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Mark David Goss
(859) 244-3232
MGOSS@FBTLAW.COM

February 6, 2009

Via Hand-Delivery

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

Re: Case No. 2008-00409

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's Third Data Request, dated January 23, 2009, and the Supplemental Data Request of the Attorney General ("AG"), dated January 23, 2009. An original and ten redacted copies of EKPC's Responses to the Second Data Request of Kentucky Industrial Utility Customers, Inc. ("KIUC"), dated January 23, 2009, are also enclosed.

You will also please find an original and ten copies of EKPC's Petition for Confidential Treatment of Information regarding designated responses to KIUC data requests, along with a copy of the designated confidential pages.

Please return a file stamped copy of all of the above to me in the enclosed self-addressed, stamped envelope.

Sincerely yours,

Mark David Goss

Enclosures

cc: Parties of Record

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)

David G. Eames, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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.

David G. Eames

Subscribed and sworn before me on this 4th day of February, 2009.

Nella E. Damron
Notary Public

My Commission expires: 5-15-2011

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)

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 Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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.

James C Lamb Jr.

Subscribed and sworn before me on this 2nd day of February, 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	)

Robert M. Marshall, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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 3rd day of February, 2009.

Claudia N. Embs
Notary Public

My Commission expires: March 23, 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)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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 3rd day of February, 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 OF EAST KENTUCKY POWER COOPERATIVE, INC.	)))	**CASE NO. 2008-00409**

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF ~~JEFFERSON~~ OLDHAM)

William Steven Seelye, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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.

W. Seelye

Subscribed and sworn before me on this 3rd day of February, 2009.

Patsy W. Luttrell
Notary Public

My Commission expires: 12-02-10

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)

Ann F. Wood, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's Supplemental Data Requests in the above-referenced case dated January 23, 2009, 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 4th day of February, 2009.

Peggy S. Duffin
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 ATTORNEY GENERAL'S
DATA REQUESTS
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED JANUARY 23, 2009

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 1
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 1. The following questions relate to the impending accounting move from U.S. GAAP to International Financial Reporting Standards ("IFRS").

Request 1a. Please provide a narrative explanation of the anticipated impact of moving from U.S. GAAP to IFRS.

Response 1a. Rural electric cooperatives are governed by 7 CFR Part 1767, Accounting Requirements for Rural Development Electric Program Borrowers, which do not yet reference IFRS. The anticipated impact of moving from U.S. GAAP to IFRS is too early to determine at this time, especially for private, regulated U.S.-based utilities.

Request 1b. When does the Company expect to adopt IFRS?

Response 1b. As for when EKPC expects to adopt IFRS, the U.S. Securities and Exchange Commission has taken the lead for public companies. The SEC has proposed allowing some large American companies to begin using international accounting standards as early as next year and to require all American companies to do so by 2016. Under the proposal, a small group of large companies, which the SEC estimated at about 110 firms, would be allowed to use the international rules in financial statements issued after December 15, 2009. This means companies on a calendar-year basis could use the international rules for their 2009 annual reports. To be allowed to do that, the company would have to be among the 20 largest in its industry around the world, and a large number of its competitors would have to already be using the international standards.

The SEC said it would consider requiring large U.S. companies to move to the international standards for their 2014 financial statements, with smaller ones required to make the move in 2015 and the smallest - but the largest number - allowed to delay until 2016. Under the plan, a final decision on those companies would be made in 2011.

Based on this proposal, as a private, regulated U.S.-based utility, EKPC would not expect to adopt IFRS until 2016 or thereafter. However, having said that, the FASB and the IASB are in the process of converging and are jointly developing standards. One such standard involved the reclassification of equity. The FASB proposed SFAS 150 in 2003 to reclassify equity, which had a negative impact on cooperatives. These impacts were communicated to the FASB as discussed in part c below.

Request 1c. Please provide all analyses, quantifications, reports, studies, etc. that the Company has conducted regarding the adoption of IFRS.

Response 1c. EKPC has not yet conducted any analyses, quantifications, reports, or studies regarding the adoption of IFRS. EKPC relies on the National Rural Electric Cooperative Association ("NRECA") to stay abreast of key accounting rules and proposed changes and to communicate with accounting standard setters about the impacts on co-ops. NRECA is a not-for-profit national service organization representing approximately 930 not-for-profit, member-owned rural electric cooperatives. The great majority of these cooperatives are tax-exempt distribution cooperatives that provide retail electric service to over 40 million consumer-owners in 47 states. NRECA members also include 65 generation and transmission cooperatives that supply wholesale electric power to their distribution cooperative member-owners, including EKPC.

Request 1d. 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.

Response 1d. EKPC believes that it is too early to determine how the change to IFRS will impact EKPC'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.

The IASB has a project on its agenda to discuss the impact of regulatory accounting (SFAS 71 in the US). Currently, there is no similar standard under IFRS. The current thinking is that there may be an exposure draft in the second quarter of 2009 with a final standard publication date yet to be determined. EKPC must wait and see how the IASB approaches the issue of accounting for the effects of regulation.

Request 1e. 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.

Response 1e. Given the absence of an IASB standard similar to SFAS 71, it is too early to determine how the change to IFRS will impact EKPC's accounting calculations and entries relating to depreciation, accumulated depreciation, gross salvage and cost of removal.

Request 1f. 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.

Response 1f. As a not-for-profit electric cooperative, EKPC does not anticipate that the change to IFRS will impact its accounting calculations and entries relating to current income taxes, deferred income tax expense, and accumulated deferred taxes.

Request 1g. 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.

Response 1g. Identifying 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 is too early to determine, particularly in the absence of an IASB standard similar to SFAS 71.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 2
RESPONSIBLE PERSON: William Steven Seelye/Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

<u>Request 2.</u> 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.

<u>Response 2.</u> Please see revisions to Seelye Exhibit 2 on pages 2 through 4 of this response. Seelye Exhibit 2, Schedule 1.19 (page 4 of this response) provides the calculation of amortization of the regulatory asset granted by the Order in Case No. 2008-00436. Pages 1 and 2 of Seelye Exhibit 2 (pages 2 and 3 of this response) have been modified accordingly. Please also note that Seelye Exhibit 2, page 1, line 16 (page 2 of this response), has been revised based on the correction noted in Response 25b to Commission Staff's Second Data Request.

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 (as revised)	(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	Amortize Net Unrecovered Forced Outage Replacement Fuel Costs	Schedule 1.19 (added)	4,100,399
33			
34	**Adjusted Cost of Service**	Lines 12 through 31	$ 352,134,999
35			
36	**Adjusted Operating Margins**	Line 9 less Line 34	$ (31,375,525)
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	$ (27,146,248)

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		$ (27,146,248)
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)			$ 71,584,602

Seelye Exhibit 2
Schedule 1.19
(Addendum to
Seelye Exhibit 2)

EAST KENTUCKY POWER COOPERATIVE, INC.
Adjustment to Amortize Net Unrecovered Forced Outage Replacement Fuel Costs

2008 Net Unrecovered Forced Outage Replacement Fuel Costs As Per Commission Order in Case No. 2008-00436, dated December 23, 2008		$ 12,301,196
Monthly Amortization--Assuming 3-Year Amortization Period	$ 341,700	
Annual Amortization Assuming 3-Year Amortization Period (Beginning with Effective Date of Rates)		$ 4,100,399

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 3
RESPONSIBLE PERSON: David G. Eames
COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please refer to the response to AG 1-26. Does EKPC have an actual Asset Management Plan document? If so, please provide it.

Response 3. EKPC's Asset Management Plan is contained in two documents. One document is its 2006 Integrated Resource Plan, and one document is its 2008 Financial Forecast.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 4
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

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

Response 4. The support for Eames Exhibit 1, which reflects amounts by account, is included on the enclosed CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 5
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 5. Please refer to the response to AG 1-32.

Request 5a. What caused the large increase in a/c 14305 in 2007?

Response 5a. The large increase in account 14305 in 2007 is the result of a receivable due from Warren RECC. Warren RECC (who was in the process of becoming a member of EKPC) made a decision in late 2006 not to join EKPC. Pursuant to an agreement between the two parties that was reached in 2007, Warren RECC agreed to compensate EKPC a sum of $3,700,000 for property interests and system upgrades to be conveyed to Warren RECC. This sum was established as a receivable in a/c 14305 and is included in the Dec. 31, 2007 balance for this account. Payment was received from Warren RECC in 2008 and the receivable was relieved accordingly.

Request 5b. What does NRECA (a/c 14313) stand for and why did it decrease to $0 in 2007?

Response 5b. The abbreviation, NRECA, stands for the National Rural Electric Cooperative Association. The balance in account 14313 was recorded in 2006 representing a receivable from NRECA that pertained to the pension restoration plan for

EKPC's then CEO, Roy Palk. This receivable was settled in 2007 leaving the zero balance reflected in this account thereafter.

Request 5c. What caused the large increase in a/c 14341 in 2008?

Response 5c. Several member and non-member cooperatives are participants in EKPC's self-funded medical plan. The balance in account 14341 represents the claims incurred in excess of the plan funding by the participants and will vary at any point in time based upon the level of claims in relation to funding.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00409

RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09

REQUEST 6

RESPONSIBLE PERSON: **Frank J. Oliva**

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

Request 6. Please refer to the response to AG 1-33.

Request 6a. 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?

Response 6a. The actual amounts represent net salvage. The budget amounts represent cost of removal.

Request 6b. Please select one period and provide sample accounting entries for the actual amounts.

Response 6b. Table 1, shown on page 4 of this response, reflects the retirements charged to account 10880 during the third quarter of 2008 and matches the amount reported in the response to Request 33, Page 2 of 2, of the Attorney General's First Data Request. Table 2, shown on pages 5 and 6, details the full journal entries associated with the retirements.

Request 6c. How are the budget amounts determined? Please provide the calculation of these amounts for each period.

Response 6c. Transmission service center personnel estimate the cost of removal to be ten percent of the cost to replace minor items of transmission and distribution plant. Please see page 7 for calculation of amounts for each period of the third quarter of 2008.

Request 6d. What caused the negative actual amounts?

Response 6d. The negative actual amounts represent salvage value in excess of cost of removal.

Request 6e. Why is there consistently a large difference between the budget amount and the actual amount?

Response 6e. Refer to Response 6(f) below.

Request 6f. 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.

Response 6f. Because computation of retirements is complex and requires the identification of specific unit values of plant assets and the retirement values only affect the forecasted balance sheet, EKPC does not attempt to budget or forecast retirement dollars for major items. The only amount budgeted is for the cost of removal of minor items of transmission and distribution plant.

Request 6g. 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.

Response 6g. Please see page 8 for comparison between forecast of plant retirement dollars and actual dollars retired by month for 2006, 2007, and 2008.

Request 6h. Please provide the amounts included in the test year budget for this case.

Response 6h. Please see page 9 for amounts included in test year budget for this case.

Table 1

Period	Journal	Date	Acct	Sum Amount
7	0000015744	2008-07-31	10880	679
7	AL00000006	2008-07-31	10880	144,442
7	MR00015742	2008-07-31	10880	(15,250)
7	MR00015777	2008-07-31	10880	(24,891)
7	RET0015835	2008-07-31	10880	234,936
8	0000015979	2008-08-31	10880	(65,416)
8	AL00000001	2008-08-31	10880	38
8	AL00000002	2008-08-31	10880	132
8	AL00000003	2008-08-31	10880	76
8	AL00000006	2008-08-31	10880	61,316
8	MR00015863	2008-08-31	10880	(27,637)
8	MR00015894	2008-08-31	10880	(18,238)
8	MR00015902	2008-08-31	10880	(33,614)
8	PR00015893	2008-08-31	10880	511
8	RET0015890	2008-08-31	10880	(3,321,994)
8	RET0015982	2008-08-31	10880	23,631
8	TRN0015919	2008-08-31	10880	87
9	0000016004	2008-09-30	10880	(25)
9	AL00000006	2008-09-30	10880	69,346
9	MR00016018	2008-09-30	10880	(46,607)
9	MR00016034	2008-09-30	10880	(8,487)
9	RET0016100	2008-09-30	10880	(101,636)
				(3,128,602)

Table 2				
Period	Journal	Date	Acct	Sum Amount
7	0000015744	2008-07-31	10880	679
7	0000015744	2008-07-31	59200	(679)
	0000015744 Total			0
7	AL00000006	2008-07-31	10720	(144,442)
7	AL00000006	2008-07-31	10880	144,442
	AL00000006 Total			0
7	MR00015742	2008-07-31	15415	15,250
7	MR00015742	2008-07-31	10880	(15,250)
	MR00015742 Total			0
7	MR00015777	2008-07-31	10880	(24,891)
7	MR00015777	2008-07-31	15402	24,891
	MR00015777 Total			0
7	RET0015835	2008-07-31	10850	145,119
7	RET0015835	2008-07-31	10858	53,076
7	RET0015835	2008-07-31	10860	135,545
7	RET0015835	2008-07-31	10868	25,908
7	RET0015835	2008-07-31	10880	234,936
7	RET0015835	2008-07-31	35300	(176,008)
7	RET0015835	2008-07-31	36200	(418,578)
	RET0015835 Total			0
8	0000015979	2008-08-31	10720	20,665
8	0000015979	2008-08-31	10720	1,415
8	0000015979	2008-08-31	10720	39,024
8	0000015979	2008-08-31	10720	2,996
8	0000015979	2008-08-31	10720	27,538
8	0000015979	2008-08-31	10720	3,728
8	0000015979	2008-08-31	10720	360
8	0000015979	2008-08-31	10720	(30,310)
8	0000015979	2008-08-31	10880	(65,416)
	0000015979 Total			0
8	AL00000001	2008-08-31	10880	38
8	AL00000001	2008-08-31	40830	(38)
	AL00000001 Total			0
8	AL00000002	2008-08-31	10880	132
8	AL00000002	2008-08-31	92600	(132)
	AL00000002 Total			0
8	AL00000003	2008-08-31	10880	76
8	AL00000003	2008-08-31	92600	(76)
	AL00000003 Total			0
8	AL00000006	2008-08-31	10720	(61,316)
8	AL00000006	2008-08-31	10880	61,316
	AL00000006 Total			0
8	MR00015863	2008-08-31	10880	(27,637)
8	MR00015863	2008-08-31	15415	27,637
	MR00015863 Total			0
8	MR00015894	2008-08-31	10880	(18,238)
8	MR00015894	2008-08-31	15415	18,238
	MR00015894 Total			0
8	MR00015902	2008-08-31	10880	(33,614)

8	MR00015902	2008-08-31	15402	33,614
	MR00015902 Total			0
8	PR00015893	2008-08-31	10880	511
	PR00015893	2008-08-31	24220	(511)
	PR00015893 Total			0
8	RET0015890	2008-08-31	10814	65,201,579
8	RET0015890	2008-08-31	10819	28,908,180
8	RET0015890	2008-08-31	10880	(3,321,994)
8	RET0015890	2008-08-31	31143	(10,706,505)
8	RET0015890	2008-08-31	31243	(73,237,311)
8	RET0015890	2008-08-31	31543	(6,655,832)
8	RET0015890	2008-08-31	31643	(188,118)
	RET0015890 Total			(0)
8	RET0015982	2008-08-31	10850	7,617
8	RET0015982	2008-08-31	10858	4,489
8	RET0015982	2008-08-31	10860	8,738
8	RET0015982	2008-08-31	10868	(26)
8	RET0015982	2008-08-31	10870	3,855
8	RET0015982	2008-08-31	10878	6,759
8	RET0015982	2008-08-31	10880	23,631
8	RET0015982	2008-08-31	35300	(10,471)
8	RET0015982	2008-08-31	36200	(40,738)
8	RET0015982	2008-08-31	39700	(3,855)
	RET0015982 Total			0
8	TRN0015919	2008-08-31	10880	87
	TRN0015919	2008-08-31	18410	(87)
	TRN0015919 Total			0
9	0000016004	2008-09-30	56000	25
9	0000016004	2008-09-30	10880	(25)
	0000016004 Total			0
9	AL00000006	2008-09-30	10720	(69,346)
9	AL00000006	2008-09-30	10880	69,346
	AL00000006 Total			0
9	MR00016018	2008-09-30	10880	(46,607)
9	MR00016018	2008-09-30	15415	46,607
	MR00016018 Total			0
9	MR00016034	2008-09-30	10880	(8,487)
9	MR00016034	2008-09-30	15415	8,487
	MR00016034 Total			0
9	RET0016100	2008-09-30	10880	(101,636)
	RET0016100	2008-09-30	10850	95,859
	RET0016100	2008-09-30	10858	121,959
	RET0016100	2008-09-30	35500	(97,248)
	RET0016100	2008-09-30	35600	(18,934)
	RET0016100 Total			0
	Grand Total			(0)

East Kentucky Power Cooperative
Retirements Budgeted for July-September 2008

	Budget		
	Jul-08	Aug-08	Sep-08
Budgeted Replacement of Minor Items in Transmission & Distribution Plant	42,050	42,220	42,020
Computed @ 10% of Replacement	4,205	4,222	4,202

East Kentucky Power Cooperative
Actual to Budget Comparison
Retirements

	2006	2007	2008
January			
Actual	263,706	428,687	283,425
Budget	4,896	4,594	4,131
February			
Actual	(66,576)	(116,872)	404,612
Budget	4,891	4,591	4,123
March			
Actual	193,750	46,001	(304,580)
Budget	6,822	5,174	4,202
April			
Actual	58,294	(134,665)	811,994
Budget	6,142	6,081	4,205
May			
Actual	134,381	(90,775)	156,038
Budget	4,970	4,671	4,202
June			
Actual	858,589	189,308	(63,232)
Budget	4,970	4,671	4,202
July			
Actual	588,984	47,314	339,915
Budget	4,982	4,682	4,205
August			
Actual	919,896	250,878	(3,381,109)
Budget	4,982	4,681	4,222
September			
Actual	(233,792)	27,840	(87,408)
Budget	4,970	4,671	4,202
October			
Actual	23,326	(161,260)	(141,799)
Budget	4,977	4,675	4,205
November			
Actual	157,295	(119,897)	(250,840)
Budget	4,970	4,671	4,209
December			
Actual	(868)	73,791	975,046
Budget	5,368	5,062	4,513
Total			
Actual	2,896,984	440,350	(1,257,937)
Budget	62,940	58,224	50,621

East Kentucky Power Cooperative
Retirements
Test Year June 2009 - May 2010

	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	Total
Totals	4,418	4,416	4,431	4,418	4,507	4,418	4,599	4,818	4,779	4,785	4783	4779	55,151

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 7
RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 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.

Response 7. For the following reason, it is virtually impossible to show the test year depreciation expense amounts by multiplying depreciation rates times the account balances. Assets are depreciated over their useful lives, which can vary depending on when a particular asset was placed in service. For example, the in-service date for Spurlock Unit #2 was March 2, 1981. However, the in-service date for the scrubber on Spurlock Unit #2 was January 1, 2009. The expected retirement date for Spurlock Unit #2, including the scrubber, has been extended to June 30, 2042. As a result of the 2005 depreciation study, the life of the original Spurlock Unit #2 assets was extended by 438 months. The scrubber portion of the unit will be depreciated over 402 months. This results in a blending of depreciation rates, which is extremely difficult to break down on a schedule.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 8
RESPONSIBLE PERSON: **William Steven Seelye/Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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.

Response 8. The amortization amount (Case No. 2008-00436) does not differ from the response to AG 1-43. Please note that Eames Exhibit 1 will not change as a result of the above-referenced amortization amount, as this amount is an adjustment to the revenue requirements. Please see the response to Request 2 for revisions to Seelye Exhibit 2.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 9
RESPONSIBLE PERSON: Gary T. Crawford/Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Please refer to the response to AG 1-48.

Request 9a. Explain fully the increase in temporary employees in the test year.

Response 9a. The number of temporary employees increased from 49 at the end of the base year to 57 at the end of the test year for a net increase of eight. This net increase is explained as follows:

- The addition of 3 summer employees/co-op students in Environmental Affairs
- The addition of 3 co-op students at Cooper Station
- The addition of 2 Quality Control employees in Construction
- The addition of 1 part-time lineman at the Bardstown Service Center (maintenance)
- The elimination of 1 temporary Construction Inspector

Request 9b. Explain why a 16% increase in employees from the base to the test year caused a 112% increase in salaries.

Response 9b. Salaries increased by 112% for the following reasons.

- The net increase of eight temporary or part-time employees explained in part (a) above resulted in a $350,000 increase in wages and salaries, of which $291,000 related to the two quality control employees. These employees are certified welding inspectors. Note that this quality control function is critical to the long-term reliability of the Smith CFB facility. Please note that for budgeting purposes, these inspectors were considered to be temporary employees. However, EKPC may decide to continue contracting this function. This decision will not impact the overall expense as budgeted.

- The number of temporary employees increased from 33 at the end of 2008 to 49 at the end of the test year, because 16 additional plant trainee co-op students were budgeted to be hired at Spurlock Station in January 2009. The wages of these 16 additional co-op students are included in only one month of the base year (Jan. 2009), but they are included in all twelve months of the test year. This accounts for a $100,000 increase in wages and salaries. These temporary positions are needed due to the addition of Spurlock Unit #4 and the scrubbers on Units #1 and #2.

- An additional 19 summer employees are budgeted to be employed from June to October 2009, but they will not be retained through the end of the test year. These 19 employees are broken down as follows: Dale Station, 3; Cooper Station, 6; Spurlock Station, 8; and Smith Station, 2. The added cost of hiring these summer employees is $150,000.

<u>Request 9c.</u> 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.

<u>Response 9c.</u> Please see the attached list of the positions to be filled by the base and test year temporary employees. These positions are needed as a result of business expansion.

Please also see the response to 9b.

7/1/08

East Kentucky Power Cooperative

Temporary or Part-time Employees to be Hired by January 2009

Dept. ID	Business Unit/Department/Team	Position/Title	# of Hours	Estimated Employment Period
	Corporate Services			
041	Corporate Support Services	5 Clerical Part-Time	5 @ 1,200 = 6,000	Jan. - Dec., 2009
046	Training & Development	1 HR Generalist	1,200	Jan. - Dec., 2009
061	Communications	1 Resource Specialist	1,664	Jan. - Dec., 2009
	Power Supply			
124	Transmission Planning	1 Student Engineer	1,200	Jan. - Dec., 2009
	G&T Operations - Transmission			
121	Expansion - Substation Team	2 Students	2 @ 1,000 = 2,000	Jan. - Dec., 2009
122	Expansion - Line Team	2 Students	2 @ 1,000 = 2,000	Jan. - Dec., 2009
122	Expansion - Line Team	1 Temporary Construction Inspector	2,000	Jan. - Dec., 2009
123	Expansion - Admin. & Support	2 Clerical Part-Time	2 @ 1,000 = 2,000	Jan. - Dec., 2009
125	Expansion - Sys. Protection & Control	1 Student Engineer	1,000	Jan. - Dec., 2009
140	Maint. - Staff	1 Student Engineer	1,080	Jan. - Dec., 2009
141	Maint. - Bardstown Service Ctr.	1 Part-time Lineman	1,080	Jan. - Dec., 2009
	G&T Operations - Production			
160	Construction	1 Receptionist	2,080	Jan. - Dec., 2009
160	Construction	3 Administrative Assistants	6,240	Jan. - Dec., 2009
160	Construction	1 Contract Administrator	2,080	Jan. - Dec., 2009
400	Spurlock Station	20 Plant Trainee Co-op Students	20 @ 432 = 8,640	Jan. - Dec., 2009
400	Spurlock Station	6 Co-op Students	6 @ 1,000 = 6,000	Jan. - Dec., 2009
		49		

7/1/08

East Kentucky Power Cooperative

Temporary or Part-time Employees to be Hired by May 2010

Dept. ID	Business Unit/Department/Team	Position/Title	# of Hours	Estimated Employment Period
	Corporate Services			
041	Corporate Support Services	5 Clerical Part-Time	5 @ 1,200 = 6,000	Jan. - Dec., 2010
046	Training & Development	1 HR Associate	1,200	Jan. - Dec., 2010
061	Communications	1 Resource Specialist	1,664	Jan. - Dec., 2010
	Power Supply			
124	Transmission Planning	1 Student Engineer	1,200	Jan. - Dec., 2010
	G&T Operations - Transmission			
121	Expansion - Substation Team	2 Students	2 @ 1,000 = 2,000	Jan. - Dec., 2010
122	Expansion - Line Team	2 Students	2 @ 1,000 = 2,000	Jan. - Dec., 2010
123	Expansion - Admin. & Support	2 Clerical Part-Time	2 @ 1,000 = 2,000	Jan. - Dec., 2010
125	Expansion - Sys. Protection & Control	1 Student Engineer	1,000	Jan. - Dec., 2010
140	Maint. - Staff	1 Student Engineer	1,080	Jan. - Dec., 2010
141	Maint. - Bardstown Service Ctr.	1 Part-time Lineman	1,080	Jan. - Dec., 2010
142	Maint. - Burnside Service Ctr.	1 Temporary Lineman	1,080	May - Dec., 2010
	G&T Operations - Production			
160	Construction	2 Quality Control Employees	2 @ 2,080 = 4,160	Jan. - Dec., 2010
160	Construction	1 Receptionist	2,080	Jan. - Dec., 2010
160	Construction	3 Administrative Assistants	6,240	Jan. - Dec., 2010
160	Construction	1 Contract Administrator	2,080	Jan. - Dec., 2010
172	Environmental	3 Summer Empl./ Coop. Students	1,800	May - Aug., 2010
300	Cooper Station	3 Co-op Students	3 @ 1,000 = 3,000	Mar. - Aug., 2010
400	Spurlock Station	20 Plant Trainee Co-op Students	20 @ 432 = 8,640	Jan. - Dec., 2010
400	Spurlock Station	6 Co-op Students	6 @ 1,000 = 6,000	Jan. - Dec., 2010
		57		

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 10
RESPONSIBLE PERSON: **Robert M. Marshall**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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?

Response 10. The merit increase was 4.10 percent of gross payroll of $41,772,209. Thus, $1,712,660 was available for distribution to EKPC employees. Please note that not every employee received the 4.10 percent. Percentage increases were dependent on two factors: an employee's individual performance review rating and an employee's current earnings compared to the market. Department managers allocated salary increases based on these two criteria. The result was, of the budgeted amount of salary increases, only $1,375,924, which was 3.29%, was distributed.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 11
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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.

Response 11. In 2008 East Kentucky settled two workers' compensation claims totaling $40,000 and paid large medical claims of $85,000 for three employees involved in an automobile accident. Please note that during December, East Kentucky received a reimbursement from its excess carrier on three claims, bringing the 2008 year-end expenditures to approximately $558,000. Excluding the $125,000 in large claims noted above, the 2008 claims level would be $433,000, which is consistent with the 2005-2007 levels.

Workers' compensation expense included in the base and test year is $641,396 and $571,975, respectively.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00409

RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09

REQUEST 12

RESPONSIBLE PERSON: **Ann F. Wood**

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

Request 12. Please refer to the response to AG 1-88.

Request 12a. Explain the expenses submitted by Robert Marshall as shown on page 2. Are these related to a relocation?

Response 12a. A payment of $6,333.29 to Berger Transfer was made on 07/12/2007 for Robert Marshall's relocation moving expenses.

Request 12b. 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.

Response 12b. The expenditure of $6,333.29 was a one-time relocation expense and not included in the forecasted test year.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 13
RESPONSIBLE PERSON: **James C. Lamb, Jr.**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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.

Response 13. EKPC did not purchase outage insurance in 2008 because the benefits from such a purchase were less than the cost. While formal outage insurance is something that is available to EKPC, there are a limited number of companies offering coverage, and this type of transaction is relatively illiquid. EKPC has purchased outage insurance in the past. However, EKPC has never collected on any of its formal forced outage policies. It should be noted that in addition to looking at formal outage insurance, EKPC also looks at self-insurance, via the use of call options. EKPC typically chooses either formal outage insurance or self-insurance, depending on its needs and market conditions. EKPC continues to evaluate outage insurance options prior to each peak load season, with input from ACES Power Marketing.

For 2008, EKPC was quoted $825,000 as the premium for coverage in the winter and summer peak months. There was a 100 MW and $4,000,000 deductible and a

$20,000,000 maximum payout. The strike price was $30/MWh, so any costs exceeding that would be covered for a qualifying forced outage. EKPC evaluated the proposal and concluded that it was not a financially advantageous coverage. The amount of financial risk mitigation that would be achieved was not comparable to the premium.

Had EKPC purchased the quoted product, it would not have collected monies for any of the covered forced outages. EKPC's actual total 2008 outage-related expenses would not have been any different had it purchased the outage insurance product described above.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 14
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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. (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.)

Response 14. EKPC's most recent depreciation study (Commission Case No. 2006-00236) included an engineering analysis that supported a 40-year life for Spurlock Unit 3. EKPC has estimated that Spurlock 4 will have the same useful life as Spurlock 3, since both units use circulating fluidized bed technology.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 15
RESPONSIBLE PERSON: Frank J. Oliva
COMPANY: East Kentucky Power Cooperative, Inc.

Request 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?

Response 15. For the five years prior to 2006, non-firm transmission monthly revenue was inconsistent and relatively insignificant. Because of this uncertainty, the forecasted test year's revenue did not take into account the monthly revenue from non-firm transmission even though such revenue began to increase during the 2005-2006 timeframe. The revenue from this non-firm transmission has only recently become consistent enough to include in a future year's budget and will be included in future budget years.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 16
RESPONSIBLE PERSON: **William Steven Seelye**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 16. Please refer to the response to PSC 2-44. Provide the attachment in Excel with all formulae intact and showing all background calculations.

Response 16. Please see the file on the enclosed CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 17
RESPONSIBLE PERSON: **Ann F. Wood**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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.

Request 17a. Please explain why none of the amount would fall under the seven categories shown in PSC 1-47.

Response 17a. In responding to Commission Staff Second Data Request 53, EKPC provided only the amount classified as miscellaneous. Please see Page 3 of this response for a full categorization of amounts in Account 930.

Request 17b. 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.

Response 17b. Please see the response to part a, above.

Request 17c. What types of expenses are considered "miscellaneous" (as opposed to those that are categorized)?

Response 17c. Please note that the $2,654,474 reflected below is slightly different than the $2,633,859 originally reported in the response to Commission Staff Second Data Request 53. The following items are accounted for in a 930 account and not in the categories listed:

Communications and printing for EKPC and its member systems	$ 1,103,689
Property Tax for General Plant	$ 649,268
Annual Meeting Expense for EKPC and its member systems	$ 14,500
Research and Development	$ 595,924
Commercial and Industrial Services for member systems	$ 291,093
	$ 2,654,474

Request 17d. What caused the decrease in the test year amount?

Response 17d. Please see Page 3 of this response. Note the increase in totals for Account 930.

Analysis of Account No 930 - Miscellaneous General Expenses
For the 12-Month Period Ended May 31, 2010

Line No.	Item (a)	Amount (b)
1	Industry Association Dues	$1,670,495
2	Stockholder & Debt Service Expenses	
3	Institutional Advertising	521,500
4	Conservation, Safety Advertising	10,000
5	Rate Department Load Studies	
6	Director's Fees and Expenses	403,940
7	Dues and Subscriptions	
8	Miscellaneous	2,654,474
9	Total	5,260,409
10	Amount Assigned to Kentucky Jurisdictional	$5,260,409

By Account:

93010	$ 783,290
93020	403,940
93021	1,670,495
93022	1,156,877
93023	649,268
93025	596,539
	$5,260,409

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00409
RESPONSE TO SUPPLEMENTAL DATA REQUESTS

ATTORNEY GENERAL'S DATA REQUESTS DATED 1/23/09
REQUEST 18
RESPONSIBLE PERSON: **Frank J. Oliva**
COMPANY: **East Kentucky Power Cooperative, Inc.**

Request 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.

Response 18. Please see pages 2 through 10 of this response.

East Kentucky Power Cooperative, Inc.
TIER & DSC Calculations for year 2008
Including Effect of Creation of Regulatory Asset Approved in Case No. 2008-00436
(update of KIUC First Data Request Nos. 15 and 17)

For 2008: RUS Mortgage Agreement and Credit Facility Agreement

TIER	(a) Net Margins	29,486,790				
	(b) Interest on Long Term Debt	109,848,439				
	TIER = (a) + (b) / (b) =	139,335,229	/	109,848,439	=	**1.268**

DSC	(a) Depreciation	41,196,739
	(b) Interest on L-T Debt	109,848,439
	(c) Margins	29,486,790
	(d) Interest + Principal	172,090,195
	DSC = (a) + (b) + (c) / (d) =	**1.049**

TIER & DSC for RUS - update to KIUC First Data Request No. 14

Tier

	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Net Margins (before adjustment)	356,633	16,020,226	(6,398,391)	10,022,256	720,068	3,014,898	(2,482,906)	10,979,949	511,885	(425,492)
Reg. Asset Adjustment	-	-	-	-	-	-	-	-	-	-
Interest on Long Term Debt	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
sum of Net Margins + Adjustment + Int. on LTD	7,980,201	24,526,344	1,903,836	18,588,530	8,988,264	11,744,556	6,298,002	19,716,825	9,635,292	8,413,579
divided by										
Interest on Long Term Debt (LTD)	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
= TIER	**1.047**	**2.883**	**0.229**	**2.170**	**1.087**	**1.345**	**0.717**	**2.257**	**1.056**	**0.952**

DSC

	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Depreciation	3,369,309	3,382,836	3,426,846	3,368,040	3,345,513	3,376,430	3,358,054	3,409,487	3,416,540	3,431,562
Interest on LTD	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
Net Margins	356,633	16,020,226	(6,398,391)	10,022,256	720,068	3,014,898	(2,482,906)	10,979,949	511,885	(425,492)
Reg. Asset Adjustment	0	0	0	0	0	0	0	0	0	0
sum of Depreciation + Int. on LTD + Net Margins + Adjustments	11,349,510	27,909,179	5,330,682	21,956,570	12,333,777	15,120,986	9,656,056	23,126,312	13,051,832	11,845,141
divided by										
Interest + Principal	12,407,110	13,118,271	13,070,375	13,330,059	12,942,044	13,674,169	13,725,935	13,625,071	14,124,305	13,844,426
= DSC	**0.915**	**2.128**	**0.408**	**1.647**	**0.953**	**1.106**	**0.703**	**1.697**	**0.924**	**0.856**

TIER & DSC for RUS - update to KIUC First Data Request No. 14

Tier

	Dec-07	Jan-08	12-months ending 1/31/08	Feb-08	12-months ending 2/29/08	Mar-08	12-months ending 3/31/08	Apr-08	12-months ending 4/30/08
Net Margins (before adjustment)	2,784,114	11,746,304	46,849,545	12,290,085	58,782,997	(422,992)	42,339,779	(2,496,751)	46,241,418
Reg. Asset Adjustment	-	-	-		-		-		-
Interest on Long Term Debt	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044	8,530,089	105,316,906
sum of Net Margins + Adjustment + Int. on LTD	11,945,626	20,820,498	150,561,553	20,794,286	163,375,638	8,579,528	147,428,822	6,033,338	151,558,324
divided by									
Interest on Long Term Debt (LTD)	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044	8,530,089	105,316,906
= TIER	**1.304**	**2.294**	**1.452**	**2.445**	**1.562**	**0.953**	**1.403**	**0.707**	**1.439**

DSC

	Dec-07	Jan-08	12-months ending 1/31/08	Feb-08	12-months ending 2/29/08	Mar-08	12-months ending 3/31/08	Apr-08	12-months ending 4/30/08
Depreciation	3,324,148	3,434,965	40,643,730	3,442,237	40,716,658	3,460,188	40,794,010	3,544,371	40,911,535
Interest on LTD	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044	8,530,089	105,316,906
Net Margins	2,784,114	11,746,304	46,849,545	12,290,085	58,782,997	(422,992)	42,339,779	(2,496,751)	46,241,418
Reg. Asset Adjustment	0	0	-	0	-	0	-	0	-
sum of Depreciation + Int. on LTD + Net Margins + Adjustments	15,269,774	24,255,463	191,205,283	24,236,523	204,092,296	12,039,716	188,222,832	9,577,709	192,469,859
divided by									
Interest + Principal	13,927,992	14,222,964	162,012,721	13,662,926	163,268,536	14,212,565	164,362,831	13,694,392	164,986,848
= DSC	**1.096**	**1.705**	**1.180**	**1.774**	**1.250**	**0.847**	**1.145**	**0.699**	**1.167**

TIER & DSC for RUS - update to KIUC First Data Request No. 14

Tier

	May-08	12-months ending 5/31/08	Jun-08	12-months ending 6/30/08	Jul-08	12-months ending 7/31/08	Aug-08	12-months ending 8/31/08	Sep-08
Net Margins (before adjustment)	(3,310,436)	32,908,726	(11,756,522)	20,432,136	5,853,975	23,271,213	(3,471,374)	22,282,745	569
Reg. Asset Adjustment		-		0		-		0	
Interest on Long Term Debt	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549	9,272,395	107,087,036	9,216,080
sum of Net Margins + Adjustment + Int. on LTD	5,587,784	138,557,578	(2,908,923)	126,660,391	14,950,927	129,866,762	5,801,021	129,369,781	9,216,649
divided by									
Interest on Long Term Debt (LTD)	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549	9,272,395	107,087,036	9,216,080
= TIER	**0.628**	**1.311**	**-0.329**	**1.192**	**1.644**	**1.218**	**0.626**	**1.208**	**1.000**

DSC

	May-08	12-months ending 5/31/08	Jun-08	12-months ending 6/30/08	Jul-08	12-months ending 7/31/08	Aug-08	12-months ending 8/31/08	Sep-08
Depreciation	3,391,904	40,935,399	3,499,217	41,089,103	3,417,768	41,130,441	3,393,608	41,165,995	3,378,028
Interest on LTD	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549	9,272,395	107,087,036	9,216,080
Net Margins	(3,310,436)	32,908,726	(11,756,522)	20,432,136	5,853,975	23,271,213	(3,471,374)	22,282,745	569
Reg. Asset Adjustment	0	-	0	0	0	-	0	0	0
sum of Depreciation + Int. on LTD + Net Margins + Adjustments	8,979,688	179,492,977	590,294	167,749,494	18,368,695	170,997,203	9,194,629	170,535,776	12,594,677
divided by									
Interest + Principal	14,058,402	165,715,191	14,189,595	166,962,742	14,180,853	167,469,426	14,356,837	168,100,328	14,427,066
= DSC	**0.639**	**1.083**	**0.042**	**1.005**	**1.295**	**1.021**	**0.640**	**1.014**	**0.873**

TIER & DSC for RUS - update to KIUC First Data Request No. 14

Tier

	12-months ending 9/30/08	Oct-08	12-months ending 10/31/08	Nov-08	12-months ending 11/30/08	Dec-08	12-months ending 12/31/08
Net Margins (before adjustment)	11,303,365	2,465,707	13,257,187	9,557,343	23,240,022	(3,270,314)	17,185,594
Reg. Asset Adjustment	-		0		-	12,301,196	12,301,196
Interest on Long Term Debt	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
sum of Net Margins + Adjustment + Int. on LTD	118,869,605	12,331,225	121,565,538	19,172,337	132,324,296	18,956,560	139,335,230
divided by							
Interest on Long Term Debt (LTD)	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
= TIER	**1.105**	**1.250**	**1.122**	**1.994**	**1.213**	**1.910**	**1.268**

DSC

	12-months ending 9/30/08	Oct-08	12-months ending 10/31/08	Nov-08	12-months ending 11/30/08	Dec-08	12-months ending 12/31/08
Depreciation	41,134,536	3,389,238	41,107,234	3,421,616	41,097,288	3,423,598	41,196,738
Interest on LTD	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
Net Margins	11,303,365	2,465,707	13,257,187	9,557,343	23,240,022	(3,270,314)	17,185,594
Reg. Asset Adjustment	-	0	0	0	-	12,301,196	12,301,196
sum of Depreciation + Int. on LTD + Net Margins + Adjustments	160,004,141	15,720,463	162,672,772	22,593,953	173,421,584	22,380,157	180,531,967
divided by							
Interest + Principal	168,902,323	15,175,649	169,953,667	14,930,232	171,039,473	14,978,714	172,090,195
= DSC	**0.947**	**1.036**	**0.957**	**1.513**	**1.014**	**1.494**	**1.049**

TIER & DSC for Credit Facility - update to KIUC First Data Request No. 16

	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
Tier										
Net Margins (before adjustments)	356,633	16,020,226	(6,398,391)	10,022,256	720,068	3,014,898	(2,482,906)	10,979,949	511,885	(425,492)
Reg. Asset Adjustment	-	-	-	-	-	-	-	-	-	-
Adjustment to Net Margins										
Adjusted Net Margins	356,633	16,020,226	(6,398,391)	10,022,256	720,068	3,014,898	(2,482,906)	10,979,949	511,885	(425,492)
Interest on Long Term Debt	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
sum of Adjusted Net margins + Int. on LTD	7,980,201	24,526,344	1,903,836	18,588,530	8,988,264	11,744,556	6,298,002	19,716,825	9,635,292	8,413,579
divided by										
Interest on Long Term Debt (LTD)	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
= TIER	**1.047**	**2.883**	**0.229**	**2.170**	**1.087**	**1.345**	**0.717**	**2.257**	**1.056**	**0.952**

	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07
DSC										
Depreciation	3,369,309	3,382,836	3,426,846	3,368,040	3,345,513	3,376,430	3,358,054	3,409,487	3,416,540	3,431,562
Interest on LTD	7,623,568	8,506,118	8,302,227	8,566,274	8,268,196	8,729,658	8,780,908	8,736,876	9,123,407	8,839,071
Net Margins	356,633	16,020,226	(6,398,391)	10,022,256	720,068	3,014,898	(2,482,906)	10,979,949	511,885	(425,492)
Reg. Asset Adjustment	0	0	0	0	0	0	0	0	0	0
sum of Depreciation + Int. on LTD + Adjusted Net Margins	11,349,510	27,909,179	5,330,682	21,956,570	12,333,777	15,120,986	9,656,056	23,126,312	13,051,832	11,845,141
divided by										
Interest + Principal	12,407,110	13,118,271	13,070,375	13,330,059	12,942,044	13,674,169	13,725,935	13,625,071	14,124,305	13,844,426
= DSC	**0.915**	**2.128**	**0.408**	**1.647**	**0.953**	**1.106**	**0.703**	**1.697**	**0.924**	**0.856**

TIER & DSC for Credit Facility - update to KIUC First Data Request No. 16

	Dec-07	Jan-08	12-months ending 1/31/08	Feb-08	12-months ending 2/29/08	Mar-08	12-months ending 3/31/08
Tier							
Net Margins (before adjustments)	2,784,114	11,746,304	46,849,545	12,290,085	58,782,997	(422,992)	42,339,779
Reg. Asset Adjustment	-	-	-	-	-	-	-
Adjustment to Net Margins	(33,128,327)		(33,128,327)		(33,128,327)		(33,128,327)
Adjusted Net Margins	(30,344,213)	11,746,304	13,721,218	12,290,085	25,654,670	(422,992)	9,211,452
Interest on Long Term Debt	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044
sum of Adjusted Net margins + Int. on LTD	(21,182,701)	20,820,498	117,433,226	33,084,371	130,247,311	8,156,536	114,300,495
divided by							
Interest on Long Term Debt (LTD)	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044
= TIER	**-2.312**	**2.294**	**1.132**	**3.890**	**1.245**	**0.906**	**1.088**

	Dec-07	Jan-08	12-months ending 1/31/08	Feb-08	12-months ending 2/29/08	Mar-08	12-months ending 3/31/08
DSC							
Depreciation	3,324,148	3,434,965	40,643,730	3,442,237	40,716,658	3,460,188	40,794,010
Interest on LTD	9,161,512	9,074,194	103,712,008	8,504,201	104,592,641	9,002,520	105,089,044
Net Margins	2,784,114	11,746,304	46,849,545	12,290,085	58,782,997	(422,992)	42,339,779
Reg. Asset Adjustment	0	0	-	0	-	0	-
sum of Depreciation + Int. on LTD + Adjusted Net Margins	15,269,774	24,255,463	191,205,283	24,236,523	204,092,296	12,039,716	188,222,832
divided by							
Interest + Principal	13,927,992	14,222,964	162,012,721	13,662,926	163,268,536	14,212,565	164,362,831
= DSC	**1.096**	**1.705**	**1.180**	**1.774**	**1.250**	**0.847**	**1.145**

TIER & DSC for Credit Facility - update to KIUC First Data Request No. 16

	Apr-08	12-months ending 4/30/08	May-08	12-months ending 5/31/08	Jun-08	12-months ending 6/30/08	Jul-08	12-months ending 7/31/08
Tier								
Net Margins (before adjustments)	(2,496,751)	46,241,418	(3,310,436)	32,908,726	(11,756,522)	20,432,136	5,853,975	23,271,213
Reg. Asset Adjustment	-	-	-	-	-	0	-	-
Adjustment to Net Margins		(33,128,327)		(33,128,327)		(33,128,327)		(33,128,327)
Adjusted Net Margins	(2,496,751)	13,113,091	(3,310,436)	(219,601)	(11,756,522)	(12,696,191)	5,853,975	(9,857,114)
Interest on Long Term Debt	8,530,089	105,316,906	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549
sum of Adjusted Net margins + Int. on LTD	3,536,587	118,429,997	2,277,348	105,429,251	(14,665,445)	93,532,064	20,804,902	96,738,435
divided by								
Interest on Long Term Debt (LTD)	8,530,089	105,316,906	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549
= TIER	**0.415**	**1.125**	**0.256**	**0.998**	**-1.658**	**0.880**	**2.287**	**0.908**

	Apr-08	12-months ending 4/30/08	May-08	12-months ending 5/31/08	Jun-08	12-months ending 6/30/08	Jul-08	12-months ending 7/31/08
DSC								
Depreciation	3,544,371	40,911,535	3,391,904	40,935,399	3,499,217	41,089,103	3,417,768	41,130,441
Interest on LTD	8,530,089	105,316,906	8,898,220	105,648,852	8,847,599	106,228,255	9,096,952	106,595,549
Net Margins	(2,496,751)	46,241,418	(3,310,436)	32,908,726	(11,756,522)	20,432,136	5,853,975	23,271,213
Reg. Asset Adjustment	0	-	0	-	0	0	0	-
sum of Depreciation + Int. on LTD + Adjusted Net Margins	9,577,709	192,469,859	8,979,688	179,492,977	590,294	167,749,494	18,368,695	170,997,203
divided by								
Interest + Principal	13,694,392	164,986,848	14,058,402	165,715,191	14,189,595	166,962,742	14,180,853	167,469,426
= DSC	**0.699**	**1.167**	**0.639**	**1.083**	**0.042**	**1.005**	**1.295**	**1.021**

TIER & DSC for Credit Facility - update to KIUC First Data Request No. 16

	Aug-08	12-months ending 8/31/08	Sep-08	12-months ending 9/30/08	Oct-08	12-months ending 10/31/08	Nov-08	12-months ending 11/30/08	Dec-08	12-months ending 12/31/08
Tier										
Net Margins (before adjustments)	(3,471,374)	22,282,745	569	11,303,365	2,465,707	13,257,187	9,557,343	23,240,022	(3,270,314)	17,185,594
Reg. Asset Adjustment	-	0	-	-	-	0	-	-	12,301,196	12,301,196
Adjustment to Net Margins		(33,128,327)		(33,128,327)		(33,128,327)		(33,128,327)	-	-
Adjusted Net Margins	(3,471,374)	(10,845,582)	569	(21,824,962)	2,465,707	(19,871,140)	9,557,343	(9,888,305)	9,030,882	29,486,790
Interest on Long Term Debt	9,272,395	107,087,036	9,216,080	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
sum of Adjusted Net margins + Int. on LTD	2,329,647	96,241,454	9,217,218	85,741,278	14,796,932	88,437,211	28,729,680	99,195,969	27,987,441	139,335,230
divided by										
Interest on Long Term Debt (LTD)	9,272,395	107,087,036	9,216,080	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
= TIER	**0.251**	**0.899**	**1.000**	**0.797**	**1.500**	**0.817**	**2.988**	**0.909**	**2.820**	**1.268**

	Aug-08	12-months ending 8/31/08	Sep-08	12-months ending 9/30/08	Oct-08	12-months ending 10/31/08	Nov-08	12-months ending 11/30/08	Dec-08	12-months ending 12/31/08
DSC										
Depreciation	3,393,608	41,165,995	3,378,028	41,134,536	3,389,238	41,107,234	3,421,616	41,097,288	3,423,598	41,196,738
Interest on LTD	9,272,395	107,087,036	9,216,080	107,566,240	9,865,518	108,308,351	9,614,994	109,084,274	9,925,678	109,848,440
Net Margins	(3,471,374)	22,282,745	569	11,303,365	2,465,707	13,257,187	9,557,343	23,240,022	(3,270,314)	17,185,594
Reg. Asset Adjustment	0	0	0	-	0	0	0	-	12,301,196	12,301,196
sum of Depreciation + Int. on LTD + Adjusted Net Margins	9,194,629	170,535,776	12,594,677	160,004,141	15,720,463	162,672,772	22,593,953	173,421,584	22,380,157	180,531,967
divided by										
Interest + Principal	14,356,837	168,100,328	14,427,066	168,902,323	15,175,649	169,953,667	14,930,232	171,039,473	14,978,714	172,090,195
= DSC	**0.640**	**1.014**	**0.873**	**0.947**	**1.036**	**0.957**	**1.513**	**1.014**	**1.494**	**1.049**