

OWEN Electric



A Touchstone Energy Cooperative 

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PUBLIC SERVICE
COMMISSION


Rate Case No. 2008-00421

**2ND DATA REQUEST OF GALLATIN STEEL TO
OWEN ELECTRIC COOPERATIVE INC**

**8205 Hwy 127 N
PO Box 400
Owenton, KY 40359
502-484-3471**



OWEN Electric

Touchstone Energy Cooperative 

February 10, 2009

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Dear Mr. Derouen:

Please find enclosed the original and five (5) copies of the responses to Gallatin Steel's "Second Set of Data Requests" to Owen Electric Cooperative, Inc. posted on January 29, 2009. Per Ouang Nguyen, Counsel for the Commission, an extra day was granted for the filing of this response, and is now due on February 12, 2009. Owen received the Data Request from Gallatin Steel a day late as a result of the January ice storm.

Please contact me with any questions regarding this filing.

Respectfully submitted,



Mark Stallons
President and CEO

Enclosure

Cc Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, KY 40601

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

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: The Application Of Owen Electric
Cooperative Corporation For An Order Authorizing An
Increase In Its Retail Electric Rates Equal To The Increase In
Its Wholesale Power Costs

Case No. 2008-00421

**SECOND SET OF DATA REQUESTS OF
GALLATIN STEEL**

Dated: January 29, 2009

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it?
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
11. "EKPC" means Eastern Kentucky Power Cooperative and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
12. "Owen" means Owen Electric Cooperative and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

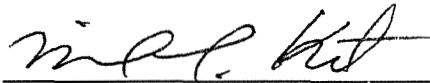
INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Gallatin Steel. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

**GALLATIN STEEL'S SECOND SET OF DATA REQUESTS TO OWEN ELECTRIC
COOPERATIVE CORPORATION**
Case No. 2008-00421

Q.2-1. Please refer to your answer to Gallatin Steel's First Set Of Data Request Q-1. Please provide a chart in the same format showing the gross margin on Gallatin Steel for each year that Owen has provided distribution service to Gallatin Steel.

Respectfully submitted,



Michael L. Kurtz, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

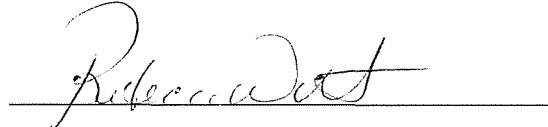
Ph: 513.421.2255 Fax: 513.421.2764

E:mail: mkurtz@BKLLawfirm.com

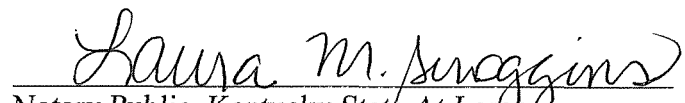
**COUNSEL FOR GALLATIN STEEL
COMPANY**

January 29, 2009

Affiant, REBECCA WITT, states that the answers given by her to the foregoing questions are true and correct to the best of his knowledge and belief.


REBECCA WITT

Subscribed and sworn to before me by the affiant, REBECCA WITT, this 10th day of February, 2009.


Notary Public, Kentucky State At Large

My Commission Expires: May 2, 2012

OWEN ELECTRIC COOPERATIVE
CASE NO. 2008-00421

RESPONSE TO GALLATIN STEEL'S SECOND DATA REQUEST

Question:

Please Refer to your answer to Gallatin Steel's First Set of Data Request Q-1. Please provide a chart in the same format showing the gross margin on Gallatin Steel for each year that Owen has provided distribution service to Gallatin Steel.

Response:

Attached is the requested information. Of note, Owen's markup on Gallatin Steel's KW demand has been reduced once during the period of time that Owen has provided distribution service to Gallatin Steel, and the markup on the energy used has been reduced twice during that same time frame. The KW demand charge was originally .075 per KW and was reduced to .0375 per KW in June 2005 when the new contract was negotiated. The original energy charge of .00075 per KWH was voluntarily reduced by Owen in August 2001 to .00057 per KWH, and was reduced again in June 2005 during contract negotiations to .000285.

GROSS MARGINS CALCULATION - GALLATIN STEEL

Year	Base Rates	Fuel Adjustment Clause	Environmental Surcharge	Total
1995				
Revenue - Owen Purchased Power	\$9,209,869			\$9,209,869
Cost - EKPC	8,929,080			8,929,080
Gross Margins (Loss)	\$280,789	\$0	\$0	\$280,789
1996				
Revenue - Owen Purchased Power	\$17,657,999			\$17,657,999
Cost - EKPC	17,074,285			17,074,285
Gross Margins (Loss)	\$583,714	\$0	\$0	\$583,714
1997				
Revenue - Owen Purchased Power	\$20,312,363			\$20,312,363
Cost - EKPC	19,639,138			19,639,138
Gross Margins (Loss)	\$673,225	\$0	\$0	\$673,225
1998				
Revenue - Owen Purchased Power	\$19,326,216			\$19,326,216
Cost - EKPC	18,697,737			18,697,737
Gross Margins (Loss)	\$628,479	\$0	\$0	\$628,479
1999				
Revenue - Owen Purchased Power	\$23,855,851			\$23,855,851
Cost - EKPC	23,072,576			23,072,576
Gross Margins (Loss)	\$783,275	\$0	\$0	\$783,275
2000				
Revenue - Owen Purchased Power	\$28,454,551			\$28,454,551
Cost - EKPC	27,654,300			27,654,300
Gross Margins (Loss)	\$800,251	\$0	\$0	\$800,251
2001				
Revenue - Owen Purchased Power	\$31,411,962			\$31,411,962
Cost - EKPC	30,623,473			30,623,473
Gross Margins (Loss)	\$788,489	\$0	\$0	\$788,489
2002				
Revenue - Owen Purchased Power	\$31,236,603			\$31,236,603
Cost - EKPC	30,545,016			30,545,016
Gross Margins (Loss)	\$691,587	\$0	\$0	\$691,587
2003				
Revenue - Owen Purchased Power	\$36,598,196			\$36,598,196
Cost - EKPC	35,902,380			35,902,380
Gross Margins (Loss)	\$695,816	\$0	\$0	\$695,816
2004				
Revenue - Owen Purchased Power	\$43,447,998			\$43,447,998
Cost - EKPC	42,727,021			42,727,021
Gross Margins (Loss)	\$720,977	\$0	\$0	\$720,977
2005				
Revenue - Owen Purchased Power	\$39,843,791	\$3,873,672	\$1,409,460	\$45,126,923
Cost - EKPC	39,337,398	3,873,672	1,740,225	44,951,295
Gross Margins (Loss)	\$506,393	\$0	(\$330,765)	\$175,628
2006				
Revenue - Owen Purchased Power	\$31,254,866	\$6,704,285	\$2,707,874	\$40,667,025
Cost - EKPC	30,902,972	6,704,285	3,521,563	41,128,820
Gross Margins (Loss)	\$351,894	\$0	(\$813,689)	(\$461,795)
2007				
Revenue - Owen Purchased Power	\$34,878,193	\$6,777,490	\$2,699,502	\$44,355,185
Cost - EKPC	34,525,044	6,777,490	3,564,465	44,866,999
Gross Margins (Loss)	\$353,149	\$0	(\$864,963)	(\$511,814)
2008				
Revenue - Owen Purchased Power	\$36,462,646	\$6,933,217	\$2,204,429	\$45,600,292
Cost - EKPC	36,120,992	6,933,217	2,611,726	45,665,935
Gross Margins (Loss)	\$341,654	\$0	(\$407,297)	(\$65,643)