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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE  
COMMISSION

In the Matter of:

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

ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to East Kentucky Power Cooperative, Inc. [hereinafter referred to as "EKPC"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for EKPC with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional

information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

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

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

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

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

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

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

whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

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

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Lawrence W. Cook", is written over a horizontal line.

DENNIS G. HOWARD, II  
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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Mark David Goss  
Frost, Brown, Todd, LLC  
250 W. Main St.  
Ste. 2700  
Lexington, KY 40507

Hon. Michael L. Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 E. 7th Street  
Ste. 1510  
Cincinnati, OH 45202

this 23<sup>rd</sup> day of January, 2009

  
Assistant Attorney General

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1. The following questions relate to the impending accounting move from U.S. GAAP to International Financial Reporting Standards ("IFRS").
  - a. Please provide a narrative explanation of the anticipated impact of moving from U.S. GAAP to IFRS.
  - b. When does the Company expect to adopt IFRS?
  - c. Please provide all analyses, quantifications, reports, studies, etc. that the Company has conducted regarding the adoption of IFRS.
  - d. Please provide a specific discussion of how the change to IFRS will impact the Company's accounting calculations and entries relating to SFAS No. 143, FIN No. 47 and the existing regulatory liability for cost of removal, SFAS No. 71 and the difference between financial and regulatory accounting.
  - e. Please provide a specific discussion of how the change to IFRS will impact the Company's accounting calculations and entries relating to depreciation, accumulated depreciation, gross salvage and cost of removal. Include a discussion of any difference between financial and regulatory reporting relating to these items.
  - f. Please provide a specific discussion of how the change to IFRS will impact the Company's accounting calculations and entries relating to current income taxes, deferred income tax expense and accumulated deferred taxes. Include a discussion of any difference between financial and regulatory reporting relating to these items.
  - g. Identify all items and accounts currently classified as contra-accounts, deferred debits and credits, liabilities and assets which will or may flow to equity upon the replacement of GAAP with IFRS.
2. Please provide each applicable Exhibit and/or Schedule of the Company's filing showing the impact of the regulatory asset approved in Case No. 2008-00436. Also, provide a list of each item or category that changed.
3. Please refer to the response to AG 1-26. Does EKPC have an actual Asset Management Plan document? If so, please provide it.
4. Please refer to the response to AG 1-29. The electronic copy of Eames Exhibit No. 1 does not provide any supporting calculations showing how the test year amounts were determined. Please provide these calculations in Excel with all formulae intact, including any linked files. Also, please provide amounts by account, showing how they are rolled up into the revenue and expense categories shown in the Exhibit. The files provided should allow the user to review exactly how a given amount was

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calculated (wages, for instance), make any recommended changes, and incorporate the changes into the appropriate revenue/expense category.

5. Please refer to the response to AG 1-32.
  - a. What caused the large increase in a/c 14305 in 2007?
  - b. What does NRECA (a/c 14313) stand for and why did it decrease to \$0 in 2007?
  - c. What caused the large increase in a/c 14341 in 2008?
  
6. Please refer to the response to AG 1-33.
  - a. Please explain exactly what the actual and budget amounts shown in the response represent. For instance, do they represent anticipated and actual gross salvage receipts from retirements? Or do they represent net salvage?
  - b. Please select one period and provide sample accounting entries for the actual amounts.
  - c. How are the budget amounts determined? Please provide the calculation of these amounts for each period.
  - d. What caused the negative actual amounts?
  - e. Why is there consistently a large difference between the budget amount and the actual amount?
  - f. The response seems to indicate that EKPC does not budget or forecast retirement dollars, i.e., the amount of plant to be retired each year. If this is the case, please explain why the Company does not prepare this sort of budget or forecast.
  - g. If the Company does prepare a forecast of plant retirement dollars, please provide the comparison between those amounts and the dollars actually retired by month for 2006, 2007 and 2008.
  - h. Please provide the amounts included in the test year budget for this case.
  
7. Refer to the response to AG 1-43. It is not possible to recreate the test year depreciation expense amounts by multiplying the rates shown in Application Vol. 5, Tab 41 by the account balances shown on tab 43a of the response. Please provide a schedule showing for each account the rate used, the formulae showing the calculation of the depreciation expense amount using the plant balances given, and the formulae showing the roll-up of the calculated depreciation expense into the depreciation expense categories shown at the top of the page. In other words, please provide tab 43a of the response showing all background calculations necessary to achieve the depreciation expense amounts shown.

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8. Please refer to the response to AG 1-43. Please provide a new depreciation/amortization amount that includes the recently ordered amortization of the regulatory asset (Case No. 2008-00436). The amount should be a replacement for the amount shown on page 2 of Eames Exhibit 1. Also, if the new amortization amount differs from that discussed in the response to AG 1-43, please provide the calculation of the new amount.
9. Please refer to the response to AG 1-48.
  - a. Explain fully the increase in temporary employees in the test year.
  - b. Explain why a 16% increase in employees from the base to the test year caused a 112% increase in salaries.
  - c. Provide a list of the positions to be filled by the base and test year temporary employees and explain why each new position is necessary.
10. Please refer to the response to AG 1-55. The response does not answer the question. Please provide the reasons why only a portion of the budgeted increase was distributed. Also, provide the calculations behind how the portion of the increase to be used was determined. In other words, how were the dollar amounts or percentages shown on pages 3 and 4 determined?
11. Please refer to the response to AG 1-66. What caused the increase in workers' compensation insurance and claims expenditures in 2008? Also, please provide the amounts included in the base and test year.
12. Please refer to the response to AG 1-88.
  - a. Explain the expenses submitted by Robert Marshall as shown on page 2. Are these related to a relocation?
  - b. If the amounts are due to a one-time relocation, please demonstrate that the test year expense amounts have been reduced to reflect this fact.
13. Please refer to the response to AG 1-91. Why did the Company not purchase outage insurance during 2008? Using any outages that would have been covered by the insurance, provide a comparison of the Company's actual total 2008 outage-related expenses with what they would have been had outage insurance been purchased.
14. Refer to the response to AG 1-101. Please provide any documents, studies, etc. supporting the use of a 40-year life for Spurlock 3 and Spurlock 4.

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(This does not include depreciation studies or orders adopting the 40-year life, unless those documents include some engineering or statistical justification for the life.)

15. Please refer to the response to PSC 2-42. Please explain the response more fully. For instance, if EKPC intends to budget for "Other Operating Income – Revenue" in the future, why did it not include those amounts in the test year?
16. Please refer to the response to PSC 2-44. Provide the attachment in Excel with all formulae intact and showing all background calculations.
17. Please refer to the response to PSC 2-53. The response seems to indicate that for the test year the entire amount of account 930 would be categorized as miscellaneous.
  - a. Please explain why none of the amount would fall under the seven categories shown in PSC 1-47.
  - b. If a portion of the amount does fall under those categories, please provide a schedule showing the \$2,633,859 amount divided between the categories.
  - c. What types of expenses are considered "miscellaneous" (as opposed to those that are categorized)?
  - d. What caused the decrease in the test year amount?
18. Please refer to the responses to KIUC 14 through 17. Please provide these responses showing the impact of the regulatory asset approved in Case No. 2008-00436.