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KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

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

March 5, 2009

Via Federal Express

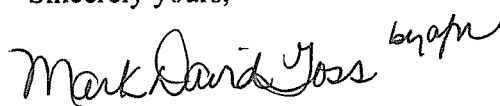
Michael L. Kurtz, Esq.
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 15 10
Cincinnati, Ohio 45202

Re: PSC Case No. 2008-00409

Dear Mr. Kurtz:

Please find enclosed the Information Requests of East Kentucky Power Cooperative, Inc. to Kentucky Industrial Utility Customers, Inc. in the above-referenced case.

Sincerely yours,



Mark David Goss

Enclosures

cc: Parties of Record
Jeffrey Derouen, Executive Director- Public Service Commission

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**PUBLIC SERVICE
COMMISSION**

**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.)	

**EAST KENTUCKY POWER COOPERATIVE, INC.
INFORMATION REQUESTS TO
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to the Procedural Schedule in this case dated November 26, 2008, is requested to file responses to the following requests for information by March 19, 2009, with copies to the Commission and to all parties of record, and in accordance with the following:

(1) 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.

(2) If any request appears confusing, please request clarification directly from EKPC.

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

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

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

(6) 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.

(7) If the Respondent objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify EKPC as soon as possible.

(8) 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.

(9) "Document" means the original and all copies (regardless of origin, and whether or not including additional writing thereon, or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence, investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in, or on whatever medium, including computerized memory or magnetic media. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), code number thereof, or other means of identifying it, and its present location and custodian. If any such document was, but is no longer

in the Respondent's possession or subject to its control, state what disposition was made of it, including the date of such disposition.

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

(11) "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.

(12) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.

(13) Respondent means KIUC and/or any of its officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mark David Goss". The signature is written in black ink and is positioned above a horizontal line.

Mark David Goss

Frost Brown Todd LLC

250 West Main Street, Suite 2800

Lexington, KY 40507-1749

(859) 231-0000 – Telephone

(859) 231-0011 – Facsimile

Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that an original and 10 copies of the foregoing East Kentucky Power Cooperative, Inc. Information Requests to Kentucky Industrial Utility Customers, Inc. in the above-styled case were delivered to the office of Jeffery Derouen, Executive Director of the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601, and copies were mailed to Parties of Record listed below, this 5th day of March, 2009.

Michael L. Kurtz, Esq.
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, Ohio 45202

Lawrence W. Cook, Esq.
Assistant Attorney General
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204



Counsel for East Kentucky Power Cooperative, Inc.

INFORMATION REQUESTS FOR LANE KOLLEN

1. Please provide all workpapers, in electronic format with formulae intact, that were used in preparation of Mr. Kollen's testimony.
2. Please refer to pages 8 through 12 of Mr. Kollen's Direct Testimony.
 - a) Please indicate when Mr. Kollen believes EKPC's major construction program will be completed.
 - b) Please indicate if Mr. Kollen agrees with the following statements relating to allowing a cash return on CWIP. If he disagrees, please explain why.
 - (1) Ratepayers pay the carrying or financing costs of plant while it is being built.
 - (2) CWIP usually results in a lower cost of money during construction, as debt holders are presumed to prefer current earnings to bookkeeping earnings representing a future return.
 - (3) The utility in return forgoes a portion of its carrying costs between rate cases due to regulatory lag.
 - c) Please indicate if Mr. Kollen agrees with the following statements relating to AFUDC. If he disagrees, please explain why.
 - (1) Carrying costs are accrued and capitalized as part of the total investment in plant.
 - (2) All carrying costs are recovered from ratepayers, but recovery does not begin until the plant is completed and included in rate base.
 - (3) The use of AFUDC will result in bookkeeping earnings which may distort a utility's actual earnings; the larger the project, the more certain the distortion is to occur.
3. Please refer to pages 13 and 15 of Mr. Kollen's Direct Testimony.

- a) Please compare and contrast how the “known and measurable” standard is applied in a historic test period with how the standard is applied in a forecasted test period.
 - b) Would Mr. Kollen agree that when a forecasted test period is utilized, the focus is on determining the reasonableness of the utility’s budgeting and other processes used to arrive at the forecasted test period balances?
4. Please refer to pages 17 through 21 of Mr. Kollen’s Direct Testimony. Please provide the analysis Mr. Kollen performed that supports his recommended 1.35 TIER. Please include all documents reviewed and workpapers developed by Mr. Kollen.
 5. Please provide any studies you have done that will demonstrate that a TIER of 1.35x for EKPC will provide access to new capital.
 6. Please explain in detail how Mr. Kollen’s proposed 1.35 TIER will allow EKPC to improve its equity position.
 7. Please discuss the relationship between the TIER minimum contained in the RUS mortgage agreement and the cost of capital.
 8. Did Mr. Kollen consider EKPC’s Debt Service Coverage (DSC) ratio when making his recommendations?
 9. If the answer to 8 above is yes, please provide Mr. Kollen’s analysis and calculation of EKPC’s DSC ratio reflecting his recommended TIER.
 10. Please provide the proxy group of G&T cooperatives Mr. Kollen used in his analysis to support his recommended TIER. If Mr. Kollen did not perform an analysis utilizing a proxy group of G&T cooperatives, please explain why such an analysis was not performed.
 11. Please provide a list of all financings you have managed or on which you have served as the principal advisor that provided you direct market experience.

12. What factors do you believe banks, bond holders, and rating agencies use to evaluate a cooperative's credit?
13. Please provide copies of all testimony where Mr. Kollen has testified regarding TIER, DSC, or rate of return for a G&T cooperative.
14. Please refer to page 13, line 17 through page 15, line 17 of Mr. Kollen's Direct Testimony. Does Mr. Kollen agree that a BESF adjustment in the environmental surcharge mechanism would be used to recognize the costs of the Cooper Retrofit Project included in base rates from this proceeding? If no, please explain your position.
15. Please refer to page 15, line 19 through page 16, line 23 of Mr. Kollen's Direct Testimony. Given that the actual CT construction period is less than one year, would Mr. Kollen agree that this project would not qualify for AFUDC under EKPC's policy of only capitalizing interest on projects which take longer than one year to construct and cost more than \$100,000? If not, please explain your position.
16. Please refer to page 23, line 16 to page 27, line 7 of Mr. Kollen's Direct Testimony. Please explain why Mr. Kollen did not apply current market prices to the historic analysis. If current market prices were used, how would this change the result?

INFORMATION REQUESTS FOR STEPHEN J. BARON

1. Please provide all workpapers, in electronic format with formulae intact, that were used in the preparation of Mr. Baron's testimony. In addition, please provide Baron Exhibit SJB-2 in electronic format with all formulae intact.

2. Please refer to pages 13 and 14 of Mr. Baron's Direct Testimony. Recently there has been an increased emphasis on promoting energy efficiency. One of the areas targeted in this emphasis has been the desire to remove disincentives incorporated into existing rate designs. One of the ways to remove the disincentives has been to develop rate designs that closely reflect the results of the utility's cost of service study, like EKPC's proposed Phase II rate design.
 - a) Does Mr. Baron agree that it is desirable to remove disincentives to energy efficiency from existing rate designs?
 - b) Did Mr. Baron consider the desire to remove disincentives to energy efficiency from rate design when developing his recommendation concerning rate design issues in this case?
 - c) Please explain how Mr. Baron's recommendation to implement EKPC's proposed Phase I rate design will result in the removal of disincentives in existing rate design to energy efficiency.

3. Please refer to pages 15 through 19 of Mr. Baron's Direct Testimony.
 - a) Please indicate if Mr. Baron is recommending the same interruptible credit regardless of whether there is a 10 minute notice or a 90 minute notice.
 - b) If yes, please explain why the interruptible credit should not be different for the two notice periods.