BOEHM, KURTZ & LOWRY
ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255

TELECOPIER (513) 421-2764

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DEC 16 2008

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

December 15, 2008

Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2008-00409

Dear Ms. Stumbo:

Please find enclosed the original and twelve (12) copies of the FIRST SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO EAST KENTUCKY POWER COOPERATIVE filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service

G:\WORK\KIUC\EKPC East Kentucky Power\2008-00409 (Rate Case)\Stumbo Ltr..doc

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 15th day of December, 2008.

Honorable Charles A Lile
Senior Corporate Counsel
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
(via electronic mail)

Lawrence W. Cook, Esq.
Assistant Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204
(via electronic mail)

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of: General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.	: : :	Case No. 2008-00409

FIRST SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Dated: **December 15, 2008**

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.

2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.

3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.

4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.

5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it?

6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.

7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.

10. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.

11. "EKPC" means Eastern Kentucky Power Cooperative and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.

2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.

3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.

4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.

5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.

7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.

8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

KIUC'S FIRST SET OF DATA REQUESTS TO EKPC
Case No. 2008-00409

Q1. Please provide an electronic copy (in excel format with formulas intact) of each of the exhibits of Company witness Steven Seelye. (This request includes exhibits 6 and 7, the functional and class cost of service studies).

Q2. Please provide a full reconciliation (with explanation) of each of the following three amounts:

1) The amounts in accounts 501, 509, 547, 555

2) The Pro-Forma Operating Revenue Adjustments "To Remove Base Fuel Revenue" and "To Remove FAC Revenue"

3) The Adjustments to Operating Expenses "To Remove Fuel Expense Recoverable Through FAC" and "To Remove Purchased Power Expense Recoverable Through the FAC"

Q3. Please explain the basis for classifying $8,143,096 of expenses in accounts 920 through 935 as "Production Energy." For each A&G account (for example, 920) in which a portion of the expense has been classified as Production Energy, please provide a narrative explanation for the classification.

Q4. Please provide a discussion of the methodology used to develop the "Purchased Power Assigned to Forced Outages" amount of $10,000,000 (Seelye Exhibit 2). Also provide all supporting workpapers used to develop the monthly amounts shown in the Exhibit.

Q5. Please provide all supporting workpapers used to develop the test year "Total Purchased Power" amount of $64,242,370 (Seelye Exhibit 2). Please provide an explanation of the classification of this expense as 100% energy related. Please include the projected on-peak and off-peak prices comprising the forecasted purchase expense.

Q6. Is it the Company's position that it will not incur any capacity related costs associated with purchased power during the forecasted test year? If so, please explain.

Q7. During the most recent 36 month period, did EKPC incur any purchased power expenses based on a capacity or kW demand charge. If so, please provide each and every such purchase, the amount of the total purchase, the dollar portion associated with capacity or kW demand, the dollar portion associated with energy, the kW demand purchased, the mWh purchased and the date of the purchase.

Q8. Please provide, by month for the test period, the Company's expected load and capability balance. This should include, at a minimum, owned generation resources, firm purchases, sources of load (sales to members, firm off-system sales, etc.) and the reserve margin.

Q9. Please provide all supporting workpapers and documents used to develop the assumed $550 per kW installed cost of peaking capacity used in the development of the interruptible rate credit, as shown in Seelye Exhibit 8.

Q10. Please provide all supporting workpapers used to develop the forecasted amount of off-system sales revenue in Seelye Exhibit 2.

Q11. Refer to the Company's response to PSC-1-8.

a. Please provide a copy of all of the Company's accounting policies, procedures, and guidelines to the extent not provided in response to PSC-1-8, including, but not limited to, accounting for outages, accounting for pension and other post-retirement benefit expense, accounting for major maintenance that does not occur on annual basis. If there are no responsive documents, please so state.

b. Please provide a copy of all of the Company's plant accounting policies and procedures to the extent not provided in response to PSC-1-8, including, but not limited to, list of retirement units, capital versus expense, capitalization of engineering and administrative overheads, computation AFUDC and accounting for start up costs and test generation revenues and costs. If there are no responsive documents, please so state.

Q12. Please describe the functional expense accounting for property taxes, including the allocation of property tax expense to the functional O&M expense accounts. Please provide a copy of all written documentation of this process.

Q13. Please describe the functional expense accounting for social security and other payroll taxes, including the allocation of these payroll tax expenses to the functional O&M expense accounts. Please provide a copy of all written documentation of this process.

Q14. Refer to the Company's response to PSC-1-24. Please provide the Company's TIER and DSC, calculated in accordance with the requirements of the RUS loan agreements for the twelve months ending each month during 2008. Please provide the computations.

Q15. Please provide the Company's estimate of the TIER and DSC for calendar year 2008 and update these ratios for the actual for calendar year 2008 as soon as available, calculated in accordance with the requirements of the RUS loan agreements. Please provide the computations for the estimate and actual when available.

Q16. Please provide the Company's TIER and DSC, calculated in accordance with the requirements of the credit facility for the twelve months ending each month during 2008. Please provide the computations.

Q17. Please provide the Company's estimate of the TIER and DSC for calendar year 2008 and update these ratios for the actual for calendar year 2008 as soon as available, calculated in accordance with the requirements of the credit facility. Please provide the computations for the estimate and actual when available.

Q18. Please provide the Company's actual members' equity, calculated in accordance with the requirements of the credit facility for calendar year 2006, calendar year 2007 and each month during 2008. Continue to provide this information as each additional month of actual information becomes available throughout this proceeding.

Q19. Please provide a copy of the Company's monthly Form 12s for each month January 2007 through November 2008 and each month thereafter continuing throughout the pendency of this proceeding.

Q20. Refer to the response to PSC-1-29. Please identify and describe each abnormal or nonrecurring expense included in the actual expenses by RUS account.

Q21. Refer to the response to PSC-1-29. Please provide this same information in the same format for each month during calendar year 2007.

Q22. Refer to the Company's response to PSC 1-31.

a. Please explain why the Company plans to increase the number of headquarters employees in January 2009 from 262 to 271 full-time and from 19 to 22 part-time. Please describe the increase in work activities and requirements from December 2008 to January 2009 that support these increases in employees.

b. Please indicate if it is the Company's present intention to increase the number of full-time employees and part-time employees in January 2009.

Q23. Refer to the Company's response to PSC 1-36(a). Please provide the Company's computational support, including assumptions, data, and a copy of all source documents relied on for all accounts listed in the response. Provide a copy of all electronic spreadsheets with formulas intact.

Q24. Refer to the Company's response to PSC-1-42.

a. Please provide this same information for each month during calendar year 2008 and for the base period. Update this information as each additional month of actual information becomes available.

b. Please indicate whether any of the purchases in 2005, 2006 and 2007 were for reliability purposes and were included in the Company's reserve margin. If so, please describe and provide the mW included.

Q25. Please provide a quantification of the fuel and purchased power savings for the forecast period. Provide all data, assumptions and computations, including electronic spreadsheets with cell formulas intact.

Q26. Please provide a quantification of the increased off-system sales revenues and margins during the forecast period resulting from the operation of Spurlock 4. Provide this information for the months during the forecast period and on an annualized basis. Provide all data, assumptions and computations, including electronic spreadsheets with cell formulas intact.

Q27. Please provide amount of fuel and purchased power expense not recoverable through the fuel clause projected in the forecast period. Provide all data, assumptions and computations, including electronic spreadsheets with cell formulas intact.

Q28. Please reconcile the fuel and purchased power expense and the fuel revenues included in base rates and the fuel adjustment clause for calendar year 2007, each month during 2008, the base year and the projected year. Provide a detailed description of each reconciling item.

Q29. Refer to the Company's filing requirement 807 KAR 5:001 Section 10(9)(e). Please identify, describe and quantify all productivity and efficiency gains in the base year compared to:

a. Calendar year 2007

b. Calendar year 2008

c. Base year

Q30. Refer to the Company's filing requirement 807 KAR 5:001 Section 10(9)(h). Please provide the schedules in electronic format with all cell formulas intact. Also provide all supporting schedules and electronic spreadsheets with cell formulas intact.

Q31. Refer to the Company's filing requirement 807 KAR 5:001 Section 10(9)(s).

a. Please provide the depreciation rates by plant account being used for Gilbert.

b. Please provide the gross plant in service by plant account for Gilbert.

c. Please provide the depreciation rates by plant account being proposed for Spurlock 4.

d. Please provide the estimated useful service life for Spurlock 4. Provide all supporting documentation, studies, and analyses relied on to make this determination.

Q32. Please provide the Company's computation of depreciation expense for the forecast period by plant account, subaccount and generating unit. Provide the monthly balances of gross plant, depreciation rates used and resulting depreciation expense. Provide this information in electronic spreadsheet format with formulas intact. On the depreciation rates, show the net salvage rate separately from the pure depreciation rate and the total depreciation rate.

Q33. Please confirm that the Company's forecast period includes no depreciation expense based on SFAS 143.

Q34. Refer to page 7 of Mr. Eames' Direct Testimony. Please provide the Company's estimated calendar year 2008 TIER and DSC with and without the accounting order sought in Case No. 2008-00436.

Q35. Please describe the Company's plans to include environmental costs associated with the Smith 1 generating unit in the environmental surcharge. Address the timing and the estimated dollar amount of construction cost that would qualify.

Q36. Refer to page 4 of Mr. Johnson's Direct Testimony.

a. Please explain why the Company does not include lime in the environmental surcharge.

b. Is the Company opposed to including lime in the environmental surcharge? If so, why?

Q37. Please refer to pages 5-6 of Mr. Johnson's Direct Testimony.

a. Please describe how the Company budgets and forecasts the costs of forced outages. Please provide all data, assumptions, computations, and amounts in O&M expense included in the base year and forecast year for forced outage expense, excluding fuel and purchased power expenses.

b. Please provide the forced outage rates by unit assumed by the Company in the base year and in the forecast year.

c. Please provide a five year history of forced outage rates by generating unit.

Q38. Please confirm that the amortization of the proposed regulatory asset for April and May 2009 billings is not included in the Company's base rate increase request of $67.9 million.

Q39. Does the Company's projection of debt and equity outstanding included in the forecast year include the financing for the proposed regulatory asset? Please explain why or why not.

Q40. Please provide all workpapers, including electronic spreadsheets with formulas intact, used to prepare Mr. Seelye's Exhibit 2 and all supporting schedules.

Q41. Please provide a computation of each of the tests under the credit facility in 2009 and 2010, first assuming that the Company is granted the accounting order in Case No. 2008-00436 and then assuming that the Company is not granted the accounting order in Case No. 2008-00436. Provide the underlying data and computations.

Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
513.421.2255 Fax: 513.421.2764
E: mail: mkurtz@BKLlawfirm.com

COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY CUSTOMERS INC.

December 15, 2008