

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	
FOR A GENERAL ADJUSTMENT OF RATES)	Case No. 2021-00103
APPROVAL OF DEPRECIATION STUDY)	
AMORTIZATION OF CERTAIN REGULATORY)	
ASSETS AND OTHER GENERAL RELIEF)	

EAST KENTUCKY POWER COOPERATIVE, INC.’S
MOTION FOR CONFIDENTIAL TREATMENT

Comes now East Kentucky Power Cooperative, Inc. (“EKPC”), by and through counsel, pursuant to KRS 61.878, 807 KAR 5:001, Section 13 and other applicable law, and for its Motion requesting that the Kentucky Public Service Commission (“Commission”) afford confidential treatment to certain information filed in its Responses to: (1) the Supplemental Joint Requests for Information from the Attorney General (“AG”) and Nucor Steel Gallatin (“Nucor”) (AG/Nucor-DR2”); and (2) Nucor’s Supplemental Data Requests (“Nucor-DR2”), in the above-captioned proceeding, respectfully states as follows:

1. EKPC’s Application in the above-styled proceeding was deemed filed on April 6, 2021.
2. Both AG/Nucor-DR2 and Nucor-DR2 were issued on June 4, 2021. A portion of the material being provided as part of the responses to these data requests includes information that is confidential and proprietary in nature and confidential treatment is necessary to assure that load, peak, billing demand, bill credit and metering information concerning specific industrial

customers of EKPC's Owner-Member Cooperative's ("owner-members"), EKPC's own proprietary formulas and data and other information remain confidential. In particular, EKPC seeks confidential treatment for documents and information provided in response to: AG/Nucor-DR2-11; AG/Nucor-DR2-13; Nucor-DR2-3a; Nucor-DR2-3b; Nucor-DR2-4; Nucor-DR2-5; Nucor-DR2-7; and Nucor-DR2-10. Collectively this information and these documents are hereinafter referred to as the "Confidential Information."

3. AG/Nucor-DR2-11 states as follows:

Refer to the Company's responses to AG-Nucor 1-13 and 1-14. Indicate whether the Company performed a calculation of the weather normalized revenues in the test year for any reason(s). If so, describe the calculation(s), the reason(s) for the calculation(s), and provide a copy of the calculation(s), including all assumptions, data, analyses, and electronic spreadsheet files in live format and with all formulas intact.

4. In response, EKPC is providing two spreadsheets – *AG Nucor DR2 Response 11 Coop Sales CONFIDENTIAL.xlsx* and *AG Nucor DR2 Response 11 FAC CONFIDENTIAL.xlsx* – that include the requested calculations. These spreadsheets also include detailed customer load information that is both historic and projected. This information is so detailed that it concerns individual commercial and retail customers of EKPC's owner-members, which gives tremendous insight into their load characteristics and power purchases. This information would also be very valuable for other jurisdictions that might seek to entice them to leave Kentucky and create a resulting loss of jobs and investment. Moreover, it is well-understood that individual customers have a reasonable expectation of privacy with regard to their unique transactions with a regulated utility.¹ Also, the spreadsheets contain formulas and other trade secret information that is closely

¹ See 807 KAR 5:001, Section 4(10); *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of an Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities and 5) All Other Required Approvals and Relief*, Order, Case No. 2017-00321 (Ky. P.S.C. May 3, 2018); *In the Matter of*

held by EKPC and is not otherwise publicly available. The disclosure of this information would harm EKPC and its owner-members by causing the loss of valuable data, planning assumptions and analysis that was expensive and time-consuming to develop.

5. AG/Nucor-DR2-13 states as follows:

Provide calculations of adjustments to annualize test year revenues for changes in customers and usage within the test year. For increases or reductions in customers or loads that were added or lost during the year, then annualize the base revenues that were added or lost. For customers that migrated from one tariff to another during the test year, provide the annualized effect on revenues as if they had been on the most recent tariff for the entire test year. This request specifically does not address or request post-test year changes in customers and usage. Provide all supporting assumptions, data, and calculations, including electronic workpapers in live format with all formulas intact.

6. In response, EKPC is providing a spreadsheet – *AG Nucor DR2 Response 13 CONFIDENTIAL.xlsx* – which provides the requested information. However, this information is drawn from, and similar to, EKPC’s prior response to AG/Nucor-DR1-16, which includes information by rate class on individual commercial and industrial customers of EKPC’s owner-members and financial information that is outside the test year. This information is already subject to a motion for confidential treatment filed by EKPC, which it adopts and incorporates herein as if set forth in full.²

7. Nucor-DR2-3a and 3b state as follows:

Please provide in an excel file the following information for each month of the 2019 test year:

- a. The on-peak, off-peak and total MWh energy associated with Nucor’s Pickle Galvanizing Line (PGL), as recorded on Nucor meter M-5. Please confirm that these MWh amounts are

the Proposed Revision of Rules Regarding the Provision of Wholesale Water Service by the City of Versailles to Northeast Woodford Water District, Order, Case No. 2011-00419 (Ky. P.S.C. Mar. 14, 2012) (commercial account information).

² See EKPC Motion for Confidential Treatment, Case No. 2021-00103 (filed May 28, 2021).

included in the total MWh shown for Nucor Gallatin in the EKPC class cost of service study and in the EKPC rate design analysis.

- b. The coincident peak kW demand (CP demand) associated with Nucor's Pickle Galvanizing Line (PGL), as recorded on Nucor meter M-5. Please confirm that these CP kW demand amounts are included in the total Nucor CP billing demand shown for Nucor Gallatin in the EKPC class cost of service study and in the EKPC rate design analysis.

8. In response, EKPC is providing an Excel spreadsheet – *Nucor DR2 Response 3-4 CONFIDENTIAL.xlsx*– that provides the energy usage, metering data and bill credit of a single customer at a single meter. Information that is unique to a customer is generally regarded as confidential with customers enjoying a reasonable expectation of privacy with regard to their unique information. Moreover, this spreadsheet provides extraordinary insight into the operations of large commercial and industrial customer within the EKPC system. The Commission has already determined that the bill credit is confidential.³

9. Nucor-DR2-4 states as follows:

With regard to the response to AG & Nucor Initial Request 18, please provide in an excel file with formulas intact, on a monthly basis, the on and off-peak kWh and CP kW billing demand used to calculate the revenues for 2019 and 2020. Also show the calculation of the revenues shown in the response to Request 18, using these billing determinants.

10. In response, EKPC is providing an Excel spreadsheet – *Nucor DR2 Response 3-4 CONFIDENTIAL.xlsx* – that again lists peak and coincident peak billing demand for a single industrial customer of one of EKPC's owner-members and financial information by rate case that is outside the test year.

11. Nucor-DR2-5 states as follows:

³ See *In the Matter of the Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. of an Amendment to an Industrial Power Agreement with Interruptible Service Between East Kentucky Power Cooperative, Inc. Owen Electric Corporation, Inc. and Nucor Steel Gallatin, LLC f/k/a Gallatin Steel Company*, Order, Case No. 2020-00317 (Ky. P.S.C. March 9, 2021).

With regard to the response to Nucor Initial Request 1, please provide the hourly loads for the year 2019, in an excel spreadsheet, for Rate TGP, Steam and the Nucor Gallatin Meter M-5.

12. In response, EKPC is providing a spreadsheet – *Nucor DR2 Response 5 CONFIDENTIAL.xlsx* – that includes information regarding test year hourly loads for three particular industrial customers of EKPC’s Owner-Members. As set forth above, customers generally enjoy a reasonable expectation of privacy with regard to their unique transactions with a regulated utility.

13. Nucor-DR2-7 states as follows:

Please confirm that EKPC calculated both its 12 CP demands and its Maximum NCP Demands by Class in its class cost of service study using 15-minute demands, not hourly demands. Please provide the corresponding 12 CP demand and Maximum NCP Demands by Class based on hourly demands in an excel spreadsheet.

14. In response, EKPC is providing a spreadsheet – *Nucor DR2 Response 7 CONFIDENTIAL.xlsx* – which includes detailed data on EKPC’s coincident peaks and non-coincident peaks at 60-minute intervals. This data is proprietary to EKPC and is derived from information which is already subject to a motion for confidential treatment.⁴ If disclosed, the information would reveal detailed information about specific customer information of industrial customers of EKPC’s owner members. As set forth above, customers generally have a reasonable expectation of privacy with regard to their data.

15. Nucor-DR2-10 states as follows:

Please reconcile the "Sum of Maximum Class NCP" from line 80, tab 'Revenue Input' of the spreadsheet" PSC DR Response 16 App Exhibit 39 CCOSS and RD Confidential.xlsx" to the maximum hourly demand for each rate class provided in the spreadsheet "Nucor DR1 Response 1 CONFIDENTIAL.xlsx". If there are

⁴ See EKPC Motion for Confidential Treatment (filed May 28, 2021).

additional metered loads included in the Sum of Maximum Class NCP for any rate class which were not provided in response to Nucor DR1, please provide those on the same hourly basis.

16. In response, EKPC is providing a spreadsheet – *Nucor DR2 Response 10 2019 CCOSS CONFIDENTIAL.xlsx* – which includes the entire CCOSS spreadsheet, including billing determinants for all customers. This spreadsheet includes all of the formulas, data, assumptions and other information built into EKPC’s CCOSS and is therefore very valuable. It is the product of significant investment by EKPC and constitutes a trade secret under Kentucky law. *See* KRS 365.880(4).

17. In accordance with the provisions of 807 KAR 5:001, Section 13(2), EKPC is filing one copy of the Confidential Information separately under seal. Because the Confidential Information is included on spreadsheets, the Confidential Information is so pervasive that confidential treatment should be afforded for the entire file and no redacted file may be uploaded to the Commission’s website without compromising the integrity of the filing.

18. The Confidential Information is retained by EKPC on a “need-to-know” basis and is not publicly available. If disclosed, the Confidential Information would give competitors of the specific industrial clients involved a tremendous advantage in each of the areas detailed above. This information would also be useful to other jurisdictions that might seek to lure these businesses out of Kentucky. The loss of these loads would likely translate into higher costs for EKPC and, by extension, detrimentally higher rates for EKPC’s Owner-Members. Thus, disclosure of the Confidential Information would be highly prejudicial to EKPC, EKPC’s owner-member cooperatives and those owner-members’ end-use retail members.

19. The Kentucky Open Records Act exempts the Confidential Information from public disclosure. *See* KRS 61.878(1). Moreover, the Kentucky Supreme Court has stated, “information

concerning the inner workings of a corporation is ‘generally accepted as confidential or proprietary.’” *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995). Because the Confidential Information is critical to EKPC’s effective execution of business decisions and strategy, it satisfies both the statutory and common law standards for being afforded confidential treatment.

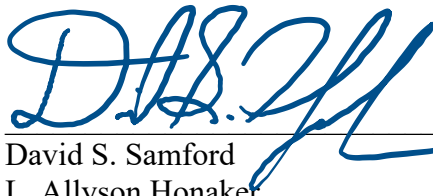
20. EKPC does not object to limited disclosure of the Confidential Information, pursuant to an acceptable confidentiality and nondisclosure agreement, to the Attorney General and Nucor who have a legitimate interest in reviewing the same for the sole purpose of participating in this case. EKPC tendered a confidentiality agreement AppHarvest Morehead Farms, LLC (“AppHarvest”) on May 26, 2021, but has not yet received a signed copy back from AppHarvest. However, due to ongoing contractual negotiations with AppHarvest’s affiliates, EKPC does not believe that it is appropriate to provide any of the spreadsheets provided in response to AG/Nucor-DR2 or Nucor-DR2 to AppHarvest notwithstanding any confidentiality agreement AppHarvest may be willing to enter into. These spreadsheet includes detailed information about each of the other significant commercial and industrial loads served by EKPC and its owner-members and a commercial billing credit term that is currently subject to contract negotiation, which would give AppHarvest a significant and unprecedented insight into the load profiles and characteristics of other similarly situated customers and unique bargaining leverage in negotiating an interruptible billing credit. Under the circumstances, such disclosures would be unfair to EKPC’s other retail commercial and industrial customers.

21. In accordance with the provisions of 807 KAR 5:001, Section 13(3), EKPC respectfully requests that the Confidential Information be withheld from public disclosure for an indefinite period of time.

WHEREFORE, on the basis of the foregoing, EKPC respectfully requests the Commission to enter an Order granting this Motion for Confidential Treatment and to so afford such protection from public disclosure to the unredacted copies of Confidential Information, which is filed herewith under seal, for the periods set forth herein.

This 16th day of June, 2021.

Respectfully submitted,



David S. Samford
L. Allyson Honaker
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Lexington, KY 40504
(859) 368-7740
david@gosssamfordlaw.com
allyson@gosssamfordlaw.com

Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on June 16, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium will be delivered to the Commission within thirty (30) days of the conclusion of the present COVID-19 related state of emergency.



Counsel for East Kentucky Power Cooperative, Inc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	
FOR A GENERAL ADJUSTMENT OF RATES,)	CASE NO.
APPROVAL OF DEPRECIATION STUDY,)	2021-00103
AMORTIZATION OF CERTAIN REGULATORY)	
ASSETS, AND OTHER GENERAL RELIEF)	

SUPPLEMENTAL DATA REQUESTS OF THE ATTORNEY GENERAL AND
NUCOR TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JUNE 4, 2021

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)
KENTUCKY POWER COOPERATIVE, INC.)
FOR A GENERAL ADJUSTMENT OF RATES,) CASE NO.
APPROVAL OF DEPRECIATION STUDY,) 2021-00103
AMORTIZATION OF CERTAIN REGULATORY)
ASSETS, AND OTHER GENERAL RELIEF)

CERTIFICATE

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK)

Michelle K. Carpenter, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021, 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.

Michelle K. Carpenter

Subscribed and sworn before me on this 16th day of June 2021.

Gwyn M. Willoughby

Notary Public - #590567
Commission expires - 11/30/2021



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	
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ASSETS, AND OTHER GENERAL RELIEF)	

CERTIFICATE

COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF CLARK)

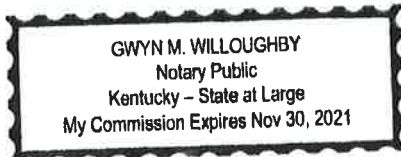
Mark Horn, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Mark Horn

Subscribed and sworn before me on this 16th day of June 2021.

Gwyn M. Willoughby

Notary Public - #590567
Commission expires - 11/30/2021



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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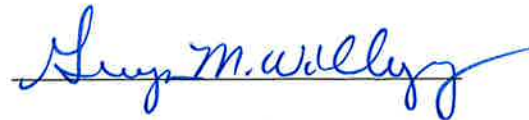
CERTIFICATE

COMMONWEALTH 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 Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021 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 June 2021.



Notary Public - #590567
Commission expires - 11/30/2021



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

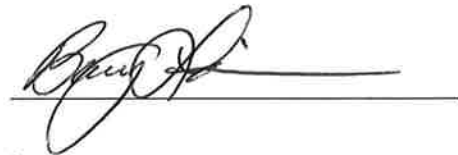
In the Matter of:

ELECTRONIC APPLICATION OF EAST)
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FOR A GENERAL ADJUSTMENT OF RATES,) **CASE NO.**
APPROVAL OF DEPRECIATION STUDY,) **2021-00103**
AMORTIZATION OF CERTAIN REGULATORY)
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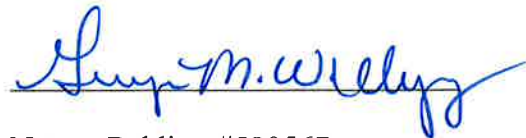
CERTIFICATE

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK)

Barry Lindeman, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021, 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 June 2021.



Notary Public - #590567
Commission expires - 11/30/2021



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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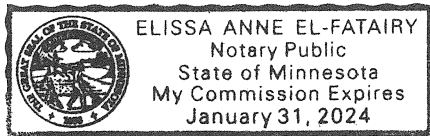
CERTIFICATE

STATE OF MINNESOTA)
)
 COUNTY OF ANOKA)

Richard J. Macke, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021 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.

Richard J. Macke

Subscribed and sworn before me on this 15 day of June 2021.



Elissa Anne El-Fatairy
 Notary Public - # 31034367
 Commission expires - 1/31/24

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	
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CERTIFICATE

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK)

Isaac S. Scott, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021 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 June 2021.



Notary Public - #590567
Commission expires - 11/30/2021



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

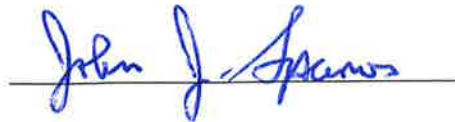
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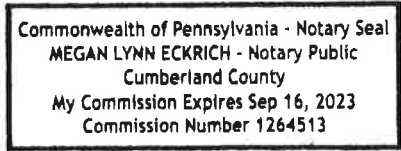
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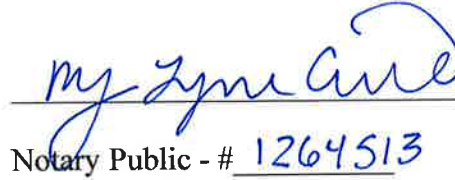
**COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF CUMBERLAND)**

John J. Spanos, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021 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 June 2021.





Notary Public - # 1264513

Commission expires - Sep. 16, 2023

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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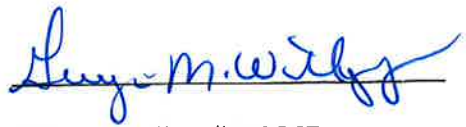
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COMMONWEALTH OF KENTUCKY)
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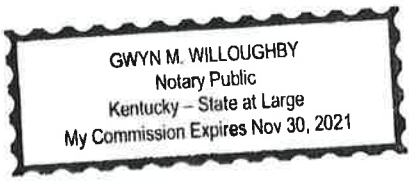
Thomas J. Stachnik, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Supplemental Data Requests of the Attorney General and Nucor in the above-referenced case dated June 4, 2021 and that the matters and things set forth therein 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 June 2021.



Notary Public - #590567
 Commission expires - 11/30/2021



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21

REQUEST 1

RESPONSIBLE PERSON: Mark Horn

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Does EKPC utilize barge services?

Response 1. Yes, EKPC does utilize barge services.

Request 1a. If so, for what purposes?

Response 1a. Barge services are utilized by EKPC for the purpose of transporting coal from the Acquisition Point (producer or broker) to the Delivery Point (power plant). Barging is the most economical means of transporting coal from the various coal basins to EKPC's Spurlock Power Station.

Request 1b. Describe how barge services are procured.

Response 1b. Barge services are procured through a fair and confidential competitive bidding process. EKPC's Fuel & Emissions Department evaluates proposals from the barge services market to determine the lowest-cost service. The recommendation for the barge service is made by the subject matter experts in Fuel & Emissions and goes through the review and approval process, which includes EKPC Executive Management, Internal Risk Management Committee, Board Risk Oversight Committee, Strategic Issues Committee, and ultimately the Board of Directors.

Request 1c. When was the last barge contract awarded and to whom?

Response 1c. The last barge contract was awarded on July 12, 2017, to Ingram Barge Company LLC.

Request 1d. Provide copies of each and every current contract for barge services.

Response 1d. The sole current contract for barge services is on file with the Kentucky Public Service Commission, and is attached as well. (Please see pages 4 through 21 of this response.)

Request 1e. Describe the process for soliciting barge proposals and how they are evaluating and a winning proposal is selected.

Response 1e. The process for soliciting barge proposals and how they are evaluated and a winning proposal is selected uses the standard procurement procedure used for all of EKPC's fuel and fuel-related contracts. The procurement process begins with a written Request for Proposal that goes to all of the barge carriers on EKPC's Barge Bidders List, which is updated at least annually. Proposals are submitted by barge carriers to a password-protected e-mail lock box. No one associated with the actual procurement process has access to the lock box. The Fuel Negotiating Committee, which is comprised of the Fuel & Emissions Department, Legal, and a Director from EKPC's Board of Directors, are all present during the formal bid opening. The bids are opened and viewed for the first time during the formal bid opening. The Fuel Negotiating Committee authorizes the Fuel Buyer to negotiate the best contract value for EKPC and the Owner-Members. The Fuel Buyer evaluates the proposals using the Barge Carrier Selection Criteria that has been established by the Manager of Fuel & Emissions and approved by the Senior Vice President of Power Supply, Legal, and the Director on the Fuel Negotiating Committee. All measurable and quantifiable costs related to the barge carrier's proposal are evaluated and services are procured based on the lowest-evaluated cost.

BARGE TRANSPORTATION CONTRACT

This Barge Transportation Contract (this “**Contract**”), made and entered into this 12th day of July, 2017, is by and between Ingram Barge Company LLC, a Tennessee limited liability company (“**Carrier**”), whose address is One Belle Meade Place, 4400 Harding Pike, Nashville, Tennessee 37205, and East Kentucky Power Cooperative, Inc., a Kentucky corporation (“**EKPC**”), whose address is 4775 Lexington Road, P. O. Box 707, Winchester, Kentucky 40392-0707.

Recitals

A. EKPC owns and operates Spurlock Power Station, a coal-fired power station located at Milepost 414.1 on the Ohio River (“**Spurlock Power Station**”);

B. Carrier is actively and lawfully engaged in the barging transportation services industry; and

C. EKPC desires for Carrier to provide certain contract barging services for coal between points of origin designated by EKPC and Spurlock Power Station, and Carrier desires to furnish to EKPC all of such services, in each case, upon the terms and subject to the conditions of this Contract.

NOW, THEREFORE, based on the above premises and in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. General. Carrier shall transport all of EKPC’s waterborne coal (“**Coal**”) and waterborne limestone and tire-derived fuels (TDFs) (collectively, “**Other Cargo**”) (Coal and Other Cargo will be collectively referred to herein as the “**Cargo**”), by barge destined for Spurlock Power Station, and EKPC shall compensate Carrier, therefore, under all the terms and conditions of this Contract. Notwithstanding the foregoing, EKPC shall be entitled to use a third party to transport Coal and Other Cargo during any period in which Carrier fails to perform its obligations hereunder (without regard to whether Carrier is unable to carry out its obligations because of Force Majeure). For purposes of clarification, this Contract does not apply to Coal or Other Cargo transported by truck, rail or other non-waterborne means.

2. Term. The term of this Contract (the “**Term**”) shall be for a three (3) year and eleven (11) month period beginning on February 1, 2018, and continuing through December 31, 2021; provided, however, that this Contract shall remain in full force and effect with respect to any Coal or Other Cargo tendered by EKPC or its Coal suppliers prior to, but not delivered to Spurlock Power Station, before the end of the Term. Between March 1, 2021, and May 31, 2021, the parties shall consider whether the parties wish to extend the Term for four (4) years, terminating on December 31, 2025 (being under no obligation to do so), and, if so, whether the Base Rates should be adjusted for said extension. If the parties jointly agree to extend the Term and that the Base Rates should be adjusted for said Term extension, then the amount of such adjustment and its effective date shall be mutually agreed upon by EKPC and Carrier. If the parties cannot jointly agree to extend the Term or the Base Rates to be set for any such extension, then this Contract shall terminate at the end of the Term set forth above (December 31, 2021).

3. Rates. Base rates per ton of Coal and Other Cargo will be as set forth on Exhibit A attached hereto and incorporated herein by reference for the barging of coal from points of origin set forth therein (the “**Origin Points**”) to Spurlock Power Station (collectively, the “**Base Rates**” and including any adjustments pursuant to Section 4, the “**Adjusted Base Rates**”). The Base Rates are inclusive of (a) all fees, taxes, tolls, duties, costs or expenses applicable to Carrier and (b) switchboat/harbor boat service for the purpose of barge unloading, fleeting, shifting, and fleet tending/security at Spurlock Power Station (“**Switchboat Service**”), but, the Base Rates are exclusive of any fleeting and/or switching cost(s) at any Origin Points. Base rates for the barging of Coal and Other Cargo from points of origin that are not listed on Exhibit A or to destinations other than Spurlock Power Station will be determined by agreement of the parties and reasonably comparable to the quoted rates, taking into account distance, loading conditions and operating conditions. Once such base rates are agreed to, the parties shall amend Exhibit A to include such additional points of origin, destinations and base rates.

4. Rate Adjustments.

(a) Carrier shall adjust the Base Rates each calendar quarter beginning April 1, 2018, pursuant to the provisions of this Section 4(a):

(i) Twenty-five percent (25%) of each Base Rate (the “**Fuel Component**”) will be adjusted based on changes to the cost of fuel, the initial price of which is \$1.7900 per gallon (the “**Base Fuel Price**”). Beginning April 1, 2018, and continuing on the first day of each subsequent calendar quarter during the Term, the fuel price for the prior calendar quarter (the “**Current Fuel Price**”) will be calculated and will equal the average posted price of No. 2 ultra-low diesel fuel at Catlettsburg, Kentucky, on each Friday during such quarter. If the Current Fuel Price exceeds the Base Fuel Price, Carrier shall increase each Base Rate by an amount equal to the product of the percentage that the Current Fuel Price increased from the Base Fuel Price, multiplied by the Fuel Component of such Base Rate. If the Current Fuel Price is less than the Base Fuel Price, Carrier shall decrease each Base Rate by an amount equal to the product of the percentage that the Current Fuel Price decreased from the Base Fuel Price, multiplied by the Fuel Component of such Base Rate.

(ii) Seventy-five percent (75%) of each Base Rate (the “**Other Cost Component**”) consists of all charges other than fuel, including, without limitation, all port charges, fleeting charges, existing taxes and other charges association with the transportation of dry bulk cargo, and will be adjusted based on changes to the combined average (the “**Combined Average**”) of the following indices: (i) Consumer Price Index - All Urban Consumers U.S. City Average – All Items, (ii) Consumer Price Index - All Items Less Energy, Not Seasonally Adjusted (CUUR0000SA0LE), and (iii) Employment Cost Index - Total Compensation for Private Industry Workers in Transportation and Material Moving (CIU2010000520000I). The Combined Average for a calendar quarter will equal the average of the indices for each calendar month during such quarter. Beginning April 1, 2018, and continuing on the first day of each subsequent calendar quarter during the Term, the Combined Average for the prior calendar quarter (the “**Current Combined Average**”) will be calculated. Carrier shall increase each Base Rate by an amount equal to the product of the percentage that the Current Combined Average increased from the Combined Average for the fourth quarter of 2017 (the “**Base Combined Average**”), multiplied by the Other Cost Component of such Base Rate.

Example For Illustration Purposes Only:

		Quarterly Rate Revision 04/01/2018 Example		
		<u>Base</u>		<u>Current 2nd Qtr, 2017</u>
I.	<u>Fuel Cost</u>			
	Custom Fuel Service-Catlettsburg	1.790		1.942
	Percent Change		<u>8.492%</u>	
II.	<u>Consumer Price Index-All Items</u>		<u>Base 4th Qtr, 2016</u>	<u>Current Ending Qtr, 2017</u>
	CPI-U-All Items-			
	CUUR0000SA0	241.505		242.625
	CPI-U-All Items Less Energy-			
	CUUR0000SA0LE	248.266		249.128
	CPI-U-All Transport & Material-			
	CIU2010000520001	<u>129.100</u>		<u>129.100</u>
		206.290		206.951
	Percent Change		<u>0.320%</u>	
		<u>Percent</u>	<u>Component</u>	<u>As a %</u>
		<u>Change</u>	<u>Change</u>	<u>of Rate</u>
I.	Fuel Cost	8.492%	25.000%	2.123%
II.	CPI-W AL & PPI-ICLFRP	0.320%	75.000%	<u>0.240%</u>
				<u>2.363%</u>

Example – Fuel is using the most current available numbers April 1 – June 16, 2017

Example = Other Cost is using the 4th qtr 2016 for base, as 2017 numbers not yet available

Example = Other Cost actual numbers prior qtr Current Combined Average – Dec 2016, Jan and Feb 2017

Example: Smallhouse 76.6 Base Rate \$6.05 X 1.02363 = \$6 .19 rate for 04/01/2018

(b) Base Rates will be adjusted for the cost of any government-imposed tolls or other government charges (“**Governmental Impositions**”) enacted after the effective date of this Contract which are assessed on river transportation and assessed against the Carrier for carrying

Coal and the Other Cargo under this Contract. Such rate adjustments will be effective as of the effective date of such tolls or charges. Notwithstanding anything herein to the contrary, the term "Governmental Impositions" will not include taxes or other charges on fuel that are covered by Section 4(a)(i), any non-compliance existing as of the effective date of this Contract, financing costs and taxes, income tax or property taxes or related costs, any penalties, interest, fines, costs of arbitration, mediation, litigation, or any other type of dispute resolution through all stages of appeal, payment of judgments against Carrier or Carrier's affiliates, or on instruments or documents evidencing the same or on the proceeds thereof, and wages, benefits and retirement. In order to constitute a Governmental Imposition, such tolls or charges must be imposed against the barging industry either on a regional, state or national basis. Carrier shall notify EKPC in writing of the obligation to comply with such laws (if Carrier anticipates meeting the conditions that would require Carrier to comply with such laws) within thirty (30) days of the time Carrier becomes aware of such laws, setting forth the specific law or regulation and the anticipated actual or actual financial impact on Carrier's delivery of Coal and Other Cargo hereunder, and the anticipated or actual effective date. Additionally, the applicable Base Rate hereunder will be increased only if the price adjustment is allocated evenly to all affected cargo transported by Carrier, so that EKPC is allocated only its proportionate share of such Governmental Imposition, and the Base Rate will be decreased for any savings resulting from changes in such Governmental Imposition. The Base Rate cannot be increased due to Governmental Impositions (i) on an annual basis, more than five percent (5%) per ton and (ii) on a cumulative basis during the Term, more than twenty percent (20%) per ton; but, if Carrier's operational costs increase due to Governmental Impositions and Carrier can reasonably demonstrate that such annual 5% cap and/or cumulative 20% caps is not commensurate with the increased costs due to the Governmental Impositions, Carrier may terminate this Contract on 90 days' written notice to EKPC unless EKPC authorizes Carrier, in writing, to increase the Base Rates above such cap(s) within such 90 day period.

5. Quantities. EKPC anticipates that up to approximately 4,500,000 tons of Coal per year will be shipped during the Term. However, EKPC is unable to commit to specific annual, monthly or quarterly tonnages of Coal or Other Cargo as of the date of this Contract and does not make any representation or warranty regarding such specific annual, monthly or quarterly tonnages of Coal or Other Cargo, and as such, on or before August 1st of each year of the Term, EKPC shall provide to Carrier a non-binding, good faith estimate of the tonnage of Coal or Other Cargo to be shipped each month, including Origin Points, for the upcoming year. Prior to each month, EKPC shall notify Carrier of revisions in tonnage estimates and Origin Points, specifying intended monthly loadings from each Origin Point. In addition, EKPC shall instruct all of its Coal suppliers to provide to Carrier, on the last Thursday of each month, a schedule of anticipated barge loadings for the following month. Schedules will be subject to reasonable revision with adequate advance notice, and Carrier agrees to transport such tonnage, provided that EKPC gives Carrier reasonable advance notice of any material increases in tonnage or distances so that Carrier can procure any needed equipment. Notwithstanding anything to the contrary, in no event shall the failure of EKPC to deliver to Carrier any monthly estimates or schedules constitute or be deemed to constitute an event of default or other breach of EKPC's obligations under this Contract.

6. Delivery.

(a) Carrier shall use only double or single slope barges that are in good and seaworthy condition, free of water and foreign material, and that have a maximum capacity of 2,000 tons of Coal; provided, however, that non-sloped box barges may be used by Carrier with EKPC's prior written consent, which may be withheld in its sole discretion. Single slope barges shall be placed under the barge unloader with the slope side pointed down river.

(b) Carrier shall receive Coal and Other Cargo at the Origin Points, and Carrier shall furnish empty barges at such Origin Points in adequate numbers and at such times as to permit loading of Coal and Other Cargo in accordance with the Coal suppliers' reasonable operating schedules and EKPC's supply requirements. EKPC shall cause its contracts with its Coal suppliers to require the suppliers, at their own expense, to load the Coal and Other Cargo into the barges with due diligence and dispatch and otherwise comply with the reasonable requirements of Carrier's barging operation. The Coal suppliers will have the right to refuse to load any barges they consider unseaworthy or any barges containing water or other foreign matter.

(c) Carrier will deliver the loaded barges to Spurlock Power Station at such times as to permit the unloading of the Coal and Other Cargo in accordance with EKPC's reasonable operating schedules. Carrier shall provide EKPC, at no cost to EKPC, with Switchboat Service for the purposes of barge unloading and fleet tending/security at Spurlock Power Station, for Coal and Other Cargo transported by Carrier under this Contract. Carrier shall assume responsibility and liability for all Carrier's equipment in fleet and in use at Spurlock Power Station. Such Switchboat Service shall include a boat of no less than 800 horsepower, to be crewed by one pilot and at least two deckhands, and operate around the clock year round; provided, however, that, during periods when there are no barges at Spurlock Power Station, Carrier reserves the right to decrew the Switchboat or use it elsewhere. Should Switchboat Service be interrupted by breakdown or crew shortage, a "backup" boat shall be substituted. It is agreed that Carrier shall not be responsible for the switching, or security, of any barges not transported by Carrier under this Contract.

(d) Carrier acknowledges the importance of timely deliveries pursuant to this Contract, and that such importance becomes critical in the event of low Coal inventory at Spurlock Power Station. Accordingly, in the event that EKPC notifies Carrier that Spurlock Power Station has 21 days' worth of Coal inventory or less, Carrier shall work and cooperate with EKPC and its suppliers to increase the Coal inventory at Spurlock Power Station as quickly as possible, including, without limitation, using Carrier's best efforts to (i) deliver any Coal in its possession as quickly as possible to Spurlock Power Station and (ii) deliver barges to the Origin Points designated by EKPC and its suppliers as quickly as possible. Should Carrier fail to take possession of barges within seven days at the Origin Point(s), EKPC, in addition to any other rights and remedies it may have, may use a third party carrier to transport Coal, and Carrier shall provide Switchboat Services for such third party deliveries. Subject to the foregoing, Carrier may shift or interchange the tow from one to another towing vessel as frequently as it may find it convenient to do so, or to procure towage from any other vessel not owned or operated by Carrier; to tie off the tow at any point and for any purpose; and to deviate from its route, and visit any port whether or not on said route, and in any order.

7. Demurrage.

(a) EKPC shall be allowed seven (7) "Free Unloading Days" within which to unload each of the barges delivered to EKPC at Spurlock Power Station pursuant to this Contract. An "Unloading Day" shall commence at 7:00 a.m. and continue until 7:00 a.m. on the next day. The calculation of "Free Unloading Days" for each barge shall commence at the first 7:00 a.m. following the delivery of such barge to EKPC at Spurlock Power Station and notification is given to EKPC that such barge is moored to the dock at Spurlock Power Station and ready to unload, and shall run continuously thereafter for a period of one hundred sixty-eight (168) hours. "Actual Unloading Days" for each barge shall commence concurrently with the commencement of "Free Unloading Days" and shall continue until the first 7:00 a.m. following the time that Carrier's dispatcher has been notified that the barge is unloaded and ready for pick up.

(b) Carrier shall maintain a demurrage account, in which (i) one (1) credit shall be entered for each day the Actual Unloading Days are less than the Free Unloading Days and (ii) one (1) debit shall be entered for each day the Actual Unloading Days exceed the Free Unloading Days. The demurrage account shall be balanced and settled each calendar month by canceling one (1) debit with one (1) credit and by the payment by EKPC to Carrier of \$200 for each demurrage debit not so canceled. In the event the total credits exceed the total debits in the account at the end of any month, such excess credits shall be canceled and shall not carry over to the next month. At EKPC's request, but not more frequently than once per month, Carrier shall send EKPC a summary of the current demurrage accounts. Notwithstanding anything herein to the contrary, to ensure a smooth transition from EKPC's current carrier to Carrier, the demurrage account initially shall contain credits in the amount of \$250,000, which shall be used to offset demurrage charges incurred through July 31, 2018.

8. Weight Determination; Payment; Audit.

(a) Freight charges will be calculated on the basis of loaded weights at the Origin Points. Carrier will not assume any responsibility to weigh the Cargo at any of the Origin Points or at Spurlock Power Station. Within 72 hours after completion of loading, EKPC shall have its coal supplier submit to Carrier a written report descriptive of the Cargo and the weight thereof per barge.

(b) By the third day of each calendar month during the Term (the "Invoice Date"), Carrier shall invoice EKPC for all Coal and Other Cargo unloaded at Spurlock Power Plant during the prior calendar month, which invoice shall include, without limitation, total amount due, number of tons of Coal and Other Cargo transported by barge number for each Origin Point, unloading dates for each barge, and demurrage owed by EKPC pursuant to Section 7(b). The actual date of loading, not placement date nor requested date, shall govern as to what Adjusted Base Rate shall be invoiced. Provided that EKPC receives an invoice by the Invoice Date and subject to EKPC's audit rights under Section 8(d), EKPC will pay the invoiced amount no later than the twenty-third (23rd) day of the month following the month in which such Coal and Other Cargo was unloaded, or the next business day if the date on which payment is due is a weekend day, holiday or other day that banks in Kentucky are closed for business. Interest at a rate of two percent (2%) per month (or any fraction thereof) or the maximum interest rate allowed by law shall accrue on any payment obligations hereunder that are past due until such payment obligations are satisfied in full together with said interest. If any agency or attorney is employed to assist in the collection of such payment obligation, then the delinquent party also shall be required to pay such agency/attorney's reasonable fees relating to such collection. Carrier has the right to defer placement of any barge and/or delivery of the Cargo if EKPC's payment obligations are past due until such time as all amounts due Carrier are paid in full.

(c) Invoices shall be emailed to EKPC at its address for invoices set forth in Section 15(b). Payments shall be mailed to the parties at their addresses for notice set forth in Section 15(b); provided, however that EKPC may elect to wire payments to Carrier using the wiring instructions set forth on Exhibit B attached hereto and incorporated herein by reference.

(d) Each party may request from the other, upon reasonable notice, documentation directly supporting the accuracy of any statement, charge or computation, made pursuant to this Contract. If upon review the requesting party is unsatisfied with the documentation provided and still has a reasonable basis for doubting the accuracy of the statement, charge or computation, the requesting party may request further information in support thereof from the responding party's internal auditing group. After review of the information provided by the responding party's internal audit group, if the requesting party's reasonable basis for doubting the accuracy of the statement, charge or computation in question has not been extinguished, the requesting party may engage an independent auditor to conduct a limited, on-site audit of only those documents and records relevant to the statement, charge or computation in dispute. The party being audited shall have the right to require that any audit be conducted by a mutually agreeable independent auditor and that the details of the information examined in such audit be kept confidential from the requesting party, except to the extent necessary to resolve any controversy that is pursued in good faith. If Carrier is the Party being audited, then PricewaterhouseCoopers LLP shall be the independent auditing entity used. Any audit expenses shall be borne by the party requesting the audit. The auditor(s) performing such audits will be required to sign a Confidentiality and Non-Disclosure Agreement prepared by the party being audited prior to having access to any records. The auditor(s) shall be restricted from photographing, electronically scanning, copying or making copious notes of or related to any of the records to which access is permitted.

9. Indemnification.

(a) For purposes of this Section 9, "EKPC Parties" will mean individually and collectively EKPC and any of its affiliates and its and their employees, vendors, vessels, contractors, subcontractors at any tier, or agents; "Carrier Parties" will mean individually and collectively Carrier and any of its affiliates and its and their employees, vendors, vessels, contractors, subcontractors at any tier or agents. The term Carrier Parties will not be defined to include any of the EKPC Parties, and the term EKPC Parties will not be defined to include any of the Carrier Parties.

(b) Carrier shall defend, indemnify and hold the EKPC Parties harmless from and against all losses, damages, injuries, liabilities, judgments, claims and expenses, including without limitation penalties for violation of laws and pollution cleanup costs and reasonable attorney's fees (collectively "Losses") arising from or related to (i) Carrier's breach of this Contract and/or (ii) the negligence, gross negligence, recklessness or intentional misconduct of Carrier Parties, except to the extent of the negligence, gross negligence, recklessness or intentional misconduct of EKPC Parties; and except for Losses covered by the last sentence of Section 9(c). In addition, Carrier shall defend, indemnify and hold the EKPC Parties harmless from and against any and all Losses arising from or related to any injury, illness, and/or death of

the employees of any Carrier Parties regardless of cause, including the sole, joint, or concurrent negligence or fault (whether active, passive, and/or gross), any tort, any strict liability or any other theory of liability which may be available against any EKPC Parties, either at law or in equity.

(c) EKPC shall defend, indemnify and hold Carrier Parties harmless from and against any and all Losses arising from or related to (i) EKPC's breach of this Contract and/or (ii) the negligence, gross negligence, recklessness, or intentional misconduct of the EKPC Parties, except to the extent of the negligence, gross negligence, recklessness, or intentional misconduct of Carrier Parties; and except for any Losses covered by the last sentence of Section 9(b). In addition, EKPC shall defend, indemnify and hold Carrier Parties harmless from and against any and all Losses arising from or related to any injury, illness and/or death of any employees of any EKPC Parties, regardless of cause, including the sole, joint, or concurrent negligence or fault (whether active, passive, and/or gross), any tort, any strict liability, or any other theory of liability which may be available against any Carrier Parties, either at law or in equity.

10. Insurance.

(a) EKPC shall require its suppliers and transloading operators at the Origin Points to procure and maintain (i) Statutory Longshore and Harbor Workers' Compensation Act Insurance and/or statutory Workers' Compensation Insurance or Jones Act (Maritime Employers Liability), whichever is applicable, covering all workers at the Origin Points and (ii) Marine Liability insurance (in any combination of primary and excess policies) including but not limited to Protection and Indemnity Liability, Jones Act (Maritime Employers Liability), Pollution Liability, Full Collision Liability, Marine Operators Liability, Marine Contractual Liability, Wharfinger Liability, Towers' Liability, Hull and Cargo Legal Liability, and Cost of Removal of Wreck and Cargo (including voluntary or statutory), as applicable, covering EKPC and/or its suppliers and transloading operators, as applicable, motor vessels, docks and fleets operations at all Origin Points in an amount not less than \$1,000,000 per occurrence with respect to existing suppliers and operators; provided, however, that EKPC shall use commercially reasonable efforts to increase coverage to \$10,000,000 per occurrence with respect to contracts with suppliers and operators entered into after the date of this Contract. To the extent of EKPC's indemnity obligations stated within Section 9, EKPC shall use commercially reasonable efforts to cause the coverage provided by EKPC's suppliers and operators pursuant to this Section 10(a) to be endorsed to contain a waiver of the insurer's subrogation rights against Carrier, its parent and subsidiary companies, applicable subcontractors and vessels, and name Carrier, its parent and subsidiary companies as additional insureds.

(b) Carrier shall procure and maintain Marine Liability insurance (in any combination of primary and excess policies) including but not limited to Protection and Indemnity Liability, Jones Act (Maritime Employers Liability), Pollution Liability, Full Collision Liability, Marine Operators Liability, Marine Contractual Liability, Towers' Liability, Hull and Cargo Legal Liability and Cost of Removal of Wreck and Cargo (including voluntary or statutory) in an amount not less than \$10,000,000 per occurrence. All applicable premiums, deductible or self-insured retentions shall be to the account of Carrier. All such policies shall include EKPC, its affiliates and applicable suppliers or transloading operators as additional insureds but only to the extent of the amount the Carrier has agreed to indemnify EKPC, its affiliates, and applicable suppliers or transloading operators in this agreement.

(c) The above policies shall be considered primary to any other insurance maintained by the additional insureds, and such policies shall provide that the naming of the other party as an additional insured and granting them waivers of subrogation will in no way impair the rights otherwise inuring to such party. Within thirty (30) days after a request by another party, each party shall furnish the requesting party a certificate of insurance or letter of self-insurance, in customary form, evidencing the required insurance and providing that, to the extent allowed by applicable law the other party shall be given at least (30) days prior written notice of cancellation or material change in the provision of such insurance.

11. Risk of Loss.

(a) Carrier hereby assumes all risk of loss of the Coal and Other Cargo during the period of time commencing when Carrier disengages the loaded barge from an Origin Point, and terminating when Carrier safely ties and secures the loaded barge to EKPC's shuttle barge at

Spurlock Power Station and provides notification thereof to EKPC, including, without limitation, risk of loss during the fleeting and/or shifting of barges at Spurlock Power Station by harbor boat/switch boat; provided, however, that Carrier shall not be liable for delay in the delivery of the Coal or Other Cargo, or for loss of, damage to, or any expense in connection therewith, caused directly or indirectly by or resulting from or arising out of: shrinkage, expansion, or other change due to natural causes; any vice or defect in the Coal or Other Cargo unless caused by the barge being stranded, sunk, burnt or in collision; the act or default of EKPC or its suppliers; the physical act of loading or unloading, when not performed by Carrier; the authority of law, including without limitation, quarantine and embargo; radiation, nuclear reaction or contamination; or acts of the public enemy hostilities or warlike operations, whether or not there be a declaration of war.

(b) Delivery occurs when, and EKPC hereby assumes all risk of loss of the Coal and Other Cargo commencing when, EKPC receives notification that the loaded barge is safely tied and secured to the shuttle barge, and terminating when Carrier disengages the barge from EKPC's shuttle barge. EKPC shall provide adequate mooring, loading, and unloading facilities at the Spurlock Power Station free of expense to Carrier, and EKPC warrants the barge shall have a safe berth of not less than nine (9) feet of draft at the Spurlock Power Station. After risk of loss passes to EKPC, EKPC shall comply with, and shall cause any of its contractors and/or agents to comply with, all applicable U.S. Coast Guard and U.S. Army Corps of Engineers regulations.

12. Termination. If either party hereto commits a breach of any of its obligations under this Contract at any time, then the other party has the right to give written notice describing such breach and stating its intention to terminate this Contract no sooner than 15 days after the date of the notice (the "**Notice Period**"). If such breach is curable and the breaching party cures such breach within the Notice Period, then this Contract shall not be terminated due to such breach. If such breach is not curable or the breaching party fails to cure such breach within the Notice Period, then this Contract shall terminate at the end of the Notice Period in addition to all the other rights and remedies available to the aggrieved party under this Contract and at law and in equity.

13. Force Majeure.

(a) "**Force Majeure**" as used herein shall mean a cause beyond the reasonable control of Carrier or EKPC, as the case may be, which wholly or materially prevents the mining, loading, or delivery of coal at or from the property; or the receiving, transporting, or delivery of same; or the unloading, storing, or burning of coal by EKPC at Spurlock Power Station. The following is a non-exhaustive list of examples of Force Majeure, but only to the extent the same are beyond the reasonable control of Carrier or EKPC, as the case may be: Acts of God; acts of public enemies; insurrections; riots, strikes; labor disputes; shortage of supplies or storage area; fires, explosions; floods; breakdowns of or damage to plants, plant equipment, facilities or river locks; embargoes; and orders or acts of civil or military authority.

(b) If, because of Force Majeure, either Carrier or EKPC is unable to carry out its obligations under this Contract, and if such party promptly gives the other party hereto written notice of such Force Majeure, the obligations and liabilities of the party given such notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such Force Majeure, *provided, however*, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent practicable. If a Force Majeure event affects a material portion of the services hereunder for more than 90 days, the party not claiming force majeure may terminate this Contract by forwarding written notice to the claiming party.

14. Representations, Warranties and Covenants.

(a) Carrier represents, warrants, and agrees that it now owns, leases or controls (and will own, lease or control at all times during the Term) barges and/or towing equipment with sufficient capacity to enable Carrier to provide EKPC with the barging services contemplated by this Contract.

(b) Carrier represents, warrants, and agrees that the barges and towing equipment used for performance of this Contract will be seaworthy, tight, staunch, strong, well and sufficiently tackled and equipped, in good running order, condition, and repair, of sufficient

operational horsepower, crewed by a full and competent crew, and maintained and operated in compliance with all applicable federal, state and local laws, rules and regulations and in a manner considered safe by prudent operators of river marine transportation equipment.

(c) Carrier agrees that it will not sell or agree to provide barge services to others when such provision is likely to result in an unreasonable delay in Carrier's supplying barge towing services to EKPC as contemplated herein during the Term.

(d) Carrier warrants and covenants that it, its carriers, and its subcontractors, is compliant as of February 1, 2018, and at all times during performance of this Contract, will comply with all applicable federal, state, and local laws, rules, regulations, orders, and permits.

(e) Promptly upon EKPC's request, Carrier shall provide a signed copy of a Certification Regarding Debarment, Suspension, and Other Responsibility Matters Primary Covered Transactions and a signed copy of a Certification Regarding Lobbying, each of which shall be made part of this Contract.

(f) Carrier acknowledges and agrees that EKPC will be entitled to use a third party to perform services requested of Carrier hereunder in the event that Carrier fails to perform such services without regard to the reason for such failure, including, without limitation, as a result of Force Majeure.

(g) At EKPC's request, but not more often than once per calendar year during the Term, Carrier shall provide EKPC with financial information in form and substance acceptable to EKPC. In addition, Carrier shall be required to provide a guarantee from its parent, Ingram Industries Inc., in the form of Exhibit C attached hereto and incorporated herein by reference.

(h) All barges shall be loaded to a minimum of 1,550 tons or the draft requirements of the Carrier. If a barge is not loaded to ensure compliance with Carrier's instructions, Carrier reserves the right to refuse to accept the barge for transport. If Carrier refuses to accept any barge, EKPC shall, at its expense, cause the Cargo to be redistributed to meet Carrier's requirements. In addition, any such barge will be subject to penalty charges of \$200 per barge per day from the time and date of placement until the barge is accepted for transport by Carrier.

(i) Subject to Section 7, EKPC, including its vendors and/or agents, shall unload and remove the Coal and the Other Cargo from the barge(s), including any Cargo or debris spilled on the working surfaces, promptly following placement. If, after unloading, any of the Cargo is not so unloaded and removed before the barge is released to Carrier, it shall be deemed abandoned and Carrier may remove and/or otherwise dispose of all Cargo. In the event that any Cargo remains in the barges for a period of more than 45 days after delivery to Spurlock Power Station, EKPC shall release Carrier Parties from all claims related to the quality and/or condition of the Cargo. Subject to Section 7, in the event that EKPC fails to unload the Cargo from any of Carrier's barges within a reasonable amount of time, EKPC shall reimburse Carrier for all costs related to such removal.

15. Miscellaneous.

(a) Nothing in this Contract shall be deemed to make the Carrier or any of the Carrier's employers or agents the representative, agent, or employee of EKPC. Carrier shall be an independent contractor and shall have responsibility for and control over the details and means for performance under this Contract. Anything in this Contract which may appear to give EKPC the right to direct Carrier as to the details of its performance hereunder or to exercise a measure of control over Carrier means that Carrier shall be subject to the desires of EKPC only in the results achieved.

(b) All notices and notifications required or permitted to be given hereunder shall be in writing and shall be deemed properly given if mailed by registered or certified mail, or faxed or emailed, to the proper party at the following addresses, or to such other addresses as may be set forth in any notice sent in accordance with the provisions herein:

EKPC: East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707
Attention: Mark Horn, Manager, Fuel & Emissions
Fax: (859) 737-6047
Email: mark.horn@ekpc.coop; and

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707
Attention: Wes Kidd, Fuel Buyer
Fax: (859) 737-6047
Email: wes.kidd@ekpc.coop

EKPC Invoices: Email: donovan.hendricks@ekpc.coop

Carrier: Ingram Barge Company LLC
One Belle Meade Place
4400 Harding Pike
Nashville, TN 37205
Attention: Chuck Arnold
Email: Chuck.Arnold@ingrambarge.com

With copy to:

Ingram Barge Company LLC
One Belle Meade Place
4400 Harding Pike
Nashville, TN 37205
Attention: Dan Mecklenborg
Email: Dan.Mecklenborg@ingrambarge.com

(c) No waiver of a breach of this Contract shall be construed or held to be a waiver of subsequent or any other breaches. All remedies afforded under this Contract shall be cumulative and in addition to every remedy provided herein or by law.

(d) This Contract is personal as between Carrier and EKPC, and neither party may assign, subcontract or transfer any of its rights or obligations under this Contract without the consent of the other party, which consent shall not be unreasonable withheld; *provided, however*, that Carrier may subcontract harbor services and EKPC may assign its rights under this Contract to the Rural Electrification Administration or other lenders to EKPC with notice to Carrier. Subject to the foregoing, this Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

(f) Except for situations where maritime or other federal laws control, this Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky without regard to conflicts of law principles therein.

(g) Any legal suit, action or proceeding arising out of or based upon this Contract or the transactions contemplated hereby must be instituted and maintained either in the United States District Court for the Eastern District, Central Division, at Lexington, or the Circuit Court of Clark County, Kentucky, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

(h) This instrument contains the entire Contract between the parties, and there are no representations, understandings or agreements, oral or written, which are not included or expressly referred to herein. This Contract cannot be changed except by duly authorized representatives of all parties in writing. To the extent that either party may have a right to orally modify this Contract, such party hereby waives that right.

(i) No party may disclose any of the terms of this Contract to any non-party without the prior written consent of the other party; provided, that either party may disclose relevant terms hereof to its employees, representatives and contractors on a need-to-know basis, who shall have committed to such party to maintain confidentiality consistent with the terms hereunder, and shall have the right and the obligation to submit appropriate documentation reflecting the terms of this Contract immediately to the appropriate federal, state and local governmental authorities, and any other appropriate entity and individual, and take all other appropriate action, as required by law. The provisions of this Section 15(i) shall not apply to disclosures made as required by law or regulation. These obligations shall extend beyond the termination or expiration of this Contract.

(j) This Contract may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signed copy of this Contract delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Contract.

(k) If any provision of this Contract is adjudged by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, then such provision shall be modified to the extent necessary for it to be valid and enforceable to the maximum extent possible under applicable law and to preserve the remaining portions of this Contract, and the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) Time is of the essence of this Contract.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives to be effective as of the date first written above.

EKPC:

East Kentucky Power Cooperative, Inc.

By: 

Name: Anthony S. Campbell

Title: President and Chief Executive Officer

Carrier:

Ingram Barge Company LLC

By: 

Name: Charles AS Arnold

Title: VP, Dry Cargo Sales

Exhibit A—Base Rates

<u>River</u>	<u>Origin/Mile Point</u>	<u>Base Rate</u>
Ohio	Colona 23.5	\$4.45
Ohio	Tunnel Ridge 82.5	\$4.30
Ohio	R&F 92.8	\$4.23
Ohio	MIE 179	\$4.03
Kanawha	Marmet	\$4.10
Big Sandy	All Terminals	\$2.40
Ohio	Warrick 772.5	\$4.80
Ohio	Riverview 842.9	\$5.15
Ohio	MT. Vernon 828	\$5.25
Ohio	Sitran 817.5	\$5.15
Ohio	Power 858.3	\$6.65
Monongahela	Cumberland 81.5	\$5.65
Monongahela	Alicia 81.3	\$5.65
Green	Riveredge 36.1	\$5.55
Green	Smallhouse 76.6	\$6.05

Exhibit B—Carrier's Wiring Instructions

Ingram Barge Company Wire / ACH Instructions

Federal Wire Transfers

Bank:	Bank of America New York, NY
Bank Routing Number:	026009593 (for Federal Wires only)
Account Name:	Ingram Barge Company
Account Number:	3750324936
	BOFAUS3N (Swift Code International Only)

Exhibit C—GUARANTY

This Guaranty (this “**Guaranty**”), made and entered this ___ day of June, 2017, by Ingram Industries Inc., a Tennessee corporation (“**Guarantor**”), in favor of East Kentucky Power Cooperative, Inc., a Kentucky corporation (“**Beneficiary**”). Guarantor and Beneficiary are sometimes individually referred to herein as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Ingram Barge Company LLC, a Tennessee limited liability company (“**Obligor**”), is a direct or indirect subsidiary of Guarantor;

WHEREAS, on the date hereof, Obligor and Beneficiary have entered into that certain Barge Transportation Contract of even date herewith for Obligor to provide to Beneficiary certain contract barging services for coal and other cargo upon the terms and subject to the limitations set forth therein (as amended, restated, modified or supplemented from time to time, the “**Barging Contract**”);

WHEREAS, Beneficiary is willing to enter into the Barging Contract and undertake the transactions contemplated thereby on the condition, among others, that Obligor’s obligations under the Barging Contract are guaranteed by Guarantor, on the terms and subject to the limitations set forth herein; and

WHEREAS, Guarantor, as the direct or indirect parent of Obligor, anticipates that it will receive substantial economic benefit as a result of the transactions contemplated by the Barging Contract and the entry by Beneficiary and Obligor into, and performance by Beneficiary and Obligor of, the Barging Contract.

NOW, THEREFORE, to induce Beneficiary to enter into the Barging Contract, and for good valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor enters into this Guaranty and hereby agrees as follows:

1. **Guaranty.**

(a) Guarantor hereby absolutely, irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, to Beneficiary (and its successors and permitted transferees and assigns) the timely and complete payment, in dollars of the United States of America, and performance when due of the “**Guaranteed Obligations**” (as hereinafter defined) in accordance with their respective terms. “**Guaranteed Obligations**” shall mean all payment, performance, indemnification and reimbursement obligations of Obligor under the Barging Contract that are or may become due and owing to or for the benefit of Beneficiary, and any indemnification obligations of Obligor under the Barging Contract that are or may become due and owing to any other person or entity entitled to indemnification thereunder.

(b) The **Guaranteed Obligations** include interest or other charges that accrue on any portion thereof pursuant to the terms of the Barging Contract or that would have accrued on any portion thereof pursuant to the terms of the Barging Contract but for the commencement of any bankruptcy or insolvency proceedings, regardless of whether such obligations arise or accrue

before, on or after the date of this Guaranty. This Guaranty is a continuing guaranty and a guaranty of payment and performance and not merely collection.

2. **Waiver.** Guarantor hereby waives: (a) notice of acceptance of this Guaranty, and of the creation, renewal, extension, accrual, modification or existence of any of the Guaranteed Obligations and of any action by Beneficiary in reliance hereon or in connection herewith; (b) presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest with respect to the Guaranteed Obligations; (c) all other guarantors' defenses generally; (d) any defenses associated with Obligor's formation or organization, its status or standing in its jurisdiction of formation or organization, or its authority to transact business generally or to execute or perform the Bargaining Contract; (e) any rights or defenses specifically waived by Obligor or limited pursuant to the Bargaining Contract; and (f) any requirement that suit be brought against, or any other action by Beneficiary be taken against, or any notice of default or other notice be given to, or any demand be made on, Obligor, Guarantor or any other person or entity, or that any other action be taken or not taken, as a condition to Guarantor's liability for the Guaranteed Obligations or as a condition to the enforcement of this Guaranty against Guarantor.

3. **Termination.** This Guaranty shall remain in full force and effect until the earlier of (a) the date that the Bargaining Contract expires or is terminated in accordance with its terms and all of the Guaranteed Obligations thereunder (including without limitation, those that may survive that termination) have been satisfied in full and (b) ten (10) years after the date hereof (as applicable, the "**Termination Date**"). Notwithstanding the foregoing, in no event shall this Guaranty be terminated as to any Guaranteed Obligations required to be paid by Obligor prior to the Termination Date.

4. **Guarantor Defenses.** Guarantor reserves to itself all defenses and rights to set off that Obligor is or may be entitled to that arise out of the Bargaining Contract, except for any of those defenses that are based upon the insolvency, bankruptcy, reorganization or similar proceeding involving Obligor. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Beneficiary upon the insolvency, bankruptcy, or reorganization of Obligor, Guarantor or any other guarantor or otherwise, all as though such payment had not been made. Guarantor acknowledges that time is of the essence with respect to Guarantor's obligations under this Guaranty.

5. **Default.** In addition to Beneficiary's other rights and remedies pursuant to this Guaranty or under applicable law, in the event of a breach or default by Obligor in performance or payment of any undertakings, indebtedness, liabilities, or any part thereof or breach of any term or condition of the Bargaining Contract, or any other document executed in connection with the Bargaining Contract, including, but not limited to, anticipatory breach, insolvency, inability to pay debts as they mature, or assignments for the benefit of creditors or institution of similar proceedings by or against Obligor alleging any of these events, Guarantor shall immediately pay or perform (as applicable) all Guaranteed Obligations that are obligations of Obligor.

6. **Representations and Warranties.**

(a) Guarantor is a corporation, duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation, and has full power, authority and legal right to execute, deliver, and perform this Guaranty.

(b) The execution, delivery, and performance of this Guaranty have been and remain duly authorized by all necessary action and do not contravene any provision of law or of Guarantor's organizational or governing documents or any contractual restriction binding on Guarantor or its assets.

(c) All consents, authorizations, and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery, and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by and no notice to or filing with any governmental authority is required in connection with the execution, delivery, or performance of this Guaranty.

(d) This Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid, and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

7. **Notice.** All notices, requests, consents and other communications or deliveries hereunder shall be in writing and (a) delivered in person or by courier, (b) mailed certified first class mail or otherwise by a nationally recognized carrier, postage prepaid, return receipt or delivery confirmation requested, or (c) sent by email to the appropriate Party at the following addresses:

if to Guarantor:

Ingram Industries Inc.
4400 Harding Pike
Nashville, TN 37205
Attention: Mary K. Cavarra, Executive Vice President and
Chief Financial Officer
Email: Mary.Cavarra@ingram.com

With copy to:

Ingram Industries Inc.
4400 Harding Pike
Nashville, TN 37205
Attention: Eleanor G. McDonald, Executive Vice President,
General Counsel and Secretary
Email: Eleanor.McDonald@ingram.com

if to the Beneficiary:

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707
Attention: Mark Horn, Manager, Fuel & Emissions
Fax: (859) 737-6047
Email: mark.horn@ekpc.coop; and

East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707
Attention: Wes Kidd, Fuel Buyer
Fax: (859) 737-6047
Email: wes.kidd@ekpc.coop

or such other address as a Party may designate to the other Party by notice given as provided herein. Such notices shall be effective and deemed received (i) if delivered in person or by courier, upon receipt by the intended recipient or an employee that routinely accepts packages or letters from couriers or other persons for delivery to personnel at the address identified above (as confirmed by, if delivered by courier, the records of such courier), (ii) if mailed, upon the date of delivery as shown by the return receipt therefore, or (iii) if emailed, upon confirmation of receipt.

8. **Election of Remedies.** Each and every right, power and remedy herein given to Beneficiary, or otherwise existing, shall be cumulative and not exclusive, and be in addition to all other rights, powers and remedies now or hereafter granted or otherwise existing. Each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised, from time to time and as often and in such order as may be deemed expedient by Beneficiary.

9. **Successors and Assigns.** This Guaranty may not be assigned or transferred by either Party without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

10. **No Third Party Beneficiaries.** Except as expressly provided herein, none of the provisions of this Guaranty, express or implied, is intended to provide any rights or remedies to any person other than Beneficiary, its successors and permitted assigns.

11. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law.

12. **Severability.** If any term or other provision of this Guaranty or of any of the instruments evidencing part or all of the Guaranteed Obligations is invalid, illegal, or incapable of being enforced by any rule of applicable law, or public policy, all other conditions and provisions of this Guaranty shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to Beneficiary or Guarantor. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, such term or provisions shall be reformed,

construed and enforced as if such provision had never been contained herein and there had been contained in this Guaranty instead a valid, legal and enforceable provision as would most nearly accomplish the intent of such invalid, illegal or unenforceable term or provision.

13. **Entire Agreement.** This Guaranty constitutes the entire agreement among Guarantor and Beneficiary with respect to the subject matter hereof and shall supersede and revoke all previous and prior guarantees with respect to the Bargaining Contract and the transactions contemplated thereby issued by Guarantor on behalf of Obligor to Beneficiary prior to the date hereof, if any.

14. **Amendment.** This Guaranty may not be modified, amended, terminated or revoked, in whole or in part, except by an agreement in writing signed by Beneficiary and Guarantor. No waiver of any term, covenant or provision of this Guaranty, or consent given hereunder, shall be effective unless given in writing by Beneficiary.

15. **Counterpart Execution.** This Guaranty may be executed in any number of counterparts, each of which, whether an original or a copy of such original, when so executed and delivered, shall be deemed an original by all parties hereto, but all of which shall together constitute one and the same agreement. Transmission by facsimile or email or other form of electronic transmission of an executed counterpart of this Guaranty shall be deemed to constitute due and sufficient delivery of such counterpart.


16. **Maximum Amount.** For purposes of KRS § 371.065, the maximum aggregate liability of Guarantor hereunder for the Guaranteed Obligations is the lesser of (a) \$5,000,000 plus interest accruing on such amount, plus fees, charges and costs of collecting the Guaranteed Obligations (including reasonable attorneys' fees), and (b) the outstanding Guaranteed Obligations as of the Termination Date, plus interest accruing on such amount after such date, plus fees, charges and costs of collecting the Guaranteed Obligations (including reasonable attorneys' fees).

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Guaranty to be executed by their duly authorized representatives to be effective as of the date first written above.

Guarantor:

Ingram Industries Inc.

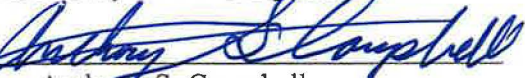
By: 

Name: Eleanor G. McDonald

Title: EVP, General Counsel, and Secretary

Beneficiary:

East Kentucky Power Cooperative, Inc.

By: 

Name: Anthony S. Campbell

Title: President and Chief Executive Officer

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 2**

RESPONSIBLE PERSON: Mark Horn

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Does the EKPC barge contact solicitation process allow a current contract holder to be able to match a lower bid?

Response 2. No, the EKPC barge contract solicitation process does not allow a current contract holder to be able to match a lower bid. Bids are confidential and never shared with a counterparty. In the instance of a market price reopener, the current contract holder must agree to be lower, on an evaluated basis, than the market that EKPC established through the responses to the written Request for Proposal in order for the market price reopener to be successful. Otherwise, the contract will conclude at the end of the current term, and a new contract will be negotiated with the lowest bidder from the market. The current barge carrier contract, which began February 1, 2018, was not a market price reopener. EKPC and the Owner-Members experienced a significant savings when it changed barge carriers in 2018. The current barge services contract is going through the reopener process now. Pending approval by Executive Management and

ultimately the Board of Directors, a contract amendment to the current barge services contract with Ingram Barge Company LLC will be executed to extend the term and revise the base prices during the fall of 2021, to be effective January 1, 2022. This proposed amendment does not match another bid, rather it is well below the market bids on an evaluated basis.

Request 2a. If so, explain why this practice is preferred by EKPC and how it helps to secure the lowest possible competitive bid.

Response 2a. Not applicable.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 3

RESPONSIBLE PERSON: **Mark Horn**

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

Request 3. Does EKPC currently do business with either Ingram Barge Company, LLC, or Ingram Industries, Inc., both located in Nashville, Tennessee?

Response 3. Yes, EKPC currently does business with Ingram Barge Company LLC. Ingram Barge Company LLC is the barge carrier and harbor service operator for EKPC's Spurlock Power Station.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21

REQUEST 4

RESPONSIBLE PERSON: Mark Horn

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Is EKPC aware of the lawsuit currently filed in the Chancery Court for Williamson County, Tennessee, styled Ingram Barge Company, LLC v Joe C. Johnson, No. 48720W?

Response 4. EKPC is aware of a Complaint filed against Joe C. Johnson. EKPC is not familiar with the details associated with the Complaint nor does it have knowledge of the current status of that case. Once Fuel & Emissions became aware of the existence of the Complaint in 2019, it informed EKPC's Senior Vice President of Power Supply, Legal, and Controller.

Request 4a. If the allegations in the lawsuit are accurate, describe the impact to EKPC's costs and ratepayer rates.

Response 4a. It is EKPC's understanding that the principal allegation in the Complaint is that Joe C. Johnson manipulated the sale of reclaimed coal for his own

financial benefit. If true, that manipulation would have no impact to EKPC's costs and ratepayer rates. Exclusive of 2018, EKPC utilized a different barge service for the years alleged in the Complaint. Further, the current barge service contract with Ingram Barge Company LLC is managed under the principle of dedicated barges in a closed loop. Therefore, any residual coal left in a barge is an act of commission rather than act of omission, would be returned to Spurlock Power Station at the next delivery, not cleaned out to be sold as reclaim. Ingram Barge Company LLC has performed at a high level as EKPC's barge service provider and has generated significant savings for EKPC's Owner-Members. Savings associated with the Ingram contract have contributed to EKPC consistently being ranked as one of the utilities with the lowest-delivered fuel cost when compared to its peers on a Utility Benchmarking report based on Form EIA-923 data compiled by S & P Global Market Intelligence.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 5

RESPONSIBLE PERSON: Mark Horn

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Does this lawsuit raise any concerns for EKPC in doing business with Ingram Barge Company, LLC, or Ingram Industries, Inc.?

Response 5. This Complaint does not raise any concerns for EKPC in doing business with Ingram Barge Company LLC or Ingram Industries, Inc. The Defendant, who has been terminated, allegedly defrauded Ingram Barge Company LLC, not EKPC.

Request 5a. If so, describe those concerns in detail including how the lawsuit could impact its operations with the Ingram companies.

Response 5a. Not applicable.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 6

RESPONSIBLE PERSON: Mark Horn

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Has EKPC dealt directly with Joe C. Johnson of Brentwood, Tennessee, or an entity owned by Joe C. Johnson such as TNT Fuels?

Response 6. No, EKPC has not dealt directly with Joe C. Johnson of Brentwood, Tennessee, or any entity owned by Joe C. Johnson such as TNT Fuels.

Request 6a. If yes, please explain.

Response 6a. Not applicable.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 7

RESPONSIBLE PERSON: Michelle K. Carpenter

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Describe how the Company calculated depreciation expense on production plant for accounting and ratemaking purposes prior to the 2006 rate proceeding. For example, for accounting purposes and in one or more rate proceedings prior to the 2006 proceeding, indicate whether the Company calculated depreciation expense on production plant as the net book value divided by the remaining months of service based on the probable retirement date. If so, identify the last rate proceeding that it relied on that calculation methodology and indicate when it changed to the present calculation of multiplying the gross plant times the approved depreciation rates for accounting and ratemaking purposes.

Response 7. It is important to note that EKPC is only now, as part of this rate case proceeding, proposing to use a calculation whereby the original cost of the assets will be multiplied by the approved depreciation rates to determine depreciation expense for accounting and ratemaking purposes. This methodology, as fully described in the direct

testimony of Mr. Spanos, incorporates both service lives and net salvage into the depreciation rates. From 2006 through current, EKPC has used the probable retirement dates of production plant to determine depreciation. In a previous EKPC rate case (Case No. 2006-00472), Exhibit F, Schedule 8, Page 1 explains that EKPC used the probable retirement dates reflected in the December 31, 2005 depreciation study approved in Case No. 2006-00236 for production plant.

EKPC questions the relevance of the historical aspect of this request given depreciation rates and methodologies used prior to 2006 have no bearing on this rate case proceeding. However, EKPC offers the following results of its research: Prior to 2006, depreciation studies and related calculations were only addressed twice in formal proceedings: 1) in Environmental Surcharges Case No. 2004-00321 whereby EKPC ultimately agreed as part of a settlement, to conduct a full depreciation study in two years, which was completed and filed in Case No. 2006-00236, as mentioned above, and 2) in Rate Case No. 1994-00336 whereby EKPC was required to conduct a full depreciation study within two years. The results of that study were filed with the Commission in 1998 and EKPC continued to use probable retirement dates of production plant as the methodology in determining depreciation.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 8

RESPONSIBLE PERSON: Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Refer to the response to AG-Nucor 1-3. Provide the cash general funds at the end of each month in 2020 and each month to date in 2021.

Response 8. The balance of cash general funds at the end of each month in 2020 is provided below. Monthly balances through April 2021 were previously provided in *AG Nucor DRI Response 3.xlsx*. It should be noted that month-end close for May 2021 had not been completed at the time of this response.

Month/Year	Amount
Jan-20	\$ 19,185,608
Feb-20	\$ 26,067,505
Mar-20	\$ 50,195,833
Apr-20	\$ 42,864,575
May-20	\$ 22,098,507
Jun-20	\$ 36,222,196
Jul-20	\$ 12,972,750
Aug-20	\$ 13,857,260
Sep-20	\$ 22,415,373
Oct-20	\$ 22,047,391
Nov-20	\$ 18,506,128
Dec-20	\$ 24,272,365

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 9

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Refer to the response to AG-Nucor 1-7. Provide the information requested for each month in the test year that was not provided, specifically, the base fuel revenues and the base environmental revenues. If there are no base environmental revenues, so state. Otherwise, explain the statement that “EKPC does not separate or record its base revenues between with and without environmental, as there is no need to do so from a regulatory or accounting perspective.”

Response 9. EKPC records its revenues in compliance with the Rural Utilities Service (“RUS”) Uniform System of Accounts. EKPC is a wholesale generation and transmission cooperative and not a distribution cooperative. The trial balance provided in the response to AG-Nucor 1-20, pages 8 and 9 of 10, shows the revenue accounts that EKPC maintains, account series 447 through 459. The subaccounts designated as “Accrd FAC” and “Accrd ES” are utilized to track the over- and under-recoveries experienced from month to month in the fuel adjustment clause and environmental surcharge mechanisms.

There is no requirement to separately record base fuel and base environmental revenues in EKPC's accounting records. Further, there is no base component in the current surcharge mechanism, so there are no base environmental revenues in any of the time periods identified in AG-Nucor 1-7.

EKPC is aware that the vertically integrated investor-owned electric utilities in Kentucky maintain much more detailed accounting records that permit the ready recovery of items like the base fuel revenues. Please see the following links:

https://psc.ky.gov/pscecf/2020-00174/lmscott%40aep.com/06292020013857/KPCO_APP_Section_II_Volume_3_Filing_Requirements_and_Exhibits_F_through_P.pdf, beginning at PDF page 98 of 385.

https://psc.ky.gov/pscecf/2020-00349/rick.lovekamp%40lge-ku.com/11252020084757/07-KU_Filing_Requirements_1of3%28Tab_1-45%29.pdf, beginning at PDF page 1577 of 1864.

However, EKPC's wholesale operations do not require it to maintain its revenue records at that level of detail.

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AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21

REQUEST 10

RESPONSIBLE PERSON: Isaac S. Scott / Michelle K. Carpenter

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Refer to the response to AG-Nucor 1-11.

Request 10a. Indicate whether the Company removed the interest expense on the debt for the unpaid loan for the cost of the repair to the steam system at June 30, 2020 from the claimed revenue requirement. If not, explain why it did not.

Response 10a. EKPC did not borrow funds to finance the repairs to the steam system discussed in AG-Nucor DR1, Response 11. Therefore, there was no interest expense specific to this project to remove from the claimed revenue requirement.

Request 10b. Indicate whether the Company included the interest income on the unpaid loan for the cost of the repair to the steam system at June 30, 2020 in the claimed revenue requirement. If not, explain why it did not.

Response 10b. Interest earned on the receivable for the cost of the steam system repairs was included in the test year interest income on Mr. Scott's Exhibit ISS-1. However, EKPC did not include the interest income on the receivable for the cost of the steam system repairs in its proposed adjustment to interest income. The proposed adjustment to interest income was focused on the interest income from investments and through an oversight failed to include interest income due from receivables. EKPC would note that had it included the interest income associated with the receivable for the cost of the steam system repairs, it would not have based the adjustment on the balance of the unpaid loan as of June 30, 2020. Using the approach described in Mr. Scott's direct testimony, page 15, lines 6 through 17, the balance of the receivable as of test year end would have been utilized for the adjustment. Following this approach, the annualized interest income for the receivable for the cost of the steam system repairs would be \$101,742 (12/31/19 balance of \$2,260,924 x 4.5%). The test year actual interest income was \$122,038, resulting in a reduction to the interest income of \$20,296. This reduction would have produced a corresponding increase in the revenue requirement of \$20,336, which reflects the reduction in interest income and a corresponding adjustment to the PSC Assessment for the increase in revenues.

Request 10c. Provide the amount of the unpaid loan for the cost of the repair to the steam system at June 30, 2020.

Response 10c. The balance of EKPC's receivable for the cost of the steam system repairs at June 30, 2020 was \$1,737,438.

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REQUEST 11

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. Refer to the Company's responses to AG-Nucor 1-13 and 1-14. Indicate whether the Company performed a calculation of the weather normalized revenues in the test year for any reason(s). If so, describe the calculation(s), the reason(s) for the calculation(s), and provide a copy of the calculation(s), including all assumptions, data, analyses, and electronic spreadsheet files in live format and with all formulas intact.

Response 11. EKPC performed a calculation of weather normalized revenues for the test year in conjunction with its development of the 2019 budget. A weather normalized load forecast was utilized to determine the base revenues and FAC revenues included in the 2019 budget. These revenues were determined by applying the applicable rates to the weather normalized loads for each rate schedule or group. The calculations of these revenues can be found in the Excel spreadsheets *AG Nucor DR2 Response 11 Coop Sales CONFIDENTIAL.xlsx* and *AG Nucor DR2 Response 11 FAC CONFIDENTIAL.xlsx*, which are subject to a motion for confidential treatment.

EKPC would note that when it weather normalizes its load forecasts, only the loads for Rate E are adjusted for weather. Loads for Rates B, C, and G, and Contract, Steam, and TGP are not normalized, as it is assumed they are not weather sensitive. The process used to weather normalize the loads is the same one that is followed when loads are weather normalized for the Integrated Resource Plan filing. The details of that process are described in the load forecasting sections of the filing.

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REQUEST 12**

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 12. Refer to the response to AG-Nucor 1-15 wherein the Company states that it did not annualize changes in customers and usage and that “[i]t would not have been reasonable to annualize the experience of three months of operations for an adjustment” for the Nucor galvanizing line that went into service in late September 2019. Explain why it is not reasonable to annualize changes in customers and usage that occurred in the test year, well before the effects of Covid-19 that occurred in 2020.

Response 12. With the exception of the Nucor galvanizing line addition, during the test year EKPC and its owner-members experienced only a few changes in the industrial customers served. Two customers moved from EKPC’s Rate B to Rate E. The monthly demand for these customers totaled approximately 2,000 kW and the monthly energy usage totaled approximately 1,000,000 kWh. One customer requested interruptible service. EKPC did not believe this shift between rate schedules and the move to interruptible service were significant and an adjustment was not necessary.

Concerning the Nucor galvanizing line, EKPC understood that the galvanizing line was entering a “startup” mode when it went into service in late September 2019. Generally, when industrial processes are in a startup mode the demand and energy usage in the first few months of operations is not representative of normal, on-going operations. In addition, it should be recognized that the galvanizing line represents an expansion of existing Nucor operations and not a totally brand new customer. When looking at Nucor's total demand and energy usage in the October to December 2019 period, when the galvanizing line was in service and reflected in the billings to Nucor, the demand did show an increase. However, the energy usage was essentially unchanged in October and November and significantly dropped in December. Thus, looking at Nucor in total, the impact of adding the galvanizing line did not appear to be having a significant impact. For these reasons, EKPC did not believe it was reasonable to annualize a change for the total Nucor operations.

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REQUEST 13

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 13. Provide calculations of adjustments to annualize test year revenues for changes in customers and usage within the test year. For increases or reductions in customers or loads that were added or lost during the year, then annualize the base revenues that were added or lost. For customers that migrated from one tariff to another during the test year, provide the annualized effect on revenues as if they had been on the most recent tariff for the entire test year. This request specifically does not address or request post-test year changes in customers and usage. Provide all supporting assumptions, data, and calculations, including electronic workpapers in live format with all formulas intact.

Response 13. Please see the Excel spreadsheet *AG Nucor DR2 Response 13 CONFIDENTIAL.xlsx*, which is subject to a motion for confidential treatment. The attached spreadsheet does not include the FAC or any recalculation of the environmental surcharge, as the focus is on the effect of the changes on base revenues.

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REQUEST 14

RESPONSIBLE PERSON: Craig A. Johnson / John J. Spanos
COMPANY: East Kentucky Power Cooperative, Inc.

Request 14. Refer to the response to AG-Nucor 1-23.

Request 14a. Provide a chart comparing the technical characteristics and operating characteristics for each of the Smith CTs and each of the Bluegrass Oldham CTs showing all similarities and dissimilarities.

Response 14a. Please refer to the chart on page 4 of this response.

Request 14b. The response indicates that the proposed 35-year life spans for Smith Units 1-3 and 40-year life spans for Smith Units 4-10 are based on “EKPC plans for all the Smith units, the efficiencies of the units and how each is utilized in the overall generation fleet.”

Request 14bi. Provide a copy of all engineering or other technical analysis that supports the use of two different life spans for similar generating units (Smith 1-3 v Smith 4-10 and Bluegrass Oldham 1-3. In addition, indicate when each such analysis was performed, the purpose for which it was performed, who developed or conducted the analysis, and the actual use of the analysis, if any, other than to support the life spans for depreciation purposes.

Response 14bi. There are not specific engineering or other technical analyses performed to establish a depreciable life span for combustion turbines. There were many factors that went into the analysis of the appropriate life span to use for EKPC's production facilities. These factors were discussed in the response to AG-Nucor 1-23. Examples of these key factors are: number of starts, efficiency of the units, how the unit is dispatched, and how can the unit meet the peaking demand. The current depreciation rates being utilized by EKPC are based on the same life span for each Smith Unit as recommended in this depreciation study. There haven't been any major changes to EKPC's plans related to these units that would necessitate a change in life span at this time. Retirements of these types of units happen in the 30-40 year age range, thus the 40-year life span being utilized on the newer Smith units is on the longer side of the typical industry range. Given the way EKPC utilizes Units 1-3, and the efficiencies of all the Smith units, it is expected that Units 1-3 (which were placed in service earlier than the other units) would have a somewhat shorter expected life span than the other Smith units.

Units 1-3 are larger units and take longer to get to full capacity to meet the demand of peaking requirements, so they have different overhaul cycles and consequently the overall life cycle is shorter.

Request 14bii. Provide a copy of the “EKPC plans for all the Smith units” cited in the response.

Response 14bii. The “plan” refers to how EKPC intends to operate its combustion turbine fleet in the PJM Market. There is no plan to operate those units differently in the future than EKPC does today.

TECHNICAL AND OPERATING CHARACTERISTICS

	JK Smith			Bluegrass
Units	CT1 - CT3	CT4 - CT7	CT9 - CT10	CT1 - CT3
Manufacturer	ABB	GE	GE	Siemens-Westinghouse
Type	Frame	Frame	Aero Derivative	Frame
Model	11N2	7EA	LMS-100	W501FD2
Configuration	Simple Cycle	Simple Cycle	Simple Cycle	Simple Cycle
Fuel Type	Primary-Natural Gas / Secondary-Diesel Fuel	Primary-Natural Gas / Secondary-Diesel Fuel	Natural Gas	Primary-Natural Gas / Secondary-Diesel Fuel
Compressor Ratio	14:1	12.8:1	43:1	16:1
Burner Configuration	Single Annular Combustor	10 Can-Annular Arrangement	Standard Annular Combustor	16 Can-Annular Arrangement
Turbine	3 stage	3 stage	5 stage	4 stage
Emissions Controls	Water Injection	DLN-1 (Dry Low Nox)	SCR/ Water Injection / CO Catalyst	DLN - (Dry Low Nox) Burners with Pilot Water Injection
Winter Min / Max Load	90 / 150 MW	50 / 89 MW	35 / 108 MW	127 / 195 MW
Summer Min / Max Load	90 / 110 MW	50 / 70 MW	35 / 76 MW	108 / 165 MW
Ramp Rate	5 MW/Min	5 MW/Min	35 MW/min	13 MW/min
Base Load Heat Rate	13,000 BTU/KW	10,192 BTU/KW	7,898 BTU/KW	10,700 BTU/KW

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REQUEST 15

RESPONSIBLE PERSON: **Craig A. Johnson / John J. Spanos**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 15. Refer to the response to AG-Nucor 1-22.

Request 15a. Provide a chart comparing the technical characteristics and operating characteristics for each of the Spurlock units showing all similarities and dissimilarities.

Response 15a. Refer to the chart provided on page 4 of this response.

Request 15b. The response indicates that the proposed 60-year life spans for Spurlock Units 1 and 2 and 40-year life spans for Spurlock Units 3 and 4 are based on “various factors which include technology of the facility, management plans, outlook for the facility, type of construction, condition of the facility, regulations and estimates of similar facilities within the electric industry.”

- i. Provide a copy of all engineering or other technical analysis that supports the use of two different life spans for similar generating units. In addition, indicate when each such analysis was performed, the purpose for which it was performed, who developed or conducted the analysis, and the actual use of the analysis, if any, other than to support the life spans for depreciation purposes.
- ii. Provide a copy of the EKPC “management plans” and “outlook for the facility[ies]” cited in the response for each Spurlock unit.

Response 15bi & ii. There were many factors that went into the analysis of the appropriate life span to use for EKPC’s production facilities. These factors were discussed in the response to AG-Nucor 1-22. The probable retirement dates for depreciation purposes are not determined by specific engineering or other technical analyses as assumed by the nature of the question. The current life spans for Spurlock Units 1 thru 3 are the same end-of-life components that are the basis of the current depreciation rates. Spurlock Unit 4 was not in service at the time the current depreciation rates were developed and a 40-year life span consistent with Unit 3 was established given the similar functions of these two units. These life spans are consistent with EKPC plans, environmental regulations and drivers such as the life of a scrubber. Units 3 & 4 have a 40-year life span consistent with the life of the scrubber which was built at the same time

the units were built. Units 3 and 4 utilize Circulating Fluidized Bed (“CFB”) combustion. The CFB process achieves a 90% removal of sulfur inside the boiler during combustion and has dry scrubber that removes another 80% of the sulfur post combustion. Given the current environmental initiatives being put in place across the country, as well as the overall range for recently retired facilities in the 35-50 year life spans, it is expected that more recently built units will have a shorter life span. From an environmental and economic basis, EKPC does not expect that the life spans on these units should be extended past their current retirement dates. It is not expected that many coal facilities will be in service beyond 2050. So a 40-year life span for Spurlock Unit 3 and Spurlock Unit 4 is reasonable. These units will require replacement of the scrubber components by that time in order to continue to meet regulations and expending millions of dollars for units that most likely will need to be retired a few years later does not make sense.

TECHNICAL AND OPERATING CHARACTERISTICS SPURLOCK UNITS				
	Spurlock #1	Spurlock #2	Spurlock #3	Spurlock #4
Commercial Operating Date	1977	1981	2005	2009
Gross Rating	330	580	300	300
Net Unit Rating Min/Max	145/300	260/510	140/268	180/268
Turbine Generator	GE	GE	GE	GE
Model	D8	D2	D5	D5
Steam Generator	B&W	CE	Alstom	Alstom
Type	PC - Wall Fired	PC - Corner Fired	CFB	CFB
Fuel	Coal	Coal	Coal	Coal
NO_x Control	SCR	SCR	CFB/SNCR	CFB/SNCR
SO₂ Control	Wet FGD	Wet FGD	Limestone in CFB Dry FGD/Baghouse	Limestone in CFB Dry FGD/Baghouse
SO₃ Control	DSI Injection Wet ESP	DSI Injection Wet ESP	Dry FGD/Baghouse	Dry FGD/Baghouse
MATs Control	SCR/Wet FGD	SCR/Wet FGD	CFB/Baghouse	CFB/Baghouse

GE General Electric
 CE Combustion Engineering
 B&W Babcock & Wilcox
 SCR Selective catalytic reduction
 CFB Circulating fluidized bed
 SNCR Selective non-catalytic reduction
 FGD Flue-gas desulfurization
 ESP Electrostatic precipitator

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REQUEST 16

RESPONSIBLE PERSON: Craig A. Johnson / Michelle K. Carpenter

COMPANY: East Kentucky Power Cooperative, Inc.

Request 16. Refer to the response to AG-Nucor 1-29.

Request 16a. Provide the dates of the Spurlock Unit 4 turbine overhaul.

Response 16a. The dates of the Spurlock Unit 4 turbine overhaul were from 4/7/2019 to 6/7/2019.

Request 16b. Describe the scope of the Spurlock Unit 4 turbine overhaul and contrast it to the scope of each prior and subsequent turbine overhaul of Spurlock Units 1, 2, 3, and 4.

Response 16b. A typical scope of work for performing a major turbine overhaul on the Spurlock units is provided on pages 6 through 9 of this response.

Request 16c. Indicate whether the scope of the Spurlock Unit 4 turbine overhaul was unusual in any respect or was undertaken in the normal course of business. If unusual, then describe why it was unusual and provide a copy of any studies, assessments, and/or reports that address the root cause of an event that would have caused the retirement of the equipment. If normal, then describe how the Company made that assessment.

Response 16c. EKPC's current standard practice is to complete major turbine overhauls on a 10 year cycle. Spurlock unit 4's 2019 major overhaul was not unusual as it relates to the general scope of all EKPC steam turbine overhauls. Specifics of a standard overhaul scope, not including discovery are described in response to 16b. What was different was in the planned approach to use the purchased, but never used, Smith unit turbine and generator rotors. EKPC worked diligently to sell the Smith unit assets on the open market but no buyers were found. The Smith assets were found to be interchangeable with EKPC's Gilbert 3 and Spurlock 4. Instead of selling them as scrap, they had tremendous value to EKPC and our member owners. By utilizing them in EKPC's Core Exchange Program ("CEP") the overall cost of the Spurlock 4's major turbine overhaul could be better controlled. When performing a traditional major turbine overhaul on Spurlock Units 1 or 2, neither of which have a spare core, all work is completed as emergent and within the outage window at premium expense to the members. This CEP approach allowed for any repairs to the rotating components to be

completed after the outage, at straight-time rates, and made ready for the next outage. A second and maybe larger benefit is that it helps control outage duration creep. It has happened in the past that the discovery work and OEM ability to turn around repairs resulted in longer outages. Longer outages mean additional replacement power could be required and could cost more than the specific units dispatch costs. The CEP strategy takes the risk of issues with those components out of the equation, which is a benefit to EKPC's members. Spurlock 3 is scheduled for a major turbine overhaul in 2025. The CEP method will be used to develop the scope for that outage. EKPC was still actively trying to sell the Smith assets during the first major turbine overhaul for Spurlock 3 in 2015.

Request 16d. Provide a history of each Spurlock Unit 1, 2, 3, and 4 turbine overhaul with the following information: i) the dates of each, ii) scope of each, iii) maintenance expense incurred, iv) capital cost incurred, and v) plant retirements recorded.

Response 16d. The dates for previous Spurlock unit turbine overhauls, for which EKPC has good data, are as follows;

- i) Spurlock 1: July 1, 2004 to October 27, 2004 (Forced outage; extended for generator work); March 29, 2013 to May 29, 2013;

Spurlock 2: March 29, 2008 to June 7, 2008; September 9, 2017 to December 3, 2017

Spurlock 3: March 1, 2015 to April 26, 2015

Spurlock 4: April 7, 2019 to June 7, 2019

- ii) The scope of each outage is consistent with what is described in the response to 16b
- iii) Spurlock 1: 2004- \$2,408,934
2013- \$4,993,150
Spurlock 2: 2008- \$8,528,709
2017- \$6,301,950
Spurlock 3: 2015- \$4,088,092
Spurlock 4: 2019- \$2,087,725
- iv) Spurlock 4: 2019-\$24,750,129
- v) Spurlock 4: Rotors & Field

Request 16e. Confirm that the net book value of the Spurlock Unit 4 retirements is reflected as an asset amount in (reduction to) the accumulated depreciation reserve and that it is included in the Spurlock Unit 4 net plant in the depreciation study in this proceeding.

Response 16e. The net book value of the assets retired in conjunction with the Spurlock Unit 4 turbine overhaul, along with the associated cost of removal, was debited to accumulated depreciation on EKPC's books at December 31, 2019. EKPC confirms

these records were the basis for the depreciation study completed by Gannett Fleming Valuation and Rate Consultants, LLC.

Request 16f. Provide the actual accumulated depreciation related to the Spurlock Unit 4 retirements December 2019 and the net book value reflected as a reduction to the accumulated depreciation after the retirements were recorded.

Response 16f. Please refer to the information listed below that shows the original cost and accumulated depreciation to arrive at the net book value of assets retired in December 2019 in conjunction with the Spurlock Unit 4 turbine overhaul project. As indicated in Response 16e, the net book value of the retired assets and the associated removal costs were debited to accumulated depreciation at December 31, 2019.

	<u>Amount</u>
Original Cost of Assets Retired	\$73,767,965
Accumulated Depreciation	<u>(18,632,902)</u>
Net Book Value	55,135,063
Plus: Cost of Removal	<u>708,892</u>
Debit to Accumulated Depreciation at Retirement	<u><u>\$55,843,955</u></u>

Standard Steam Turbine Major Base Scope

Steam Turbines:

Contractor to provide Project management/technical direction for each outage. East Kentucky Power Cooperative (EKPC) will provide technicians to disassemble/reassemble the equipment. Contractor will provide the services of specialized technicians on an as needed basis.

Note: Basic scope is completed in all cases. Scope may be modified as result pre-outage planning and review of prior reports. Scope changes related to discoveries in outage are evaluated and corrective measures determined at that time.

Pre-outage:

- Review unit operating history and prior outage reports
- Conduct Pre-Outage Planning
- Develop a list of General Electric (GE) Technical Information Letters (TILs) and discuss with EKPC
- Develop an outage task list
- Develop laydown plan
- Develop Foreign Material Exclusion (FME) plan
- Develop spare parts list
- Develop a pre-outage schedule in Primavera P6 (P6)

General:

- Remove / reinstall lagging
- Remove / reinstall valve insulation
- Have scaffolding and plan ready when needed.
- Determine needed Lock Out Tag Out (LOTO) activities

High Pressure (HP) Intermediate Pressure (IP) Section:

- Disassembly of the HP/IP Section
- Chart opening steam path clearances.

- Send all in service diaphragms to desired vendor to Clean & Inspection of all diaphragms **
 - o Replace packing & spill strips as required, remove packing prior to shipment of diaphragms to site.
- Send out Nozzle (N)1, N2, N3 packing heads for blast cleaning and Non Destructive Examination (NDE).
 - o Replace packing & spill strips as required, remove packing prior to shipment of diaphragms to site.
- Send out HP/IP rotor **
 - o Blast clean
 - o Magnetic particle inspection
 - o Mechanical inspection including run out
 - o Bore plug removal
 - o Life Extension Services Bore sonic inspection
 - o Bore plug supply & install
 - o Final Balance check
- Send out Nozzle Box for inspections including 100% Area checks.
- Remove HP Inner Shell and ship to desired vendor for cleaning, inspection, and repair.
 - o Blast clean, visual and magnetic particle inspection.
 - o Inspect snouts
 - o Ultrasonic Testing (UT) of studs only. Confirm that a UT Inspection of the stubs and a wobble check with studs installed is adequate for continued operation.
 - o Wobble check of studs.
- Clean & inspect all remaining HP section parts onsite
- Clean & inspect all HP bearings
- Receive all HP section components after inspect/repairs
- Install diaphragms, correct side slip, axial crush pin clearance
- Perform tops off tops on alignment.
- Re-install packing
- Install HP rotor
- Chart Clearances
- Assemble Inner Shells & Outer Shells
- Assemble Standards & complete final unit Assembly

Low Pressure (LP) Section:

- Disassembly of Low Pressure Section
- Chart opening steam path clearances.

- Send all in service diaphragms to desired vendor for Clean & Inspection of all diaphragms. **
 - o Replace packing & spill strips as required, remove packing prior to shipment of diaphragms to site.
- Send out LP rotor **
 - o Blast clean
 - o Magnetic particle inspection
 - o Mechanical inspection including run out
 - o Bore plug removal
 - o Life Extension Services Bore sonic inspection
 - o Bore plug supply & install
 - o Final Balance check
- Clean & inspect all remaining LP components onsite
- Clean & inspect all LP bearings
- Receive all LP section components after inspect/repairs
- Install diaphragms, correct side slip, axial crush pin clearance
- Perform alignment program.
- Re-install packing
- Install LP rotor
- Chart closing clearance
- Assemble upper half components.
- Assemble Standards & complete final unit Assembly

Valves:

- Disassemble all valves from the valve bodies. Clean and inspect valve studs and seats at site, Visual, Liquid Penetrant Test (PT), and UT inspections were applicable.
- Main Stop valve: Disassemble & Inspection - Onsite
- Control valves: send to desired vendor for disassembly, clean inspection, reassembly
- Combined Reheat Valves (CRV): Send both CRVs to desired vendor for disassembly, clean, inspection, and reassembly.
- Blowdown Valve: Disassemble, Inspection, reassemble – Onsite
- Perform contact checks, maximum lapping

Boiler Feed Pump Turbines, Steam (if applicable)

- Disassembly of both Boiler Feed Pump Turbines
- Chart opening steam path clearances

- Remove all steam path components
- Disassemble packing from diaphragms
- Blast clean and NDE all steam path components onsite
- Perform all steam path mechanical inspections onsite
- Disassemble all stop and control valves from valve bodies. Clean and inspect valve studs and seats at site, Visual, PT, and UT inspections were applicable
- Perform bearing inspections
- Install diaphragms, correct side slip, axial crush pin clearance & align according to agreed upon alignment program.
- Re-install packing
- Install rotor
- Chart Clearances
- Assemble Shell
- Install valves and perform contact checks
- Assemble Standards and complete final unit assembly

** *With Spurlock 3 & 4 now having spare HP/IP & LP rotors and full diaphragm sets, off site work on these key components during the outage window is not required. This complies with our new Core Exchange Program (CEP) adopted for these units.*

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REQUEST 17

RESPONSIBLE PERSON: Michelle K. Carpenter

COMPANY: East Kentucky Power Cooperative, Inc.

Request 17. Provide a history of maintenance expense by generating unit by O&M expense account for each year 2011 through 2020. Provide the major outage maintenance as a subset of the expense by generating unit by O&M expense account. Provide a description of the scope of each such outage and the normal frequency for the scope of each such outage, including whether it was a one-time or unusual event.

Response 17. Please refer to pages 2 through 5 of this response and corresponding Excel file *AG Nucor DR2 Response 17.xlsx* for a summary of maintenance expense by generating unit, by O&M expense account, for each year 2011 through 2020. EKPC's historical accounting records were not maintained to separately identify those costs within maintenance expense that represent major maintenance. However, please refer to Responses 16b and 16c for information derived from EKPC's Production maintenance records related to major maintenance projects by generating unit, along with descriptions of the scope of work and expected frequency of such outages.

East Kentucky Power Cooperative, Inc.

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Production Maintenance Expense by Plant, Operating Unit, Account and Subaccount

Production Maint by Account/Oper Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
510000 - Maint. Supv/Engr-Steam Gen	160,814.77	114,573.99	93,905.37	133,450.41	130,062.48	147,512.09	153,676.86	148,989.97	28,211.13	16,305.31
511000 - Maint. of Structures-Steam Gen	1,256,638.73	1,435,242.86	684,233.35	1,198,545.50	1,200,684.92	1,316,763.30	1,681,955.13	1,248,357.54	811,860.55	803,304.23
512000 - Maint. of Boiler Plant-Steam Gen	4,334,298.56	3,505,960.34	3,906,015.04	3,998,355.65	3,463,705.59	2,787,419.99	2,470,505.05	3,419,440.03	2,234,539.89	1,385,899.62
513000 - Maint. of Elec Plant-Steam Gen	898,141.31	1,232,830.44	572,426.85	882,449.57	763,265.61	685,388.23	1,368,588.18	600,758.23	990,961.29	573,066.54
CP00 - Cooper Station-Common Total	6,649,893.37	6,288,607.63	5,256,580.61	6,212,801.13	5,557,718.60	4,937,083.61	5,674,725.22	5,417,545.77	4,065,572.86	2,778,575.70
511000 - Maint. of Structures-Steam Gen	735.68	1,521.34	166,385.15	3,082.18	66,324.43	17,147.92	10,370.10	3,921.17	2,775.99	741.92
512000 - Maint. of Boiler Plant-Steam Gen	424,304.39	168,727.41	854,308.03	744,826.23	1,104,100.15	1,216,778.16	955,980.33	1,165,294.01	1,106,371.48	575,564.66
513000 - Maint. of Elec Plant-Steam Gen	152,251.30	73,584.41	30,971.21	719,306.77	162,058.66	399,644.05	210,174.19	78,056.54	994,994.96	146,989.78
CP01 - Cooper-Unit 1 Total	577,291.37	243,833.16	1,051,664.39	1,467,215.18	1,332,483.24	1,633,570.13	1,176,524.62	1,247,271.72	2,104,142.43	723,296.36
511000 - Maint. of Structures-Steam Gen	8,831.71	492.40	52,120.00	-	783.22	274.05	15,413.09	70,816.78	87,910.31	1,270.75
512000 - Maint. of Boiler Plant-Steam Gen	500,449.18	2,315,341.67	553,123.61	1,230,991.71	1,053,822.94	1,146,796.79	977,303.16	2,553,762.31	799,992.83	220,199.27
513000 - Maint. of Elec Plant-Steam Gen	505,500.96	2,863,905.25	161,010.03	67,562.49	78,826.60	88,688.83	1,065,064.84	829,707.11	365,663.87	376,451.32
CP02 - Cooper-Unit 2 Total	1,014,781.85	5,179,739.32	766,253.64	1,298,554.20	1,133,432.76	1,235,759.67	2,057,781.09	3,454,286.20	1,253,567.01	597,921.34
511000 - Maint. of Structures-Steam Gen	-	-	-	-	353.49	-	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	-	130,027.23	584,760.76	825,226.53	568,709.70	526,177.73	1,207,234.00	767,251.68	679,988.13	677,403.26
CP22 - Cooper-Scrubber 2 Total	-	130,027.23	584,760.76	825,226.53	569,063.19	526,177.73	1,207,234.00	767,251.68	679,988.13	677,403.26
510000 - Maint. Supv/Engr-Steam Gen	748,827.38	741,888.75	401,455.63	144,587.75	141,426.25	52,444.13	-	-	-	-
511000 - Maint. of Structures-Steam Gen	213,799.85	205,829.39	119,429.89	68,616.71	24,743.70	6,990.85	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	2,614,425.22	1,288,197.09	544,242.14	325,815.93	426,873.79	26,153.31	-	-	-	-
513000 - Maint. of Elec Plant-Steam Gen	287,192.28	341,387.77	55,621.37	70,458.70	30,906.26	1,899.36	-	-	-	-
DA00 - Dale Station-Common Total	3,864,244.73	2,577,303.00	1,120,749.03	609,479.09	623,950.00	87,487.65	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	25,992.53	8,253.60	-	-	-	-	-	-	-	-
DA01 - Dale-Unit 1 Total	25,992.53	8,253.60	-	-	-	-	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	-	264.37	-	-	-	-	-	-	-	-
DA03 - Dale-Unit 3 Total	-	264.37	-	-	-	-	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	-	-	106.15	259.66	-	-	-	-	-	-
DA04 - Dale-Unit 4 Total	-	-	106.15	259.66	-	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	1,213.22	1,983.71	9,783.25	28,493.12	4,235.37	-	-	-	-	-
DG00 - Diesel Generator-Common Total	1,213.22	1,983.71	9,783.25	28,493.12	4,235.37	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	(67.39)	2,161.71	110.20	-	7,148.65	17,965.07	5,809.06	24,604.81	76,555.06	14,044.64
DG01 - Cooper Diesel Generator Total	(67.39)	2,161.71	110.20	-	7,148.65	17,965.07	5,809.06	24,604.81	76,555.06	14,044.64
553000 - Maint. of Gen&Elec Equip-Oth Gen	12,059.01	10,281.76	15,013.42	90,351.17	35,549.23	32,841.10	57,802.94	36,126.91	98,104.36	31,854.50
DG02 - Cagle's Diesel Generator Total	12,059.01	10,281.76	15,013.42	90,351.17	35,549.23	32,841.10	57,802.94	36,126.91	98,104.36	31,854.50
551000 - Maint. Supv/Engr-Oth Power Gen	4.93	-	-	-	-	-	-	-	-	-
552000 - Maint. of Structures-Oth Pwr Gen	10,356.49	-	-	-	2,890.80	-	7,883.40	-	3,546.51	224,847.70
553000 - Maint. of Gen&Elec Equip-Oth Gen	361,965.82	192,522.28	240,589.90	204,864.57	143,650.94	304,230.52	336,934.83	165,421.33	283,825.35	370,271.00
LF01 - Green Valley LFGTE Total	372,327.24	192,522.28	240,589.90	204,864.57	146,541.74	304,230.52	344,818.23	165,421.33	287,371.86	595,118.70

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Production Maint by Account/Oper Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
552000 - Maint. of Structures-Oth Pwr Gen	-	-	-	-	-	-	3,816.00	-	96,000.00	69,988.22
553000 - Maint. of Gen&Elec Equip-Oth Gen	290,169.19	489,475.00	344,199.46	245,098.39	236,926.80	450,773.87	250,243.63	274,670.96	731,626.71	266,247.83
LF02 - Laurel Ridge LFGTE Total	290,169.19	489,475.00	344,199.46	245,098.39	236,926.80	450,773.87	254,059.63	274,670.96	827,626.71	336,236.05
551000 - Maint. Supv/Engr-Oth Power Gen	179.40	-	-	-	-	-	-	-	-	-
552000 - Maint. of Structures-Oth Pwr Gen	-	-	-	-	-	-	-	-	16,724.65	150,247.13
553000 - Maint. of Gen&Elec Equip-Oth Gen	264,506.44	335,948.53	207,651.40	391,578.02	381,250.46	614,174.62	648,351.96	560,993.62	827,482.73	714,746.10
LF03 - Bavarian LFGTE Total	264,685.84	335,948.53	207,651.40	391,578.02	381,250.46	614,174.62	648,351.96	560,993.62	844,207.38	864,993.23
551000 - Maint. Supv/Engr-Oth Power Gen	933.60	-	-	-	-	-	-	-	-	-
552000 - Maint. of Structures-Oth Pwr Gen	-	160.46	-	-	2,350.57	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	211,854.04	483,355.72	189,084.69	171,932.81	157,115.14	333,090.74	46,891.48	88,202.33	44,298.79	213,938.04
LF04 - Hardin County LFGTE Total	212,787.64	483,516.18	189,084.69	171,932.81	159,465.71	333,090.74	46,891.48	88,202.33	44,298.79	213,938.04
551000 - Maint. Supv/Engr-Oth Power Gen	382.80	-	-	-	-	-	-	-	-	-
552000 - Maint. of Structures-Oth Pwr Gen	-	-	-	-	-	5,492.75	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	171,884.33	202,666.42	644,165.46	211,844.49	212,998.08	391,255.30	168,445.63	107,909.24	359,287.69	715,089.86
LF05 - Pendleton County LFGTE Total	172,267.13	202,666.42	644,165.46	211,844.49	212,998.08	396,748.05	168,445.63	107,909.24	359,287.69	715,089.86
552000 - Maint. of Structures-Oth Pwr Gen	-	-	-	-	-	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	21,588.83	22,971.22	(2,940.85)	-	108.80	-	-	-	-	-
LF06 - Mason County LFGTE Total	21,588.83	22,971.22	(2,940.85)	-	108.80	-	-	-	-	-
413200 - Maint. Exp Plnt Lease Oth	-	-	-	-	-	45,580.33	45,835.05	65,640.57	78,467.91	73,897.89
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	-	-	-	-	-	-
LF07 - Glasgow LFGTE Total	-	-	-	-	-	45,580.33	45,835.05	65,640.57	78,467.91	73,897.89
413200 - Maint. Exp Plnt Lease Oth	-	-	-	-	-	217,337.16	365,077.18	311,040.50	113,989.09	-
551000 - Maint. Supv/Engr-Oth Power Gen	-	-	-	-	-	45,988.09	76,380.05	112,345.00	158,507.12	179,742.98
552000 - Maint. of Structures-Oth Pwr Gen	-	-	-	-	-	22,848.33	312,667.40	235,570.71	250,757.81	138,787.09
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	-	365,837.70	340,858.48	274,165.26	430,497.09	1,077,563.37
OC00 - Bluegrass Oldham Co-Common Total	-	-	-	-	-	652,011.28	1,094,983.11	933,121.47	953,751.11	1,396,093.44
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	19.16	36,175.10	156,647.99	217,562.89	202,496.27	187,235.64
OC01 - Bluegrass Oldham Co-1 Total	-	-	-	-	19.16	36,175.10	156,647.99	217,562.89	202,496.27	187,235.64
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	19.16	28,925.58	432,592.03	228,369.13	365,360.36	383,748.02
OC02 - Bluegrass Oldham Co-2 Total	-	-	-	-	19.16	28,925.58	432,592.03	228,369.13	365,360.36	383,748.02
413200 - Maint. Exp Plnt Lease Oth	-	-	-	-	-	235,378.03	(86,479.66)	180,609.72	37,396.94	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	19.17	-	-	-	737,510.35	135,343.88
OC03 - Bluegrass Oldham Co-3 Total	-	-	-	-	19.17	235,378.03	(86,479.66)	180,609.72	774,907.29	135,343.88
553000 - Maint. of Gen&Elec Equip-Oth Gen	-	-	-	-	-	-	-	16,061.70	38,725.32	31,556.57
SF01 - Solar Facility-Coop 1 Total	-	-	-	-	-	-	-	16,061.70	38,725.32	31,556.57

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Production Maint by Account/Oper Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
512000 - Maint. of Boiler Plant-Steam Gen	-	-	-	-	-	-	12,424.96	223,067.78	254,883.13	78,557.86
551000 - Maint. Supv/Engr-Oth Power Gen	-	-	-	3,232.50	2,298.88	74,961.00	249,387.18	251,665.22	258,097.04	352,276.77
552000 - Maint. of Structures-Oth Pwr Gen	88,943.21	116,836.28	107,398.89	115,633.83	449,634.21	711,495.24	696,949.87	666,455.48	461,289.11	521,002.31
553000 - Maint. of Gen&Elec Equip-Oth Gen	829,303.99	995,688.92	556,389.34	1,731,267.08	579,322.87	490,940.85	497,598.04	1,024,411.02	701,187.73	746,268.13
SM50 - Smith CT's-Common Total	918,247.20	1,112,525.20	663,788.23	1,850,133.41	1,031,255.96	1,277,397.09	1,456,360.05	2,165,599.50	1,675,457.01	1,698,105.07
552000 - Maint. of Structures-Oth Pwr Gen	13,231.95	7,884.21	28,317.78	9,094.25	1,464.54	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	47,826.12	138,578.56	205,031.19	67,117.21	191,215.01	2,671,697.19	105,048.75	21,743.38	120,790.61	100,568.20
SM51 - Smith CT-Unit 1 Total	61,058.07	146,462.77	233,348.97	76,211.46	192,679.55	2,671,697.19	105,048.75	21,743.38	120,790.61	100,568.20
552000 - Maint. of Structures-Oth Pwr Gen	40.73	1,729.29	221.46	106.41	-	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	46,720.07	353,654.60	263,349.82	154,710.97	546,776.07	183,932.33	453,735.60	964,573.50	737,068.12	383,339.45
SM52 - Smith CT-Unit 2 Total	46,760.80	355,383.89	263,571.28	154,817.38	546,776.07	183,932.33	453,735.60	964,573.50	737,068.12	383,339.45
552000 - Maint. of Structures-Oth Pwr Gen	1,976.54	583.73	1,766.04	1,510.31	849.36	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	63,434.07	869,762.17	586,759.08	(107,416.18)	69,371.61	135,560.67	124,080.07	4,733,919.68	490,756.97	100,936.39
SM53 - Smith CT-Unit 3 Total	65,410.61	870,345.90	588,525.12	(105,905.87)	70,220.97	135,560.67	124,080.07	4,733,919.68	490,756.97	100,936.39
552000 - Maint. of Structures-Oth Pwr Gen	1,343.84	771.34	13,663.21	330.90	1,227.94	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	39,104.53	257,575.46	73,108.62	717,840.83	197,238.08	173,804.12	93,590.68	67,219.88	179,356.60	73,519.77
SM54 - Smith CT-Unit 4 Total	40,448.37	258,346.80	86,771.83	718,171.73	198,466.02	173,804.12	93,590.68	67,219.88	179,356.60	73,519.77
552000 - Maint. of Structures-Oth Pwr Gen	6,956.67	2,735.30	4,091.14	275.84	298.81	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	19,567.08	230,956.30	49,738.27	292,613.15	934,440.66	140,541.52	209,084.52	146,872.82	514,052.36	58,569.99
SM55 - Smith CT-Unit 5 Total	26,523.75	233,691.60	53,829.41	292,888.99	934,739.47	140,541.52	209,084.52	146,872.82	514,052.36	58,569.99
552000 - Maint. of Structures-Oth Pwr Gen	1,004.94	1,037.37	4,928.75	3,325.54	978.93	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	46,818.85	47,413.29	424,885.68	119,891.52	1,449,070.20	255,723.80	(110,696.78)	766,539.78	191,928.70	356,497.96
SM56 - Smith CT-Unit 6 Total	47,823.79	48,450.66	429,814.43	123,217.06	1,450,049.13	255,723.80	(110,696.78)	766,539.78	191,928.70	356,497.96
552000 - Maint. of Structures-Oth Pwr Gen	6,242.31	7,754.86	3,892.50	138.73	716.50	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	79,889.50	460,079.54	490,932.49	19,985.86	119,105.05	171,824.23	1,380,599.39	143,846.30	499,976.55	92,865.00
SM57 - Smith CT-Unit 7 Total	86,131.81	467,834.40	494,824.99	20,124.59	119,821.55	171,824.23	1,380,599.39	143,846.30	499,976.55	92,865.00
552000 - Maint. of Structures-Oth Pwr Gen	5,650.24	5,575.73	7,992.09	7,888.69	105.52	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	159,502.45	29,622.44	1,823,792.75	(104,533.87)	788,065.79	536,941.00	235,529.92	724,807.59	416,349.13	241,347.81
SM59 - Smith CT-Unit 9 Total	165,152.69	35,198.17	1,831,784.84	(96,645.18)	788,171.31	536,941.00	235,529.92	724,807.59	416,349.13	241,347.81
552000 - Maint. of Structures-Oth Pwr Gen	2,705.95	2,896.25	5,744.33	41,513.08	4,440.12	-	-	-	-	-
553000 - Maint. of Gen&Elec Equip-Oth Gen	130,838.10	(62,400.51)	157,673.93	529,653.99	573,890.97	463,448.58	389,983.94	621,769.94	718,551.56	920,274.91
SM60 - Smith CT-Unit 10 Total	133,544.05	(59,504.26)	163,418.26	571,167.07	578,331.09	463,448.58	389,983.94	621,769.94	718,551.56	920,274.91
510000 - Maint. Supv/Engr-Steam Gen	1,264,319.41	1,237,840.49	1,358,775.58	2,560,484.75	2,758,678.66	3,025,836.48	2,998,718.19	3,048,985.59	3,282,613.81	3,397,261.11
511000 - Maint. of Structures-Steam Gen	3,329,719.04	4,685,289.86	4,084,390.35	5,505,151.84	4,709,871.28	4,300,825.35	4,851,922.34	4,361,886.69	5,013,428.30	4,277,521.96
512000 - Maint. of Boiler Plant-Steam Gen	5,774,832.16	7,161,561.59	8,010,357.93	7,235,548.16	6,116,203.89	7,199,241.52	7,089,926.93	8,964,566.26	6,285,494.39	6,295,966.63
513000 - Maint. of Elec Plant-Steam Gen	230,614.59	488,211.78	393,768.21	144,981.81	413,562.27	317,421.42	135,904.09	311,557.05	494,809.42	351,126.69
SP00 - Spurlock Station-Common Total	10,599,485.20	13,572,903.72	13,847,292.07	15,446,166.56	13,998,316.10	14,843,324.77	15,076,471.55	16,686,995.59	15,076,345.92	14,321,876.39

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Production Maint by Account/Oper Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
511000 - Maint. of Structures-Steam Gen	20,015.45	24,855.33	2,963.07	-	44,062.65	367.34	9,115.41	279,204.73	328,840.23	305.90
512000 - Maint. of Boiler Plant-Steam Gen	4,379,182.70	2,771,127.37	5,638,197.13	5,305,197.93	5,740,465.97	5,821,595.84	5,495,824.37	6,537,277.46	7,396,304.65	6,653,977.43
513000 - Maint. of Elec Plant-Steam Gen	485,473.47	668,530.53	6,890,516.91	1,397,902.22	1,587,082.58	1,026,080.74	755,773.74	2,245,062.81	2,076,204.65	2,137,047.39
SP01 - Spurlock-Unit 1 Total	4,884,671.62	3,464,513.23	12,531,677.11	6,703,100.15	7,371,611.20	6,848,043.92	6,260,713.52	9,061,545.00	9,801,349.53	8,791,330.72
511000 - Maint. of Structures-Steam Gen	5,254.90	99,180.71	1,059.61	91,470.14	34,984.38	211.32	6,908.56	9,100.00	-	44,524.71
512000 - Maint. of Boiler Plant-Steam Gen	5,156,238.07	9,384,142.26	5,826,961.90	9,728,149.63	11,205,460.63	8,209,742.43	13,662,193.66	11,187,093.19	12,773,635.83	13,441,390.16
513000 - Maint. of Elec Plant-Steam Gen	511,347.81	2,882,087.27	1,217,970.07	1,110,547.23	594,752.91	1,759,898.49	7,418,912.38	1,780,251.26	3,081,445.77	1,787,261.30
SP02 - Spurlock-Unit 2 Total	5,672,840.78	12,365,410.24	7,045,991.58	10,930,167.00	11,835,197.92	9,969,852.24	21,088,014.60	12,976,444.45	15,855,081.60	15,273,176.17
511000 - Maint. of Structures-Steam Gen	97,067.03	54,001.78	39,100.62	69,256.30	37,566.74	346.01	44,775.76	2,041.90	24,573.33	1,012.42
512000 - Maint. of Boiler Plant-Steam Gen	7,745,770.31	5,700,678.68	6,781,539.78	9,354,938.74	9,074,993.21	8,395,940.75	10,093,234.19	9,496,747.34	9,792,131.57	6,865,222.17
513000 - Maint. of Elec Plant-Steam Gen	269,662.64	602,902.59	561,832.32	610,686.63	4,848,931.20	922,283.87	807,420.27	1,022,406.02	770,954.86	1,946,508.08
SP03 - Spurlock-Unit 3 Total	8,112,499.98	6,357,583.05	7,382,472.72	10,034,881.67	13,961,491.15	9,318,570.63	10,945,430.22	10,521,195.26	10,587,659.76	8,812,742.67
510000 - Maint. Supv/Engr-Steam Gen	-	330.60	-	-	-	-	-	-	-	-
511000 - Maint. of Structures-Steam Gen	21,220.82	58,231.30	63,962.93	12,422.31	12,057.84	1,060.23	825.95	-	17,299.29	6,731.40
512000 - Maint. of Boiler Plant-Steam Gen	4,667,001.48	3,797,934.31	3,887,903.07	7,511,857.95	7,248,647.83	6,583,544.05	7,421,241.05	7,693,226.50	9,384,211.29	8,891,147.39
513000 - Maint. of Elec Plant-Steam Gen	301,344.57	326,988.93	300,263.32	1,133,890.29	604,148.51	694,404.39	548,874.80	600,865.55	2,134,925.67	1,090,508.34
SP04 - Spurlock-Unit 4 Total	4,989,566.87	4,183,485.14	4,252,129.32	8,658,170.55	7,864,854.18	7,279,008.67	7,970,941.80	8,294,092.05	11,536,436.25	9,988,387.13
511000 - Maint. of Structures-Steam Gen	-	1,053.46	-	-	-	-	-	-	-	-
512000 - Maint. of Boiler Plant-Steam Gen	566,864.34	227,772.35	28,612.62	91,711.23	583,148.05	801,649.35	783,999.22	1,273,687.10	1,773,048.88	835,722.10
SP20 - Spurlock Scrubbers-Common Total	566,864.34	228,825.81	28,612.62	91,711.23	583,148.05	801,649.35	783,999.22	1,273,687.10	1,773,048.88	835,722.10
512000 - Maint. of Boiler Plant-Steam Gen	1,078,155.15	1,532,049.21	1,325,179.27	1,575,498.99	1,853,927.51	1,436,908.55	1,452,661.39	1,497,906.64	1,816,661.08	1,703,644.17
513000 - Maint. of Elec Plant-Steam Gen	-	-	-	-	28.79	-	-	-	-	-
SP21 - Spurlock-Scrubber 1 Total	1,078,155.15	1,532,049.21	1,325,179.27	1,575,498.99	1,853,956.30	1,436,908.55	1,452,661.39	1,497,906.64	1,816,661.08	1,703,644.17
512000 - Maint. of Boiler Plant-Steam Gen	2,899,627.96	2,211,318.55	2,922,474.20	3,038,265.30	2,362,679.93	2,667,872.32	2,135,758.60	2,822,339.68	2,601,264.51	2,825,230.87
SP22 - Spurlock-Scrubber 2 Total	2,899,627.96	2,211,318.55	2,922,474.20	3,038,265.30	2,362,679.93	2,667,872.32	2,135,758.60	2,822,339.68	2,601,264.51	2,825,230.87
Grand Total	53,874,047.60	63,554,379.20	64,573,277.76	71,839,840.45	76,142,696.07	70,744,074.06	83,337,329.42	87,276,748.19	87,646,565.68	76,334,481.89

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 18

RESPONSIBLE PERSON: Michelle K. Carpenter

COMPANY: East Kentucky Power Cooperative, Inc.

Request 18. Describe the Company's major outage accounting and related deferrals and amortizations, including the amortization periods. Provide a copy of all accounting documentation of the Company's accounting policies and procedures. In addition, provide a citation to the Commission Order(s) that authorized this form of outage accounting for ratemaking purposes.

Response 18. Retirement units (items separately identified in EKPC's fixed asset records) replaced during a major outage are retired with any cost of removal, net of salvage, charged to accumulated depreciation. The new retirement units are capitalized and depreciated based upon the remaining life of the respective generating unit. All other costs of the outage project are charged to maintenance expense, including any minor items of property replaced independently of the retirement units from which they are a part. As a rate-regulated utility, EKPC follows ASC 980, Regulated Operations, which means that expenses that would normally be recognized in a particular year may be

deferred on the balance sheet for rate recovery, if approved by the utility's regulator. EKPC currently only has one maintenance-related deferral which is comprised of high-cost non-routine minor items of property replaced and major maintenance that occurred in 2019 at Spurlock Station. Please refer pages 11 and 12 of Ms. Carpenter's Direct Testimony for details regarding this regulatory asset, the associated Commission Order that prompted EKPC to file a request with RUS, and the amortization period approved by RUS. Please refer to the Commission Staff's Second Request for Information, Response 38, pages two and three, for further discussion regarding the rationale used in establishing the amortization period for this regulatory asset.

As indicated in the Commission's First Request for Information, Response 4, EKPC follows 7 CFR 1767, RUS Uniform System of Accounts and the associated guidance within RUS Bulletin 1767B-1 is used as the basis for EKPC's internal accounting policies and procedures. Please refer to page 54 of the Bulletin for guidance specific to retirement units and replacement of minor items of property.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 19

RESPONSIBLE PERSON: Isaac S. Scott / Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 19. Refer to the response to AG-Nucor 1-31.

Request 19a. Indicate whether the amounts reflected in the excel file entitled “AG_NUCOR_DR1_Response 31.xlsx” reflect outage maintenance expenses “as incurred” or reductions for deferrals and increases for amortizations. If the latter, then provide a version of the spreadsheet that shows the expenses as incurred, the deferrals, and the amortizations.

Response 19a. The amounts reflected in Response 31 represent maintenance expenses for Generally Accepted Accounting Principles (“GAAP”) financial reporting purposes, meaning the amounts shown exclude expenses incurred that were granted regulatory asset treatment and include any subsequent amortization of regulatory assets. Please refer to pages 6 and 7 of this response, along with corresponding Excel file *AG Nucor DR2 Response 19.xlsx, Tab 19a*, which takes the original schedule provided and

removes the impact of the major maintenance regulatory asset to arrive at maintenance costs incurred for each year.

Request 19b. Provide an expanded version of the excel file entitled “AG_NUCOR_DR1_Response 31.xlsx” as modified by the response to part (a) that reflects the amounts included in the test year after proforma adjustments, including deferrals and amortizations.

Response 19b. Please refer to pages 8 through 10 and corresponding Excel file *AG Nucor DR2 Response 19.xlsx, Tab 19b* for a version of the schedule provided in Response 19a that excludes Account 413200, Maintenance Expense, Plant Leased to Others. The 2019 maintenance expense on this file corresponds to the production maintenance expense shown on Mr. Scott’s Exhibit ISS-1. For RUS reporting purposes and Exhibit ISS-1, all leased plant activity is shown as a net number on one line item, Income Leased Property-Net. However, production maintenance expense on Exhibit ISS-1 should have also included the Exhibit ISS-1, Schedule 1.26 proposed amortization adjustment of \$905,523 for the Spurlock major maintenance regulatory asset. It appears that this adjustment was inadvertently shown as an adjustment to Depreciation and Amortization on Schedule 1.00, Summary of Proposed Proforma Adjustments. EKPC typically charges the amortization of regulatory assets to the account that would normally be expensed, which in this case, is maintenance. Therefore, the proposed test year production

maintenance expense balance should be comprised of the balance from Exhibit ISS-1 of \$87,416,712 plus the \$905,523 regulatory asset amortization adjustment to come to a total of \$88,322,235.

Request 19c. Explain why the Company did not propose a normalized generation maintenance expense based on an average of actual historic years.

Response 19c. In filing a rate application utilizing a historic test year, EKPC focused on proposing adjustments that reflected known and measurable events or results. EKPC did propose adjustments based on an average of historic years for forced outage and highest purchased power costs not recoverable through the FAC, as it believed such adjustments had been considered and accepted previously by the Commission. EKPC did not consider applying a similar approach to its generation maintenance expense.

Also, please refer to pages 6 and 7 of this response. When comparing maintenance expense to maintenance costs incurred in 2019, you will notice that the major maintenance regulatory asset granted in 2019 in essence normalized EKPC's maintenance expense to a level that was comparable to prior years.

Request 19d. Confirm that the Company's generation maintenance expense varies significantly for each generating unit over a five year or longer period based on the detail provided in this response. For example, the total generation maintenance expense

incurred in the test year was \$87.6 million, but in 2020 was \$76.3 million. If confirmed, then explain the reasons why the expense for each generating unit varies from year to year and the effect that major outage maintenance has on the variation from year to year.

Response 19d. EKPC confirms that generation maintenance expense can vary significantly from year to year depending upon where each unit is in its major maintenance cycle and if any unanticipated equipment failures occur that require maintenance in a given year, all of which are outside of routine maintenance. However, it should be noted that EKPC does not believe that production maintenance expense for 2020 is a representative year for comparison purposes. Several projects, including a scheduled major overhaul, were deferred or cancelled due to COVID-19.

Request 19e. Indicate if the Company is opposed or in favor of a normalized generation maintenance outage expense based on an average of actual historic years similar to that adopted by the Commission for Kentucky Power Company, Kentucky Utilities Company, and Louisville Gas and Electric Company. Provide a proposal and calculation of a normalized maintenance outage expense if the Commission were to consider such an adjustment in this proceeding.

Response 19e. EKPC is not familiar enough with the referenced normalization expense mechanisms to be either opposed to or in favor of such a mechanism. It would

have helped EKPC's preparation of a response to this request if the specific case number references establishing these mechanisms and any subsequent modifications had been provided. EKPC would be willing to consider such a mechanism once it has had time to review and evaluate the mechanisms approved for Kentucky Power Company, Kentucky Utilities Company, and Louisville Gas & Electric Company. EKPC is aware that many of the rate cases for the listed utilities have utilized a forecasted test year. This fact may have a bearing on whether the normalization mechanism is appropriate for EKPC. In addition, EKPC is aware that many of the rate cases for the listed utilities have been resolved with settlement or stipulation agreements. These settlement or stipulation agreements usually contain provisions stating that the agreement has no precedential value and that the agreement cannot be cited as support in any other proceeding.

As EKPC has not determined it would be in favor of such an adjustment, it is unable, and not appropriate for it, to provide a proposal and calculation of a normalized maintenance outage expense adjustment at this time.

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Production Maintenance Expense by Account, Subaccount, Plant and Operating Unit

Production Maint by Account/Oper Unit	2016	2017	2018	2019	2020
LF07 - Glasgow LFGTE	45,580.33	45,835.05	65,640.57	78,467.91	73,897.89
OC00 - Bluegrass Oldham Co-Common	217,337.16	365,077.18	311,040.50	113,989.09	-
OC03 - Bluegrass Oldham Co-3	235,378.03	(86,479.66)	180,609.72	37,396.94	-
413200 - Maint. Exp Plant Lease Oth Total	498,295.52	324,432.57	557,290.79	229,853.94	73,897.89
CP00 - Cooper Station-Common	147,512.09	153,676.86	148,989.97	28,211.13	16,305.31
DA00 - Dale Station-Common	52,444.13	-	-	-	-
SP00 - Spurlock Station-Common	3,025,836.48	2,998,718.19	3,048,985.59	3,282,613.81	3,397,261.11
510000 - Maint. Supv/Engr-Steam Gen	3,225,792.70	3,152,395.05	3,197,975.56	3,310,824.94	3,413,566.42
CP00 - Cooper Station-Common	1,316,763.30	1,681,955.13	1,248,357.54	811,860.55	803,304.23
CP01 - Cooper-Unit 1	17,147.92	10,370.10	3,921.17	2,775.99	741.92
CP02 - Cooper-Unit 2	274.05	15,413.09	70,816.78	87,910.31	1,270.75
DA00 - Dale Station-Common	6,990.85	-	-	-	-
SP00 - Spurlock Station-Common	4,300,825.35	4,851,922.34	4,361,886.69	5,013,428.30	4,277,521.96
SP01 - Spurlock-Unit 1	367.34	9,115.41	279,204.73	328,840.23	305.90
SP02 - Spurlock-Unit 2	211.32	6,908.56	9,100.00	-	44,524.71
SP03 - Spurlock-Unit 3	346.01	44,775.76	2,041.90	24,573.33	1,012.42
SP04 - Spurlock-Unit 4	1,060.23	825.95	-	17,299.29	6,731.40
SP20 - Spurlock Scrubbers-Common	-	-	-	-	-
511000 - Maint. of Structures-Steam Gen	5,643,986.37	6,621,286.34	5,975,328.81	6,286,688.00	5,135,413.29
CP00 - Cooper Station-Common	2,787,419.99	2,470,505.05	3,419,440.03	2,234,539.89	1,385,899.62
CP01 - Cooper-Unit 1	1,216,778.16	955,980.33	1,165,294.01	1,106,371.48	575,564.66
CP02 - Cooper-Unit 2	1,146,796.79	977,303.16	2,553,762.31	799,992.83	220,199.27
CP22 - Cooper-Scrubber 2	526,177.73	1,207,234.00	767,251.68	679,988.13	677,403.26
DA00 - Dale Station-Common	26,153.31	-	-	-	-
SM50 - Smith CT's-Common	-	12,424.96	223,067.78	254,883.13	78,557.86
SP00 - Spurlock Station-Common	7,199,241.52	7,089,926.93	8,964,566.26	6,285,494.39	6,295,966.63
SP01 - Spurlock-Unit 1	5,821,595.84	5,495,824.37	6,537,277.46	7,396,304.65	6,653,977.43
SP02 - Spurlock-Unit 2	8,209,742.43	13,662,193.66	11,187,093.19	12,773,635.83	13,441,390.16
SP03 - Spurlock-Unit 3	8,395,940.75	10,093,234.19	9,496,747.34	9,792,131.57	6,865,222.17
SP04 - Spurlock-Unit 4	6,583,544.05	7,421,241.05	7,693,226.50	9,384,211.29	8,891,147.39
SP20 - Spurlock Scrubbers-Common	801,649.35	783,999.22	1,273,687.10	1,773,048.88	835,722.10
SP21 - Spurlock-Scrubber 1	1,436,908.55	1,452,661.39	1,497,906.64	1,816,661.08	1,703,644.17
SP22 - Spurlock-Scrubber 2	2,667,872.32	2,135,758.60	2,822,339.68	2,601,264.51	2,825,230.87
512000 - Maint. of Boiler Plant-Steam Gen	46,819,820.79	53,758,286.91	57,601,659.98	56,898,527.66	50,449,925.59
CP00 - Cooper Station-Common	685,388.23	1,368,588.18	600,758.23	990,961.29	573,066.54
CP01 - Cooper-Unit 1	399,644.05	210,174.19	78,056.54	994,994.96	146,989.78
CP02 - Cooper-Unit 2	88,688.83	1,065,064.84	829,707.11	365,663.87	376,451.32
DA00 - Dale Station-Common	1,899.36	-	-	-	-
SP00 - Spurlock Station-Common	317,421.42	135,904.09	311,557.05	494,809.42	351,126.69
SP01 - Spurlock-Unit 1	1,026,080.74	755,773.74	2,245,062.81	2,076,204.65	2,137,047.39
SP02 - Spurlock-Unit 2	1,759,898.49	7,418,912.38	1,780,251.26	3,081,445.77	1,787,261.30
SP03 - Spurlock-Unit 3	922,283.87	807,420.27	1,022,406.02	770,954.86	1,946,508.08
SP04 - Spurlock-Unit 4	694,404.39	548,874.80	600,865.55	2,134,925.67	1,090,508.34
513000 - Maint. of Elec Plant-Steam Gen	5,895,709.38	12,310,712.49	7,468,664.57	10,909,960.49	8,408,959.44
OC00 - Bluegrass Oldham Co-Common	45,988.09	76,380.05	112,345.00	158,507.12	179,742.98
SM50 - Smith CT's-Common	74,961.00	249,387.18	251,665.22	258,097.04	352,276.77
551000 - Maint. Supv/Engr-Oth Power Gen	120,949.09	325,767.23	364,010.22	416,604.16	532,019.75
LF01 - Green Valley LFGTE	-	7,883.40	-	3,546.51	224,847.70
LF02 - Laurel Ridge LFGTE	-	3,816.00	-	96,000.00	69,988.22
LF03 - Bavarian LFGTE	-	-	-	16,724.65	150,247.13
LF05 - Pendleton County LFGTE	5,492.75	-	-	-	-
OC00 - Bluegrass Oldham Co-Common	22,848.33	312,667.40	235,570.71	250,757.81	138,787.09
SM50 - Smith CT's-Common	711,495.24	696,949.87	666,455.48	461,289.11	521,002.31

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Production Maintenance Expense by Account, Subaccount, Plant and Operating Unit

Production Maint by Account/Oper Unit	2016	2017	2018	2019	2020
552000 - Maint. of Structures-Oth Pwr Gen	739,836.32	1,021,316.67	902,026.19	828,318.08	1,104,872.45

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Production Maintenance Expense by Account, Subaccount, Plant and Operating Unit

Production Maint by Account/Oper Unit	2016	2017	2018	2019	2020
DG01 - Cooper Diesel Generator	17,965.07	5,809.06	24,604.81	76,555.06	14,044.64
DG02 - Cagle's Diesel Generator	32,841.10	57,802.94	36,126.91	98,104.36	31,854.50
LF01 - Green Valley LFGTE	304,230.52	336,934.83	165,421.33	283,825.35	370,271.00
LF02 - Laurel Ridge LFGTE	450,773.87	250,243.63	274,670.96	731,626.71	266,247.83
LF03 - Bavarian LFGTE	614,174.62	648,351.96	560,993.62	827,482.73	714,746.10
LF04 - Hardin County LFGTE	333,090.74	46,891.48	88,202.33	44,298.79	213,938.04
LF05 - Pendleton County LFGTE	391,255.30	168,445.63	107,909.24	359,287.69	715,089.86
LF07 - Glasgow LFGTE	-	-	-	-	-
OC00 - Bluegrass Oldham Co-Common	365,837.70	340,858.48	274,165.26	430,497.09	1,077,563.37
OC01 - Bluegrass Oldham Co-1	36,175.10	156,647.99	217,562.89	202,496.27	187,235.64
OC02 - Bluegrass Oldham Co-2	28,925.58	432,592.03	228,369.13	365,360.36	383,748.02
OC03 - Bluegrass Oldham Co-3	-	-	-	737,510.35	135,343.88
SF01 - Solar Facility-Coop 1	-	-	16,061.70	38,725.32	31,556.57
SM50 - Smith CT's-Common	490,940.85	497,598.04	1,024,411.02	701,187.73	746,268.13
SM51 - Smith CT-Unit 1	2,671,697.19	105,048.75	21,743.38	120,790.61	100,568.20
SM52 - Smith CT-Unit 2	183,932.33	453,735.60	964,573.50	737,068.12	383,339.45
SM53 - Smith CT-Unit 3	135,560.67	124,080.07	4,733,919.68	490,756.97	100,936.39
SM54 - Smith CT-Unit 4	173,804.12	93,590.68	67,219.88	179,356.60	73,519.77
SM55 - Smith CT-Unit 5	140,541.52	209,084.52	146,872.82	514,052.36	58,569.99
SM56 - Smith CT-Unit 6	255,723.80	(110,696.78)	766,539.78	191,928.70	356,497.96
SM57 - Smith CT-Unit 7	171,824.23	1,380,599.39	143,846.30	499,976.55	92,865.00
SM59 - Smith CT-Unit 9	536,941.00	235,529.92	724,807.59	416,349.13	241,347.81
SM60 - Smith CT-Unit 10	463,448.58	389,983.94	621,769.94	718,551.56	920,274.91
553000 - Maint. of Gen&Elec Equip-Oth Gen	7,799,683.89	5,823,132.16	11,209,792.07	8,765,788.41	7,215,827.06
Grand Total, Expensed	70,744,074.06	83,337,329.42	87,276,748.19	87,646,565.68	76,334,481.89
Remove Regulatory Asset & (Amortization) Activity					
SP02 - Spurlock-Unit 2	-	-	-	1,587,411.68	(198,426.32)
SP04 - Spurlock-Unit 4	-	-	-	3,007,597.23	(375,949.47)
512000 - Maint. of Boiler Plant-Steam Gen	-	-	-	4,595,008.91	(574,375.79)
SP02 - Spurlock-Unit 2	-	-	-	561,450.00	(70,181.04)
SP04 - Spurlock-Unit 4	-	-	-	2,087,724.83	(260,965.91)
513000 - Maint. of Elec Plant-Steam Gen	-	-	-	2,649,174.83	(331,146.95)
Total, Regulatory Asset & (Amortization)	-	-	-	7,244,183.74	(905,522.74)
Total Maintenance Costs Incurred	70,744,074.06	83,337,329.42	87,276,748.19	94,890,749.42	75,428,959.15

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Production Maintenance Expense by Account, Subaccount, Plant and Operating Unit (Excluding Leased Plant)

Production Maint by Account/Oper Unit	2016	2017	2018	2019	2020
CP00 - Cooper Station-Common	147,512.09	153,676.86	148,989.97	28,211.13	16,305.31
DA00 - Dale Station-Common	52,444.13	-	-	-	-
SP00 - Spurlock Station-Common	3,025,836.48	2,998,718.19	3,048,985.59	3,282,613.81	3,397,261.11
510000 - Maint. Supv/Engr-Steam Gen	3,225,792.70	3,152,395.05	3,197,975.56	3,310,824.94	3,413,566.42
CP00 - Cooper Station-Common	1,316,763.30	1,681,955.13	1,248,357.54	811,860.55	803,304.23
CP01 - Cooper-Unit 1	17,147.92	10,370.10	3,921.17	2,775.99	741.92
CP02 - Cooper-Unit 2	274.05	15,413.09	70,816.78	87,910.31	1,270.75
DA00 - Dale Station-Common	6,990.85	-	-	-	-
SP00 - Spurlock Station-Common	4,300,825.35	4,851,922.34	4,361,886.69	5,013,428.30	4,277,521.96
SP01 - Spurlock-Unit 1	367.34	9,115.41	279,204.73	328,840.23	305.90
SP02 - Spurlock-Unit 2	211.32	6,908.56	9,100.00	-	44,524.71
SP03 - Spurlock-Unit 3	346.01	44,775.76	2,041.90	24,573.33	1,012.42
SP04 - Spurlock-Unit 4	1,060.23	825.95	-	17,299.29	6,731.40
SP20 - Spurlock Scrubbers-Common	-	-	-	-	-
511000 - Maint. of Structures-Steam Gen	5,643,986.37	6,621,286.34	5,975,328.81	6,286,688.00	5,135,413.29
CP00 - Cooper Station-Common	2,787,419.99	2,470,505.05	3,419,440.03	2,234,539.89	1,385,899.62
CP01 - Cooper-Unit 1	1,216,778.16	955,980.33	1,165,294.01	1,106,371.48	575,564.66
CP02 - Cooper-Unit 2	1,146,796.79	977,303.16	2,553,762.31	799,992.83	220,199.27
CP22 - Cooper-Scrubber 2	526,177.73	1,207,234.00	767,251.68	679,988.13	677,403.26
DA00 - Dale Station-Common	26,153.31	-	-	-	-
SM50 - Smith CT's-Common	-	12,424.96	223,067.78	254,883.13	78,557.86
SP00 - Spurlock Station-Common	7,199,241.52	7,089,926.93	8,964,566.26	6,285,494.39	6,295,966.63
SP01 - Spurlock-Unit 1	5,821,595.84	5,495,824.37	6,537,277.46	7,396,304.65	6,653,977.43
SP02 - Spurlock-Unit 2	8,209,742.43	13,662,193.66	11,187,093.19	12,773,635.83	13,441,390.16
SP03 - Spurlock-Unit 3	8,395,940.75	10,093,234.19	9,496,747.34	9,792,131.57	6,865,222.17
SP04 - Spurlock-Unit 4	6,583,544.05	7,421,241.05	7,693,226.50	9,384,211.29	8,891,147.39
SP20 - Spurlock Scrubbers-Common	801,649.35	783,999.22	1,273,687.10	1,773,048.88	835,722.10
SP21 - Spurlock-Scrubber 1	1,436,908.55	1,452,661.39	1,497,906.64	1,816,661.08	1,703,644.17
SP22 - Spurlock-Scrubber 2	2,667,872.32	2,135,758.60	2,822,339.68	2,601,264.51	2,825,230.87
512000 - Maint. of Boiler Plant-Steam Gen	46,819,820.79	53,758,286.91	57,601,659.98	56,898,527.66	50,449,925.59
CP00 - Cooper Station-Common	685,388.23	1,368,588.18	600,758.23	990,961.29	573,066.54
CP01 - Cooper-Unit 1	399,644.05	210,174.19	78,056.54	994,994.96	146,989.78
CP02 - Cooper-Unit 2	88,688.83	1,065,064.84	829,707.11	365,663.87	376,451.32
DA00 - Dale Station-Common	1,899.36	-	-	-	-
SP00 - Spurlock Station-Common	317,421.42	135,904.09	311,557.05	494,809.42	351,126.69
SP01 - Spurlock-Unit 1	1,026,080.74	755,773.74	2,245,062.81	2,076,204.65	2,137,047.39
SP02 - Spurlock-Unit 2	1,759,898.49	7,418,912.38	1,780,251.26	3,081,445.77	1,787,261.30
SP03 - Spurlock-Unit 3	922,283.87	807,420.27	1,022,406.02	770,954.86	1,946,508.08
SP04 - Spurlock-Unit 4	694,404.39	548,874.80	600,865.55	2,134,925.67	1,090,508.34
513000 - Maint. of Elec Plant-Steam Gen	5,895,709.38	12,310,712.49	7,468,664.57	10,909,960.49	8,408,959.44
OC00 - Bluegrass Oldham Co-Common	45,988.09	76,380.05	112,345.00	158,507.12	179,742.98
SM50 - Smith CT's-Common	74,961.00	249,387.18	251,665.22	258,097.04	352,276.77
551000 - Maint. Supv/Engr-Oth Power Gen	120,949.09	325,767.23	364,010.22	416,604.16	532,019.75
LF01 - Green Valley LFGTE	-	7,883.40	-	3,546.51	224,847.70
LF02 - Laurel Ridge LFGTE	-	3,816.00	-	96,000.00	69,988.22
LF03 - Bavarian LFGTE	-	-	-	16,724.65	150,247.13
LF05 - Pendleton County LFGTE	5,492.75	-	-	-	-
OC00 - Bluegrass Oldham Co-Common	22,848.33	312,667.40	235,570.71	250,757.81	138,787.09
SM50 - Smith CT's-Common	711,495.24	696,949.87	666,455.48	461,289.11	521,002.31
552000 - Maint. of Structures-Oth Pwr Gen	739,836.32	1,021,316.67	902,026.19	828,318.08	1,104,872.45

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Production Maintenance Expense by Account, Subaccount, Plant and Operating Unit (Excluding Leased Plant)

Production Maint by Account/Oper Unit	2016	2017	2018	2019	2020
DG01 - Cooper Diesel Generator	17,965.07	5,809.06	24,604.81	76,555.06	14,044.64
DG02 - Cagle's Diesel Generator	32,841.10	57,802.94	36,126.91	98,104.36	31,854.50
LF01 - Green Valley LFGTE	304,230.52	336,934.83	165,421.33	283,825.35	370,271.00
LF02 - Laurel Ridge LFGTE	450,773.87	250,243.63	274,670.96	731,626.71	266,247.83
LF03 - Bavarian LFGTE	614,174.62	648,351.96	560,993.62	827,482.73	714,746.10
LF04 - Hardin County LFGTE	333,090.74	46,891.48	88,202.33	44,298.79	213,938.04
LF05 - Pendleton County LFGTE	391,255.30	168,445.63	107,909.24	359,287.69	715,089.86
LF07 - Glasgow LFGTE	-	-	-	-	-
OC00 - Bluegrass Oldham Co-Common	365,837.70	340,858.48	274,165.26	430,497.09	1,077,563.37
OC01 - Bluegrass Oldham Co-1	36,175.10	156,647.99	217,562.89	202,496.27	187,235.64
OC02 - Bluegrass Oldham Co-2	28,925.58	432,592.03	228,369.13	365,360.36	383,748.02
OC03 - Bluegrass Oldham Co-3	-	-	-	737,510.35	135,343.88
SF01 - Solar Facility-Coop 1	-	-	16,061.70	38,725.32	31,556.57
SM50 - Smith CT's-Common	490,940.85	497,598.04	1,024,411.02	701,187.73	746,268.13
SM51 - Smith CT-Unit 1	2,671,697.19	105,048.75	21,743.38	120,790.61	100,568.20
SM52 - Smith CT-Unit 2	183,932.33	453,735.60	964,573.50	737,068.12	383,339.45
SM53 - Smith CT-Unit 3	135,560.67	124,080.07	4,733,919.68	490,756.97	100,936.39
SM54 - Smith CT-Unit 4	173,804.12	93,590.68	67,219.88	179,356.60	73,519.77
SM55 - Smith CT-Unit 5	140,541.52	209,084.52	146,872.82	514,052.36	58,569.99
SM56 - Smith CT-Unit 6	255,723.80	(110,696.78)	766,539.78	191,928.70	356,497.96
SM57 - Smith CT-Unit 7	171,824.23	1,380,599.39	143,846.30	499,976.55	92,865.00
SM59 - Smith CT-Unit 9	536,941.00	235,529.92	724,807.59	416,349.13	241,347.81
SM60 - Smith CT-Unit 10	463,448.58	389,983.94	621,769.94	718,551.56	920,274.91
553000 - Maint. of Gen&Elec Equip-Oth Gen	7,799,683.89	5,823,132.16	11,209,792.07	8,765,788.41	7,215,827.06
Grand Total, Expensed	70,245,778.54	83,012,896.85	86,719,457.40	87,416,711.74	76,260,584.00
Remove Regulatory Asset & (Amortization) Activity					
SP02 - Spurlock-Unit 2	-	-	-	1,587,411.68	(198,426.32)
SP04 - Spurlock-Unit 4	-	-	-	3,007,597.23	(375,949.47)
512000 - Maint. of Boiler Plant-Steam Gen	-	-	-	4,595,008.91	(574,375.79)
SP02 - Spurlock-Unit 2	-	-	-	561,450.00	(70,181.04)
SP04 - Spurlock-Unit 4	-	-	-	2,087,724.83	(260,965.91)
513000 - Maint. of Elec Plant-Steam Gen	-	-	-	2,649,174.83	(331,146.95)
Total, Regulatory Asset & (Amortization)	-	-	-	7,244,183.74	(905,522.74)
Total Maintenance Costs Incurred	70,245,778.54	83,012,896.85	86,719,457.40	94,660,895.48	75,355,061.26

EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 20

RESPONSIBLE PERSON: Thomas J. Stachnik
COMPANY: East Kentucky Power Cooperative, Inc.

Request 20. Refer to the response to AG-Nucor 1-38, page 3 of 9.

Request 20a. Confirm that the \$20.4 million investment in US Treasury Bill was financed. If confirmed, then describe the manner in which this investment was financed.

Response 20a. EKPC maintains this investment due to the Commission's July 25, 1995 Order in Case No. 1994-00336¹ to hold excess amounts recovered in rates for post-retirement benefits in a separate account, please see

https://psc.ky.gov/order_vault/Orders_1995/199400336_07251995.pdf

Thus, this amount was not financed; rather, it was sourced through revenues collected from EKPC's owner-members.

¹ See *In the Matter of Application of East Kentucky Power Cooperative, Inc. to Adjust Electric Rates*, Case No. 1994-00336, Order, p. 14-15, 27-28 (Ky. P.S.C. Jul. 25, 1995).

Request 20b. Provide the balance of the investment referenced in part (a) of this question at June 30, 2020.

Response 20b. \$20,523,522.41

Request 20c. Provide a calculation of the effect on the Company's claimed revenue requirement to finance the investment referenced in part (a) of this question as adjusted to reflect the balance provided in response to part (b) of this question.

Response 20c. As this investment was not financed, EKPC cannot calculate the effect on its revenue requirement.

EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 21

RESPONSIBLE PERSON: Thomas J. Stachnik
COMPANY: East Kentucky Power Cooperative, Inc.

Request 21. Refer to the response to AG-Nucor 1-39.

Request 21a. Confirm that the \$111.0 million in short-term investments were financed. If confirmed, then describe the manner in which each such investment was financed.

Response 21a. EKPC maintains these balances to provide liquidity for its operating needs. EKPC generally targets holding 80 to 100 days of operating expenses in cash, cash equivalents, and short-term investments. Having this liquidity buffer is important to the rating agencies. The entire amount of these investments is not directly financed, and balances fluctuate as EKPC receives and disburses cash. During times of concerning market liquidity, the benefits of EKPC's conservative approach of maintaining strong cash balances become clear. For example, at the beginning of the coronavirus pandemic, there were concerns about banks' ability to fund credit commitments.

However, with its strong cash position, EKPC was confident in its ability to fund operating requirements and support owner-members as needed.

Request 21b. Provide the balance of each investment referenced in part (a) of this question at June 30, 2020.

Response 21b. As of June 30, 2020, the balances were:

CFC	\$35,000,000
Federated	\$20,000,000
Fidelity	\$40,000,000
Total	\$95,000,000

Request 21c. Provide a calculation of the effect on the Company's claimed revenue requirement to finance each investment referenced in part (a) of this question as adjusted to reflect the balance provided in response to part (b) of this question.

Response 21c. As these investments were not financed, EKPC cannot calculate the effect on its revenue requirement.

**EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 22**

RESPONSIBLE PERSON: Isaac S. Scott / Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 22. Refer to the Company's response to AG-Nucor 1-42.

Request 22a. Confirm that the Company does not record Interest During Construction due to a settlement in Case No. 2008-00409 that allowed the Company current recovery of interest expense and TIER.

Response 22a. As stated in EKPC's response to the Commission Staff's First Request for Information dated March 4, 2021, Request 9 and referenced in EKPC's response to AG-Nucor 1-42, pursuant to the Commission's Final Order in Case No. 2008-00409, effective April 1, 2009, EKPC discontinued the practice of capitalizing interest during construction and instead utilizes a cash return on Construction Work in Progress. Consequently, EKPC does not capitalize interest during construction or record same.

Request 22b. Provide the Company's CWIP balances for each month during 2019 and 2020 separated into base and environmental.

Response 22b. Please see page 3 of this response and corresponding Excel file *AG Nucor DR2 Response 22b.xlsx* for a summary of CWIP balances separated into base and environmental for each month of 2019 and 2020.

East Kentucky Power Cooperative, Inc.					
Case No. 2021-00103					
2019 & 2020 CWIP Balance by Month					
Base, Environmental, and Total					
Year	Month	Base	Environmental	Total	
2019	Jan	\$ 56,109,373.55	\$ 39,028,051.17	\$ 95,137,424.72	
2019	Feb	\$ 53,902,280.95	\$ 44,057,273.74	\$ 97,959,554.69	
2019	Mar	\$ 63,211,128.71	\$ 49,884,135.28	\$ 113,095,263.99	
2019	Apr	\$ 69,858,888.13	\$ 55,927,594.09	\$ 125,786,482.22	
2019	May	\$ 77,032,381.46	\$ 62,388,260.36	\$ 139,420,641.82	
2019	Jun	\$ 106,951,181.37	\$ 66,647,319.45	\$ 173,598,500.82	
2019	Jul	\$ 110,524,635.02	\$ 78,314,605.04	\$ 188,839,240.06	
2019	Aug	\$ 117,222,104.35	\$ 88,430,656.41	\$ 205,652,760.76	
2019	Sep	\$ 120,086,504.80	\$ 96,070,036.94	\$ 216,156,541.74	
2019	Oct	\$ 127,817,771.38	\$ 104,907,040.25	\$ 232,724,811.63	
2019	Nov	\$ 122,465,702.84	\$ 113,377,649.16	\$ 235,843,352.00	
2019	Dec	\$ 113,324,090.02	\$ 134,068,539.67	\$ 247,392,629.69	
2020	Jan	\$ 112,608,335.21	\$ 140,816,428.17	\$ 253,424,763.38	
2020	Feb	\$ 118,475,774.99	\$ 146,110,701.62	\$ 264,586,476.61	
2020	Mar	\$ 126,135,495.95	\$ 157,924,987.86	\$ 284,060,483.81	
2020	Apr	\$ 138,470,910.60	\$ 163,459,993.73	\$ 301,930,904.33	
2020	May	\$ 144,004,408.81	\$ 168,974,484.66	\$ 312,978,893.47	
2020	Jun	\$ 135,166,195.21	\$ 176,472,165.89	\$ 311,638,361.10	
2020	Jul	\$ 126,646,178.02	\$ 184,555,013.23	\$ 311,201,191.25	
2020	Aug	\$ 134,007,981.30	\$ 193,745,585.44	\$ 327,753,566.74	
2020	Sep	\$ 142,156,039.53	\$ 197,606,297.52	\$ 339,762,337.05	
2020	Oct	\$ 142,303,614.64	\$ 203,589,034.68	\$ 345,892,649.32	
2020	Nov	\$ 112,675,536.90	\$ 207,213,514.95	\$ 319,889,051.85	
2020	Dec	\$ 50,905,264.61	\$ 141,932,750.26	\$ 192,838,014.87	

EAST KENTUCKY POWER COOPERATIVE, INC.
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AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 23

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 23. Refer to the response to AG-Nucor 1-51. Provide a calculation of annualized payroll costs, payroll tax costs, and benefits costs using the last payroll of the test year and the amounts that would have been allocated to expense and allocated to capital and further separated between base and environmental. Provide the Company's assumptions, data, and calculations, including electronic spreadsheets in live format with all formulas intact.

Response 23. Please see the Excel spreadsheets *AG Nucor DR2 Response 23 Payroll-PayrollTax.xlsx* and *AG Nucor DR2 Response 23 Benefits.xlsx*. The calculations for the payroll costs and payroll tax costs have been prepared in a manner similar to the adjustments shown in Exhibit ISS-1, Workpapers 1.07 and 1.08. The benefits costs reflect all benefits as of the last payroll of the test year. For the payroll and payroll taxes, please see *AG Nucor DR2 Response 23 Payroll-PayrollTax.xlsx*, tabs labeled "Payroll Annualization" and "Payroll Tax Annualization". For the benefits, please see *AG Nucor DR2 Response 23 Benefits.xlsx*, tab labeled "Benefits Annualization".

As EKPC stated in its response to AG Nucor DR1, Request 53, the allocation of payroll costs, payroll taxes, and benefits reflects the account allocations for the single payroll utilized for the annualization. During the course of a year, the allocation of each payroll's costs, taxes, and benefits will fluctuate with the result at the end of a year reflecting a "blended" allocation. Thus changes in the expensed portions of the payroll costs, payroll taxes, and benefits based on the last payroll of the test year and the test year actual amounts is the result of the process used to annualize the payroll costs, payroll taxes, and benefits.

EKPC believes there are certain caveats that need to be recognized as part of the requested annualizations. First, EKPC's total number of full-time and part-time employees in December 2019 was 709. As shown in the response to the Commission Staff's First Request for Information, Request 20, page 3 of 8, the total number of employees fluctuated during the test year, from a high of 727 to a low of 701. Second, the requested annualization does not recognize the known and measurable changes in the total number of employees during the six months after the test year end. As shown in the response to AG Nucor DR1 Response 50, during the first six months of 2020 EKPC's total number of employees ranged from a low of 716 to a high of 727. Lastly, the Social Security Old-Age, Survivors, and Disability Insurance program limits the amount of earnings subject to taxation in a year. The payroll tax costs in the last payroll of the test year would reflect no amounts for this portion of the Social Security taxes for employees who had reached and exceeded the earnings limit.

EAST KENTUCKY POWER COOPERATIVE, INC.
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AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 24

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 24. Provide the Company's payroll expense ratio for the test year.

Response 24. Please see Mr. Scott's direct testimony, Exhibit ISS-1, Schedule 1.07, page 24 of 47. The sum of the expense accounts shown on lines 30 through 35 under the heading "Test Year Actual" is \$65,185,313. Dividing this amount by the test year actual total of \$70,903,757 produces an expense ratio for the test year of 91.93%.

EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 25

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 25. Provide the Company's payroll tax expense ratio for the test year.

Response 25. Please see Mr. Scott's direct testimony, Exhibit ISS-1, Schedule 1.08, page 25 of 47. The sum of the expense accounts shown on lines 28 through 33 under the heading "Test Year Actual" is \$4,730,182. Dividing this amount by the test year actual total of \$5,125,476 produces an expense ratio for the test year of 92.29%.

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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 26

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 26. Provide the Company's benefits expense ratio for the test year.

Response 26. Please see Mr. Scott's direct testimony, Exhibit ISS-1, Schedule 1.09, page 26 of 47. The sum of the expense accounts shown on lines 27 through 32 under the heading "Test Year Actual" is \$6,941,284. Dividing this amount by the test year actual total of \$7,407,454 produces an expense ratio for the test year of 93.71%.

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AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 27

RESPONSIBLE PERSON: Michelle K. Carpenter / Barry Lindeman

COMPANY: East Kentucky Power Cooperative, Inc.

Request 27. Refer to the Company's response to AG-Nucor 1-57. That response indicated that "EKPC participates in a multiemployer-defined benefit pension plan and defined contribution plans. Therefore, there are no actuarial reports relied upon to record expense." Refer also to the response to AG-Nucor 1-56 which describes one type of benefits costs as "retirement benefits".

Request 27a. Describe how EKPC determines the amount of pension costs to record each year and the manner in which it allocates the pension costs between expense and capital.

Response 27a. The Plan Sponsor, NRECA, determines the contribution requirements each year as part of the actuarial valuation of the Retirement and Security Plan (R&S Plan). EKPC pays the contributions as billed by NRECA. Amounts paid are allocated to expense or capital based upon each applicable month's labor distribution.

Request 27b. Provide the pension plan cost and expense in 2019, 2020, and each month to date in 2021 in total and allocated to base and environmental.

Response 27b. Contributions to the R&S Plan and the amounts allocated to expense, environmental surcharge, and capital for 2019, 2020, and year-to-date 2021 are shown below. Please refer to *AG Nucor DRI Response 56.xlsx* “retirement benefits” for contributions made in each month of 2021.

	2019	2020	2021 YTD
Pension Contributions (R&S Plan)	\$ 7,877,519	\$ 8,089,776	\$ 2,741,430
Amounts Allocated to:			
Expense	\$ 7,342,636	\$ 7,397,291	\$ 2,543,773
Environmental Surcharge	176,456	315,501	120,897
Capital	358,427	376,984	76,760
Total	<u>\$ 7,877,519</u>	<u>\$ 8,089,776</u>	<u>\$ 2,741,430</u>

Request 27c. Indicate whether the amount recorded as “retirement benefits” is synonymous with pension plan benefits. Describe all other retirement benefits costs included in this recorded expense.

Response 27c. The amount shown as “retirement benefits” on *AG Nucor DRI Response 56.xlsx* represents contributions associated with the R&S Plan.

Request 27d. Does EKPC participate in a Multiple Employer Welfare Arrangement (MEWA) or a Multiple Employer Trust (MET) for purposes of ERISA? If so, explain whether: (i) the MEWA / MET is registered with the U.S. Department of Labor and/or the Kentucky Department of Insurance, and provide all registration details; and (ii) whether health insurance benefits are provided through the MEWA / MET, and if so, explain in complete detail.

Response 27d. EKPC does not participate in a Multiple Employer Welfare Arrangement (MEWA) or a Multiple Employer Trust (MET) as a member of the Kentucky Rural Electric Cooperatives Employers Benefit Plan. Section 40(A) of ERISA, which defines MEWA, specifically states that a plan maintained by a rural electric cooperative is not a MEWA.

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**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 28**

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 28. Refer to the electronic workpaper related to the Exhibit ISS-1 Schedule 1.02 Surcharge Adjustment included with the Company’s filing. Refer further to the worksheet tab entitled “Interest and Principal.” Finally, refer to the Direct Testimony of Mr. Scott at pages 13-14 related to the calculation of the adjustment to remove interest expense related to the environmental surcharge from the total interest expense.

Request 28a. Provide a detailed description of all reasons why this methodology of using an allocation of the specific environmental debt based on the net book value of the environmental rate base to quantify interest expense related to environmental surcharge projects instead of simply using EKPC’s overall average interest rate in the return on rate base component of the environmental surcharge calculation.

Response 28a. The methodology utilized to determine the interest expense exclusion related to the environmental surcharge is based on the methodology used to determine the weighted average cost of debt component of the rate of return on environmental compliance rate base. The net book value of the environmental surcharge projects that are financed with long-term debt is used in the determination of the weighted average cost of debt. Please see the Excel spreadsheet *AG Nucor DR2 Response 28a.xlsx*, which is the calculation of the weighted average cost of debt EKPC filed in its most recent environmental surcharge review proceeding.²

Unlike the investor-owned electric utilities, EKPC is required by the RUS to initially finance its utility assets with general funds. Only after the asset has been completed, placed into service, and recorded in the accounting records as “planted” can it be eligible for long-term debt financing. When drawing down the long-term debt financing, EKPC must specifically identify the projects with the entity the debt issuances are associated. Thus, EKPC can match the projects in the environmental surcharge with the particular issuance of long-term debt.

Request 28b. Provide citations to any prior base cases or other cases in which this methodology was explicitly authorized by the Commission.

² See *In the Matter of An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Expense Period Ending May 31, 2019, and the Pass-Through Mechanisms of Its Sixteen Member Distribution Cooperatives*, Case No. 2019-00380, EKPC’s Response to Commission Staff’s First Request for Information, Request 5.

Response 28b. EKPC believes this methodology is consistent with the Commission's March 17, 2005 Order in Case No. 2004-00321³ authorizing an environmental surcharge for EKPC. EKPC would also note that the methodology has been followed in the determination of the weighted average cost of debt component of the rate of return on environmental compliance rate base in every surcharge review proceeding conducted by the Commission since the start of the environmental surcharge.

Request 28c. Refer further to the amount of net book value of \$627,033,240 included on the worksheet tab entitled "Interest and Principal" at cell J118. Reconcile this amount of net book value with the net book value of environmental plant reflected on the "Plant" and "AccDepr & Depr Exp" workbook tabs of \$785,755,206 (\$1,132,461,744 plant less \$346,706,538 accumulated depreciation) describing all differences. If the two amounts should not match, explain why not.

Response 28c. Please see the Excel spreadsheet *AG Nucor DR2 Response 28c.xlsx* which reconciles the referenced net book values. The differences identified in column H of the spreadsheet reflect rounding differences. EKPC would note that the net book value of environmental plant stated in the request is in error, as it failed to recognize the accumulated amortization for Project 15 – Smith Special Waste Landfill. As noted at row

³ See *In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval of an Environmental Compliance Plan and Authority to Implement an Environmental Surcharge*, Case No. 2004-00321, Order (Ky. P.S.C. Mar. 17, 2005).

66 of the “AccDepr & Depr Exp” workbook tab, the Commission authorized a 10-year amortization for this project. As noted in the response to Request 28a, projects recorded as CWIP are financed with general funds rather than long-term debt. In addition, EKPC elected to finance several of the projects with general funds rather than long-term debt. Concerning the Asset Retirement Obligation projects 12, 15, and 17, as these obligations are being settled, those project costs are financed with general funds rather than long-term debt.

Request 28d. Refer to the worksheet tab entitled “Interest and Principal.” Indicate whether there are any amounts of outstanding debt, net book value, and/or interest expense by project associated with the amounts in CWIP (account 107), especially for project 16 (CCR/ELG) that sums to \$129,093,455 on worksheet tab “Plant” at cell F41. If so, identify each such location in the spreadsheet. If there are no amounts, explain all reasons why not.

Response 28d. Three of the projects listed on the “Plant” worksheet tab have amounts in CWIP: Project 12 – Spurlock Landfill Area C; Project 16 – CCR/ELG; and Project 26 – Spurlock Coal Pile Retention Pond. As these projects still have amounts in CWIP, they must be financed with general funds and not long-term debt. Consequently, no projects with amounts in CWIP are included in the worksheet tab “Interest and Principal”.

Request 28e. Refer to the worksheet tab entitled “Interest and Principal.” Indicate whether there are any amounts of outstanding debt, net book value, and/or interest expense by project associated with projects 23 through 26 that are reflected on worksheet tab “Plant.” If so, identify each such location in the spreadsheet. If there are no amounts associated with these projects, explain all reasons why not.

Response 28e. As noted on rows 114 through 116 of the worksheet tab “Interest and Principal”, Projects 23 through 25 are included in this schedule of outstanding debt, net book value, and interest expense. Project 26 is still in CWIP, has been financed through the test year end with general funds, and is not included on the worksheet tab “Interest and Principal”. Also, see the reconciliation provided in the Excel spreadsheet *AG Nucor DR2 Response 28c.xlsx*, rows 57 through 63.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 29

RESPONSIBLE PERSON: Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 29. Refer to the response to AG-Nucor 1-75 wherein the Company states: “EKPC’s Account 447251 reflects the net position of all capacity-related charges and credits associated with EKPC selling capacity into the auctions and buying capacity to cover its required load obligation volume (all PJM 2600 and 1600 series billing codes) plus any capacity purchases and/or sales revenues from other organizations.” Provide the monthly capacity-related charges and credits by billing code and by month for each year 2018 through 2020 and the months to date in 2021 for which actual information is available.

Response 29. Please see page 2 of this response and corresponding Excel file *AG Nucor DR2 Response 29.xlsx* for all PJM capacity-related charges and credits by billing code by month for each year 2018 through 2020 and month to date April 2021.

EAST KENTUCKY POWER COOPERATIVE
Case No. 2021-00103
Monthly PJM Capacity Charges and Credits by Billing Code
Years Ended 2018 though 2020 and 2021 YTD

PJM Billing Code	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 Total
1600 - RPM Auction	\$ (22,623.80)	\$ (20,434.40)	\$ (22,623.80)	\$ (21,894.00)	\$ (22,623.80)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (110,199.80)
1610 - Locational Reliability	\$ (9,179,416.51)	\$ (8,291,085.88)	\$ (9,179,416.51)	\$ (8,883,306.30)	\$ (9,179,416.51)	\$ (12,736,423.50)	\$ (13,160,970.95)	\$ (13,160,970.95)	\$ (12,736,423.50)	\$ (13,160,970.95)	\$ (12,736,423.50)	\$ (13,160,970.95)	\$ (135,565,796.01)
1611 - CP Transitional Locational Reliability	\$ (2,225,317.64)	\$ (2,009,964.32)	\$ (2,225,317.64)	\$ (2,153,533.20)	\$ (2,225,317.64)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,839,450.44)
2600 - RPM Auction	\$ 12,374,903.33	\$ 11,177,332.04	\$ 12,374,903.33	\$ 11,975,712.90	\$ 12,374,903.33	\$ 12,460,973.40	\$ 12,876,339.18	\$ 12,876,339.18	\$ 12,460,973.40	\$ 12,876,339.18	\$ 12,460,973.40	\$ 12,876,339.18	\$ 149,166,031.85
2640 - Incremental Capacity Transfer Rights	\$ 3,821.06	\$ 3,451.28	\$ 3,821.06	\$ 3,697.80	\$ 3,821.06	\$ 31,002.00	\$ 32,035.40	\$ 32,035.40	\$ 31,002.00	\$ (31,518.70)	\$ 15,501.00	\$ 16,017.70	\$ 144,687.06
2661 - Capacity Resource Deficiency	\$ 1,641.45	\$ 1,808.12	\$ 40,663.73	\$ 21,718.26	\$ 1,803.89	\$ 2,594.30	\$ 4,159.42	\$ 96.41	\$ 234.89	\$ 1,448.12	\$ 93.30	\$ 96.41	\$ 76,358.30
2665 - Peak-Hour Period Availability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,217.85	\$ -	\$ -	\$ -	\$ -	\$ 317,217.85
2666 - Load Management Test Failure	\$ 812.72	\$ 734.07	\$ 812.72	\$ -	\$ 1,599.22	\$ -	\$ -	\$ 13,574.80	\$ 8,300.56	\$ -	\$ -	\$ 10,217.88	\$ 36,051.97
Total	\$ 953,820.61	\$ 861,840.91	\$ 992,842.89	\$ 942,395.46	\$ 954,769.55	\$ (241,853.80)	\$ (248,436.95)	\$ 78,292.69	\$ (235,912.65)	\$ (314,702.35)	\$ (259,855.80)	\$ (258,299.78)	\$ 3,224,900.78

PJM Billing Code	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019 Total
1600 - RPM Auction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,964.80)	\$ (69,196.96)	\$ (69,196.96)	\$ (66,964.80)	\$ (69,196.96)	\$ (66,964.80)	\$ (69,196.96)	\$ (477,682.24)
1610 - Locational Reliability	\$ (13,160,970.95)	\$ (11,887,328.60)	\$ (13,160,970.95)	\$ (12,736,423.50)	\$ (13,160,970.95)	\$ (7,706,485.20)	\$ (7,963,368.04)	\$ (7,963,368.04)	\$ (7,706,485.20)	\$ (7,963,368.04)	\$ (7,706,485.20)	\$ (7,963,368.04)	\$ (119,079,592.71)
2600 - RPM Auction	\$ 12,876,339.18	\$ 11,630,241.84	\$ 12,876,339.18	\$ 12,460,973.40	\$ 12,876,339.18	\$ 8,824,595.70	\$ 9,118,748.89	\$ 9,118,748.89	\$ 8,824,595.70	\$ 9,118,748.89	\$ 8,824,595.44	\$ 9,118,748.58	\$ 125,669,014.87
2640 - Incremental Capacity Transfer Rights	\$ 18,214.36	\$ 16,451.68	\$ 18,214.36	\$ 17,626.80	\$ 18,195.45	\$ 5,710.50	\$ 5,900.85	\$ 5,900.85	\$ 5,710.50	\$ 5,900.85	\$ 5,710.50	\$ 5,900.85	\$ 129,437.55
2661 - Capacity Resource Deficiency	\$ 96.41	\$ 223.21	\$ 226.92	\$ 219.60	\$ 226.92	\$ 502.02	\$ 456.35	\$ 345.03	\$ 378.46	\$ 293.60	\$ 546.74	\$ 248.00	\$ 3,763.26
2666 - Load Management Test Failure	\$ -	\$ 1,336.92	\$ 2,960.32	\$ 1,432.41	\$ 1,480.16	\$ -	\$ -	\$ 2,801.56	\$ -	\$ -	\$ -	\$ 15,911.85	\$ 25,923.22
Total	\$ (266,321.00)	\$ (239,074.95)	\$ (263,230.17)	\$ (256,171.29)	\$ (264,729.24)	\$ 1,057,358.22	\$ 1,092,541.09	\$ 1,095,231.33	\$ 1,057,234.66	\$ 1,092,378.34	\$ 1,057,402.68	\$ 1,108,244.28	\$ 6,270,863.95

PJM Billing Code	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020 Total
1600 - RPM Auction	\$ (69,196.96)	\$ (64,732.64)	\$ (69,196.96)	\$ (66,964.80)	\$ (69,196.96)	\$ (28,491.90)	\$ (29,441.63)	\$ (29,441.63)	\$ (28,491.90)	\$ (29,441.63)	\$ (28,491.90)	\$ (29,441.63)	\$ (542,530.54)
1610 - Locational Reliability	\$ (7,963,368.04)	\$ (7,449,602.36)	\$ (7,963,368.04)	\$ (7,706,485.20)	\$ (7,963,368.04)	\$ (6,116,972.10)	\$ (6,320,871.17)	\$ (6,320,871.17)	\$ (6,116,972.10)	\$ (6,320,871.17)	\$ (6,116,972.10)	\$ (6,320,871.17)	\$ (82,680,592.66)
2600 - RPM Auction	\$ 9,118,748.58	\$ 8,530,442.22	\$ 9,118,748.58	\$ 8,824,595.40	\$ 9,118,748.23	\$ 6,866,174.40	\$ 7,095,046.88	\$ 7,095,046.88	\$ 6,866,174.40	\$ 7,095,046.88	\$ 6,866,174.40	\$ 7,095,046.88	\$ 93,689,993.73
2630 - Capacity Transfer Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,978.40	\$ 24,777.68	\$ 24,777.68	\$ 23,978.40	\$ 24,777.68	\$ 23,978.40	\$ 24,777.68	\$ 171,045.92
2640 - Incremental Capacity Transfer Rights	\$ 5,371.06	\$ 5,024.54	\$ 5,371.06	\$ 5,197.80	\$ 5,371.06	\$ 26,206.20	\$ 27,079.74	\$ 27,079.74	\$ 26,206.20	\$ 27,079.74	\$ 26,206.20	\$ 27,079.74	\$ 213,273.08
2661 - Capacity Resource Deficiency	\$ 248.00	\$ 745.64	\$ 322.71	\$ 312.30	\$ 322.71	\$ 146.58	\$ 132.06	\$ 132.06	\$ 127.80	\$ 132.06	\$ 32.70	\$ 33.79	\$ 2,688.41
2666 - Load Management Test Failure	\$ 2,304.99	\$ 2,156.28	\$ 2,304.99	\$ 2,230.63	\$ 2,304.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,301.88
Total	\$ 1,094,107.63	\$ 1,024,033.68	\$ 1,094,182.34	\$ 1,058,886.13	\$ 1,094,181.99	\$ 771,041.58	\$ 796,723.56	\$ 796,723.56	\$ 771,022.80	\$ 796,723.56	\$ 770,927.70	\$ 796,625.29	\$ 10,865,179.82

PJM Billing Code	Jan-21	Feb-21	Mar-21	Apr-21	2021 YTD Total
1600 - RPM Auction	\$ (29,441.63)	\$ (26,592.44)	\$ (29,441.63)	\$ (28,491.90)	\$ (113,967.60)
1610 - Locational Reliability	\$ (6,320,871.17)	\$ (5,709,173.96)	\$ (6,320,871.17)	\$ (6,116,972.10)	\$ (24,467,888.40)
2600 - RPM Auction	\$ 7,095,046.88	\$ 6,408,429.44	\$ 7,095,046.88	\$ 6,866,174.40	\$ 27,464,697.60
2630 - Capacity Transfer Rights	\$ 24,777.68	\$ 22,379.84	\$ 24,777.68	\$ 23,978.40	\$ 95,913.60
2640 - Incremental Capacity Transfer Rights	\$ 24,735.21	\$ 22,341.48	\$ 24,735.21	\$ 23,937.30	\$ 95,749.20
2661 - Capacity Resource Deficiency	\$ 33.79	\$ 48.48	\$ 33.79	\$ 32.70	\$ 148.76
Total	\$ 794,280.76	\$ 717,432.84	\$ 794,280.76	\$ 768,658.80	\$ 3,074,653.16

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 30**

RESPONSIBLE PERSON: Richard J. Macke

COMPANY: East Kentucky Power Cooperative, Inc.

Request 30. Refer to the response to AG-Nucor 1-76. Explain why the requested steam increase is less than the allocated revenue deficiency.

Response 30. The allocated revenue deficiency per Exhibit RJM-2, Page 17 of 17, Line 29, for the Steam class is \$309,227. The requested increase from the Steam class is \$257,888 as per Exhibit RJM-3, Page 1 of 5, Line 8. Every rate class except Rate B has a requested increase that is below the allocated revenue deficiency. This is because the rate increase request of EKPC is less than the revenue deficiency that is allocated in the cost of service study.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 31

RESPONSIBLE PERSON: **Craig A. Johnson / Michelle K. Carpenter**

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

Request 31. Describe the outage(s) related to the Spurlock 4 turbine replacement in 2019, including start date(s) and ending date(s), the scope of each such outage, and the cost of each such outage separated into capital and expense, with expense separated further into O&M and A&G expense accounts.

Response 31. Please refer to Responses 16a and 16b for the starting and ending dates and the scope of the Spurlock 4 turbine replacement project. The total cost of the project capitalized was \$24,750,129. The maintenance expense portion of the project totaled \$2,087,725. However, this amount was part of the \$7,244,184 regulatory asset approved by the RUS for major maintenance expenses incurred in 2019, and accordingly, there was no expense impact as a result of this project in 2019. The regulatory asset is being amortized to Account 513000 maintenance expense over eight years.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 32**

RESPONSIBLE PERSON: Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 32. Provide the dollar amount transferred from the Smith cancelled plant regulatory asset to the Spurlock 4 CWIP/plant in service for equipment that was used in the turbine replacement. Provide all actual journal entries.

Response 32. Please see page 2 of this response for a summary schedule of journal entry lines comprising the \$19.6 million that was transferred from the Smith cancelled plant regulatory asset to the Spurlock Unit 4 CWIP/plant in service for equipment that was used in the turbine replacement project. The actual journal entries have been provided on pages 3 through 7 of this response. Additionally, minor parts valued at approximately \$1 million were utilized on the maintenance portion of the Spurlock Unit 4 turbine project, which brings the total value of all Smith parts utilized on the project to approximately \$20.6 million.

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103

Value of Smith Unit 1 Cancelled Plant Regulatory Asset Parts Transferred to Spurlock Unit 4 CWIP Turbine Replacement Project
Test Year 2019

Journal ID	Journal Date	Journal Lines	Description	Project	Project Description	Impacts to Accounts - DR/(CR)	
						Account 107200 (CWIP)	Account 182306 (Smith Reg Asset)
0000048208	8/31/19	1,20	Value of Smith 1 Parts Transferred to CWIP Project	0S510	SP04 Repl Turbine Components	\$ 19,605,378.05	\$ (19,605,378.05)
0000048475	9/30/19	1,2	Update Value of Smith 1 Parts Transferred to CWIP Project	0S510	SP04 Repl Turbine Components	\$ 154,773.34	\$ (154,773.34)
0000048564	10/31/19	1,2	Update Value of Smith 1 Parts Transferred to CWIP Project	0S510	SP04 Repl Turbine Components	\$ (160,492.97)	\$ 160,492.97
Total Impacts						\$ 19,599,658.42	\$ (19,599,658.42)

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Unit	EKPC	Ledger Group:	ACTUALS	Foreign Currency:	USD
Journal ID:	0000048208	Source:	LM	Rate Type:	CRRNT
Journal Date:	8/31/19	Reversal:	None	Effective Date:	8/31/19
Description:	To Reclassify Material for Spurlock Unit 4 Overhaul Using Smith 1 Assets		Reversal Date:	Exchange Rate:	1.00000000
				Ledger:	ACTUALS

Line #	Account	Oper Unit	Dept	Budget Code	PC Bus Unit	Project	Activity	Source Type	Category	Sub Cat	Base Amount	Statistic Amt
1	182306	----	----	----	----	----	----	----	----	----	-19,605,378.05 USD	
	Description: Reclass to 0S510											
2	513000	SP04	007	1800	EKPC	03700	TBNOH	10	91105	00000	-27,698.83 USD	
	Description: Reclass to 0S510											
3	513000	SP04	010	1800	EKPC	03700	TBNOH	10	91105	00000	-79,511.45 USD	
	Description: Reclass to 0S510											
4	513000	SP04	400	1000	EKPC	03700	TBNOH	10	92705	00000	-208,922.66 USD	-5,646.50 MHR
	Description: Reclass to 0S510											
5	513000	SP04	400	1400	EKPC	03700	TBNOH	10	92415	00000	-278,455.71 USD	-5,061.50 MHR
	Description: Reclass to 0S510											
6	513000	SP04	400	3000	EKPC	03700	TBNOH	00	00000	00000	-3,411,625.83 USD	
	Description: Reclass to 0S510											
7	513000	SP04	400	2200	EKPC	03700	TBNOH	00	00000	00000	-241.77 USD	
	Description: Reclass to 0S510											
8	513000	SP04	400	2200	EKPC	03725	TBNOH	22	92505	140	-174.00 USD	
	Description: Reclass to 0S510											
9	513000	SP04	400	3000	EKPC	03725	GENRW	00	00000	00000	-720,024.69 USD	
	Description: Reclass to 0S510											
10	513000	SP04	400	3000	EKPC	03725	TBNOH	00	00000	00000	-77,967.19 USD	
	Description: Reclass to 0S510											
11	107200	----	007	1800	EKPC	0S510	660	10	91105	00000	22,159.07 USD	
	Description: Reclass from 03700 and 03725											
12	107200	----	010	1800	EKPC	0S510	660	10	91105	00000	63,609.16 USD	
	Description: Reclass from 03700 and 03725											

Prepared by: Sm 9/13/19
 Supervisor: OC 9/13/19
 Review: JMK
 Controller: JMK
 Review: HW 9/13/19
 Posted by: HW 9/13/19

Unit: EKPC	Ledger Group: ACTUALS	Foreign Currency: USD
Journal ID: 0000048208	Source: LM	Rate Type: CRRNT
Journal Date: 8/31/19	Reversal: None	Effective Date: 8/31/19
Description: To Reclassify Material for Spurlock Unit 4 Overhaul Using Smith 1 Assets	Reversal Date:	Exchange Rate: 1.00000000
		Ledger: ACTUALS

Line #	Account	Oper Unit	Dept	Budget Code	PC Bus Unit	Project	Activity	Source Type	Category	Sub Cat	Base Amount	Statistic Amt
13	107200	----	160	1000	EKPC	0S510	660	10	92705	00000	167,138.14 USD	4,517.50 MHR
	Description: Reclass from 03700 and 03725											
14	107200	----	160	1400	EKPC	0S510	660	10	92415	00000	222,764.56 USD	4,049.50 MHR
	Description: Reclass from 03700 and 03725											
15	107200	----	160	9000	EKPC	0S510	665	93	32417	00000	2,994,904.77 USD	
	Description: Reclass from 03700 and 03725											
16	107200	----	160	2200	EKPC	0S510	665	22	92505	140	241.77 USD	
	Description: Reclass from 03700 and 03725											
17	107200	----	160	2200	EKPC	0S510	665	22	92505	140	174.00 USD	
	Description: Reclass from 03700 and 03725											
18	107200	----	160	9000	EKPC	0S510	665	93	32417	00000	720,024.69 USD	
	Description: Reclass from 03700 and 03725											
19	107200	----	160	9100	EKPC	0S510	665	10	91210	00000	78,521.34 USD	
	Description: Reclass from 03700 and 03725											
20	107200	----	160	9000	EKPC	0S510	665	93	32417	00000	19,605,378.05 USD	
	Description: Reclass from reg asset											
21	108800	----	007	1800	EKPC	0S510	660	10	91105	00000	5,539.76 USD	
	Description: Reclass from 03700 and 03725											
22	108800	----	010	1800	EKPC	0S510	660	10	91105	00000	15,902.29 USD	
	Description: Reclass from 03700 and 03725											
23	108800	----	160	1000	EKPC	0S510	660	10	92705	00000	41,784.53 USD	1,129.50 MHR
	Description: Reclass from 03700 and 03725											
24	108800	----	160	1400	EKPC	0S510	660	10	92415	00000	55,691.14 USD	1,011.50 MHR
	Description: Reclass from 03700 and 03725											
25	108800	----	160	9000	EKPC	0S510	665	10	91210	00000	416,166.91 USD	
	Description: Reclass from 03700 and 03725											

Business Unit	Total Lines	Total Base Debits	Total Base Credits
EKPC	25	24,410,000.18	24,410,000.18



East Kentucky Power Cooperative, Inc.

Report ID: GLX7501

PeopleSoft Financials

JOURNAL ENTRY DETAIL REPORT

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Unit EKPC
Journal ID: 0000048208
Journal Date: 8/31/19
Description: To Reclassify Material for Spurlock Unit 4 Overhaul Using Smith 1 Assets

Ledger Group: ACTUALS
Source: LM
Reversal: None
Reversal Date:

Foreign Currency: USD
Rate Type: CRRNT
Effective Date: 8/31/19
Exchange Rate: 1.00000000
Ledger: ACTUALS

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Unit: EKPC	Ledger Group: ACTUALS	Foreign Currency: USD
Journal ID: 0000048475	Source: LM	Rate Type: CRRNT
Journal Date: 9/30/19	Reversal: None	Effective Date: 9/30/19
Description: Update value on Smith 1 Assets used to replace capital assets at Spurlock	Reversal Date:	Exchange Rate: 1.00000000
		Ledger: ACTUALS

Line #	Account	Oper Unit	Dept	Budget Code	PC Bus Unit	Project	Activity	Source Type	Category	Sub Cat	Base Amount	Statistic Amt
1	107200	----	160	9000	EKPC	0S510	665	93	32417	00000	154,773.34	USD
	Description: Update diaphragm values											
2	182306	----	----	----	----	----	----	----	----	----	-154,773.34	USD
	Description: Update diaphragm values											

Business Unit	Total Lines	Total Base Debits	Total Base Credits
EKPC	2	154,773.34	154,773.34

Prepared by: [Signature] 10/10/19

Supervisor Review: [Signature] 10/10/19

Controller Review: [Signature]

Posted by: [Signature] 10/10/19



East Kentucky Power Cooperative, Inc.

Report ID: GLX7501

PeopleSoft Financials

JOURNAL ENTRY DETAIL REPORT

Page: 1 of 1
Run Date: 11/1/19
Run Time: 11:16:40 AM

Unit: EKPC
Journal ID: 0000048564
Journal Date: 10/31/19
Description: Update value on Smith 1 Assets used to replace capital assets at Spurlock

Ledger Group: ACTUALS
Source: LM
Reversal: None
Reversal Date:

Foreign Currency: USD
Rate Type: CRRNT
Effective Date: 10/31/19
Exchange Rate: 1.00000000
Ledger: ACTUALS

Line #	Account	Oper Unit	Dept	Budget Code	PC Bus Unit	Project	Activity	Source Type	Category	Sub Cat	Base Amount	Statistic Amt
1	107200		160	9000	EKPC	0S510	665	93	32417	00000	-160,492.97	USD
Description: Update diaphragm values												
2	182306										160,492.97	USD
Description: Update diaphragm values												

Business Unit	Total Lines	Total Base Debits	Total Base Credits
EKPC	2	160,492.97	160,492.97

Prepared by: [Signature] 11/1/19
Supervisor Review: [Signature] 11/1/19
Controller Review: [Signature]
Posted by: [Signature] 11/1/19

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00103
SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 33

RESPONSIBLE PERSON: Isaac S. Scott / Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 33. Refer to Schedule 1.20 entitled Adjustment to Amortize Smith 1 Regulatory Asset.

Request 33a. Update the schedule for PJM capacity market benefits and capacity performance insurance premiums for 2020 actual amounts, 2021 year to date actual amounts, and budgeted, or if not budgeted, then estimated 2021 remaining year amounts through September 2021.

Response 33a. Schedule 1.20 – Adjustment to Amortize Smith 1 Regulatory Asset, is based upon the Stipulation Agreement approved by the Commission in Case No. 2015-00358.⁴ The August 6, 2016 Stipulation Agreement described the “Smith Solution” that addressed the issues of returning the PJM Capacity Market Benefits to owner-members and their retail members and the amortization of the Smith 1 regulatory asset.

⁴ See *In the Matter of Application of East Kentucky Power Cooperative, Inc. for Deviation from Obligation Resulting from Case No. 2012-00169*, Case No. 2015-00358, Order (Ky. P.S.C. Jan. 10, 2017).

The Stipulation Agreement specifically addressed how EKPC was to determine an amortization adjustment for Smith 1 in its next general base rate proceeding. Section 1.2.5 states:

As part of its next general base rate proceeding, EKPC shall request that its rates be adjusted to reflect the amortization expense of the Smith 1 Regulatory Asset. This amortization adjustment shall be spread over the remaining months of the 10-year amortization period that began on January 1, 2017, and shall be based on the Smith 1 Regulatory Asset balance as of January 1, 2017, reduced by: (i) the actual results of EKPC's mitigation and salvage efforts during the period of January 1, 2017, through the end of the test year employed in the rate case; and (ii) the Net PJM Capacity Market Benefit earned by EKPC beginning with the 2016/2017 PJM Delivery Year and concluding at either the end of the test year employed in the rate case or the end of calendar year 2019. This latter determination shall be made depending on whether, at the time of EKPC's next general base rate proceeding, the PJM Capacity Market Costs associated with calendar year 2019 are known and measurable. If they are, EKPC shall request an amortization adjustment that reflects the full Net PJM Capacity Market Benefit realized through 2019. . . For cost-of-service purposes, the amortization expense of the Smith 1 Regulatory Asset will be treated like other capacity related costs (e.g., power plant depreciation).

Nucor, represented by the Kentucky Industrial Utility Customers, Inc., and the Attorney General ("AG") are signatories to the Stipulation Agreement. The Commission approved the Stipulation Agreement in total on January 10, 2017.

The test year in this proceeding is calendar year 2019. Updating Schedule 1.20 as requested goes beyond the provisions of Section 1.2.5 of the Stipulation Agreement that Nucor and the AG signed. Therefore, EKPC respectfully declines to provide the requested update to Schedule 1.20.

Request 33b. Update the schedule provided in response to part (a) of this question to show the annual amortization expense for 2017 through 2020 actual amounts, 2021 year to date actual amounts, and budgeted, or if not budgeted, then estimated 2021 remaining year amounts through September 2021. If there was no annual amortization expense in 2017, 2018, 2019, 2020, or 2021 year to date, then explain why not and cite to all authorities relied on to not record amortization expense.

Response 33b. As noted in the response to part (a) of this request, the determination of the Smith 1 Regulatory Asset amortization adjustment is dictated by the provisions of Section 1.2.5 of the Stipulation Agreement. The book amortization expenses are not part of the determination of the adjustment. Notwithstanding this provision, EKPC is providing the annual amortization expense for 2017 through 2020 and the actual amounts for 2021 year to date. Please see page 7 of this response. However, EKPC filed its rate case utilizing a historic test year rather than a forecasted test year. The standard for adjustments to a historic test year is that the adjustment is “known and measurable”. Rate cases utilizing a forecasted test year rely on budgets and forecasts for adjustments. As this case was filed utilizing a historic test year, the budgeted 2021 or estimated 2021 amortization expense is not provided.

Request 33c. Explain why the Company did not show reductions in the regulatory asset or the annual amortization expense on this schedule.

Response 33c. Rows 14 through 17 of Schedule 1.20 reflect the reductions to the regulatory asset related to salvage, mitigation, and other credits and reversed accruals for the period 2017 through 2020. Although Section 1.2.5 of the Stipulation Agreement only required recognition of mitigation and other adjustments through 2019, EKPC voluntarily included the 2020 mitigation and credits. The book annual amortization expense was not reflected on this schedule because it is not a component of the determination of the amortization adjustment as detailed in Section 1.2.5 of the Stipulation Agreement.

Request 33d. Provide the per books balances at January 1, 2017, December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020, and each month in 2021 year to date.

Response 33d. Please see page 7 of this response for the requested book balances.

Request 33e. Refer to line 31 on this schedule. Explain why the 2019 PJM capacity market benefits were shown as a positive amount, adding to the regulatory asset balance, instead of a negative amount, reducing the regulatory asset balance.

Response 33e. The PJM Capacity Market Benefits reflects not only the revenues received from selling capacity but also the charges associated with purchasing the required load obligation capacity from the PJM Base Residual and Incremental Auctions.

An additional consideration was noted in EKPC's first status report on efforts between EKPC, the Kentucky Industrial Utility Customers, Inc., the AG, and the Commission Staff to reach a consensus on the flow-back of the PJM Capacity Market Benefits in Case No. 2015-00358. In first status report, dated January 14, 2016, EKPC noted on page 4 that:

EKPC's generation assets are all bid into the PJM capacity market auctions. All generation asset costs are recovered in base rates, with the exception of the Bluegrass Station units, which are expected to be paid for by PJM capacity market benefits. Therefore, it would be appropriate to exclude the Bluegrass Station units from any capacity market benefit flow-back.

In 2019, the combination of selling capacity and purchasing required load obligation capacity in PJM coupled with the exclusion of the Bluegrass Station units from the capacity market benefit resulted in a net capacity market charge rather than a net capacity benefit. Thus, this net charge was shown as a positive amount in Schedule 1.20.

Request 33f. Refer to the response to AG-Nucor 1-20. Confirm that the regulatory asset balance at April 30, 2021 recorded on the Company's accounting books is \$60.884 million. If confirmed, then explain why the amortization expense requested in this proceeding should be based on the \$73.2 million regulatory asset balance calculated on Schedule 1.20 and not the recorded or estimated balance at September 30, 2021, which will be substantially less than even the \$60.884 million at April 30, 2021.

Response 33f. EKPC confirms that the Smith 1 Regulatory Asset balance at April 30, 2021 is \$60.884 million. The amortization expense requested in this proceeding was determined consistent with Section 1.2.5 of the Stipulation Agreement in Case No. 2015-00358. As parties to that Stipulation Agreement, Nucor and the AG agreed to the methodology to be utilized to determine the amortization adjustment, which did not include a consideration of the outstanding regulatory asset balance as of September 30, 2021 or any other date.

East Kentucky Power Cooperative, Inc.
Case No. 2021-00103
Smith 1 Regulatory Asset Amortization Expense and Book Balances

Amortization Expense

Total 2017	\$12,021,443.37
Total 2018	\$12,030,093.03
Total 2019	\$12,035,524.68
Total 2020	\$12,035,524.68
YTD April 2021	\$3,599,757.13

Regulatory Asset Balances

January 1, 2017	\$148,833,974.80
December 31, 2017	\$135,617,411.88
December 31, 2018	\$123,506,200.73
December 31, 2019	\$88,847,396.40
December 31, 2020	\$64,796,705.59
January 31, 2021	\$63,896,751.04
February 28, 2021	\$62,996,796.80
March 31, 2021	\$62,092,692.56
April 30, 2021	\$60,884,390.85

EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 34

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 34. Refer to page 16 of the Company’s 2020 Annual Report wherein it states that “Diageo plans to license solar panels from Cooperative Solar Farm One” and that it will “enter into power purchase agreements for additional renewable energy to supply the distillery.”

Request 34a. Confirm that the licensing arrangement and the sale of energy to the distillery will increase the Company’s margins. If confirmed, then provide an estimate of the increase in the Company’s margins on an annualized basis and provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.

Response 34a. EKPC objects to this question as it involves events that have yet to occur and references transactions which are neither known nor measurable. EKPC filed its rate application utilizing a historic test year, the twelve months ending December 31,

2019. Diageo did not begin taking service until November 2020. Without waiving this objection, EKPC provides the following response.

The full quote from page 16 of EKPC's 2020 Annual Report reads "Diageo plans to license solar panels from Cooperative Solar Farm One. EKPC will also use the co-op's renewable energy tariff to enter into power purchase agreements for additional renewable energy to supply the distillery." The licensing of solar panels from Cooperative Solar Farm One is governed under the terms and conditions of a tariff previously reviewed and approved by the Commission. Likewise, the renewable energy tariff has previously been reviewed and approved by the Commission. When developing these tariffs, EKPC and its owner-members attempted to design the tariff offerings in a manner that the cost causer, in this case Diageo, would bear any additional costs incurred to provide renewable energy. The goal was to avoid any cost subsidization by any other customers of an owner-member as well as among the other owner-members of EKPC. Further, as noted in the Commission's November 16, 2020 Order in Case No. 2020-00193, prior Commission approval may be needed for green energy purchases necessary to supply Diageo⁵. EKPC cites these facts in support of its belief that when these future events occur, EKPC fully expects to recover any and all costs incurred associated with the provision of renewable energy to Diageo.

⁵ See *In the Matter of Electronic Joint Application of East Kentucky Power Cooperative, Inc. and Inter-County Energy Cooperative Corporation for Approval of an Industrial Power Agreement with Economic Development Rider and Renewable Energy Purchases*, Case No. 2020-00193, Order, p. 13 (Ky. P.S.C. Nov. 16, 2020).

The licensing of the solar panels is in process but not completed and EKPC has not yet entered into power purchase agreements for renewable energy. Therefore, it would be speculative to state what effect these transactions will have on EKPC's future margins. While it would be reasonable to assume there would be a positive effect on future margins from these transactions, at this time it is impossible to quantify with any degree of certainty what that effect would be. Consequently, a reasonable estimate cannot be provided.

Request 34b. Confirm that the Company owns Cooperative Solar Farm One and that the costs of this facility are included in the Company's claimed revenue requirement in this proceeding.

Response 34b. EKPC confirms that it owns Cooperative Solar Farm One and that the revenues and costs associated with this facility are reflected in the test year financial statements. EKPC would also note that as additional solar panels are licensed to entities like Diageo, the financial benefits EKPC currently receives from PJM are provided to the parties licensing the solar panels and no longer retained by EKPC.

**EAST KENTUCKY POWER COOPERATIVE, INC.
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**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 35**

RESPONSIBLE PERSON: Isaac S. Scott

COMPANY: East Kentucky Power Cooperative, Inc.

Request 35. Refer to page 25 of the Company’s 2020 Annual Report wherein it states that the “Economic Development team was able to overcome pandemic-related challenges to announce 17 new facilities and 15 business expansions during the year” and then lists four of the major projects. Confirm that the new facilities and business expansions will increase the Company’s margins. If confirmed, then provide an estimate of the increase in the Company’s margins on an annualized basis in 2021 and 2022 and provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.

Response 35. EKPC objects to this question as it involves several events that have yet to occur and references transactions which are neither known nor measurable. For those businesses that have completed construction, at this time those businesses are in a startup mode and have not achieved regular on-going operation status. EKPC filed its rate application utilizing a historic test year, the twelve months ending December 31, 2019.

The referenced events have or will be occurring significantly after the end of the test year. Without waiving this objection, EKPC provides the following response.

As noted in the quote from the 2020 Annual Report, the 17 new facilities and 15 business expansions have only been announced. While a few have been constructed and are in startup mode for operation, the majority have not. Given this fact, it would be speculative to state what effect these transactions will have on EKPC's future margins. While it would be reasonable to assume there would be a positive effect on future margins from these new facilities and expansions, at this time it is impossible to quantify with any degree of certainty what that effect would be. Consequently, a reasonable estimate cannot be provided.

EAST KENTUCKY POWER COOPERATIVE, INC.
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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE

AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 36

RESPONSIBLE PERSON: Thomas J. Stachnik
COMPANY: East Kentucky Power Cooperative, Inc.

Request 36. Refer to page 50 of the Company’s 2020 Annual Report wherein it shows \$100 million in “cash equivalents” and \$43.3 million in “available-for-sale securities.” Refer to page 60 of the Company’s Annual Report wherein it shows \$38.5 million in US Treasury bill/note and \$0.4 million zero coupon securities. Confirm that if the “available-for-sale securities” had not been acquired or were sold, then the Company’s financing would be less by the \$43.3 million and that interest expense would be less. If denied, then provide a corrected statement and all support for the corrected statement.

Response 36. The \$43.3 million on page 50 also includes certain non-current assets associated with deferred compensation and supplemental executive retirement plans as described in the annual report. The \$38.8 million in U.S. Treasuries and zero coupon securities are held to meet the requirements described in EKPC’s response to AG-Nucor 1-38(a), page 3 of 9, and the response AG-Nucor 2-20. Although GAAP

classifies these as “available for sale”, EKPC would fail to meet the listed obligations and requirements if these securities had not been purchased or were sold.

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**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 37**

RESPONSIBLE PERSON: Isaac S. Scott / Michelle K. Carpenter
COMPANY: East Kentucky Power Cooperative, Inc.

Request 37. Refer to page 63 of the Company's Annual Report wherein it shows \$42.061 million in regulatory assets for ARO-related depreciation and accretion expenses. Describe how this regulatory asset and the related depreciation and accretion are reflected in the Company's calculation of the revenue requirement in this case. Provide the calculation of the revenue requirement included in this case and all data, assumptions, calculations, and electronic spreadsheets in live format with all formulas intact.

Response 37. Approximately \$39.6 million of this balance at December 31, 2020 consisted of ash AROs which have been previously authorized by the Commission for recovery in the environmental surcharge and therefore, were not included in EKPC's revenue requirement calculation. As described on pages 12 and 13 of Ms. Carpenter's Direct Testimony, EKPC is not currently seeking recovery in this proceeding of regulatory assets associated with the Cooper Station asbestos ARO and the Smith Landfill

ash ARO, which had a combined balance of \$1.1 million at December 31, 2020. The only ARO regulatory asset contemplated for recovery in this proceeding and included in the revenue requirement calculation is the Dale Station asbestos regulatory asset in the amount of \$1.4 million. Please refer to Mr. Scott's Exhibit ISS-1, Schedule 1.22 for the adjustment to amortize the regulatory asset over two years. Please refer to Response 38 to the Commission's Second Request for Information for the rationale used in determining the two-year amortization period.

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SUPPLEMENTAL REQUEST FOR INFORMATION RESPONSE**

**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 38**

RESPONSIBLE PERSON: Thomas J. Stachnik

COMPANY: East Kentucky Power Cooperative, Inc.

Request 38. Define the term “equity to assets” ratio and provide the formula and source of inputs included in the numerator and denominator. In addition, contrast this term and the calculation of member’s equity ratio to the equity to assets ratio. Finally, describe the significance of using the equity to assets ratio and the member’s equity ratio as different credit metrics and to meet any loan agreement or covenant requirements.

Response 38. Equity to assets ratio on a GAAP basis is simply the “total members’ equities” divided by “total assets” on EKPC’s balance sheet, see page 41 of the EKPC 2020 annual report. There are no covenant requirements for equity to assets. As mentioned in Mr. Stachnik’s direct testimony, the Indenture does require that Equity to Total Capital be 20% before considering paying distributions to members in the form of capital credits.

It is not clear what “members’ equity ratio” is referring to in the request. “Members’ consolidated Equity to Capitalization” is mentioned in Mr. Stachnik’s direct testimony as one of the factors Moody’s considers in its ratings. It refers to this ratio on EKPC’s members’ balance sheets on a consolidated basis, and is their calculation. EKPC is not rated by Moody’s.

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**AG & NUCOR REQUEST FOR INFORMATION DATED 06/04/21
REQUEST 39**

RESPONSIBLE PERSON: Isaac S. Scott
COMPANY: East Kentucky Power Cooperative, Inc.

Request 39. Please refer to your response to AG-Nucor 1-10.

Request 39a. Please confirm that the Texas Gas Pipeline (TGP) special contract had a twenty year term beginning September 21, 2000.

Response 39a. According to the Special Industrial Power Agreement between Fleming-Mason Energy Cooperative (“Fleming-Mason”) and TGP and the Special Industrial Power Agreement between Taylor County Rural Electric Cooperative Corporation (“Taylor County”) and TGP had twenty-year terms effective upon 30 days’ notice from TGP and the completion of facilities by EKPC. The Special Wholesale Industrial Power Agreements between EKPC and Fleming-Mason and EKPC and Taylor County have no stated term. According EKPC billing records, Taylor County was first billed for service to TGP in October 2000 and Fleming-Mason was first billed for service to TGP in June 2001.

Request 39b. Please confirm that because the initial twenty year term has expired EKPC can cancel the TGP contract upon one year notice and put the TGP load on standard billing.

Response 39b. EKPC is not a party to either agreement between TGP and Fleming-Mason and Taylor County. The agreements speak for themselves and no response is required.

Request 39c. Please confirm that the annual TGP energy usage is approximately 183,000,000 Kwh and its demand is approximately 40 Mw.

Response 39c. For the test year, EKPC confirms the annual TGP energy usage was approximately 183,000,000 kWh and the demand was approximately 40 MW.

Request 39d. Please provide the increase in revenue to EKPC if EKPC exercised its right to put the TGP load on a standard tariff.

Response 39d. As EKPC has no right to put the TGP load on a standard tariff, it is unable to provide a calculation of a change in revenues. As indicated in the response to Request 39a, the TGP contracts are with two of EKPC's owner-members.

Request 39e. Please provide all analysis conducted by EKPC to confirm that the twenty year old rate to TGP is still reasonable.

Response 39e. EKPC has conducted no such analysis.

Request 39f. Please explain why it is prudent to not cancel the TGP contract and put that load on a standard tariff.

Response 39f. The service for TGP's pipeline compressor facilities has unique characteristics, which were recognized when the special industrial power agreements were originally established some twenty years ago. This is not unlike the situation recognized by the special contract between EKPC, Owen Electric Cooperative, and Nucor. It has been the practice of EKPC and its owner-members to work with industrial customers with unique or special circumstances to develop reasonable contracts that are beneficial to all the parties.