



EAST KENTUCKY POWER COOPERATIVE

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PUBLIC SERVICE
COMMISSION

April 11, 2008

Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: PSC Case No. 2008-00115

Dear Ms. Stumbo:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of revised Exhibit DGE-2 in the Application of East Kentucky Power Cooperative, Inc., for Approval of an Amendment to its Environmental Compliance Plan and Environmental Surcharge.

The exhibit is being revised to incorporate the EKPC Board of Directors approval of the addition of a new project (No. 10) to the Amended Environmental Compliance Plan. This revision is in compliance with the statement on page 7 of Mr. Eames' Direct Testimony in this proceeding, wherein he indicated that he would supplement Exhibit DGE-2 upon Board approval.

Please contact me if you have any questions concerning this matter.

Sincerely,

Charles A. Lile
Senior Corporate Counsel

Enclosures

Cc: Michael Kurtz, Esq.
Dennis Howard II, Esq.

4775 Lexington Road 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax: (859) 744-6008
<http://www.ekpc.coop>

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, March 11, 2008, at 11:55 a. m., EST, the following business was transacted:

Amendment to Environmental Compliance Plan

After review of the applicable information, a motion was made by P.D. Depp and, there being no further discussion, passed to approve the following:

Whereas, The Environmental Surcharge statute was made effective on July 14, 1992, as a means to allow recovery of costs incurred to meet Federal Clean Air Act requirements at coal-fired generating plants;

Whereas, EKPC received approval to implement an environmental surcharge by Order of the Kentucky Public Service Commission (the "Commission") of March 17, 2005 and EKPC and its Member Systems implemented the surcharge beginning in July 2005;

Whereas, EKPC is in the process of constructing scrubbers at Spurlock Units 1 & 2, replacing Low NOx burners at Spurlock Unit 1, is installing pollution-control equipment at its new Spurlock Unit 4, and has installed Low NOx burners at Dale Units 1 & 2, in order to comply with requirements of the Federal Clean Air Act;

Whereas, The costs associated with these projects are subject to recovery under the Environmental Surcharge statute;

Whereas, The Commission, in its Order making permanent a \$19 million annual rate increase on December 5, 2007, urged EKPC to "utilize all available options to provide for timely recovery of costs"; and

Whereas, The approval of this amendment to the Environmental Compliance Plan would result in EKPC recovering additional costs associated with meeting Federal Clean Air Act requirements, and will increase annual revenues by an estimated \$67 million; now, therefore, be it

Resolved, That the EKPC Board of Directors hereby authorizes management to file with the Commission an application to amend its Environmental Compliance Plan, to seek to recover the costs associated with the identified projects, needed for EKPC to meet the requirements of the Federal Clean Air Act.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 11th day of March 2008.

A. L. Rosenberger, Secretary



Corporate Seal

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, April 8, 2008, at 10:45 a. m., EDT, the following business was transacted:

Ratification of Action—Project Addition to Amendment to Environmental Compliance Plan

After review of the applicable information, a motion was made by P. D. Depp and, there being no further discussion, passed to approve the following:

Whereas, In March 2008, the Board of Directors (the “Board”) approved a proposed amendment to the Environmental Compliance Plan for filing with the Public Service Commission (the “Commission”), which included five new projects required to enable East Kentucky Power Cooperative, Inc. (“EKPC”) to meet the requirements of the Federal Clean Air Act and the Consent Decrees associated with the resolution of the law suits brought by the United States Environmental Protection Agency (“EPA”) against EKPC;

Whereas, A supplemental project has been identified, which has been approved for construction by the Board but was not included in the original project list, consisting of the installation of continuous emission monitoring systems for particulate matter at the Spurlock Generating Station, and the installation of mercury monitoring systems at Spurlock, Cooper, and Dale, for an estimated capital cost of \$3.5 million;

Whereas, Due to the need to proceed with filing the Application for the amendment of the EKPC Compliance Plan with the Commission, the inclusion of this additional project was approved by the President and Chief Executive Officer on an emergency basis; and

Whereas, Inclusion of this project in the amended Environmental Compliance Plan will enable EKPC to meet the corporate key measure of providing reliable and competitive energy and ensuring financial stability; now, therefore, be it

Resolved, That the Board hereby ratifies the actions taken by the President and Chief Executive Officer on March 26, 2008, approving the subject change to the Application for an amendment to the EKPC Environmental Compliance Plan.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 8th day of April 2008.

A. L. Rosenberger, Secretary

Corporate Seal

A handwritten signature in cursive script that reads "A. L. Rosenberger".