EAST KENTUCKY POWER COOPERATIVE

RECEIVED
JAN 08 2009
PUBLIC SERVICE COMMISSION

January 8, 2009

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: PSC Case No. 2008-00409

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and nine copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's Second Data Request, dated December 16, 2008. An original and nine copies of EKPC's Responses to the First Data Request of Kentucky Industrial Utility Customers, Inc. ("KIUC"), and the Attorney General's ("AG") Initial Requests for Information, both dated December 15, 2008, are also enclosed.

Very truly yours,

David A. Smart
General Counsel

Enclosures

Cc: Parties of Record

4775 Lexington Road 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax: (859) 744-6008
http://www.ekpc.coop

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

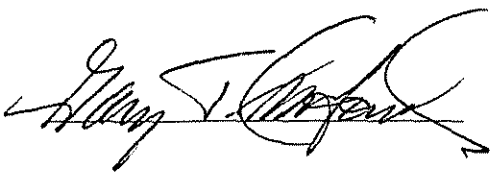
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES OF EAST KENTUCKY POWER COOPERATIVE, INC.	)))	**CASE NO. 2008-00409**

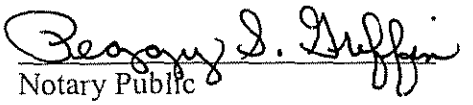
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Gary T. Crawford, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 7th day of January, 2009.



Notary Public

My Commission expires: December 8, 2009

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**

CERTIFICATE

STATE OF VIRGINIA)
)
COUNTY OF FAIRFAX)

Jonathon Andrew Don, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 6th day of January, 2009.

Notary Public

My Commission expires:

ELIZABETH C. MIKSCHE
Notary Public
Commonwealth of Virginia
7120373
My Commission Expires Sep 30, 2011

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ricky L. Drury, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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.

Ricky L Drury

Subscribed and sworn before me on this 6th day of January, 2009.

Peggy S. Griffin
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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.

Craig Johnson

Subscribed and sworn before me on this 7th day of January, 2009.

Peggy S. Griffin
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

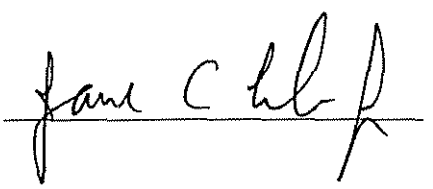
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	CASE NO.
OF EAST KENTUCKY POWER	)	2008-00409
COOPERATIVE, INC.	)	

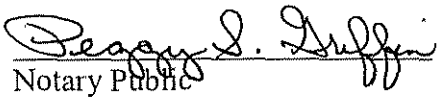
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 6th day of January, 2009.



Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

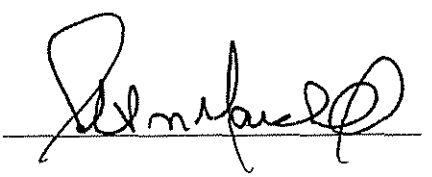
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

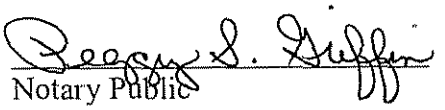
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Robert M. Marshall, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 6th day of January, 2009.



Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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.

Frank J. Oliva

Subscribed and sworn before me on this 6th day of January, 2009.

Peggy S. Griffin
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

William Steven Seelye, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 30th day of December, 2008.

Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

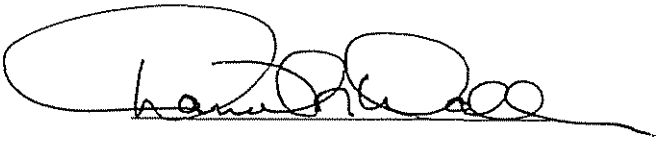
IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES OF EAST KENTUCKY POWER COOPERATIVE, INC.	)))	**CASE NO. 2008-00409**

CERTIFICATE

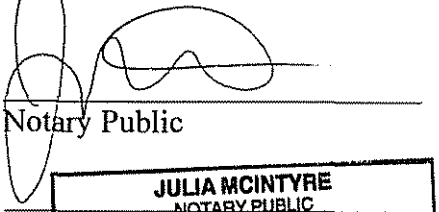
STATE OF VIRGINIA)
)
CITY OF RICHMOND)

Daniel M. Walker, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, 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 5 day of January, 2009.

Verified with VAPC
TC363114G



Notary Public

My Commission expires:

JULIA MCINTYRE
NOTARY PUBLIC
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES FEB. 28, 2010
COMMISSION # 351077

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	**CASE NO.**
OF EAST KENTUCKY POWER	)	**2008-00409**
COOPERATIVE, INC.	)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Request in the above-referenced case dated December 16, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F. Wood

Subscribed and sworn before me on this 6th day of January, 2009.

Peggy S. Griffin
Notary Public

My Commission expires: December 8, 2009

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC RATES	)	CASE NO.
OF EAST KENTUCKY POWER	)	2008-00409
COOPERATIVE, INC.	)	

RESPONSES TO COMMISSION STAFF'S SECOND DATA REQUEST TO EAST KENTUCKY POWER COOPERATIVE, INC. DATED DECEMBER 16, 2008

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 1
RESPONSIBLE PERSON: **Frank J. Oliva/Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 1. Refer to the information at Tab 19 in Volume 1 of East Kentucky's application which shows the financial data for the forecasted test period as adjustments to the base period.

Request 1a. The first line under Operations Expenses shows Production Costs - Excludes Fuel increasing by $10.4 million, or nearly 18 percent, from the base period to the forecasted test period. Explain thoroughly why this cost category is expected to increase by this magnitude.

Response 1a. The $10.4 million increase can be attributed to the start up of Spurlock Unit # 4 in April, 2009, Unit # 2 Scrubber in January, 2009, and Unit # 1 Scrubber in July, 2009. Limestone expense will increase $7.7 million and magnesium expense will increase $2.2 million. This $9.9 million is 95% of the $10.4 million increase between base period and forecast period.

Request 1b. All 12 months of the forecasted test period include the operation of Spurlock Unit No. 4 ("Spurlock 4), which is described elsewhere as resulting in East Kentucky reducing its reliance on purchased power to meet its members' demands. Provide a detailed description of the process used to develop the forecasted level of (1)

fuel costs, which is 42 percent ($126.7 million) greater than the level of fuel costs in the base period and (2) purchased power, which is 55 percent ($94.7 million) less than the level of purchased power in the base period.

Response 1b. EKPC uses the RT Sim model for detailed production cost projections. This program simulates real time system operation on an hourly, chronological basis. Fuel prices included in the model analysis were based on the most recent fuel price forecast from Energy Ventures Analysis (EVA). Purchased power price projections included in the model were provided by ACES Power Marketing.

Request 1c. The level of administrative and general expenses in the forecasted test period of $26.7 million is 11 percent greater than the level included in the base period of $24.0 million. Explain thoroughly why this expense is expected to increase by this amount.

Response 1c. The level of administrative and general expenses in the forecasted test year is approximately $2.6 million or 11% greater than the level included in the base period.

This is an increase in the following: regular time labor - $650,000; defined benefit retirement plan - $567,000; 401K employer contributions - $281,000; medical insurance PPO - $519,000; maintenance & service agreements - $523,000; and employee education including training on new financial software - $518,000.

Request 1d. Production maintenance expense is $48.7 million in the forecasted test period, which is nearly 19 percent lower than the $60.0 million included in the base period. Explain thoroughly why this expense is expected to decrease by this amount.

Response 1d. Production maintenance expense in the forecasted test period is $11.3 million or 19% lower than the base period due to the Spurlock Unit #2 ten-year overhaul being completed in 2008.

Request 1e. Depreciation/amortization expense is $20.7 million (47 percent) greater in the forecasted test period than in the base period. Provide a breakdown of this increase which identifies how much is related to Spurlock 4 or other items of utility plant which go into service after the base period, and how much is for the normalization of depreciation expense on plant in service by the end of the base period.

Response 1e. As reflected in Application Volume 1, Tab 19, East Kentucky's increase in depreciation of $29.7 million is broken down as follows:

Project	Depreciation amount in Test Period
Spurlock Unit 4	$13,120,212
Spurlock 1 Scrubber	$5,532,800
Spurlock 2 Scrubber	$6,175,682
CT's	$3,059,635
Misc projects added to plant	$1,811,671
	$29,700,000

Because Application Volume 1, Tab 19, reflects a "difference" between the base and forecasted periods, normalization is not applicable.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 2
RESPONSIBLE PERSON: **Robert M. Marshall**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 2. Refer to the first complete sentence on page 5 of the Testimony of Robert M. Marshall ("Marshall Testimony") concerning East Kentucky's possible failure to meet its 2009 debt covenants if an increase in its rates is delayed even a month or two. Reconcile this statement with item 2 of East Kentucky's response to the data requests made at the November 13, 2008 informal conference held in this case.

Response 2. The reconciliation is contained in EKPC's response to Item 1a of the Commission Staff's First Data Request regarding EKPC's request to establish a Regulatory Asset in this case.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 3
RESPONSIBLE PERSON: **Robert M. Marshall**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 3. Refer to the answer beginning on line 19 of page 6 and continuing to line 1 on page 7 of the Marshall Testimony. Provide a detailed description of each of the cost containment initiatives identified in the answer.

Response 3. Please find below a detailed description of each cost containment initiative identified in the Marshall Testimony.

Reduction in defined benefit plan level — EKPC's defined benefit plan is only available to employees hired before January 1, 2007. Effective January 1, 2008, the benefit level was reduced from a 2.0 cost of living adjustment (COLA) benefit to a 1.8 non-COLA benefit.

Increase in employee medical plan contributions — Employee contributions were required for the first time January 2007. Employees pay 10% for single and 15% for dependents. The percentage is based on the funding required for each employee. In 2008, the employee contribution did not increase; however, the 2009 contribution will increase by 5%.

Elimination of salary increases in 2007 — No salary increases were given in 2007.

Improvements in the competitive bidding process — EKPC has placed a greater emphasis on supply chain, with improved focus on negotiations on price, delivery, warrantees, and other non-price conditions.

Materials standardization — EKPC is standardizing and aggregating the purchase of selected items, consolidating suppliers to achieve volume discounts, and expanding suppliers lists where appropriate.

Improvements in power plant efficiencies — EKPC continues to blend fuels, optimize its plant maintenance scheduling, and identify non-fuel opportunities. EKPC is pursing using non-original equipment manufacturers (OEM) for plant maintenance outages.

Deferring computer software upgrade — EKPC has deferred the upgrading of its PeopleSoft financial software. The implementation date of the PeopleSoft financial software was January 1, 1999.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 4
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 4. Refer to the answer in the middle of page 9 of the Marshall Testimony, which refers to East Kentucky's new rates being passed through on a proportional basis when they are implemented in this case and "[a]dopting a new cost-based rate structure beginning one year later."

Request 4a. Explain whether East Kentucky intends for the Commission to rule on the proposed cost-based rate structure, which is referred to elsewhere in the application as Phase Two Rates, in this proceeding.

Response 4a. Yes. East Kentucky intends for the Commission to rule on the proposed cost-based rate structure (Phase Two Rates) in this proceeding.

Request 4b. The pass-through applications filed by East Kentucky's sixteen member cooperatives do not include Phase Two retail rates. When, approximately, are their applications for authority to implement Phase Two rates expected to be filed?

Response 4b. KRS 278.180, which is referenced by 807 KAR 5:007 (Filing and notice requirements for a generation and transmission cooperative or a distribution

cooperative to decrease rates or for a distribution cooperative to change rates to reflect a change in the rates of its wholesale supplier), requires a 30 day notice to be filed with the Commission. EKPC would adhere to that requirement on behalf of its member systems.

The reason that EKPC filed notice on behalf of many of its member systems of the Phase I rates (and not the Phase II rates) was that the Phase I rates were filed with an effective date of December 1, 2008. Because the Phase II rates would not be implemented until 12 months after the implementation of the Phase I rates, it was not necessary to file the pass-through of the Phase II rates at the same time as the Phase I pass-through to meet the 30-day filing requirement of KRS 278.180.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 5
RESPONSIBLE PERSON: **David G. Eames**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 5. Refer to page 2 of the Testimony of David G. Eames ("Eames Testimony") concerning the basis for East Kentucky's requested increase in rates. Among other things, the answer beginning on line 10 refers to the scheduled installation of two combustion turbines ("CTs") at the Smith Station in October of 2009. That installation will occur five months into East Kentucky's proposed test year. Explain whether the proposed forecasted test year includes 12 months of costs for the two CTs or only costs for the period October 2009 through May 2010. Provide references to documents, schedules, etc. in the application which support the explanation.

Response 5. The proposed forecasted test year includes costs for the two CTs at Smith Station for the nine months beginning in September 2009. At the time the budget was prepared, that was the projected operational date. At a later time the operational date was changed to October 1st.

Refer to Eames Exhibit 1 in the Application of this case. The depreciation expense on Row 17 increases by $340,105 in September 2009. The change in September includes the first month's depreciation for the two CT's which is $339,960 per month. Nine months

of depreciation on the two CTs were included in the Test Year budget totaling approximately $3,059,640.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 6
RESPONSIBLE PERSON: David G. Eames
COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Refer to Eames Exhibit 1. Provide this exhibit in at least a 10 point font.

Response 6. Please see the response on the enclosed CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 7
RESPONSIBLE PERSON: **Jonathon Andrew Don**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 7. Refer to pages 4-5 of the Testimony of Jonathan Andrew Don regarding his discussion of the conditions of the credit markets since September 2008.

Request 7a. Identify and describe any changes, positive or negative, in credit markets since late October of 2008, which Mr. Don believes would impact the basis point spread or the closing fees he believes would have applied to East Kentucky as of October 20, 2008.

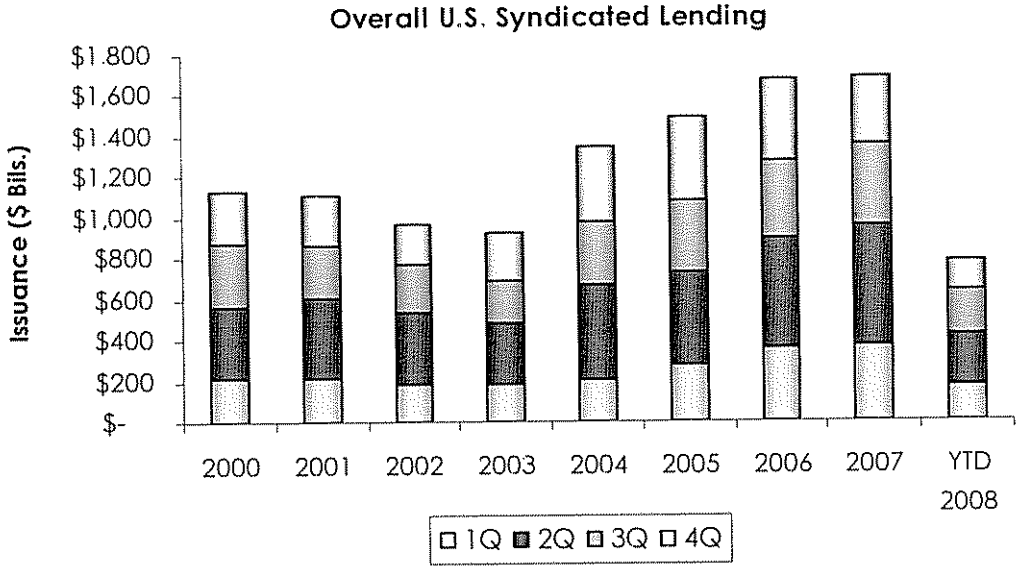
Response 7a. The credit markets are not significantly different in December 2008 from the conditions that existed in October 2008. Attachment 1 shows two charts which depict the significant drop off experienced in the syndicated loan market in calendar year 2008 as compared to prior years (the levels for 2008 represent volume through December 23, 2008). The number of active participants in the credit markets continues to be very limited and credit is only being provided by banks and other financing institutions to those companies/ borrowers with which the bank or institution has had a long and profitable business relationship. Capital continues to remain very scarce and significantly increased due diligence is being conducted by any lender that is even considering providing capital. Those lenders that are approving credit at the

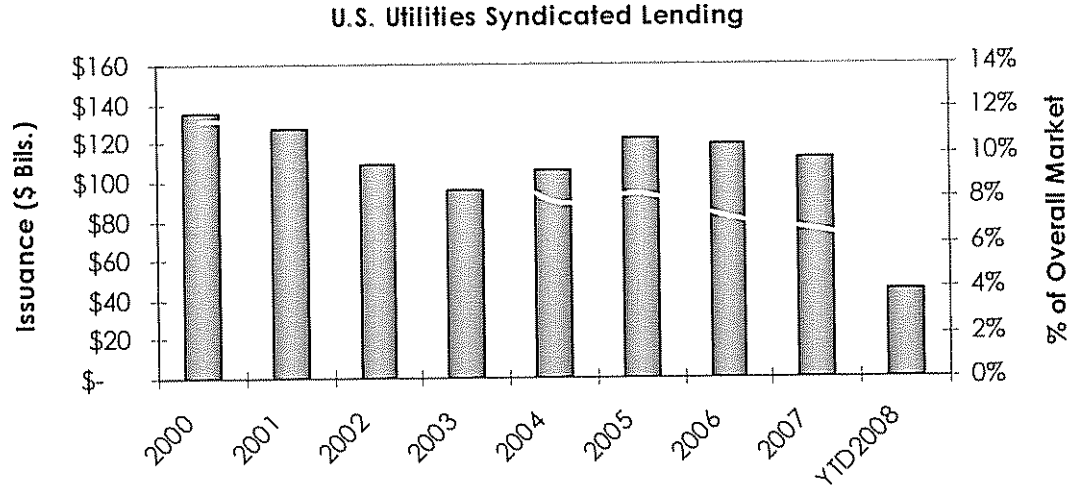
current time are mainly looking to roll-over or renew existing credit facilities with no new money being made available to borrowers. In addition numerous lenders are using any form of request (amendment or modification request) from a borrower to either re-price an existing transaction or reduce exposure levels. Attachment 2 details the loan pricing / credit spreads for the indicated utility companies and is representative of the credit facility transactions that were closed in the fourth quarter of 2008.

Request 7b. Explain in detail why Mr. Don believes a new credit facility would be for a term of only one year as compared to the five-year term of East Kentucky's existing private credit facility.

Response 7b. Attachment 2 contains a representative sample of the syndicated loans made to energy based and utility companies in the 4th quarter of 2008. As depicted, the tenors of the facilities range in maturity from five to twelve months. The majority of the utilities listed have ratings that are equal to or better than the expected rating of East Kentucky if East Kentucky were to seek a credit rating from the rating agencies.

2008 Syndicated Lending Charts





4Q08 Syndicated Utility Loan Deals

	Atmos Energy Corp.	Texas New Mexico Power	Integrys Energy Services	Pepco Holdings	CenterPoint Energy Houston Electric	Portland General Electric Co.	Hawaiian Electric Co. Inc.
Amount:	$ 212,500,000	$ 100,000,000	$ 250,000,000	$ 390,000,000	$ 450,000,000	$ 125,000,000	$ 75,000,000
Tenor (months):	12	5	6	12	12	12	9
Ratings:	BBB/Baa3	BB-/Ba3	A-/A3	BBB/Baa3	BBB/Baa3	BBB+/Baa2	BBB
Close Date:	10/29/2008	10/31/2008	11/3/2008	11/7/2008	11/12/2008	12/4/2008	12/8/2008
Purpose:	Corporate Purposes	Debt Repayment	Corporate Purposes	Corporate Purposes	Corporate Purposes	Corporate Purposes	Corporate Purposes
AIS Drawn (bps)	200.0	250.0	275.0	300.0	225.0	200.0	175.0
AIS Undrawn (bps)	50.0	50.0	50.0	62.5	50.0	25.0	25.0

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 8
RESPONSIBLE PERSON: **Daniel M. Walker**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 8. Refer to page 4 of the Testimony of Daniel M. Walker ("Walker Testimony") and Exhibit DMW-2. For each of the five categories that ratings agencies use to evaluate cooperative utilities, provide a direct comparison of East Kentucky's category profile with those of the other cooperatives in the reference group.

Response 8. Please see page 2 of this response.

DIRECT COMPARISON: EKPC and RATED G&Ts

G&TS Weighting	Fin. Perform. 40%	Rate Flexibility 20%	L.T. Contracts 15%	Members 15%	Size 10%
Buckeye	A	A	A	A-	BBB+
Brazos	A	BBB+	A	A	A-
Basin	A	A-	A	A-	A-
Central Iowa	A	A	A	A-	BBB
Great River	A-	BBB+	A-	BBB+	A-
Dairyland	A-	A-	A-	A-	BBB+
Western Farmers	A	A-	A	A-	BBB+
Arkansas	A	A	A-	A-	A-
Tri-State	A-	A-	A	A-	A-
Hoosier	A-	A	A	A-	BBB+
Chugach	A-	BBB+	A-	BBB+	BBB
Old Dominion	A-	BBB+	A	A-	A-
Wabash Valley	A-	BBB+	A	A	BBB+
Alabama Electric	BBB+	A-	A-	A-	BBB+
Seminole	BBB+	A	A	A	A
Oglethorpe	BBB+	A	A-	A	A
EKPC	BBB- to BBB+	BBB+	A	BBB+	A-

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 9
RESPONSIBLE PERSON: **Daniel M. Walker**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 9. Refer to the text on page 6 of the Walker Testimony, specifically, the discussion under the heading Flexibility to Change Rates/Regulatory Environment.

Request 9a. Provide a copy of the Moody's document that supports the statement, "In Moody's evaluation of risk, financial performance and rate flexibility account for 60% of the credit evaluation."

Response 9a. Attached is the published Moody's rating matrix. Please note that Factor 2: Rate Flexibility is 20% and Factor 4: 3-Year Average G&T Financial Metrics is reported to be 40%. The combination of Factor 2 and 4 result in 60% of the ratings evaluation.

Request 9b. Earlier in the testimony, Mr. Walker refers to the other major rating agencies, Standard & Poors ("S&P") and Fitch. Provide the percentages of their credit evaluations which S&P and Fitch assign to these two evaluation areas.

Response 9b. Neither S&P nor Fitch publishes a matrix similar to Moody's. However, my experience would suggest they use similar rating measures.

Factor 1: Nature of Long-Term Wholesale Power Supply Contracts Weighting: 15%	Aaa	Aa	A	Baa	Ba	B	Caa	Sub-Factor Weighting
Percentage of Member Load Served under Wholesale Power Contracts	100%	100%	> 80%	> 70%	< 70%	< 60%	< 50%	15.00%

Factor 2: Rate Flexibility Weighting: 20%	Aaa	Aa	A	Baa	Ba	B	Caa	Sub-Factor Weighting
Regulatory Review/Relationship with Regulators	No Rate Regulation by State Commission; Legislative statute to preclude regulatory intervention in the future rate setting process	No Rate Regulation by State Commission; No legislative statute to preclude regulatory intervention in the future rate setting process	Rate Regulated by State Commission, Very Supportive Commission Practices, Very Good Regulatory Relationships	Rate Regulated by State Commission Moderately Supportive Commission Practices; Reasonably Good Regulatory Relationships	Rate Regulated by State Commission, Unsupportive Commission Practices, Generally Difficult Regulatory Relationships	Rate Regulated by State Commission, Very Unsupportive Commission Practices, Often Contentious Regulatory Relationships	Rate Regulated by State Commission, Extremely Harsh Commission Practices, Always Contentious Regulatory Relationships	3.33%
Assess Board Involvement in Setting Rates / Variable Cost Adjustment Mechanisms	Exceptionally proactive board that supports management recommendations for timely adjustment of rates to cover all costs of service; no regulatory intervention in the rate setting process. Legislative statute to preclude regulatory intervention in the future rate setting process	Proactive board that supports management recommendations for timely adjustment of rates to cover all costs of service; no regulatory intervention in the rate setting process. No legislative statute to preclude regulatory intervention in the future rate setting process	Active board in support of timely rate filings; possibility for regulatory intervention in the rate setting process in certain instances; frequent fuel cost adjustment capability in place under regulatory practice; timely recovery of any deferrals	Reasonably active board in support of timely rate filings; annual fuel cost adjustment capability in place under regulatory practice; reasonably timely recovery of any deferrals	Inactive board limited, if any ability to adjust for fuel cost variability; uncertainty surrounding recovery of deferrals	Inactive board; no ability to adjust for fuel cost variability; uncertainty surrounding recovery of deferrals	Inactive board; no ability to adjust for fuel cost variability; uncertainty surrounding recovery of deferrals	3.33%
Purchased Power/Total MWh Sales (%)	< 5%	< 20%	< 30%	<40%	> 40%	> 60%	> 75%	3.33%
New Build Exposure (Prospective 5-yr New Build Capex as % Net PP&E)	<5%	< 25%	< 50%	< 75%	76% - 120%	> 120%	> 140%	3.33%
Rate Competitiveness versus others in region	Better than all on a consistent basis	Much better than most on a consistent basis	Better than most on a consistent basis	Better than some; Worse than some on a consistent basis	Worse than most on a consistent basis	Worse than all on a consistent basis	Worse than all on a consistent basis	3.33%
Potential for Rate Shock Exposure	Extremely low (e.g. less than 10% reliance on purchased power and less than 10% 5-year-newbuild capex as percentage of latest year-end Net PP&E	Very low (e.g. less than 20% reliance on purchased power and less than 25% 5-year-newbuild capex as percentage of latest year-end Net PP&E	Low (e.g. less than 30% reliance on purchased power and/or less than 50% 5-year-newbuild capex as percentage of latest year-end Net PP&E	Moderate (e.g. less than 40% reliance on purchased power and/or less than 75% 5-year-newbuild capex as percentage of latest year-end Net PP&E	High (e.g. greater than 40% reliance on purchased power or greater than 75% 5-year-newbuild capex as percentage of latest year-end Net PP&E	Very high (e.g. greater than 40% reliance on purchased power and greater than 75% 5-year-newbuild capex as percentage of latest year-end Net PP&E	Extraordinarily high (e.g. greater than 60% reliance on purchased power and greater than 85% 5-year-newbuild capex as percentage of latest year-end Net PP&E	3.33%

Factor 3: Member/owner profile Weighting: 15%	Aaa	Aa	A	Baa	Ba	B	Caa	Sub-Factor Weighting
Demand Growth	> 6 %	4%	3%	2%	1%	0%	<0%	3.00%
Residential Sales/Total Sales (%)	> 60%	> 75%	> 50%	> 40%	< 40%	< 20%	< 10%	3.00%
Members' Consolidated Assets ($ Billions)	> $6.5 billion	> $4 billion	$3 - $4 billion	> $1 billion	< $1 billion	< $0.3 billion	< $0.2 billion	3.00%
Members' Consolidated Equity/Capitalization (%)	>65%	> 55%	> 50%	> 25%	> 20%	> 15%	>10%	3.00%
Regulatory status	None subject to rate regulation; Legislative statute to preclude regulatory intervention in the future rate setting process	None subject to rate regulation; No legislative statute to preclude regulatory intervention in the future rate setting process	Some Rate Regulated by State Commission, Very Supportive Commission Practices; Very Good Regulatory Relationships	Some Rate Regulated by State Commission; Moderately Supportive Commission Practices; Reasonably Good Regulatory Relationships	Some Rate Regulated by State Commission, Unsupportive Commission Practices; Generally Difficult Regulatory Relationships	Most Rate Regulated by State Commission; Very Unsupportive Commission Practices; Often Contentious Regulatory Relationships	All Rate Regulated by State Commission; Extremely Harsh Commission Practices; Always Contentious Regulatory Relationships	3.00%

Factor 4: 3-Year Average G&T Financial Metrics Weighting: 40%	Aaa	Aa	A	Baa	Ba	B	Caa	Sub-Factor Weighting
TIER	> 1.6x	> 1.4x	1.2x - 1.4x	1.1x - 1.19x	1.1x	< 1.0x	< 0.5x	5.00%
DSC	>1.9x	> 1.4x	1.2x - 1.4x	1.1x - 1.19x	1.1x	< 1.0x	< 0.5x	5.00%
FFO/Debt	> 15%	10% - 15%	6% - 9%	3% - 5%	< 3%	< 2%	< 1%	8.00%
FFO/Interest	> 3.25x	2.5x - 3.25x	2.0x - 2.49x	1.5x - 1.99x	< 1.5x	< 1.2x	< 1.0x	8.00%
Equity/Total Capitalization	> 50%	35% - 50%	20% - 35%	5% - 19%	< 5%	< 3%	< 1%	9.00%
Net Operating Margin	> 40%	30% - 40%	> 10%	> 5%	< 5%	< 3%	< 1%	5.00%

Factor 5: G&T Size Weighting: 10%	Aaa	Aa	A	Baa	Ba	B	Caa	Sub-Factor Weighting
Megawatt hour sales (Millions of MWhs)	> 50	20 - 50	11 - 20	5 - 10	<5	< 3	< 1	2.50%
Revenues ($ Billions)	> $3.5 billion	> $2 billion	> $1 billion	$0.2 - $1.0 billion	< $0.2 billion	< $0.15 billion	< $0.10 billion	2.50%
Net PP&E ($ in Billions)	> $5 billion	$2 billion - $5billion	> $1 billion	> $0.4 billion	< $0.4 billion	< $0.3 billion	< $0.2 billion	2.50%
Megawatts owned and purchased (MWs)	> 6,000	4,000 - 6,000	> 3,000	> 2,000	500 - 2,000	300 - 499	< 300	2.50%

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 10
RESPONSIBLE PERSON: **David G. Eames**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 10. Refer to the text on page 6 of the Walker Testimony, specifically, the discussion under the heading Long-term Wholesale Contracts.

Request 10a. The second sentence states that the trend in the industry is to extend existing contracts for 30 years or more. Provide the term (length) of East Kentucky's existing wholesale power contracts with its member cooperatives.

Response 10a. East Kentucky's existing wholesale power contracts with its member cooperatives are effective until January 1, 2041.

Request 10b. If the term of East Kentucky's existing wholesale power contracts is less than 30 years, identify and describe what steps East Kentucky is taking, if any, to extend the terms.

Response 10b. The remaining term is greater than 30 years.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 11
RESPONSIBLE PERSON: **Daniel M. Walker**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 11. Refer to the table on page 10 of the Walker Testimony, which compares East Kentucky's average Times Interest Earned Ratio ("TIER") for the years 2005-2007 with those of five generation and transmission cooperatives which have at least a "BBB" debt rating from one of the three major debt rating agencies. Explain whether Mr. Walker is aware of East Kentucky's alleged violations of the Clean Air Act with respect to the Dale Generating Station and the impact the alleged violations had on its TIERs during the period of time used in his comparison, i.e., TIERs that are found in the response to item 24 of the Commission Staff's First Data Request ("Staff's First Request").

Response 11. Mr. Walker is aware of the impact on TIER. The rating agencies would discount the TIER earned in 2007 and likely consider a TIER of only 1.25x for that year and also restate the TIER in 2005. Thus, when they consider the three year average without the effect of the alleged violation the three year average of 1.14x would most likely be insufficient to achieve a rating between BBB+ and A+.

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 12
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 12. Refer to the Walker Testimony at pages 11-12 and Exhibit DMW-3.

Request 12a. Identify which East Kentucky lenders require Allowance for Funds Used During Construction ("AFUDC") accounting treatment of construction costs.

Response 12a. Absent current recovery through rates, the accrual of AFUDC is required by the RUS Uniform System of Accounts.

Request 12b. Provide an explanation of exactly how draws from the $650 million private credit facility have been utilized since the test year in East Kentucky's 2006 rate case, including whether any have been used to provide short-term bridge-type financing to enable construction to proceed while the Rural Utilities Service ("RUS") or some other permanent lender provides final long term loans.

Response 12b. Proceeds of EKPC's $650 million Credit Facility have been used to provide bridge-type financing for various capital projects, including the construction of Spurlock Unit #4, Spurlock Unit #2 Scrubber, Spurlock Unit #1 Scrubber, pre-construction costs for Smith Unit #1 CFB, and for general corporate purposes.

EAST KENTUCKY POWER COOPERATIVE, INC.
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COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 13
RESPONSIBLE PERSON: **David G. Eames**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 13. Refer to the Walker Testimony at page 12.

Request 13a. Explain how East Kentucky is currently anticipating financing the coal-fired generating unit at its Smith Station.

Response 13a. EKPC has applied to the RUS for a lien accommodation, which will allow EKPC to secure financing of the Smith CFB unit through private sources.

Request 13b. If private financing is being contemplated, explain whether AFUDC accounting treatment will still be employed for construction costs.

Response 13b. In the current proceeding, EKPC is requesting the Commission to approve the recovery of all interest costs through current rates. This will eliminate the need for EKPC to employ AFUDC accounting treatment for interest related to construction costs.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 14
RESPONSIBLE PERSON: **Daniel M. Walker**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 14. Refer to the Walker Testimony at page 14.

Request 14a. Explain whether ratings agencies automatically downgrade either an investor-owned electric utility or an electric cooperative if it is regulated.

Response 14a. Downgrades are likely to occur as the result of specific regulatory orders rather than just being regulated.

Request 14b. Explain why it is valid to compare East Kentucky to unregulated electric cooperatives.

Response 14b. Each of the cooperatives listed on Exhibit DMW-1 must compete to attract capital in the capital markets whether their rates are regulated by a state or federal regulated authority or solely regulated by their board.

Request 14c. For Oglethorpe, explain whether the Generation and Transmission utility ("G&T") owns its distribution cooperatives or whether the distribution cooperatives own the G&T.

Response 14c. Oglethorpe is owned by its members.

Request 14d. Explain why Oglethorpe's members renegotiated the contracts to allow individual members to be responsible for their own load growth and whether this means that they can purchase power from a different power supplier.

Response 14d. These renegotiated contracts covered a number of issues of which power supply was the most significant issue. The contract renegotiation occurred in the era of national debate on the deregulation of wholesale electric markets. It is my understanding that several of Oglethorpe's members felt, at the time, they could do better purchasing their individual future load on the market rather than from Oglethorpe. Each of Oglethorpe's members contracted individually with alternative power suppliers after the contracts were changed.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 15
RESPONSIBLE PERSON: **Daniel M. Walker**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 15. Refer to the Walker Testimony at page 14 and Exhibit DMW-3.

Request 15a. Identify which of the electric cooperatives have to file rate cases in order to increase their rates.

Response 15a. Only Chugach and Arkansas have to file rate cases to raise base rates. All other G&Ts raise rates either as needed or as part of their annual budget process.

Request 15b. Of these electric cooperatives, identify which have rate adjustment mechanisms similar to East Kentucky's fuel adjustment clause ("FAC") and environmental surcharge.

Response 15b. It is my understanding that all the G&Ts have fuel adjustment mechanisms except Associated. It is also understood that all the rated cooperatives recover environmental related costs in a timely manner through base rates.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 16
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 16. Refer to the Walker Testimony at Exhibit DMW-3. Explain why the exhibit shows that the entire $650 million credit facility is being utilized.

Response 16. East Kentucky Power Cooperative, Inc. is projecting the need for the entire amount, either through the credit facility or other financing means, as of 5/31/2010. The majority of these expenditures are expected to provide bridge financing for capital projects, such as the Cooper air quality control system and Smith Unit #1 CFB.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 17
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 17. Refer to page 3 of the Testimony of Gary T. Crawford ("Crawford Testimony"). Mr. Crawford states that, in addition to coal, a circulating fluidized bed ("CFB") plant can burn biomass and tires. Explain whether the forecasted test year fuel amount of $403,441,802 deducted from expenses in William S. Seelye Exhibit 2, Schedule 1.01, includes biomass and tires. If yes, by generating unit, provide the projected quantity and cost for biomass and included in the test year fuel amount.

Response 17. Biomass and tires were not included in the forecasted test year's fuel amount.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 18
RESPONSIBLE PERSON: **Gary T. Crawford**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 18. Refer to pages 3-6 of the Crawford Testimony, specifically the discussion of the most recent cost estimates of the Spurlock 4 and Smith 9 and 10 construction projects, which are less than the cost estimates included in East Kentucky's 2009 budget approved by its board of directors.

Request 18a. Provide the date that East Kentucky's 2009 budget was approved by its board of directors.

Response 18a. East Kentucky's 2009-2011 budget was approved by its board of directors on September 9, 2008.

Request 18b. Explain whether the costs estimates included in East Kentucky's forecasted test year are those included in the 2009 budget or the more recent, lower costs estimates identified in the Crawford Testimony. Provide references to documents, schedules, etc. in the application which support the explanation.

Response 18b. The cost estimates of $532,220,813 for Spurlock 4, and $162,500,632 for Smith 9 & 10 as included in East Kentucky's forecasted test year are

included in the 2009-2011 budget and was previously submitted as Gary Crawford Testimony Exhibit GTC-A.

Request 18c. Refer to pages 8-9 of the Crawford Testimony. Provide the date on which East Kentucky filed its request for a lien accommodation from RUS to enable it to seek financing for the Smith 1 Generating Unit from a source other than RUS.

Response 18c. East Kentucky filed its request for a lien accommodation from RUS on November 5, 2008 to enable it to seek financing for the Smith Unit 1 Generating Unit from a source other than RUS.

Request 18d. Refer to lines 19-20 on page 9 of the Crawford Testimony. Provide the detailed cash flow which has been developed for the Smith 1 project based on a January 1, 2010 date to start Construction.

Response 18d. Attached is the detailed cash flow which was developed for the Smith Unit 1 Project based on a January 1, 2010 date to start construction.

Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 2008

CONTRACT	UNIT 1 ESTIMATED COST(2)	Total Thru July 2008	Aug 2008	Sep 2008
TURBINE GENERATOR	38,000,000	25,569,139	74,517	74,517
SITE IMPROVEMENTS	6,100,000	-	-	-
FEEDWATER HEATERS	1,684,665	1,516,199	-	-
DEAERATOR	450,000	-	-	-
CONDENSER	2,661,835	2,395,652	-	-
CIRCULATING WATER PUMPS	1,100,000	-	-	-
CONDENSATE PUMPS	450,000	-	-	-
BOILER FEED PUMPS	2,962,378	2,666,140	-	-
DISTRIBUTED CONTROL SYSTEM	2,650,000	-	-	-
FANS	4,400,000	-	-	-
ASH HANDLING EQUIPMENT	5,200,000	-	-	-
TURBINE BRIDGE CRANE	650,000	-	-	-
ALLOY PIPING	4,400,000	2,800,000	-	-
LARGE POWER TRANSFORMERS	3,400,000	-	-	-
MEDIUM POWER TRANSFORMERS	1,600,000	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMERS	850,000	-	-	-
GENERATOR BREAKER & ISOPHASE	3,300,000	-	-	-
SWITCHGEAR	6,000,000	-	-	-
BOILER ISLAND	264,000,000	81,403,500	100,000	100,000
EMISSIONS MONITORING	450,000	-	-	-
COAL/LIMESTONE HANDLING	55,400,000	-	-	-
CHIMNEY	7,500,000	-	-	-
COOLING TOWER	3,900,000	-	-	-
CIRCULATING WATER PIPE	5,500,000	-	-	-
CONCRETE BATCH PLANT(5)	6,000,000	-	-	-
SUBSTRUCTURE I	19,100,000	-	-	-
SUBSTRUCTURE II	9,400,000	-	-	-
ASH SILOS	12,700,000	-	-	-
TURBINE BUILDING STRUCTURAL STEEL	8,900,000	-	-	-
BUILDING & MECHANICAL WORK	109,700,000	-	-	-
ASH HANDLING INSTALLATION	4,600,000	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	6,800,000	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	28,500,000	-	-	-
PAINTING	4,200,000	-	-	-
ENGINEER - STANLEY CONSULTANTS	22,130,000	7,516,600	10,000	10,000
BUDGETED CONTINGENCY(4)	45,520,000	-	-	-
SUBTOTAL(3)	700,158,878	123,867,230	184,517	184,517

NOTES:
1 COMMERCIAL OPERATING DATE MAY 1, 2013
2 CONTRACT COSTS - SEE AUGUST 2008 PLANT COST ESTIMATE
3 OWNER'S COSTS, IDC, SUBSTATION NOT INCLUDED
4 CONTINGENCY DISTRIBUTED AS % OF MONTHLY EXPENDITURES
5 INCLUDED WITH G261 IN RECENT COST ESTIMATE

Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009	Mar 2009
TURBINE GENERATOR	74,517	74,517	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	-	-	-	-	-	-
FEEDWATER HEATERS	-	-	-	-	-	-
DEAERATOR	-	-	-	-	-	-
CONDENSER	-	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	-	-	-
BOILER FEED PUMPS	-	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-	-
FANS	-	-	-	-	-	-
ASH HANDLING EQUIPMENT	-	-	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-	-	-
ALLOY PIPING	-	-	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	-	-	-	-
SWITCHGEAR	-	-	-	-	-	-
BOILER ISLAND	100,000	100,000	100,000	100,000	100,000	100,000
EMISSIONS MONITORING	-	-	-	-	-	-
COAL/LIMESTONE HANDLING	-	-	-	-	-	-
CHIMNEY	-	-	-	-	-	-
COOLING TOWER	-	-	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-	-	-
CONCRETE BATCH PLANT[5]	-	-	-	-	-	-
SUBSTRUCTURE I	-	-	-	-	-	-
SUBSTRUCTURE II	-	-	-	-	-	-
ASH SILOS	-	-	-	-	-	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-	-	-
BUILDING & MECHANICAL WORK	-	-	-	-	-	-
ASH HANDLING INSTALLATION	-	-	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	-	-	-	-	-	-
PAINTING	-	-	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	10,000	10,000	10,000	20,000	30,000	50,000
BUDGETED CONTINGENCY[4]	-	-	-	-	-	-
SUBTOTAL	184,517	184,517	184,517	194,517	204,517	224,517

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
2. CONTRACT COSTS - SEE AUGUST 2008 PLA
3. OWNER'S COSTS, IDC, SUBSTATION NOT IN
4. CONTINGENCY DISTRIBUTED AS % OF MON
5. INCLUDED WITH G261 IN RECENT COST EST

Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009
TURBINE GENERATOR	74,517	74,517	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	-	-	-	-	-	-
FEEDWATER HEATERS	-	-	-	-	-	-
DEAERATOR	-	-	-	-	-	-
CONDENSER	-	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	-	-	-
BOILER FEED PUMPS	-	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-	-
FANS	-	-	-	396,000	990,000	-
ASH HANDLING EQUIPMENT	-	-	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-	-	-
ALLOY PIPING	-	-	-	-	80,000	80,000
LARGE POWER TRANSFORMERS	-	-	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	-	-	-	-
SWITCHGEAR	-	-	-	-	-	-
BOILER ISLAND	100,000	100,000	100,000	100,000	100,000	100,000
EMISSIONS MONITORING	-	-	-	-	-	-
COAL/LIMESTONE HANDLING	-	-	-	-	-	-
CHIMNEY	-	-	-	-	-	-
COOLING TOWER	-	-	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-	-	-
CONCRETE BATCH PLANT[5]	-	-	-	-	-	-
SUBSTRUCTURE I	-	-	-	-	-	-
SUBSTRUCTURE II	-	-	-	-	-	-
ASH SILOS	-	-	-	-	-	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-	-	-
BUILDING & MECHANICAL WORK	-	-	-	-	-	-
ASH HANDLING INSTALLATION	-	-	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	-	-	-	-	-	-
PAINTING	-	-	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	60,000	60,000	60,000	80,000	100,000	150,000
BUDGETED CONTINGENCY[4]	-	-	-	51,400	105,700	31,600
SUBTOTAL	234,517	234,517	234,517	701,917	1,450,217	436,117

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
2. CONTRACT COSTS - SEE AUGUST 2008 PLA
3. OWNER'S COSTS, IDC, SUBSTATION NOT IN
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5. INCLUDED WITH G261 IN RECENT COST EST

Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010
TURBINE GENERATOR	74,517	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	-	-	-	1,350,000	2,070,000
FEEDWATER HEATERS	-	-	-	-	-
DEAERATOR	-	-	-	-	-
CONDENSER	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	-	-
BOILER FEED PUMPS	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-
FANS	-	-	-	-	-
ASH HANDLING EQUIPMENT	-	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-	-
ALLOY PIPING	-	-	-	240,000	240,000
LARGE POWER TRANSFORMERS	-	-	153,000	153,000	153,000
MEDIUM POWER TRANSFORMERS	-	72,000	72,000	72,000	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	38,250	38,250	38,250	38,250
GENERATOR BREAKER & ISOPHASE	-	-	-	-	-
SWITCHGEAR	-	-	-	-	-
BOILER ISLAND	100,000	544,900	708,400	817,300	1,017,100
EMISSIONS MONITORING	-	-	-	-	-
COAL/LIMESTONE HANDLING	-	-	-	-	-
CHIMNEY	-	-	-	-	-
COOLING TOWER	-	-	-	-	-
CIRCULATING WATER PIPE	-	247,500	396,000	396,000	396,000
CONCRETE BATCH PLANT[5]	-	-	-	-	-
SUBSTRUCTURE I	-	-	-	171,900	343,800
SUBSTRUCTURE II	-	-	-	-	-
ASH SILOS	-	-	-	-	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	320,400	320,400
BUILDING & MECHANICAL WORK	-	-	-	-	-
ASH HANDLING INSTALLATION	-	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	-	-	-	-	-
PAINTING	-	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	200,000	250,000	250,000	300,000	400,000
BUDGETED CONTINGENCY[4]	29,000	96,000	133,600	309,900	398,500
SUBTOTAL	403,517	1,323,167	1,825,767	4,243,267	5,451,567

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010
TURBINE GENERATOR	74,517	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	2,070,000			610,000	-
FEEDWATER HEATERS	-	-	-	-	-
DEAERATOR	-	-	-	40,500	-
CONDENSER	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	40,500	-
BOILER FEED PUMPS	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-
FANS	-	-	-	-	2,178,000
ASH HANDLING EQUIPMENT	-	-	-	187,200	187,200
TURBINE BRIDGE CRANE	-	-	-	-	-
ALLOY PIPING	240,000	240,000	240,000	240,000	-
LARGE POWER TRANSFORMERS	-	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	148,500	148,500	-
SWITCHGEAR	-	-	-	-	540,000
BOILER ISLAND	1,216,900	4,341,000	4,286,500	9,644,700	6,575,000
EMISSIONS MONITORING	-	-	-	-	-
COAL/LIMESTONE HANDLING	997,200	997,200	997,200	997,200	997,200
CHIMNEY	-	168,750	168,750	168,750	168,750
COOLING TOWER	-	-	-	-	-
CIRCULATING WATER PIPE	396,000	396,000	544,500	544,500	544,500
CONCRETE BATCH PLANT[5]	108,000	216,000	216,000	216,000	216,000
SUBSTRUCTURE I	343,800	859,500	859,500	859,500	859,500
SUBSTRUCTURE II	-	-	-	-	-
ASH SILOS	-	-	-	-	571,500
TURBINE BUILDING STRUCTURAL STEEL	320,400	320,400	320,400	320,400	320,400
BUILDING & MECHANICAL WORK	-	-	-	-	987,300
ASH HANDLING INSTALLATION	-	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	306,000	306,000	306,000
ELECTRICAL & INSTRUMENTATION WORK	-	-	-	-	-
PAINTING	-	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	400,000	400,000	350,000	350,000	350,000
BUDGETED CONTINGENCY[4]	486,000	631,700	671,900	1,163,900	1,174,800
SUBTOTAL	6,652,817	8,645,067	9,183,767	15,912,167	16,050,667

NOTES:
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Aug 2010	Sep 2010	Oct 2010	Nov 2010
TURBINE GENERATOR	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	-	-	-	-
DEAERATOR	-	-	-	-
CONDENSER	-	-	-	-
CIRCULATING WATER PUMPS	-	99,000	-	-
CONDENSATE PUMPS	-	-	-	-
BOILER FEED PUMPS	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	119,250	119,250	119,250	119,250
FANS	-	396,000	-	-
ASH HANDLING EQUIPMENT	187,200	187,200	-	327,600
TURBINE BRIDGE CRANE	-	58,500	-	29,250
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	306,000
MEDIUM POWER TRANSFORMERS	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	153,000	153,000
GENERATOR BREAKER & ISOPHASE	-	148,500	148,500	148,500
SWITCHGEAR	-	-	270,000	-
BOILER ISLAND	4,559,000	5,212,800	7,973,600	8,536,700
EMISSIONS MONITORING	-	-	-	-
COAL/LIMESTONE HANDLING	1,994,400	1,994,400	1,994,400	1,994,400
CHIMNEY	-	-	-	-
COOLING TOWER	390,000	-	-	-
CIRCULATING WATER PIPE	544,500	544,500	-	-
CONCRETE BATCH PLANT[5]	216,000	216,000	216,000	216,000
SUBSTRUCTURE I	859,500	859,500	859,500	859,500
SUBSTRUCTURE II	-	-	-	-
ASH SILOS	571,500	428,625	428,625	428,625
TURBINE BUILDING STRUCTURAL STEEL	320,400	320,400	320,400	320,400
BUILDING & MECHANICAL WORK	987,300	1,974,600	1,974,600	1,974,600
ASH HANDLING INSTALLATION	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	306,000	816,000	816,000	816,000
ELECTRICAL & INSTRUMENTATION WORK	-	-	-	-
PAINTING	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	350,000	350,000	350,000	350,000
BUDGETED CONTINGENCY[4]	1,106,300	1,189,200	1,339,200	1,416,600
SUBTOTAL	12,585,867	14,988,992	17,037,592	18,070,942

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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Dec 2010	Jan 2011	Feb 2011	Mar 2011
TURBINE GENERATOR	74,517	74,517	74,517	74,517
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	168,466	-	-	-
DEAERATOR	-	20,250	121,500	-
CONDENSER	266,183	-	-	-
CIRCULATING WATER PUMPS	49,500	-	-	-
CONDENSATE PUMPS	-	162,000	-	-
BOILER FEED PUMPS	296,238	-	-	-
DISTRIBUTED CONTROL SYSTEM	119,250	178,875	178,875	178,875
FANS	-	-	-	-
ASH HANDLING EQUIPMENT	327,600	327,600	327,600	327,600
TURBINE BRIDGE CRANE	-	-	-	-
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	306,000	306,000	306,000	306,000
MEDIUM POWER TRANSFORMERS	-	144,000	144,000	144,000
SMALL POWER DISTRIBUTION TRANSFORMER	153,000	153,000	-	-
GENERATOR BREAKER & ISOPHASE	148,500	148,500	148,500	148,500
SWITCHGEAR	-	1,350,000	-	-
BOILER ISLAND	7,483,200	6,956,500	7,101,800	5,812,200
EMISSIONS MONITORING	-	-	-	-
COAL/LIMESTONE HANDLING	1,994,400	1,994,400	1,994,400	1,994,400
CHIMNEY	-	-	-	675,000
COOLING TOWER	-	195,000	195,000	195,000
CIRCULATING WATER PIPE	550,000	-	-	-
CONCRETE BATCH PLANT[5]	216,000	324,000	324,000	324,000
SUBSTRUCTURE I	859,500	859,500	859,500	859,500
SUBSTRUCTURE II	84,600	169,200	972,900	972,900
ASH SILOS	428,625	428,625	428,625	428,625
TURBINE BUILDING STRUCTURAL STEEL	440,550	881,100	881,100	881,100
BUILDING & MECHANICAL WORK	1,974,600	2,961,900	2,961,900	2,961,900
ASH HANDLING INSTALLATION	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	816,000	816,000	816,000	-
ELECTRICAL & INSTRUMENTATION WORK	513,000	513,000	769,500	769,500
PAINTING	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	350,000	400,000	400,000	400,000
BUDGETED CONTINGENCY[4]	1,491,000	1,628,000	1,600,000	1,577,000
SUBTOTAL	19,110,729	20,991,967	20,605,717	19,030,617

NOTES:
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Apr 2011	May 2011	Jun 2011	Jul 2011
TURBINE GENERATOR	74,517	74,517	445,400	445,400
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	-	-	-	-
DEAERATOR	-	222,750	-	-
CONDENSER	-	-	-	-
CIRCULATING WATER PUMPS	-	841,500	-	-
CONDENSATE PUMPS	-	-	202,500	-
BOILER FEED PUMPS	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	178,875	178,875	178,875	178,875
FANS	-	-	-	-
ASH HANDLING EQUIPMENT	327,600	327,600	327,600	327,600
TURBINE BRIDGE CRANE	-	497,250	-	-
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	306,000	306,000	306,000	153,000
MEDIUM POWER TRANSFORMERS	144,000	144,000	144,000	144,000
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-
GENERATOR BREAKER & ISOPHASE	148,500	148,500	148,500	148,500
SWITCHGEAR	-	3,240,000	-	-
BOILER ISLAND	4,904,000	5,013,000	4,540,800	5,557,900
EMISSIONS MONITORING	-	-	-	-
COAL/LIMESTONE HANDLING	2,493,000	2,493,000	2,493,000	2,493,000
CHIMNEY	675,000	675,000	675,000	675,000
COOLING TOWER	455,000	455,000	455,000	455,000
CIRCULATING WATER PIPE	-	-	-	-
CONCRETE BATCH PLANT[5]	324,000	270,000	270,000	270,000
SUBSTRUCTURE I	687,600	687,600	687,600	687,600
SUBSTRUCTURE II	972,900	972,900	972,900	972,900
ASH SILOS	428,625	685,800	685,800	685,800
TURBINE BUILDING STRUCTURAL STEEL	440,550	320,400	320,400	320,400
BUILDING & MECHANICAL WORK	2,961,900	3,949,200	3,949,200	4,936,500
ASH HANDLING INSTALLATION	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	680,000	-
ELECTRICAL & INSTRUMENTATION WORK	769,500	769,500	1,282,500	1,282,500
PAINTING	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	350,000	350,000	350,000	350,000
BUDGETED CONTINGENCY[4]	1,513,000	1,949,700	1,708,000	1,785,000
SUBTOTAL	18,154,567	24,572,092	20,823,075	21,868,975

NOTES:
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Aug 2011	Sep 2011	Oct 2011	Nov 2011
TURBINE GENERATOR	445,400	534,450	534,450	534,450
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	-	-	-	-
DEAERATOR	-	-	-	-
CONDENSER	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-
CONDENSATE PUMPS	-	-	-	-
BOILER FEED PUMPS	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	178,875	178,875	178,875	-
FANS	-	-	-	-
ASH HANDLING EQUIPMENT	327,600	327,600	327,600	-
TURBINE BRIDGE CRANE	-	65,000	-	-
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	-
MEDIUM POWER TRANSFORMERS	144,000	72,000	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-
GENERATOR BREAKER & ISOPHASE	148,500	297,000	297,000	297,000
SWITCHGEAR	-	-	-	-
BOILER ISLAND	5,031,200	5,049,400	6,230,000	6,738,000
EMISSIONS MONITORING	-	-	-	-
COAL/LIMESTONE HANDLING	2,493,000	1,994,400	1,994,400	1,994,400
CHIMNEY	675,000	675,000	675,000	675,000
COOLING TOWER	455,000	260,000	-	-
CIRCULATING WATER PIPE	-	-	-	-
CONCRETE BATCH PLANT[5]	216,000	216,000	216,000	162,000
SUBSTRUCTURE I	515,700	515,700	515,700	343,800
SUBSTRUCTURE II	972,900	972,900	423,000	-
ASH SILOS	685,800	685,800	685,800	685,800
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-
BUILDING & MECHANICAL WORK	4,936,500	5,923,800	5,923,800	5,923,800
ASH HANDLING INSTALLATION	-	207,000	372,600	372,600
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	1,282,500	1,539,000	1,539,000	1,539,000
PAINTING	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	350,000	350,000	350,000	300,000
BUDGETED CONTINGENCY[4]	1,688,000	1,658,000	1,800,000	1,744,000
SUBTOTAL	20,545,975	21,521,925	22,063,225	21,309,850

NOTES:
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Dec 2011	Jan 2012	Feb 2012	Mar 2012
TURBINE GENERATOR	534,450	623,500	623,500	623,500
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	-	-	-	-
DEAERATOR	-	-	-	-
CONDENSER	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-
CONDENSATE PUMPS	-	-	-	-
BOILER FEED PUMPS	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-
FANS	-	-	-	-
ASH HANDLING EQUIPMENT	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	85,000
GENERATOR BREAKER & ISOPHASE	-	-	-	-
SWITCHGEAR	-	-	-	-
BOILER ISLAND	8,155,000	6,663,000	6,874,000	6,375,000
EMISSIONS MONITORING	-	-	-	-
COAL/LIMESTONE HANDLING	1,994,400	1,994,400	1,620,450	1,620,450
CHIMNEY	-	-		750,000
COOLING TOWER	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-
CONCRETE BATCH PLANT[5]	108,000	108,000	108,000	108,000
SUBSTRUCTURE I	343,800	343,800	343,800	343,800
SUBSTRUCTURE II	-	-	940,000	-
ASH SILOS	685,800	685,800	685,800	-
TURBINE BUILDING STRUCTURAL STEEL	890,000	-	-	-
BUILDING & MECHANICAL WORK	5,923,800	5,923,800	5,923,800	3,949,200
ASH HANDLING INSTALLATION	372,600	372,600	372,600	372,600
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	1,539,000	1,795,500	1,795,500	1,795,500
PAINTING	-	-	-	-
ENGINEER - STANLEY CONSULTANTS	300,000	300,000	300,000	300,000
BUDGETED CONTINGENCY[4]	1,746,000	1,634,000	1,717,000	1,439,000
SUBTOTAL	22,592,850	20,444,400	21,304,450	17,762,050

NOTES:
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Apr 2012	May 2012	Jun 2012	Jul 2012
TURBINE GENERATOR	623,500	623,500	623,500	623,500
SITE IMPROVEMENTS	-	-	-	-
FEEDWATER HEATERS	-	-	-	-
DEAERATOR	-	-	-	-
CONDENSER	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-
CONDENSATE PUMPS	-	-	-	-
BOILER FEED PUMPS	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-
FANS	-	-	-	-
ASH HANDLING EQUIPMENT	260,000	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-
ALLOY PIPING	-	-	-	-
LARGE POWER TRANSFORMERS	-	340,000	-	-
MEDIUM POWER TRANSFORMERS	160,000	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	-	-
SWITCHGEAR	-	600,000	-	-
BOILER ISLAND	5,857,000	5,748,000	4,713,000	3,587,000
EMISSIONS MONITORING	-	40,500	-	364,500
COAL/LIMESTONE HANDLING	1,620,450	1,620,450	-	-
CHIMNEY	-	-	-	-
COOLING TOWER	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-
CONCRETE BATCH PLANT[5]	-	-	600,000	-
SUBSTRUCTURE I	-	-	-	1,910,000
SUBSTRUCTURE II	-	-	-	-
ASH SILOS	-	-	1,270,000	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-
BUILDING & MECHANICAL WORK	3,949,200	2,961,900	2,961,900	2,961,900
ASH HANDLING INSTALLATION	372,600	372,600	372,600	372,600
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	1,539,000	1,539,000	513,000	513,000
PAINTING	151,200	604,800	604,800	604,800
ENGINEER - STANLEY CONSULTANTS	300,000	300,000	300,000	300,000
BUDGETED CONTINGENCY[4]	1,371,000	1,364,000	1,044,000	987,000
SUBTOTAL	16,203,950	16,114,750	13,002,800	12,224,300

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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012
TURBINE GENERATOR	356,300	356,300	356,300	150,000	-
SITE IMPROVEMENTS	-	-	-	-	-
FEEDWATER HEATERS	-	-	-	-	-
DEAERATOR	-	-	-	-	-
CONDENSER	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	-	-
BOILER FEED PUMPS	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-
FANS	-	-	-	-	-
ASH HANDLING EQUIPMENT	-	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-	-
ALLOY PIPING	-	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	-	-	-
SWITCHGEAR	-	-	-	-	-
BOILER ISLAND	2,597,300	1,216,900	781,000	544,900	490,500
EMISSIONS MONITORING	-	-	-	-	-
COAL/LIMESTONE HANDLING	2,770,000	-	-	-	-
CHIMNEY	-	-	-	-	-
COOLING TOWER	-	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-	-
CONCRETE BATCH PLANT[5]	-	-	-	-	-
SUBSTRUCTURE I	-	-	-	-	-
SUBSTRUCTURE II	-	-	-	-	-
ASH SILOS	-	-	-	-	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-	-
BUILDING & MECHANICAL WORK	2,961,900	987,300	987,300	987,300	987,300
ASH HANDLING INSTALLATION	207,000	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK	513,000	513,000	513,000	513,000	
PAINTING	604,800	604,800	604,800	-	-
ENGINEER - STANLEY CONSULTANTS	300,000	300,000	300,000	300,000	300,000
BUDGETED CONTINGENCY[4]	914,000	313,000	251,000	197,000	140,000
SUBTOTAL	11,224,300	4,291,300	3,793,400	2,692,200	1,917,800

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
2. CONTRACT COSTS - SEE AUGUST 2008 PLA
3. OWNER'S COSTS, IDC, SUBSTATION NOT IN
4. CONTINGENCY DISTRIBUTED AS % OF MON
5. INCLUDED WITH G261 IN RECENT COST EST

Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013
TURBINE GENERATOR	-	-	839,883	-	-
SITE IMPROVEMENTS	-	-	-	-	-
FEEDWATER HEATERS	-	-	-	-	-
DEAERATOR	-	-	-	-	-
CONDENSER	-	-	-	-	-
CIRCULATING WATER PUMPS	-	-	-	-	-
CONDENSATE PUMPS	-	-	-	-	-
BOILER FEED PUMPS	-	-	-	-	-
DISTRIBUTED CONTROL SYSTEM	-	-	-	-	-
FANS	-	-	-	-	-
ASH HANDLING EQUIPMENT	260,000	-	-	-	-
TURBINE BRIDGE CRANE	-	-	-	-	-
ALLOY PIPING	-	-	-	-	-
LARGE POWER TRANSFORMERS	-	-	-	-	-
MEDIUM POWER TRANSFORMERS	-	-	-	-	-
SMALL POWER DISTRIBUTION TRANSFORMER	-	-	-	-	-
GENERATOR BREAKER & ISOPHASE	-	-	330,000	-	-
SWITCHGEAR	-	-	-	-	-
BOILER ISLAND	472,000	454,000	272,500	236,000	207,500
EMISSIONS MONITORING	-	-	-	-	-
COAL/LIMESTONE HANDLING	-	2,770,000	-	-	-
CHIMNEY	-	-	-	-	-
COOLING TOWER	-	-	-	-	-
CIRCULATING WATER PIPE	-	-	-	-	-
CONCRETE BATCH PLANT[5]	-	-	-	-	-
SUBSTRUCTURE I	-	-	-	-	-
SUBSTRUCTURE II	-	-	-	-	-
ASH SILOS	-	-		-	-
TURBINE BUILDING STRUCTURAL STEEL	-	-	-	-	-
BUILDING & MECHANICAL WORK			5,485,000		
ASH HANDLING INSTALLATION	460,000	-	-	-	-
RIVER WATER INTAKE & PUMPHOUSE	-	-	-	-	-
ELECTRICAL & INSTRUMENTATION WORK		1,425,000			1,425,000
PAINTING	-	420,000	-	-	-
ENGINEER - STANLEY CONSULTANTS	250,000	250,000	200,000	150,000	150,000
BUDGETED CONTINGENCY[4]	113,000	533,000	563,000	30,000	140,000
SUBTOTAL	1,555,000	5,852,000	7,690,383	416,000	1,922,500

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
2. CONTRACT COSTS - SEE AUGUST 2008 PLA
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Stanley Consultants INC.

SMITH STATION UNIT 1
ESTIMATED CASH FLOW - AUGUST 200

CONTRACT	Jun 2013	Total
TURBINE GENERATOR	-	38,000,000
SITE IMPROVEMENTS	-	6,100,000
FEEDWATER HEATERS	-	1,684,665
DEAERATOR	45,000	450,000
CONDENSER	-	2,661,835
CIRCULATING WATER PUMPS	110,000	1,100,000
CONDENSATE PUMPS	45,000	450,000
BOILER FEED PUMPS	-	2,962,378
DISTRIBUTED CONTROL SYSTEM	265,000	2,650,000
FANS	440,000	4,400,000
ASH HANDLING EQUIPMENT	-	5,200,000
TURBINE BRIDGE CRANE	-	650,000
ALLOY PIPING	-	4,400,000
LARGE POWER TRANSFORMERS	-	3,400,000
MEDIUM POWER TRANSFORMERS	-	1,600,000
SMALL POWER DISTRIBUTION TRANSFORMER	-	850,000
GENERATOR BREAKER & ISOPHASE	-	3,300,000
SWITCHGEAR	-	6,000,000
BOILER ISLAND		264,000,000
EMISSIONS MONITORING	45,000	450,000
COAL/LIMESTONE HANDLING	-	55,400,000
CHIMNEY	-	7,500,000
COOLING TOWER	390,000	3,900,000
CIRCULATING WATER PIPE	-	5,500,000
CONCRETE BATCH PLANT[5]	-	6,000,000
SUBSTRUCTURE I	-	19,100,000
SUBSTRUCTURE II	-	9,400,000
ASH SILOS	-	12,700,000
TURBINE BUILDING STRUCTURAL STEEL	-	8,900,000
BUILDING & MECHANICAL WORK	5,485,000	109,700,000
ASH HANDLING INSTALLATION	-	4,600,000
RIVER WATER INTAKE & PUMPHOUSE	-	6,800,000
ELECTRICAL & INSTRUMENTATION WORK	-	28,500,000
PAINTING	-	4,200,000
ENGINEER - STANLEY CONSULTANTS	103,400	22,130,000
BUDGETED CONTINGENCY[4]	547,000	45,520,000
SUBTOTAL	7,475,400	**700,158,878**

NOTES:
1. COMMERCIAL OPERATING DATE MAY 1, 201
2. CONTRACT COSTS - SEE AUGUST 2008 PLA
3. OWNER'S COSTS, IDC, SUBSTATION NOT IN
4. CONTINGENCY DISTRIBUTED AS % OF MON
5. INCLUDED WITH G261 IN RECENT COST EST

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 19
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 19. Refer to the Testimony of James C. Lamb, Jr., specifically pages 4-6, which refer to East Kentucky's load forecast results, and Exhibits JCL-3, JCL-4 and JCL-5.

Request 19a. Mr. Lamb indicates that East Kentucky believes that electric use per-customer on its system will continue to grow, but at a lower rate relative to historical growth. He also indicates that East Kentucky's 2008 load forecast is lower than its 2006 forecast. The exhibits provide various historical and forecasted load and energy data, with the historical data going back to 1990. Provide a side-by-side comparison of East Kentucky's actual peak winter demands and total energy requirements and its forecasted peak winter demands and total energy requirements from 1995 through the most recent period available. Use the most recent East Kentucky forecast available at the time as the source of the forecasted demands and energy requirements.

Response 19a. Please see attachment

Request 19b. Based on the information in Exhibit JCL-3, East Kentucky's average load factor for the last 10 years reported (1998-2007) was 54.1 percent. Explain why its forecasted load factor is consistently lower than this historical average.

Response 19b. The forecast is based upon the assumption of normal weather. During a normal weather year, the minimum temperature is -3 degrees Farenheit. For the time period 1998-2007, the temperature was below zero 2 years, 2003 and 2004. During these years the load factor is 51% and 52% which is similar to the load factors for the forecast period.

Request 19c. Explain which of the growth rates contained in Table 2 of Exhibit JCL-4 was used in developing the data used in East Kentucky's proposed forecasted test year.

Response 19c. The growth rates presented in Table 2 of exhibit JCL-4 show the expected growth rates for total requirements, residential sales, as well as commercial sales, winter and summer peak demand for 5, 10, and 20 year projections. These show the long term trends that are expected to be seen on the EKPC system in general, not specifically related to the test period.

Request 19d. East Kentucky's proposed test year is the 12 months from June of 2009 through May of 2010. The comparison of East Kentucky's 2006 and 2008 load forecasts in Exhibit JCL-5 shows a lower level of total energy requirements for calendar year 2010 in the 2008 forecast as compared to the 2006 forecast, but higher net winter and summer peak demands. Explain how these forecasted levels for 2010 have been built into East Kentucky's proposed forecasted test year.

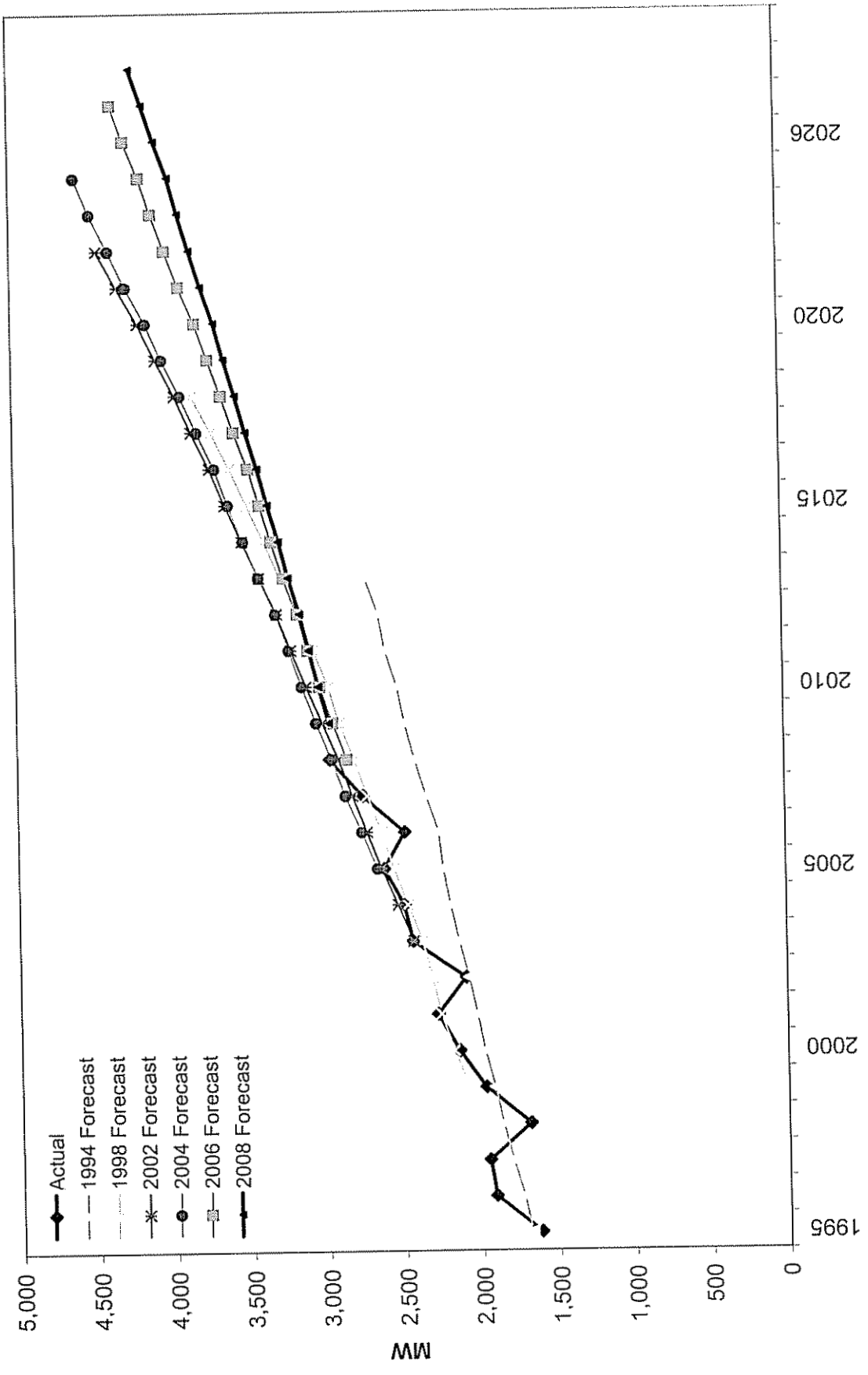
Response 19d. All of the inputs for the test year are based upon the 2008 Load Forecast. Monthly demands and energies were developed based upon the 2008 load forecast and used to derive billing determinants for the test year.

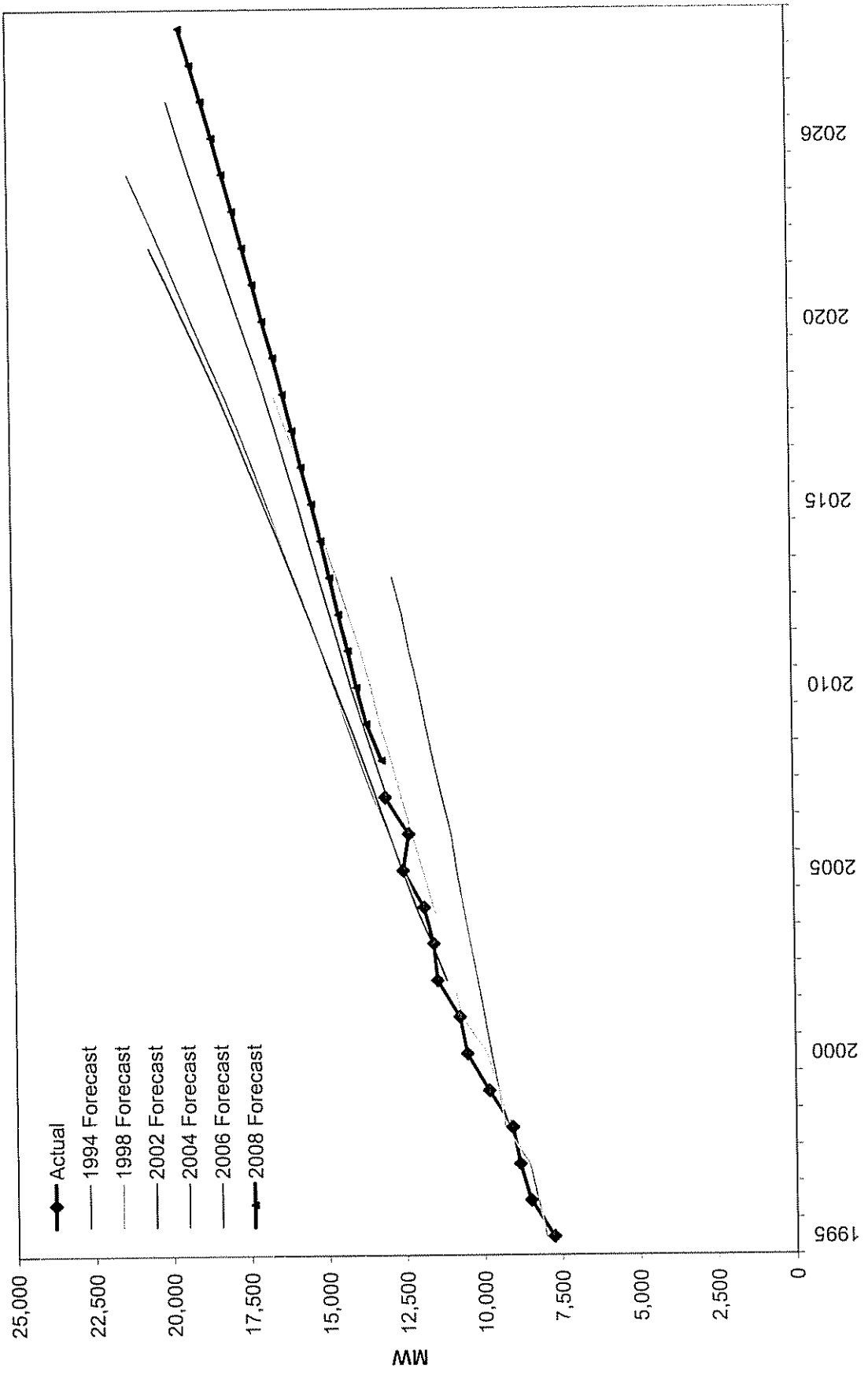
Winter Peak Demand
(MW)

Year	Actual	1994 Forecast	1998 Forecast	2002 Forecast	2004 Forecast	2006 Forecast	2008 Forecast
1995	1,621	1,683					
1996	1,915	1,734					
1997	1,953	1,801					
1998	1,682	1,864					
1999	1,971	1,913	2,081				
2000	2,140	1,973	2,177				
2001	2,278	2,022	2,255				
2002	2,092	2,072	2,314				
2003	2,435	2,133	2,370	2,430			
2004	2,487	2,187	2,464	2,528			
2005	2,615	2,231	2,551	2,631	2,659		
2006	2,477	2,257	2,629	2,724	2,758		
2007	2,749	2,336	2,719	2,816	2,864		
2008	2,964	2,408	2,801	2,903	2,950	2,848	
2009		2,469	2,896	3,007	3,047	2,938	2,962
2010		2,517	2,963	3,108	3,138	3,021	3,029
2011		2,591	3,060	3,206	3,220	3,094	3,087
2012		2,631	3,166	3,296	3,305	3,162	3,143
2013		2,716	3,271	3,409	3,413	3,251	3,215
2014			3,373	3,517	3,509	3,326	3,275
2015			3,482	3,623	3,604	3,398	3,345
2016			3,590	3,722	3,688	3,468	3,408
2017			3,705	3,837	3,801	3,560	3,482
2018			3,832	3,943	3,906	3,638	3,547
2019				4,063	4,021	3,722	3,617
2020				4,174	4,124	3,804	3,680
2021				4,307	4,248	3,904	3,760
2022				4,434	4,359	3,992	3,833
2023					4,475	4,078	3,904
2024					4,574	4,153	3,965
2026						4,248	4,052
2026						4,329	4,125
2027							4,204

Total Energy Requirements (GWH)

	Actual	1994 Forecast	1998 Forecast	2002 Forecast	2004 Forecast	2006 Forecast	2008 Forecast
1995	7,761	8,010					
1996	8,505	8,270					
1997	8,850	8,531					
1998	9,074	9,310	9,123				
1999	9,826	9,510	9,524				
2000	10,521	9,727	9,873				
2001	10,751	9,936	10,674				
2002	11,457	10,149	10,956	11,152			
2003	11,568	10,377	11,196	11,616			
2004	11,866	10,596	11,564	12,122	12,056		
2005	12,528	10,798	11,896	12,548	12,506		
2006	12,331	10,968	12,221	12,963	12,975		
2007	13,080	11,249	12,549	13,368	13,464	13,015	
2008		11,517	12,869	13,777	13,890	13,399	13,173
2009		11,761	13,215	14,200	14,300	13,769	13,647
2010		11,987	13,494	14,645	14,701	14,139	13,959
2011		12,262	13,830	15,079	15,079	14,462	14,217
2012		12,480	14,190	15,509	15,497	14,799	14,512
2013		12,781	14,558	15,961	15,934	15,140	14,777
2014			14,953	16,421	16,363	15,465	15,050
2015			15,336	16,891	16,789	15,787	15,336
2016			15,715	17,374	17,213	16,139	15,658
2017			16,118	17,837	17,666	16,477	15,930
2018			16,560	18,318	18,134	16,824	16,222
2019				18,844	18,642	17,204	16,527
2020				19,386	19,141	17,601	16,855
2021				19,920	19,633	17,986	17,158
2022				20,483	20,125	18,378	17,480
2023					20,634	18,761	17,784
2024					21,165	19,149	18,106
2026						19,520	18,423
2026						19,874	18,751
2027							19,099


MW
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1995
2000
2005
2010
2015
2020
2026
Actual
1994 Forecast
1998 Forecast
2002 Forecast
2004 Forecast
2006 Forecast
2008 Forecast


Actual
1994 Forecast
1998 Forecast
2002 Forecast
2004 Forecast
2006 Forecast
2008 Forecast
MW
25,000
22,500
20,000
17,500
15,000
12,500
10,000
7,500
5,000
2,500
0
1995
2000
2005
2010
2015
2020
2026

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 20
RESPONSIBLE PERSON: **Craig A. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 20. Refer to page 7 of the Testimony of Craig A. Johnson ("Johnson Testimony"), specifically the comparison of East Kentucky's O&M cost per megawatthour ("MWh") to the national average O&M cost per MWh from 2002 to 2007. In 2002, East Kentucky's cost per MWh was 2.2 percent greater than the national average, while in 2007 its cost per MWh was 23 percent greater than the national average. The national average O&M cost per MWh increased by 38 percent over this period, while East Kentucky's O&M cost per MWh increased 67 percent. Provide a summary of the results of any analysis East Kentucky has performed to determine why the growth of its O&M cost per MWh so greatly exceeded the growth of the national industry average.

Response 20. East Kentucky has not performed a formal analysis to compare its O&M growth to that of the national industry average. However, an analysis of East Kentucky's O&M costs from 2002 to 2007 is provided in Response 18 to the First Data Request of the Attorney General.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 21
RESPONSIBLE PERSON: **Craig A. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 21. Refer to the discussion on pages 7-8 of the Johnson Testimony concerning how East Kentucky's forced outage rates compare to industry averages. Mr. Johnson points out that the data collected by the North American Electric Reliability Council does not distinguish between pulverized coal units and CFB units. Is East Kentucky aware of any "non-Gilbert" industry data which would separately report forced outage information on CFB units? If yes, provide a summary of the information.

Response 21. No. EKPC is not aware of any industry data which separately reports forced outage information on CFB units.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 22
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 22. Refer to the Testimony of William Steven Seelye ("Seelye Testimony"), specifically the respective discussion on pages 4-5 of his qualifications and on pages 7-9, of East Kentucky's choice to file its rate application based on a forecasted test year due to the upcoming commercialization of Spurlock 4. Mr. Seelye was employed in the Rate Department of Louisville Gas and Electric Company's ("LG&E") from 1979-1996, during which time LG&E filed a rate application designed to fully incorporate the costs of its Trimble County Unit 1 into its electric rates, Case No. 1990-00158. Describe the extent to which Mr. Seelye or others in his firm, The Prime Group, LLC, advised East Kentucky concerning the type of test year on which it should base its rate application.

Response 22. The statute under which EKPC filed its rate case application supported by a fully forecasted test period, KRS 278.192, did not become effective until July 14, 1992. LG&E's rate case application in Case No. 1990-00158 was filed prior to that date.

[1] Case No. 1990-00158, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company, Order dated December 21, 1990.

EKPC had concluded that it was necessary to file a rate case application supported by a fully forecasted test year to prior engaging The Prime Group, LLC, to provide assistance with the rate case filing. Mr. Seelye agreed with EKPC's conclusion.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 23
RESPONSIBLE PERSON: ***William Steven Seelye***
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 23. Refer to Seelye Exhibit 2, page 1 of 2. The fuel costs recovered through base rates and the FAC which are removed from revenues on lines 4 and 5 total $459,411,613. The fuel costs removed from expenses on lines 15 and 16 total $455,126,416. Explain why, with the use of a forecasted test period, the amount of fuel cost revenue and the amount of fuel cost expense would not be the same.

Response 23. The fuel costs removed from expenses on lines 15 and 16 of Seelye Exhibit 2, page 1 of 2, should be $457,684,172, and not $455,126,416 as shown in the exhibit. See corrected exhibits provided in response to Staff 25(b). Therefore the mismatch between FAC-related revenues and fuel expenses is $1,727,441.

In any given test period, irrespective of whether a forecasted or actual test year is utilized, the revenue collected through the application of the FAC and base fuel costs will not match fuel costs. In this instance, the $459,411,613 in FAC and base fuel cost revenues were determined by applying the projected FAC rate and base fuel cost to the applicable kWh and MMBTU (steam) sales. There is a one-month lag between the determination of the FAC factor and the application of the FAC. Consequently, the FAC factors used to determine the FAC revenue during the test year correspond to FAC factors determined

for the 12 months ended April 2010, but the fuel costs removed from test-year operating results correspond to projected cost for the 12 months ended May 2010. Therefore, FAC revenues and FAC expenses will never match.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 24
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 24. Refer to Seelye Exhibit 2, Schedule 1.01, which, among other things, shows Pumping Station Fuel Cost Billings in the forecasted test year of $9,142,011. Identify in which revenue category this amount is included on Eames Exhibit 1, page 1.

Response 24. The Pumping Station Fuel Cost Billings in the forecasted test year of $9,142,011 is included in the revenue category of "Power Sales-Member Coops – Basic Rate" on Eames Exhibit 1, page 1.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 25
RESPONSIBLE PERSON: **Frank J. Oliva/William Steven Seelye/Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 25. Refer to Seelye Exhibit 2, page 1 of 2, and Exhibit 2, Schedule 1.03.

Request 25a. It appears that the $10 million in purchased power assigned to forced outages is a budgeted amount. If that is the case, explain how the amount was determined. If that is not the case, explain how $10 million was chosen as the amount to assign to forced outages.

Response 25a. The $10 million in purchased power assigned to forced outages is a budgeted amount. EKPC assumes that $833,300 in monthly purchases relate to forced outages. EKPC reviewed its level of forced outage costs for the past three years: $10.3 million in 2005; $5.3 million in 2006; and, $3.6 million in 2007. EKPC budgeted the forced outage costs at the high end of the three-year trend. Please note that EKPC's 2008 forced outage costs are $12.3 million.

Request 25b. The schedule shows total purchased power expense in the proposed forecasted test year of $64,242,370 minus the $10 million in purchased power expense assigned to forced outages, with the resulting amount of $51,684,614 shown as

purchased power costs recoverable through East Kentucky's FAC. The $51,684,614 is then carried forward to Line 16 of Seelye Exhibit 2. It appears that the amount of purchased power costs recoverable through the FAC is understated by roughly $2.5 million. Clarify whether this is the case and, if so, provide corrected versions of Schedule 1.03 and Exhibit 2, and any other exhibits that may be impacted by the correction.

Response 25b. There is a formula error in Schedule 1.03 of the Application; purchased power costs recoverable through East Kentucky's FAC are understated by approximately $2.5 million. Corrections to Seelye Exhibit 2 and Schedule 1.03 are included on pages 3 through 5 of this response.

EAST KENTUCKY POWER COOPERATIVE, INC.
Calculation of Revenue Requirement
Based on Forecasted Revenues and Expenses
For the 12 Month Period Ended May 31, 2010

Line	Description	Reference	Amount
1	**Total Operating Revenue & Patronage Capital Per Budget**	Eames Exhibit 1, Page 1, Line 8	$ 886,273,772
2			
3	Adjustments to Revenue:		
4	To Remove Fuel In Base Rates	Schedule 1.01	(350,719,383)
5	To Remove Fuel Adjustment Clause Revenue	Schedule 1.01	(108,692,230)
6	To Remove Environmental Surcharge Revenue	Eames Exhibit 1, Page 1, Line 3	(104,725,169)
7	To Adjust Off-System Sales Environmental Surcharge Revenue	Schedule 1.02	(1,377,517)
8			
9	**Adjusted Revenue**	Lines 1 through 7	$ 320,759,474
10			
11			
12	**Total Cost of Service**	Eames Exhibit 1, Page 2, Line 26	$ 898,541,897
13			
14	Adjustments to Cost of Service:		
15	To Remove Fuel Expense Recoverable through the FAC	Schedule 1.01	$ (403,441,802)
16	To Remove Purchased Power Expense Recoverable through the FAC	Schedule 1.03	(54,242,370)
17	To Remove O&M Expenses Recoverable through the Environmental Surcharge	Schedule 1.04	(31,800,030)
18	To Remove Emissions Allowance Expense Recoverable through the Environmental Surcharge	Schedule 1.05	(6,615,208)
19	To Remove Property Taxes and Property Insurance Recoverable through the Environmental Surcharge	Schedule 1.06	(2,098,198)
20	To Remove Depreciation Expenses Recoverable through the Environmental Surcharge	Schedule 1.07	(19,564,992)
21	To Remove Interest Expenses Recoverable through the Environmental Surcharge	Schedule 1.08	(37,031,989)
22	To Remove Promotional Advertising Expense pursuant to Commission Rule KAR 5:016	Schedule 1.09	(658,906)
23	To Remove Certain Directors' Expenses	Schedule 1.10	(93,300)
24	To Remove Donations	Schedule 1.11	(95,485)
25	To Remove Affiliate Expenses	Schedule 1.12	(28,712)
26	To Remove Lobbying Expenses	Schedule 1.13	(85,422)
27	To Remove Touchstone Energy Dues	Schedule 1.14	(414,000)
28	To Remove Other Miscellaneous Expenses	Schedule 1.15	(155,940)
29	To Normalize Ratecase Expenses	Schedule 1.16	100,000
30	Amortize 2004 Force Outage Balance	Schedule 1.17	3,419,058
31	To Normalize Generation Overhaul Expenses	Schedule 1.18	2,300,000
32			
33			
34	**Adjusted Cost of Service**	Lines 12 through 31	$ 348,034,601
35			
36	**Adjusted Operating Margins**	Line 9 less Line 34	$ (27,275,127)
37			
38	**Non-Operating Items**		
39	Interest Income	Eames Exhibit 1, Page 2, Line 32	$ 4,007,189
40	Other Non-Operating Income	Eames Exhibit 1, Page 2, Line 34	(27,912)
41	Other Capital Credits/Patronage Dividends	Eames Exhibit 1, Page 2, Line 35	250,000
42			
43	**Total Non-Operating Items**	Lines 39 through 41	$ 4,229,277
44			
45			
46	**Adjusted Net Margin (Deficit)**	Line 36 plus Line 43	$ (23,045,850)

EAST KENTUCKY POWER COOPERATIVE, INC.
Calculation of Revenue Requirement
Based on Forecasted Revenues and Expenses
For the 12 Month Period Ended May 31, 2010

Seelye Exhibit 2
Page 2 of 2
Revised

Line	Description	Reference		Amount
1	**Calculation of Revenue Deficiency**			
2				
3	Adjusted Net Margin (Deficit)	Page 1, Line 46		$ (23,045,850)
4				
5	Interest on Long-Term Debt	Eames Exhibit 1, Page 2, Line 19 Less Line 21, Above	$98,751,898.00	
6				
7	Net Margin Requirement at 1.45 TIER (0.45 x Line 5)			$ 44,438,354
8				
9	Revenue Deficiency (Line 7 - Line 3)			$ 67,484,204

PSC Request 25(b)
Page 4 of 5

Seelye Exhibit 2
Schedule 1.03
Revised

EAST KENTUCKY POWER COOPERATIVE, INC.
Adjustment to Remove Purchased Power Expense Recoverable Through the Fuel Adjustment Clause

		Total Purchased Power	Purchased Power Assigned to Forced Outages	Purchased Power Recoverable Through the FAC
June	2009	3,871,392	833,300	3,038,092
July	2009	5,316,797	833,300	4,483,497
August	2009	5,207,600	833,300	4,374,300
September	2009	3,745,707	833,300	2,912,407
October	2009	3,611,051	833,300	2,777,751
November	2009	7,484,043	833,300	6,650,743
December	2009	7,533,457	833,700	6,699,757
January	2010	9,284,117	833,300	8,450,817
February	2010	7,024,925	833,300	6,191,625
March	2010	4,123,190	833,300	3,289,890
April	2010	3,649,035	833,300	2,815,735
May	2010	3,391,056	833,300	2,557,756
Total		$ 64,242,370	$ 10,000,000	$ **54,242,370**

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 26
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 26. Refer to Seelye Exhibit 2, Schedule 1.14, which contains an adjustment to remove Touchstone Energy Dues in the amount of $414,000, which is identified as of January 2010. Explain whether this amount reflects East Kentucky's dues for calendar year 2010 and, if so, whether this amount is representative of its Touchstone Energy dues for its proposed test year, which includes only five months of 2010.

Response 26. On Seelye, Exhibit 2, Schedule 1.14, the Touchstone Energy Dues in the amount of $414,000 does reflect EKPC's dues for the calendar year, as well as the test year. The dues are paid annually and we do not anticipate an increase in these dues between 2009 and 2010.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 27
RESPONSIBLE PERSON: **Craig A. Johnson**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 27. Refer to Seelye Exhibit 2, Schedule 1.18.

Request 27a. Provide the planned overhaul dates for the generating units listed on the schedule other than the units that are scheduled to have overhauls during the proposed test year.

Response 27a. Information provided on page 2 of this response.

Request 27b. Provide the dates and costs of the most recent overhauls of East Kentucky's generating units.

Response 27b. Information provided on page 2 of this response.

		Last Major Overhaul				
			Budget	Actual	Scheduled Year for	
Station	Unit	Year	Cost	Cost	Next Major Overhaul	Notes
Cooper	1	2000	$3,225,000	$3,078,415	2009 fall	To be completed during test year
	2	2003	$5,698,000	$5,086,636	2012	
Dale	1	NA	NA	NA	2009 spring	Turbine/Generator replaced in 1998
	2	NA	NA	NA	2009 spring	Turbine/Generator replaced in 1998
	3	2007	$6,600,000	$6,700,000	2017	
	4	2006	$4,605,000	$3,500,000	2016	
Smith	1	2006	$3,002,044	$3,133,370	2012	
	2	2005	$3,375,000	$2,477,864	2013	
	3	2007	$1,540,818	$7,055,453	2014	
	4	NA	NA	NA	2023	
	5	NA	NA	NA	2025	
	6	NA	NA	NA	2026	
	7	NA	NA	NA	2027	
Spurlock	1	2004	$0	$3,800,000	2014	Outage was originally budgeted in 2005 at $4,100,000. Performed in 2004 due to forced outage. Does not include cost of the generator rewind.
	2	2008	$8,500,000	$13,950,000	2018	
	Gilbert	NA	NA	NA	2015	

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08

REQUEST 28

RESPONSIBLE PERSON: **William Steven Seelye**

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

Request 28. Provide an electronic copy of Seelye Exhibits 6 through 10 with the formulas intact.

Response 28. The Seelye exhibits are included on the attached CD as Response 29 to the First Data Request of the Attorney General.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 29
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 29. Refer to Seelye Exhibit 6, page 1. Describe what the category Steam Direct represents and explain how costs are functionalized and classified into this category.

Response 29. Steam Direct includes power production plant costs that are directly assigned to an industrial special contract customer that receives steam service from EKPC's Spurlock 1 & 2. Attached is the workpaper used to determine the specific assignment.

STEAM PLANT (Non-ESC)

	Acct	13 mo avg Spurlock 1&2	Unit 3&4 Gilbert & Sp4	Total Spur Plant	No 314.315 Spur 1&2 only STEAM
	31040	448,256		448,256	448,256
	31043	3,361,858		3,361,858	3,361,858
	31140	2,894,360		2,894,360	2,894,360
	31141	4,856,668		4,856,668	4,856,668
	31142	34,657,322		34,657,322	34,657,322
	31143			0	0
	31144		134,474,965	134,474,965	
	31240	12,170,025		12,170,025	12,170,025
	31241	34,602,870		34,602,870	34,602,870
	31242	194,693,694		194,693,694	194,693,694
	31243			0	0
	31244		96,964,743	96,964,743	
	31441	5,107,219		5,107,219	
	31442	52,724,960		52,724,960	
	31444		75,893,880	75,893,880	
	31541	3,777,872		3,777,872	
	31542	21,208,896		21,208,896	
	31543			0	
	31544		23,619,261	23,619,261	
	31640	2,947,081		2,947,081	2,947,081
	31643			0	0
	31644		196,710	196,710	
CB	31000	1,495,521		1,495,521	1,495,521
CB	31100	22,985,321		22,985,321	22,985,321
CB	31200	44,897,294		44,897,294	44,897,294
CB	31400	28,291,367		28,291,367	
CB	31500	6,959,770		6,959,770	
CB	31600	182,563		182,563	182,563
	Sp 2 SCB	0		0	0
	Sp1 SCB	0		0	0
	Spur 4		460,511,800	460,511,800	
	TOTAL	478,262,918		1,269,924,277	360,192,833
Steam-related Plant (Spur 1&2)			% of Tot Plt	28.36%	
			% of Sp1&2 P	75.31%	
INLAND STEAM PLANT			1.37%	17,374,007	17,374,007 check figure

STEAM ALLOCATION

				%	
BILL MWH	243,527			3.94%	
GEN MWH	264,173			4.27%	
TOT MWH	6,181,140				
PEAK MW	41			4.82%	
NORMAL MW	30			3.53%	
TOT NET CAI	850				
INLAND ST	300,000	lbs/hr	MAX	7.50%	unit #2
	220,000	lbs/hr	AVG	5.50%	unit #2
BOILER CAP					
STEAM UN #2	4,000,000	lbs/hr	92% TIME		
STEAM UN #1	2,400,000	lbs/hr	8% TIME		

** above 440 mw on Unit #2 (most always), steam is not using capacity requirements. It is being fed off the reheat element with the upgrade in the steam path (1997).

KW Capacity

	KW		% capacity	Boiler Plt only Capacity %		28.36% % Alloc
INLAND ST	41,000	avg capac	4.82%	3.63%	of Spur 1&2 steam only	1.37%
Tot Spur cap	850,000					of Total Spur Plant incl Gilbert

KWh ENERGY ALLOC

	KWh	% Alloc
INLAND ST	277,090,529	4.38%
Tot Spur Eng	6,319,403,707	
Spur + Gilb	0	#DIV/0!

PSC Request 29
Attachment
Page 1 of 1

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 30
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 30. Refer to Seelye Exhibit 6, pages 13-14. Explain what the Functional Vector TUP is and identify from where in the exhibit it is derived.

Response 30. The Function Vector TUP refers to Total Utility Plant and references the amounts shown in the row designated "Total Utility Plant" (i.e., the first row) on pages 3 and 4 of Seelye Exhibit 6. Total Utility Plant for each functional category is calculated in the bottom row of pages 1 and 2 of Seelye Exhibit 6.

(Please note that the functional vectors shown in the column labeled "Functional Vector" can be found in the column labeled "Name" of the cost of service study.)

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 31
RESPONSIBLE PERSON: ***William Steven Seelye***
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 31. Refer to Seelye Exhibit 6, pages 19-25. Explain whether the Functional Vector PDIST is identical to F003, F023 and F024 and identify from where in the exhibit it is derived.

Response 31. *PDIST, F003, F023, and F024 are the same. Page 2 shows a* breakdown of EKPC's distribution facilities which could be identified as Production, Transmission, Distribution Substations, and Meters functional groups:

FUNCTIONAL GROUP	PLANT AMOUNT	PERCENTAGE OF TOTAL
Production (substations and meters recorded as distribution plant but used at power plants)	$ 1,498,763	1.5442%
Transmission (substations and meters recorded as distribution plant but used for transmission service)	$ 336,846	0.3471%
Distribution Substations	$ 91,000,654	93.7612%
Meters	$ 4,219,536	4.3475%
Total	**$ 97,055,799**	**100.0000%**

In the cost of service study, distribution costs were functionally assigned on the basis of the above relationship.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 32
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 32. Refer to pages 23-24 and 27-28 of Seelye Exhibit 6. Explain whether the functional vector LBSUB9 is identical to LBSUB7 and identify from where in the exhibit it is derived.

Response 32. LBSUB9 and LBSUB7 are the same. In fact, LBSUB7 references the values shown for LBSUB9. LBSUB9 is calculated at the bottom of pages 21 and 22 of Seelye Exhibit 6.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 33
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 33. Refer to lines 2-4 on page 25 of the Seelye Testimony and Seelye Exhibit 6, pages 27-28.

Request 33a. Identify from where in Exhibit 6 the vectors are derived.

Response 33a. PPROD refers to Production Plant and is calculated on pages 1 and 2 of Seelye Exhibit 6 (but is ultimately based on F001). PTRAN refers to Transmission Plant and is calculated on pages 1 and 2 of Seelye Exhibit 6 (but is ultimately based on F002). PDIST refers to Distribution Plant and is calculated on pages 1 and 2 of Seelye Exhibit 6 (but is ultimately based on F003). PGP refers to General Plant and is calculated on pages 1 and 2 of Seelye 6 (but is ultimately based on PT&D – Production, Transmission and Distribution Plant). TPIS refers to Total Plant in Service and is calculated on pages 1 and 2 of Seelye Exhibit 6.

Request 33b. Explain whether the functional vectors F003, F023 and F024 are identical and why some costs appear to be assigned and classified under Transmission Demand.

Response 33b. F003, F023 and F024 are the same. As explained in the response to Staff-31, some distribution substations and meters are used at power plants and to provide transmission service.

Request 33c. Describe and define the functional vectors PROFIX and PROVAR.

Response 33c. PROFIX and PROVAR refers to production operation and maintenance expenses classified respectively as either fixed or variable using the FERC predominance methodology. Under the "FERC predominance methodology", production operation and maintenance accounts that are predominately fixed, i.e. expenses that the FERC has determined to be predominately incurred independently of kilowatt hour levels of output are classified as demand-related. Production operation and maintenance accounts that are predominately variable, i.e., expenses that the FERC has determined to vary predominately with output (kWh) are considered to be energy related. The predominance methodology has been accepted in FERC proceedings for over 25 years and is a standard methodology for classifying production operation and maintenance expenses. For example, see *Public Service Company of New Mexico* (1980) 10 FERC ¶ 63,020, *Illinois Power Company* (1980), 11 FERC ¶ 63,040, *Delmarva Power & Light Company* (1981) 17 FERC ¶ 63,044, and *Ohio Edison Company* (1983) 24 FERC ¶ 63,068.

Request 33d. Explain the difference in the functional vectors F001 and F017.

Response 33d. F001 classifies production plant costs as demand-related or specifically assigns the costs to steam service. F017 would classify production costs as energy-related, but is not actually used in EKPC's cost of service study.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 34
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 34. Refer to page 27 of the Seelye Testimony. Mr. Seelye states that, "[s]ubsequent to developing this estimate, it was brought to my attention that this avoided cost credit may be somewhat overstated because the capital cost of financing a new combustion turbine would almost certainly be less than 7 percent". Provide what Mr. Seelye believes the appropriate capital cost to be.

Response 34. A combustion turbine would likely qualify for low-cost financing from RUS. This rate is currently less than 4 percent.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 35
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 35. Refer to Seelye Exhibit 7, pages 1-2.

Request 35a. Explain why Mr. Seelye chose to use a coincident peak method to allocate production demand and transmission plant costs as opposed to a different method, such as the peak and average method or the average and excess method.

Response 35a. Increases in peak demand have been driving the need for new generation capacity on the EKPC system. EKPC must have sufficient capacity to meet the maximum demand placed on the system. Changes in EKPC's average demand do not have a material effect, if any, on EKPC's production fixed costs, but changes in EKPC's system peak demand have a major effect on its fixed production costs. Because using a CP allocator does not result in free-rider issues on EKPC's system, Mr. Seelye believes that a 6-CP allocation methodology is reasonable.

Request 35b. Explain why it is reasonable to use the 6 Coincident Peak ("CP) method to allocate production demand rather than the 12CP method as was used to allocate transmission plant.

Response 35b. A 12-CP allocator for transmission costs is consistent with the methodology used by EKPC in its Open Access Transmission Tariff (OATT) which has been accepted by the Federal Energy Regulatory Commission and is also an industry standard approach for allocating transmission costs in OATTs. A 6-CP allocation methodology is appropriate for allocating fixed production costs because these costs are primarily driven by changes in EKPC's winter and summer peak demands.

Request 35c. Explain why the only costs allocated to Special Contract Pumping Stations are transmission plant costs.

Response 35c. The Pumping Station special contract was negotiated as a transmission service agreement with power provided at market based rates.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 36
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 36. Refer to page 21 of Seelye Exhibit 7. Explain the difference in the allocation vectors FACAL and FACEX.

Response 36. FACEX corresponds to the amount of FAC revenues billed to each rate class. FACAL refers to the amount of fuel expenses assigned to each rate class, including fuel expenses that were directly assigned to the Special Contract Pumping Stations and fuel expenses allocated to all other classes on the basis of FACEX (but excluding Pumping Stations).

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 37
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 37. Refer to pages 25-26 of Seelye Exhibit 7.

Request 37a. Explain the difference between the Energy (E01) allocator and the Base Fuel Revenue Allocator (BSFL) and why Special Contract Pumping Stations receive no cost allocation under BSFL.

Response 37a. The Energy (E01) allocator includes energy sales to all customer classes, whereas the Base Fuel Revenue Allocator (BSFL) includes energy sales to all customer classes except the Pumping Station special contract, which does not have a base fuel cost component in its rate.

Request 37b. For rate classes B, C, G and Large Special Contract and Special Contract Pumping Stations, there are numbers below the BSFL entry for which there is no identifier in the Description column. Explain what these numbers represent.

Response 37b. The numbers below the BSFL entry for rate classes B, C, G, Large Special Contact and Special Contract Pumping Stations are not used in the cost of service study. They were used as a checkpoint.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 38
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 38. Refer to pages 27-28 of Seelye Exhibit 7. Provide a description of each of the Production Energy Allocation factors and identify where in the cost of service study the Total System numbers are obtained and from where the allocation factors are derived.

Response 38. The row labeled "Production Energy Residual Allocator" (PENGA) references BSFL which represents the energy sales for each rate class, except Special Contract Pumping Stations, whose purchased power and fuel costs are specifically assigned. The row labeled "Production Energy Costs" refers to EKPC's total production energy costs as shown on page 7 of Seelye Exhibit 7. The row labeled "Member Specific Assignment" refers to the fuel costs billed to Special Contract Pumping Stations pursuant to the agreement with that customer. This amount, which corresponds to the sum of the Off Peak Fuel/Purchased Power Cost Recovery of $3,306,725 and On-Peak Fuel Purchased Power Cost Recovery of $6,174,617 shown on Seelye Exhibit 9, page 6, is specifically assigned to Special Contract Pumping Stations. The row labeled "Production Energy Residual" is the total energy costs less the amount specifically assigned to Special Contract Pumping Stations allocated on the basis of PENGA. The row labeled "Production Energy Total" is the sum "Production Energy

Residual" and "Member Specific Assignment" allocated to Special Contract Pumping Stations. The row labeled "Production Energy Total Allocator" is the allocation factor calculated by dividing the class amount for "Production Energy Total" by the total amount for all classes.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 39
RESPONSIBLE PERSON: **Gary T. Crawford**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 39. Refer to page 2 under Tab 24 in Volume 3 of East Kentucky's application.

Request 39a. Provide a detailed description of the wind farm project which shows an estimated construction cost in 2010 of $45,580,000.

Response 39a. EKPC has been studying wind data in southeast Kentucky since 2003. At this time, no decision has been made as to whether EKPC will or will not develop a wind project. The dollars budgeted for 2010 are a placeholder for development of a 25 MW wind farm, if and when it can be justified.

Request 39b. Explain why wind farm generation is not included in the forecasted generation mix on page 7 of 11 under Tab 30 of the application for either 2010 or 2011.

Response 39b. As noted in response 39a, at this time a wind farm has not been justified or approved by EKPC.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 40
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 40. Refer to Tab 36 in Volume 5 of East Kentucky's application. The monthly budget variance reports show that budgeted production maintenance costs ranged from $2.8 million to $5.1 million per month for the period September 2007 - August 2008, while the monthly variances from the budgeted costs ranged from $826,000 to $5.4 million. Overall, actual costs of $63.2 million for the period exceeded budgeted costs of $47.5 million for the period by $15.7 million, or 33 percent. The information at Tab 37 refers to causes such as "[b]oiler maintenance over budget" or "[t]urbine maintenance over budget" at different generating units, but does not explain why a specific maintenance project was over budget. Explain in detail why actual production maintenance costs were so much greater than the levels budgeted by East Kentucky.

Response 40. The maintenance cost for Spurlock Station is over budget for 2008. This is primarily due to maintenance projects associated with the 10-year overhaul of Spurlock Unit 2. The budget for this outage was approximately $8.5 million. The actual cost for the outage was approximately $14 million. The money budgeted for these maintenance projects were spread over a twelve-month period. The reason for dividing the money equally over the twelve-month period is due to not knowing when the actual invoices for the work will be billed. Invoices for materials required to perform

maintenance projects may come in prior to an outage while invoices for labor and repair services performed during an outage may lag by as much as five months. EKPC performed a major overhaul in late 2007 on Smith Station Combustion Turbine Unit 3 that was more than extensive than expected and resulted in being over budget $2.5 million. The invoices for a substantial amount of this work was not submitted by the contractor until the spring of 2008 making Smith Station over budget $3.0 million in 2008. [Note that at the completion of this project, the Smith Station overhaul was $5.5M over budget ($2.5M in 2007; $3.0M in 2008.)] Dale Station Unit 3 turbine overhaul was delayed until the fourth quarter of 2007 and, for the time period September 2007-August 2008, that project was over budget $2.5 million. (Note that at completion of the project, the Dale Station Unit 3 turbine overhaul was under budget by $100,000.)

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 41
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 41. Refer to Tab 52 in Volume 5 of East Kentucky's application.

Request 41a. For the base period, 86.5 percent of payroll is expensed and 13.5 percent is capitalized while, in the forecasted period, 89.4 percent is expensed and 10.6 percent is capitalized. Explain why the percentages in the forecasted period differ from those in the base period.

Response 41a. The percentage of payroll expensed versus capitalized is dependent upon the amount of construction projects that EKPC has underway. In the base period, EKPC is constructing Spurlock Unit 4 and constructing scrubbers on Spurlock Units 1 and 2. The major construction projects will be completed prior to the forecasted period. Therefore, it is reasonable that EKPC's percentage of payroll capitalized is lower in the base period than in the forecasted period.

Request 41b. The information at Tab 52 and the response to Item 40 of Staff's First Request indicates that Mr. Robert Marshall is the only East Kentucky employee whose compensation is included under the category of Executive Compensation. Explain

why the compensation of East Kentucky's vice-presidents and its chief financial officer are not included.

Response 41b. EKPC interpreted "executive" to mean executive officer. EKPC's President and CEO is the only employee officer of EKPC.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 42
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 42. Refer to Tab 54 in Volume 5 of East Kentucky's application, page 2 of 4 Explain the decrease in "Other Operating Revenue - Income" from $2.6 million in 2007 to $1.55 million in the base year to $399,000 in the forecasted test year.

Response 42. "Other Operating Revenue – Income" decreases from $2.6 million in 2007 to $1.55 million in the base year to $399,000 in the forecasted test year due to the non-budgeting of non-firm transmission revenue. EKPC plans to budget for this item in the future.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 43
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 43. Refer to Tab 55 in Volume 5 of East Kentucky's application.

Request 43a. It appears that most of the increase in East Kentucky's debt balance from the end of the base period to the end of the forecasted period can be attributed to the levels of Federal Finance Bank ("FFB") notes and the National Rural Cooperative Finance Corporation's "Fast Track funding for Smith Units 9 and 10. Identify the specific projects for which the additional FFB funds will be used.

Response 43a. The additional FFB funds will be primarily used to reimburse general funds for the construction of the Spurlock #1 & Spurlock #2 Scrubbers.

Request 43b. Provide a supplement to page 2 of 2 at Tab 55 which includes East Kentucky's forecasted equity levels at the end of the base period and the end of the forecasted period.

Response 43b. The forecasted equity level at the end of the base period is predicted to be $185,184,000, and at the end of the forecasted period is predicted to be

$246,465,000. The ratio of equity to total assets for each of these periods is 6.56% and 7.77%, respectively.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 44
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 44. Refer to the Steam Service section on page 6 of 6 at Tab 58 in Volume 5 of East Kentucky's application. Applying the rates to the billing units for both the demand charge and energy charge do not produce the dollar amounts shown in the column headed Current $. Provide clarification as to the calculations or a revised Steam Service section based on the correct calculations.

Response 44. Please see page 2 of this response, which shows the actual calculations for the Steam invoice for the base year. There is a Steam Adjustment Factor applied each month. According to the contract, "Steam demand and steam energy and FAC rates have been developed upon the basis of a standard measure of unit efficiency. This standard measure of unit efficiency is a heat rate (Btu/kWh) of 10,250. However, unit efficiency is a dynamic process in that it is constantly changing due to several variables. Thusly, an adjustment for this change in unit efficiency is required to properly measure the steam energy and steam demand and FAC. Steam demand and steam energy and FAC will be adjusted monthly on a moving twelve-month weighted average of the heat rate of Spurlock Unit No. 2 by the standard heat rate of 10,250."

Revenue Summary for Steam Service - Base Year - Including Steam Adjustment Factor

Billing Determinants	Feb-08 Actual	Mar-08 Actual	Apr-08 Actual	May-08 Actual	Jun-08 Actual	Jul-08 Actual	Aug-08 Actual	Sep-08 Budget	Oct-08 Budget	Nov-08 Budget	Dec-08 Budget	Jan-09 Budget	Total Base Yr
Steam Service	500.49	500.49	500.49	500.49	500.49	500.49	500.49	500.49	500.49	500.49	500.49	500.49	
Steam Adj Factor	0.975	0.973	0.974	0.974	0.975	0.978	0.977	0.973	0.973	0.973	0.973	0.974	0.97433333
MMBTU Dmd	379	364.8	324.3	315.3	303.2	303	304	390	390	390	390	324	4,179
MMBTU Dmd $	184,944	177,649	158,089	153,702	147,955	148,410	148,698	189,960	189,960	189,960	189,960	158,089	2,037,376
	3.577	3.577	3.577	3.577	3.577	3.577	3.577	3.577	3.577	3.577	3.577	3.577	
MMBTU Energy	225610.6	227666.1	197812.3	202730.3	183307.3	178,470	186,906	173,243	190,172	192,725	211,393	216,134	2,386,170
MMBTU Energy $	786,834	792,374	689,178	706,312	639,298	624,342	653,184	602,959	661,879	670,768	735,737	753,010	8,315,874
FAC $	171131	138544	200215	180264	102178	238,409	121,576	45,007	76,058	5,490	52,028	347,352	1,678,252
ES$	71889	70505	62639	58256	54344	63,703	60,487	73,453	217,485	62,760	46,299	120,688	962,508
Total Steam $	1,214,797	1,179,072	1,110,121	1,098,534	943,775	1,074,864	983,946	911,379	1,145,382	928,978	1,024,024	1,379,139	12,994,010

PSC Request 44
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EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 45
RESPONSIBLE PERSON: **David G. Eames**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 45. Refer to the response to Item 2 of Staff's First Request. Identify and describe the shorter-term budget changes which East Kentucky expects to adopt permanently "[f]or 2010 and beyond."

Response 45. As indicated in the Direct Testimony of Robert M. Marshall in Case No 2008-00409, East Kentucky has adopted permanently the following cost containment initiatives: reduction in the defined benefit plan level, increase in employee medical plan contributions, improvements in the competitive bidding process, materials standardization, and improvements in power plant efficiencies. Please also note that salary increases were eliminated in 2007. The effects of many of these initiatives will be felt in 2010 and beyond.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 46
RESPONSIBLE PERSON: **Gary T. Crawford**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 46. Refer to Attachment 1 of the response to Item 12 of Staffs First Request, which is East Kentucky's three-year construction work plan for the period 2007-2009. The forecasted test year, as well as some of the construction activity included in the forecasted test year, includes the first five months of 2010. Is there a work plan or similar East Kentucky document for 2010? If yes, provide it.

Response 46. Yes. The 2008-2010 Three-Year Construction Work Plan is provided on the enclosed CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 47
RESPONSIBLE PERSON: ***Ricky L. Drury***
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 47. Refer to Attachment 2 of the response to Item 12 of Staffs First Request, which includes the 10-year construction schedules (2008-2018) for East Kentucky's planned transmission projects. Provide schedules showing separately (1) the budgeted cost to be incurred in the proposed forecasted test year for each project with an in- service date that falls within the forecasted test year and (2) the budgeted cost to be incurred in the proposed forecasted test year for each project with an in-service date that is after the end of the forecasted test year.

Response 47. Information provided on pages 2 through 7.

Attachment #3

BUDGETED COST FOR 2009 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost for Proposed Test Year with a Service Date that falls within forecasted Test Year

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2009	COMMENTS
Alcan #2 Sub Upgrade	$850,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Balltown Tap Line Upgrade	$80,000	5/1/2010	$80,000	
Barren Co. Terminal Facilities	$273,000	5/1/2009	$273,000	
Bekaert #3 Sub & Tap	$1,551,000	6/1/2009	$1,551,000	
Bonanza 69-13.2 kV Distr. Sub & Tap	$2,244,000	12/1/2009	$677,978	
Bonds Mill Jct. - Clay Lick Jct. Reconductor	$773,979	5/1/2009	$0	When 2009 Budget was prepared in 6/2008, this project was scheduled to be completed by the end of 2008. Budgeted in 2008.
Bonnieville 138-69kV Upgrade	$1,250,000	5/1/2009	$209,160	When 2009 Budget was prepard in 6/2008, this project was scheduled for 5/2010.
Bonnieville Terminal Upgrade	Cost Not Avail.	6/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Brooks Sub Upgrade	$719,000	4/2/2009	$700,500	
Burkesville - Snow Jct. Reconductor	$1,510,500	5/1/2009	$0	This project was scheduled for 5/1/2010 when the 2009 Budget was prepared.
Cedar Grove Ind. Park #2 Sub & Tap	$1,350,000	6/1/2009	$1,350,000	
Central Hardin 138-69 kV 150 MVA Sub & Tap	$3,573,000	12/1/2009	$3,451,767	
Clay Lick - Van Arsdell Reconductor	$836,042	4/1/2009	$0	When 2009 Budget was prepared in 6/2008, this project was scheduled to be completed by the end of 2008. Budgeted in 2008.
Coburg Jct. - Garlin Tap Line Upgrade	$140,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
EK Munfordville Tap- KU Munfordville Tap Reconductor	$341,000	5/1/2009	$132,507	

Attachment #3

BUDGETED COST FOR 2009 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost for Proposed Test Year with a Service Date that falls within forecasted Test Year

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2009	COMMENTS
EON 345 kV Line Connections to West Garrard	$3,026,000	12/1/2009	$3,026,000	
EON Brown North 345kV Terminal Facilities	$2,000,000	12/1/2009	$2,000,000	
EON Incr. Terminal Fac. Rating @ Distribution Sub.	Cost Not Avail.	12/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
EON Pineville 345 kV Terminal Facilities	$2,000,000	12/1/2009	$2,000,000	
Fall Rock - Tyner 12 miles 69 kV	$2,694,000	4/1/2009	$0	When 2009 Budget was prepared in 6/2008, this project was scheduled to be completed by the end of 2008.
Fawkes 138 kV Breaker S62- 859 Reconfiguration	$50,000	5/1/2009	$50,000	
Fredricksburg Jct. - N. Springfield Line Upgrade	$165,000	5/1/2010	$5,823	
Gilbert #3 & Spurlock #4 Spares 345-20kV, 405 MVA Transformers	$4,100,000	10/1/2009	$0	Budgeted in 2008.
Glendale - Hodgenville Line Upgrade	$185,000	6/1/2009	$185,000	
Gregory Road Distr. Sub & Tap	$598,000	12/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Headquarters - Millersburg Line Upgrade	$102,000	6/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Headquarters 69kV Cap. Bank 6.12 MVAR	$203,000	12/1/2009	$203,000	
Helechawa - Magoffin Co. Line Upgrade	$402,000	6/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Horse Cave Tap - EK Munfordville Tap Reconductor	$1,310,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Hunt Farm Jct. - Perryville Line Upgrade	$103,000	6/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
J. K. Smith - W. Garrard 345 kV Trans. Line	$41,750,000	12/1/2009	$25,393,114	
J.K. Smith - Install 2nd 345 - 138 kV Transformer	$4,400,000	3/1/2009	$4,399,956	

Attachment #3

BUDGETED COST FOR 2009 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost for Proposed Test Year with a Service Date that falls within forecasted Test Year

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2009	COMMENTS
Jabez 161-25 kV Distr. Sub & Tap	$1,608,000	12/1/2009	$1,527,000	
Keith #2 Distr. Sub & Tap	$172,000	10/1/2009	$172,000	
Liberty KU Tap - Peyton's Store Line Upgrade	$243,000	5/1/2010	$8,575	
McCreary County 161kV Box Add.	$0	6/1/2009	$0	This project is to be reimbursed by TVA.
Millersburg Jct. - Sideview Line Upgrade	$258,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Moransburg Distr. Sub & Tap	$1,387,000	2/1/2010	$1,383,000	
North London - Tyner Rebuild	$6,539,000	12/1/2009	$5,064,000	This project was scheduled for 12/1/2008 in the 2008 Budget.
Purchase a 345-138kV, 450 spare Transfomer	$4,000,000	3/1/2009	$0	Transformer has been purchased, but not delivered. Budgeted in 2008.
Resize Bill Wells Cap. Bank	$1,500	5/1/2009	$0	These projects are in orperational budgets.
Resize Booneville Cap. Bank	$44,800	5/1/2009	$0	These projects are in orperational budgets.
Resize 3 M Cap. Bank	$1,500	7/2/2009	$0	These projects are in orperational budgets.
Resize Albany Cap Bank	$1,500	7/2/2009	$0	These projects are in orperational budgets.
Resize Cynthiana Cap. Bank	$1,500	7/2/2009	$0	These projects are in orperational budgets.
Resize Frenchburg Cap. Bank	$1,900	5/1/2009	$0	These projects are in orperational budgets.
Resize Greebriar Cap. Bank	$1,500	7/2/2009	$0	These projects are in orperational budgets.
Resize H.T. Adams Cap. Bank	$1,500	7/2/2009	$0	These projects are in orperational budgets.
Resize Index Cap. Bank	$1,500	5/1/2009	$0	These projects are in orperational budgets.

Attachment #3

BUDGETED COST FOR 2009 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost for Proposed Test Year with a Service Date that falls within forecasted Test Year

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2009	COMMENTS
Resize Sinai Cap. Bank	$1,900	5/1/2009	$0	These projects are in orperational budgets.
Richwood 138-12.5 kV Distr. Sub & Tap	$1,661,000	12/1/2009	$1,607,500	
Smith CT 345 Sw. St. #2 Transformer & #9 & #10 Line Connections	$119,000	5/1/2009	$0	
Smithersville Tap Line Upgrade	$20,000	5/1/2010	$20,000	
Spurlock - Kenton Line Upgrade	$132,000	6/1/2009	$132,000	
Stanley Parker 138kV Breaker Add.	$310,000	12/1/2009	$0	Scheduled for 12/1/08 and was budgeted in 2008.
Temple Hill - Patton Road Line Upgrade	$44,000	6/1/2009	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan.
Temple Hill 69kV Cap. Bank 20.41 MVAR	$266,000	5/1/2009	$266,000	
Tyner - McKee Rebuild	$3,535,000	5/1/2010	$370,000	
West Garrard 345 kV Switching Substation	$6,500,000	12/1/2009	$5,896,000	

Attachment #3

BUDGETED COST FOR 2010 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost to be incurred in the Proposed Forecasted Test Year with an In-Service Date that is after the end of the Forecasted Test Year.

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2010	COMMENTS
Alcan #2 Sub Upgrade	$850,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Baker Lane - Holloway Jct. Reconductor	$218,000	5/1/2011	$16,013	
Balltown Tap Line Upgrade	$80,000	5/1/2010	$80,000	
Belleview 69-12.5 kV 11.2/14 MVA Sta. & Tap (6.9 Miles)	$3,701,000	12/1/2011	$867,945	
Big Creek - Goose Rock Trans. Line 69kV	$3,735,000	1/2/2011	$2,678,555	
Bonnieville 138-69 kV Breaker Upgrade	$96,000	12/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Bronston Tap Line Upgrade	$82,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Coburg Jct. - Garlin Tap Line Upgrade	$140,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Dale #3 GSU Transf. Repl.	$1,200,000	11/1/2010	$1,200,000	
EKPC Office - Treehaven Tap Line Upgrade	$5,952	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Fredricksburg Jct. - N. Springfield Line Upgrade	$165,000	5/1/2010	$5,823	
Hebron 138-69 kV Sub & Trans. Line	$3,473,000	12/1/2011	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Helchawa Breaker Add. & Line Connections	Cost Not Avail.	5/1/2011	$0	Project on Hold
Horse Cave Tap - EK Muntordville Reconductor	$1,310,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Hunt 3 Breaker 69 kV Switching Sta.	$1,076,629	12/1/2011	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Index Jct. 69 kV Sw. Station	$1,076,629	12/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
J.K. Smith 69-13.8 kV 11.2/14 MVA Sta. & Tap	$640,000	6/1/2010	$435,231	
Keith Sub to EON's Owenton Sub.	$1,062,600	12/1/2011	$0	When the 2009 Budge was prepared in June, 2008, this project was not in the Work Plan
Liberty KU Tap - Peyton's Store Line Upgrade	$243,000	5/1/2010	$8,575	
Millersburg Jct. - Sideview Line Upgrade	$258,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Milton - Bedford Line Upgrade	$174,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Moransburg Distr. Sub & Tap	$1,387,000	2/1/2010	$0	Originally scheduled for 2009, when the 2009 Budget was prepared in June, 2008.
Murphysville Cap. Bank 28.06 MVAR	$280,000	12/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
N. Springfield - S. Springfield Jct. Line Upgrade	$198,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Radcliff Jct. - Radcliff Line Upgrade	$16,600	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Russell Sprngs Tap Line Upgrade	$27,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Smithersville Tap Line Upgrade	$20,000	5/1/2010	$20,000	

Attachment #3

BUDGETED COST FOR 2010 WITH IN-SERVICE DATES

(TEST YEAR 6/1/2009 THRU 5/31/2010)

Budgeted Cost to be incurred in the Proposed Forecasted Test Year with an In-Service Date that is after the end of the Forecasted Test Year.

PROJECT NAME	TOTAL COST OF PROJECT	IN-SERVICE DATE	CAPITAL BUDGET COST FOR 2010	COMMENTS
Tharp Tap Line Upgrade	$2,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Thelma Sw. Sta. Breaker Addition	$2,798,000	12/1/2010	$1,037,646	
Treehaven Tap - Van Meter Line Upgrade	$46,000	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Turkey Foot Jct. Sw. Station & Line Connections	$1,492,000	5/2/2011	$460,634	
Tyner - McKee Rebuild	$3,535,000	5/1/2010	$2,161,356	
Vine Grove - Radcliff Jct. Line Upgrade	$43,800	5/1/2010	$0	When the 2009 Budget was prepared in June, 2008, this project was not in the Work Plan
Webster Road Distr Sub & Tap (Kenton Co. Sub. & Line)	$4,354,000	5/1/2011	$2,013,360	

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 48
RESPONSIBLE PERSON: **Gary T. Crawford**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 48. Refer to the response to Item 13 of Staffs First Request, which indicates that East Kentucky's 10-year "slippage factor" on capital construction projects for the period 1998-2007 was 88.3 percent and that it experienced a slippage factor below 100 percent in 8 of those 10 years.

Request 48a. The amounts in East Kentucky's annual construction budgets are substantially larger in the last seven years than in the first three years shown in the response. Describe, generally, the factors, events, reasons, etc. which had the greatest impacts during the period 2001-2007 on East Kentucky's actual annual construction costs being less than the amounts budgeted in 6 of the 7 years.

Response 48a. The principal reason for the actual amounts being less than the budgeted amounts is due to scheduling. A project slips if the necessary permitting to begin construction is not obtained in accordance with the original schedule. Also, EKPC delayed certain capital projects that did not impact immediate transmission reliability or generation availability due to EKPC's financial condition.

Request 48b. Part c. of the response states that East Kentucky did not recognize a slippage factor in determining the capital additions reflected in its base period and forecasted test period. The Commission has consistently applied a slippage factor in all litigated rate cases based on a forecasted test year since the enactment of KRS 278.192 allowed utilities to use a forecasted test period.[2] Explain why East Kentucky chose not to recognize a slippage factor in developing its forecasted test year general rate application.

Response 48b. By the end of the forecasted test period, EKPC will have completed the construction of three major projects – Spurlock Unit #4 CFB, Spurlock #2 Scrubber, and Spurlock #1 Scrubber. Because these projects have been or will be completed by then, EKPC does not anticipate any material slippage on its major construction projects during the base and forecasted test periods. The primary purpose of this rate case proceeding is to recover costs related to Spurlock's Unit 4 and EKPC is confident that the costs projected for Spurlock Unit 4 and the timing of those costs are on target. EKPC expects to complete all of its currently scheduled construction projects without any slippage.

[2] Case No. 1992-00452, Notice of the Adjustment of Rates of Kentucky-American Water Company, Order dated November 22, 1994; Case No. 1995-00554, Application of Kentucky-American Water Company to Increase its Rates, Order dated September 11, 1996; Case No. 1997-00034; Application of Kentucky-American Water Company to Increase its Rates, Order dated September 30, 1997; and Case No. 2005-00042, The Adjustment of the Gas Rates of The Union, Light, Heat and Power Company, Order dated December 22,2005.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 49
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 49. Refer to the response to Item 27 of Staffs First Request. Describe the nature of the reclassifications identified in the asterisk for three of the scheduled loan advances.

Response 49. The reclassifications are a routine approval process by RUS. EKPC has submitted requests to use unutilized loan funds to reimburse general funds for projects not included in a current loan. These dollar amounts represent the dollars remaining in the transmission portions of these three loans and the reclassifications allow RUS to more effectively allocate their loan funds.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 50
RESPONSIBLE PERSON: ***Ann F. Wood***
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 50. Refer to line 17 on page 13 of the response to Item 29.b. of Staffs First Request. From 2005 to the proposed base period, East Kentucky's expense for Maintenance of Boiler Plant increased 35 percent, from $21,844,674 to $31,975,457. Describe thoroughly the reasons this expense increased by this magnitude.

Response 50. The main reason for this increase is the 2008 Spurlock 2 overhaul which was in excess of $9 million.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 51
RESPONSIBLE PERSON: **Robert M. Marshall**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 51. Refer to the response to Item 34 of Staffs First Request.

Request 51a. Provide a thorough description of how the 5 percent and 3 percent budgeted merit salary/wage increases for 2009 and 2010, respectively, were developed.

Response 51a. For 2009 EKPC assembled a budget in June of 2008. The 5.0 merit increase was forecasted from a 12 month CPI-U of 4.10%. The 3% for 2010 is an estimate based on the economic downturn. The CPI-U for October 07 through October 08 is 3.7.

Request 51b. Based on its normal practices, provide the approximate time of year when the increases will go into effect in 2009 and 2010.

Response 51b. Merit increases are granted for the last pay period in October based on an employee's annual performance evaluation.

Request 51c. State the dollar amount of expense included in the forecasted test year for the budgeted 2009 and 2010 wage/salary increases. Provide references to documents, schedules, etc. in the application from which this amount can be determined.

Response 51c. Budgeted wage increases for the test period total $828,070. This amount is not specifically identified in the Application.

Request 51d. Given its present financial condition, explain why East Kentucky's management opted to budget these percentage increases for 2009 and 2010.

Response 51d. During the budgeting process in June 2008 EKPC planned for allocating merit increases based on employee performance. Once again many factors are explored before an actual merit amount is determined. However, compensation planning is necessary to retain employees that possess the essential knowledge for continued operation.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 52
RESPONSIBLE PERSON: **Robert M. Marshall**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 52. Refer to the response to Item 37 of Staffs First Request. Identify the specific amendments in Policy No 505, Insurance Benefits, which have been made since the test year in East Kentucky's 2006 rate case.

Response 52. **Amended 10-03-06**: The Retirement and Security (RS) defined benefit program was eliminated for employees hired on or after 01-01-07; and a new enhanced 401k plan became available for all employees hired on or after 01-01-07. The Supplemental Death Plan, which only pertains to the RS benefit, only applies to employees hired prior to 01-01-07. Employees hired on or after 01-01-07 must have 20 years of service to receive the 50% discount on retiree medical premiums and the coverage is only available to age 65.

Amended 09-11-07: The term "regular" employee was changed to "full-time" employee. The 401k plan language was moved to the second page of the amendment. The retired life insurance benefit was changed to be consistent with the retired medical plan regarding the years of service requirement for the 50% discount. Executive positions eligible for the $100,000 business travel benefit were clarified.

Amended 11-13-07: The RS defined benefit program, which is only available to employees hired prior to 01-01-07, was changed from a 2.0 COLA benefit to a 1.8 non-COLA benefit effective 01-01-08.

Amended 12-10-08: Employees hired on or after 01-01-09 who worked at an NRECA participating cooperative or employer that participates in the RS plan immediately preceding their employment at EKPC will be allowed to participate in the EKPC RS plan and corresponding 401k 2% matching plan.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 53
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 53. Refer to the response to Item 47.b. of Staffs First Request, which shows that, for the 12 months ended September 30, 2008, the amount recorded by East Kentucky in Account 930, Miscellaneous General Expenses, was $3.8 million, and that, of that amount, $1.66 million was categorized as miscellaneous, meaning it did not fall within one of the seven specific categories of expenses included in the response. For the forecasted test year, provide the total expense amount that would be included in Account 930 and the portion of that total that would be categorized as miscellaneous.

Response 53. For the forecasted test year, the total expense amount that would be included in account 930 and categorized as miscellaneous totals $2,633,859.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 54
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 54. Refer to the response to Item 47.c. of Staff's First Request. Provide the schedule on page 2 of 2 of the response in at least a 10-point font.

Response 54. The requested schedule is included on the attached CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
SECOND DATA REQUEST RESPONSE

COMMISSION STAFF'S SECOND DATA REQUEST DATED 12/16/08
REQUEST 55
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 55. Refer to East Kentucky's response to Item 53 of Staffs First Request. East Kentucky did not provide a response to part d. of this question. Provide the requested information.

Response 55. The response to 53d of the Commission Staff's First Request was inadvertently omitted. Please find the question and corresponding responses below.

Request 53d. (1) Provide the date that East Kentucky adopted SFAS 158.

(2) Provide the effect on the financial statements.

(3) Confirm whether the base period or forecast period includes any impact of the implementation.

Response 53d. (1) East Kentucky adopted SFAS 158 in 2007.

(2) The 2007 effect of implementing SFAS 158 was an increase in other comprehensive income of $12,136,000, and a corresponding decrease in accrued postretirement benefit cost. This adoption is discussed in the footnotes to the audited financial statements provided in Volume 5, Tab 39 of the Application.

(3) Neither the base period nor forecast period includes any impact of the implementation.