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KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Mark David Goss
(859) 244-3232
MGOSS@FBTLAW.COM

March 13, 2009

Via Hand-Delivery

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

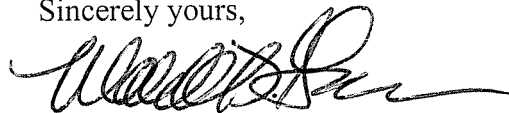
Re: PSC Case No. 2008-00472

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and seven (7) copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's Second Data Request, dated February 27, 2009.

Please file this document of record.

Sincerely yours,



Mark David Goss

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)	CASE NO.
AND NECESSITY FOR THE CONSTRUCTION)	2008-00472
OF AN AIR QUALITY CONTROL SYSTEM)	
AT COOPER POWER STATION)	

CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Robert M. Marshall, 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 Second Data Request in the above-referenced case dated February 27, 2009, 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.

Robert M. Marshall

Subscribed and sworn before me on this 11th day of March, 2009.

Claudia N. Embes
 Notary Public

My Commission expires:

March 23, 2011

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

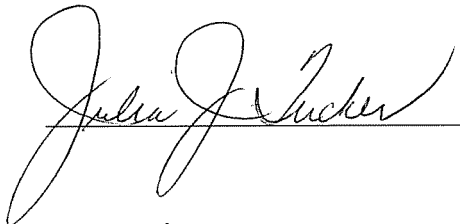
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THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
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OF AN AIR QUALITY CONTROL SYSTEM)	
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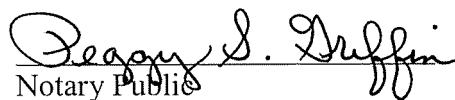
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

Julia J. Tucker, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated February 27, 2009, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 11th day of March, 2009.


 Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

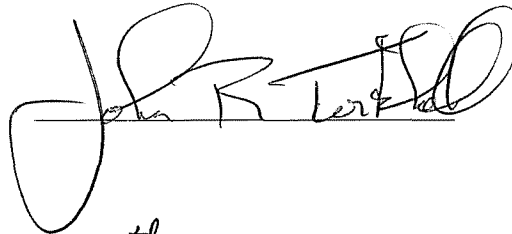
IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR A)	
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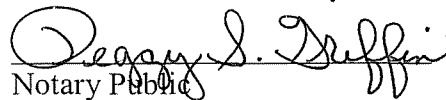
CERTIFICATE

STATE OF KENTUCKY)
)
 COUNTY OF CLARK)

John R. Twitchell, 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 Second Data Request in the above-referenced case dated February 27, 2009, 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.



Subscribed and sworn before me on this 12th day of March, 2009.


 Notary Public

My Commission expires: December 8, 2009

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)	CASE NO.
AND NECESSITY FOR THE CONSTRUCTION)	2008-00472
OF AN AIR QUALITY CONTROL SYSTEM)	
AT COOPER POWER STATION)	

**RESPONSES TO COMMISSION STAFF'S SECOND DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED FEBRUARY 27, 2009**

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00472

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 2/27/09

REQUEST 1

RESPONSIBLE PERSON: Robert M. Marshall

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Refer to the response to item 1 of the Commission Staff's First Data Request ("Staff's First Request"), which lists specific transmission and voltage problems that would be caused by shutting down the Dale Station.

Request 1a. Explain whether the transmission projects identified in the response to item 9 of Staff's First Request would address all of the problems. If no, identify which problems those projects would not address and describe the additional transmission upgrades that would be required to deal with those problems.

Response 1a. The transmission projects identified in the response to item 9 of the Commission Staff's First Data Request would address all of the voltage problems identified in the engineering analyses that were performed.

Request 1b. If additional transmission upgrades are identified in the response to part a. of this request, provide their impact on the Net Present Value ("NPV") analysis results for Case E (Retire Dale) shown in the October 31, 2008 Cooper/Dale Study Report ("Cooper/Dale Report") included as Exhibit 3 of East Kentucky's application.

Response 1b. This is not applicable. Please see the response to 1a.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00472

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 2/27/09

REQUEST 2

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Refer to the responses to items 3 and 11 of Staff's First Request, both of which reference East Kentucky's expectation that further environmental requirements, such as Best Available Retrofit Technology ("BART") will apply to its Cooper Station in the future. Explain whether it is East Kentucky's position that, absent Case B (Scrub Cooper) having a significantly higher cost than the other options, that is the preferred option due to it bringing Cooper into compliance with the BART requirements.

Response 2. Yes, it is EKPC's position that if an election is made to retire Dale (Case E), a scrubber will still have to be added at Cooper (Case B) 5-years from EPA approval for the Regional Haze Plan [i.e., the KY BART State Implementation Plan (SIP)]. Case B meets all the known and anticipated environmental requirements for Cooper Unit #2 and avoids unnecessary cost and the risk of replacement power costs that would be incurred for Case E. Since Case B and Case E are economically very close, the benefit of meeting the Consent Decree requirements and the BART requirements, in addition to retaining the generating capacity provided by Dale Station, makes Case B the clearly preferred alternative.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00472

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 2/27/09

REQUEST 3

RESPONSIBLE PERSON: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Refer to the response to item 9 of Staff's First Request, which identifies transmission projects that would need to be installed under Case E (Retire Dale).

Request 3a. Clarify whether East Kentucky's \$10 to \$15 million estimate of "[t]he additional expense" for dynamic resources (static var compensators, distributed static synchronous compensators, etc.) that could be needed if the Dale units were removed from service refers to the capital costs of these devices.

Response 3a. The \$10,000,000 to \$15,000,000 estimate for additional dynamic resources that may be necessary in the area represents the expected capital costs for acquisition and installation of these devices.

Request 3b. Explain whether the costs of these devices were included in the net present revenue ("NPR") analysis East Kentucky performed to evaluate Case E, the "Retire Dale" option for complying with the Environmental Protection Agency consent decree. If not included, provide the estimated impact of including them.

Response 3b. The costs of the additional dynamic resources were not included in the NPR analysis of Case E. Including these costs in the NPR analysis for Case E would have the following impacts:

Case E NPR with \$10,000,000 Capital Costs Included For Dynamic Resources:
\$7,609,921,858 total or \$9,523,810 additional cost.

Case E NPR with \$15,000,000 Capital Costs Included For Dynamic Resources:
\$7,614,683,763 total or \$14,285,715 additional cost.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00472

SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 2/27/09

REQUEST 4

RESPONSIBLE PERSON: Julia J. Tucker

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Refer to the response to item 10 of Staff's First Request, which pertains to Case F1 in the Cooper/Dale Report, under which Dale 3 and 4 would be repowered in a combined cycle mode with a resulting 330 megawatt increase in generating capacity. The response addresses how the RTSim model would treat the units in East Kentucky's power supply portfolio.

Request 4a. The results of the NPR analysis performed using the RTSim model reflect total operating costs of each of the alternatives modeled. Clarify whether Staff is correct in concluding that no analysis was performed to evaluate the various options on the basis of "the cost per megawatt of capacity provided."

Response 4a. Yes, the Staff is correct in concluding that no analysis was performed to evaluate the various options on the basis of "the cost per megawatt of capacity provided". The analysis was based on the assumption that the wholesale power market would provide the levelizing factor between each of the cases. Cases A, B, and C only dealt with adding capital equipment to the system and did not change the amount of capacity available to the EKPC system. The system might dispatch differently because of the new equipment and it might interact differently with the wholesale power market

because of the new equipment; both of these operating effects are taken into account with the detailed dispatch modeling of RTSim. Case D had slightly more capacity available on the EKPC system. This case was not given explicit value for this capacity but its interaction within the EKPC system and its interaction with the wholesale power market was modified and modeled with the dispatch analysis. In Case E, retire Dale Station, the capacity was not replaced with other capital equipment, but rather the EKPC system dynamics and the wholesale power market supplied the capacity and energy that had been lost by retiring Dale Station. Case F1 added 330 MW of capacity to the EKPC system, which was valued by the benefit it brought to the system and its value to the wholesale power market when not being used for native load. Since some cases added capacity, some reduced capacity and some were neutral on the amount of capacity, EKPC deemed it appropriate to evaluate all cases as having the ability for perfect interaction with the wholesale power market. Consideration of the wholesale power market equalizes the capacity across cases and does not create a limitation by evaluating the EKPC system in isolation.

Request 4b. Provide the NPR results for Case B (Scrub Cooper) and Case F1 (repower Dale with gas) if evaluated on the basis of cost per megawatt of capacity.

Response 4b. As stated in Response 4a, EKPC did not evaluate the cases on a cost per megawatt of capacity basis. EKPC assumed the wholesale power market was available to supply capacity / energy needs of the system and also an available option for EKPC off-system sales. This assumption then creates an equal amount of capacity available to all cases. A per megawatt comparison would be an additional comparison to what was evaluated, but it would not change the relative rankings between Case B and Case F1 since each total cost value would be divided by the same amount of total capacity available to serve system needs.