

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY	)	
POWER COOPERATIVE, INC. FOR	)	
APPROVAL OF AN AMENDMENT TO ITS	)	CASE NO. 2008-00115
ENVIRONMENTAL COMPLIANCE PLAN	)	
AND ENVIRONMENTAL SURCHARGE	)	

SECOND DATA REQUEST OF COMMISSION STAFF TO  
EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("East Kentucky"), pursuant to 807 KAR 5:001 is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due June 12, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

East Kentucky shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

East Kentucky fails or refuses to furnish all or part of the requested information, East Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the response to the Commission Staff's First Data Request dated May 1, 2008 ("Staff's First Request"), Item 3(a). In this response, East Kentucky provided the total construction work in progress ("CWIP") balance for Spurlock Unit 4. Identify the portion of each balance reported related to the pollution control facilities.

2. Refer to the response to the Staff's First Request, Item 3(b). In the response, East Kentucky states that while CWIP net of Allowance for Funds Used During Construction ("AFUDC") balances were on East Kentucky's books at September 30, 2006, no adjustment to the environmental surcharge mechanism is necessary, citing the fact that Case No. 2006-00472<sup>1</sup> was a "TIER-based case" rather than a "balance sheet (return) driven" case.

a. Would East Kentucky agree that the interest expense associated with the long-term debt that funded the CWIP net of AFUDC for the three listed Spurlock

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<sup>1</sup> Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

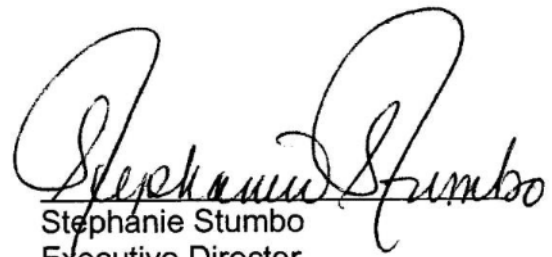
projects was included in the determination of East Kentucky's revenue requirements in Case No. 2006-00472? Explain the response.

b. Does East Kentucky contend that the cost associated with the CWIP net of AFUDC for these three Spurlock projects is not included in its existing rates? Explain the response.

c. Included in the Direct Testimony of William A. Bosta, Exhibit WAB-2, is the calculation of the proposed Base Environmental Surcharge Factor ("BESF"), which reflects the utility plant balance and operating expenses for the Spurlock Unit 2 scrubber. The amounts used are based on the test-year-end balances shown in Case No. 2006-00472. Would East Kentucky agree that the proposed BESF reflects the fact that the Spurlock Unit 2 scrubber is being recovered in its existing rates? Explain the response.

d. If it is reasonable to reflect the Spurlock Unit 2 scrubber in the BESF as being recovered in existing rates, would East Kentucky agree similar treatment should be afforded to the CWIP net of AFUDC balances for the three Spurlock projects? Explain the response.

e. Provide a revised Exhibit WAB-2 that includes the Case No. 2006-00472 test-year-end balances of CWIP net of AFUDC for the three Spurlock projects as part of the BESF. For the Spurlock Unit 4 project, only include that portion of the CWIP net of AFUDC associated with the pollution control facilities.

A handwritten signature in black ink, appearing to read "Stephanie Stumbo". The signature is written in a cursive style with large, flowing loops.

Stephanie Stumbo  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Dated: May 29, 2008

cc: Parties of Record