

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

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

August 28, 2009

RECEIVED

AUG 28 2009

**PUBLIC SERVICE
COMMISSION**

Mr. Robert Ukeiley
435R Chestnut Street, Suite 1
Berea, Kentucky 40403

Re: PSC Case No. 2009-00106

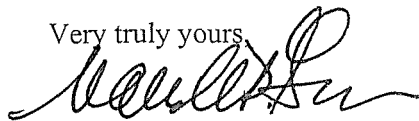
Dear Mr. Ukeiley:

On August 7, 2009, East Kentucky Power Cooperative, Inc. ("EKPC") submitted responses in the above-referenced case to the First Set of Data Requests of the Sierra Club, Kentucky Environmental Foundation and Kentuckians for the Commonwealth, dated July 24, 2009. Please find enclosed one copy of EKPC's revised responses to Requests 18, 19, 20, and 27.

Additionally, please find enclosed one redacted copy of EKPC's Integrated Resource Plan ("IRP"). Note that page 8-116 Table 8.(3)(b)12-11 remains redacted based upon the Commission's Order dated August 19, 2009. Pursuant to your email dated August 25, 2009, wherein you specifically request that you not be provided certain confidential maps, EKPC understands that you have chosen not to sign a Supplemental Confidentiality Agreement. Therefore, per your request and based upon FERC requirements, EKPC has excluded these maps which contain very sensitive and protected Critical Electric Infrastructure Information. These maps are being included in the IRP copies being sent to Messrs. Kurtz and Howard.

With the exception of these two items, all other information which EKPC considers confidential and which was previously redacted, is now being provided to you on behalf of your clients subject to the Confidentiality Agreement which you have executed on their behalf.

Very truly yours,



Mark David Goss

Enclosures

cc: Mr. Jeff Derouen
Mr. Michael Kurtz
Mr. Dennis Howard
(all sent without any enclosures)

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August 28, 2009

AUG 28 2009
PUBLIC SERVICE
COMMISSION

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

Re: PSC Case No. 2009-00106

Dear Mr. Derouen:

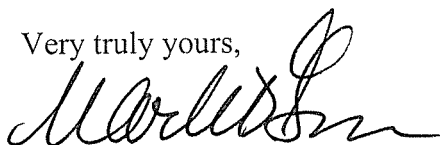
On August 7, 2009, East Kentucky Power Cooperative, Inc. ("EKPC") submitted responses in the above-referenced case to the First Set of Data Requests of the Sierra Club, Kentucky Environmental Foundation and Kentuckians for the Commonwealth, dated July 24, 2009. Please find enclosed for filing with the Commission an original and ten copies of EKPC's revised responses to Requests 18, 19, 20, and 27.

Please also find for filing an original of EKPC's second Redacted Integrated Resource Plan. This document is being filed so that the Commission might have a copy of the IRP which is being sent to the parties who have executed Confidentiality Agreements with EKPC. Please note that page 8-116 Table 8.(3)(b)12-11 remains redacted based upon the Commission's Order dated August 19, 2009. We have chosen to send only an original in order to prevent clogging the Commission's file with virtually identical documents. Of course, should the Commission wish for EKPC to provide the ten additional copies of this second Redacted IRP pursuant to 807 KAR 5:058 Section 1 (3), please let me know and I will do so immediately.

Mr. Jeffrey Derouen
August 28, 2009
Page 2

Please also be aware that the IRP copy being sent to the Environmental Groups' counsel does not contain certain very sensitive and protected maps detailing Critical Electric Infrastructure Information. Counsel specifically requested that these maps not be included in his copy of the IRP.

Very truly yours,



Mark David Goss

Enclosures

cc: Hon. Michael L. Kurtz (with enclosures)
Hon. Dennis G. Howard, II (with enclosures)
Hon. Robert Ukeiley (without enclosures)

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00106

FIRST DATA REQUEST RESPONSE

**PUBLIC INTEREST GROUPS' FIRST DATA REQUEST DATED 07/24/09
REQUEST 18**

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 18. Provide copies of the management and consultant presentations at meetings of EKPC's Board since January 1, 2007 which have addressed any of the following subjects:

- a. The proposed Smith 1 coal plant
- b. EKPC's 2009 IRP
- c. The costs of building new coal or natural gas power plants.
- d. The potential for and potential cost impacts of state, regional or federal regulation of greenhouse gas emissions.
- e. The load and energy sales forecasts for EKPC or its member distribution cooperatives.
- f. The costs of wind and other renewable resources.
- g. The cost of and/or the potential for energy efficiency in the service areas of any of EKPC's member distribution cooperatives or customers.
- h. The cost of and/or the potential for renewable resources in the service areas of any of EKPC's member distribution cooperatives or customers.

Public Interest Groups Request 18

Page 2 of 64

(Revised)

- i. The necessity to or plans for reducing East Kentucky Power Cooperative's CO₂ and nitrous oxide (N₂O) emissions.
- j. The need for or the projected cost or schedule of the proposed Smith 1 power plant.

Response 18(a-e and i-j). EKPC declines to respond to this data request, as it does not address issues that impact rates or service of EKPC, such as energy efficiency, demand-side management and renewable energy.

Response 18(f-h). Please see pages 3 through 64 of this response.

National Renewables Cooperative Organization (NRCO)

Updated: February 14, 2008

NRCO Objectives

- To Enable the Cooperative Program to Broadly Pool the Ownership and Benefits of Renewable Resources
- Provide On-going Opportunities For Access to and Development of Cost-Effective Renewable Energy Resources
- Provide Access to Expertise on Renewable Energy Resource Commercial Issues
- Positive Visibility and Publicity for the Cooperative Program

Membership in NRCO

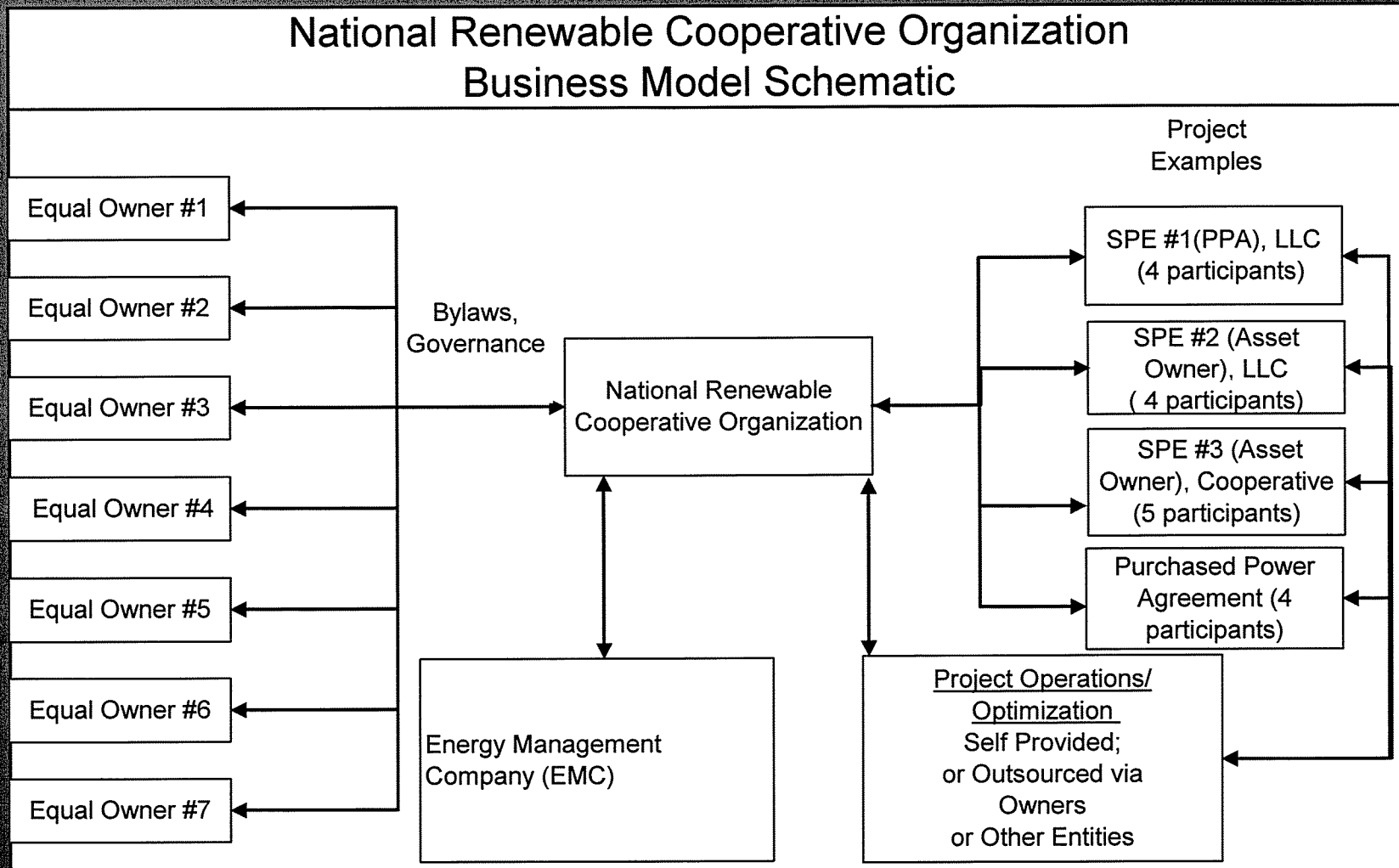
• Who Can Be a Member?

- NRECA Members with Legal Ability to Purchase Wholesale Market Electricity
 - G&T's
 - Unaffiliated Distribution Cooperatives and Public Utility Districts
 - Partial Requirements Cooperatives and Public Utility Districts

Business Plan Structure

- Business Plan Starts as Service Company with Potential to Transition to an Asset Company
- Legal Entity Structure
 - Formed as a Delaware Corporation Which Operates on a Cooperative Basis

Overall NRCO Concept



Transitional Board

- 16 members
- 1 seat for NRECA as “standing” member
- 10 Board seats for G&T’s
- 5 Board seats for Distribution Cooperatives/PUD’s
- Board made up of balanced representation of “early adopters” who join by March 31
- Board will govern for a period up to 2 years

First Year NRCO Goals

● Implementation Goals

- Establish Governance/Bylaws, etc.
- Establish Accounting, Financial Reports, and Billing
- Establish Evaluation and Subscription Process
- Launch Website and Provide Appropriate Publicity
- Hire Dedicated Staff via the Energy Management Co.

● Operational Goals

- Offer Viable Projects for Subscription by Members
- Grow Number of Members
- Write 2nd Year Business Plan

First Year Budget

● Budget

- 1st Year Budget is \$1,136,000
- Project Fees Cover a Portion of Fees
- Remaining Amount Collected From Members on a MWh of Native Load Sales Basis, Billed Monthly

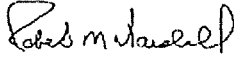
Equity – Working Capital

- Equity Commitment of \$100,000 per Full Member
- Initial Equity Payment of \$25,000 Due Upon Membership, Remaining Equity Calls Based on Board Action
- Single Class Equity Contribution
 - Equal Contribution by all Members
- Multi-Class Equity Contribution
 - Class A Members Equally Contribute Towards Total
 - Class B Members 1/5 of Class A Contribution Amount

Board Agenda Item

MARCH

TO: Fuel and Power Supply Committee and Board of Directors

FROM: Robert M. Marshall 

DATE: February 29, 2008

SUBJECT: East Kentucky Power Cooperative, Inc. Participation in the National Renewable Cooperative Organization (“NRCO”) (Executive Summary)

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

In April 2007, the National G&T Managers Association, in coordination with NRECA, agreed to assess the feasibility of all G&Ts and other NRECA members jointly developing renewable energy resources. A “Renewable Development Committee” was created to 1) define the principles for a national renewable Cooperative, 2) identify willing participants, and 3) develop a business plan.

The Renewable Development Committee subsequently developed three guiding principles to be used in directing this initiative:

1. Commit to utilize economically viable, proven renewable energy resources for all interested rural electric Cooperatives.
2. Apply the Cooperative principles to maximize the benefits to rural electric consumer members.
3. Assist the Cooperatives in their efforts to meet renewable energy legal requirements and/or Cooperative goals: optimize and enhance utilization of renewable energy resources.

The Committee work has resulted in a recommendation to create a National Renewables Cooperative Organization (“NRCO”), whereby Cooperatives nationwide can work together in a cost effective manner to meet renewable legal requirements and/or portfolio goals. *Note that while EKPC is not under any requirements related to renewable power supply, its strategic plan calls for renewable power supply.*

The purpose of NRCO is to facilitate joint participation in renewable resource development and to provide a method to recognize renewable resources of Cooperatives nationwide. NRCO will be a Cooperative owned entity open to members of NRECA that

Board Agenda Item

MARCH

have the legal ability to participate in the wholesale electricity market. This includes G&T Cooperatives, and unaffiliated and partial requirements Distribution Cooperatives and Public Utility Districts.

Cooperative Program Objectives:

- To enable the Cooperative program to broadly pool the ownership and benefits of renewable resources in order to meet renewable portfolio legal requirements and goals.
- To create an entity that provides on-going opportunities for accessible and competitively priced renewable resources for all Cooperatives.

NRCO Member Objectives:

- To cause the development of renewable energy resources in a cost-effective manner.
- To jointly participate in renewable projects that meet legal requirements and/or renewable portfolio goals.
- To have access to expertise in renewable energy resource commercial issues without having to add extensive internal resources in every Cooperative.

NRCO Objectives:

- To provide the expertise and tools necessary to centralize the intelligence gathering, project assessment, and on-going management of renewable resources for its Members.
- To evaluate renewable resource opportunities including deliverability, facilitate participation in renewable projects, and assist with creating optimal project structures for interested Members.
- To facilitate an effective process that causes renewable projects to be developed for Members that meet legal renewable requirements and/or Member goals.
- To create positive visibility and publicity for the Cooperative program based on the collective renewable resource positions held by Cooperatives nationwide.

Overall Business Concepts and Recommendations

- Provide for voluntary Membership by NRECA member Cooperatives.
- Serve as a clearing house to identify, analyze, research, and develop renewable resources.
- Create a communications process with Members to share opportunities to be analyzed.
- Streamline and package renewable opportunities as individual projects and present them to the Members who will have the opportunity to participate as owners on a project-by project basis.
- Aggregate renewable Request for Proposals for its members.
- Engage an existing Energy Management Company (EMC) to manage the entity.
- NRCO will not operate any projects initially, but instead will act as a developer and facilitator of numerous projects for its Members.
- NRCO will coordinate with NRECA and CRN on its initiative in an effort to get

Board Agenda Item

MARCH

recognition for all renewable development caused by its actions and research on any new renewable technologies.

Financial Plan

The total initial equity requirement of the company is estimated to be \$1,500,000. This is based on approximately sixteen months of the company's estimated revenue requirements. The equity requirement will be funded through an initial equity commitment set at \$100,000 per member – however, just \$25,000 will be collected upon membership, with additional “calls” on the remaining equity based on a majority Board vote.

NRCO believes that it will need approximately \$1,000,000 in revenue requirements during its first year of operation. This will be collected from Members based on each Member's size, measured in terms of the total MWh native load sales. Once renewable projects begin producing energy, NRCO will collect project management fees from SPE (Special Purpose Entities) participants.

Transitional Board

A transitional Board of no more than 16 members will govern the initial start-up of NRCO. There will be a minimum of 10 Board seats set aside for G&Ts and 5 for unaffiliated or partial requirements entities. NRECA will be a ‘standing’ member of NRCO and will be represented by either its CEO or Board President. To constitute the critical mass necessary to establish the NRCO transitional Board and begin company formation, NRCO will require a minimum of 10 Cooperative participants of which the majority must be G&Ts. In the event that there are not 5 unaffiliated or partial requirements applicants, then G&Ts will be allowed to fill those spots on the transitional Board.

The selection of the transitional Board will be determined by the Executive Committee (Officers) of the National G&T Managers' Association. The transitional Board will be chosen from Cooperatives that commit to membership by March 31, 2008. Such selection will be made from G&Ts and qualified distribution cooperatives, which meet NRCO eligibility requirements and have submitted the appropriate membership application including the initial equity payment. The transition Board will be selected in a manner that will support its national scope and Cooperative diversity by balancing geographic and member profiles.

The transitional Board will govern NRCO for a period up to 2 years during the formative stages of the company. The purpose of the transitional Board is to gather a manageable and committed group of individuals that will guide the company's formation. It is intended that the transitional Board will retain its leadership for as little time as necessary to establish key policies, agreements, and governance structure.

Justification and Strategic Analysis

EKPC is in a capital expansion mode, and is adding to its generating fleet and power

Board Agenda Item

MARCH

supply resource portfolio. An organization like NRCO is very timely, as it will enhance EKPC's ability to assess and pursue cost effective non-fossil resources.

This action supports EKPC key measure – Reliable and Competitive Energy Costs.

Recommendation

Management recommends that EKPC join the National Renewables Cooperative Organization (NRCO) by March 31, 2008, through a commitment to supplying \$25,000 in equity initially, an additional \$75,000 in equity as called on by NRCO management, and around \$65,000 per year to NRCO for operating expenses.¹

RMM:JCL:wk

¹As NRCO develops projects for others, it will collect management fees that will be applied to operating expenses. This may reduce EKPC's annual fee.

National Renewable Cooperative Organization (NRCO)

After review of the applicable information, a motion was made by Jimmy Longmire and, following further discussion, was passed, with Board members Wade May, Mike Adams, and Jimmy Longmire requesting their dissenting votes be recorded, to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. (“EKPC”) is in process of expanding its power supply resource portfolio, and EKPC’s strategic plan has targeted greater amounts of renewable power supply as an action item;

Whereas, The National G&T Managers Association and NRECA formed a “Renewable Development Committee” to examine renewable resources within the cooperative program;

Whereas, The Renewable Development Committee determined that a more formal approach to renewable resources was warranted;

Whereas, The National G&T Managers Association and NRECA have concluded that a national organization dedicated to renewable resources is in the best interest of the cooperative program, and the “National Renewables Cooperative Organization” (NRCO) has been formed;

Whereas, NRCO is soliciting membership, and EKPC sees value in becoming a member;

Whereas, NRCO has a funding requirement of \$100,000 in equity, with \$25,000 being due upon joining and the remainder being “callable” by NRCO management;

Whereas, In addition to the equity funding, NRCO will charge members their pro rata share of its operating expenses, with EKPC’s estimate being \$65,000 per year;

Whereas, It is a good business practice for EKPC to diligently seek cost-effective sources of renewable power;

Whereas, Joining NRCO before March 31, 2008 will enable EKPC to seek a seat on the transitional NRCO Board; and

Whereas, Management and the Fuel and Power Supply Committee recommended that the EKPC Board of Directors approve EKPC’s membership in NRCO; now, therefore, be it

Resolved, That EKPC is hereby authorized to join NRCO before March 31, 2008, with an equity funding contribution of \$100,000, and a with a commitment to reimburse NRCO’s annual operating expenses, estimated at \$65,000; and

Resolved, That the President and Chief Executive Officer, or his designee, is hereby authorized to execute any necessary agreement or documentation, relating to such memberships.

Direct Load Control

EKPC Board Of Directors

February 12, 2008

EKPC Proposes a Full Scale Direct Load Control Program

- 50,000 Homes (Residential only)
 - Will target all member systems equally
 - 50,000 is a goal, not a limit
- Central Air and Water Heater (min. 40 gal.)
 - Switches and Programmable thermostats

Cost of the Program

Approximately \$4 million to \$5 million per year

- EKPC to handle all aspects of program and pay for program
- EKPC to seek approval of the DSM surcharge in order to recover program costs

Regulatory Aspects

- EKPC will seek PSC approval for a full scale program
- PSC must approve the DSM surcharge mechanism

DSM Surcharge

- Existing statute
- Used by all IOUs
- EKPC and members to be the first non IOU
- \$ per residential kWh charge
- Charge does not apply to non-residential kWh

2008 DSM Surcharge Preliminary

Total DLC Budget for Surcharge	Annual Residential MWh - Retail	DSM Surcharge \$/kWh – Retail
\$4,021,930	7,099,687	\$0.000566

Program Benefits

- Residential Retail Members who participate in the program
 - Receive an incentive for participating
 - Bill credit or Programmable thermostat
- Residential Retail Members who do not participate in the program
 - Overall cost of power supply will decline

Program Benefits *continued*

- Member Co-ops
 - Power bill savings
 - FAC charge declines through reduced purchased power
- EKPC
 - Defer or avoid peaking capacity
 - Avoid purchases
- Benefits/Costs for participant, co-op, and EKPC
 - Total Benefits \$46M
 - Total Costs \$24M

Next Steps

- Seek Board approval March 11
- File for permanent program with the PSC by March 31
- 2007-553 Resumption of the Pilot case until permanent program approved

Direct Load Control

EKPC Board Of Directors

March 11, 2008

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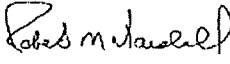
Next Steps

- Seek Board approval April 8
- File for permanent program with the PSC by April 30
- 2007-553 Resumption of the Pilot case until permanent program approved

Board Agenda Item

APRIL

TO: Fuel and Power Supply Committee & Board of Directors

FROM: Robert M. Marshall 

DATE: March 28, 2008

SUBJECT: Approval of a Permanent Direct Load Control Program
(Executive Summary)

KEY MEASURE(S) Reliable and Competitive Energy

Background

East Kentucky Power Cooperative, Inc.'s ("EKPC") need for capacity is greater than its stock of generating facilities. On January 25, 2008, EKPC's firm system peak demand reached 2,964 MW. Current baseload capability is approximately 1,600 MW, and current gas fired combustion turbine capability is approximately 850 MW. Wholesale power market purchases from 500 MW up to 1,000 MW are a regular occurrence. EKPC is currently expanding its generation fleet with a new CFB unit and two combustion turbines, which will add approximately 450 to 500 MW of capacity. Even then, EKPC will be considerably short of having its desired 12% capacity reserve margin. In addition to adding generating capacity, EKPC has the ability to control its peak demand by controlling appliances.

EKPC conducted a pilot direct load control program, which ended on September 30, 2007 with air conditioners and water heaters. The program was considered to be successful based on results. EKPC then requested that the pilot program be resumed until a permanent program is filed and approved by the Public Service Commission ("PSC"). The pilot program continuation was approved by the PSC on March 20, 2008. EKPC has a goal to install 50,000 switches on central air conditioning units and water heaters that are 40 gallons or larger. EKPC would hire GoodCents as the program manager for enrollment, installation, switch maintenance, trouble shooting, disconnects, savings verification and other miscellaneous duties. The projected annual cost of the program is \$4 to \$5 million and EKPC would be responsible for all costs. EKPC would seek PSC approval for program implementation and cost recovery.

Residential retail members who participate in the program would receive an incentive for participating via either a bill credit or a programmable thermostat. All other retail members who do not participate directly in the program will also benefit via an overall reduction in cost of power supply. The projected total benefits for the program are \$46 million and the total costs are \$24 million, providing a benefit to cost ratio of almost 2 to 1. EKPC expects to save 0.9 to 1.1 kW for each controlled air conditioner and 0.4 to 0.5

Board Agenda Item

APRIL

kW for each controlled water heater during the summer peak months. A winter peak savings of 0.7 to 0.9 kW for each controlled water heater is expected.

Justification and Strategic Analysis

The Direct Load Control program is a cost efficient and environmentally friendly method for EKPC to meet its peak load capacity obligations. Results of the pilot program indicate it is beneficial to EKPC, the member systems and the retail member consumers. This action supports EKPC key measure of reliable and competitive energy.

Recommendation

EKPC management recommends that the Board of Directors approve the implementation of a full-scale direct load control program and the required filing for PSC approval of the program.

RMM:JL:wk

Permanent Direct Load Control Program

After review of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. (“EKPC”) needs additional generating capacity to serve its peak load and reserve requirements;

Whereas, EKPC has conducted a pilot direct load control program, which verified that a direct load control program could provide beneficial and cost effective results for EKPC, its member systems and their member consumers;

Whereas, EKPC’s pilot program has shown that controlling 40 gallon and larger water heaters and central air conditioning units in residential retail members’ homes will help reduce the amount of capacity that EKPC needs to build; and

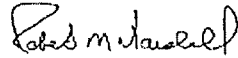
Whereas, Management and the Fuel and Power Supply Committee recommend the implementation of a permanent direct load control program, as further explained in the attached executive summary; now, therefore, be it

Resolved, That the EKPC Board hereby approves the implementation of a permanent direct load control program for control of residential water heaters and central air conditioning, and authorizes Management to request the Public Service Commission to approve such a permanent direct load control program and to allow the recovery of its associated costs.

APRIL

Board Agenda Item

TO: Fuel and Power Supply Committee & Board of Directors

FROM: Robert M. Marshall 

DATE: March 28, 2008

SUBJECT: Approval of a Request for Proposals for Renewable Capacity and Associated Energy (Executive Summary)

KEY MEASURE(S) Reliable and Competitive Energy

Background

East Kentucky Power Cooperative, Inc.'s ("EKPC") needs for capacity and energy are greater than its stock of generating facilities. On January 25, 2008, EKPC's firm system peak demand reached 2,964 MW. Current baseload capability is approximately 1,600 MW, and current gas fired combustion turbine capability is approximately 850 MW. Wholesale market purchases from 500 MW up to 1,000 MW are a regular occurrence. As the table below shows, market purchases make up a significant portion of the energy supplied to member systems by EKPC.

Percent Of MWh Power Supply By Source

	2005	2006	2007
Coal Fired	80%	85%	80%
Gas Fired	3%	2%	3%
Wholesale Market	12%	9%	13%
Renewable Sources	5%	5%	4%

EKPC proposes to issue a Request For Proposals ("RFP") for cost-effective renewable capacity and associated energy. This RFP is part of a broader overall power supply strategy, which will culminate in April 2009 with the completion of a new Integrated Resource Plan ("IRP"). More information about EKPC's overall power supply strategy can be found in the November 2007 Board Book.

Board Agenda Item

APRIL

EKPC intends to issue the RFP on April 15, 2008, with responses due on July 31, 2008. The results of this RFP may have a direct bearing on the pending decision to either (a) install environmental controls at Cooper Station or (b) retire Dale 3 and 4.

Justification and Strategic Analysis

This RFP is necessary for several reasons. First, the need for power supply exists, as described above. Second, cost-effective energy from renewable sources represents a diversification away from coal-fired generation. Renewable power supply can be used as a hedge against an increasingly uncertain future for coal fired generation. Finally, the results can be used to evaluate the relative expense of non-renewable sources of power supply. This action supports EKPC key measure of reliable and competitive energy

Recommendation

EKPC management recommends that the Board of Directors approve the issuance of a Request For Proposals for renewable capacity and associated energy.

RMM:JL:wk

Renewable Capacity and Associated Energy

After review and discussion of the applicable information, a motion was made by Jimmy Longmire and, there being no further discussion, passed to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. (“EKPC”) does not have excess generating capacity, and regularly must purchase power supply from the wholesale market;

Whereas, The purchase of cost effective renewable capacity and associated energy will serve as a hedge against increasingly uncertain coal generation costs; and

Whereas, This Request for Proposal (“RFP”) is part of an overall power supply strategy described in the November 2007 Board Book; now, therefore, be it

Resolved, That the EKPC Board hereby approves the President and Chief Executive Officer’s issuance of a request for proposals for renewable capacity and associated energy.

Agenda Item

JULY

TO: Fuel and Power Supply Committee and Board of Directors

FROM: Robert M. Marshall

DATE: June 27, 2008

SUBJECT: Ratification of Load Control Program Equipment Purchase
(Executive Summary)

KEY MEASURE(S) This Supports Reliable and Competitive Energy Costs

Background

East Kentucky Power Cooperative, Inc.'s ("EKPC") need for capacity is greater than its stock of generating facilities. In April 2008, the Board of Directors (the "Board") approved a permanent direct load control program. EKPC has a goal to install 50,000 devices on central air conditioning units and water heaters that are 40 gallons or larger over a five year period. Residential retail members who participate in the program would receive an incentive for participating via either a bill credit or a programmable thermostat. All other retail members who do not participate directly in the program will also benefit via an overall reduction in the cost of power supply. In order to implement the program in the summer of 2008, 10,000 devices were ordered in June 2008. The order included 7,500 switches for air conditioning and water heater control, and 2,500 programmable thermostats for air conditioning units. The purchase was unbudgeted and in excess of \$1 million; therefore, ratification by the Board is needed.

Justification and Strategic Analysis

The Direct Load Control program is a cost efficient and environmentally friendly method for EKPC to meet its peak load capacity obligations. The load control equipment purchase will enable EKPC to implement the program this year. The volume of equipment purchased provides multiple economic and supply chain benefits for EKPC. This recommendation supports EKPC's key measures for reliable and competitive energy costs.

Agenda Item

JULY

Recommendation

Management recommends that the Fuel and Power Supply Committee ratify the President and Chief Executive Officer's purchase of the unbudgeted load control equipment for a total cost of \$1,022,825 on June 9, 2008.

Load Control Program Equipment

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed to approve the following:

Whereas, In April 2008, the Board of Directors (the "Board") approved a permanent direct load control program;

Whereas, The Public Service Commission approved the East Kentucky Power Cooperative, Inc. ("EKPC") direct load control tariff, effective on June 2, 2008, subject to further proceedings;

Whereas, Management has negotiated a load control equipment purchase order for 10,000 devices; 7,500 switches and 2,500 programmable thermostats;

Whereas, The recommended load control equipment purchase will enable EKPC to implement the program this year in residential retail members' homes to help reduce the amount of capacity that EKPC needs to build; and supports EKPC's key measures for reliable and competitive energy costs; and

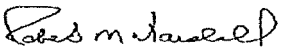
Whereas, The Fuel and Power Supply Committee has reviewed the President and Chief Executive Officer's purchasing of an unbudgeted item over \$1 million during June 2008, find that to be reasonable and recommend that the Board ratify said purchase; now, therefore, be it

Resolved, That the Board hereby ratifies the greater than \$1 million, unbudgeted purchase authorized by the President and Chief Executive Officer during June 2008 for the load control equipment.

Board Agenda Item

SEPTEMBER

TO: Fuel and Power Supply Committee and Board of Directors

FROM: Robert M. Marshall 

DATE: August 29, 2008

SUBJECT: Approval of Memorandum of Agreement Among U.S. Dept. of the Army, Southeastern Power Administration (“SEPA”), certain Preference Customers of SEPA’s Cumberland System, including East Kentucky Power Cooperative, and Sponsors of Preference Customers
(Executive Summary)

KEY MEASURE(S) Reliable and Competitive Energy

Background

The Cumberland System of hydroelectric projects are owned and operated by the U. S. Army Corps of Engineers (the “Corps”). The capacity and energy from the hydroelectric projects are marketed by Southeastern Power Administration (“SEPA”). East Kentucky Power Cooperative, Inc. (“EKPC”) is a preference customer of SEPA and as such, receives a 170MW capacity allocation and associated energy from the Cumberland System of hydroelectric projects, during normal operating conditions. The maintenance, rehabilitation, and potential upgrades of these generators are of vital importance to EKPC in assuring a secure power supply from these projects.

The Corps relies on federal funding and budget allocations for any expenses it incurs with the hydroelectric projects. The rehabilitation of these projects is not of the same importance to the overall Corps business as it is to SEPA and its customers. Since 2004, SEPA and their Cumberland System customers have participated in a Memorandum of Agreement for Cumberland River Hydropower Plant Equipment Rehabilitation (“MOA”) with the Corps. This has provided an avenue for SEPA to be able to allocate excess cost recovery if available, via its rates, to a specific fund to be used by the Corps solely for the rehabilitation of Cumberland System Projects.

The funds being used are monies that EKPC and the other customers already pay via their power bills to SEPA based on established rates. The SEPA preference customers participate in the MOA in order to have additional input concerning the use of these funds.

Board Agenda Item

SEPTEMBER

A Project Coordination Committee (“PCC”) was established in 2004 to oversee the performance of the MOA. It is made up of representatives of SEPA, the Corps, and signatories to the MOA. Being a signatory of the 2008 MOA will allow EKPC to continue its hands on participation with the rehabilitation process.

The projects being considered for fiscal year 2008 funds include the planning, engineering, design and rehabilitation of the powerhouse crane at Barkley Dam, and the planning, engineering, design and rewind of generator #4 at Old Hickory Dam. The projects under consideration are based on a basin-wide study by Montgomery-Watson-Harza (MWH) that prioritized project needs. Additional projects will be identified under an implementation plan to be developed by MWH.

The only cost exposure that EKPC incurs by signing the MOA happens in the event of significant cost overruns of projects covered by the 2008 MOA. The signatories could be required to cover any costs in excess of the amount available from the designated fund. However, for the following reasons, the risk of signatories having to pay additional amounts to cover overruns is very minimal:

- There is a significant amount of contingency built into the estimates,
- There is estimated to be over \$8million remaining from previous MOA funds,
- Cost recovery from the signatories has not occurred with any project undertaken since the first MOA was enacted in 2004, and
- The PCC monitors the project costs.

The 2008 MOA will address project requirements through September 2009, after that time, it is expected to be replaced with a long term MOA.

Justification and Strategic Analysis

SEPA provides 170MW of power supply resources at a reasonable rate and with no environmental emissions to EKPC. Reliability of this resource is at risk due to aging equipment and lack of Federal funding for major maintenance. The 2008 MOA is essential to maintain reliability, efficiency, and power output of the Cumberland System hydroelectric projects and help prevent catastrophic forced outages.

Recommendation

EKPC management recommends approval of the 2008 MOA and that authority be granted to the CEO, or his designee, to execute the 2008 MOA and any subsequent Sub-Agreements to the 2008 MOA, and to seek any other approvals that may be necessary, including Rural Utilities Service (RUS) approval, if required.

RMM:wk

MOA Regarding Funding for Rehabilitation of Certain Cumberland River Hydropower Plant Equipment

Whereas, East Kentucky Power Cooperative, Inc (“EKPC”) is a preference customer of the Southeastern Power Administration (“SEPA”) and receives 170MW of capacity allocation and associated energy from the Cumberland System of hydroelectric projects that are owned and operated by the U. S. Army Corps of Engineers (“Corps”);

Whereas, The Corps, SEPA, certain preference customers of SEPA’s Cumberland System, including EKPC, and Sponsors of preference customers (the “Signatories”) have negotiated terms of a Memorandum of Agreement (“2008 MOA”) regarding funding for rehabilitation of certain Cumberland River Hydropower Plant Equipment;

Whereas, SEPA will transfer a portion of its discretionary funds to the Corps to fund critical Cumberland System projects and those projects were identified in a basin-wide study of project needs by Montgomery-Watson-Harza;

Whereas, The 2008 MOA is essential to maintain reliability, efficiency, and power output of the Cumberland System projects and help prevent catastrophic forced outages;

Whereas, Management and the Fuel and Power Supply Committee recommend approval of the 2008 MOA and that authority be granted to the President and Chief Executive Officer, or his designee, to execute the 2008 MOA and any subsequent Sub-Agreements to the 2008 MOA, and to seek any other approvals that may be necessary, including Rural Utilities Service (“RUS”) approval, if required; and

Whereas, Pursuant to EKPC Board Policy No. 107, this item requires review by the Fuel and Power Supply Committee and approval of the Board; now, therefore, be it

Resolved, That approval is hereby given for the 2008 MOA, and the President and Chief Executive Officer, or his designee, is hereby authorized to execute the 2008 MOA and any subsequent Sub-Agreements to the 2008 MOA, and to seek any other approvals that may be necessary, including RUS approval, if required, consistent with this resolution.

**Renewables
RFP**

**East Kentucky Power
Board Meeting**

**Results of Renewable RFP
Solicitation**

February 10, 2009

Renewable RFP Results

Renewables
RFP

- **Renewable RFP Issued on April 15, 2008**
- **Bids received no later than July 31, 2008**
- **Received 22 Bids**
- **Types of Offers Received**
 - 1 Biodiesel
 - 4 Biomass
 - 1 Hydro
 - 2 Municipal Solid Waste (MSW)
 - 5 Solar
 - 1 Waste Heat
 - 8 Wind

Renewable RFP Results

Renewables
RFP

- **14 Projects in Kentucky**
 - **One wind project in KY**
 - **Seven wind projects out of state**
 - **Hydro a combination of dams in IL / WV / PA**
-
- **Hired David Brown Kinloch to assist with analysis**

- **Continue working with viable offers**
 - Continue working with wood fuel suppliers for potential biomass generation at Cooper Station and Spurlock Station. Planning a test burn at Cooper Station.
 - Enter into site study with a wind developer in Kentucky.
- **Continue looking for alternatives**
 - EK will continue to develop projects
 - Landfill gas generation so far
 - Told some RFP proposals to come back when projects were more fully developed
 - Solar, MSW and Waste Heat projects
 - EK receives phone calls weekly relating to its interest in renewables
 - National Renewables Cooperative Organization (NRCO)
 - They plan to bring projects to EKPC
- **Include renewable generation and cost characteristics in IRP modeling**

Button-up/Tune Up Pilot Executive Summary

3-10-09

Goals and Objectives: To partner with five Central Kentucky Member Cooperatives to improve the envelope of the home for the purpose of reducing energy demand and electric consumption in low-income housing.

Pilot Summary: In February 2009, EKPC and FME agreed to begin a pilot that would improve the envelope of the house for low-income, high electric usage members in their cooperative distribution area.

The homes were selected by Fleming-Mason Energy in cooperation with the local community action group. EKPC Energy auditors and the staff at FME met with perspective homeowners and inspected all homes. Ideal Homebuilders (Matt Fiscus) is the contractor that was selected to perform the Button-up and Tune-up.

EKPC conducted blower door tests on each home, prior to making any improvements. Blower door tests will also be conducted on each home after improvements are made. In addition, Right J or REMRate calculations will be made on each home to determine the effects of the program. Also, Dr. Robert Fehr – of the University Of Kentucky - has agreed to run analysis on the homes to look at the change in daily electric usage.

It was estimated that the average home improvement would cost between \$1500 and \$2500. EKPC would commit to pay 75% of the costs and FME would pay the remaining 25%.

All ten homes were completed by March 6, 2009 at an average cost of \$2,200 per home.

Moving forward, EKPC plans to partner with four other Central Kentucky Cooperatives (Owen EC, Blue Grass Energy, Clark Energy and Inter-county Energy). These pilots will be similar to the FME pilot.

There will be a minimum of 50 homes completed and the target date is Earth Day 2009 – April 22. Data will be collected for a minimum of two months and analysis provided by July 2009.

In addition, EKPC and the Member Cooperatives are seeking partners to help reduce the costs to replace all resistance heat, in these homes, with energy-efficient heat pumps or dual fuel. Also, we are seeking partners to help replace energy- inefficient home appliances with Energy Star appliances.

Projects Qualifying for Stimulus Money

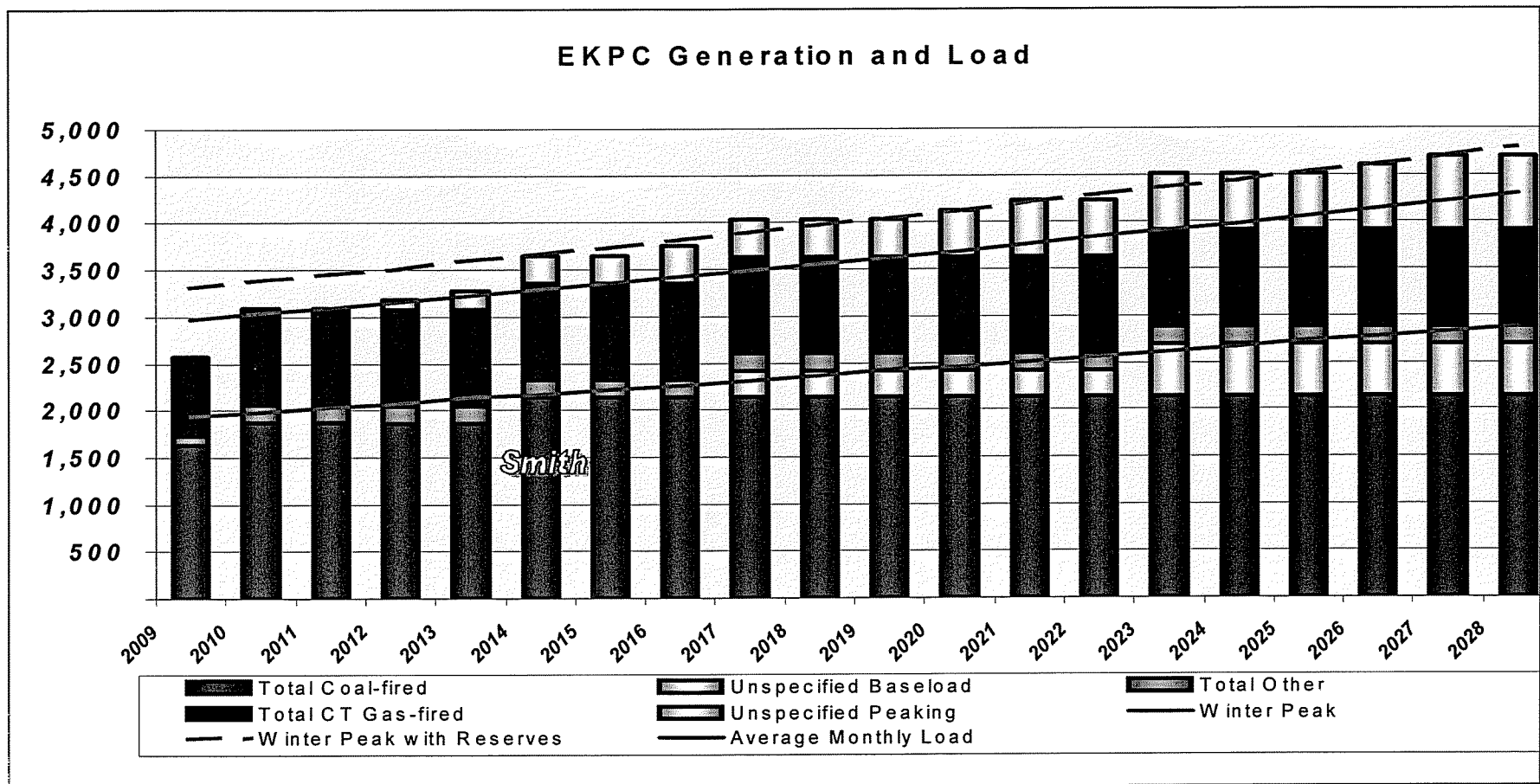
1. Home Weatherization – Button-up and Tune-Up (Stick built and Manufactured housing)
2. Resistance Heat Replacement with energy efficient heat pumps (Stick built and Manufactured housing)
3. Two way AMR upgrades for Smart Meters
4. Appliance replacement using Energy Star appliances
5. Carbon Sequestration
6. Wood Pellet project at Cooper
7. Switchgrass project at Gilbert and Spurlock 4
8. Solar Farm
9. Commercial Energy Savings programs for both Industrial and Small C&I
10. Wind Farm
11. New Landfill Gas projects



East Kentucky Power Cooperative 2009 Integrated Resource Plan

EKPC Board Meeting
April 14, 2009

The Goal Of IRP Is To Optimally Fill In The White Areas





Steps In The IRP Process

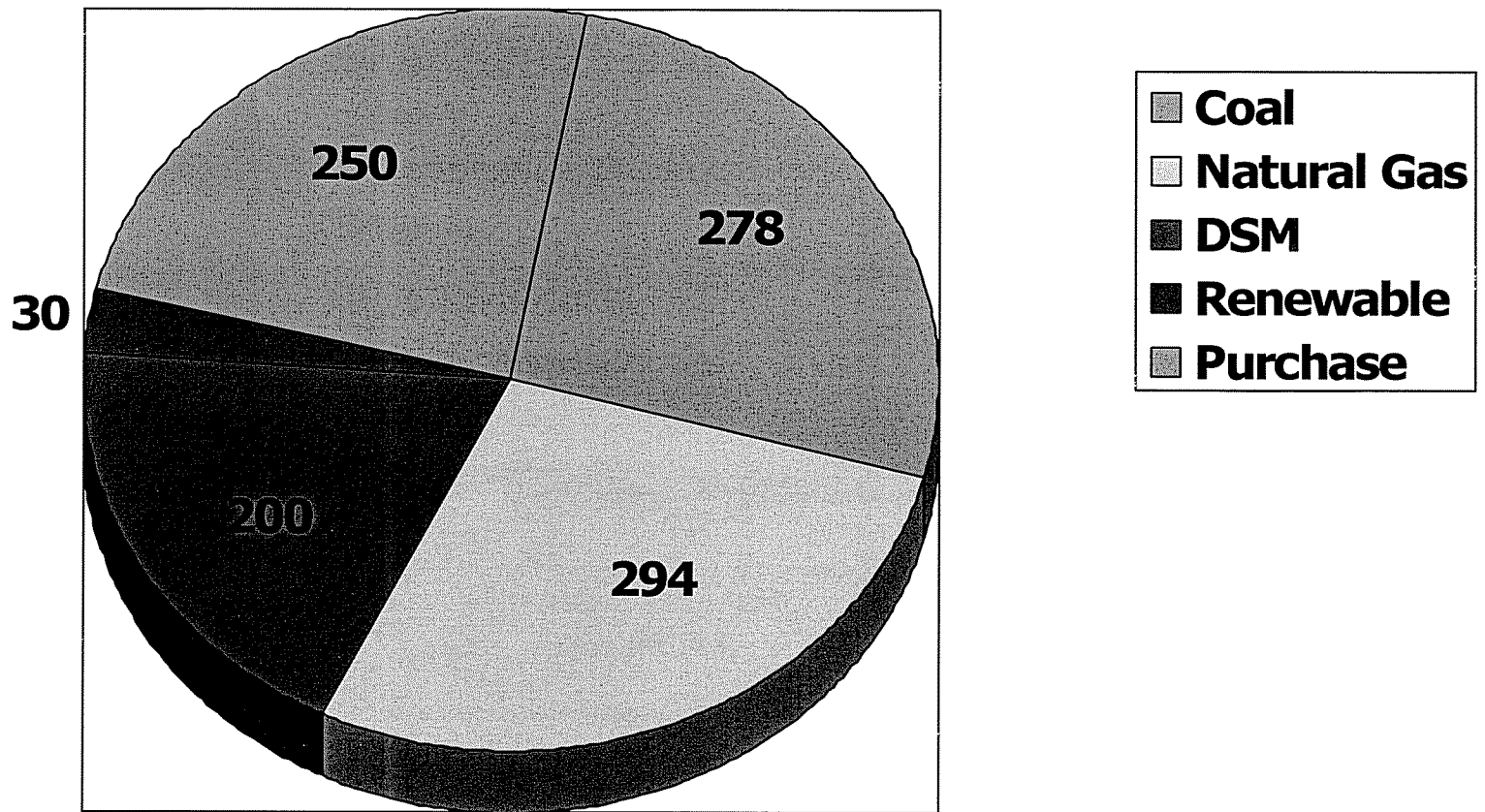
- Projection of peak / energy needs
- Evaluation of DSM options
- Uncertainty analysis related to fuel cost
- Assessment of environmental regulations
- Preparation of capacity expansion plan



What Comes From The Analysis?

- EKPC Resource Plan
 - DSM
 - Purchased Power
 - Renewable Energy
 - Gas-fired Energy
 - Coal-fired Energy
- Cost Of Power Supply

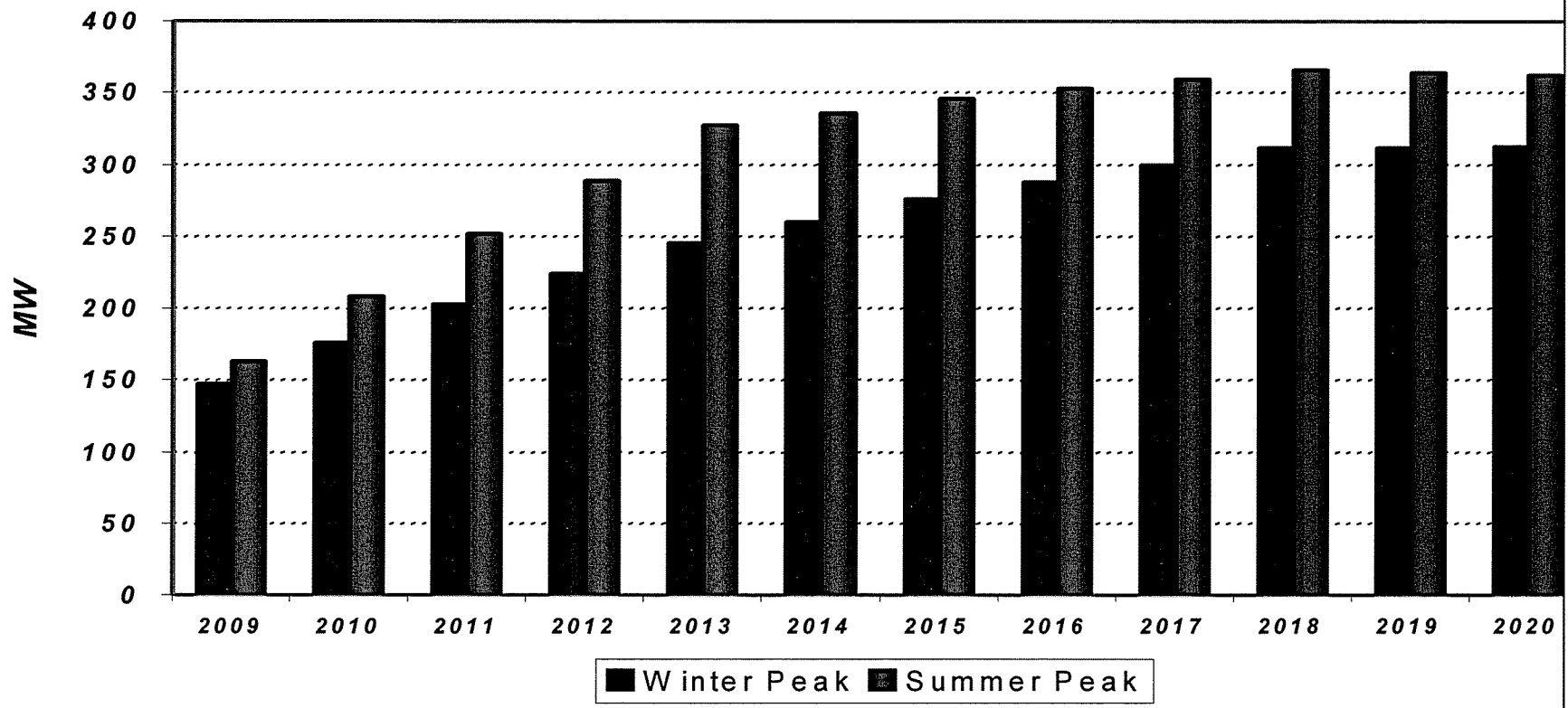
2009 IRP – Planned MW Capacity By Fuel Type



IRP Contains Significant Amounts Of DSM

Currently Existing DSM Programs Total 150 MW

Amount Of Summer And Winter Peak Reduced By DSM



Baseload Power Supply Additions

Year	Amount (MW)	Description
2013	278	Smith 1 CFB
2017	30	Biomass Generation
2021	200	Emission-Free Long-Term Purchase
2023	278	CFB Generator

Peaking Power Supply Additions

Year	Amount (MW)	Description
2010	194	2 Combustion Turbines
2012	98	Combustion Turbine
2015	50	Seasonal Swap
2019	98	Combustion Turbine
2020	98	Combustion Turbine

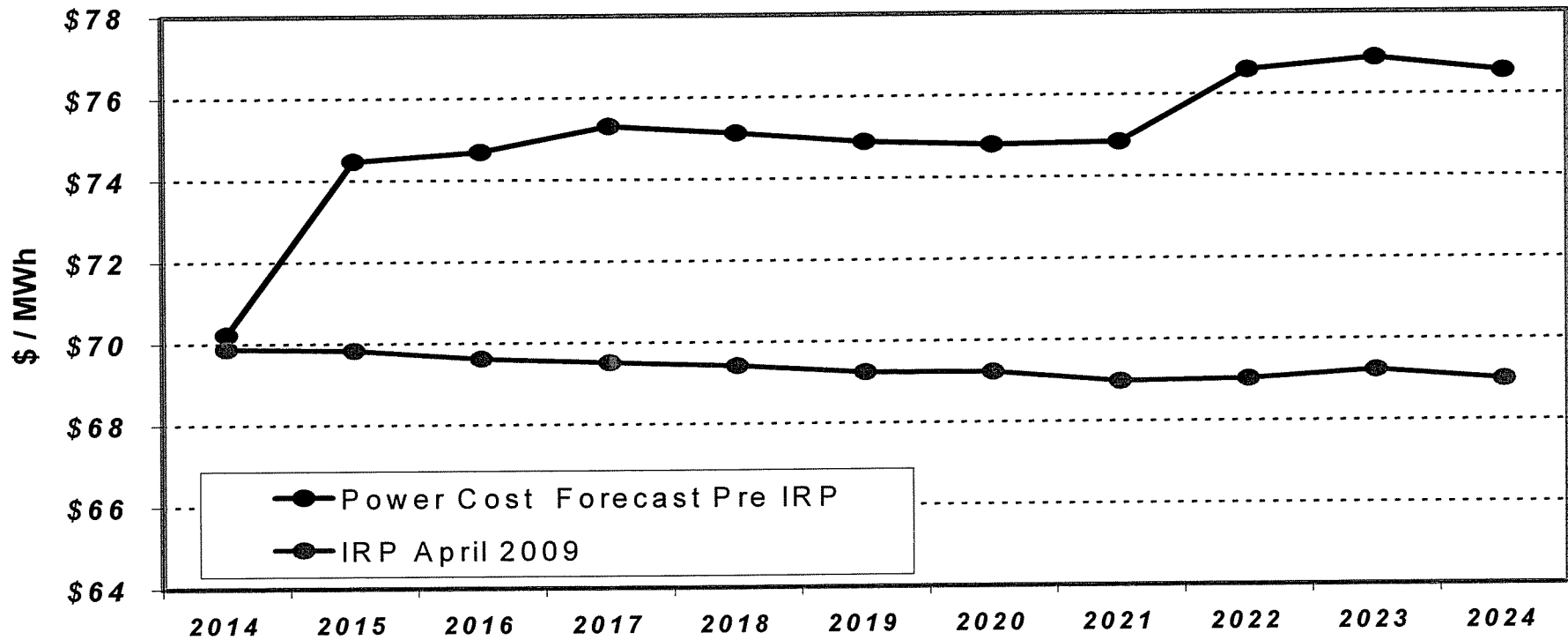


Power Supply Cost

- EK has an existing forecast of power cost
 - Assumes coal generation in 2015 and 2022
- This IRP's forecast of base and environmental costs are lower than the pre-IRP forecast
 - Only one coal generator (2023)
- While this IRP's fuel costs are also lower than the pre-IRP projections, fuel cost uncertainty in both forecasts is high

Comparison Of Power Cost Projections

EKPC Power Cost Excluding Fuel





Next Steps

- Current Power Supply

- Combustion turbines under construction
- Smith 1 CFB being permitted
- Scrubber at Cooper 2 in the design and approval stages

- New Power Supply

- Implement DSM
- Address 2012 peaking need

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00106

FIRST DATA REQUEST RESPONSE

**PUBLIC INTEREST GROUPS' FIRST DATA REQUEST DATED 07/24/09
REQUEST 19**

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 19. Provide copies of the documents that have been provided to the members of the EKPC Board since January 1, 2007 which have addressed any of the following subjects:

- a. The proposed Smith 1 coal plant
- b. EKPC's 2009 IRP
- c. The costs of building new coal or natural gas power plants.
- d. The potential for and potential cost impacts of state, regional or federal regulation of greenhouse gas emissions.
- e. The load and energy sales forecasts for EKPC or its member distribution cooperatives.
- f. The costs of wind and other renewable resources.
- g. The cost of and/or the potential for energy efficiency in the service areas of any of EKPC's member distribution cooperatives or customers.
- h. The cost of and/or the potential for renewable resources in the service areas of any of EKPC's member distribution cooperatives or customers.

Public Interest Groups Request 19

Page 2 of 43

(Revised)

- i. The necessity to or plans for reducing EKPC's CO₂ and N₂O emissions.
- j. The need for or the projected cost or schedule of the proposed Smith 1 power plant.

Response 19(a-e and i-j). EKPC declines to respond to this data request, as it does not address issues that impact rates or service of EKPC, such as energy efficiency, demand-side management and renewable energy.

Response 19(f-h). Reports provided to EKPC Board Members since January 1, 2007 that address wind, renewables, and energy efficiency are provided on pages 3 through 43 of this response.

JANUARY 2007

Economic Development Process

- Coordinated a meeting with Mason County Judge Gallenstein and others on a possible landfill gas to energy plant and related new business opportunities at the Mason County landfill.

Non-Traditional Power Production Process

- Met with Judge Executive Gallenstein and staff of the Mason Co. Fiscal Court to renew discussions regarding the possible development of a landfill gas to electric project at the Maysville-Mason County landfill.
- Requested a proposal from SCS Engineers for updating the gas study performed on the Mason County landfill in 2001.
- Initiated discussions with Allied Waste regarding the possible development of a Landfill Gas project near Irvine, Kentucky.
- Continued to provide information to CFC in anticipation of receipt of the first CREB issuance of approximately \$6.8 million to EKPC for portions of the Laurel Ridge Unit # 5, Hardin Co. Units # 1-3 and Pendleton Co. Units # 1-4 Landfill Gas Projects.
- Working with Allied Waste Company regarding the possible development of a Landfill Gas project near Frankfort, Kentucky.
- The Pendleton County Landfill Gas Project is complete and currently undergoing testing and commissioning.
- Working with EKPC legal staff on two contracts to sell surplus green tags.

Marketing & Natural Resources Process

- Met with Planning staff to discuss new DSM and DLC initiatives.
- Met with representatives from Clark Energy, Blue Grass Energy, Farmers RECC, Salt River RECC, Nolin RECC and SKRECC to discuss forming a committee to discuss the future of DSM programs at EKPC.

Member and Corporate Communications Process

- Began producing new Simple Savings energy tips to be handed out by member system customer service representatives to promote various energy conservation programs.

Coordinated Planning:

Resource Planning and Mid Term Planning staff met with the City of Hamilton, OH, on January 16 to discuss Hamilton's plans to develop the Meldahl Hydro Project and see if there is potential for partnership with EKPC.

FEBRUARY 2007

Marketing & Natural Resources Process

- Conducted the first meeting of the Demand Side Management Workgroup. This workgroup consists for both member system and EKPC personnel. The purpose is to look at all existing and new DSM programs and make recommendations for 2008 and beyond.
- Hosted a meeting where Greg Ferguson (EON) and Roger Gray (Good Cents) presented information about the EON Direct Load Control Program.
- Conducted a residential energy audit with Josh Littrell for Farmers RECC.
- Met with representatives of Eastern Kentucky University biological staff concerning ECU Wildlife program.
- Attended a DSM webcast sponsored by CRN.

Member and Corporate Communications Process

- Distributed 40,000 Simple Savings Energy tips to member systems to provide at drive through windows and member office counters. These tips provide energy saving ideas and promote various energy conservation programs.

MARCH 2007

Marketing & Natural Resources Process

- Conducted the second meeting of the Demand Side Management Workgroup. The purpose of this meeting was to discuss the presentation given by Greg Ferguson (EON) the EON Direct Load Control Program. Currently this program is capable of shaving 100 MW during peak hours. Also included in the discussion at this meeting was the cost benefit analysis of Button-up, Tune-up and ETS.

- Attended a DSM Webcast sponsored by CRN.
- Hosted a meeting where Greg Ferguson (EON) and Roger Gray (Good Cents) presented information about the EON Direct Load Control Program.
- Did a site visit of the new Landfill Gas Project at Pendleton County Landfill. Staff is preparing for an Open House there in April.
- Conducted an EnviroWatts program for a 4H group for Farmers RECC
- Worked a booth at the Lexington Home and Garden Show highlighting the Touchstone Energy Living Savings Programs.

APRIL 2007

Marketing & Natural Resources Process

- Attended numerous meetings concerning Demand Side Management. A meeting is being planned for May 8 at EKPC HQ that will incorporate examples of successful Direct Load Control and innovative residential DSM Programs. Invited speakers, including Gary Connet (Great Rivers Energy) and Tom Brooks (MCR Consultants). MCR is currently working with EKPC concerning strategic planning.
- Worked a booth at the Lexington Home and Garden Show highlighting the Touchstone Energy Living Savings Programs.
- Worked an EnviroWatts booth at ECU for Earth Day.
- Planned and coordinated the direction of the 2008 Energy Management Conference.
- Organized and hosted the dedication of the newest EnviroWatts Plant at Pendleton County Landfill.
- Presented an EnviroWatts program to Fleming County High School ag class.
- Created EnviroWatts display for the capital rotunda during April; partnered with Environmental and Public Protection Cabinet for Earth Week.
- Offered an EnviroWatts presentation to BCTCS Sustainability Task Force.
- Authored an EnviroWatts article published in Business Lexington, Southsider and Chevy Chaser.
- There were a total of 8 residential energy audits performed for Inter-County, Farmers, Salt River, Grayson and Fleming-Mason.

- There were 2 new Touchstone Energy Homes certified (Inter-County Energy and Salt River). Another home was rated but failed to meet the standards.
- One HERS comparison rating was performed for Jackson Energy
- Participated in DSM conference call.

MAY 2007

Marketing & Natural Resources Process

- A meeting was held on May 8 at EKPC HQ that presented examples of successful Direct Load Control and innovative residential DSM Programs. Invited speakers, including Greg Padden (Great Rivers Energy), Jim Pardikes and Tom Crooks (MCR Consultants). MCR is currently working with EKPC concerning strategic planning.
- Attended the Alltech International Marketing Symposium in Lexington, Ky. Alltech is currently planning to construct a biorefinery that will use Kentucky products to provide renewable energy.
- Pendleton County Landfill Gas plant opening received media attention in the Falmouth Outlook, Owenton News Herald, and Channel 9 in Cincinnati.
- Attended US Green Building Council meeting. Asked to join marketing committee.
- Met with Environmental and Public Protection Cabinet's earth week committee for wrap up of 2007, new ideas for 2008.
- Wrote and recorded EnviroMinute for WUKY, which will air in June.
- EnviroWatts/ Grayson RECC represented at Russell Area Technology Center's wind turbine dedication. Met with NEED to discuss school solar program and better use of existing panels.
- Wrote article for Nolin RECC regarding the one-year anniversary of Pearl Hollow Landfill Gas Facility. Expect coverage end of May, first of June.
- There were a total of 8 residential energy audits performed for Inter-County, Farmers, Salt River, Grayson, and Fleming-Mason.
- There were two new Touchstone Energy Homes certified (Inter-County Energy and Salt River). Another home was rated but failed to meet the standards.
- One HERS comparison rating was performed for Jackson Energy

- Produced a new set of Simple Savings energy tip cards for members.
- Assisted with the planning of Kentucky Living ads on energy conservation/efficiency, promoting Button Up and Tune Up.

JUNE 2007

- Filed a new tariff with the PSC to extend the Touchstone Energy Manufactured Home Program.
- Planning continues on the 2008 Energy Management Conference.
- Presented green power program for National Agriculture Value Added Conference.
- Featured speaker at Winchester Kiwanis regarding green power.
- Performed energy audits at Pleasant Grove Baptist Church, Plum Creek Christian Church, and Pedigo Restaurant.
- Performed power quality metering at IMO Pump in Glasgow.
- Performed power quality study for Carl Perkins Rehabilitation Center in Paintsville.
- Four new Touchstone Energy Homes were tested and two homes were certified (Inter-County Energy, Jackson Energy, and Shelby Energy). Another home was rated, but failed to meet the standards.
- One Energy Star Home was certified on Grayson RECC lines.
- Assisted at each member system annual meeting by manning a Touchstone Energy booth promoting compact fluorescent lights.
- Completed a series of ads on the Touchstone Energy Home that are being used in Kentucky Living and in other areas.
- Produced a new set of Simple Savings energy tip cards for members.

JULY 2007

- Filed a new tariff with the PSC to extend the Touchstone Energy Manufactured Home Program.
- Continuing to plan the 2008 Energy Management Conference. All speakers have reserved for this event.
- Attended a meeting to discuss the benefits of Electric Thermal Storage (ETS).

- Met with Kentucky Solar Living personnel concerning solar water heaters.
- Performed compressed air survey at Morton Plastics in Lebanon.
- Performed audit and helped with rate analysis at Morton Plastics.
- Performed Motor Efficiency analysis at Martinrea in Shelbyville.
- Touchstone Energy Homes were tested for Clark Energy (1), Inter-County Energy (1), and Grayson RECC (3). Out of the five tested, two homes were rebated and two of the homes will be retested when corrections are completed. The three new homes tested for Grayson RECC will be Energy Star rated.
- Five Energy Audits were conducted for Clark Energy (included infrared w/Dave Berry), Inter-County Energy, Cumberland Valley Electric, and Jackson Energy.
- Preparation for the 2008 ETS season has begun. We are evaluating the new heater inventory and surveying the members to make sure we are adequately stocked with parts for our older heaters. We have a training seminar scheduled on September 12th at Headquarters. Steffes Corporation will lead the seminar.
- We have six (6) Home Energy Raters that are required to pass a national test for certifying Energy Star Homes by the end of the year. Plans are underway to host the online exam at the University of Kentucky.
- Assisted at each member system annual meetings by manning a Touchstone Energy booth promoting compact fluorescent lights.
- Designed Kentucky Living “Button-Up” ad.
- Produced a new set of Simple Savings energy tip cards for members.

AUGUST 2007

- Personnel met with representatives of Clark Energy, Farmers RECC, Shelby Energy, Inter-County Energy, Nolin RECC, Owen Electric, and Cumberland Valley Electric concerning PartnersPlus and other DSM activities.
- Marketing and technical services personnel assisted Owen Electric with a call-in show for Channel 9 in Cincinnati. The topic was energy savings and conservation.
- Followed up on both the Touchstone Energy Manufactured Home and the Touchstone Energy Home Tariff. Both tariffs are currently under review by the PSC.

- Met with Terry McIntosh (TVA) about a new manufactured home rebate program. This program would rebate the heat pump distributor to offset costs of replacing electric furnaces in manufactured homes.
- Attended a meeting with representatives from Kentucky Solar Living to discuss the benefits of Solar Thermal Storage.
- Partnering with Kentucky Solar Living to fix solar panels and their ability to report data efficiently. Contacted all schools.
- Represented Inter-County Energy to member regarding wind power in Kentucky.
- Touchstone Energy Homes were tested for Grayson (2), Salt River (2), Taylor (1), and Owen (3)—out of the 8 tested, 8 homes were rebated. These homes began construction in 2006. Out of these homes, 1 from Grayson and Salt River will be Energy Star. Two of the new homes from Owen will be Energy Star and Tax Credit Eligible.
- One new home for SKRECC was tested Energy Star and Tax Credit Certified.
- Energy Audits and/or High Bill Complaints were conducted for the following Coops: Salt River (Set Cons Monitors twice, 1 EA), Inter Co. (2 HB, set cons. Monitors once), and Grayson (1 Ea, 2 HB).
- Preparation for the 2008 ETS season has begun. Salt River has begun service work on ETS heaters. Steffes Corporation will lead the training seminar scheduled for Sept. 12th, here at headquarters.
- Participated in a training meeting at Blue Grass Energy for some of our Home Energy Raters. This was a one-day training session and three Raters took the HERS test on the following day at the University of Kentucky.
- Conducted Energy Audits at: Williamsburg Plastics, Highlands Regional Medical Center, Emmanuel Baptist Church, and Toyoseat.
- Conducted power factor correction studies at Williamsburg Plastics, Toyoseat and McKechnie.
- Finalized lighting rebate for KI-USA.

The landfill gas plants generated a total of 7,112 MWHs hours during the month of July. An overhaul was performed on Green Valley Unit No.1. A top end overhaul was performed on Laurel Ridge Unit No. 2. Lightning damaged the main stepup transformer at the Pendleton County Station. Additional leachate pumps were installed at the Hardin County Landfill to increase the gas recovery. Negotiations are continuing on the Mason County facility.

- Personnel met with representatives of Blue Grass Energy, Owen Electric, Inter-County Energy, Nolin RECC, Grayson RECC and Shelby Energy regarding PPLus and other DSM activities.
- EKPC informed the members of a \$10/KW rebate on all ETS units sold between now and the end of November. Steffes is also rebating new sales with a \$5/KW rebate.
- Followed up on both the Touchstone Energy Manufactured Home and the Touchstone Energy Home Tariff. Both tariffs are currently under review by the PSC.
- Gave a presentation concerning energy renewables, the FAC and energy conservation for the annual KSAPA Meeting in Louisville.
- Met with the representatives of Blevins Inc. and StyleCrest Inc. Both are heat pump distributors that provide heat pumps for TVA's new manufactured homes. EKPC is considering a new program that would rebate the heat pump distributor to offset costs of replacing electric furnaces in manufactured homes.
- Attended a meeting with the Governor's Office of Energy Policy concerning potential solar water heater and manufactured home program support.
- Renewable Energy/ Conservation program to 200 Fleming County fifth graders on behalf of Fleming-Mason Energy.
- Touchstone Energy Homes were tested for Shelby Energy, Inter-County Energy, Salt River Electric, Taylor County RECC, and Jackson Energy. Out of the five tested, three homes were rebated. These homes began construction in 2006. Out of these homes, the one from Salt River Electric will be Energy Star. Three homes, under construction, were rated for comparison to ensure they will pass Energy Star requirements.
- Energy Audits and/or High Bill Complaints were conducted for the following cooperatives: Salt River Electric (6 HB, 1 EA), Inter-County Energy (2 HB, 1EA), Grayson RECC(1 EA), Owen Electric(2 EA), and Fleming Mason Energy (1).
- ETS Training Seminar was held at EKPC. Julie Scheitlin, from Steffes Corporation conducted a one-day seminar on troubleshooting the 2100 series, EXT series, and the S Series heaters. We had 31 people attend from seven (7) different cooperatives.
- Energy Audits were conducted on Four Poultry Operations.

- Repaired Solar Panel at North Laurel Middle School.
- Hosted a meeting Sept. 18 at EKPC involving 25 co-op Member Services representatives to develop an Advertising and Communications Schedule for 2008. The meeting determined the major focus of our advertising program: educating retail members about energy efficiency, while alleviating rising costs. The meeting determined which Member Services programs need support, including Button Up, Tune Up, Touchstone Energy Home, and which times of the year members need ads, articles, counter cards and more materials to promote those programs. A detailed Advertising and Marketing schedule, along with materials to be produced, will be distributed to members.
- Launched production on a new set of energy audit materials that members will be able to use to educate retail members about how to resolve 15-20 common home energy leakage problems.
- Distributed several sets of Simple Savings energy tips to members, including one on how to seal the band joist and another warning about space heaters being energy hogs.

Non-Traditional Power

The landfill gas plants generated a total of 7,332 MWhs hours during the month of August. An "N" Frame overhauls was performed on Bavarian Units No. 2 and No. 3. Negotiations are continuing on the Mason County facility. A proposal was made to Rumpke for an initial 3.2 MW LFGTE project near Mt. Sterling, Kentucky. Work continues in the CREB submittal package. We are also pursuing Green Tag certification from co-firing with biomass at our coal-fired plants.

OCTOBER 2007

- Met with EON representatives and the Kentucky Home Builders Association concerning energy efficient homes.
- Met with Steffes, Member System representatives, and staff to address concerns about the future of ETS.
- Met with Andy McDonald of the Kentucky Solar group.
- Ralph Tyree and Jeff Hohman met with Christopher Gay concerning the future of Clark County Solar and Wind Project.
- Hosted a Member Services Advisory Meeting on October 30th to discuss the 2008 budget and support of Touchstone Energy Living programs.
- Facilitated Fluorescent Fridays with seven member cooperatives.

- Applied and received seven mini-grants from KY NEED and the Governor's Office of Energy Policy for a one-year CFL campaign.
- Repaired North Laurel Middle School's solar panel.
- Touchstone Energy Homes were tested for Inter County Energy (2), Salt River Electric (3), Shelby Energy (1), and Clark Energy (1). Out of the seven (7) tested, four (4) homes were rebated. Out of these homes, one (1) from Shelby Energy and Salt River Electric will be Energy Star and qualify for the new home Tax Credit.
- Energy Audits and/or High Bill Complaints were conducted for the following Co-ops: Salt River Electric (4 HB), Inter County Energy (1 HB), Grayson RECC (2 HB), Fleming Mason Energy (1HB), and Farmers RECC (2 HB).
- EKPC's member systems submitted 23 Energy Star Certified new homes for the 3rd quarter of 2007.
- Performed Energy Audits at Falmouth Medical Center and Precision Solutions in Jackson.
- Completed 11 Broiler House audits for Duck River.
- Provided Power Quality Metering at Superior Battery, South Acres Mines, and TTAI in South Kentucky.
- Finalized plans for a 2008 Advertising and Communications Schedule for members. This plan will coordinate distribution of a regular packet of materials and ads to promote various Touchstone Energy Living programs, and assist members in educating retail members about energy conservation on a set timetable.
- Developed a proposal for new set of Banner Up metal displays for member system lobbies to promote various programs.
- Distributed additional Simple Savings energy tips to members.

Non-Traditional Power

The landfill gas ("LFG") plants generated a total of 70,913 MWhs hours through September 30, 2007.

The Gas Purchase Agreement and Site Lease are being finalized with Mason County for execution. Commercial operation of this project is scheduled for November 2008.

NOVEMBER 2007

- Met with Clark Energy personnel to discuss the Ball Homes Heat Pump Rebate.

- Provided programs about Energy Conservation and Environmental Stewardship to St. Catharine's College and Murray State University.
- Finalized and submitted latest information on Touchstone Energy Manufactured Home data request to the PSC.
- Attended Kentucky's second annual Energy Efficiency Conference in Frankfort with South Kentucky RECC, Blue Grass Energy, and Jackson Energy.
- Completed paperwork and received six (6) mini-grants for Fluorescent Friday program held in October. The Kentucky Office of Energy Policy awarded grants. Co-ops received checks. Finishing final report.
- Met with Kentucky Solar Partnership to discuss potential partnerships.
- Touchstone Energy Homes were tested for Salt River Electric (1) and Owen Electric (1). Out of the two (2) tested, two (2) homes were rebated. The home tested for Owen Electric was certified Energy Star and qualifies for the new home Tax Credit.
- Attended North Carolina's DOE Energy Star Conference in Raleigh, North Carolina. This two-day conference discussed the future of Energy Star for New Homes and the Home Performance with Energy Star Program for existing homes.
- Provided Energy Audit to Precision Solutions and Jackson County Schools.
- Developed ad concepts to promote various Touchstone Energy Living programs, and assist members in educating retail members about energy conservation on a set timetable.

Non-Traditional Power

The landfill gas plants generated a total of 78,052 MWhs hours through October 31, 2007.

The Gas Purchase Agreement and Site Lease were executed with Mason County. Commercial operation of this project is expected to be in November 2008, pending approval from the PSC and receipt of an air permit. Overhauls were completed for Green Valley Unit No. 1 and Bavarian Unit No. 4 during the month.

- Attended a conference in Frankfort on energy efficiency, in conjunction with the monthly meeting of the Special Subcommittee on Energy. EKPC was a sponsor, along with other electric utilities and several environmental groups including the Sierra Club.

DECEMBER 2007

- Completed the Clark Energy/ Ball Homes Heat Pump Rebate commitment.
- Met with Chris Perry and Mary Beth Nance about a solar PV/Net Metering demonstration project in Fleming-Mason Energy's service area.
- Completed final reports on behalf of Nolin RECC, Grayson RECC, Shelby Energy, Blue Grass Energy, Clark Energy, Inter County Energy, and Fleming Mason Energy regarding the NEED and Change-a-Light Energy Star grant.
- Started PowerPoint for Chris Perry at Fleming-Mason Energy regarding energy efficiency and renewables.
- Organized solar panel check-up at Glasscock Elementary for Inter-County Energy.
- Touchstone Energy Homes were tested for Salt River Electric (1), Inter- County (3), and Jackson Energy (1). Out of the five (5) tested, five homes were rebated. The home tested for Jackson Energy was certified Energy Star/Tax Credit Eligible and one (1) of the homes for Inter-County Energy was approved Energy Star/Tax Credit Eligible.
- Performed Energy Audits at Jackson County and Owsley County Schools.
- Ordered and received new metal displays for member lobbies to be used to promote co-op energy conservation programs.
- Finalized text and graphics for series of Simple Savings explainer pieces to be used by co-op energy advisors during energy audits.
- Met with Rep. Mike Denham, Mason County officials, Spurlock Station management and University of Kentucky Agriculture College representatives to discuss the possibility of partnering in a pilot project to determine the feasibility of burning switchgrass in the Spurlock CFB unit.

JANUARY 2008

National Renewable Cooperatives (NRCO) – Mr. Marshall said NRCO is currently being reviewed to determine whether EKP might join in this effort. The membership would be \$25,000 and the matter would be brought before the Board.

- Completed the Clark Energy/ Ball Homes Heat Pump Rebate commitment.
- Met with Chris Perry and Mary Beth Nance about a solar PV/Net Metering demonstration project in Fleming-Mason Energy's service area.
- Finalized the administrative costs included in the Button-Up and Tune Up programs.

- Completed final reports on behalf of Nolin RECC, Grayson RECC, Shelby Energy, Blue Grass Energy, Clark Energy, Inter County Energy, and Fleming Mason Energy regarding the NEED and Change-a-Light Energy Star grant.
- Developed spring EnviroWatts campaign ideas with Blue Grass Energy and Nolin RECC.
- Started PowerPoint for Chris Perry at Fleming-Mason Energy regarding energy efficiency and renewables.
- Solicited new vendors for Energy Management Conference. Collected vendor fees from exhibitors and are working with speakers on audio/visual needs. Continued communication with concurrent speakers at Energy Management Conference.
- Organized solar panel check-up at Glasscock Elementary for Inter-County Energy.
- Developed EnviroWatts annual meeting plan.
- Touchstone Energy Homes were tested for Salt River Electric (1), Inter- County (3), and Jackson Energy (1). Out of the five (5) tested, five homes were rebated. The home tested for Jackson Energy was certified Energy Star/Tax Credit Eligible and one (1) of the homes for Inter-County Energy was approved Energy Star/Tax Credit Eligible.
- Quality Assurance field inspections will be conducted with Blue Grass Energy and Inter-County Energy employees on Dec. 18th. This will satisfy 2007 RESNET requirements for quality assurance
- Energy Audits and/or High Bill Complaints were conducted for the following Coops: Salt River Electric (2 HB), Inter-County Energy (2 EA), Jackson Energy (2 EA, 3 HB), Licking Valley RECC (2 EA), Clark Energy (1 EA) and Grayson RECC (1 EA).
- One ETS heater was repaired for Shelby Energy.
- Renewed membership with RESNET and provided them with new agreements that were requested for 2008.

FEBRUARY 2008

- Marketing met with representatives of Fleming-Mason Energy and Kentucky Solar to discuss implementation of solar thermal and solar PV demonstration projects.
- Met with newly formed Biomass Task Force to discuss burning switch grass at Spurlock Station and wood flour at Cooper Station.
- Met with representatives of the University of Kentucky Department of Agriculture and Roundstone Seed to discuss availability and handling of native grasses.

- Marketing met with representatives from Nolin RECC and delivered marketing brochures and discussed EnviroWatts/ LFGTE employee education.
- Attended the Direct Load Control meeting conducted at EKPC for co-op managers and staff.
- Met with staff of Shelby Energy to discuss ETS program.
- Biopower presentation at the Center for Rural Development's Woodlot Conference.
- Guest speaker at Shelby County High School regarding energy efficiency and EnviroWatts.
- Interviewed by the News Enterprise in Hardin County regarding EnviroWatts, which will be published in their home show edition.
- Performed energy audits at Owsley County Schools and Prestige Plastics in Jackson Energy territory.
- Conducted energy audit at Carter County Schools for Grayson RECC.
- Completed final edits on 15 Simple Savings handouts that energy advisors will use to help retail members fix common problems that reduce home energy efficiency. Energy Advisors will receive Simple Savings folders in which they can insert the handouts and provide the complete package to homeowners. All materials are going to print production for distribution in March and are expected to be expanded to include other topics.
- Designed and printed materials — including lobby banners, drive-through signs, Kentucky Living insert ads and radio ads — for members to promote April Earth Day month, according to the 2008 Ad & Communications Calendar. April's theme is: Simple Steps to Reduce Your Carbon Footprint through EnviroWatts.
- Completed final text of net metering material for members to post on web sites and for an information brochure that co-ops can hand out to those expressing interest in solar power production.
- Assisted the National Rural Utilities Cooperative Finance Corporation (CFC) with developing and distributing a press release regarding the issuance of Clean Renewable Energy Bonds to finance EKPC's landfill gas to energy plant. Responded to media calls related to the press release.

The DLC project development is progressing. One aspect being studied currently is paging coverage in the member systems' service territories. In order to complete the DLC analysis, the demand side management (DSM) model assumptions are being updated with current energy costs, generation capacity costs, fuel prices, both natural gas

and propane. The updated model will also be the basis for any member system DSM program analyses requested.

MARCH 2008

Direct Load Control Program – Mr. Marshall said discussion on this program was conducted with the member system managers in February. Jim Lamb provided and reviewed a handout. EKPC's proposed Direct Load Control program (for central air and 40+ gallon water heaters) targets reaching, over a 5-year period, 50,000+ residential customers, system-wide. The program cost is estimated to be \$4 to \$5 million per year, with EKPC to seek approval of the DSM surcharge to recover program costs. EKPC anticipates asking for Board approval at the April meeting, and upon approval, would apply with the PSC for a permanent program by the end of April.

New World Power Supply – Mr. Marshall briefly discussed a program being developed by Mike Core with NRECA regarding power supply issues specific to EKPC. The program will cost approximately \$20,000, with the possibility of including member cooperatives for an additional \$5,000.

Legislative Issues – Barry Mayfield briefly discussed House Bill Nos. 716 and 2 dealing with renewables and demandside management, as well as House Bill No. 337.

- Met with Farmers RECC personnel at Roundstone Seed to discuss Switchgrass burning project.
- Met with Kentucky Home Builders to discuss the 2009 Energy Star Conference being hosted in Kentucky next year.
- EKPC hosted a meeting concerning Dual Fuel. Robert Fehr (University of Kentucky) made a presentation to member service representatives, energy auditors, and staff.
- Marketing personnel attended the EKPC Greenworks strategy meeting.
- Marketing personnel attended a meeting about commercial Real Time Pricing at EKPC.
- Marketing personnel attended a seminar about renewable energy at Maysville Community College.
- Marketing personnel met with Shelby Energy and the Shelby Board of Education about green school initiative.
- Marketing personnel had a booth about renewable energy at the Solar Road Show in London, Kentucky.

- Marketing personnel attended an Energy Advisor Training held at Blue Grass Energy in order to be more familiar with what our energy advisors do in the field to help with literature preparation.
- Energy Homes were tested for Clark Energy (1), Inter-County Energy (2), Salt River Electric (1), South Kentucky RECC (1), and Jackson Energy (2). Out of the seven (7) tested, seven (7) were rebated. One (1) home was Energy Star/Tax Credit certified for Salt River Electric, but did not qualify for TEH rebate. One (1) of the homes tested for Jackson Energy was also certified Energy Star. The home tested for South Kentucky RECC was Energy Star Certified and passed for the New Home Tax Credit.
- Energy Audits and/or High Bill Complaints were conducted for the following cooperatives: Salt River Electric (2 HB), Farmers RECC (2 EA, 1HB), Shelby Energy (1HB), Cumberland Valley Electric (3 EA), and Grayson RECC (2 HB).
- ETS heaters were serviced for Shelby Energy (1), and Clark Energy (2).
- Performed Energy Audits at ToyoSeat in Fleming Mason Energy's territory, PK Tools in Blue Grass Energy's territory, Mud Lick Church Camp in Clark Energy's territory, and Garcia's Bar and Grill in Taylor County RECC territory.
- Finalized plans for annual meeting booth for members that promote energy efficiency and renewable energy/environmental stewardship.
- Began distributing 15 Simple Savings handouts that energy advisors will use to help retail members fix common problems that reduce home energy efficiency. Energy Advisors will receive Simple Savings folders in which they can insert the handouts and provide the complete package to homeowners.
- Distributed May Kentucky Living articles in recognition of May Electrical Safety Month, articles about CFLs, why to use electric water heaters and geothermal systems and make your crawl space energy efficient.

Non-Traditional Power

The landfill gas plants generated a total of 17,140.307 MWHs hours through February 29, 2008. "N" Frame overhauls were performed on Hardin County Unit No.3.

The Public Service Commission has issued a certificate for the Mason County LFGTE project.

Pendleton County, Hardin County, and Laurel Ridge landfill gas plant operators are becoming more involved in the operation and maintenance of the gas collection system at their sites. Plant capacity factors are on the increase as a direct result of their efforts.

Staff met with the Hardin County Fiscal Court and Waste Connections and presented a list of improvements needed at the Hardin County and Laurel Ridge sites, respectively. Both entities were receptive and appreciated EKPC's efforts in trouble-shooting their systems. Modifications are expected to begin in the next few weeks for both sites.

Along with Jim Lamb, met with Congressman Ben Chandler and staff about EKPC's power supply needs, Demand-Side Management programs and other green effort.

APRIL 2008

- Attended a meeting at EKPC concerning the marketing of direct load control.
- Attended meetings at EKPC to continue to develop the GreenWorks program highlighting environmental stewardship and renewable energy.
- Touchstone Energy Homes were tested for Clark Energy (1), Licking Valley RECC (1) and Inter County Energy (2). Out of the four (4) tested, three (3) were rebated. The new home rebated for Licking Valley RECC was also certified an Energy Star Home.
- Energy Audits and/or High Bill Complaints were conducted for the following Member Cooperatives: Salt River Electric (1 HB; 1 EA), Cumberland Valley Electric (1 EA), Grayson RECC (1 EA; 1 HB), Inter County (1EA), South Kentucky RECC (1EA), and Licking Valley RECC (1EA; 1HB)
- Ball Homes has begun building Energy Star certified new homes on Clark Energy lines. Thus far, four (4) pre-drywall inspections have been conducted for Clark.
- Energy Audit Clintonville Store, Clark Energy.
- Ryerson Lighting Audit, Shelby Energy.
- Energy Audit Mitsubishi, Fleming-Mason Energy.
- Energy Audit Stober Drives, Fleming-Mason.
- Energy Audit NAPA Maysville and Flemingsburg, Fleming-Mason Energy.
- Energy Audit Sav-A-Lot Prestonburg, Big Sandy RECC.
- Energy Audit Janes Poultry, Columbia, Taylor County RECC.
- Distributed additional sets of 15 Simple Savings handouts that energy advisors are using to help retail members fix common problems that reduce home energy efficiency.

- Completed draft press release announcing Simple Savings energy conservation program featuring ways that people can fix common problems that energy advisors find in most homes.
- Wrote and placed ads announcing EKPC's Request For Proposals for renewable power.
- Finalized text for revamped EKPC web site promoting efforts to develop clean coal technology and renewable power portfolio.
- Worked with Power Supply on additional plans and materials to communicate and market Direct Load Control.
- Began work on new home packet for Farmers RECC.
- Posted company bulletin board announcements about the renewable energy RFP and other subjects.

Non-Traditional Power

The landfill gas plants generated a total of 26,474 MWHs hours through March 31, 2008. A top end overhaul was performed on Laurel Ridge Unit No. 3. From April 1st through April 21st the Bavarian, Green Valley, Laurel Ridge, Hardin County, and Pendleton County, LFGTE facilities operated at 103%, 105.3%, 71.5%, 86% and 106%, respectfully. The Mason County LFGTE project is moving ahead after receiving PSC approval in March.

- Direct Load Control Project- EKPC filed an application with the Commission on April 30 to establish a Direct Load Control program, following on the success of the pilot program.
- Drafted and issued a press release and responded to media enquiries regarding EKPC's issuance of a Request for Proposals for up to 300 megawatts of renewable power.
- Worked with Member Services to plan and man a booth at Members' annual meetings to respond to any questions about EKPC's efforts in efficiency, renewables and environmental stewardship, as well as reducing emissions and using clean-coal technology on new power plants.
- Drafted modifications to EKPC's web site to highlight EKPC's record relating to energy efficiency, renewable energy and environmental stewardship. Began planning a media relations campaign to raise awareness.

The Board approved the Direct Load Control (DLC) program at the April meeting. The program will be filed with the PSC late April or early May.

As a result of the Board's approval of issuing a renewable RFP, a press release was published in Megawatt Daily, Solar Industry, Wind Power, and Green Energy News. State government agencies, individual companies and developers have been contacted directly via postal mail or electronic mail. Advertisements will be in 98 local Kentucky newspapers by April 28. The deadline for submission of proposals by interested parties is June 30, 2008.

MAY 2008

National Renewable Cooperative Organization (NRCO) – In March, the Board approved EKPC to join the NRCO by March 31, 2008. At present, membership to NRCO stands at 20 G&Ts and five distribution cooperatives.

Environmental Foundation Issues – Mr. Marshall said he received a letter from Elizabeth Crowe, Director of Kentucky Environmental Foundation and he responded to her, inviting her to meet and discuss the Foundation's renewable recommendations.

- Delivered CFL's to Sisters of Charity at Nazareth for Salt River Electric.
- Launched/ presented EnviroWatts program to Farmers RECC employees.
- Green power/ energy efficiency program to 4th graders in Lawrenceburg on behalf of Blue Grass Energy.
- Renewable/ energy efficiency program to 5th graders at Owenton Elementary.
- Spoke to Chamber in Corbin on behalf of Cumberland Valley Electric regarding CFL's and LFGTE.
- Guest speaker at the Grayson County Middle School conference on energy efficiency.
- Hosted 5th graders at the Bavarian Landfill for Owen Electric.
- Touchstone Energy Homes were tested for Inter County Energy (1), Grayson RECC (1), South Kentucky RECC (1), Clark Energy (1), and Shelby Energy (1). The home tested with South Kentucky RECC was also verified Energy Star.
- Energy Audits and/or High Bill Complaints were conducted for the following Coops: Farmers RECC (2EA), Licking Valley RECC (1EA), Jackson Energy (1HB) and Grayson RECC (1 EA).

- Tested one Energy Star home for Fleming-Mason Energy and ran one comparison for Clark Energy. Two (2) Energy Star, pre-drywall inspections were conducted on Ball Homes for Clark Energy in Richmond.
- Energy audit Taylor's Dairy Broughtontown for Inter-County Energy.
- Energy audit for USDA grant NAPA stores in Maysville and Flemingsburg for Fleming-Mason Energy.
- Energy audit Surgery Center in Elizabethtown for Nolin RECC.
- Energy audit revision for USDA grant Jane's Poultry Operation in Columbia Kentucky for Taylor County RECC.
- Completed draft materials for the Direct Load Control Marketing program and provided copies to the Kentucky Public Service Commission.
- Attended six member annual meetings to hand out energy savings materials and educational materials about efforts to develop smarter, cleaner energy portfolio that will work for Kentucky.
- Wrote and distributed materials for members to use in their July Kentucky Living, including numerous pieces about solar power, whole house fans, identifying your home's envelope, and the advantages of a heat pump.
- Distributed final sets of Simple Savings handouts that energy advisors are using to help retail members fix common problems that reduce home energy efficiency.

Landfill Gas Units

The landfill gas units had a combined total generation of 36,397 MWWhs through April. The Mason County Landfill Gas project is continuing with a scheduled on-line date for the fall of 2008.

- Drafted and issued a press release regarding EKPC's joining the National Renewable Cooperative Organization as a charter member. Distributed to key legislative members.
- Spoke with a reporter for the Lexington Herald-Leader about EKPC's support for the UK Center for Applied Energy Research's work on carbon capture and the Kentucky Geological Survey's work in carbon sequestration, as well as EKPC's efforts to diversify its generation portfolio to include renewables. Responded to several media enquiries regarding EKPC's issuance of a Request for Proposals for up to 300 megawatts of renewable power.

(Revised)

- Worked with Member Services to plan and man a booth at members' annual meetings to respond to any questions about EKPC's efforts in efficiency, renewables and environmental stewardship, as well as reducing emissions and using clean-coal technology on new power plants.
- Drafted modifications to EKPC's web site to highlight EKPC's record relating to energy efficiency, renewable energy, and environmental stewardship.
- Participated in EKPC meeting with Tom Fitzgerald, President of the Kentucky Resources Council and preeminent environmental spokesman in Frankfort, regarding energy efficiency policies and related issues.

The Direct Load Control rate has been filed. The PSC has issued one data request. EKPC and the member systems continue to work towards a June approval date.

As a result of the Board's approval of issuing a renewable RFP, a press release was published in Megawatt Daily, Solar Industry, Wind Power, and Green Energy News. State government agencies, individual companies and developers have been contacted directly via postal mail or electronic mail. Advertisements will be in 98 local Kentucky newspapers by April 28. The deadline for submission of proposals by interested parties is June 30, 2008.

JUNE 2008

National Renewable Cooperative Organization (NRCO) Update – Florida Power and Light is working with ACES Power on contract language for a 150 MW wind farm, of which EKPC has taken an option for 10 MW. This will come before the Board at the appropriate time.

- Marketing personnel attended meetings about Direct Load Control at Salt River Electric and South Kentucky RECC.
- Staff manned the EnviroWatts booth at the annual meetings for South Kentucky RECC, Blue Grass Energy, Nolin RECC, Owen Electric, Shelby Energy and Jackson Energy. We are seeing record numbers of sign-ups for EnviroWatts.
- Personnel attended a meeting with EKPC and Member System staff concerning Real Time Pricing, Rates and Direct Load Control.
- Touchstone Energy Homes were tested for Salt River Electric (1), Clark Energy (1), Jackson Energy (2), and Inter-County Energy (2). All homes tested complied with Touchstone Energy Home standards.
- Energy audits and/or high bill complaints were conducted for the following Co-ops: Grayson RECC (1EA), Licking Valley RECC (2), Fleming Mason Energy (1), Clark

Energy (1), Cumberland Valley Electric (1), Jackson Energy (1), and Farmers RECC (2).

- Energy Star ratings were conducted on four homes: Grayson RECC (1), Fleming Mason Energy (1), Clark Energy (2). The homes tested for Grayson RECC and Fleming-Mason Energy were certified Energy Star. Energy audit—Kaiser residence, Inter-County Energy.
- Energy audit—Short residence, Inter-County Energy.
- Energy audit—Guardian, Fleming-Mason Energy.
- Energy audit—White Lumber, Fleming-Mason Energy.
- Finalized materials for SimpleSaver Direct Load Control program, including initial manager letter and reply card, brochure and final reply card, along with points for member co-op customer service representatives.
- Created NOW Power Pricing logo and finalized materials for members to deliver Real Time Pricing to loads above (1) megawatt in August.
- Provided booths on energy conservation and Kentucky's Future Energy supply at seven member systems annual meetings. Staff handed out energy savings materials and educational materials about efforts to develop a smarter, cleaner energy portfolio that will work for Kentucky.
- Wrote and distributed materials for the August Kentucky Living, including articles about geothermal systems, Envision Energy, Co-op Connections deals, disposing of CFLs, attic ventilation and more.
- Distributed press release on co-op SimpleSavings energy information bulletins to help homeowners correct common air leak problems.

Landfill Gas Units

The landfill gas units had a combined total generation of 45,777 MWhs through May. The Mason County Landfill Gas project is continuing with a scheduled on-line date for the fall of 2008.

The DLC program was approved on May 16. The PSC has issued its second round of data requests due June 30. EKPC and the member systems are planning to begin recruiting and installations later this summer.

Regarding Renewable Energy Resources, to date, thirty-six "Notice of Intent to Submit Proposal" forms have been received. This is a requested document, not a requirement, from those planning to submit an RFP. The makeup of these indications includes solar,

wind, hydro, and biomass. These projects represent over 1600MW of generating capacity. The due date for the final RFP is June 30th.

JULY 2008

- Direct Load Control meetings were held at the following cooperatives: Salt River Electric, Shelby Energy, Clark Energy, South Kentucky RECC, Grayson RECC, Inter-County Energy, Farmers RECC, Taylor County RECC, Fleming-Mason Energy, Cumberland Valley Electric, Owen Electric and Jackson Energy. Plans are to move forward with the SimpleSaver Program as soon as the equipment arrives.
- A PowerPoint presentation at Nolin RECC introduced DLC to co-op employees. Farmers RECC has also scheduled that program.
- Energy audit—Trim Master Bardstown, Salt River Electric.
- Energy audit and metering project—Elizabethtown Surgery Center, Nolin RECC.
- Energy audits—Green Tokai Fleming Drug, Northern Contours, Fleming-Mason Energy.
- Energy audit—Health Park Pharmacy, Grayson RECC.
- Compressed air audit—Mitsubishi, Fleming-Mason Energy.
- Performed compressed air surveys at Mitsubishi Automotive in Maysville and Toyo Seat in Flemingsburg, Fleming-Mason Energy.
- Energy audits and/or high bill complaints were conducted for the following co-ops: Grayson RECC (2 EA), Licking Valley RECC (1 EA, 1HB), Fleming-Mason Energy (1), Clark Energy (1), Cumberland Valley Electric (3HB), Jackson Energy (1 EA, 2 HB), Owen Electric (1 HB), and Inter-County Energy (1 EA).
- One Touchstone Energy Home was tested for Shelby Energy. This new home was found to comply with Energy Star Standards, as well as Touchstone Energy Home Standards.
- Our member cooperatives submitted 18 new “Energy Star Certified Homes” to EPA in the second quarter of 2008.
- Completed final printing proofs for the initial mailing of the SimpleSaver direct load control program. Completed press checks and approvals for printing of letters from system managers and reply cards.
- Completed final work on Greenworks campaign to highlight co-op environmental initiatives. The package will be distributed in mid-August and will include web pages, a media packet, a PowerPoint for civic clubs, print ads and more.

- Distributed lobby banners, counter cards, drive-through signage for members to promote Geothermal systems in August. This follows the 2008 Ad & Communications calendar that EKPC and members are following.
- Completed initial coordination of Fluorescent Fridays campaign for October to promote CFLs. Campaign will include advance press releases, counter cards, banners, print ads, radio ads, drive-through signage, Kentucky Living and UK network ads. Ten co-ops have indicated they will participate.
- Provided members with an ad promoting Button-Up.
- Continued working on an event in Eastern Kentucky to promote Touchstone Energy. Began initial discussions of a proposal with Grayson RECC.

Landfill Gas Units

The landfill gas units had a combined total generation of 54,582 MWhs through June. Approximately 48,000 renewable energy credits were sold during the first half of 2008, in addition to the needs of the EnviroWatts Program. The Mason County Landfill Gas project is continuing with a scheduled on-line date for the fall of 2008.

- EKPC staff has met with each distribution manager and staff to discuss the implementation of the DLC program, which will occur later this summer. Initial co-op territory has been established based on paging coverage and customer density. Marketing materials have been finalized. A final delivery date from equipment manufacturer has not been determined.
- The responses for the Renewable RFP included twenty-two proposals with a total of 2189.1 MW. Resource Planning will complete the evaluation of the proposals by the end of August.

AUGUST 2008

- Met with the following Cooperatives concerning the upcoming Direct Load Control program: Big Sandy RECC, Shelby Energy, Grayson RECC and Nolin RECC.
- Future DLC PowerPoint presentations are scheduled for Shelby Energy, Farmers RECC and Grayson RECC.
- Met with the Lexington Homebuilders and Blue Grass Energy staff about the 2009 Energy Star/Homebuilders' Conference.
- Marketing Personnel met with representatives of MACED concerning new low interest loans and grants available for upgrades in energy efficiency for Small C&I.
- Energy audits were conducted at United Bank and Salyers Slaughterhouse for Taylor County RECC.

- Energy audit conducted at Tokico for Blue Grass Energy.
- Energy audits conducted at Northern Contours and load study at Guardian Automotive for Fleming-Mason Energy.
- Energy audit load study was conducted at Jones Residence for Inter-County Energy.
- Power quality metering was conducted at Superior Battery for South Kentucky RECC and AP Technoglass for Nolin RECC.
- Power factor studies were conducted at 3M for Blue Grass Energy and Wal-Mart for Inter-County Energy.
- A load study was conducted at Heaven Hill at Salt River Electric.
- Power quality metering was conducted at 150 Quik Stop for Salt River Electric and power quality monitoring at Human Resource building at Farmers RECC.
- Performed compress air surveys at Tokico for Blue Grass Energy and Northern Contours for Fleming-Mason Energy.
- Touchstone Energy homes were certified for Jackson Energy (1), Inter-County Energy (1), Grayson RECC (1), Fleming-Mason Energy (1), and Clark Energy (1). The homes tested for Grayson RECC, Fleming-Mason Energy, and Clark Energy were certified as Energy Star new homes.
- Energy audits and/or high bill complaints were conducted for the following cooperatives: Grayson RECC (4 each), Licking Valley (1 each), Jackson Energy (1 each), and Inter-County Energy (1 each).
- Worked on additional promotional materials for the SimpleSaver direct load control program, including a reference guide and frequently asked questions.
- Finalized materials for the Fluorescent Friday campaign in October and gathered co-op orders for lobby banners, print ads and other materials.

Landfill Gas Units

The landfill gas units had a combined total generation of 63,609 MWhs through July. Approximately 71,000 renewable energy credits have been sold during through the third quarter of this year, in addition to the needs of the EnviroWatts Program. Fill is being placed for the building pad at the Mason County Landfill Gas project. The schedule has been revised until late early 2009.

SEPTEMBER 2008

- Delivered CFL Charlie Kits and talked about the transfer payment with Licking Valley RECC, Big Sandy RECC and Grayson RECC personnel. In addition, met with Cumberland Valley Electric, Jackson Energy, and South Kentucky RECC to deliver CFL kits.
- Met with Nolin RECC and Salt River Electric about energy efficiency programs.
- Gave two presentations about Direct Load Control at Grayson RECC and one presentation to the Shelby Energy Board.
- Gave a presentation for Licking Valley RECC at Woodsbend Alternative School about Coal and Renewable Energy
- Touchstone Energy homes were certified for Inter-County Energy (1); South Kentucky RECC (1); Nolin RECC (2); and Clark Energy (2). The homes tested for Grayson RECC, Fleming-Mason Energy, and Clark Energy were also certified as Energy Star New Homes.
- Energy audits and/or high bill complaints were conducted for the following member systems: Grayson RECC (1 EA, 5 HB), Salt River Electric (3 HB), and Jackson Energy (3 EA).
- Energy audits were performed at the Family Dollar Distribution Center for Fleming-Mason Energy, and Manchester Prison for Jackson Energy.
- Load study metering project was conducted at the Short residence for Inter-County Energy.
- Load study was performed at Heaven Hill for Salt River Electric.
- Energy study was conducted at TTAI for South Kentucky RECC.
- Home Energy Star rating was performed in Sharkey for Fleming-Mason Energy.
- Sent members three press releases for their local media to tout co-op efforts to promote renewable energy, energy efficiency and clean coal technology. Materials went out under the program name of Greenworks.
- Completed a Greenworks PowerPoint for members to use with local civic clubs to explain how co-ops are on the cutting edge of renewable energy, conservation and clean coal technology. Materials will be put on CDs and distributed in October.
- Answered media calls about the SimpleSavings energy information bulletins EKPC developed in conjunction with the member systems. An article about the program will appear in the November RE Magazine.

- Distributed CFL Charlie Kits to all member systems for distribution to their local school systems. The kits help teachers to educate students about energy efficiency and CFL usage.
- Developed ads promoting compact fluorescent bulbs to be aired on the UK Sports Network in October.
- Began work on a new outdoor lighting handbook for Nolin RECC.
- Completed a booklet for members interested in building an energy efficient home for Farmers RECC.
- Worked on edits and technical functionality of new automated energy audit system to be used for small C&I accounts through Envision Energy.
- Distributed banners, handout cards, lobby banners, drive through signage and other materials for members to use during the Fluorescent Fridays in October. Companion materials were delivered to co-ops doing the Switch and Save CFL campaign instead of Fluorescent Friday.

Landfill Gas Units

The landfill gas units had a combined total generation of 72,051 MWhs through August.

- Equipment for the direct load control program is scheduled for delivery in mid-October.

OCTOBER 2008

- EKPC staff met with 60 of our member service personnel and KAEC at Kentucky Dam Village for the fall KMSA Meeting. The focus was on Rates, Renewable Energy, Carbon Sequestration and Energy Efficiency
- Met with EKPC personnel, University of Kentucky and the Governor's Office of Energy Policy about burning switchgrass in the Gilbert unit.
- Presented PowerPoint presentations concerning Solar/Wind/Landfill Gas,
- Greenworks and DLC for the staff at Clark Energy.
- Spoke to the Grayson Chamber of Commerce about the cost of renewable energy in Kentucky.
- Hosted the Pulaski County Homebuilders meeting. The topic was Building Green.
- Gave three (3) DLC presentations to the staff of Farmers RECC.

- Touchstone Energy Homes were certified for Inter-County Energy (1), Salt River Electric (1), and Shelby Energy (1). The homes tested for Salt River Electric and Shelby Energy were also certified as Energy Star New Homes and received the Energy Efficient Home Tax Credit.
- Two (2) new homes built by Frontier Homes were verified Energy Star for Fleming-Mason Energy.
- Energy audits and/or high bill complaints were conducted for the following member systems: Grayson RECC (3 EA), Licking Valley RECC (1 EA), Shelby Energy (1 EA), and Farmers RECC (3 EA).
- Energy audits were conducted at the PSR Group in Mt. Vernon, Kentucky, Jackson Technical School, and Clay County Vocational School for Jackson Energy; Brandee Farms in Winchester, Tennessee, for Duck River EMC; Marion County Technical School for Inter-County Energy; and Morgan County Vocational School for Licking Valley RECC.
- Load studies were performed at the Loretto Pump Station for Inter-County Energy, and Welders TTAI in Somerset, for South Kentucky RECC.
- A power quality residential was performed for Ivan Cox of Clark Energy.
- Mailed a Greenworks PowerPoint for members to use with local civic clubs to explain how co-ops are on the cutting edge of renewable energy, conservation and clean coal technology.
- Printed, designed and laminated technician badges for GoodCents to use during house calls for the direct load control program.

Landfill Gas Units

The landfill gas units had a combined total generation of 80,219 MWs through September. EKPC plant operators performed top-end overhauls on Bavarian Units No. 1 and No. 2, and Harding Count Units No. 1 and No. 2 during the month. A new wind-testing site was installed and commissioned near Closplint, Kentucky, and the Cornett Tower on Black Mountain was re-commissioned.

- The Direct Load Control Program (SimpleSaver) was implemented in four cooperatives on October 27. Each cooperative identified a substation that had good radio paging coverage coupled with customer density. Marketing materials will be sent during three consecutive weeks to members. As the database requirements are met, the remaining cooperatives will implement in their territory.

NOVEMBER 2008

(Revised)

PRIDE – Bob announced that EKPC was a recipient of the 2008 Green With Envi award given by the PRIDE organization at their meeting held on Monday, November 10. The award was given to recognize EKPC for its efforts in promoting renewable energy through the methane landfill gas projects and was accepted by Ralph Tyree.

- EKPC personnel met with representatives from Buckeye, Hoosier and Wabash Valley to talk about DSM programs.
- Staff attended an energy efficient Open House in Lexington.
- Two DLC programs were given at Owen EC – HQ and Walton Service Center.
- Energy Efficiency program was given in Williamsburg for Cumberland Valley Electric.
- A joint Energy Efficiency program between EKP and KU was given in Elizabethtown for Nolin RECC and the League of Women Voters.
- Met with Energy Advisors to update the Touchstone Energy Home Program.
- Met with South Kentucky RECC to discuss ETS incentives and DSM.
- Conducted four (4) DLC Meetings at Jackson Energy – McKee HQ and the London Office.
- Conducted a DLC presentation for Fleming-Mason Energy.
- Touchstone Energy homes were certified for Inter-County Energy (2); Owen Electric (1); and Jackson Energy (1). One of the homes certified for Inter-County Energy and the home certified for Owen Electric were also verified to receive Energy Star and receive the Energy Efficient Home Tax Credit.
- Two (2) new homes were verified Energy Star built by Frontier Homes and Peoples Self-Help Housing for Fleming-Mason Energy.
- Energy audits and/or high bill complaints were conducted for the following cooperatives: Grayson RECC (2EA), Cumberland Valley Electric (2EA), and Salt River Electric (1EA, 1HB).
- Power quality meterings were conducted at NGS Shelbyville for Shelby Energy and Quail's Automotive for Owen Electric.
- Power quality visit was conducted at Campbell Ridge Elementary for Owen Electric.

- Met with Mt. Vernon Plastics to discuss services provided by Envision for Jackson Energy.
- A power quality residential was performed for the Price residence of Taylor County RECC.
- Met with USDA Representative Scott Maas and Fleming-Mason Energy to discuss customer opportunities to qualify for energy efficiency and renewable grants and loans.
- Placed meters on Integrity Tool and Die in Mt Vernon for Jackson Energy and Loretto Sewer pump station for Inter-County Energy.
- Designed, photographed and developed a new ad for the Button-Up program. The ad features a mother buttoning a child's jacket and will appear on the January back cover of Kentucky Living. Began printing new Button-Up banners and counter cards for member lobbies to be distributed to members in January.
- Wrote, designed and printed the 2009 EKPC Employee Calendar, which will promote the co-op's Greenworks efforts to develop clean, renewable, affordable energy solutions that work for Kentucky.
- Distributed additional copies of the Greenworks PowerPoint for members to use with civic clubs.
- Sent four additional Simple Savings energy efficiency bulletins to design for printing. EKPC will provide members bulletins on space heaters and heat pumps for winter, and bulletins on pool pumps and A/C maintenance for spring. Began producing video versions of the Simple Savings bulletins for members to put on their web sites. The first video will feature Josh Littrell explaining proper installation of insulation.

Landfill Gas Units

The landfill gas units had a combined total generation of 88,219 MWs through October. EKPC plant operators performed top-end overhauls on Green Valley Unit No. 2 and Unit No. 3 during the month. The Mason County LFGTE underground was completed, floor slab poured and Cat engine/generator was delivered during the month.

- Renewable Energy Resources RFP 20008 - The discussions with the short listed companies are continuing. The current mix of potential projects includes:

Municipal solid waste – 25MW
Solar – 1MW
Waste heat – up to 2MW
Wind – 50 to 100MW

(Revised)

Two biomass suppliers are developing fuel supply options for co-generation. Several projects are still pursuing financing options and will be working on RE grants. Recently, additional renewable opportunities have become available. Biomass generation from animal waste as well as forest residue is being discussed with potential developers. These small projects will include 12MW of generation and QF projects.

- Thirteen co-ops implemented the load control program in October and November. Installations began in late November and will continue through December.

DECEMBER 2008

- Participated in KAEC meeting regarding Public Service Commission (PSC)—sponsored Demand Side Management (DSM) legislation.
- Met with investor-owned utilities and gas companies regarding positions of the PSC DSM proposal.
- Coordinated and attended (along with members of the Leadership Team) a meeting with Kentucky's Energy and Environment Cabinet Secretary Len Peters and Deputy Secretary Hank List to update them on EKPC's future generation plans and leading role in pursuing renewables as part of our portfolio.
- Coordinated and attended (along with Dan Brewer and staff, Paul Embs and Bobby Russell, Jim Jacobus and Julie Tucker) a meeting with Congressman Ben Chandler; focused on reinforcing goals of Our Energy, Our Future Campaign and emphasizing the potential devastating economic impact on consumers if climate change legislation is not developed in a methodical, timely manner; also emphasized EKPC's renewables efforts and the energy conservation programs of distribution cooperatives.
- Met with Paul Kaplan (Kentucky Finance Cabinet and other utility representatives) about reducing Kentucky's carbon footprint prior to the Alltech WEG's.
- Met with Jackson Energy and Grayson RECC staff about 2009 DSM programs.
- Met with the Osborne Group to discuss gauging success of marketing and communications plans for future DSM initiatives.
- Touchstone Energy Homes were certified for Grayson RECC (2), Jackson Energy (1), and Inter-County Energy (1).
- One new home was verified Energy Star for Fleming-Mason Energy, built by Frontier Homes of Morehead.
- Energy audits were conducted for the following cooperatives: Farmers RECC (2), Owen Electric (1), South Kentucky RECC (1), Clark Energy (1), Cumberland Valley Electric (3), and Licking Valley RECC (1).

- Met with Kentucky Department of Energy to discuss Touchstone Energy's role in certifying Energy Star Modular Homes placed on our service territory.
- Power quality meterings were conducted at Fleming County Hospital for Fleming-Mason Energy, Building 206 at Fort Knox for Nolin RECC, and Qualis Auto Distribution Warehouse for Owen Electric.
- A fresh air HVAC analysis was performed at the Community Center Theater for South Kentucky RECC.
- Attended USDA meetings in Lexington regarding grants for energy efficiency in rural small businesses and farms, and at PD3 Group with Jackson Energy.
- Load monitoring was conducted at Loretto Pump Station for Inter-County Energy.
- Lighting analysis was performed at Jackson MSC for Cumberland Valley Electric and lighting analysis and power quality report on site meeting at Integrity Tool and Die for Jackson Energy.
- Energy audit was performed at Williamsburg Plastics for Cumberland Valley Electric.
- Distributed lobby banners, drive-through signage, counter cards and ads to promote "Button-Up" in January and February.
- Coordinated a press conference and demonstration of the use of switchgrass as fuel at Spurlock Station.
- Completed videotape with Energy Advisor Josh Littrell demonstrating how to properly install insulation in a crawl space. Additional videos will be added on sealing ductwork, repairing an attic hatch, and proper installation of weather-stripping.
- Built a new web site called www.simplesavings.coop that promotes each member system and energy conservation tips. The site has links to all member web sites, as well as videos and tip sheets about energy savings.
- Launched a series of 10-second ads on WKYT in Lexington and WYMT in Hazard promoting www.simplesavings.coop.
- Distributed the 2009 EKPC Employee Calendar, which promotes the cooperative's Greenworks efforts to develop clean, renewable, affordable energy solutions.
- Renewable Energy Resources RFP 20008 - The discussions with the short listed companies are continuing. The current mix of potential projects includes:

Municipal solid waste – 25MW

Solar – 1MW

Waste heat – up to 2MW
Wind – 50 to 100MW

Two biomass suppliers are developing fuel supply options for co-generation. Several projects are still pursuing financing options and will be working on RE grants. Recently, additional renewable opportunities have become available. Biomass generation from animal waste as well as forest residue is being discussed with potential developers. These small projects will include 12MW of generation and QF projects.

Load control program enrollments and installations continue.

A small test burn in the Gilbert unit was completed in December of switch-grass and a larger test burn is scheduled so that EKPC is prepared for any renewable portfolio standards that may be regulated.

Real Time Pricing Pilot

Continuing to talking with other personnel involved with the Real Time Pricing Pilot to determine the status of program development and what actions are required to get the Pilot implemented.

Demand-Side Management (DSM) Paper

At the request of the KAEC President, Pricing Manager drafted a paper reviewing the historic and current involvement of EKPC and its Member Systems in DSM activities. The paper also compared DSM program offerings by EKPC and its Member Systems with those offered by the Investor-Owned Utilities (IOUs) as well as looking at the financial involvement in DSM.

JANUARY 2009

Report of the Officers

"Simple Savings" Web Site – EKP's Jeff Hohman provided a presentation regarding EKPC's new web site at www.simplesavings.coop.

National Renewables Cooperative Organization (NRCO) and NRECA Meetings – Mr. Marshall said he, Jim Lamb and Paul Embs will be attending the first board meeting of the new board (from the transitional board) for NRCO in Dallas this weekend. This organization consists of 24 electric cooperatives from across the nation working together to help develop renewable energy. Marshall and Lamb will also be attending the NRECA meeting with statewide managers and G&T managers to discuss climate change direction with the new Congress.

External Affairs, Barry Mayfield, Director

- Met with Finance Secretary Jonathan Miller regarding an energy conservation pilot project to kickoff on Earth Day.

Member Services Process, Jeff Hohman, Manager

- Made a presentation to the EKPC Board concerning the new SimpleSavings.coop website.
- Attended a presentation at EKPC concerning burning wood pellets at Dale and Cooper
- Attended a meeting to update staff about DLC
- Spoke to the Lexington Homebuilders about the upcoming Energy Star Conference. Touchstone is sponsoring this event.
- Completed EnviroWatts mailing to all EW customers
- Work continues on developing an Energy Conservation program for small C&I customers. It is still on schedule and expected to roll out sometime in April. Energy efficiency tip sheets were developed this month for the following: motels, restaurants, and convenience stores.
- Worked with marketing to develop a pilot energy conservation program for LIHEAP customers.
- Residential energy audits were performed for Clark Energy (1), Cumberland Valley Electric (3), Farmers RECC (3), Grayson RECC (6), Jackson Energy (1), Licking Valley RECC (2), Nolin RECC (1), Owen Electric (4), and Salt River Electric (5).
- Certified Energy Star new homes for Fleming-Mason Energy (2), and Clark Energy (9). Tested Energy Star new home for Salt River Electric (1).
- Certified Touchstone Energy Home for Taylor County RECC (1) and tested two (2) at Inter-County Energy.
- Energy audits were conducted at Garrett School and McCammish Manufacturing (Taylor County RECC), American Engineers (Farmers RECC), Extension Office (Licking Valley RECC), and Heritage House Motel in Prestonsburg (Big Sandy RECC). An energy audit and load study were performed at Ayeshire Manufacturing (Cumberland Valley Electric) and Plasticware (Jackson Energy).
- Continued supporting marketing of the SimpleSaver direct load control program.
- Printed Simple Savings energy information bulletins for members that energy advisers will use to explain space heater usage, heat pump maintenance and other topics.

- Completed new videotape with Energy Advisor Josh Littrell demonstrating how to properly weather-strip a door, and posted the video at www.simplesavings.coop.

Power Supply

Project Updates

- SimpleSaver Program (Direct Load Control)
- As of January 22, 2009, we have 1,148 customers enrolled in the program, which are 2,279 devices. The breakdown includes: 911 water heaters, 899 thermostats, and 469 AC. Our system response rate is 4.13%.
- Currently, GoodCents has five technicians working Monday through Saturday to reduce our backlog.
- We will begin mailing marketing materials once the backlog has been reduced.

FEBRUARY 2009

Reports of the Officers

Climate Change – On January 12, Marshall sent an e-mail that included a summary by Ron Sheets as well as his own thoughts regarding the meeting in Dallas on climate change, attended by Statewides and G&T managers. NRECA feels a "no" on any climate change legislation is not something they could stand behind; that something else must be suggested. NRECA has proposed a carbon tax strawman, which was presented at the Dallas meeting.

RPS/Renewable Portfolio Standard – Also discussed at the Dallas meeting was an RPS standard. There is a high probability that within the next several years a federal mandate for renewables could occur.

Renewable Request for Proposal (RFP) – Mr. Lamb's presentation on the RFP for renewables indicated the RFP was issued in April 2008 and 22 bids were received. David B. Kinloch was hired to assist with analysis of the various offers and EKP will continue working with viable offers and continue looking for alternatives. This presentation can be found on *e*-source under Board Reports.

MARCH 2009

Technical Services

- Josh Littrell received a report from the Residential Energy Services Network on their annual review of reporting and record keeping for the EKPC's energy rating program. Their report stated, "Your submission this year met all the requirements of the RESNET Standards and in fact your documentation of file and field inspections was excellent, well presented and easy to understand."

- Twenty-five residential energy audits were performed this month. In addition to this, Envision is providing the technical support and benefit verification for the pilot program of Button-Ups and Tune-Ups for low-income homeowners.
- Work continues on schedule on the energy conservation assistance tools for small commercial customers. These tools include a series of Energy Efficiency Tips for individual business types and development of energy auditing procedures.
- Two energy audits were conducted on homes in the Corbin area. A blower door test was done on both homes. Consumption monitors revealed details about energy usage to one of the homeowners.
- Three residential energy audits were conducted in the Barren County area. The audits used thermal imaging to reveal issues affecting the homes heating and cooling usage.

Fleming-Mason Energy

- Tested and evaluated six homes for a new pilot program that targets low-income families with energy inefficient homes. The goal of the program is to reduce energy usage through reducing air leakage and improving the homes insulation levels.

Grayson RECC

- Two Residential Energy Audits were conducted. The audits evaluated insulation levels and used the blower door test to reveal issues with air leakage.

Inter-County Energy

- One residential energy audit was conducted in Lincoln County. The audit used the blower door to reveal the home's leakage.

Jackson Energy

- One residential energy audit was conducted in the London area. The audit included a detailed evaluation of the homes heating envelope.
- A meeting was held with the Superintendent of Owsley County Schools to discuss energy savings opportunities. Many items were discussed but the main item was the high heating cost of the high school. School personnel are unable to control the heating and it is on even during holidays and weekends. Energy-saving suggestions were made concerning building envelope and lighting.

Licking Valley RECC

- One Residential Energy Audit was conducted in the Campton area. The audit focused on the energy savings that could be achieved through air sealing and additional insulation.

Nolin RECC

- Two Residential Energy Audits were conducted in the Hodgenville area. The audits used the blower door test, coupled with infrared imaging, to explain energy usage and provide opportunities to reduce energy costs.

Owen Electric

- Two energy audits were conducted on homes in Union. The first homeowners were provided with suggestions to improve the home's insulation and air sealing. The second home was evaluated with a blower door and infrared imaging test.

Salt River Electric

- Eleven Residential Energy Audits were conducted in the Spencer County and Bullitt County areas. The audits included detailed evaluation of energy usage and focused on reducing this usage through improving the home's heating envelope.

South Kentucky RECC

- A quality assurance study of Energy Star homes in the Russell Springs area was performed.

Report of the Officers

Button-Up/Tune-Up Pilot – Jeff Hohman distributed and discussed a handout regarding this pilot program. EKPC and five member cooperatives (Fleming-Mason, Owen, Blue Grass, Clark, and Inter-County) have joined with the state in this pilot to reduce electric demand and consumption in a minimum of 50 low-income homes selected by Community Action Agencies. The project has already taken place in the Fleming-Mason area, with 10 homes at an average cost of \$2,200 each. Analysis will be done during a two-month period following completion of each home with results anticipated by July.

Marketing Services

- Various meetings were held with Fleming-Mason Energy, Clark Energy, Owen Electric, Blue Grass Energy, and Inter-County Energy concerning the Button-up/Tune-up Pilot. Fifty (50) LIHEAP homes have been targeted for insulation and weatherization improvements. The pilot should be completed by May 1, 2009.
- Numerous meetings were conducted with the Clean Energy Corps, Kentucky DOE, MACED, Kentucky Housing and USDA (Rural Development) concerning using stimulus money for energy efficiency and home improvement.

Clark Energy

- A preliminary Energy Star rating was completed for a new home being constructed in Ezel. To ensure the home is built efficiently, we will follow up with two inspections and a blower door test.
- One new home in Richmond was tested and verified to meet the Touchstone Energy Home Standards.

Fleming-Mason Energy

- Final tested seven homes from the new pilot program aimed at low-income families. The overall air leakage of these homes was reduced tremendously and the insulation values were drastically increased
- Three energy audits were completed. These energy audits evaluated the homes' insulation values and focused on air sealing.
- A preliminary Energy Star rating was completed for a new home being constructed in Rowan County. To ensure the home is built efficiently, we will follow up with two inspections and a blower door test.
- One new home was verified Energy Star, built by Frontier Housing in Owingsville, Kentucky.

Grayson RECC

- Two Residential Energy Audits were conducted. The audits evaluated insulation levels and used the blower door test to reveal issues with air leakage.
- Inter-County Energy
- A preliminary Energy Star rating was completed for a new home being constructed in Garrard County. To ensure the home is built efficiently, we will follow up with two inspections and a blower door test.

Jackson Energy

- One new home was tested and certified a Touchstone Energy Home (Laurel County).

Licking Valley RECC

- A preliminary Energy Star rating was completed for a new home being constructed in Wrigley. To ensure the home is built efficiently, we will follow up with two inspections and a blower door test.
- Three energy audits were completed. These energy audits evaluated the homes' insulation values and focused on air sealing.

Nolin RECC

- One residential energy audit was completed. The audit included a detailed overview of energy usage from household appliances

Owen Electric

- Three energy audits were conducted on homes in the Independence area. An evaluation of each home's heating envelope was conducted and one of the homes was blower door tested.

Salt River Electric

- One energy audit was completed. The energy audit evaluated the home's insulation values and focused on air sealing.
- Two preliminary Energy Star ratings were completed for new homes being constructed in Bardstown and Mt. Washington. To ensure these homes are built efficiently, we will follow up with two inspections and a blower door test.
- One new home, built by Spencer County Habitat for Humanity, was certified Energy Star.
- An energy audit was performed on the North Washington Elementary School. Savings were found in lighting and control of the HVAC system as well as many small opportunities.
- A complete energy use analysis was started on the Quality Inn in Bardstown.

Shelby Energy

- One new home in Gallatin County was tested and verified to meet the Touchstone Energy Home Standards.

Power Supply

- Analyses of Demand Side Management (DSM) programs for inclusion in the Integrated Resource Plan: After evaluation, either quantitative or qualitative, of 100 new programs, 23 new DSM programs (14 residential and 11 commercial) will be integrated into the resource plan.
- DLC Update: Installations are scheduled through the second week of April. The current backlog (meaning customers enrolled, not scheduled due to inability to reach them) is 234 customers. GoodCents, the third party contractor, continues daily to try and reach these customers. Beginning the first of April, GoodCents will have six techs dedicated to the EKPC member systems' program with a goal of having eight by May.

APRIL 2009

External Affairs Process—Barry Mayfield, Director

- Met with the minority counsel for the U.S. Senate Energy and Natural Resources Committee about the possibility of including hydropower in any Senate energy bill containing a mandatory Renewable Electricity Standard (RES).

**Technical Services Process—Jim Worley, Manager
Blue Grass Energy**

- An energy audit was conducted on a home in Berea. The audit revealed a significant amount of duct leakage

Clark Energy

- One Clark County home was inspected and tested for the low-income weatherization program. Proper insulation and air sealing will be administered to this home to improve its energy usage.

Farmers RECC

- Visits were made to Cub Run Baptist and Bethel Methodist Churches to discuss energy savings. The items discussed were on-demand water heating, insulation levels, windows, HVAC efficiencies and thermostat control of the HVAC system.

Fleming-Mason Energy

- Final tested two homes from the new pilot program aimed at low-income families. The overall air leakage of these homes was reduced tremendously and the insulation values were drastically increased.
- An Energy Star rating was completed for a new home constructed in Rowan County by Frontier Homes. Energy star certification helps verify that the primary resident will have low energy bills.

Grayson RECC

- One Energy Audit was completed in the Greenup area. Consumption monitors were left with the member to verify energy usage.
- One home in Rowan County was inspected and tested to prepare for the low-income weatherization program. The home will be air sealed and additional insulation will be added with the end goal of reducing this member's energy usage.
- An Energy Star rating was completed for a new home constructed in Carter County by Frontier Homes.

Inter-County Energy

- Two energy audits were conducted on homes in Casey County and Crab Orchard, using infrared and air leakage testing.
- Eight homes were inspected and tested for the LIHEAP Pilot program. These homes were primarily in Boyle, Casey, Lincoln, and Garrard Counties.

Jackson Energy

- One new home was tested and certified a Touchstone Energy Home (Laurel County).

Nolin RECC

- One residential energy audit was completed in the Elizabethtown area. The audit included a detailed infrared and air leakage inspection.

- One residential energy audit was completed in Elizabethtown. The audit revealed severe duct leakage and overall air leakage, using infrared technology.

South Kentucky RECC

- One new home was verified to meet the Touchstone Energy Home specifications. The home, located in Pulaski County will receive a rebate from the co-op and the assurance of low energy bills.
- An energy audit was conducted on a home in Science Hill using infrared inspection to reveal areas the member may improve to lower energy usage.

Taylor County RECC

- Two energy audits were conducted primarily focusing on the benefits of air sealing, but also looking at areas insulation could be improved.

Marketing Services

- Gave a presentation at the KAEC Tri-State meeting about renewable energy and coal.

Power Supply

- DLC Update: Over 800 water heaters were controlled on April 22. Marketing mailings were sent to customers of two co-ops on April 15. Postcard reminders have been mailed to customers that the call center has been unable to reach. GoodCents continues to hire HVAC Journeymen for our program.

MAY 2009

Report of the Officers

Development Agreement Related to Wind Generation Project in Southeast Kentucky – Lamb discussed a potential project that would be an addition to EKPC's renewable resources.

JULY 2009

Reports of the Officers

Waxman Markey – Impacts on EKPC's System – Jim Lamb provided several slides with projected impacts of carbon dioxide emissions legislation on Kentucky.

Dena Stoner, vice president of government relations for National Rural Electric Cooperative Association, provided an extensive verbal presentation with regard to carbon legislation.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00106

FIRST DATA REQUEST RESPONSE

**PUBLIC INTEREST GROUPS' FIRST DATA REQUEST DATED 07/24/09
REQUEST 20**

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 20. Provide copies of the management, staff and/or consultant presentations at meetings of EKPC's senior management since January 1, 2007 which addressed any of the following subjects:

- a. The proposed Smith 1 coal plant
- b. EKPC's 2009 IRP
- c. The costs of building new coal or natural gas power plants.
- d. The potential for and potential cost impacts of state, regional or federal regulation of greenhouse gas emissions.
- e. The load and energy sales forecasts for EKPC or its member distribution cooperatives.
- f. The costs of wind and other renewable resources.
- g. The cost of and/or the potential for energy efficiency in the service areas of any of EKPC's member distribution cooperatives or customers.
- h. The cost of and/or the potential for renewable resources in the service areas of any of EKPC's member distribution cooperatives or customers.

Public Interest Groups Request 20

Page 2 of 2

(Revised)

- i. The necessity to or plans for reducing EKPC's CO₂ and e N₂O emissions.
- j. The need for or the projected cost or schedule of the proposed Smith 1 power plant.

Response 20(a-e and i-j). EKPC declines to respond to this data request, as it does not address issues that impact rates or service of EKPC, such as energy efficiency, demand-side management and renewable energy.

Response 20(f-h). Please see the response to 18f-h.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00106

FIRST DATA REQUEST RESPONSE

**PUBLIC INTEREST GROUPS' FIRST DATA REQUEST DATED 07/24/09
REQUEST 27**

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 27. Provide copies of the assessments, studies and analyses of the impact of the 2009 Plans presented on page 5-9 of EKPC's 2009 on EKPC's customers and the ratepayers of EKPC's member distribution cooperatives.

Response 27. The rate analysis is provided on page 9-1 of EKPC's 2009 IRP. EKPC addresses only wholesale rate impacts in its IRP, as defined in the regulation. Distribution cooperative rate analysis has not been conducted and is not available for this plan. It should be noted that EKPC's member distribution cooperatives prepare their own financial forecasts and analyses of retail costs.

The referenced table on page 5-9 shows the plan both with and without DSM. The cost analysis showed that the with DSM costs were lower than without DSM by approximately 13%, as stated on page 5-9. Since the "without DSM" plan was more costly, EKPC dropped it from consideration and no financial analysis was performed.