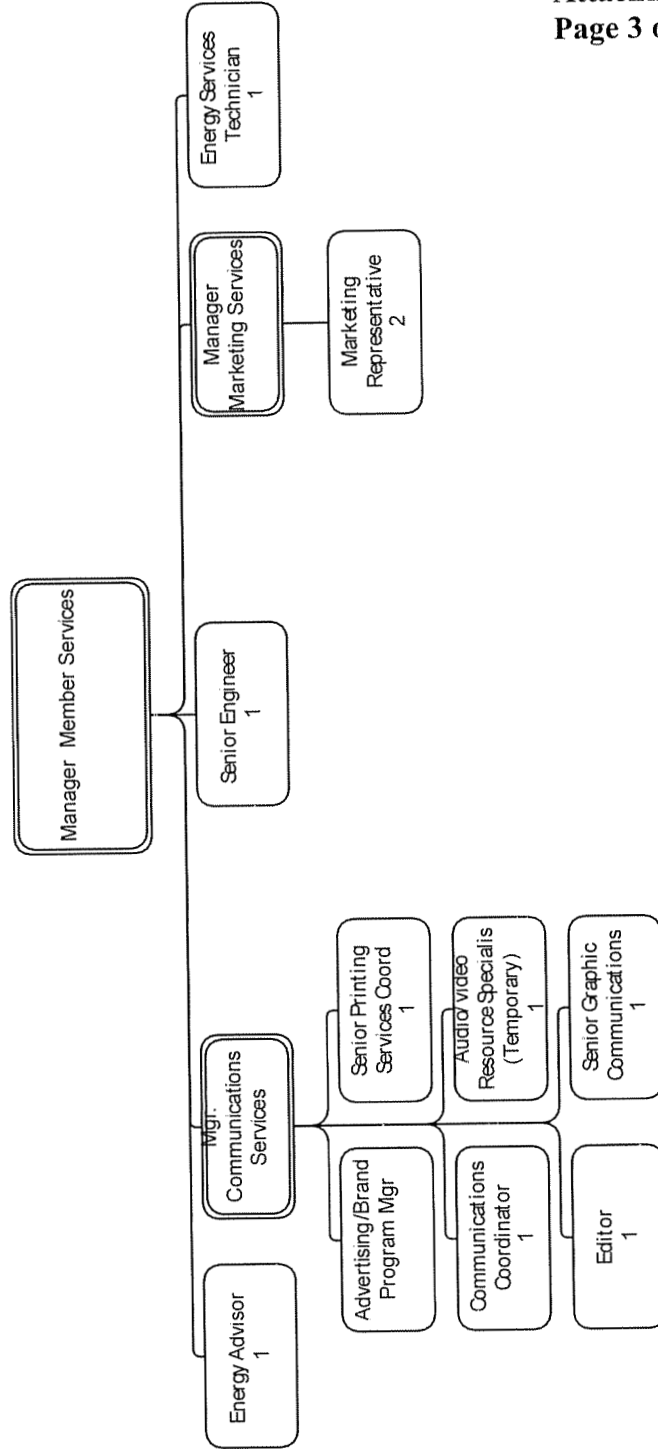
Request 8. Please provide an organizational chart illustrating personnel and position titles for employees associated with the Company's DSM programs along with a description of duties for each of the identified positions.

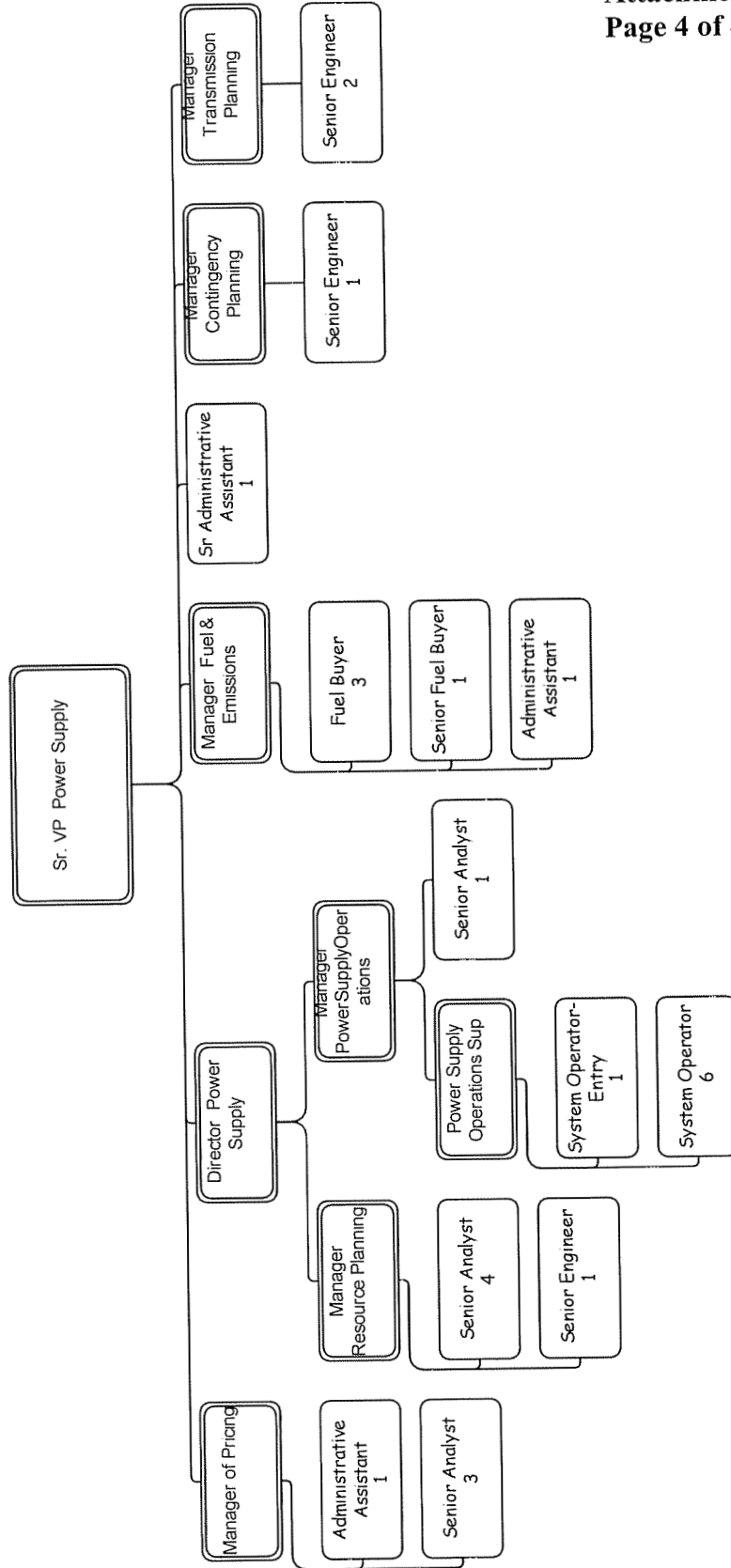
Response 8. Please see AG-8, Attachment 1.

Employees Associated with DSM Programs

- Manager of Member Services – responsible for oversight of Technical Services, Communications Services and Marketing Services
- Manager of Marketing Services – responsible for development and implementation of residential marketing programs related to Energy Conservation and DSM
- Marketing Representatives – administers our DSM programs and promote Renewable Energy with the EnviroWatts program.
- Senior Engineer – Performs power quality studies and energy audits for Commercial and Industrial customers.
- Energy Services Technician – responsible for metering of Commercial and Industrial Customer issues, along with infrared and ultrasonic studies
- Energy Advisor – responsible for residential energy audits, Energy star compliance, ETS, and geothermal applications.
- Senior Vice President of Power Supply – Overall responsibility for IRP and load control project
- Vice President of Corporate Services – Oversight of Marketing and Members Services activities.
- Manager of Pricing – Supervision of all regulatory filings for DSM programs
- Analyst, Resource Planning – Perform benefit/cost analysis for each program; reporting in IRP
- Analyst, Pricing – Coordination of IRP filing, collecting and reporting information for PSC filings
- Manager of Resource Planning – Supervision of benefit/cost analysis and IRP preparation
- Director of Power Supply – Responsible for oversight for Resource Planning activities







EAST KENTUCKY POWER COOPERATIVE, INC
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 9

RESPONSIBLE PARTY: William A. Bosta

Request 9. Please explain in detail how this program is significant to the Company's integrated resource planning.

Response 9. If approved on a permanent basis, this program is expected to be a significant and integral part of EKPC's Demand Side Management efforts. It was cited in the 2006 Integrated Resource Plan (IRP) as a program slated for enhancing EKPC's DSM efforts. The positive experience of EKPC's pilot program, coupled with the experience with this type of program at EON, leads EKPC to believe that enactment of a permanent program will be very beneficial to EKPC and its Member Systems.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 10

RESPONSIBLE PARTY: William A. Bosta

Request 10. Please reference the Application, Section II, at page 2. Estimate the cost of providing electrical service during the control periods in lieu of control of the appliances in the program.

- a. Provide the supporting calculations and assumptions required to arrive at this number.

Response 10. For this pilot load management program the cost of providing electrical service in lieu of controlling the appliances is expressed in terms of avoided capacity costs including generation and transmission. As indicated in the response to AG-13, there is virtually no avoided energy cost. The values used for the period of the pilot are shown in the following table.

Year	Avoided Transmission Capacity \$ per kW/year
2006	19.44
2007	19.91
	Avoided Generation Capacity \$ per kW/year
2006	72.50
2007	74.67

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 11

RESPONSIBLE PARTY: William A. Bosta

Request 11. Please reference the Application, Section II, at page 2. Describe in detail any and all benefits to individuals participating in the program.

Response 11. If approved as a permanent program, all Members and EKPC are expected to ultimately benefit from this program as a result of deferred capacity needs as well as reductions in the cost of purchased power subject to recovery under the FAC. This is demonstrated in Section III of the report on the results of the Pilot program. Individual customers will also benefit directly through payment of incentives for participating.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 12

RESPONSIBLE PARTY: William A. Bosta

Request 12. Please reference the Application, Section II, at page 2. Describe in detail any and all benefits to the Company resulting from the operation of the program.

Response 12. Please see the response to AG-11.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 13

RESPONSIBLE PARTY: William A. Bosta

Request 13. Please refer to the Application, Section II, at page 4. Concerning the statement “the level of energy reduction during the study period was minimal. It is estimated that a very nominal reduction in energy cost (fuel and variable operation and maintenance cost) would result from this program.”

- a. Please state the estimated energy reduction from the 50,000 participants proposed under a “full scale” program.
- b. Please state the energy reductions achieved under the pilot program, both in kilowatt-hours and kilowatts, broken down by level of control (i.e., 33% and 50%).
- c. Please state the estimated reduction in energy cost (fuel and variable operation and maintenance cost) that would result from a full scale program.
- d. If the program has minimal effects on energy reduction and nominal effect on energy costs, please explain in detail the Company's rationale for continuing the program.

Response 13. a. As indicated in the report, the program is expected to have a significant impact on reducing EKPC's peak demand. Table 1 of the report displays the results. In the summer of 2007, for example, it was determined that a reduction in demand of 1.1 KW per Air Conditioning unit occurred. On a full-scale program basis, this would lead to a reduction of 50 MW. Based on these results, the program will offer significant benefits to EKPC and its Member Systems, in terms of deferring the need for capacity and avoiding purchased power.

With regard to energy reduction, based on the results of the pilot, wherein each customer was given a financial incentive and the focus of the program was a reduction in demand for both water heaters and air conditioning, there was very little energy reduction. Section III of the report, Part 5, shows that 10 kWh was saved for each air conditioning unit and 10 kWh per year for each water heater. If the results are extrapolated to 50,000 water heater units and 50,000 air conditioning units, a grand total of 1,000 MWH would be reduced.

b. Please see the response to AG-13(a) above for an assessment of both demand reductions and energy reductions. EKPC does not have information broken down by level of control.

c. The reduction in energy use will occur primarily during peak hours. Using an estimated variable cost of \$100/MWH, the estimated annual reduction in energy cost for a full-scale program using the 1,000 MWH cited in Item (a) above is \$100,000.

d. EKPC's direct experience with this program demonstrates that there will be a reduction in peak demand, resulting in a deferral of the need for peaking capacity as well as a reduction in the need to purchase power. This is extremely beneficial to EKPC and its Members and forms the basis for an anticipated filing for permanent approval of this program.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 14

RESPONSIBLE PARTY: William A. Bosta

Request 14. Please reference the Application, Section II, at page 3. It appears from the data provided that the energy reductions achieved by the Company were nominal; please state in detail why the Company has chosen to pursue continuation of the pilot program and implementation of a full scale program.

Response 14. Please see Section VI of the report. As indicated in that section, the Total Resource Cost Test for this project yielded a ratio of 2.96. This is a strong indication that the program will be beneficial on a full-scale basis. See also the response to Item AG-13d.

EAST KENTUCKY POWER COOPERATIVE, INC
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 15

RESPONSIBLE PARTY: William A. Bosta

Request 15. Please reference the Application, Section IV, at page 5. State whether customer surveys were utilized to determine customer satisfaction. If so, please provide copies of all survey questions and a summary of the data obtained from said survey. If not, explain in detail why not.

Response 15. Customer Surveys were not utilized for the Pilot for two primary reasons. (1) EKPC believed that adequate information could be garnered from the number and percentage of customers leaving the pilot, and (2) a customer survey was considered unnecessary and not cost-effective given the fact that EON has had a similar program in place for a number of years and has had a favorable response from participants. EKPC also used the same vendor in its Pilot, GoodCents Solutions, as EON has used and that contributed to the decision to avoid the cost of a customer satisfaction survey.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 16

RESPONSIBLE PARTY: **William A. Bosta**

Request 16. Please reference the Application, Section IV, at page 5. State in detail whether the Company believes that the number of participants requesting removal of the control devices is a valid method to determine level of customer satisfaction with the program.

Response 16. As indicated in Section IV of the report, one out of 144 customers (0.69%) left the program at Big Sandy and 14 out of 473 (2.96%) left the program at Blue Grass. For the introduction of a new program and for Pilot program purposes, EKPC considers these results to be excellent and a fair measure of customer satisfaction. See also the response to AG-15.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 17

RESPONSIBLE PARTY: James C. Lamb

Request 17. Please reference the Application, Section VI, at page 7. State the simple economic payback for the expenditures assumed under the full scale program analysis. Provide all back up documents and calculations.

Response 17. The calculation of simple payback is not straightforward because the program incurs ongoing expenses. EKPC has used the present value of the program expenditures under the Total Resource Cost test and compared that to the annual savings in year 6. Year 6 was chosen because the enrollment of the 50,000 participants is assumed to occur during the first 5 years of the program. Year 6 therefore captures the benefits (savings) associated with all 50,000 participants. Please see AG-17, Attachment 1.

The present value of the expenditures assumed under the full scale program analysis is \$23,249,383. The year 6 (2013) program savings is \$6,483,952.

This results in a simple payback of 3.6 years.

The Participant payback is immediate since the participating customer incurs no expense to participate in the program.

**AG Request 17
Attachment 1**

First Cost:	\$23,249,383
Annual Savings:	\$6,483,952
Simple Payback	3.59

Year 6 Savings

Production costs savings	\$120,970
Generation capacity savings	\$5,092,670
Transmission capacity savings	\$1,270,312

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 18

RESPONSIBLE PARTY: James C. Lamb

Request 18. Please reference the Application, Attachment I, at page 1. Provide the total program cost in the first year of operation of a full scale program.

Response 18. The total program cost in the first year of operation of a full scale program is estimated to be \$4,482,800. This does not include the cost of rebates to the participants in that first year, which is estimated to be \$300,000.

EAST KENTUCKY POWER COOPERATIVE, INC
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ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08

REQUEST 19

RESPONSIBLE PARTY: James C. Lamb

Request 19. Please reference the Application, Attachment I, at page 1. Provide the breakdown of the participant levels assumed under each year of the analysis.

Response 19. The following table shows the participant levels assumed under each year of the analysis:

Period	New Participants	Cumulative Participants
Year 1	10,000	10,000
Year 2	10,000	20,000
Year 3	10,000	30,000
Year 4	10,000	40,000
Year 5	10,000	50,000
Years 6-20	0	50,000

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 20

RESPONSIBLE PARTY: James C. Lamb

Request 20. Please reference the Application, Attachment I, at page 1. Provide the breakdown of the energy reductions assumed under each year of the analysis.

Response 20. As indicated in the response to AG-13 (a), the energy reduction at a full-scale program is estimated to be 1,000 MWH. This assumes 50,000 participants. For year one, with 10,000 participants, the energy reduction would be 200 MWH; year two, 400 MWH; year three, 600 MWH and year four, 800 MWH. Please see the response to AG-13 (a) for demand reduction information.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL’S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 21

RESPONSIBLE PARTY: James C. Lamb

Request 21. Please reference the Application, Attachment I, at page 1. Provide a breakdown of the operation and maintenance costs under each year of the analysis.

Response 21. Operations costs are ongoing costs which are incurred throughout the life of the program. Operations costs include marketing, paging costs, program administration, measurement and verification, and call center. The following table presents the breakdown of the operations costs and equipment maintenance costs under each year of the analysis. Incentives also recur each year, and they are listed as well for completeness.

Year:	Annual Operating costs	Maintenance of equipment	Total	Incentives	Grand total of recurring annual costs
1	\$401,800	\$21,000	\$422,800	\$300,000	\$722,800
2	\$413,854	\$43,200	\$457,054	\$618,000	\$1,075,054
3	\$426,270	\$66,900	\$493,170	\$954,900	\$1,448,070
4	\$439,058	\$91,600	\$530,658	\$1,311,200	\$1,841,858
5	\$452,229	\$118,000	\$570,229	\$1,688,500	\$2,258,729
6	\$465,796	\$121,500	\$587,296	\$1,739,000	\$2,326,296
7	\$479,770	\$125,500	\$605,270	\$1,791,000	\$2,396,270
8	\$494,163	\$129,000	\$623,163	\$1,845,000	\$2,468,163
9	\$508,988	\$133,000	\$641,988	\$1,900,000	\$2,541,988
10	\$524,258	\$137,000	\$661,258	\$1,957,000	\$2,618,258
11	\$539,986	\$141,000	\$680,986	\$2,016,000	\$2,696,986

Year:	Annual Operating costs	Maintenance of equipment	Total	Incentives	Grand total of recurring annual costs
12	\$556,185	\$145,500	\$701,685	\$2,076,500	\$2,778,185
13	\$572,871	\$149,500	\$722,371	\$2,138,500	\$2,860,871
14	\$590,057	\$154,000	\$744,057	\$2,203,000	\$2,947,057
15	\$607,759	\$159,000	\$766,759	\$2,269,000	\$3,035,759
16	\$625,991	\$163,500	\$789,491	\$2,337,000	\$3,126,491
17	\$644,771	\$168,500	\$813,271	\$2,407,000	\$3,220,271
18	\$664,114	\$173,500	\$837,614	\$2,479,500	\$3,317,114
19	\$684,038	\$179,000	\$863,038	\$2,553,500	\$3,416,538
20	\$704,559	\$184,000	\$888,559	\$2,630,500	\$3,519,059

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 22

RESPONSIBLE PARTY: James C. Lamb

Request 22. Please reference the Application, Attachment I, at page 1. Provide a breakdown of the fuel cost savings and any other savings to the Company under each year of the analysis.

Response 22. The following table provides the breakdown of production (fuel and variable O&M) costs and any other savings to the Company under each year of the analysis:

Year	Production (fuel) cost savings	Generation Capacity cost savings	Transmission Capacity cost savings
1	\$ 19,260	\$ 817,740	\$ 206,909
2	\$ 59,290	\$ 1,828,464	\$ 466,495
3	\$ 86,260	\$ 2,824,973	\$ 716,261
4	\$ 59,920	\$ 3,879,762	\$ 977,976
5	\$ 108,530	\$ 4,987,979	\$ 1,247,250
6	\$ 120,970	\$ 5,092,670	\$ 1,270,312
7	\$ 85,350	\$ 5,019,998	\$ 1,244,454
8	\$ 103,610	\$ 5,183,561	\$ 1,278,266
9	\$ 91,840	\$ 5,366,922	\$ 1,316,733
10	\$ 115,480	\$ 5,511,545	\$ 1,344,659
11	\$ 119,320	\$ 5,651,276	\$ 1,370,244
12	\$ 129,680	\$ 5,765,454	\$ 1,390,440
13	\$ 128,650	\$ 5,899,112	\$ 1,415,444
14	\$ 110,910	\$ 6,036,152	\$ 1,440,586
15	\$ 116,970	\$ 6,175,333	\$ 1,466,396

Year	Production (fuel) cost savings	Generation Capacity cost savings	Transmission Capacity cost savings
16	\$ 115,840	\$ 6,339,144	\$ 1,496,943
17	\$ 112,260	\$ 6,529,402	\$ 1,532,546
18	\$ 120,790	\$ 6,725,273	\$ 1,569,228
19	\$ 143,860	\$ 6,926,756	\$ 1,606,989
20	\$ 149,000	\$ 7,134,413	\$ 1,645,828

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 23

RESPONSIBLE PARTY: James C. Lamb

Request 23. Please reference the Application, Attachment I, at page 1. Provide a simple economic payback of the estimated \$323.00 new participant cost.

Response 23. The new participant cost is \$323. The first year savings per participant are \$104.39, consisting of generation capacity savings (\$ 81.77 per participant), transmission capacity savings (\$20.69 per participant), and production cost savings (\$1.93 per participant).

The resulting payback is calculated to be 3.1 years.

EAST KENTUCKY POWER COOPERATIVE, INC
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RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 24

RESPONSIBLE PARTY: James C. Lamb

Request 24. Please reference the Application, Attachment I, at page 1. Provide the cost to provide electricity estimated to be saved under the full scale program.

Response 24. The estimated cost to provide the electricity estimated to be saved under the full scale program is the net present value, over the 20 year estimated life of the program, of the annual savings under three avoided cost categories: production, generation capacity, and transmission capacity.

Those values are:

Avoided Energy Costs	\$ 1,124,407
Avoided Generation Capacity Costs	\$54,401,994
Avoided Transmission Expense	\$13,243,773
Total Avoided electricity costs	\$68,770,174

EAST KENTUCKY POWER COOPERATIVE, INC
PSC CASE NO. 2007-00553
RESPONSES TO REQUEST FOR INFORMATION

ATTORNEY GENERAL'S REQUEST FOR INFORMATION DATED 02/01/08
REQUEST 25

RESPONSIBLE PARTY: William A. Bosta

Request 25. Please refer to the Application at page 28. State whether the Company intends to claim a lost sales component from this program. If so, please provide an estimate of the Company's lost sales.

Response 25. EKPC is not aware of the existence of page 28 in the report. That issue notwithstanding, please see the response to AG-13, wherein it was concluded that the energy reduction amount would be miniscule under a full-scale program modeled after the Pilot. As a result, EKPC would not include a lost sales component in a permanent program.