

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. 2021-00103
APPROVAL OF DEPRECIATION STUDY,)
AMORTIZATION OF CERTAIN REGULATORY)
ASSETS, AND OTHER GENERAL RELIEF)

SUPPLEMENTAL DATA REQUESTS OF THE ATTORNEY GENERAL AND NUCOR

The Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and Nucor Steel Gallatin (“Nucor”) submit these Data Requests to East Kentucky Power Cooperative, Inc. (hereinafter “EKPC” or the “Company”) to be answered by June 16, 2021 and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General or Nucor.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General and Nucor, through Counsel, as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical

and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained;

and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON
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Certificate of Service and Filing

Pursuant to the Commission's Order dated March 16, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, on June 4, 2021, an electronic copy of the forgoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

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this 4th day of June, 2021.



Assistant Attorney General

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Supplemental Data Requests

1. Does EKPC utilize barge services?
 - a. If so, for what purposes?
 - b. Describe how barge services are procured.
 - c. When was the last barge contract awarded and to whom?
 - d. Provide copies of each and every current contract for barge services.
 - e. Describe the process for soliciting barge proposals and how they are evaluating and a winning proposal is selected.
2. Does the EKPC barge contact solicitation process allow a current contract holder to be able to match a lower bid?
 - a. If so, explain why this practice is preferred by EKPC and how it helps to secure the lowest possible competitive bid.
3. Does EKPC currently do business with either Ingram Barge Company, LLC or Ingram Industries, Inc. both located in Nashville Tennessee?
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?
 - a. If the allegations in the lawsuit are accurate, describe the impact to EKPC's costs and ratepayer rates.
5. Does this lawsuit raise any concerns for EKPC in doing business with Ingram Barge Company, LLC or Ingram Industries, Inc.?
 - a. If so, describe those concerns in detail including how the lawsuit could impact its operations with the Ingram companies.
6. Has EKPC dealt directly with Joe C. Johnson of Brentwood Tennessee or an entity owned by Joe C. Johnson such as TNT Fuels?
 - a. If yes, please explain.
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.

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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.
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.”
10. Refer to the response to AG-Nucor 1-11.
 - a. 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.
 - b. 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.
 - c. Provide the amount of the unpaid loan for the cost of the repair to the steam system at June 30, 2020.
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.
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.
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.

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14. Refer to the response to AG-Nucor 1-23.
 - a. 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.
 - b. 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.”
 - i. 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.
 - ii. Provide a copy of the “EKPC plans for all the Smith units” cited in the response.

15. Refer to the response to AG-Nucor 1-22.
 - a. Provide a chart comparing the technical characteristics and operating characteristics for each of the Spurlock units showing all similarities and dissimilarities.
 - b. 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.

16. Refer to the response to AG-Nucor 1-29.
 - a. Provide the dates of the Spurlock Unit 4 turbine overhaul.
 - b. 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.
 - c. 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

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- 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.
- d. 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.
 - e. 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.
 - f. 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.
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.
 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.
 19. Refer to the response to AG-Nucor 1-31.
 - a. 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.
 - b. 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.
 - c. Explain why the Company did not propose a normalized generation maintenance expense based on an average of actual historic years.
 - d. 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.

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- e. 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.
20. Refer to the response to AG-Nucor 1-38, page 3 of 9.
- a. 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.
 - b. Provide the balance of the investment referenced in part (a) of this question at June 30, 2020.
 - c. 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.
21. Refer to the response to AG-Nucor 1-39.
- a. 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.
 - b. Provide the balance of each investment referenced in part (a) of this question at June 30, 2020.
 - c. 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.
22. Refer to the Company's response to AG-Nucor 1-42.
- a. 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.
 - b. Provide the Company's CWIP balances for each month during 2019 and 2020 separated into base and environmental.
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.
24. Provide the Company's payroll expense ratio for the test year.
25. Provide the Company's payroll tax expense ratio for the test year.
26. Provide the Company's benefits expense ratio for the test year.

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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".
 - a. 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.
 - b. 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.
 - c. 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.
 - d. 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.

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.
 - a. 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 the Company's overall average interest rate in the return on rate base component of the environmental surcharge calculation.
 - b. Provide citations to any prior base cases or other cases in which this methodology was explicitly authorized by the Commission.
 - c. 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.
 - d. 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

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- so, identify each such location in the spreadsheet. If there are no amounts, explain all reasons why not.
- e. 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.
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.
30. Refer to the response to AG-Nucor 1-76. Explain why the requested steam increase is less than the allocated revenue deficiency.
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.
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.
33. Refer to Schedule 1.20 entitled Adjustment to Amortize Smith 1 Regulatory Asset.
- a. 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.
- b. 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.
- c. Explain why the Company did not show reductions in the regulatory asset or the annual amortization expense on this schedule.

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- d. 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.
 - e. 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.
 - f. 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.
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."
- a. 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.
 - b. 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.
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.
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.

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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.
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.
39. Please refer to your response to AG-Nucor 1-10.
 - a. Please confirm that the Texas Gas Pipeline (TGP) special contract had a twenty year term beginning September 21, 2000.
 - b. 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.
 - c. Please confirm that the annual TGP energy usage is approximately 183,000,000 Kwh and its demand is approximately 40 Mw.
 - d. Please provide the increase in revenue to EKPC if EKPC exercised its right to put the TGP load on a standard tariff.
 - e. Please provide all analysis conducted by EKPC to confirm that the twenty year old rate to TGP is still reasonable.
 - f. Please explain why it is prudent to not cancel the TGP contract and put that load on a standard tariff.