

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Mark David Goss
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MGOSS@FBTLAW.COM

July 22, 2010

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

RECEIVED
JUL 22 2010
PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2010-00167

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's Second Data Request, dated July 8, 2010. Also enclosed are an original and ten copies of EKPC's Responses to the First Set of Data Requests of Gallatin Steel and the Attorney General's Initial Data Requests, both dated July 8, 2010.

Very truly yours,


Mark David Goss
Counsel

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

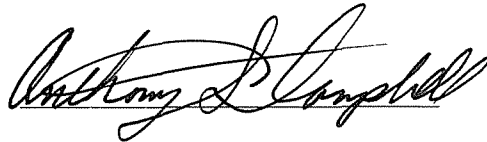
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

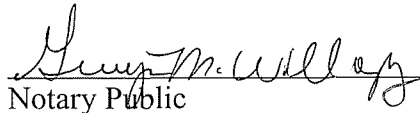
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Anthony S. Campbell, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Request in the above-referenced case dated July 8, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 16th day of July, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

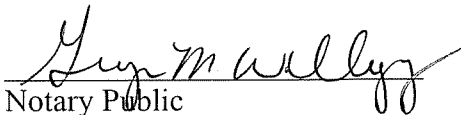
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General’s Initial Data Request in the above-referenced case dated July 8, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 17th day of July, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

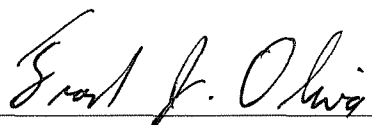
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

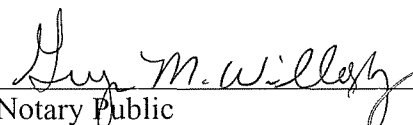
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Request in the above-referenced case dated July 8, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 10th day of July, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

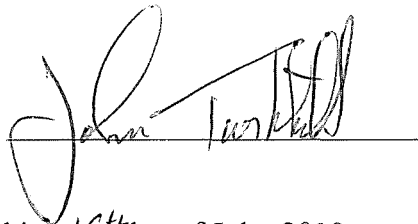
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

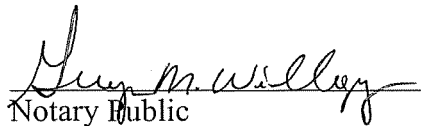
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

John R. Twitchell, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Request in the above-referenced case dated July 8, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 19th day of July, 2010.


Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES) CASE NO.
OF EAST KENTUCKY POWER) 2010-00167
COOPERATIVE, INC.)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Initial Data Request in the above-referenced case dated July 8, 2010, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 21st day of July, 2010.

Greg M. Wellough
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC RATES)	CASE NO.
OF EAST KENTUCKY POWER)	2010-00167
COOPERATIVE, INC.)	

RESPONSES TO ATTORNEY GENERAL'S INITIAL DATA REQUESTS
TO
EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JULY 8, 2010

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Please provide copies of May year-to-date financial, operating and/or statistical reports for 2008 and 2009.

Response 1. Copies of EKPC's RUS Form 12 for year-to-date May 2009 and year-to-date May 2008 are included on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 2

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Please explain in detail any substantive changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since the 2008 rate case.

Response 2. There have been no substantive changes in accounting treatment for O&M expenses, retirements, replacements, and removal costs since the 2008 rate case.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 3

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please provide a copy of each out-of-period accounting adjustment (i.e., journal entry) recorded during the end of the last rate case, along with an explanation of each adjustment.

Response 3. Because EKPC filed a forecasted test year, out-of-period adjustments are not applicable. The forecasted revenue requirements were derived from 2011 budget information.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 4

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 2008, 2009 and 2010.

Response 4. Please see page 2 of this response.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2010-00167

Description	Date	Gain	Loss
Sale of vehicle #314	Jan-08		4,118.81
Sale of various EKPC vehicles	Feb-08	3,000.00	
Sale of various EKPC vehicles	Apr-08	5,521.54	
Sale of various EKPC vehicles	May-08	1,982.00	
Sale of various EKPC vehicles	Jun-08	35,019.00	
Sale of various EKPC vehicles	Jul-08	2,450.00	
Sale of vehicle #212	Sep-08	3,988.00	
Sale of various EKPC vehicles	Oct-08	8,196.32	
Sale of vehicle #216	Dec-08	1,250.00	
Sale of vehicle #297	Feb-09	3,750.00	
Sale of various EKPC vehicles	Apr-09	2,587.00	
Sale of various EKPC vehicles	Apr-09		82,615.42
Sale of various EKPC vehicles	Jun-09	19,007.31	
Sale of various EKPC vehicles	Jul-09	9,306.00	
Sale of vehicle #270	Aug-09	652.87	
Sale of various EKPC vehicles	Sep-09	15,192.46	
Sale of various EKPC vehicles	Dec-09	5,000.00	
Sale of equipment	Dec-09		200.00
Sale of vehicle #711	Jan-10	23,560.00	
Sale of various EKPC vehicles	Feb-10	7,978.00	

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 5

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Please provide a complete breakdown of other income, net, for 2008, 2009 and 2010.

Response 5. Please see page 2 of this response.

	Year 2008	Year 2009	YTD through 5/31 2010
A. OTHER INCOME:			
A/C 41710	\$ (2,787.31)	\$ (748.22)	427.39
A/C 41711	(11,922.77)	(35,765.39)	(12,993.98)
A/C 41712	(12,795.96)	(18,829.93)	(6,977.98)
A/C 41900	4,740,291.81	3,135,360.85	1,148,869.33
A/C 41902	182,128.23	94,730.87	120,325.00
A/C 41910	462,060.00	385,044.00	26,485.68
A/C 41911	28,884,837.01	4,883,872.37	-
A/C 42102	7,052.46	22,793.14	53.63
A/C 42110	61,406.86	55,495.64	31,538.00
A/C 42400	144,801.65	264,434.94	36,944.39
TOTAL Other Income	\$ 34,455,071.98	\$ 8,786,388.27	1,344,671.46
B. OTHER INCOME DEDUCTIONS:			
A/C 42120	\$ 4,118.81	\$ 82,815.42	\$ -
A/C 42610	118,045.34	94,746.50	38,113.33
A/C 42620	(20,953.86)	(24,841.69)	21,179.27
A/C 42630	5,423,955.00	4,937,772.00	1,125,873.00
A/C 42640	67,142.48	54,230.16	13,981.46
A/C 42650	85,734.88	1,139,994.24	58,854.56
A/C 42651	9,706.86	9,146.57	6,112.88
A/C 42652	(98,276.94)	(132,133.75)	-
TOTAL Other Income Deductions	\$ 5,589,472.57	\$ 6,161,729.45	\$ 1,264,114.50
TOTAL Other Income, Net (A-B)	\$ 28,865,599.41	\$ 2,624,658.82	\$ 80,556.96

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 6

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Provide the Company's 2008, 2009 and 2010 (when available) Annual Reports to the Kentucky Public Service Commission.

Response 6. EKPC's 2008 Annual Report to the Kentucky Public Service Commission ("PSC") is included on the attached CD. The 2009 Annual Report to the PSC is included in Application Volume 3, Tab 33 in this proceeding. The 2010 Annual Report to the PSC will not be available until March 2011.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 7

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Please supply a copy of the latest Ten Year Demand Forecast.

Response 7. Please see page 2 of this response.

2008 Load Forecast				Preliminary 2010 Load Forecast			
Year	Net Coincident Winter Peak MW	Year	Net Coincident Summer Peak MW	Year	Net Coincident Winter Peak MW	Year	Net Coincident Summer Peak MW
		2010	2,406			2010	2,223
2010 – 11	3,087	2011	2,442	2010 - 11	3,006	2011	2,238
2011 – 12	3,143	2012	2,475	2011 - 12	3,033	2012	2,263
2012 – 13	3,215	2013	2,529	2012 - 13	3,059	2013	2,282
2013 – 14	3,275	2014	2,579	2013 - 14	3,101	2014	2,309
2014 – 15	3,345	2015	2,630	2014 - 15	3,147	2015	2,334
2015 – 16	3,408	2016	2,680	2015 - 16	3,189	2016	2,359
2016 – 17	3,482	2017	2,737	2016 - 17	3,245	2017	2,402
2017 – 18	3,547	2018	2,790	2017 - 18	3,305	2018	2,449
2018 – 19	3,617	2019	2,843	2018 - 19	3,366	2019	2,497
2019 – 20	3,680	2020	2,893	2019 - 20	3,414	2020	2,535

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 8

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 8. Please list all year-end closing and adjusting accounting entries, both internal and those made by your external auditors for 2008, 2009 and 2010 (when available).

Response 8. Page 2 of this response lists the year-end closing and adjusting entries recorded for the years 2008 and 2009. Journals denoted with “(*)” are those journals requested by EKPC’s external auditors.

<u>Journal ID</u>	<u>Journal Description</u>
2008 Year-End Journal Entries:	
08_CAPCRED	Allocation of 2008 Capital Credits
COMPABS07	Reverse 2007 Accrual of Compensated Absences
COMPABS08	Record 2008 Compensated Absences
EPA_ADJ	Adjust Accrued EPA Penalty as of 12/31/2008
MED_ADJ	Adjust Medical Insurance Reserves and Reserve Grandfathered Sick Leave
PROPANE	EKPC's Portion (25%) of Clark, Farmers, Jackson and Shelby's 2008 Propane Income
SERP_DC	SERP, Deferred Compensation, Misc. Other Year-End Adjustments
YEPRACCRL	Payroll Accrual True-Up for 2008
2008ADJ_A (*)	[2008 Restatement Adj] Effect of 2007 Restatement Adjustments on the 2007 Margin Journal Recorded in Jan-2008
2008ADJ_B (*)	[2008 Restatement Adj] Reversal of Dec-2007 FAC Lag and Accrual of Dec- 2008 FAC Lag
2008ADJ_C (*)	[2008 Restatement Adj] Accrual of Over-/Under-Recovery of ES for 2008
2008ADJ_D (*)	[2008 Restatement Adj] Remove Effect of Recognizing a Dollar Value for Inadvertent Interchange
2008ADJ_E (*)	[2008 Restatement Adj] Impact of 2008 Restatement Adjustments on the 2008 EPA Penalty Accrual
2009 Year-End Journal Entries:	
0000018001	Record Liability for Cost of T-stat, Installation and Removal
09_CAPCRED	Allocation of 2009 Capital Credits
COMPABS08	Reverse 2008 Accrual of Compensated Absences
COMPABS09	Record 2009 Compensated Absences
EPA_ADJ	Adjust Accrued EPA Penalty as of 12/31/2009
MED-ADJ	Adjust Medical Insurance Reserves and Reserve Grandfathered Sick Leave
PROPANE	EKPC's Portion (25%) of Clark, Farmers, Jackson and Shelby's 2009 Propane Income
SERP_DC	SERP, Deferred Compensation, Misc. Other Year-End Adjustments
WRKCMPLTD	2009 Workers Comp/LTD Accrual
YEPRACCRL	Payroll Accrual True-Up for 2009

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 9

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. List each change in accounting principles made by the Company during 2008, 2009 and 2010. For each such change, state the revenue and/or expense or capital impact in this filing.

Response 9. SFAS No. 157, Fair Value Measurements, was effective for East Kentucky Power Cooperative at January 1, 2008, although this statement had no revenue and/or expense or capital impact.

Although not a change in accounting principles, EKPC's 2008 audited consolidated financial statements included the impact of a restatement of the 2007 financial statements. An accounting error was identified related to the accounting for the fuel adjustment clause and the environmental cost recovery mechanism, resulting in an understatement of operating margin. The effect of the restatement on the financial results was to increase reported net margin for 2007 by \$2.6 million. This restatement had no impact on compliance with debt covenants. The beginning balance for 2007 retained earnings (ending balance for 2006 retained earnings) was also reduced by \$1.1 million to reflect the impact of the error on prior period earnings. The table below shows the affected balances before and after restatement:

AG Request 9

Page 2 of 2

	2007 As Previously Reported	Adjustment	2007 As Restated
Operating Revenue	\$ 743,026	\$ 2,573	\$ 745,599
Net Margin	41,920	2,573	44,493
Regulatory Asset	-	5,928	5,928
Members' Equity	161,139	3,663	164,802
Current Portion of Regulatory Liability	-	1,458	1,458
Regulatory Liability	-	807	807

These corrections have no impact on the current filing.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS**

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 10

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Provide a copy of the Company's two most recent management letters and recommendations received from the Company's independent auditors.

Response 10. A copy of EKPC's 2009 management letter and recommendations received from its independent auditors is included in Application Volume 5, Tab 39, in this proceeding. A copy of EKPC's 2008 management letter and recommendations is included on pages 2 through 22 of this response.



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Indianapolis, IN 46204-5108
USA

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www.deloitte.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER REPORT

Board of Directors

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40392

We have audited the consolidated financial statements of East Kentucky Power Cooperative, Inc. (the Cooperative) for the year ended December 31, 2008, and have issued our report with explanatory paragraphs thereon dated April 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service (RUS) Borrowers*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In planning and performing our audit of the consolidated financial statements of the Cooperative for the year ended December 31, 2008, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting.

Management is responsible for establishing and maintaining internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the consolidated financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted a matter involving the internal control over financial reporting that we consider to be a material weakness which has been reported in a separate letter dated April 10, 2009.

7 CFR Part 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the consolidated financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33 (e)(1), related-party transactions, and depreciation rates. In addition, our audit of the consolidated financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters and accordingly, we express no opinion thereon. The additional matters tested also include a schedule of deferred debits and credits and a schedule of investments which are attached to this report, upon which we express no opinion.

No reports (other than our independent auditors' report on the consolidated financial statements, our independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*, all dated April 10, 2009, and management comment letter over internal controls over financial reporting) or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted one matter regarding the Cooperative's internal control over financial reporting that we consider to be a material weakness as follows:

- Management did not record the amount of the fuel adjustment charge or environmental compliance cost recovery mechanism surcharge that has been over/under recovered from the Cooperative's members as of December 31, 2007 and 2008 in accordance with FASB Statement 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71). This resulted in a restatement to the 2007 consolidated financial statements and a material audit adjustment to the 2008 consolidated financial statements.

We noted no other matters regarding the Cooperative's internal control over financial reporting that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts
- The materials control

COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

Compliance with laws, regulations, contracts, and grant agreements is the responsibility of the Cooperative's management. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grant agreements. The procedures we performed are summarized as follows:

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of its property, or for the use of its mortgaged property by others for the year ended December 31, 2008:
 - Obtained and read a borrower-prepared schedule of new written contracts entered into during the year for the operation or maintenance of its property, or for the use of its property by others, as defined in 7 CFR Part 1773.33 (e)(1)(i).
 - Read Board of Directors' minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.
 - Noted the existence of written RUS approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit RUS Form 12 to the RUS:
 - Agreed amounts reported in Form 12 to the Cooperative's accounting records.

The results of our tests indicate that, with respect to the items tested, the Cooperative complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as exceptions noted, include the requirement that:

- The borrower has obtained written approval of the RUS to enter into any contracts for the operation or maintenance of its property, or for the use of mortgaged property by others as defined in 7 CFR Part 1773.33 (e)(1)(i); and
- The borrower has submitted Form 12 to the RUS, Financial and Statistical Report, as of December 31, 2008, represented by the Borrower as having been submitted to RUS, is in agreement with the Cooperative's audited records in all material respects

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the consolidated financial statements of the Cooperative, nothing came to our attention that caused us to believe that the Cooperative failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33 (c)(1)
- The clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33 (c)(2)
- The retirement of plant addressed at 7 CFR Part 1773.33 (c)(3) and (4)
- Approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap addressed at 7 CFR Part 1773.33 (c)(5)
- The disclosure of material related-party transactions, in accordance with Statement of Financial Accounting Standards (SFAS) No. 57, *Related Party Transactions*, for the year ended December 31, 2008, in the consolidated financial statements referenced in the first paragraph of this report, addressed at 7 CFR Part 1773.33 (f)]
- The depreciation rates addressed at 7 CFR Part 1773.33 (g)
- The schedule of deferred debits and deferred credits
- The detailed schedule of investments.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR Part 1773.33 (h) and the detailed schedule of investments required by 7 CFR Part 1773.33 (i) attached hereto is presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. This information is the responsibility of the Cooperative's management. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, the Rural Utilities Service, and supplemental lenders and is not intended to be and should not be used by anyone other than these specific parties.

Deloitte & Touche LLP

April 10, 2009

EAST KENTUCKY POWER COOPERATIVE, INC. AND SUBSIDIARY

DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS AS OF DECEMBER 31, 2008

Deferred Debits — Note 1 to the consolidated financial statements discusses the deferred debits as of December 31, 2008 (dollars in thousands):

Regulatory asset - forced outage	\$ 12,301
Fuel Adjustment Charge Receivable	1,774
Debt issuance costs - Spurlock Pollution Control Bond Issue Costs	298
Debt issuance costs - Smith Pollution Control Bond Issue Costs	118
Debt issuance costs - Cooper Pollution Control Bond Issue Costs	147
Debt issuance costs - CREBs	664
Debt issuance costs - other	35
Debt issuance costs - Unsecured Credit Facility	<u>1,708</u>
Deferred Charges	\$ 17,045

Written RUS approval was not obtained for the Regulatory Asset – Forced Outage as it was not required.

Deferred Credits — Note 1 to the consolidated financial statements discussed the deferred credits as of December 31, 2008 (dollars in thousands):

Environmental Surcharge Payable	\$ 4,060
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Amounts above are accounted for in accordance with the RUS's Uniform System of Accounts and generally accepted accounting principles.

EAST KENTUCKY POWER COOPERATIVE, INC. AND SUBSIDIARY

DETAILED SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008

Alliance for Cooperative Energy Services (ACES) Power Marketing, LLC is an organization formed primarily to purchase and sell power. The Cooperative is a 6.25% owner. The Cooperative accounts for this investment on the cost basis since ownership is less than 20%.

<u>Original Investment</u>	<u>Advances</u>	<u>Repayments</u>	<u>Accumulated Loss</u>	<u>Current Investment</u>
\$ 750,000	\$ 507,058	\$ (503,979)	\$ (128,994)	\$ 624,085

The Cooperative, along with four of its member systems, has invested in propane ventures. The Cooperative has a 25% investment.

<u>Original Investment</u>	<u>Advances</u>	<u>Accumulated Gain/(Loss)</u>	<u>Current Investment</u>
Farmers Energy Services Corporation			
\$ 75,000	\$ 185,000	\$ 22,393	\$ 282,393
Shelby Energy Services			
\$ 3,000	\$ 457,000	\$ (171,338)	\$ 288,662
Jackson Energy Services			
\$ 3,000	\$ 445,000	\$ 19,565	\$ 467,565
Clark Energy Services			
\$ 3,000	\$ 395,000	\$ 864	\$ 398,864



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April 10, 2009

Board of Directors of East Kentucky Power Cooperative, Inc
4775 Lexington Road
Winchester, Kentucky 40392

The Management of East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40392

Dear Members of Board of Directors and Management:

In planning and performing our audit of the consolidated financial statements of East Kentucky Power Cooperative (the "Cooperative") as of and for the year ended December 31, 2008 (on which we have issued our report dated April 10, 2009), in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service ("RUS") Borrowers*, we considered the Cooperative's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, in connection with our audit, we have identified, and included in the attached Appendix, certain matters involving the Cooperative's internal control over financial reporting that we consider to be material weaknesses or significant deficiencies under standards established by the American Institute of Certified Public Accountants.

We have also identified, and included in the attached Appendix, other control deficiencies involving the Cooperative's internal control over financial reporting as of December 31, 2008 that we wish to bring to your attention.

The definitions of a control deficiency, significant deficiency, and a material weakness are also set forth in the attached Appendix.

This report is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

APPENDIX I

SECTION I— DEFINITIONS

The definitions of a control deficiency and a significant that are established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, are as follows:

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in *operation* exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

SECTION II — MATERIAL WEAKNESS

We consider the following deficiency in the Cooperative's internal control over financial reporting to be a material weakness:

- Management did not record the amount of the fuel adjustment charge or environmental compliance cost recovery mechanism surcharge that has been over/under recovered from the Cooperative's members as of December 31, 2007 and 2008 in accordance with FASB Statement 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71). This resulted in a restatement to the 2007 and prior consolidated financial statements and material audit adjustment to the 2008 consolidated financial statements.

SECTION III — SIGNIFICANT DEFICIENCY

We consider the following deficiency in the Cooperative's internal control over financial reporting to be a significant deficiency:

- Management had established a reserve to account for inadvertent power that was used to calculate the amount of power that was due to/from the other utilities for the difference between scheduled

purchases and sales and actual purchases and sales. This reserve was eliminated during the current year audit as there was no agreement for the repayment nor was their evidence that repayment had occurred.

SECTION IV — OTHER CONTROL DEFICIENCIES

We identified the following other control deficiencies involving the Cooperative's internal control over financial reporting as of December 31, 2008 that we wish to bring to your attention:

Internal Control Related

- **Finding:** During our review of the accounts receivable aging and detail, there were approximately \$382,000 of receivables over 120 days old (excluding credit balances) some of which date back to 2003. In addition, there were approximately \$73,000 worth of credits not applied, some of which date back to 2003.

Recommendation: Management should resolve open items on accounts receivable detail that have aged past 120 days, removing the old items (write-off) and applying the credits as applicable. An allowance and write-off policy should be implemented.

- **Finding:** During the review of the accounts payable aging and detail, we noted there were approximately \$10.3 million of aged payables (excluding debit balances) that related to retainage deposits on construction projects (with dates ranging from 2004-2007). While it is common practice to record these retainages as payable, the amounts should be reviewed on an ongoing basis for reasonableness.

Recommendation: A payables analysis should be performed at least annually to review all outstanding payable items.

- **Finding:** It is our understanding that accrual reconciliations are reviewed on a monthly basis; however, this review was not evidenced by a manual sign-off.
- **Recommendation:** Payroll accrual calculations and reconciliations should be reviewed for accuracy by someone independent of the reconciliation process in a timely fashion. Evidence of this review should exist via a manual sign-off.
- **Finding:** During the Winchester physical inventory observation, D&T noted there were inventory items that had not been weighed. Further, we noted the inventory count sheets had the quantity identified prior to the count team's arrival to the location.

Recommendation: Management should count and weigh all items during the physical inventory. Also, count procedures should be performed blindly (i.e. no counts identified on the count sheets). This will ensure counts are properly performed to verify the accuracy of what is in the system.

Information Technology Related

- **Finding:** The version of PeopleSoft Financials utilized by EKPC is not currently supported by the vendor. The system is stable and mature, and replacement plans are underway, however a risk still exists that support may not be available if system issues were to arise.

Recommendation: Management should consider support options in the event of system issues occurring prior to implementation of a replacement system.

- Finding: It was observed that the default Windows Active Directory & Citrix Administrator accounts have their passwords set to never expire. Additionally, the passwords had not been changed in two or more years.

Recommendation: Privileged Windows accounts, unless restricted by system limitations or dependencies, should have their passwords changed on a frequent basis, either consistent with domain account policies or based on a standard to be set by the IT department.

- Finding: A formally documented IT Security policy does not exist for the IT environment. IT Security policies can provide for overall direction of information security to be implemented over application systems, databases, systems software, network and communication software.

Recommendation: Management should consider the development and documentation of a formalized IT Security policy that provides for an overall direction of information security over the entities production financial and operational systems.

- Finding: There are two users that have knowledge of the AIX 'root' account password, both Systems Analysts responsible for that system. Currently, those users utilize the delivered Root account to perform system maintenance and administrative function.

Recommendation: It is recommended to limit root usage to the console and direct the system analyst to utilize unique user accounts along with the 'su' command to obtain root privileges in the system. Use of the 'su' command for Root privileges provides a limited log of when the Root privileges were utilized, which is not available when the Root account is used directly. Management could then review the 'su' log for appropriateness.

- Finding: Assessment of password control parameters for the PeopleSoft Financials and PeopleSoft HR applications disclosed the following:
 - 1) PeopleSoft HR allows for password parameters to be defined, however, they are not currently defined. Password complexity and forced password change are not required.
 - 2) When users are created for the PeopleSoft Applications the IT group is responsible for creating a password for the new user. If users are not required forced password change, there is a risk that at least two people may have knowledge of the application passwords.

Password control parameters such as minimum length, expiration period (45 - 90 days), history (6 - 8), complexity, and account lockout features help ensure that access to the system is limited to the appropriate personnel or the specific owners of a user account.

Recommendation: Password expiration at a minimum, along with one more other password parameter should be considered for EKPC systems, where technically feasible.

- Finding: A default system account password had not been changed on two production databases (Account DBSNMP on both Coal Accounting & Power Billing). Default passwords could be used to compromise system access if not changed or the accounts locked.

Recommendation: Management should research the effect of altering the account default password and determine if risk exist in changing this password. If no risk is identified, action should be taken to either lock the account or change the password.

- Finding: Based on review of the Peoplesoft application, we noted the system allows the ability to add, change, and/or delete accounts from the system and to review functional access. D&T noted the correction access functionality is not reviewed on a regular basis (i.e. therefore the controls are in place; however, some parties have the ability to make overriding corrections).

Recommendation: Management should ensure that 'correction access' functionality in PeopleSoft is limited to appropriate personnel. In addition, IT Management should assess the level of access granted within the IT group to the PeopleSoft systems annually to ensure that appropriate separation of duties exist within the environment.

- Finding: It was noted that various aspects of AIX and Windows account usage is reviewed, including failed logins. Additionally, controls exist around the valid addition, change, and/or deletion of user accounts. However, it was noted that a full review of the accounts that exist in either AIX or Windows active directory environment is not performed on an annual or more frequent basis. Execution of this type of review would serve to ensure that all active accounts remain valid. Additionally, incorporating a review of the access to critical spreadsheets or file shares for Windows would help ensure that only authorized individuals have access to sensitive files.

Recommendation: Management should execute a review of both AIX and Windows active directory accounts and this would serve to ensure that all active accounts remain valid. Additionally, incorporating a review of the access to critical spreadsheets or file shares for Windows would help ensure that only authorized individuals have access to sensitive files. Cooperation with the business would be required to execute the review of access to critical spreadsheets and file shares.

* * * * *

April 10, 2009

Board of Directors of East Kentucky Power Cooperative, Inc
4775 Lexington Road
Winchester, Kentucky 40392

The Management of East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40392

Dear Members of Board of Directors and Management:

In planning and performing our audit of the consolidated financial statements of East Kentucky Power Cooperative (the "Cooperative") as of and for the year ended December 31, 2008 (on which we have issued our report dated April 10, 2009), in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service ("RUS") Borrowers*, we considered the Cooperative's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, in connection with our audit, we have identified, and included in the attached Appendix, certain matters involving the Cooperative's internal control over financial reporting that we consider to be material weaknesses or significant deficiencies under standards established by the American Institute of Certified Public Accountants.

We have also identified, and included in the attached Appendix, other control deficiencies involving the Cooperative's internal control over financial reporting as of December 31, 2008 that we wish to bring to your attention.

The definitions of a control deficiency, significant deficiency, and a material weakness are also set forth in the attached Appendix.

This report is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

DELOITTE & TOUCHE LLP

APPENDIX I

SECTION I— DEFINITIONS

The definitions of a control deficiency and a significant that are established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, are as follows:

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in *operation* exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

SECTION II — MATERIAL WEAKNESS

We consider the following deficiency in the Cooperative's internal control over financial reporting to be a material weakness:

- Management did not record the amount of the fuel adjustment charge or environmental compliance cost recovery mechanism surcharge that has been over/under recovered from the Cooperative's members as of December 31, 2007 and 2008 in accordance with FASB Statement 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71). This resulted in a restatement to the 2007 and prior consolidated financial statements and material audit adjustment to the 2008 consolidated financial statements.

Management Response: SFAS No. 71 was issued in December 1982. We had always interpreted the statement to mean that a regulatory asset or liability could only be established if one was requested by the Cooperative through filing a rate case and so ordered by the Public Service Commission. Coopers & Lybrand performed our annual audits from 1982-1997; PricewaterhouseCoopers, from 1998-2000; and Crowe Chizek, from 2001-2007. Each firm interpreted the statement the same way we did.

However, since fuel costs and environmental costs can be recovered automatically via the Fuel Adjustment Clause and the Environmental Surcharge, respectively, such rate case filings and orders are unnecessary. Consequently, we will now record the assets, liabilities, revenues, and expenses in the same month in which the related costs occur.

SECTION III — SIGNIFICANT DEFICIENCY

We consider the following deficiency in the Cooperative's internal control over financial reporting to be a significant deficiency:

- Management had established a reserve to account for inadvertent power that was used to calculate the amount of power that was due to/from the other utilities for the difference between scheduled purchases and sales and actual purchases and sales. This reserve was eliminated during the current year audit as there was no agreement for the repayment nor was there evidence that repayment had occurred.

Management Response: No generally accepted accounting principles (i.e., Accounting Principles Board Opinions or Statements of Financial Accounting Standards) govern this issue. Management established this reserve several years ago. EKPC had always tracked the MWh of inadvertent power, and will continue to do so, but the decision was made to also account for the dollars involved. Apparently, this is not a generally accepted practice among electric utilities, so we will discontinue this practice.

SECTION IV — OTHER CONTROL DEFICIENCIES

We identified the following other control deficiencies involving the Cooperative's internal control over financial reporting as of December 31, 2008 that we wish to bring to your attention:

Internal Control Related

- Finding: During our review of the accounts receivable aging and detail, there were approximately \$382,000 of receivables over 120 days old (excluding credit balances) some of which date back to 2003. In addition, there were approximately \$73,000 worth of credits not applied, some of which date back to 2003.

Recommendation: Management should resolve open items on accounts receivable detail that have aged past 120 days, removing the old items (write-off) and applying the credits as applicable. An allowance and write-off policy should be implemented.

Management Response: Including credit balances, \$296,459.68 of receivables were over 120 days old at year end. Of this amount, \$128,206.79 from Thermal Engineering International for construction work at Spurlock Station was 143 days old and has since been collected. In addition, \$75,415.67 (net of credits) relates to the Energy Management Conference, which was collected in March. This is an annual event that will always have amounts over 120 days old. So, of the \$296,459.68 total, \$203,622.46 relates to two items. Nevertheless, we should still probably write off a few old items. We will review the accounts receivable aging and detail on a quarterly basis and write off those items we deem uncollectible.

- Finding: During the review of the accounts payable aging and detail, we noted there were approximately \$10.3 million of aged payables (excluding debit balances) that related to retainage

deposits on construction projects (with dates ranging from 2004-2007). While it is common practice to record these retainages as payable, the amounts should be reviewed on an ongoing basis for reasonableness.

Recommendation: A payables analysis should be performed at least annually to review all outstanding payable items.

Management Response: The reason retainage was high and over a long period is due to the construction of Spurlock Unit 4, which just became operational on April 1, and two scrubbers. We have released 143 vouchers totaling \$3.2 million in retainage already this year, and we expect more will be paid before the end of the year.

Every month, the open accounts payable trial balance is reconciled to the general ledger in detail and signed off by the General Accounting Supervisor. An in-depth analysis is performed quarterly. Deloitte & Touche did not ask for this documentation during their fieldwork. By the time we provided evidence of these reconciliations and analyses, it was too late to incorporate into this management letter.

- **Finding:** It is our understanding that accrual reconciliations are reviewed on a monthly basis; however, this review was not evidenced by a manual sign-off.

Recommendation: Payroll accrual calculations and reconciliations should be reviewed for accuracy by someone independent of the reconciliation process in a timely fashion. Evidence of this review should exist via a manual sign-off.

Management Response: The payroll accrual calculations are done automatically monthly and reversed the following month. The Accounting Manager does an accrued payroll “true-up” at year end. The automatic payroll accrual calculation will be reviewed and signed off on by the Accounting Manager on a monthly basis.

- **Finding:** During the Winchester physical inventory observation, D&T noted there were inventory items that had not been weighed. Further, we noted the inventory count sheets had the quantity identified prior to the count team’s arrival to the location.

Recommendation: Management should count and weigh all items during the physical inventory. Also, count procedures should be performed blindly (i.e. no counts identified on the count sheets). This will ensure counts are properly performed to verify the accuracy of what is in the system.

Management Response: It is common practice for EKPC’s warehouse employees to “pre-count” certain stock material in an effort to reduce the amount of time it takes to conduct the various inventories. Contrary to Deloitte’s comments, EKPC does conduct blind counts. EKPC is continuing to explore an option to cycle count inventory to improve the entire process. In addition, receiving procedures will be reviewed and strengthened to make certain applicable weights are verified for accuracy prior to issuing a receiving document for payment to a supplier.

Information Technology Related

- **Finding:** The version of PeopleSoft Financials utilized by EKPC is not currently supported by the vendor. The system is stable and mature, and replacement plans are underway, however a risk still exists that support may not be available if system issues were to arise.

Recommendation: Management should consider support options in the event of system issues occurring prior to implementation of a replacement system.

Management Response: EKPC is in the process of evaluating an upgrade or replacement option for PeopleSoft Financials. This decision is expected to be made by June 2009 and, assuming Board approval, it is estimated that Financials would be upgraded or replaced by end of year 2010. EKPC is aware of several consultants with the appropriate skill sets should additional support be needed to maintain the current version until an upgrade or replacement is complete.

- Finding: It was observed that the default Windows Active Directory & Citrix Administrator accounts have their passwords set to never expire. Additionally, the passwords had not been changed in two or more years.

Recommendation: Privileged Windows accounts, unless restricted by system limitations or dependencies, should have their passwords changed on a frequent basis, either consistent with domain account policies or based on a standard to be set by the IT department.

Management Response: We have now changed all default Windows A/D and Citrix Administrator passwords and set to expire after 90 days. These are all unused accounts.

- Finding: A formally documented IT Security policy does not exist for the IT environment. IT Security policies can provide for overall direction of information security to be implemented over application systems, databases, systems software, network and communication software.

Recommendation: Management should consider the development and documentation of a formalized IT Security policy that provides for an overall direction of information security over the entities production financial and operational systems.

Management Response: After the IT portion of the audit, the Deloitte Sr. Manager said this would be a "Value Add" statement and would not be in the management comment letter. We agree a formal IT Security policy has value. IT does have security policies, but they are separate documents rather than all in a single location. We will review our policies and add/change them as appropriate and bring them into one document location.

- Finding: There are two users that have knowledge of the AIX 'root' account password, both Systems Analysts responsible for that system. Currently, those users utilize the delivered Root account to perform system maintenance and administrative function.

Recommendation: It is recommended to limit root usage to the console and direct the system analyst to utilize unique user accounts along with the 'su' command to obtain to root privileges in the system. Use of the 'su' command for Root privileges provides a limited log of when the Root privileges were utilized, which is not available when the Root account is used directly. Management could then review the 'su' log for appropriateness.

Management Response: After the IT portion of the audit, the Deloitte Sr. Manager said this would be a "Value Add" statement and would not be in the management comment letter. We agree and have now limited root access to the system console. Physical access to the console is limited by Data Center card security.

- Finding: Assessment of password control parameters for the PeopleSoft Financials and PeopleSoft HR applications disclosed the following:

- 1) PeopleSoft HR allows for password parameters to be defined, however, they are not currently defined. Password complexity and forced password change are not required.
- 2) When users are created for the PeopleSoft Applications the IT group is responsible for creating a password for the new user. If users are not required forced password change, there is a risk that at least two people may have knowledge of the application passwords.

Password control parameters such as minimum length, expiration period (45 - 90 days), history (6 – 8), complexity, and account lockout features help ensure that access to the system is limited to the appropriate personnel or the specific owners of a user account.

Recommendation: Password expiration at a minimum, along with one more other password parameter should be considered for EKPC systems, where technically feasible.

Management Response: PeopleSoft Financials v. 7.5 does not have the capability for password controls. However, the normal way to access Financials is through Citrix, which does have password control. The password control in Citrix includes a minimum of 7 character password length, a maximum of 5 attempted logins before being locked out, a 90-day expiration, and no re-use of the past 7 passwords.

PeopleSoft HR does allow for password controls and we plan to turn these on. We have started the process by turning on the controls in our test environment, and once satisfied it works properly we will migrate it to production.

- Finding: A default system account password had not been changed on two production databases (Account DBSNMP on both Coal Accounting & Power Billing). Default passwords could be used to compromise system access if not changed or the accounts locked.

Recommendation: Management should research the effect of altering the account default password and determine if risk exist in changing this password. If no risk is identified, action should be taken to either lock the account or change the password.

Management Response: We have now changed all default passwords.

- Finding: Based on review of the Peoplesoft application, we noted the system allows the ability to add, change, and/or delete accounts from the system and to review functional access. D&T noted the correction access functionality is not reviewed on a regular basis (i.e. therefore the controls are in place; however, some parties have the ability to make overriding corrections).

Recommendation: Management should ensure that ‘correction access’ functionality in PeopleSoft is limited to appropriate personnel. In addition, IT Management should assess the level of access granted within the IT group to the PeopleSoft systems annually to ensure that appropriate separation of duties exist within the environment.

Management Response: We will institute an annual review for appropriateness of who has ‘correction access’. This functionality is the only way to display all past history and is needed by some power users and by certain IT support personnel from time-to-time to display all effective dated rows to troubleshoot a process problem caused, for example, by an incorrect date being entered.

- Finding: It was noted that various aspects of AIX and Windows account usage is reviewed, including failed logins. Additionally, controls exist around the valid addition, change, and/or

deletion of user accounts. However, it was noted that a full review of the accounts that exist in either AIX or Windows active directory environment is not performed on an annual or more frequent basis. Execution of this type of review would serve to ensure that all active accounts remain valid. Additionally, incorporating a review of the access to critical spreadsheets or file shares for Windows would help ensure that only authorized individuals have access to sensitive files.

Recommendation: Management should execute a review of both AIX and Windows active directory accounts and this would serve to ensure that all active accounts remain valid. Additionally, incorporating a review of the access to critical spreadsheets or file shares for Windows would help ensure that only authorized individuals have access to sensitive files. Cooperation with the business would be required to execute the review of access to critical spreadsheets and file shares.

Management Response: We have now reviewed the AIX and Windows active directory accounts and determined that they are current and appropriate. A review of directory and subdirectory access is underway. Our procedure for handling departed employees includes a step to immediately disable the accounts of employees whose employment is terminated and to delete their network accounts 30 days after termination.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, Kentucky 40392

We have audited the consolidated financial statements of East Kentucky Power Cooperative, Inc. (the "Cooperative") as of and for the year ended December 31, 2008, and have issued our report thereon dated April 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cooperative's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cooperative's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that one of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Cooperative in a separate letter dated April 10, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. We believe the material weakness described in the accompanying schedule of findings is an instance of noncompliance.

This report is intended solely for the information and use of the Board of Directors, management, the Rural Utilities Service, and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 10, 2009

Schedule of Findings

The following reportable condition was identified during our audit procedures as a material weakness.

- Management did not record the amount of the fuel adjustment charge or environmental compliance cost recovery mechanism surcharge that has been over/under recovered from the Cooperative's members as of December 31, 2007 and 2008 in accordance with FASB Statement 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71). This resulted in a restatement to the 2007 and prior consolidated financial statements and a material audit adjustment to the 2008 consolidated financial statements.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 11

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. Provide a copy of the Company's most recent management and operations audit.

Response 11. A copy of EKPC's most recent management and operations audit report is provided on the attached CD.

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REQUEST 12

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 12. List each proposed pro forma entry which was considered in this filing but not made and state the reason(s) why the entry was not made.

Response 12. There were no pro forma entries considered in this filing but not made.

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REQUEST 13

RESPONSIBLE PERSON: Craig A. Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. Please provide the calculations of the O&M per megawatt hour for each year, 2008 through the most recent month available for 2010. Explain any variances between consecutive years of 10 percent or greater.

Response 13. Please see page 2 of this response. There were no variances in consecutive years of 10% or greater.



O & M Expense per MWh

	Year to Date		
	12/31/2008	12/31/2009	5/31/2010
Total Operation Expenses	\$ 586,754,827	\$ 515,591,438	\$ 224,469,606
Total Maintenance Expenses	57,468,224	54,519,725	18,558,843
Total O&M Expense	\$ 644,223,051	\$ 570,111,163	\$ 243,028,449
MWh Sold	12,957,993	12,580,796	5,688,561
Per MWh	49.72	45.32	42.72
		-8.85%	-5.74%

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REQUEST 14

RESPONSIBLE PERSON: **Craig A. Johnson**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 14. Please provide the date of the next scheduled overhaul for each unit generating unit and the anticipated costs for each such overhaul.

Response 14.

Unit	Year	Estimated Cost*
Dale 1	2019	\$1,500,000
Dale 2	2019	\$1,500,000
Dale 3	2017	\$3,000,000
Dale 4	2016	\$3,000,000
Cooper 1	2019	\$3,500,000
Cooper 2	2012	\$5,000,000 turbine only
Cooper 2	2012	\$6,800,000 generator rewind field and stator
Spurlock 1	2014	\$8,025,000 includes a generator field rewind
Spurlock 2	2018	\$5,525,000
Gilbert	2015	\$5,525,000
Spurlock 4	2019	\$5,525,000
Smith CT 1	2012	\$6,000,000
Smith CT 2	2013	\$6,000,000
Smith CT 3	2014	\$6,000,000
Smith CT 4	2023	\$2,000,000
Smith CT 5	2025	\$2,000,000
Smith CT 6	2026	\$2,000,000
Smith CT 7	2027	\$2,000,000
Smith CT 9	2025	\$3,000,000
Smith CT 10	2025	\$3,000,000

*Cost are in today's dollars.

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REQUEST 15

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 15. Please provide EKPC's most recent asset management plan.

Response 15. Please refer to the response to Request 2 of the Commission Staff's First Data Request in Case No. 2010-00167.

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REQUEST 16

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 16. Please provide all publications, studies and analyses to which each witness refers.

Response 16. Publications, studies and analyses to which each witness refers are provided on the attached CD.

Witness Anthony S. Campbell: Please see the response to the Attorney General's First Data Request, Response 11, for a copy of the most recent management operations audit of East Kentucky Power Cooperative, Inc.

Witness Daniel M. Walker: Please see the CD for the following:

- (1) G&T Trends 2008 - NRUCFC
- (2) G&T Accounting and Finance Directory

Witness Craig A. Johnson: Please see the PSC First Data Request, Response 12, for the MEAGER Study. Please refer to the CD for the 2008 Generating Availability Report (published in 2009).

Witness Ricky L. Drury: Please see the attached CD for the Power Planner (published by Global Insight).

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REQUEST 17

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 17. Please provide the workpapers underlying the testimony and exhibits of each witness in their native format, i.e., if a workpaper was prepared in Excel, please provide it in Excel with all formulae and links intact.

Response 17. The workpapers underlying the testimony and exhibits of each witness are provided on the attached CD. An electronic version of Mr. Eicher's workpapers is provided in the response to Request 1 of Gallatin Steel's First Set of Data Requests.

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ATTORNEY GENERAL’S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 18

RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 18. Please provide an explanation of all items included in the following accounts (by subaccount if any) and provide the appropriate jurisdictional amounts for the year ended 2008, 2009 and through the most recent month available for 2010:

Request 18a. Other Accounts Receivable

Response 18a. Please see table below.

	<u>2008</u>	<u>2009</u>	<u>YTD through 5/31</u> <u>2010</u>
<u>A/C 14301</u> <u>Other Accounts Receivable</u>	\$ 422,216.07	\$ 1,196,396.65	\$ 1,398,573.88
<u>A/C 14304</u> <u>Other Accounts Receivable-Retiree Medical Ins</u>	6,700.36	12,965.29	36,073.78
<u>A/C 14305</u> <u>Other Accounts Receivable-Job Orders</u>	66,436.30	258,792.59	(697,837.59)
<u>A/C 14306</u> <u>Other Accounts Receivable-Retiree Life Ins</u>	554.23	362.22	1,214.59
<u>A/C 14308</u> <u>Other Accounts Receivable-Cobra</u>	35,290.37	39,641.29	45,970.03
<u>A/C 14309</u> <u>Other Accounts Receivable-LTD Other</u>	472.65	105.79	3,723.54
<u>A/C 143098</u> <u>Other Accounts Receivable-AR System Control Acct</u>			(310.00)
<u>A/C 14311</u> <u>Other Accounts Receivable-Benefits Billing</u>	(50,198.23)	(54,381.21)	(66,165.46)
<u>A/C 14312</u> <u>Other Accounts Receivable-Propane Buyout</u>	40,913.88	38,872.74	30,503.07
<u>A/C 14341</u> <u>Other Accounts Receivable-Coop Medical Insurance</u>	565,236.45	(390,524.71)	487,577.43
	<u>\$ 1,089,630.08</u>	<u>\$ 1,104,239.65</u>	<u>\$ 1,239,323.27</u>

Request 18b. Accrued Utility Revenues

Response 18b. EKPC has no activity in this account.

Request 18c. Miscellaneous Deferred Debits

Response 18c. Please see table below.

		YTD through 5/31		
		2008	2009	2010
A/C 18621	Miscellaneous Deferred Debit-Other	\$ -	\$ 6,058,621.11	\$ 7,981,485.70

Request 18d. Miscellaneous current and accrued liabilities

Response 18d. This account includes various current and accrued liabilities not specifically provided for elsewhere. This includes accrued liability for salaries and wages at the end of an accounting period; accrued liability for employees' vacation, holidays and sick leave; and, other accrued liabilities as identified in the subaccounts below:

		YTD through 5/31		
		2008	2009	2010
A/C 24220	Accrued Payroll	\$ (1,557,379.53)	\$ (1,925,485.26)	\$ (945,265.36)
A/C 24230	Accrued Compensated Absences	(1,087,411.64)	(1,205,243.96)	(1,205,243.96)
A/C 24250	Other Current Accrued Liabilities-Savings Bond PR	(400.00)	(400.00)	(400.00)
A/C 24252	Other Current Accrued Liabilities-Un Fund PR	(7,594.96)	(12,861.96)	(9,842.46)
A/C 24254	Other Current Accrued Liabilities-Miscellaneous	(3,000.00)	(703,000.00)	(102,603.21)
A/C 24255	Other Current Accrued Liabilities-401K Loan PR	(3,546.19)	(2,293.01)	(24,557.30)
A/C 24256	Other Current Accrued Liabilities-Homestead	1,200.00	1,200.00	1,200.00
A/C 24257	Other Current Accrued Liabilities-Voluntary Life Ins	(4,448.88)	(4,448.88)	(4,448.88)
A/C 24258	Other Current Accrued Liabilities-ACRE	(3,557.40)	(3,403.40)	(6,109.10)

A/C 24259	Other Current Accrued Liabilities-MetLife	4,396.74	4,396.74	4,396.74
A/C 24260	Other Current Accrued Liabilities-Supplemental Life	-	-	11,617.26
A/C 24262	Other Current Accrued Liabilities-Family AD&D	-	-	1,773.07
		<u>\$ (2,661,741.86)</u>	<u>\$ (3,851,539.73)</u>	<u>\$ (2,279,483.20)</u>

Request 18e. Other Deferred Credits

Response 18e. The subaccount below represents prepayments of power bills by EKPC's members cooperatives. Member systems may make prepayment of power bills up to amounts approximating the short-term borrowing needs of EKPC. Interest is accrued on these balances and paid to the member systems.

		<u>YTD through 5/31</u>		
		<u>2008</u>	<u>2009</u>	<u>2010</u>
A/C 25310	Other Deferred Credit-Member Prepaid	<u>\$ -</u>	<u>\$ (1,385,749.00)</u>	<u>\$ (7,522,844.00)</u>

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REQUEST 19

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 19. Please provide a comparison by month, or if not available, by quarter, of budgeted versus actual retirements for each month of 2008, 2009 and through the most recent month available for 2010. Please explain any significant variations.

Response 19. Salvage values of substation equipment are the only retirements included in the budget. See page 2 for comparison by quarter of budgeted versus actual retirements for each quarter of 2008, 2009 and through May 2010.

EAST KENTUCKY POWER COOPERATIVE, INC.
Actual to Budget Comparison
Retirements

Year	1st Qtr		2nd Qtr		3rd Qtr		4th Qtr	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
2008	383,458	12,456	904,800	12,609	-3,128,602	12,629	582,408	12,927
2009	185,681	13,241	28,721	13,247	-373,280	13,265	827,925	13,524
2010 *	336,444	21,975	69,042	16,821				

* 2nd qtr 2010 budget and actual amounts are for April & May

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REQUEST 20

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 20. For the preceding two years, has the Company sold any property which had formerly been included in Plant Held for Future Use or devoted to utility service? If so, for each sale,

- a. Describe the property sold;
- b. State whether, when and in what manner it had been included in rate base;
- c. Show the details of how the gain or loss was calculated;
- d. Indicate when the sale occurred;
- e. Explain how and whether the Company is amortizing such gain or loss; and
- f. Show how such amortization was computed.

Response 20 a-f. For the preceding two years, EKPC has sold no property which had formerly been included in Plant Held for Future Use. Please see Response 4 for gains/losses on utility property.

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REQUEST 21

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 21. The following questions are related to the Company's policies regarding accounting for CWIP, plant in service and depreciation:

Request 21a. For each item of CWIP which the Company has transferred into utility plant in service for purposes of this filing, has a full 12 months of depreciation expense been included in the cost of service?

Response 21a. Depreciation is calculated beginning with the month an item is transferred into utility plant in service. For the purposes of this filing, for example, if an item was placed in service in September 2009, then a full 12 months depreciation expense and the corresponding accumulated depreciation have been included in the base year. If an item was placed in service in February 2011, then 11 months of depreciation expense and the corresponding accumulated depreciation would be included in the forecasted test year.

Request 21b. For each item of CWIP which the company has transferred into utility plant in service for the purposes of this filing, has an amount representing a full 12 months of depreciation expense been added to the total accumulated depreciation by which rate base is reduced?

Response 21b. Please see Response 21a.

Request 21c. Provide the same information as requested in (b) above for the deferred taxes related to the depreciation timing differences.

Response 21c. Deferred taxes are not applicable to EKPC, as EKPC is tax-exempt under the Internal Revenue Code Section 501(c)(12).

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ATTORNEY GENERAL'S REQUESTS FOR INFORMATION DATED 7/8/10
REQUEST 22

RESPONSIBLE PERSON: **Craig A. Johnson**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 22. For major plant construction projects representing plant additions costing more than \$5 million added during 2006, 2007 and 2008 please state the following:

- a. Description of project.
- b. Any economic feasibility studies done in a relationship to the project.
- c. Any related cost savings achieved as a result of adding the addition.
- d. Whether the project was for replacement, for new growth, environmental, or other.
- e. Description of why the project was necessary.

Response 22a-e. Please see the table on page 2 of this response.

a	b,c,e*	d
Cooper Low Water Mitigation	Case No. 2007-00168	Other
Spurlock 2 Scrubber	Case No. 2005-00417; Case No. 2007-00375	Environmental
Spurlock Unit 4	Case No. 2004-00423	New Growth
Spurlock 1 Scrubber	Case No. 2006-00132	Environmental
Smith-West Garrard Transmission Line	Case No. 2006-00463	New Growth
CT Unit 9	Case No. 2005-00053; Case No. 2006-00564	New Growth
CT Unit 10	Case No. 2005-00053; Case No. 2006-00564	New Growth

*The requested information for parts b, c, and e is found in the case documents for the referenced Certificate of Public Convenience and Necessity Proceedings.

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REQUEST 23

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 23. Explain in detail the Company's procedure for accruing AFUDC and provide examples of AFUDC accrued during 2008, 2009 and through the most recent month available for 2010. Discuss specifically how the Company computes the AFUDC rate, computes AFUDC monthly, adjusts AFUDC for the impact of the Alternative Minimum Tax and for interest that is capitalized for federal income tax purposes. Show examples of each calculation. Also provide references to KPSC Orders which authorize or approve the calculation methods used by the Company.

Response 23. For calendar year 2008 through March 2009, EKPC applied AFUDC to projects costing more than \$100,000 and taking longer than 12-months to construct. The AFUDC rate was the weighted average of all EKPC long-term debt and was applied to the previous months' balance of qualifying projects. Effective with the Order in Case No. 2008-00409, issued March 31, 2009, EKPC began receiving a cash return on Construction Work in Progress and ceased accruing AFUDC. Note that EKPC is a tax-exempt corporation so there is no impact on the Alternative Minimum Tax or federal income tax.

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REQUEST 24

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 24. Identify how much of the Company's materials and supplies balance at May 31 of 2008, 2009 and 2010 are related to construction activities.

Response 24. The balance of materials and supplies at May 31 of 2008, 2009 and 2010 represents materials used for ordinary replacements, operations and maintenance of existing plant. For construction of new generation and transmission facilities, it is EKPC's practice to charge materials used directly to the project when they are ordered. EKPC estimates the following with regard to inventory value.

- 2008 - 30% of the total Inventory Value was used in transmission construction projects
- 2009 - 27% of the total Inventory Value was used in transmission construction projects
- 2010 (to date) - 29% of the total Inventory Value was used in transmission construction projects

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REQUEST 25

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 25. Indicate the number of and expenses related to temporary or seasonal employees included in 2008, 2009 and the forecasted test year jurisdictional expenses.

Response 25. Temporary or Seasonal Employees:

<u>Year</u>	<u>Number of Employees</u>	<u>Expenses</u>
2008	44	\$347,175.77
2009	62	\$596,109.00
2011 Forecasted		
Test Year	80	\$1,032,285.00

The increase in 2011 results from EKPC's plan to hire 9 additional co-op students from Maysville Community College and 9 additional summer students.

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REQUEST 26

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 26. Please provide copies of any studies or analyses prepared by or for the Company since the last rate case regarding the level of the Company's management salaries and hourly wages compared to the management salaries and hourly wages paid by other utilities, service companies, or any other entity.

Response 26. Please see the response to Request 33 of the Commission's Staff's First Data Request.

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REQUEST 27

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 27. Please provide the FICA wage base dollars included in total wages paid for the years ended December 31, 2008 and December 31, 2009.

Response 27. FICA wage base dollars included in total wages paid for 2008 and 2009 are shown below.

	<u>2008</u>	<u>2009</u>
Social Security Wages (box 3)	\$47,205,706	\$50,063,262
Medicare Wages (box 5)	\$48,733,722	\$51,698,505

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REQUEST 28

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 28. Please provide the FICA wage base anticipated for the base and test years and explain its derivation.

Response 28. For the base period months that reflect actual results (September 2009-March 2010) versus budgeted amounts, EKPC is using the IRS FICA wage base of \$106,800. For 2010 and 2011 budgeting purposes, EKPC budgeted a \$110,000 FICA wage base.

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REQUEST 29

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 29. Please provide the percent of wages, employee benefits, overheads by type, employment taxes and other expenses charged to O&M on the basis of labor dollars (by the various labor categories, if possible) for 2008 to date. Please indicate the causes of any differences between the percentages (over 3 percent) from year to year.

Response 29. Please see table below.

	<u>Amounts</u> <u>Charged to</u> <u>O&M</u>	<u>Amounts</u> <u>Charged</u> <u>Elsewhere</u>	<u>TOTAL</u>	<u>Pct.</u> <u>Charged</u> <u>to</u> <u>O&M</u>
Year 2008:				
Wages and Salaries	\$42,224,284.01	\$8,051,415.67	\$50,275,699.68	
Employment Taxes	2,928,115.91	796,173.30	3,724,289.21	
Employee Benefits *	<u>12,975,849.04</u>	<u>3,358,090.76</u>	<u>16,333,939.80</u>	
TOTALS	\$58,128,248.96	\$12,205,679.73	\$70,333,928.69	82.65%
Year 2009:				
Wages and Salaries	\$44,383,730.87	\$8,811,019.85	\$53,194,750.72	
Employment Taxes	3,102,828.76	856,279.23	3,959,107.99	
Employee Benefits *	<u>13,648,094.85</u>	<u>3,787,278.57</u>	<u>17,435,373.42</u>	
TOTALS	\$61,134,654.48	\$13,454,577.65	\$74,589,232.13	81.96%

Five Months Ending May 2010:

Wages and Salaries	\$18,799,712.72	\$2,639,941.16	\$21,439,653.88	
Employment Taxes	1,460,158.42	319,631.56	1,779,789.98	
Employee Benefits *	<u>6,729,626.07</u>	<u>1,510,349.55</u>	<u>8,239,975.62</u>	
TOTALS	\$26,989,497.21	\$4,469,922.27	\$31,459,419.48	85.79%

* Please note that a portion of employee benefits are allocated on the basis of labor hours as opposed to labor dollars. The amounts reported here include all allocated employee benefits.

The increase in the percentage of labor, benefits and employment taxes charged to O&M in 2010 is the result of decreased construction activity relative to that of previous years and has shifted a larger portion of labor back to O&M activities.

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REQUEST 30

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 30. State whether the filing includes any provision for corporate performance awards. If so, list the dollar amount for each program. Identify into which accounts and in what amounts it has been accrued.

Response 30. The filing includes no provision for corporate performance awards.

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REQUEST 31

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 31. Is the Company budgeted any merit increases for 2010-2011?
Also, did EKPC include any general increase in its 2010 and 2011 wage estimates? If so,
please provide the details. If not, please explain why not.

Response 31. Merit Increase budgeted for 2010 -2011: 3.5%
 General Increase in 2010-2011 wage estimates: 0.0%

EKPC no longer grants across the board general increases. Only merit increases based on performance are granted.

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ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 32

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 32. Does overtime include normal pay plus premium or just premium?
Identify the level of premium pay for 2008, 2009 and 2010 to date.

Response 32. EKPC overtime equals time plus one-half.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 33

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 33. Please provide a copy of any Company labor productivity analyses which have been performed during the past three years.

Response 33. EKPC has not performed any productivity analyses during the past three years.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
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REQUEST 34

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 34. Please provide a copy of the Company's most recent pension plan and post-retirement benefits actuarial studies.

Response 34. Please see response Request No. 38 regarding the 2009 postretirement benefits actuarial valuation. An actuarial valuation on EKPC's pension plan is not applicable; please see the response to Request No. 35.

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REQUEST 35

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 35. What rate of interest is the Company currently earning on its pension plan fund balance?

Response 35. EKPC does not have a pension plan fund balance. EKPC participates in the NRECA multi-employer defined benefit pension and defined contribution plans. EKPC pays annual premiums to NRECA for its defined benefit plan, and submits biweekly employee and employer matching contributions for the defined contribution plan. NRECA is responsible for managing all investments for both plans.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
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**ATTORNEY GENERAL’S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 36**

RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 36. Please identify the amount of pension expense included in 2008, 2009, 2010 (to date), and the forecasted test year. Also please provide workpapers showing the derivation of these amounts.

Response 36. Please see the table below.

Pension Expense:

<u>Year</u>	<u>RS Defined Benefit</u>	<u>401k Defined Contribution</u>
2008	\$6,592,065	\$ 879,341
2009	\$7,384,077	\$1,054,136
2010 (Thru May)	\$4,181,059	\$ 557,584
Forecasted Test Year 2011	\$11,330,000 (Excludes DRC)*	\$1,810,000
	\$14,830,000 (Includes DRC)*	

* Debt Reduction Credit (“DRC”) of \$3,500,000 was removed from the test year (Wood Exhibit 1, Schedule 1.15).

EAST KENTUCKY POWER COOPERATIVE, INC.

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REQUEST 37

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 37. Has the Company considered reducing the amount of post retirement health care, dental and life insurance coverage? If yes, provide details of any proposed reductions. If no, provide an explanation of why not.

Response 37. Yes. EKPC has considered and did reduce the cost of post retirement health care and life insurance coverage for retirees with an employment hire date of 01-01-07 and after. Employees hired before 01-01-07 must have at least 10 years of service to receive an employer 50% contribution on retiree medical and life insurance contributions. Employees hired on or after 01-01-07 must have at least 20 years of service to receive the employer 50% contribution on retiree medical and life insurance contributions and these benefits end when the retiree reaches age 65.

EAST KENTUCKY POWER COOPERATIVE, INC.

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REQUEST 38

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 38. Provide a complete copy of any and all actuarial reports prepared by or for the Company during the past three years concerning the cost of post retirement benefits other than pensions.

Response 38. Actuarial reports prepared by Bryan, Pendleton, Swats & McAllister, LLC for East Kentucky Power Cooperative for Postretirement Medical and Life Insurance Programs for 2007, 2008, and 2009 are provided on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
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ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 39

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 39. Post Retirement benefits other than pensions (OPEB)

- a. Please provide complete workpapers showing the derivation of OPEB expense for 2008, 2009, 2010 (to date) and the forecasted test year.
- b. Please show all assumptions and the basis of all calculations.

Response 39a. The derivation of OPEB expense for 2008 and 2009 is included in Table 1 – Life and Medical – of the actuarial reports provided in Response 38. The actuarial firm Bryan, Pendleton, Swats & McAllister, LLC has custody of the workpapers. The actuary provided the expense calculation for 2009 in a letter dated May 26, 2009; a copy is included on page 2 of this response. This 2009 calculated amount was used to budget for 2010 and 2011.

Response 39b. The actuarial assumptions and demographic assumptions and data are shown in Tables 2 and 3, respectively, of the actuarial reports provided in Response 38.



Bryan Pendleton, Swats & McAllister, LLC
A Wells Fargo Company

DAVID L. SHAUB, F.S.A.
PHONE: (615) 665-5309 FAX: (615) 665-5428
EMAIL: David.Shaub@bpsm.com

May 26, 2009

Mr. Graham Johns
Accounting Manager
East Kentucky Power Cooperative, Inc
4758 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Dear Graham:

We have calculated the SFAS 106 expense calculation for 2009. The SFAS 106 expense (NPPBC) for calendar year 2009 is detailed below.

Net Periodic Postretirement Benefit Cost (NPPBC)	<u>2009</u>
Service Cost	\$ 1,185,048
Interest Cost	2,633,281
Amortization of (Gains)/Losses	<u>(263,489)</u>
Total	\$ 3,554,840

This expense should replace the previous estimate provided in February. The information provided in this letter is based on the results of our 2009 actuarial valuation of the postretirement medical and life insurance plans.

Graham, please give us a call if you have any questions.

Sincerely,

David L. Shaub, F.S.A.
Principal and Consulting Actuary

Tommy Axford, A.S.A., E.A.
Consulting Actuary

g:\5---\8--\49\2009\2009 sfas 106 expense letter doc

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 40

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 40. List expense amounts for workers compensation insurance and claims for each year 2008 to date. Indicate in which expense accounts these items are recorded.

Response 40. Please see the table below.

WORKERS' COMPENSATION
INSURANCE & CLAIMS EXPENDITURES
2008-2010

Year	Amounts
2008	\$557,731
2009	\$689,836
2010 (thru May 31)	\$227,794

This includes all payments as follows:

1. TPA Payments
2. In-House Payments
3. State Fund
4. Excess Workers Compensation Insurance Policy
5. Annual TPA Service Fee
6. Other Adjustments

Note: (Item Nos. 1-2 charged to Account 925; Item Nos. 3-6 charged to Account 926.)

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS**

**ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 41**

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 41. Please state whether any amounts have been booked during the test year by the Company for the liability created pursuant to any employment severance compensation agreements.

Response 41. No amounts have been included in the test year for any liability created pursuant to any employment severance compensation agreement.

EAST KENTUCKY POWER COOPERATIVE, INC.
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RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 42

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 42. Please list all steps the Company has taken to reduce the cost of medical insurance.

- a. Does the Company's insurance coverage require a coordination of benefits and, if so, how does it function?
- b. Does the Company plan require a co-pay percentage by the employee? If so, what is the percentage and has it increased over the past three years? State the various levels over the past three years.

Response 42a. Yes, EKPC requires a coordination of benefits. Spouses who work must enroll in their employer's insurance plan and EKPC's plan will pay secondary or their medical benefits will be limited to \$1500 plus deductible maximum or \$1900.

Response 42b. Yes, EKPC requires a co-pay percentage from employees. Employees pay 10% for single and 15% for dependents. The percentage is based on the funding required for each employee. The medial plan is self-funded, so if EKPC's cost increases the employee contribution will also increase. The cost containment provisions and plan procedures are provided on page 2 of this response.

Cost containment provisions and plan procedures are:

1. Increased individual deductible from \$250 to \$300 and family deductible from \$750 to \$900 per year effective 01-01-07.
2. Effective 01-01-07, increased drug co-pays on retail (34 days supply) from \$5.00 generic to \$10.00 and Brand from \$25.00 to \$25.00 for Formulary Brand and \$40 for Non-Formulary brand. Changed mail order (90 day supply) from 1-month co-pay to two months co-pay.
3. Employee contributions are required effective 01-01-07. Employees pay 10% for single and 15% for dependents.
4. Step therapy for Proton Pump Inhibitor (“PPI”) drugs was implemented effective 01-01-08.
5. Specialty meds with \$100 co-pay per month with a separate annual out-of-pocket maximum requiring pre-authorization was implemented effective 01-01-08.
6. Spouses who work must enroll in their employer’s insurance plan and EKPC’s plan will pay secondary or their medical benefits will be limited (existing policy).
7. EKPC automatically enrolls eligible retirees and retiree spouses into a Medicare D plan. The Medicare D plan pays first and EKPC’s plan pays secondary. This was implemented 01-01-06.
8. Pay 100% of OTC PPI and 80% of OTC Non-sedating antihistamines to encourage the use of OTC drugs.
9. Employees hired after 01-01-07 must have 20 years of service to receive a 50% employer contributions on retiree medical premiums and can only stay in medial plan up to age 65. Employees hired before 01-01-07 must have 10 years of service to receive a 50% employer contributions on retiree medical premiums.
10. Changed PPO network from CHA to United Health that increased provider discounts from approximately 30% in savings to approximately 45% in savings (Projected annual savings \$2,320,000).
11. Through negotiations, reduced Stop loss insurance.
12. Incorporated Optum Health Transplant Solutions to receive deeper discounts on transplants.
13. Prescription Audit approved for 2010.
14. Implemented disease management program in 2010.
15. Changed LTD carrier and reduced annual expense by \$250,000 for 2007 and thereafter.
16. EKPC implemented a company wide wellness program effective 01-01-09.
17. The KREC plan is self-funded which eliminates insurance company profits and plan reserves, which reduces overall plan costs by approximately 20%.

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ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 43

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 43. List each athletic and employee association to which the Company contributes, the associated amounts for the test year and preceding year and the accounts charged. State how the Company has treated these expenses in the test year.

Response 43. EKPC has budgeted \$19,000 for Employee Recreation Activities in the test year. For calendar year 2009, EKPC spent \$19,000 for Employee Recreation Activities. These expenses were charged to account 92600, then cleared to various operating accounts based on straight time labor hours. This money is paid to the East Kentucky Employees Association to fund various social activities such as picnics and Santa parties. These expenditures were removed from the test year (Wood Testimony, Wood Exhibit 1, Schedule 1.15).

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REQUEST 44

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 44. List the dollar value of discounts for service and merchandise the Company provides to employees. Provide for the test year. Show in what accounts and amounts such expense was recorded. What employees are eligible to receive such discounts?

Response 44. EKPC's offers no discounts for services and merchandise to employees.

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ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 45

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 45. List all Company owned automobiles, other than service vehicles, and state the Company's policy for charging employees for the personal use of these automobiles and the Company policy of reporting the personal usage of these automobiles for Federal income tax purposes.

Response 45. A list of all Company-owned general use vehicles (automobiles, pick-ups, SUVs, vans, and light trucks) is shown on pages 3 through 6 of this response. Service vehicles, including medium-duty and heavy-duty trucks, tractors, trailers, power operated equipment, and heavy equipment are not shown.

EKPC Administrative Policy and Procedure No. A004 (Transportation – Assigned Vehicles) is enclosed on pages 7 through 12 of this response. This policy states that, except for the vehicle assigned to the President and CEO, personal use of a company vehicle is prohibited.

In some instances, employees may be permitted to drive their assigned vehicles to and from work with overnight storage at their place of residence. The use of a business vehicle to commute to and from work is taxed in accordance with IRS regulations regarding taxable fringe benefits.

For commuting benefits not excluded by law, the IRS has three special valuation rules that relate to automobile usage:

- Cents-Per-Mile Rule
- Commuting Rule
- Annual Lease Value Rule

The President and CEO must use the Annual Lease Value Rule. All other employees driving company-owned vehicles use the Commuting Rule. Under this rule, the employer determines the commuting value by multiplying each one-way commute (from home to work or vice versa) by \$1.50.

EAST KENTUCKY POWER COOPERATIVE
CURRENT VEHICLE LIST

EK #	CUSTODIAN	DEPT	BU	LOC	REG MTH	REG NTH	REG QNTY	YR	MAKE	MODEL	TYPE	ENG	DIESEL	GVW	CLASS	LIC #	VIN	RATE	ASSET #
328	TWITCHELL, J	110	PD	WIN	03	025/00	2004	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08054BZA	411BF28B340353951	0.22	00117519	
352	EMMES, D	020	FIN	WIN	03	025/00	2004	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08055BZA	411BF28B44U357183	0.22	00120035	
355	JOHNSON, C	170	CON	WIN	03	025/00	2004	CHEV	IMPALA	SEDAN	3.4	N	6,000	1 - AUTO	08056BZA	2G1WF52E549362408	0.22	00120045	
356	STILL, B	041	CS	WIN	03	025/00	2005	TOYO	CAMRY	SEDAN	2.4	N	6,000	1 - AUTO	08057BZA	4T1BE32K05U017418	0.22	00120920	
357	DRAKE, S	069	ENV	WIN	03	025/00	2005	CHEV	IMPALA	SEDAN	3.4	N	6,000	1 - AUTO	08058BZA	2G1WF52E5E859166383	0.22	00121193	
364	PURVIS, J	172	PROD	WIN	03	025/00	2005	FORD	TAURUS	SEDAN	3.0	N	6,000	1 - AUTO	08059BZA	1FAPP53095A310768	0.22	00122069	
372	STILL, B	041	CS	WIN	03	025/00	2005	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08060BZA	4T1BK36B25U021929	0.22	00121197	
373	STILL, B	041	CS	WIN	03	025/00	2005	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08061BZA	4T1BK36B05U024243	0.22	00121670	
379	LITRELL, J	069	CS	WIN	03	025/00	2005	FORD	TAURUS	STN WGN	3.0	N	6,000	1 - AUTO	08062BZA	1FAHP58205A222000	0.22	00122139	
385	STILL, B	041	CS	WIN	03	025/00	2006	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08550CAZ	4T1BK36B66U114868	0.22	00122920	
386	STILL, B	041	CS	WIN	03	025/00	2006	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08260ADY	4T1BK36B26U106587	0.22	00122918	
387	STILL, B	041	CS	WIN	03	025/00	2006	TOYO	AVALON	SEDAN	3.5	N	6,000	1 - AUTO	08261ADY	4T1BK36B76U107881	0.22	00122917	
388	CUNNINGHAM, H	122	PD	WIN	03	025/00	2006	CHEV	IMPALA	SEDAN	3.5	N	6,000	1 - AUTO	08175ATT	2G1WT58K469222553	0.22	00122849	
389	SHARP, B	122	PD	WIN	03	025/00	2006	CHEV	IMPALA	SEDAN	3.5	N	6,000	1 - AUTO	08218ATT	2G1WT58K669118050	0.22	00122850	
390	MURREY, B	122	PD	WIN	03	025/00	2006	DODG	CHARGER	SEDAN	3.5	N	6,000	1 - AUTO	08274BZA	2B3KA43GX6H413135	0.22	00123080	
422	STILL, B	043	HR	WIN	03	025/00	2009	FORD	FUSION	SEDAN	6.0	N	6,000	1 - AUTO	08930K9Z	3FAHP07199R106821	0.22	00140412	
1	CAMPBELL, A	015	EXEC	WIN	03	025/00	2009	FORD	EXPEDITION	SUV	8.0	N	10000	2 - LTR	08199K9A	1FMFU16539EA97052	0.30	00140492	
26	NEAL, J	145	PD	WIN	03	025/00	1999	FORD	F250	4X4 EXT CAB	7.3	Y	10,000	2 - LTR	08260950	1FTWW21F5XEAE91590	0.30	00000033	
35	CURTIS, M	605	PROD	PEND LF	03	025/00	1999	FORD	F250	4X4 EXT CAB	6.8	N	10,000	2 - LTR	08260949	1FTNX21S1XEAE7437	0.30	00000042	
51	LOVELL, T	300	PROD	COOP	03	100/00	1996	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08266479	1FTEF15N97LB65515	0.30	00000058	
89	MORRIS, L	160	CON	SPUR	03	081/00	1996	FORD	F150	PICKUP	302	N	10,000	2 - LTR	08152977	1FTEF15N77LB65514	0.30	00000094	
127	MORRIS, L	170	CON	SPUR	03	081/00	1997	FORD	EXPLORER	SUV	4.6	N	6,000	2 - LTR	08560CMG	1FMDUJ35P0VJUC64537	0.30	00000119	
133	FERGUSON, E	500	PROD	SMITH	03	025/00	1994	CHEV	C20	PICKUP	4.6	N	10,000	2 - LTR	08260945	1GCFK24K7RZ258701	0.30	00000123	
182	PATRICK, L	200	PROD	DALE	03	025/00	1993	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08260943	1FTDF15NXPJA42131	0.30	00000155	
185	BOWLING, L	200	PROD	DALE	03	025/00	1994	CHEV	1500	PICKUP	5.3	N	10,000	2 - LTR	08260942	1GCEK14H7RZ208035	0.30	00000175	
208	MERRITT, R	300	PROD	COOP	03	025/00	1999	FORD	F150	4X4 EXT CAB	4.6	N	10,000	2 - LTR	08260939	1FTRX18W2XNA74440	0.30	00000199	
219	FOSTER, G (TO BE SOLD)	300	PROD	COOP	03	100/00	1999	CHEV	TAHOE	SUV	5.7	N	6,000	2 - LTR	08643FVW	3GNEK18R9XG190743	0.30	00100339	
220	REED, R (TO BE SOLD)	300	PROD	COOP	03	100/00	1999	CHEV	TAHOE	SUV	5.7	N	6,000	2 - LTR	08642FVW	3GNEK18R9XG167979	0.30	00100345	
225	KIEDA, R	400	PROD	SPUR	03	081/00	1999	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152984	2FTRX18W2XCA76825	0.30	00100386	
231	PLAYFORTH, D	069	CS	WIN	03	025/00	1999	FORD	WINDSTAR	VAN	3.8	N	6,000	2 - LTR	03E14083	2FMZA5142XBB70741	0.30	00100382	
240	EDWARDS, T	160	CON	WIN	03	025/00	2000	FORD	EXPLORER	SUV	4.0	N	10,000	2 - LTR	08260936	1FMDU74E2YUAG8234	0.30	00100644	
241	SCHOOLSCRAFT, T	300	PROD	COOP	03	100/00	2000	CHEV	1500	PICKUP	5.3	N	10,000	2 - LTR	08266481	1GCEK19V0Y0E133733	0.30	00100783	
243	PATRICK, L	200	PROD	DALE	03	025/00	2000	CHEV	2500	PICKUP	5.7	N	10,000	2 - LTR	08260935	1GCGK24R0YR106209	0.30	00102869	
252	RICKER, S	171	PD	WIN	03	025/00	2000	CHEV	TAHOE	SUV	5.3	N	6,000	2 - LTR	08049BZA	1GNEK1377YJ118944	0.30	00102949	
259	TEMPLETON, F	601	PROD	GRNV LF	03	025/00	2000	CHEV	BLAZER	SUV	4.3	N	10,000	2 - LTR	08269221	1GNDT13W8Y2289182	0.30	00000371	
260	WEIGOTT, B	400	PROD	SPUR	03	081/00	2000	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152985	1FTRF17W2YNB80926	0.30	00104016	
261	PFEFFER, C	400	PROD	SPUR	03	081/00	2000	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152986	1FTRF17W0TNB80925	0.30	00104015	

7/12/2010
3:16 PM

EAST KENTUCKY POWER COOPERATIVE
CURRENT VEHICLE LIST

EK #	CUSTODIAN	DEPT	BU	LOC	REG	INTH	CNTY	YR	MAKE	MODEL	TYPE	ENG	DIESEL	GVW	CLASS	LIC #	VIN	RATE	ASSET #
262	MAYFIELD, R	400	PROD	SPUR	03	081/00	2000	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152987	1FTRF7W9YNB80924	0.30	00104014	
263	STANFIELD, J	121	PD	WIN	03	025/00	2000	FORD	F250	4X4 EXT CAB	7.3	Y	10,000	2 - LTR	08260932	1FTNX21F0YED43728	0.30	00103993	
277	TEGGE, B	092	CS	WIN	03	025/00	2001	FORD	WINDSTAR	VAN	3.8	N	10,000	2 - LTR	08260928	2FMZA51431BA10505	0.30	00108141	
279	MONEYHON, M	160	PROD	CONST	03	025/00	2002	FORD	EXPLORER	SUV	4.0	N	10,000	2 - LTR	08260927	1FMZ073E62UA20031	0.30	00108830	
288	ROWLAND, B	602	PROD	LAUR LF	03	025/00	2002	FORD	EXPLORER	SUV	4.0	N	6,000	2 - LTR	08053BZA	1FMZU73E32UA77584	0.30	00109467	
289	BOYD, R	121	PD	WIN	03	025/00	2001	FORD	F250	4X4 EXT CAB	7.3	Y	10,000	2 - LTR	08260926	3FTNX21F71MA87166	0.30	00109470	
291	LUTES, K	082	PROD	WIN	03	081/00	2002	FORD	EXPLORER	SUV	4.6	N	6,000	2 - LTR	08551CMG	1FMZU73W92UB25395	0.30	00109527	
294	VOLTZ, T	400	PROD	SPUR	03	081/00	2002	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152995	1FTRX17W02NA38840	0.30	00109626	
296	ORZO, T	037	CS	SPUR	03	081/00	2002	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08260923	1GCHK29U42E294605	0.30	00112839	
298	JONES, J	603	PROD	BAV LF	03	025/00	2002	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08368697	1GNDT13S22530326	0.30	00112839	
299	KIDD, W	174	CP	WIN	03	025/00	2002	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260921	1GNDT13S122530326	0.30	00112842	
300	KIEDA, R	400	PROD	SPUR	03	081/00	2003	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08152988	1FTRF17W23NA93374	0.30	00113722	
301	PFEFFER, C	400	PROD	SPUR	03	081/00	2003	FORD	F150	PICKUP	4.6	N	10,000	2 - LTR	08266624	1FTRF17W43NA93375	0.30	00113723	
304	BRANSCUM, W	142	PD	BURN	03	100/01	2003	CHEV	2500HD	4X4 EXT CAB	8.1	N	10,000	2 - LTR	08260918	1GCHK29G43E208401	0.30	00113728	
306	ROSE, P	144	PD	WIN	03	025/00	2003	CHEV	2500HD	4X4 EXT CAB	8.1	N	10,000	2 - LTR	08260918	1GCHK29G3E219094	0.30	00113795	
307	LOVELL, T	300	PROD	COOP	03	100/00	2003	CHEV	2500	PICKUP	5.7	N	10,000	2 - LTR	08266482	1GCHK23U63F108695	0.30	00113637	
308	MCDONALD, J	061	CS	WIN	03	025/00	2003	HOND	ODYSSEY	VAN	3.5	N	10,000	2 - LTR	08260917	2HKRL18563H601650	0.30	00113726	
310	SPANGER, D	131	PD	WIN	03	025/00	2003	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260916	1GNDT13S432387003	0.30	00114637	
311	HAYES, J	090	PD	WIN	03	025/00	2003	CHEV	1500	4X4 EXT CAB	5.3	N	10,000	2 - LTR	08260915	1GCEK19163E58429	0.30	00114654	
315	CAUDILL, A	122	PD	WIN	03	025/00	2003	CHEV	SUBURBAN	SUV	8.1	N	10,000	2 - LTR	08260913	3GNHG26G03G259523	0.30	00114655	
317	MAYFIELD, R	400	PROD	SPUR	03	081/00	2003	CHEV	1500	PICKUP	5.3	N	10,000	2 - LTR	08152990	1GCEC14VX32337056	0.30	00114638	
318	HEDGECOCK, L	400	PROD	SPUR	03	081/00	2003	CHEV	1500	PICKUP	5.3	N	10,000	2 - LTR	08152991	1GCEC14V032345313	0.30	00114646	
319	BLACKWELL, K	121	PD	WIN	03	025/00	2003	CHEV	2500HD	4X4 EXT CAB	6.6	Y	10,000	2 - LTR	08260912	1GCHK23123F249608	0.30	00114656	
322	WATSON, G	043	CS	SPUR	03	081/00	2003	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260910	0GNDT13S332323664	0.30	00114418	
324	SETTLER, J	172	PD	WIN	03	025/00	2003	CHEV	TRAILBLAZER	SUV	4.2	N	6,000	2 - LTR	084624BC	1GNDT13S632355606	0.30	00114643	
325	STILL, B	041	CS	WIN	03	025/00	2003	HOND	ODYSSEY	VAN	3.5	N	6,000	2 - LTR	03E76626	5FNRL185X3B109687	0.30	00114653	
329	ALLEN, B	122	PD	WIN	03	025/00	2004	FORD	F250	4X4 EXT CAB	6.0	Y	10,000	2 - LTR	08260908	1FTNX21P64EB74754	0.30	00117591	
330	SETTLER, J (OUT OF SERV)	172	PROD	WIN	03	025/00	2004	CHEV	TAHOE	SUV	5.3	N	6,000	2 - LTR	084623BC	1GNEK13Z34J209014	0.30	00117592	
331	GILL, S	160	PROD	CONST	03	025/00	2004	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260907	1GND1135642155407	0.30	00117590	
332	HORN, M	174	CP	COAL	03	025/00	2004	CHEV	TAHOE	SUV	5.3	N	10,000	2 - LTR	08260906	1GNEK13Z74J208495	0.30	00117593	
333	BERRY, D	069	CS	WIN	03	025/00	2004	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08241655	0GNDT13S442352348	0.30	00117864	
334	COMBS, J	143	PD	CRITT	03	041/00	2004	GMC	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08241655	1GTHK23J04F187606	0.30	00119013	
335	LOWERY, E	142	PD	BURN	03	100/01	2004	GMC	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08266626	1GTHK23J04F187606	0.30	00118832	
336	MCKINNEY, G	144	PD	WIN	03	025/00	2004	FORD	F250	4X4 EXT CAB	6.0	Y	10,000	2 - LTR	08260904	1FTNX21P94EC08279	0.30	00117865	
337	SHAFFER, J	142	PD	BURN	03	100/01	2004	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08266627	1GCHK29U24E341505	0.30	00119004	
338	SPARKS, J	142	PD	BURN	03	100/01	2004	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08266628	1GCHK29U54E343559	0.30	00118840	
340	MCKINNEY, EVERETT	122	PD	WIN	03	025/00	2004	CHEV	1500	4X4 EXT CAB	5.3	N	10,000	2 - LTR	08260903	1GCEK191TX4Z327462	0.30	00119007	

7/12/2010
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EAST KENTUCKY POWER COOPERATIVE
CURRENT VEHICLE LIST

Description																			
EK #	CUSTODIAN	DEPT	BU	LOC	REG	INTH	CNTY	YR	MAKE	MODEL	TYPE	ENG	DIESEL	GVW	CLASS	LIC #	VIN	RATE	ASSET #
344	POER, M	121	PD	WIN	03	025/00	2004	CHEV	2500HD	4X4 EXT CAB	6.6	Y	10,000	2 - LTR	08260900	1GCHK29224E337372	0.30	00118836	
346	CZAJKOWSKI, T	090	PD	WIN	03	025/00	2004	CHEV	1500	4X4 EXT CAB	5.3	N	10,000	2 - LTR	08260898	1GCEK191744Z322189	0.30	00119006	
347	VARNER, T	032	CS	WIN	03	025/00	2004	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08260897	1GCHK29U54E362607	0.30	00119010	
349	CARROLL, B	123	PD	WIN	03	025/00	2004	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260896	1GNDT13S042348569	0.30	00118839	
350	SPARKS, J	142	PD	BURN	03	100/01	2004	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08266629	1GCJL23U04F245441	0.30	00119011	
358	JONES, T	604	PROD	HARDIN LI	03	025/00	2005	CHEV	SILVERADO	4X4 EXT CAB	4.8	N	10,000	2 - LTR	08260895	1GCEK19205Z193499	0.30	00121005	
359	CAUDILL, COLETTE	200	PROD	DALE	03	025/00	2005	CHEV	1500	PICKUP	5.3	N	10,000	2 - LTR	08260894	2GCEK13751235826	0.30	00121007	
360	LUTES, K	082	PROD	WIN	03	025/00	2005	CHEV	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260893	1GNDT13S752192502	0.30	00122138	
361	FERGUSON, E	500	PROD	SMITH	03	025/00	2005	FORD	F150	4X4 EXT CAB	5.4	N	10,000	2 - LTR	08260892	1FTRF145X5NA96795	0.30	00122081	
362	SPANGLER, D	131	PD	WIN	03	025/00	2005	CHEV	2500HD	4X4 EXT CAB	6.0	N	10,000	2 - LTR	08260891	1GCJHK29U55E296139	0.30	00121779	
363	SPANGLER, L	144	PD	WIN	03	025/00	2005	CHEV	2500HD	4X4	6.0	N	10,000	2 - LTR	08260890	1GCHK24U05E293690	0.30	00121782	
365	SMITH, K	300	PROD	COOP	03	100/00	2005	CHEV	2500	PICKUP	6.0	N	10,000	2 - LTR	08265483	1GCHK23075F946737	0.30	00121784	
366	SHIPP, J	160	CON	SPUR	03	081/00	2005	FORD	EXPLORER	SUV	4.8	N	10,000	2 - LTR	08152992	1FMZL73W65UB13080	0.30	00122070	
367	RANDOLPH, J	143	PD	CRITT	03	041/00	2005	CHEV	2500HD	4X4 EXT CAB	6.6	Y	10,000	2 - LTR	08241656	1GCHK29205E289453	0.30	00122079	
368	SHEARER, V	043	CS	WIN	03	025/00	2005	CHEV	1500	4X4	3.5	N	10,000	2 - LTR	08260889	2GCEK137551356645	0.30	00121780	
369	KIEDA, R	400	PROD	SPUR	03	081/00	2005	CHEV	1500	PICKUP	4.3	N	10,000	2 - LTR	08152993	1GCEC14V852315835	0.30	00121784	
370	PFEFFER, C	400	PROD	SPUR	03	081/00	2005	CHEV	1500	PICKUP	4.3	N	10,000	2 - LTR	08152994	2GCEK137951354932	0.30	00121785	
371	DICKERSON, E	141	PD	BARD	03	090/00	2005	CHEV	2500HD	4X4 EXT CAB	8.1	N	10,000	2 - LTR	08154419	1GCHK23G25F945716	0.30	00121674	
377	WILLIAMS, G	172	PROD	WIN	03	025/00	2005	FORD	TRAILBLAZER	SUV	4.2	N	10,000	2 - LTR	08260888	1GNDT13S952143155	0.30	00122751	
381	BARNES, J	122	PD	WIN	03	025/00	2006	CHEV	F250	4X4 EXT CAB	6.0	Y	10,000	2 - LTR	08260887	1FTXS21P46EB35098	0.30	00122750	
382	ADAMS, W	122	PD	WIN	03	025/00	2006	FORD	F250	4X4 EXT CAB	6.0	Y	10,000	2 - LTR	08260886	1FTXS21P66EB35099	0.30	00122851	
384	CHEVRONT, A	125	PD	BURN	03	100/01	2006	CHEV	2500HD	4X4 EXT CAB	8.1	N	10,000	2 - LTR	08266630	1GCHK29G66E189712	0.30	00122962	
391	DRAKE, S	140	PD	WIN	03	041/00	2006	FORD	EXPLORER	SUV	4.0	N	10,000	2 - LTR	08396903	1FMEU72E36UA76367	0.30	00122961	
392	MORRIS, L	200	PD	DALE	03	025/00	2006	FORD	EXPLORER	SUV	4.0	N	10,000	2 - LTR	08396904	1FMEU72E86UA42179	0.30	00122965	
394	STEWART, B	172	PROD	SMITH	03	025/00	2006	CHEV	TRAILBLAZER	SUV	4.2	N	6,000	2 - LTR	08118CMT	1GNDT13S762160361	0.30	00122964	
395	PETREY, L	172	PROD	SMITH	03	025/00	2006	CHEV	TRAILBLAZER	SUV	4.2	N	6,000	2 - LTR	08119CMT	1GNDT13S062180077	0.30	00124309	
397	CONLEY, G	142	PD	BURN	12	100/01	2006	FORD	EXPLORER	SUV	4.0	N	6,000	2 - LTR	08622DZD	1FMEU73E86UA95656	0.30	00127000	
405	BINKLEY, M	172	PROD	WIN	03	025/00	2008	FORD	RANGER	4X4		N	10,000	2 - LTR	08425469	1FTYR15E08PA29021	0.30	00127261	
406	TURNER, B	090	PD	WIN	03	025/00	2008	CHEV	1500	EXT CAB		N	10,000	2 - LTR	08428130	1GCEK19C88Z189605	0.30	00139168	
410	HUMPHREY, G	122	PD	WIN	04	025/01	2008	CHEV	2500	4X4 EXT CAB	6.6	Y	10,000	2 - LTR	08442074	1GCHK29608E147868	0.30	00139165	
411	CARRINGTON, G	142	PD	BURN	05	100/01	2008	CHEV	2500	4X4 EXT CAB	6.6	Y	10,000	2 - LTR	08442075	1GCHK29678E198896	0.30	00139166	
440	HUFF, E	174	CP	COAL	03	025/00	2009	CHEV	SILVERADO	1500 4WD CREW CA	8.0	N	7,000	2 - LTR	08460472	3GCEK13C19G123794	0.30	00139326	
414	PATRICK, T	090	PD	WIN	03	025/00	2008	CHEV	1500	4WD EXT CAB TRUC	8.0	N	10,000	2-LTR	08442131	1GCEK19148Z298304	0.30	139327	
415	MITCHELL, D	160	CONS	WIN	03	025/00	2008	CHEV	TRAILBLAZER	SUV TRAILBLAZER	4.2	N	10,000	2-LTR	08458435	1GNDT13S782244196	0.30	139886	
416	CHRISTOPHER, D	131	PD	WIN	03	025/00	2009	FORD	F350	4X4 EXT CAB	8.0	N	10,000	2-LTR	08456233	1FTWX31569EA27057	0.30	139887	
417	OWENS, D	131	PD	WIN	03	025/00	2009	FORD	F350	4X4 EXT CAB	8.0	N	10,000	2-LTR	08456234	1FTWX31549EA26859	0.30	139903	
418	HARRISON, A (JUNKED)	131	PD	WIN	03	025/00	2009	FORD	F350	4X4 SUPER CAB	8.0	N	10,400	2-LTR	08477208	1FTWX31569EA60947	0.30	139903	

EAST KENTUCKY POWER COOPERATIVE
CURRENT VEHICLE LIST

EK #	CUSTODIAN	DEPT	BU	LOC	REG	MTH	CNTY	YR	MAKE	MODEL	TYPE	ENG	DIESEL	GVW	CLASS	LIC #	VIN	RATE	ASSET #
423	PEPPER, C	400	PROD	SPUR	03	081/00	2006	CHEV	CC25943	2X2 CREW CAB	8.0	N	5,711	2-LTTR	08486514	1GCHC23U76F187957	0.30	140035	
424	DYE, D	090	PD	WIN	03	025/00	2009	FORD	F150	4X4 SUPERCAB	8.0	N	7,200	2-LTTR	08477206	1FTPX14V89KA70191	0.30	140032	
425	SHELTON, H	400	PROD	SPUR	03	081/00	2009	FORD	F150	4X2 REGULAR CAB	8.0	N	6,750	2-LTTR	08477207	1FTRF12W29KB25869	0.30	140033	
426	SETTLER, J	172	PROD	WIN	03	025/00	2009	FORD	F150	4X4 SUPERCAB	8.0	N	6,850	2-LTTR	08477219	1FTRX14W99FB08553	0.30	00140111	
427	HAMILTON, R	090	HR	WIN	03	025/00	2009	FORD	F150	4X4 SUPERCAB	8.0	N	6,850	2-LTTR	08477220	1FTRX14W09FB08555	0.30	00140113	
428	SETTLER, J	172	PROD	WIN	03	025/00	2009	FORD	F150	4X4 SUPERCAB	8.0	N	6,850	2-LTTR	08477221	1FTRX14W99FB08554	0.30	00140106	
429	DANIEL, A	144	PD	WIN	03	025/00	2009	FORD	F250	4X4 SUPERCAB	8.0	N	6,232	2-LTTR	08477213	1FTSX215X9EA93927	0.30	00140110	
430	SIMPSON, K	141	PD	BARD	03	090/00	2009	FORD	F250	4X4 SUPERCAB	8.0	N	10,000	2-LTTR	08477218	1FTSX21599EA93929	0.30	00140036	
431	BOYD, V	141	PD	BARD	03	090/00	2009	FORD	F350	4X4 SUPERCAB	8.0	N	7,182	2-LTTR	08477212	1FDW31R69EA93929	0.30	00140115	
435	ROBERSON, L	172	PROD	WIN	03	25/00	2009	FORD	EXPLORER	SUV	6.0	N	4,467	2-LTTR	08187JYH	1FMEU73E19UA37314	0.30	00140102	
436	FURBY, R	172	PROD	SMITH	03	025/00	2009	FORD	F150	4X4 SUBPERCAB	8.0	N	5,164	2-LTTR	08477215	1FTRX14W59FB08552	0.30	00140114	
437	DRURY, R	123	PD	WIN	03	025/00	2009	FORD	EXPLORER	XLT 4X4	6.0	N	4,467	2-LTTR	08189JYH	1FMEU73E19UA37313	0.30	00140413	
438	STILL, B	043	HR	WIN	03	025/00	2009	FORD	EXPLORER	XLT 4X4	6.0	N	4,467	2-LTTR	08492085	1FMEU73E19UA36758	0.30	00140112	
441	KENNEDY, B	082	PROD	WIN	03	025/00	2009	FORD	F150	1/2T PICKUP EXT CA	3.6	N	10,000	2-LTTR	08492125	1FTRX14W99RC90201	0.30	00140111	
444	PLAYFORTH, D	069	CS	WIN	03	025/00	2010	CHEV	TRAVERSE	CROSSOVER	2.5	N	6,000	2-LTTR	080678DB	1GNLREED3AJ237144	0.30	00140112	
445	HOHMAN, J	064	CS	WIN	03	025/00	2010	FORD	ESCAPE	SUV	6.7	Y	10,000	2-LTTR	080680DB	1FT7X3BT2BEA42016	0.30	00140114	
446	STANFIELD, J	121	PD	WIN	03	025/00	2011	FORD	F350	4X4; EXTENDED CA	7.7	Y	10,000	2-LTTR	080681DB	1FT7X3BT4BEA42017	0.30	00140413	
447	BOYD, R	121	PD	WIN	03	025/00	2011	FORD	F350	4X4; EXTENDED CA	4.0	N	6,000	2-LTTR	08504424	1FMEU7DE7AJA65698	0.30	00140112	
448	ELKINS, D	400	PROD	SPUR	03	081/00	2010	FORD	EXPLORER	4X4; SUV	4.6	N	6,900	2-LTTR	080675DB	1FTEX1E6W6AFC53181	0.30	00140112	
449	LUTES, K	082	PROD	WIN	03	025/00	2010	FORD	F150	4X4; EXTENDED CAE	4.6	N	7,150	2-LTTR	080677DB	1FTFW1E85AFC53180	0.30	00140112	
450	COMB, R	037	CS	WIN	03	025/00	2010	FORD	F150	4X4; EXTENDED CAE	4.6	N	7,000	2-LTTR	080679DB	1FTFW1E83AFC53178	0.30	00140112	
451	REED, R	300	PD	COOP	03	025/00	2010	FORD	F150	4X4; CREW CAB, 145	4.0	N	7,150	2-LTTR	080683DB	1FTFW1E87AFC53179	0.30	00140112	
452	SHELTON, H	400	PD	SPUR	03	081/00	2010	FORD	F150	4X4; EXTENDED CAE	4.6	N	6,650	2-LTTR	080682DB	1FTMF1E84AFC53176	0.30	00140112	
453	FERGUSON, E	500	PD	SMITH	03	025/00	2010	FORD	F150	4X4; EXTENDED CAE	4.6	N	7,150	2-LTTR	080676DB	1FTEW1E89AFC53177	0.30	00140112	
454	LEVERIDGE, C	300	PD	COOP	03	100/00	2010	FORD	F150	4X4; EXTENDED CAE	4.0	N	6,000	2-LTTR	08504423	1FMEU7DE5AJA65697	0.30	00140112	
455	EDWARDS, T (REPL 240)	160	CON	WIN	03	025/00	2010	FORD	EXPLORER	SUV	4.0	N	6,000	2-LTTR			0.30	00140112	
456	PURVIS, J	172	PROD	WIN	03	025/00	2010	FORD	EXPLORER	SUV 4X4	4.6	N	6,900	2-LTTR			0.30	00140112	
457	PURVIS, J	172	PROD	WIN	03	025/00	2010	FORD	F150	4X4; EXTENDED CAE	4.6	N	9,800	2-LTTR			0.30	00140112	
460	SPARKS, J (REPL 338)	142	PD	BURN	03	100/01	2011	FORD	F250	4X4 CREW CAB	6.2	N	6,000	2-LTTR			0.15	00122367	
383	STILL, B	041	CS	WIN	03	025/00	2005	TOYO	PRIUS	HYBRID	1.5	N	6,000	6 - HYBR	08043BJN	JTDK820U6S3105195	0.15	00122367	

EAST KENTUCKY POWER COOPERATIVE

Administrative Policies and Procedures

No. A004

SUBJECT: Transportation - Assigned Vehicles

POLICY: It is the policy of East Kentucky Power Cooperative, ("EKPC") to make reasonable efforts to provide adequate transportation to employees who have a definite work-related need to have a vehicle available to them at all times.

PROCEDURE:

- A. The following procedures are applicable to all EKPC vehicles except the vehicle assigned to the President and Chief Executive Officer, ("President and CEO") which is covered in accordance with IRS regulations.
- B. A vehicle may be assigned to an employee when it is determined by the process manager and vice president and approved by the President and CEO that a vehicle is necessary on a regular and continuing basis for the proper performance of the employee's job responsibilities.
- C. In general, vehicle assignment and storage shall be as follows:
 - 1. A vehicle may be assigned to each vice president to be used by the vice president and employees in their business unit. The vice presidents shall be permitted to drive their assigned vehicles to and from work with overnight storage at their place of residence. The use of a business vehicle to commute to and from work will be taxed in accordance with IRS regulations regarding taxable fringe benefits. Personal use of a company vehicle is prohibited.
 - 2. A vehicle may be assigned to an employee whose work requires extensive use of a vehicle on the average of at least 18,000 miles per year. This assigned vehicle may be stored at home overnight ONLY if:
 - a. The employee regularly travels directly from home to his fieldwork on the average of at least three days per week.
 - b. The employee experiences and makes a regular practice of answering "service calls" without going to his "headquarters".

ADMINISTRATIVE POLICIES & PROCEDURES
Transportation - Assigned Vehicles

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- c. The employee has coordinating responsibility in emergency situations, which have a direct and immediate impact on the continuity of service to member systems.
 3. Specialty vehicles and vehicles on which it is necessary to carry certain equipment (that is regularly maintained on a specific vehicle) should be assigned to an individual or process and not regularly driven home unless it meets the criteria in Item 2.
 4. Pool vehicles and assigned vehicles which are not normally driven home, may be driven home in the evening if it is required due to early morning departure or late evening arrival without going to the headquarters' location. However, these vehicles must not be relied on for regular travel between home and work or lunch. If these vehicles are driven home, the driver should report all such occurrences on the mileage log.
 5. In order to provide more flexibility and personal preference insofar as practical meeting the transportation needs of EKPC, an employee, subject to the approval of the vice president, may choose on a predetermined basis, to use their personal car on EKPC business and receive reimbursement at the designated mileage rate. All mileage reports on use of personal car on EKPC business shall be provided on the specified reporting forms and each report shall be subject to verification. See Administrative Policy A006.
 6. In providing pool or assigned vehicles for EKPC business, it is the intent, under present policy, to make reasonable efforts to provide transportation as may be required; however, there may be instances where the specific use of a personal vehicle on EKPC business is desirable and necessary. In these instances, it is expected that the employee will assume this responsibility (with designated mileage reimbursement) from time to time as may be necessary.
- D. Vehicles owned by EKPC are not to be assigned to any employee for their exclusive use, either during or after working hours. All assigned vehicles are to be made available for other Cooperative use when not in use by the individual to whom the vehicle is assigned.

ADMINISTRATIVE POLICIES & PROCEDURES
Transportation - Assigned Vehicles

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- E. Individuals needing the use of a pool vehicle shall utilize assigned vehicles in their business unit, which are not in use before requesting a pool vehicle.
- F. Assigned vehicles shall not be used for personal reasons, during or after working hours, and shall not be driven by individuals other than EKPC employees.
- G. Authorization of vehicle assignment and storage shall be determined as follows:

All employees except vice presidents who have need for an assignment vehicle shall submit a "New Vehicle Assignment Request" (Exhibit 1) form and route to the vice president and the President and CEO for approval with the annual capital budget, in order to provide management with justification for the capital investment for new vehicles, knowledge of how the vehicle is used, and if driven to and from home and work location. This form must also be initiated and approved for any non-budgeted vehicle purchase. The original form will be maintained by Plant Accounting.

- H. The class of vehicle assigned shall be as follows:
 - 1. EKPC will purchase base model pick-up trucks and station wagons as determined by the specific job requirement.

For general transportation vehicles, full size automobiles may be assigned to vice presidents and medium size automobiles will normally be assigned to other employees.
 - 3. SUVs and other four wheel drive vehicles and vans, except for certain sections of the Power Delivery Business Unit, will require in writing, a detailed justification from the appropriate Vice President, along with the approval from the Vice President, Finance and Planning and the President and CEO.
- I. To replace a vehicle, at least one of the following three criteria (mileage, years, and repair cost %) must be met: (see chart below)

ADMINISTRATIVE POLICIES & PROCEDURES
Transportation - Assigned Vehicles

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<u>Class</u>	<u>Description</u>	<u>Gross Vehicle Weight Return ("GVWR")</u>	<u>Mileage/Years</u>	<u>Repair Cost % of Purchase Price</u>
01	Passenger Car and Mini Van – Gas		120K/6 years	25% - 30%
02	SUV Vehicle – Gas (Blazer, Explorer, Tahoe, Bronco)		120K/6 years	25% - 30%
03	Work Van/Truck – Gas	<15,000 GVWR	140K/7 years	30% - 35%
03	Truck – Diesel	<15,000 GVWR	200K/8 years	30% - 35%
04	Trucks – Diesel	>15,000 GVWR	200K/10 years	35% - 40%
04	Trucks – Gas	15,000 GVWR	140K/7 years	30% - 35%
05	Large Trucks (Tractors, Digger Derricks, Bucket Trucks, Line Service Trucks)	(Typical) 26,000 GVWR	200K /10 – 12 years	40% - 50%

The Process Manager and Vice President will determine if more than one criteria should be met in order for replacement of that vehicle to take place.

A Vehicle Cost History Report/Justification for Replacement Form (Exhibit 2) will be initiated by Vehicle Maintenance and forward to the appropriate Process Manager, Vice President, and the President and CEO for approval.

- J. It is the responsibility of the person to whom a vehicle is assigned to see that the vehicle is maintained in good working condition. This includes checking of oil, water, tires, etc. In order to track operating costs, EKPC fuel and vehicle maintenance facilities are to be used when possible. If maintenance is performed at a facility other than EKPC, an itemized list of services performed and cost should be sent to Vehicle Maintenance.
- K. Toll facility cards will be assigned as necessary by the Transportation/Plant Accounting.
- L. Vehicle modification may be made only by going through the approval procedure as previously outlined (see paragraph H.3.).
- M. Assigned vehicles may be transferred to another employee or the vehicle pool by process managers. All changes, including home storage, must be reported to plant accounting.

ADMINISTRATIVE POLICIES & PROCEDURES
Transportation - Assigned Vehicles

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- N. Hitchhikers shall not be picked up.
- O. It is permissible for family members or business associates to ride in an EKPC vehicle when the assigned driver is enroute to or from work or is on official business enroute to or attending business meetings, but it is not permissible during other routine, day-to-day, and emergency business.
- P. All traffic and parking fines are the responsibility of the driver except for unknown vehicle defects.
- Q. Accidents must be reported in writing to the Corporate Training and Safety Process, through the employee's vice president unless an injury accident or extensive property damage occurs, then the Corporate Training and Safety Process should be contacted immediately. All pertinent information concerning the accident should be provided. Employees should exercise caution in any statements made at the accident site so as not to commit EKPC to any obligation or liability.
- R. Mileage logs for assigned vehicles shall be submitted to Accounting by the 25th of each month.
- S. Any deviation from this procedure must be obtained from the President and CEO.
- T. This policy is subject to change at the discretion of the President and CEO.

RESPONSIBILITY: President and CEO
Vice Presidents
Assigned Primary Drivers
Accounting Supervisor

RELATED POLICIES: Board Policy 103
Board Policy 507
Administrative Policy A003
Administrative Policy A005
Administrative Policy A006

APPROVED BY: _____
President and Chief Executive Officer

DATE ADOPTED: October 21, 1981

ADMINISTRATIVE POLICIES & PROCEDURES
Transportation - Assigned Vehicles

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REVISION DATES: January 29, 1982
 September 21, 1984
 January 15, 1986
 December 17, 1987
 March 28, 1988
 July 16, 1993
 July 27, 1993
 September 27, 1993
 March 29, 1994
 December 6, 1994
 July 20, 1998
 May 22, 2001
 June 12, 2002
 August 13, 2002
 July 7, 2008

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REQUEST 46

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 46. Does the Company maintain any recreational sites for the use of the public and/or Company employees? If so, please:

- a. Identify each site and the type of recreational facility.
- b. State whether each site is for public use or exclusively for employee use.
- c. For each site identified in (a) above, state the amount of expense incurred during the test year to maintain it.

Response 46a. EKPC has one site that is used for recreational purposes. A softball field, a picnic shelter and a tennis court which resides on approximately on two acres at the Headquarters facility located at 4775 Lexington Road, Winchester, KY.

Response 46b. Use mainly for employees, however in the past there have been times where public groups had limited access and use.

Response 46c. Mowing and trimming of this site approximately \$1,500 annually.

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REQUEST 47

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 47. Identify all expenses incurred during the test year for athletic events, tickets, sky boxes and all sporting activities. Specifically identify the activity, dollar amount and account charged. Provide copies of paid vouchers and invoices supporting these expenditures.

Response 47. The only participation in sporting activity included in the test year is the sponsorship of the All-A Classic. These expenditures were removed from the test year (Wood Testimony, Wood Exhibit 1, Schedule 1.09). EKPC has budgeted \$110,000 for this sponsorship but the paid vouchers and invoices supporting the expenditures will not be available until after the event has taken place.

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REQUEST 48

RESPONSIBLE PERSON: John R. Twitchell/Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 48. With regard to all capital and expense accounts included in the filing, please provide:

Request 48a. A monthly breakdown of the expense by capital project and/or expense account included in 2008, 2009 and 2010 to date.

Response 48a. The requested project information for 2008, 2009, and YTD May 2010 is provided on the attached CD.

Request 48b. A comparison of actual vs. budgeted expenditures for the same time frame.

Response 48b. The totals below include all budgeted and capital expenditures.

	Actual Capital Expenditures	Budgeted Capital Expenditures	Difference
2008	\$416,686,297	\$649,571,248	\$(232,884,951)
2009	215,456,739	236,639,887	(21,183,148)
YTD May 2010	40,155,199	45,602,040	(5,446,841)

Request 48c. A detailed explanation of the causes of any increase from 2008 levels to 2009 levels and from 2009 to 2010 (to date) levels and why such an increase is necessary and reasonable.

Response 48c. Spurlock Unit 4 became commercially operational April 1, 2009; capital expenditures have decreased accordingly. CTs 9 and 10 became commercially operational in May 2010; these were expected to be complete in the fall of 2009.

Request 48d. A summary description of each of the capital projects identified and the benefit to be derived by ratepayers.

Response 48d. Please see the attached CD for project descriptions for 2008, 2009, and YTD May 2010. The benefit to be derived from the ratepayers on all of EKPC's capital construction is increased or improved reliability and availability of electricity.

Request 48e. Please provide the costs by project for each year of 2008 to date.

Response 48e. This information is provided on the attached CD.

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REQUEST 49

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 49. For each advertising expense over \$10,000 recorded in the test year, state the anticipated payee, amount, date and purpose.

Response 49. East Kentucky is filing a forecasted test year which includes some advertising as shown below.

WKYT 27 Doppler – \$375,000 - television and internet advertising to promote conservation and efficiency and to gain access to critical weather information.

Kentucky Living Magazine - Full-page ads (inside back cover) \$74,400 - these ads will be to promote energy conservation and efficiency and the Co-Op Connections program.

No vendor has been identified for other budgeted advertising expenses; however, the advertising will relate to the Touchstone All A Classic and energy conservation.

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REQUEST 50

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 50. Please list the trend in advertising expense per dollar of revenue for the five-year period ending with 2009. If the Company has not made this calculation, please supply the information necessary to make it.

Response 50. Please see Page 2 of this response.

Attorney General Data Request 1, Response 50

Year	Advertising Expense		\$ Revenue	Advertising per Revenue Dollar
2005	\$ 3,045,083		\$ 631,296,871	0.48%
2006	\$ 2,319,807		\$ 650,959,941	0.36%
2007	\$ 729,849		\$ 745,598,985	0.10%
2008	\$ 529,167		\$ 795,172,267	0.07%
2009	\$ 893,037		\$ 773,089,152	0.12%

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REQUEST 51

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 51. List any antitrust expense included in the test year.

Response 51. There is no antitrust expense included in the test year.

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REQUEST 52

RESPONSIBLE PERSON: **Ann F. Wood**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 52. Does the Company's proposed rate increase include any claim for attrition or suppression of sales?

- a. If so, please reference where this is presented.
- b. Provide a complete copy of any and all attrition studies or analyses prepared by or for the Company during the period 2008 to date.

Response 52. EKPC has included no claim for attrition or suppression of sales in this rate increase application.

Response 52a. Please see the response to Request 52.

Response 52b. This is not applicable as EKPC has not performed any attrition studies or analyses during the time period requested.

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REQUEST 53

RESPONSIBLE PERSON: Anthony S. Campbell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 53. List and describe in detail any cost-saving programs implemented 2008 through the present.

Response 53 In 2007, EKPC developed a cost savings program known as the North Star initiative. This program continued through 2009. Please also see the response to Request 3 of Commission Staff's Second Request.

Request 53a. For each program listed in response to this request, show the anticipated and achieved savings. Include calculations of savings amounts and explain any assumptions used in such calculations.

Response 53a. EKPC achieved a savings of \$33.7M and \$47.7M, for 2008 and 2009 respectively.

Request 53b. Provide the cost-benefit analyses for each such program.

Response 53b. The cost of the North Star initiative was \$518,484.

Request 53c.

year.

Show the impact of any such cost-saving programs on the test

Response 53c.

considered in the test year.

All cost savings resulting from this program have been

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REQUEST 54

RESPONSIBLE PERSON: Anthony S. Campbell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 54. Provide a complete explanation of any and all expense reduction goals (cost savings programs) the Company had concerning the development of the 2009 and 2010 budgets.

Response 54. Please see the response to Request 53.

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REQUEST 55

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 55. Do any of the Company's personnel actively participate on Committees and/or any other work for any industry organization to which the Company belongs?

a. If so, state specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work.

b. List any and all reimbursements received from industry associations for work performed for such organizations by Company employees.

Response 55. Please see pages 2 through 4 for the response.

Last Name	First Name	Org	Description
Adams	Darrin	SERC	SERC's Engineering Committee - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation. The Engineering Committee promotes the reliability and adequacy of the bulk power supply within the region as related to the planning and engineering of electric systems. In conjunction with NERC, this Committee is involved with development and maintenance of appropriate criteria to meet this goal. This Committee also provides a mechanism for coordination of activities in the areas of planning and engineering.
Anderson	Steve	SERC	Protection and Control Subcommittee - The purpose of this committee is to adopt new SERC supplements as applied to engineering and perform outage assessments. EKPC receives no reimbursement from SERC.
Ballard	Dominic	NRECA	Transmission Line Subcommittee - the purpose of this committee is to utilize NRECA members' resources to provide engineering support and technical expertise for existing and new standards. Neither EKPC nor the employee receives reimbursement for this participation.
Campbell	Anthony	KAEC	Kentucky Association of Electric Cooperatives - Serves on Board of Directors - meets in Louisville, KY approximately 10 times per year with no compensation or reimbursement of expenses. The purpose is to provide legislative, communications, and training services to Kentucky's electric cooperatives. EKPC pays related expenses without reimbursement from KAEC.
Campbell	Anthony	NRECA	National Rural Electric Cooperative Association - Power and Water Resources Standing Committee - Meets one time per year with compensation of \$200/day which is credited to EKPC to offset trip expenses. This Committee oversees national issues as they relate to power and water resources.
Campbell	Anthony	ACES	Alliance for Cooperative Energy Services Power Marketing - Board of Directors - Meets four times per year in Indianapolis area with no compensation. The purposes of ACES is to provide risk management, power trading, and other services.
Campbell	Anthony	UUS	United Utility Supply - Board of Directors - Meets in Louisville KY approximately four times per year with no compensation. The purpose of UUS is to provide more than 230 member electric co-ops in 14 states with electric transformers, poles, and other electric supplies.
Carruba	George	SERC	SERC Board of Directors and Operating Committee - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation. Board and Committee work varies from being advisory in nature, information submittal for SERC coordinated studies or other activities, and NERC standard compliance monitoring activities. Typically these groups meet regularly two or three times a year, but can also meet by conference call if necessary.
Carruba	George	TEERSG	Reserve Sharing Group - This group works to coordinate the sharing of reserves and saving all members from providing their own reserves, thus reducing costs. EKPC pays the related expenses without reimbursement from the TEERSG Reserve Sharing Group.
Davis	Jim	SERC	Critical Infrastructure Protection Committee - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation.
Davis	Becky	SERC	SERC's Short Circuit Database Working Group (SCDWG) - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation. The SCDWG is responsible for maintaining the SERC regional short circuit database.

Last Name	First Name	Org	Description
Dolloff	Paul	CRN	Cooperative Research Network, Transmission and Substation Assets - The employee is not compensated by EPRI for his participation. The purpose of this committee is to direct and approve the work being done by the CRN within the Transmission and Substation portfolio of projects. Neither EKPC nor the employee receives reimbursement for work performed for CRN.
Drury	Rick	SERC	SERC's Engineering Committee - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation.
Dugan	Charles	SERC	SERC Operating Committee - As a member of SERC, EKPC participation on various committees is expected by SERC and EKPC is not compensated by SERC for this participation. The Operations Committee exists to deal with the various operational issues of the group.
Dugan	Charles	TEERSG	Reserve Sharing Group - This group works to coordinate the sharing of reserves and saving all members from providing their own reserves, thus reducing costs. EKPC pays the related expenses without reimbursement from the TEERSG Reserve Sharing Group.
Eames	Brenda	NRECA	G&T Purchasing Advisory Group - The purpose of this group is to study purchasing trends and alliances. EKPC pays the expenses related to this service without reimbursement from NRECA.
Elkins	David	EPAB	Electric Power Advisory Board - The purpose of this Board is to develop the Annual Electric Power Conference Board to meet the needs of the electric industry. No compensation is received, only free registration. The annual conference advises its members on new and emerging technologies.
Labude	David	SCC	Southern Coals Conference - a non-profit organization that provides a forum for discussion of relevant information, ideas and problem resolution within the coal industry. The approximate time involved is 3-6 hours per year. EKPC pays the related expenses without reimbursement from SCC.
Mayfield	Barry	SEFPC	EKPC representative on the Southeastern Federal Power Customers (SeFPC) Board of Directors and the Legislative Committee. SeFPC's members receive hydropower from the Southeastern Power Administration, and SeFPC works to maintain that preference power at reasonable rates. EKPC has contract rights to 170 MW of hydropower from Wolf Creek and Laurel dams, a low-cost source of power for EKPC's members. EKPC pays all related expenses with no reimbursement from SEFPC.
McDonald	Jerry	Touchstone	Purpose: Represent EKPC and 16 Member Touchstone Energy Cooperatives on the Regional Partner Committee, which provides input and advice to the TE Board of Directors on all issues regarding the cooperative brand, including, but not limited to, development of new programs to encourage energy efficiency, brand standards and practices, national advertising and marketing initiatives and cooperative relations. EKPC pays all related expenses with no reimbursement from Touchstone.
McNutt	Eddie	Quest	Quest is an Oracle users group organization. The employee serves as the EKPC's principal member of a regional Quest users' group. EKPC pays all related expenses with no reimbursement from Quest.
Mollenkopf	Ron	SERC	Protection and Control Subcommittee - The purpose of this committee is to adopt new SERC supplements as applied to engineering and perform outage assessments. EKPC pays all related expenses with no reimbursement from SERC.
Rupard	Paul	SERC	Protection and Control Subcommittee - The purpose of this committee is to adopt new SERC supplements as applied to engineering and perform outage assessments. EKPC receives no reimbursement from SERC.

Last Name	First Name	Org	Description
Schaefer	Jeff	CRN	CRN, Generation, Fuels and Environment - The employee is not compensated by CRN for his participation. The purpose of this committee is to direct and approve the work being done by the CRN within the Generation, Fuels, and Environment portfolio of projects. CRN publishes results of its research effort for the benefit of all members of CRN. Neither EKPC nor the employee receives reimbursements for work performed for CRN.
Spurlock	Mike	SERC	SERC Long-Term Study Group and Near-Term Study Group - The purpose of this committee is to participate in long term and near term transmission planning. EKPC receives no reimbursement from SERC.
Tucker	Julie	SERC	SERC Reliability Review Subcommittee - This Committee is responsible for reviewing and setting standards and procedures relating to electricity reliability. EKPC receives no reimbursement from SERC.
Twitchell	John	NRCO	National Renewables Cooperative Organization - Board of Directors - Meets six times per year, usually in Indianapolis area with no compensation. The purpose of NRCO is to focus on the development and deployment of renewable energy by electric cooperatives to meet their renewable power legal requirements and portfolio goals. Among the renewable energy technologies is biomass which includes wood waste, landfill waste, and farm by-products. EKPC pays related expenses without reimbursement from NRCO.
Witt	Sally	NERC	NERC Standards - Load Serving Entity Segment - NERC sets standards that EKPC must meet. Participating as a voting member in this segment gives EKPC an opportunity to provide input to the development or altering of standards. All related expenses are paid by EKPC with no reimbursement from the organization.
Witt	Sally	EFG	Energy Forecaster's Group - works with Department of Energy's Energy Information Administration - EKPC participates in planning studies and receives data via models and spreadsheets concerning appliance efficiencies for households and commercial buildings - data is used in the load forecast to project use per account. Expenses relating to participation are paid by EKPC with no reimbursement from the organization.

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**ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 56**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 56. Please provide copies of all expense reports (or similar documents) which exceed \$1,000 submitted by Company officers during 2008 to date for reimbursement of business or personal expenses.

Response 56. Copies of all expense reports which exceed \$1,000 submitted by EKPC's Chief Executive Officer or his designee are provided on the attached CD.

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REQUEST 57

RESPONSIBLE PERSON: Counsel

COMPANY: East Kentucky Power Cooperative, Inc.

Request 57. For each injury and damage claim, where the settlement exceeded \$10,000 for the years 2008 to date, list by year each such claim, the basis for the claim, the dollar amount of the claim paid and the associated legal fees.

Response 57. EKPC construes this request to call for those third party personal injury claims and lawsuits that were referred to in-house and/or outside legal counsel that were settled or otherwise resolved in the years set forth in the request. The information responsive to that request is as follows:

2008 - EKPC paid \$14,176 for settlement of a claim for damages to certain members of a distribution cooperative for damages to personal property allegedly caused by voltage irregularities on EKPC facilities. No outside legal expenses were incurred.

2008 - EKPC paid \$80,000 for the settlement of a case filed against EKPC and a company employee resulting from a personal injury claim arising from a vehicular accident that involved a company employee and vehicle. Litigated in-house and by Frost Brown Todd. Outside counsel fees totaled \$67,183.

2009 - EKPC (through its insurer at the time of the alleged exposure), paid \$20,000 to settle an asbestos personal injury claim filed in West Virginia by a Plaintiff who claimed that he was exposed to asbestos while working as a contractor at various work sites around the country, including one of EKPC's power plants. Litigated by insurance company counsel (paid by carrier) and by Frost Brown Todd. Total fees expended by EKPC totaled \$19,911.86.

2010 - EKPC paid \$180,000 for a global settlement of a vehicle accident involving a company vehicle and company employee where multiple parties alleged injury. Outside counsel was Frost Brown Todd and fees and expenses totaled \$9,724.77.

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REQUEST 58

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 58. State the amount of injuries and damages expense for each of the last three years.

Response 58.

Description	Account	2007	2008	2009
Injuries and Damages	92500	\$1,679,243.42	\$1,060,347.43	\$2,005,367.02

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REQUEST 59

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 59. Itemize each component of insurance expense included in the test year, and provide comparative information for 2008, 2009 and 2010 to date. Indicate the accounts and amounts in which each item of insurance expense is recorded. For any component of the Company's insurance expense which has fluctuated by more than 10% or \$10,000 from one year to the next, provide an explanation as to the cause of such fluctuation.

Response 59. Please see pages 2 through 4 of this response.

	Total Insurance Premiums			
	Test Year	YTD June 2010	2009	2008
<u>Builders Risk-Spurlock Unit 4 (thru Mar. 2009)</u>				
a/c 107200 Construction Work in Progress	0	0	71,282	359,528
<i>Increase/Decrease vs. prior year</i>	<i>-71,282</i>		<i>-288,247</i>	
<i>Increase/Decrease vs. prior year</i>	<i>-100.00%</i>		<i>-80.17%</i>	
<u>Blanket/Commercial Crime and Excess Umbrella Coverage</u>				
a/c 925000 Injuries and Damages	605,738	317,341	575,896	561,525
<i>Increase/Decrease vs. prior year</i>	<i>29,842</i>		<i>14,371</i>	
<i>Increase/Decrease vs. prior year</i>	<i>5.18%</i>		<i>2.56%</i>	
<u>Excess Workers Compensation</u>				
a/c 926000 Employee Pension Benefits	265,100	102,551	186,094	178,090
<i>Increase/Decrease vs. prior year</i>	<i>79,006</i>		<i>8,004</i>	
<i>Increase/Decrease vs. prior year</i>	<i>42.46%</i>		<i>4.49%</i>	
<u>Directors & Officers-Fiduciary</u>				
a/c 921000 Gen. Admin. Ofc. Supplies and Expenses	18,515	12,687	17,917	15,649
<i>Increase/Decrease vs. prior year</i>	<i>598</i>		<i>2,268</i>	
<i>Increase/Decrease vs. prior year</i>	<i>3.34%</i>		<i>14.49%</i>	
<u>Directors & Officers Liability and 24-Hour Accident/Business Travel</u>				
a/c 930200 Misc. General Expenses-Directors Fees	69,900	29,460	61,490	56,417
<i>Increase/Decrease vs. prior year</i>	<i>8,410</i>		<i>5,072</i>	
<i>Increase/Decrease vs. prior year</i>	<i>13.68%</i>		<i>8.99%</i>	

		Total Insurance Premiums			
		Test	YTD		
		Year	June 2010	2009	2008
<u>Generation Outage Insurance</u>					
a/c 506001	Misc Steam Pwr Exp-Spurlock 1	260,280	0	0	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 2	495,360	0	0	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 3	225,000	0	0	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 4	219,360	0	0	0
Totals		1,200,000	0	0	0
		<i>1,200,000</i>		<i>0</i>	
		-		-	
<u>Property Insurance</u>					
a/c 501000	Fuel Expense-Coal-Dale	12,871	5,964	11,274	6,617
a/c 501000	Fuel Expense-Coal-Cooper	30,502	9,012	25,252	14,768
a/c 501000	Fuel Expense-Coal-Spurlock 1	26,922	7,102	19,764	21,710
a/c 501000	Fuel Expense-Coal-Spurlock 2	25,405	11,666	21,579	18,238
a/c 501000	Fuel Expense-Coal-Gilbert	19,059	7,928	15,835	14,600
a/c 501000	Fuel Expense-Coal-Spurlock 4	13,797	8,652	13,636	0
a/c 502000	Steam Expenses-Dale	130,954	51,330	108,669	79,348
a/c 502000	Steam Expenses-Cooper	177,384	68,393	147,761	110,018
a/c 502000	Steam Expenses-Spurlock	19,156	4,661	15,926	12,120
a/c 502000	Steam Expenses-Spurlock 1	220,926	71,523	180,529	182,006
a/c 502000	Steam Expenses-Spurlock 2	286,638	87,419	225,869	254,456
a/c 502000	Steam Expenses-Spurlock Scrubbers	110,236	88,915	104,906	41,309
a/c 502000	Steam Expenses-Gilbert	255,092	95,821	215,702	117,873
a/c 502000	Steam Expenses-Spurlock 4	263,964	120,996	236,129	0
a/c 505000	Electric Expenses-Dale	105,640	40,747	87,188	69,969
a/c 505000	Electric Expenses-Cooper	50,312	19,516	42,004	30,321
a/c 505000	Electric Expenses-Spurlock 1	12,150	4,377	10,297	6,478
a/c 505000	Electric Expenses-Spurlock 2	71,149	22,900	57,009	55,468
a/c 505000	Electric Expenses-Spurlock Scrubbers	29,396	5,715	22,259	0
a/c 505000	Electric Expenses-Gilbert	88,622	31,541	73,553	54,447
a/c 505000	Electric Expenses-Spurlock 4	86,938	39,827	77,753	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 2	0	32	0	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 3	0	163	521	0
a/c 506001	Misc Steam Pwr Exp-Spurlock 4	0	203	628	0
a/c 506001	Misc Steam Pwr Exp-Spurlock Scrubbers	0	105	4,745	0
a/c 548000	Generation Expenses-CT's	1,164,195	547,080	972,394	684,904
a/c 548000	Generation Expenses-Landfill Gas Units	6,898	3,524	6,161	221
a/c 562000	Station Expenses	2,340	610	1,703	3,637
a/c 582000	Distribution Station Expenses	2,203	543	1,589	3,356
a/c 908000	Customer Assistance-Regulated	0	0	0	0
a/c 930203	Misc. General Exps-Taxes/Ins Alloc	22,381	5,802	11,601	8,884
Totals		3,235,130	1,362,069	2,712,238	1,790,747
<i>Increase/Decrease vs. prior year</i>		<i>522,892</i>		<i>921,492</i>	
<i>Increase/Decrease vs. prior year</i>		<i>19.28%</i>		<i>51.46%</i>	
GRAND TOTALS		5,394,383	1,824,107	3,624,916	2,961,956

Note:

Explanations are provided on full-year results only... 2009 vs. 2008 and Test Year vs. 2009.

Notes to Builders Risk Insurance:

The premiums paid for builders risk coverage is directly related to the construction activities that were taking place for the new generating unit (Unit #4) at Spurlock Station. Beginning in April 2009, builders risk coverage was included as part of EKPC's regular property insurance coverage.

Notes to Blanket/Commercial Crime and Excess Umbrella Coverage Insurance:

The premiums paid for Excess Umbrella coverage is based on two factors which are evaluated annually by EKPC's underwriters: gross revenues and per million kWh sales. While per million kWh sales have remained relatively steady for the period, revenues have trended upward and have resulted in the annual increases reflected above. Blanket/Commercial Crime coverage meanwhile remains relatively unchanged for each of the periods reported.

Notes to Excess Workers Compensation Insurance:

The premium for Excess Workers Compensation coverage is based on payroll as of the policy renewal date. Payroll has trended upward in recent years.

Notes to Directors & Officers-Fiduciary Insurance,

Directors & Officers Liability and 24-Hour Accident/Business Travel Insurance:

Prior to November 2009, Directors & Officers-Fiduciary coverage and Liability coverage were two separate policies. Beginning in November 2009, these were combined under a single policy and a \$5 million excess umbrella coverage added. The additional umbrella coverage results in the increases reflected in these categories. The premium for the 24-Hour Accident/Business Travel coverage is nominal and has very little impact on the fluctuations shown above.

Notes to Generation Outage Insurance:

Generation Outage coverage has been included in the test year projection. Please note that an additional \$900,000 was added to the test year revenue requirements to better reflect the current premium costs (Wood Testimony, Exhibit 1, Schedule 1.16).

Note to Property Insurance:

Increases in the yearly expense are primarily attributable to the addition of new property placed in service (e.g. Spurlock Unit #4 in 2009.)

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 60

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 60. List all fees during the test year, the previous two years and 2008 to date for maintaining lines of credit. List such fees for each line of credit which the Company maintains. Indicate in which account such fees are recorded.

Response 60. Below is the list of fees for the test year (calendar year 2011), the previous two years (2008 & 2009), and 2010 to date associated with the Credit Facility charged to account 921000.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Annual Fees	\$1,216,458.32	\$1,213,298.60	\$1,216,458.32	\$1,500,000.00

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 61

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 61. Does the Company employ a fringe-benefit or overhead factor to assign overhead costs to specific projects? If so, state what these factors were in 2008 to date and show in detail how they were calculated.

Response 61. The monthly costs of fringe benefits and other overheads are accumulated in clearing accounts and allocated in the same month on the basis of payroll to construction; retirement; and operations, maintenance, and administrative expense accounts. While a factor, per se, is not calculated to assign these costs, one can be implied as determined by the total monthly costs to be allocated and the ratio of payroll charges recorded to construction; retirement; and operations, maintenance, and administrative expense accounts. These will fluctuate from month to month. Please see a copy of the guidance provided at 7 CFR 1767.41, Accounting Methods and Procedures Required of all RUS Borrowers, Item 601, Employee Benefits, below.

601 Employee Benefits.

The costs of employees' fringe benefits (hospitalization, retirement, holiday, sick and vacation pay, etc.) shall be accumulated in an appropriate clearing account and allocated monthly on the basis of payroll. Vacation costs shall be accrued monthly by appropriate

credits to an accrual account. These monthly accruals shall be allocated on the basis of direct payroll costs to construction, retirement, and the applicable operations, maintenance, and administrative expense accounts.

Sick leave costs are not normally accrued unless the employee is entitled to be paid for accumulated sick leave at the termination of employment. Salary payments and the associated employee pensions and benefits and social security and other payroll taxes for an employee who is actually sick shall be charged to the same account or accounts to which his or her salary is normally charged.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 62

RESPONSIBLE PERSON: **Craig A. Johnson**

COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 62. List and describe all maintenance programs and expenses which have been deferred into the test year from prior years, and for each item, explain the Company's reason for such deferral.

Response 62.

Dale Power Station

Replacement of Units 1 & 2 Sootblower Control Valves \$ 40,000

Reason for deferral: This project was deferred until 2011 due to budget constraints.

Cooper Power Station

Lobby & Office Windows Replacement \$150,000

Reason for deferral: This project was deferred until 2011 due to budget constraints.

Smith Power Station

Painting of the Service Water, Fuel Oil and Demineralized Water Tanks
\$300,000

Reason for Deferral: This project was deferred until 2011 due to budget constraints.

Spurlock Power Station

Replace Unit 1 Switchyard batteries	\$ 25,000
Install 120 volt outlets around Gilbert Boiler Openings	\$ 70,000
Install 120 volt outlets around Unit 4 Boiler Openings	\$ 70,000
Gilbert maintenance platforms	\$260,000
Unit 4 maintenance platforms	\$260,000
Chemical Cleaning Unit 1 Boiler	\$250,000
Repair of Unit 2 Refractory	\$ 50,000
Reason for deferral:	These projects were deferred until 2011 due to budget constraints.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 63

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 63. List all merchandise-related revenue, expense and rate base items included in the test year by account and amount.

Response 63. There are no merchandise-related revenue, expense, or rate base items included in the test year.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 64

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 64. List each abnormal or non-recurring charge or credit which occurred during 2008 to date, and which exceeded \$10,000.00.

- a. For each such charge or credit, state the basis and dollar magnitude of each.
- b. Provide copies of invoices, journal entries or other documentation to support each abnormal or non recurring item.

Response 64a. A summary of nonrecurring entries is provided on pages 2 and 3 of this response.

Response 64b. Copies of supporting documentation for these nonrecurring entries are provided on pages 4 through 10 of this response.

Business Unit	Ledger	Acct	Department	Prod	Project ID	Journal Date	GL Journal ID	Journal Line Reference	Journal Line Description	Monetary Amount	Account Description
EKPC	ACTUALS	44910	1			12/31/2008	2008ADJ_C		Accrue 2008 ES Over-Recovery	1,794,416.00	Revenue Subject to Refund
EKPC	ACTUALS	22820				12/31/2008	2008ADJ_E		Adj EPA Penalty Accrual	2,002,898.00	Insur & Injuries - Litigation
EKPC	ACTUALS	20120				12/31/2008	2008ADJ_A		Adj MARGIN07 JE/eff-07 Restate	2,572,654.00	Patronage Capital Assignable
EKPC	ACTUALS	21940				12/31/2008	2008ADJ_A		Adj MARGIN07 JE/eff-07 Restate	1,089,886.00	Oth Margins Equity Prior Rec
EKPC	ACTUALS	42630	3			12/31/2008	EPA_ADJ		EPA Penalty Accrual Adj	7,311,853.00	Penalties
EKPC	ACTUALS	18230				12/31/2008	REG_ASSET		Regulatory Asset-Forced Outage	12,301,196.00	Oth Reg Asset-Forced Outages

Business Unit	Ledger	Acct	Department	Prod	Project ID	Journal Date	GL Journal ID	Journal Line Reference	Journal Line Description	Monetary Amount	Account Description
EKPC	ACTUALS	21911				1/31/2009	MARGIN08B		Adj to MARGINS08 journal	3,662,540.00	Operating Margins-Prior Year
EKPC	ACTUALS	42650	3			7/31/2009	17231		Cancelled joint venture w/ODEC	35,870.72	Other Deductions-Regulated



JOURNAL ENTRY DETAIL

Unit: EKPC
 Journal ID: 2008ADJ_C
 Date: 31.Dec.2008
 Description: [2008 RESTATEMENT ADJ Accrual of Over-/Under-Recovery of ES for 2008 (This entry recorded 04/08/2009.)

Ledger Group: ACTUALS
 Source: CMB
 Reversal: N
 Reversal Date:

Foreign Currency: USD
 Rate Type:
 Effective Date: 31.Dec.2008
 Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
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1	25402									1.00000000	-1,794,416.00 USD	-1,794,416.00 USD
							Description: Accrue 2008 ES Over-Recovery				Open Item Key:	
2	44910	001					Description: Accrue 2008 ES Over-Recovery			1.00000000	1,794,416.00 USD	1,794,416.00 USD
											Open Item Key:	

Totals for Journal: 2008ADJ_C

Total Lines: 2

Total Base Debits: 1,794,416.00

Total Base Credits: 1,794,416.00

End of Report



Report ID: GLC7501

JOURNAL ENTRY DETAIL

Print No. 1
Run Date: 09.Apr.2009
Run Time: 10:05:54 AM

Unit: EKPC
 Journal ID: 2008ADJ_E
 Date: 31.Dec.2008
 Description: [2008 RESTATEMENT ADJ] Impact of 2008 Restatement Adjustments on the 2008 EPA Penalty Accrual (This entry recorded on 04/10/2009.)

Ledger Group: ACTUALS
 Source: CMB
 Reversal: N
 Reversal Date:

Foreign Currency: USD
 Rate Type:
 Effective Date: 31.Dec.2008
 Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
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ACTUALS

1	22820									1.00000000	2,002,898.00 USD	2,002,898.00 USD
							Description: Adj EPA Penalty Accrual		Open Item Key:			
2	42630	003								1.00000000	-2,002,898.00 USD	-2,002,898.00 USD
							Description: Adj EPA Penalty Accrual		Open Item Key:			

Totals for Journal: 2008ADJ_E Total Lines: 2 Total Base Debits: 2,002,898.00 Total Base Credits: 2,002,898.00
 End of Report



Report ID: GLC7501

PeopleSoft Financials

JOURNAL E \Y DETAIL

Page No. 1
Run 09.Apr.2009
Run Time 10:04:57 AM

Unit: EKPC
Journal ID: 2008ADJ_A
Date: 31.Dec.2008
Description: [2008 RESTATEMENT ADJ] Effect of 2007 Restatement Adjustments on the MARGIN07 journal recorded in JAN 2008 (This entry recorded 04/08/2009.)

Ledger Group: ACTUALS
Source: CMB
Reversal: N
Reversal Date:

Foreign Currency: USD
Rate Type:
Effective Date: 31.Dec.2008
Exchange Rate:

Line#	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
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ACTUALS

1	21911									1.00000000	-2,572,654.00 USD	-2,572,654.00 USD
2	20120									1.00000000	2,572,654.00 USD	2,572,654.00 USD
3	21940									1.00000000	1,089,886.00 USD	1,089,886.00 USD
4	21911									1.00000000	-1,089,886.00 USD	-1,089,886.00 USD

Totals for Journal: 2008ADJ_A Total Lines: 4 Total Base Debits: 3,662,540.00 Total Base Credits: 3,662,540.00

End of Report



JOURNAL TRY DETAIL

Unit: EKPC
Journal ID: EPA_ADJ
Date: 31.Dec.2008
Description: To adjust accrued EPA Penalty

Ledger Group: ACTUALS
Source: CMB
Reversal: N
Reversal Date:

Foreign Currency: USD
Rate Type:
Effective Date: 31.Dec.2008
Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics	Amt	Rate	Type	Foreign Amount	Base Amount
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ACTUALS

1	22820									1.00000000		-7,311,853.00	USD
2	42630	003								1.00000000		7,311,853.00	USD

Description: EPA Penalty Accrual Adj

Open Item Key:

Description: EPA Penalty Accrual Adj

Open Item Key:

Totals for Journal: EPA_ADJ Total Lines: 2

Total Base Debits: 7,311,853.00

Total Base Credits: 7,311,853.00

End of Report



JOURNAL ENTRY DETAIL

Unit: EKPC
Journal ID: REG_ASSET
Date: 31.Dec.2008
Description: Regulatory Asset - Forced Outages

Ledger Group: ACTUALS
Source: LW
Reversal: N
Reversal Date:

Foreign Currency: USD
Rate Type:
Effective Date: 31.Dec.2008
Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
1	18230									1.00000000	12,301,196.00 USD	12,301,196.00 USD
							Description: Regulatory Asset-Forced Outage					
2	50120	200					6600			1.00000000	-697,790.00 USD	-697,790.00 USD
							Description: Fuel Coal Dale					
3	50130	300					6600			1.00000000	-407,109.00 USD	-407,109.00 USD
							Description: Fuel Coal Cooper					
4	50141	400					6600			1.00000000	-8,218.00 USD	-8,218.00 USD
							Description: Fuel Coal Splk 1					
5	50142	400					6600			1.00000000	-45,057.00 USD	-45,057.00 USD
							Description: Fuel Coal Splk 2					
6	54721	500					6604			1.00000000	-1,585,737.00 USD	-1,585,737.00 USD
							Description: Fuel CT Gas					
7	55500	002					8553			1.00000000	-9,557,285.00 USD	-9,557,285.00 USD
							Description: Purchased Power					

ACTUALS

Totals for Journal: REG_ASSET Total Lines: 7 Total Base Debits: 12,301,196.00 Total Base Credits: 12,301,196.00

JOURNAL ENTRY DETAIL

Run Date: 17-Apr-2009
Run Time: 2:28:44 PM

Unit: EKPC
Journal ID: MARGIN08B
Date: 31-Jan-2009
Description: Effect of 2008 Restatement Adjustments on the MARGIN08 Journal

Ledger Group: ACTUALS
Source: CMB
Reversal: N
Reversal Date:

Foreign Currency: USD
Rate Type:
Effective Date: 31-Jan-2009
Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
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ACTUALS

1	20120									1.000000000	-3,662,540.00 USD	-3,662,540.00 USD
							Description: Adj to MARGINS08 Journal					
2	21911									1.000000000	3,662,540.00 USD	3,662,540.00 USD
							Description: Adj to MARGINS08 Journal					

Open Item Key:
Open Item Key:

Totals for Journal: MARGIN08B Total Lines: 2 Total Base Debits: 3,662,540.00 Total Base Credits: 3,662,540.00

JOURNAL ENTRY DETAIL

Run Date: 07-Aug-2009
Run Time: 9:18:23 AM

Unit: EKPC
 Journal ID: 0000017231
 Date: 31-Jul-2009
 Description: Write off accumulated costs associated with joint generation venture with Old Dominion Electric Cooperative/venture has been cancelled

Ledger Group: ACTUALS
 Source: CMB
 Reversal: N
 Reversal Date:

Foreign Currency: USD
 Rate Type:
 Effective Date: 31-Jul-2009
 Exchange Rate:

Line #	Account	Department	Product	Project	Affiliate	Stat	Reference	Rate Type	Rate	Foreign Amount	Base Amount
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ACTUALS

1	42650	003							1.00000000	35,870.72 USD	35,870.72 USD
							Description: Cancelled joint venture w/ODEC				
2	18300								1.00000000	-35,870.72 USD	-35,870.72 USD
							Description: Cancelled joint venture w/ODEC				

Open Item Key:

Open Item Key:

Totals for Journal: 0000017231

Total Lines: 2

Total Base Debits: 35,870.72

Total Base Credits: 35,870.72

End of Report

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 65

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 65. List by account the Company's annual O&M expenses for the ten years ending 2009, plus 2010 to date. For each account having a variance over the prior year exceeding 10%, explain the cause of such variance, listing and describing each significant causative item and the associated dollar amount.

Response 65. Please see the requested information on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2010-00167
RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10
REQUEST 66

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 66. List and describe any and all penalties and fines in the test year and the preceding three years. Indicate in which account each such item was recorded.

Response 66. The table below reflects the amount of penalties and fines during the last three years. Please note that there are no penalties included in the test year.

Account	Description	2007	2008	2009
42630	Penalties	\$ (9,442,735.00)	\$ 5,423,955.00	\$ 4,937,772.00

In 2005, following an EPA lawsuit against EKPC, EKPC recorded a liability and assessment of \$32,555,000. When the lawsuit was settled in 2007 for less than that amount, the difference of \$9,443,000 was recognized as income (credit to account 42630).

Under the terms of the NSR Consent Decree, in 2007 EKPC paid \$750,000 in civil penalties to the EPA.

Under the terms of the Acid Rain Consent Decree, EKPC must make six annual payments of \$1,900,000 ("Fixed Penalty Payment") totaling \$11,400,000. The Cooperative made the first installment of this fixed penalty payment in December 2007; the second, in December 2008.

In addition to the Fixed Penalty Payment, the Cooperative is subject to a Contingent Penalty Payment if certain financial ratios are achieved for a period of five years, based on audited financial statements for the years 2008 through 2012. Fluctuations in account 42630 represent adjustments to the liability account as a result of financial estimates associated with the contingent penalty.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 67

RESPONSIBLE PERSON: Anthony S. Campbell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 67. List all productivity savings expected to be realized by the Company as a result of increased employee experience.

Response 67. A productivity savings and analysis has not been performed.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 68

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 68. List each facility, location and asset which is included as rental expense. For each item include a description, the annual or monthly rental rate, the account and amount included in the base and test year expense.

Response 68. Please see page 2 of this response.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2010-00167

<u>Description</u>	<u>Monthly Rent</u>	<u>Account</u>	<u>Base Year Expense</u>	<u>Test Year Expense</u>
Lease of TVA's Summer Shade-Green River 161kV Transmission line	10,114.07	56700	121,369	121,369
Lease of one circuit of the Louisville- TVA 161kV circuits from LG&E's Blue Lick Substation	27,075.00	56700	324,900	324,900
Totals			446,269	446,269

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 69

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 69. Reference EKPC's Statement of Operations, Report as of April 30, 2010, filed with the PSC on June 11, 2010.

a. The document indicates that actual power sales are down to \$41.3 mil. from the budgeted amount of \$53.2 mil.

(i) Was this decrease in actual sales reflected in the company's revenue request? If not, please state whether it will have any effect, and if so, the effect on TIER.

Response 69. Please note that EKPC's forecasted test year is calendar year 2011 and the April 2010 activity is outside of that test period. Therefore, the April 2010 activity did not impact the determination of the revenue request in this proceeding.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 70

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 70. Reference the same document, heading titled "Other Operating Income." This figure has increased from the budgeted sum of \$1.25 mil. to \$10.8 mil. Please identify the source for this other income.

Response 70. Account 44910 is the income statement account under the heading titled "Other Operating Income" and is used to reflect the monthly activity of recording the over or under recoveries on its fuel adjustment clause and environmental surcharge. EKPC does not budget for activity in Account 44910, it is budgeted as "Power Sales-Member Cooperatives."

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 71

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 71. Reference the same document, heading titled, "Fuel Accounts." This indicates Cooper Station is over budgeted by \$3.1 mil., and that Spurlock is under budget by \$4.3 mil. Please provide a narrative description of the reasons why.

Response 71.

Cooper Station (over budget \$3.1M):

A scheduled three week maintenance outage was budgeted for April 2010 but was delayed until May 2010.

Spurlock Station (under budget \$4.3M):

The budget had a two week scheduled maintenance outage for the Gilbert unit in April 2010. Due to low load demand the Gilbert unit was taken down April 1st four days ahead of schedule and came back up on April 28th and put on standby reserve due to continued low load demand. So the Gilbert unit was down the entire month of April 2010 while budgeted to be down only two weeks.

Spurlock Unit #1 tripped in April creating a forced outage due to a fault in the switch yard with the step-up transformers. Power delivery extended the outage so they could fully test the step-up transformers in the switch yard. This unplanned/unbudgeted forced outage kept the Spurlock unit #1 off line for two weeks.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 72

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 72. Reference the same document, heading titled "Maintenance Expenses - Production." This indicates that Spurlock #3 is over budget by \$1.1 mil. Please provide a narrative description of the reasons why.

Response 72. The budget had a two week scheduled maintenance outage for the Spurlock #3 (Gilbert) unit in April 2010. Due to low load demand the Gilbert unit was taken down April 1st four days ahead of schedule and came back up on April 28th and put on standby reserve due to continued low load demand. While unit was down, additional maintenance was performed on the boiler, pollution control equipment, bag house, and the coal/limestone handling system which caused maintenance expense to be over budget \$1.1 million.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2010-00167

RESPONSE TO INITIAL DATA REQUESTS

ATTORNEY GENERAL'S INITIAL DATA REQUESTS DATED 7/8/10

REQUEST 73

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 73. Reference the testimony by Ann Wood. Has the company conducted any research or requested RFPs for coverage to be placed on the risk of forced outages?

Response 73. Yes. Please see a description of the terms that EKPC has under its outage insurance policy in the response to Request 18c of Commission Staff's Second Data Request.