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COMMISSION

October 31, 2008

HAND DELIVERED

Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: PSC Case No. 2008-00436

Dear Ms. Stumbo:

Please find enclosed for filing with the Commission, an original and seven copies of the responses of East Kentucky Power Cooperative, Inc , to the Staff data requests dated October 23, 2008.

Very truly yours,



Charles A. Lile
Corporate Counsel

Enclosures

Cc: Dennis G. Howard II, Esq.
Michael L. Kurtz, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 31 2008
PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR AN ORDER)
APPROVING ACCOUNTING PRACTICES TO)
ESTABLISH A REGULATORY ASSET RELATED)
TO CERTAIN REPLACEMENT POWER COSTS)
RESULTING FROM GENERATION FORCED)
OUTAGES)

CASE NO.
2008-00436

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE 2008-00436

PUBLIC SERVICE COMMISSION'S DATA REQUEST DATED 10/23/08

In response to the Public Service Commission's First Data Request, East Kentucky Power Cooperative, Inc. ("EKPC") submits its responses to the questions contained therein.



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd
P O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

October 23, 2008

Honorable Charles A. Life
Senior Corporate Counsel
East Kentucky Power Cooperative, Inc
4775 Lexington Road
P O. Box 707
Winchester, KY 40392-0707

RE: Case No. 2008-00436

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/ke
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR AN ORDER APPROVING)
ACCOUNTING PRACTICES TO ESTABLISH A) CASE NO.
REGULATORY ASSET RELATED TO CERTAIN) 2008-00436
REPLACEMENT POWER COSTS RESULTING FROM)
GENERATION FORCED OUTAGES)

FIRST DATA REQUEST OF COMMISSION STAFF
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("East Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than October 31, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

East Kentucky shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which East Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Paragraph 4 of East Kentucky's application states that the accounting treatment for which it is seeking approval relates to the costs of replacement power and energy purchases and the fuel costs of replacement generation related to the forced outages experienced at its generating plants in 2008. Provide a breakdown of the unrecovered forced outage costs, through August of 2008, of \$11,864,111 shown on Exhibit AFW-1 between power purchased and replacement generation. If applicable, show purchased power broken down further into demand costs and energy costs.

2. Refer to Paragraph 5 of East Kentucky's application and the answer beginning at line 21 on page 3 of the Direct Testimony of Ann F. Wood ("Wood Testimony"). The last sentence in Paragraph 5 refers to the high level of East Kentucky's replacement power costs during calendar year 2008, while the answer in the Wood Testimony indicates that East Kentucky's forced outage replacement power costs in 2008 are not unusually high. Provide a reconciliation of these contradictions.

3. Paragraph 14 of the application contains East Kentucky's request for expedited treatment citing its "... need to address its potential shortfall in net margins before the end of the calendar year 2008" Based on its various accounting and reporting requirements, what is the latest possible date that East Kentucky can receive a Commission decision and record the proposed regulatory asset on its books for calendar year 2008?

4. In the same form as used in Exhibit AFW-1 to show the detail of East Kentucky's 2008 forced outages, provide the detail of its forced outages for each of the years 2005, 2006, and 2007.

5. Refer to the question and answer beginning at line 19 on page 4 of the Wood Testimony, which refers to the Commission's approval, in Case No. 2006-00472,¹ of a three-year amortization of the \$20.5 million cost of a nearly four-month forced outage at East Kentucky's Spurlock No. 1 generating unit ("Spurlock Unit 1") in 2004. Given that the Wood Testimony (page 2, line 23 to page 3, line 2) and the Direct Testimony of Craig E. Johnson ("Johnson Testimony") at page 2, lines 19-20, indicate that East Kentucky's forced outage rates and forced outage replacement power costs are not unusually high, explain why Commission approval of recovery of the cost of the 2004 Spurlock Unit 1 forced outage, approval premised on "the magnitude of the associated costs and extraordinary nature of the event," is relevant to East Kentucky's current request.

6. Refer to the discussion of East Kentucky's Times Interest Earned Ratio ("TIER") and Debt Service Cover Ratio ("DSC") on pages 5 – 7 of the Wood Testimony.

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

a. Provide East Kentucky's achieved TIERs and DSCs for calendar years 2006 and 2007. Include the calculations.

b. The testimony emphasizes East Kentucky's need to meet its DSC requirement. Provide the TIER requirement(s) included in East Kentucky's Credit Facility Agreement and Rural Utilities Service Mortgage and the TIER it needs to achieve in 2008 to meet its requirement(s).

7. Refer to Exhibit AFW-2, page 2 of 2.

a. Explain in detail what the TIER and DSC levels under the heading "Average of Best 2 of 3" represent.

b. Provide the calculations of the TIER and DSC levels shown under the heading "Average of Best 2 of 3."

8. Refer to the discussion on pages 4–5 of the Johnson Testimony concerning forced outages caused by a tube leak.

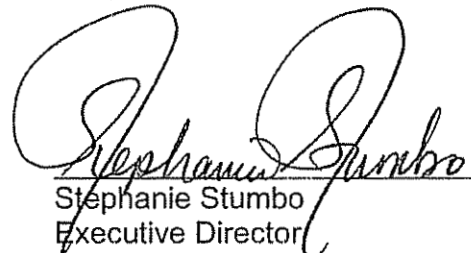
a. The discussion appears to indicate that such an outage at a circulating fluidized bed ("CFB") unit will require, at minimum, 7 to 8 days for cool-down, cleanup and start-up. The detail in Exhibit AFW-1 shows that the Gilbert outage that began on June 24, 2008 lasted a total of 17 days. Describe in detail the work or activity on the part of East Kentucky that required an outage of this length.

b. Other than their length, describe how the two tube leak outages shown on Exhibit AFW-1 for Spurlock Units 1 and 2 compare to the 17-day outage at the Gilbert unit.

9. The Johnson Testimony focuses on an outage at a CFB unit, such as East Kentucky's Gilbert unit. Provide Gilbert's position in East Kentucky's dispatch order. Also include the stacking order of all East Kentucky base load generating units.

10. Refer to page 7 of the Johnson Testimony. Provide the planned date and length of the maintenance outage scheduled for the Gilbert unit during the fall of 2008.

11. The question and answer beginning at line 13 on page 7 of the Johnson Testimony indicate that the weld defect which caused the 17-day outage at the Gilbert unit was the result of a field installation problem rather than a design flaw. That being the case, explain whether East Kentucky has grounds for seeking reimbursement for any of the costs of that specific outage from either the manufacturer or the installer.



Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Ky. 40602

DATED October 23, 2008

cc: All parties

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR AN ORDER)	
APPROVING ACCOUNTING PRACTICES TO)	CASE NO.
ESTABLISH A REGULATORY ASSET RELATED)	2008-00436
TO CERTAIN REPLACEMENT POWER COSTS)	
RESULTING FROM GENERATION FORCED)	
OUTAGES)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Ann F. Wood being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Data Request in the above-referenced case dated October 23, 2008, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Ann F Wood

Subscribed and sworn before me on this 30th day of October, 2008.

Deagay S. Duffin
Notary Public

My Commission expires:

December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR AN ORDER)	
APPROVING ACCOUNTING PRACTICES TO)	CASE NO.
ESTABLISH A REGULATORY ASSET RELATED)	2008-00436
TO CERTAIN REPLACEMENT POWER COSTS)	
RESULTING FROM GENERATION FORCED)	
OUTAGES)	

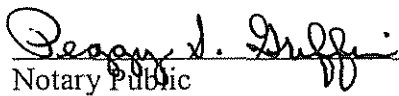
CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Data Request in the above-referenced case dated October 23, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 30th day of October, 2008.


Notary Public

My Commission expires:

December 8, 2009

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 1**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Paragraph 4 of East Kentucky's application states that the accounting treatment for which it is seeking approval relates to the costs of replacement power and energy purchases and the fuel costs of replacement generation related to the forced outages experienced at its generating plants in 2008. Provide a breakdown of the unrecovered forced outage costs, through August of 2008, of \$11,864,111 shown on Exhibit AFW-1 between power purchased and replacement generation. If applicable, show purchased power broken down further into demand costs and energy costs.

Response 1. Provided on pages 2 and 3 of this response is a breakdown of the replacement power costs, through August 2008, between replacement purchased power and replacement generation. There are no demand costs associated with the purchase of replacement power.

**EAST KENTUCKY POWER COOPERATIVE, INC.
2008 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered	Breakdown of Cost of Replacement Power		
							Generation	Purchased Power	Cost of Replacement Power
Spurlock	Gilbert	3/13/08-3/14/08	31 Hrs 50 Mins	\$ 75,071	\$ 305,059	\$ (229,988)	\$ 557	\$ 304,502	\$ 305,059
		6/24/08-6/30/08	145 Hrs 23 Mins	783,481	2,800,320	(2,016,839)	738,333	2,061,987	2,800,320
		7/1/08-7/10/08	227 Hrs 43 Mins	1,274,092	4,205,375	(2,931,283)	1,270,811	2,934,564	4,205,375
					<u>7,310,754</u>	<u>(5,178,110)</u>	<u>2,009,701</u>	<u>5,301,053</u>	<u>7,310,754</u>
Spurlock	2	3/4/08-3/7/08	75 Hrs 51 Mins	849,243	2,584,250	(1,735,007)	393,829	2,190,421	2,584,250
	2	3/13/08-3/14/08	12 Hrs 32 Mins	106,869	267,066	(160,197)		267,066	267,066
	2	6/7/08-6/8/08	11 Hrs 3 Mins	134,659	422,029	(287,370)	204,047	217,982	422,029
	1	7/1/08-7/1/08	7 Hrs 23 Mins	48,446	160,481	(112,035)	5,729	154,752	160,481
	1	7/9/08-7/12/08	80 Hrs 58 Mins	534,162	2,050,252	(1,516,090)	250,467	1,799,785	2,050,252
					<u>5,484,078</u>	<u>(3,810,699)</u>	<u>854,072</u>	<u>4,630,006</u>	<u>5,484,078</u>
Cooper	1	1/23/08-1/25/08	69 Hrs 30 Mins	161,545	629,864	(468,319)	145,734	484,130	629,864
	2	1/29/08-1/29/08	7 Hrs 12 Mins	32,310	96,435	(64,125)	171	96,264	96,435
	2	4/1/08-4/1/08	11 Hrs 45 Mins	21,132	82,967	(61,835)	64,666	18,301	82,967
	2	4/5/08-4/5/08	8 Hrs 56 Mins	36,570	87,233	(50,663)		87,233	87,233
	2	5/15/08-5/15/08	17 Hrs 28 Mins	86,746	210,087	(123,341)	52,010	158,077	210,087
	2	6/7/08-6/7/08	9 Hrs 5 Mins	49,784	255,120	(205,336)	106,271	148,849	255,120
	2	6/9/08-6/11/08	31 Hrs 19 Mins	150,300	390,230	(239,930)	106,447	283,783	390,230
	2	6/13/08-6/15/08	49 Hrs 34 Mins	271,631	725,675	(454,044)	131,779	593,896	725,675
					<u>2,477,611</u>	<u>(1,667,593)</u>	<u>607,078</u>	<u>1,870,533</u>	<u>2,477,611</u>

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 2**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Refer to Paragraph 5 of East Kentucky's application and the answer beginning at line 21 on page 3 of the Direct Testimony of Ann F. Wood ("Wood Testimony"). The last sentence in Paragraph 5 refers to the high level of East Kentucky's replacement power costs during calendar year 2008, while the answer in the Wood Testimony indicates that East Kentucky's forced outage replacement power costs in 2008 are not unusually high. Provide a reconciliation of these contradictions.

Response 2. East Kentucky considers the amount of unrecoverable forced outage replacement power costs in 2008 to be high, in that they are a threat to its ability to meet loan covenants in a year with low net margins, as stated in Paragraph 5 of the Application. However, as indicated in testimony, those 2008 costs are not unusually high, in that they do not result from an abnormally high system generation outage rate or a higher than normal market price for replacement power. Unfortunately, these costs reflect what have become fairly typical operating circumstances for East Kentucky, and its current financial condition does not allow it to absorb such a high level of expenses in 2008.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 3**

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Paragraph 14 of the application contains East Kentucky's request for expedited treatment citing its "... need to address its potential shortfall in net margins before the end of the calendar year 2008 ..." Based on its various accounting and reporting requirements, what is the latest possible date that East Kentucky can receive a Commission decision and record the proposed regulatory asset on its books for calendar year 2008?

Response 3. In order to meet the various accounting and reporting requirements associated with recording the proposed regulatory asset, East Kentucky requests a Commission decision on this matter no later than December 17, 2008.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 4**

RESPONSIBLE PERSON: Ann F. Wood
COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. In the same form as used in Exhibit AFW-1 to show the detail of East Kentucky's 2008 forced outages, provide the detail of its forced outages for each of the years 2005, 2006, and 2007.

Response 4. Detail of EKPC's forced outages for each of the years 2005, 2006, and 2007, in the same form as used in Exhibit AFW-1, is included on pages 2 through 7 of this response.

**EAST KENTUCKY POWER COOPERATIVE, INC.
2005 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Replacement Power	Net Unrecovered
Spurlock	Gilbert	3/15/2005	13 Hrs 58 Mins	3,172	Boiler Tripped	41,361	202,172	(160,811)
Spurlock	Gilbert	3/21/05-3/22/05	9 Hrs 13 Mins	1,611	Boiler Tripped	21,006	94,135	(73,128)
Spurlock	Gilbert	4/13/05-4/14/05	29 Hrs 46 Mins	6,202	Repair Bag House	69,835	290,426	(220,590)
Spurlock	Gilbert	4/30/2005	8 Hrs 4 Mins	2,075	Boiler Tripped	23,365	86,538	(63,173)
Spurlock	Gilbert	5/1/2005	8 Hrs 59 Mins	2,310	Boiler Tripped	29,109	65,619	(36,510)
Spurlock	Gilbert	5/17/05-5/23/05	143 Hrs 17 Mins	33,919	Repair Ash Cooler	427,422	1,547,744	(1,120,322)
Spurlock	Gilbert	5/24/05-5/25/05	14 Hrs 54 Mins	193	To prevent reheat tube leak	2,432	6,153	(3,721)
Spurlock	Gilbert	7/25/05-7/31/05	167 Hrs 6 Mins	39,223	Tube Leak	462,971	2,498,984	(2,036,013)
Spurlock	Gilbert	8/1/05-8/8/05	173 Hrs 57 Mins	40,831	Tube Leak	491,622	3,284,857	(2,793,235)
Spurlock	Gilbert	8/10/05-8/11/05	33 Hrs 16 Mins	321	Steam leak in Economizer	3,865	25,735	(21,870)
Spurlock	Gilbert	9/1/2005	10 Hrs 53 Mins	2,421	Exciter Problems	27,418	311,304	(283,886)
Spurlock	Gilbert	11/21/05-11/22/05	21 Hrs 36 Mins	2,867	Turbine Control Failure	39,778	167,678	(127,900)
Spurlock	Gilbert	12/3/05-12/4/05	20 Hrs 13 Mins	4,940	Limestone Mill Malfunction	59,269	458,329	(399,060)
								<u>(7,340,221)</u>
Cooper	1	1/17/05-1/21/05	87 Hrs 45 Mins	7,819	Tube Leak	159,549	524,116	(364,567)
Cooper	1	3/6/05-3/8/05	33 Hrs 16 Mins	3,154	Tube Leak	68,175	149,572	(81,397)
Cooper	2	3/21/2005	6 Hrs 34 Mins	1,093	Tube Leak	22,562	75,040	(52,478)
Cooper	1	4/10/05-4/15/05	105 Hrs 31 Mins	6,109	Tube Leak	131,921	288,617	(156,695)
Cooper	1	4/16/05-4/19/05	54 Hrs 41 Mins	1,448	Tube Leak	31,269	68,206	(36,937)
Cooper	1	4/20/05-4/23/05	73 Hrs 9 Mins	2,378	Tube Leak	51,352	131,895	(80,543)
Cooper	2	5/24/05-5/27/05	73 Hrs 27 Mins	11,416	Tube Leak	239,352	374,021	(134,669)
Cooper	2	7/21/2005	7 Hrs 8 Mins	1,182	Repair drag chain on bottom ash	25,925	68,921	(42,996)
Cooper	1	9/4/05-9/6/05	55 Hrs 3 Mins	4,474	Tube Leak	99,025	259,138	(160,113)
Cooper	1	10/12/05-10/14/05	48 Hrs 34 Mins	3,572	Tube Leak	78,388	191,614	(113,226)
Cooper	2	10/24/05-10/26/05	35 Hrs 55 Mins	5,106	Tube Leak	113,171	447,107	(333,936)
Cooper	1	11/20/05-11/24/05	86 Hrs 8 Mins	7,515	Tube Leak	170,167	485,561	(315,394)
Cooper	1	12/5/2005	16 Hrs 14 Mins	1,505	ID Fan Grounded	32,537	172,740	(140,203)
Cooper	1	12/5/05-12/7/05	28 Hrs 46 Mins	2,667	ID Fan Grounded	57,658	333,426	(275,768)
								<u>(2,288,924)</u>
Date	4	1/12/05-1/14/05	50 Hrs 41 Mins	2,970	Tube Leak	76,397	158,322	(81,925)

**EAST KENTUCKY POWER COOPERATIVE, INC.
2005 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Replacement Power	Net Unrecovered
	2	2/13/05-2/15/05	38 Hrs 4 Mins	591	Tube Leak	14,916	27,971	(13,054)
	1	4/23/05-4/26/05	53 Hrs 17 Mins	904	Tube Leak	24,021	43,081	(19,060)
	1	5/27/05-5/29/05	32 Hrs 59 Mins	591	Tube Leak	16,134	21,694	(5,560)
	3	6/27/05-6/30/05	64 Hrs 27 Mins	3,962	Tube Leak	114,647	258,534	(143,888)
	2	7/15/05-7/17/05	49 Hrs 47 Mins	653	Tube Leak	19,671	34,354	(14,683)
	3	8/24/05-8/26/05	52 Hrs 5 Mins	3,384	Tube Leak	93,433	108,613	(15,180)
	1	8/25/05-8/27/05	39 Hrs 33 Mins	786	Tube Leak	23,170	31,435	(8,265)
	1	9/19/05-9/21/05	48 Hrs 45 Mins	568	Tube Leak	16,491	30,346	(13,855)
	4	10/23/05-10/25/05	34 Hrs 58 Mins	1,850	Tube Leak	53,869	119,370	(65,501)
	1	11/6/05-11/8/05	34 Hrs 13 Mins	605	Tube Leak	18,247	45,290	(27,043)
	1	11/8/05-11/10/05	50 Hrs 42 Mins	676	Tube Leak	20,388	31,500	(11,112)
	1	12/9/05-12/11/05	30 Hrs 1 Min	593	Tube Leak	16,414	73,691	(57,277)
							<u>(476,404)</u>	
Spurlock	2	3/6/05-3/7/05	12 Hrs 50 Mins	6,035	Lightning Arrestor on T9	111,301	264,961	(153,660)
							<u>(153,660)</u>	
								<u>\$ (10,259,209)</u>
								<u>Total 2005 Unrecovered Forced Outage Fuel Costs</u>

**EAST KENTUCKY POWER COOPERATIVE, INC.
2006 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Replacement Power	Net Unrecovered
Spurlock	Gilbert	1/1/06-1/9/06	181 Hrs 49 Mins	47,936	Tube Leak	717,966	2,148,727	(1,430,761)
Spurlock	Gilbert	1/16/06-1/18/06	64 Hrs 6 Mins	11,549	Air Heater Seals	172,976	656,528	(483,552)
Spurlock	Gilbert	1/18/06-1/20/06	37 Hrs 49 Mins	5,624	Voltage Regulator	84,234	373,523	(289,289)
Spurlock	Gilbert	2/28/2006	6 Hrs 57 Mins	1,826	Loss of oil pump	22,611	72,243	(49,632)
Spurlock	Gilbert	3/31/2006	15 Hrs 31 Mins	3,824	Tube Leak	47,272	237,944	(190,672)
Spurlock	Gilbert	4/1/06-4/6/06	131 Hrs	32,281	Tube Leak	416,041	1,457,901	(1,041,860)
<hr/>								
Cooper	1	6/11/06-6/15/06	77 Hrs 43 Mins	6,223	Tube Leak	142,972	183,639	(40,667)
Cooper	2	6/24/06-6/26/06	39 Hrs 20 Mins	6,352	Tube Leak	145,076	218,506	(73,430)
Cooper	2	9/19/06-9/21/06	42 Hrs 24 Mins	6,401	Tube Leak	150,279	188,011	(37,732)
Cooper	2	11/16/06-11/23/06	169 Hrs 52 Mins	30,288	Lost Station Service	694,064	1,756,681	(1,062,617)
Cooper	1	11/27/06-11/29/06	45 Hrs 39 mins	4,104	Tube Leak	94,871	181,385	(86,514)
<hr/>								
Dale	1	1/8/06-1/10/06	33 Hrs 5 Mins	685	Tube Leak	19,498	34,556	(15,058)
Dale	1	1/21/06-1/23/06	41 Hrs 22 Mins	806	Tube Leak	22,942	39,355	(16,413)
Dale	4	2/10/06-2/11/06	30 Hrs 35 Mins	1,715	Tube Leak	48,981	107,692	(58,711)
Dale	2	2/18/06-2/19/06	21 Hrs 52 Mins	403	Air Heater	11,329	32,162	(20,833)
Dale	1	3/20/06-3/22/06	52 Hrs 46 Mins	105	Tube Leak	3,085	7,884	(4,799)
Dale	3	4/3/2006	14 Hrs 12 Mins	870	Tube Leak	24,457	54,127	(29,670)
Dale	1	4/21/06-4/22/06	34 Hrs 39 Mins	594	Tube Leak	17,061	19,483	(2,422)
Dale	1	6/6/06-6/7/06	30 Hrs 7 Mins	534	Mod Bus to Mark 5 Comm Trouble	16,004	19,265	(3,261)
Dale	4	6/8/06-6/11/06	61 Hrs 27 Mins	526	FW Valve	15,817	20,140	(4,323)
Dale	3	6/21/06-6/23/06	42 Hrs 35 Mins	2,197	Tube Leak	62,161	168,790	(106,629)
Dale	4	6/27/06-6/29/06	42 Hrs 10 Mins	2,299	Tube Leak	69,130	104,414	(35,284)
Dale	1	8/11/06-8/17/06	125 Hrs 9 Mins	2,299	Tube Leak	70,602	112,337	(41,735)
Dale	3	11/1/06-11/2/06	37 Hrs 11 Mins	1,446	Tube Leak	40,960	70,558	(29,598)
Dale	3	11/16/06-11/18/06	38 Hrs 27 Mins	1,982	Tube Leak	56,143	125,432	(69,289)
Dale	1	12/10/06-12/12/06	48 Hrs 30 Mins	720	Tube Leak	21,863	37,599	(15,736)
<hr/>								
							(3,485,766)	(453,760)

**EAST KENTUCKY POWER COOPERATIVE, INC.
2006 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Cost of Replacement Power	Net Unrecovered
Spurlock	2	2/24/06-2/25/06	16 Hrs 30Mins	7,341	Buss Differential on T-9	189,314	292,993	(103,679)
								<u>(103,679)</u>
								<u>(103,679)</u>
								<u>\$ (5,344,164)</u>

Total 2006 Unrecovered Forced Outage Fuel Costs

**EAST KENTUCKY POWER COOPERATIVE, INC.
2007 FORCED OUTAGE DETAIL**

Plant	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power Lost	Replacement Power	Net Unrecovered
Spurlock	2	4/30/07-4/30/07	7 hrs 44 Mins	3,565	Bad Fuse	96,101	138,049	(41,949)
Spurlock	2	8/11/07-8/12/07	7 Hrs 13 Mins	3,424	Lube Oil Trip	81,965	240,380	(158,416)
Spurlock	2	12/9/07-12/13/07	94 Hrs 4 Mins	43,172	T10 problem	1,123,634	2,272,575	(1,148,941)
								<u>(1,349,305)</u>
Dale	4	1/7/07-1/9/07	39 Hrs 25 Mins	1,481	Tube Leak	41,177	75,728	(34,551)
Dale	2	1/11/07-1/12/07	25 Hrs 45 Mins	368	Tube Leak	10,660	18,963	(8,303)
Dale	3	2/9/07-2/11/07	42 Hrs 37 Mins	2,730	Tube Leak	77,989	183,010	(105,021)
Dale	3	2/11/07-2/12/07	30 Hrs 24 Mins	1,533	Mar-07 Adjustment	-	38,673	(38,673)
Dale	3	2/11/07-2/12/07	30 Hrs 24 Mins	1,533	Tube Leak	43,794	113,427	(69,633)
Dale	1	2/18/07-2/19/07	26 Hrs 28 Mins	537	Mar-07 Adjustment	-	3,783	(3,783)
Dale	1	2/18/07-2/19/07	26 Hrs 28 Mins	537	Tube Leak	15,861	41,074	(25,213)
Dale	1	2/24/07-2/27/07	72 Hrs 50 Mins	951	Mar-07 Adjustment	-	8,704	(8,704)
Dale	1	2/24/07-2/27/07	72 Hrs 50 Mins	951	Tube Leak	28,089	55,882	(27,793)
Dale	4	3/18/07-3/19/07	32 Hrs 56 Mins	1,805	Mar-07 Adjustment	-	(2,816)	2,816
Dale	3	4/10/07-4/12/07	61 Hrs 9 Mins	3,855	Tube Leak	52,693	97,081	(44,388)
Dale	1	4/13/07-4/15/07	26 Hrs 33 Mins	524	Tube Leak	109,639	272,043	(162,404)
Dale	2	5/20/07-5/22/07	48 Hrs 48 Mins	683	Tube Leak	15,612	33,793	(18,180)
Dale	2	5/22/07-5/24/07	29 Hrs 12 Mins	409	Tube Leak	21,403	25,174	(3,771)
Dale	4	6/3/07-6/5/07	44 Hrs 20 Mins	2,113	Tube Leak	12,817	17,852	(5,035)
Dale	4	6/9/07-6/10/07	26Hrs 15 Mins	897	Tube Leak	63,200	88,933	(25,733)
Dale	3	6/18/07-6/20/07	31 Hrs 49 Mins	1,574	Tube Leak	26,829	51,859	(25,030)
Dale	4	6/18/07-6/22/07	100 Hrs 48 Mins	4,717	Tube Leak	45,600	90,896	(45,296)
Dale	1	7/14/07-7/15/07	37 Hrs 31 Mins	637	Buss Problem	141,085	264,388	(123,303)
Dale	4	7/19/07-7/21/07	58 Hrs	2,755	Tube Leak	19,774	36,464	(16,690)
Dale	1	8/6/07-8/7/07	31 Hrs 16 Mins	606	ID Fan Coupling Failure	77,861	118,008	(40,147)
Dale	3	8/17/07-8/19/07	41 Hrs 36 Mins	2,478	Tube Leak	18,069	58,463	(40,394)
Dale	3	9/9/07-9/11/07	28 Hrs 3 Mins	1,483	Tube Leak	68,465	180,386	(111,921)
Dale	3	9/18/07-9/20/07	38 Hrs 49 Mins	1,648	Tube Leak	43,085	74,027	(30,942)
Dale	3	9/22/07-9/26/07	85 Hrs 13 Mins	2,624	Tube Leak	47,879	85,888	(38,009)
Dale	1	10/8/07-10/10/07	30 Hrs 34 Mins	549	Tube Leak	76,234	176,643	(100,409)
Dale	1	11/2/07-11/4/07	31 Hrs 53 Mins	574	Tube Leak	17,761	30,823	(13,062)
								(4,464)

**EAST KENTUCKY POWER COOPERATIVE, INC.
2007 FORCED OUTAGE DETAIL**

Plant Date	Unit	Dates of Outage	Duration of Outage	MWH Lost	Cause of Outage	Cost of Power		Cost of Replacement		Net Unrecovered
						Lost	Power	Power	Unrecovered	
	4	11/19/07-11/21/07	43 Hrs 31 Mins	2,243	Tube Leak	67,077	104,524	(37,447)		
	2	11/21/07-11/22/07	29 Hrs 32 Mins	519	Tube Leak	16,076	23,175	(7,099)		
	2	12/8/07-12/10/07	39 Hrs 57 Mins	762	Tube Leak	23,469	43,940	(20,471)		
	2	12/13/07-12/15/07	38 Hrs 13 Mins	567	Tube Leak	17,463	38,407	(20,944)		
	1	12/27/07-12/29/07	35 Hrs 50 Mins	467	Tube Leak	14,572	23,205	(8,633)		
									<u>(1,262,630)</u>	
Cooper	2	3/22/07-3/24/07	40 Hrs 57 Mins	7,365	Tube Leak	161,236	217,489	(56,253)		
Cooper	1	3/30/07-3/31/07	30 Hrs 18 Mins	2,439	Repair Drag Chain	53,198	101,626	(48,428)		
Cooper	2	4/18/07-4/20/07	40 Hrs 56 Mins	7,805	Tube Leak	171,783	483,782	(311,999)		
Cooper	1	6/10/07-6/12/07	54 Hrs 47 Mins	3,344	Tube Leak	76,104	176,493	(100,389)		
Cooper	1	6/18/07-6/20/07	34 Hrs 49 Mins	1,999	Tube Leak	45,494	119,320	(73,826)		
Cooper	1	7/26/07-7/28/07	59 Hrs 29 Mins	4,373	Tube Leak	101,876	199,941	(98,065)		
									<u>(688,960)</u>	
Spurlock	Gilbert	6/9/07-6/9/07	10 Hrs 28 Mins	2,651	Tube Leak	32,837	218,767	(185,930)		
Spurlock	Gilbert	8/16/07-8/17/07	6 Hrs 7 Mins	1,631	Lightning Strike to Controls	21,959	145,160	(123,201)		
									<u>(309,132)</u>	
									<u>\$ (3,610,027)</u>	

Total 2007 Unrecovered Forced Outage Fuel Costs

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00436

INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 5**

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Refer to the question and answer beginning at line 19 on page 4 of the Wood Testimony, which refers to the Commission’s approval, in Case No. 2006-00472,¹ of a three-year amortization of the \$20.5 million cost of a nearly four-month forced outage at East Kentucky’s Spurlock No. 1 generating unit (“Spurlock Unit 1”) in 2004. Given that the Wood Testimony (page 2, line 23 to page 3, line 2) and the Direct Testimony of Craig E. Johnson (“Johnson Testimony”) at page 2, lines 19-20, indicate that East Kentucky’s forced outage rates and forced outage replacement power costs are not unusually high, explain why Commission approval of recovery of the cost of the 2004 Spurlock Unit 1 forced outage, approval premised on “the magnitude of the associated costs and extraordinary nature of the event,” is relevant to East Kentucky’s current request.

Response 5. The reference to the Commission’s approval of the recovery of forced outage costs for the 2004 Spurlock 1 outage, in PSC Case No. 2006-00472, was intended to identify a prior action by the Commission to allow such recovery of forced outage costs, not as an effort to equate the 2004 outage to 2008 forced outage costs. East Kentucky agrees that the 2004 Spurlock Unit 1 forced outage was extraordinary, due to the length of time the unit was off-line.

However, as a result of East Kentucky's current financial condition, even a normal level of unrecoverable forced outage replacement power cost leaves the Company vulnerable to not meeting its debt covenants. As noted in testimony, a failure to meet those covenants and the resulting request for a waiver from lenders is expensive, and repeated requests for waivers negatively impact future financing. As more fully discussed in the testimony of Mr. Jonathon Andrew Don in Case No. 2008-00409, if East Kentucky were to try to secure replacement financing for its Credit Facility in today's unstable credit market, the Company would have to pay a credit spread of 300 basis points above the London Interbank Offered Rate ("LIBOR"), plus an additional closing fee of 2%. It is also possible that East Kentucky may not be able to secure replacement financing. To summarize, while 2008 forced outage costs are not comparable to the 2004 event, they represent a clear threat to EKPC finances. While 2008 forced outages may not represent extraordinary events, the "magnitude of the associated costs" of the forced outages represents a comparable risk, considering East Kentucky's unstable financial footing.

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 6**

RESPONSIBLE PERSON: Frank J. Oliva
COMPANY: East Kentucky Power Cooperative, Inc.

Request 6. Refer to the discussion of East Kentucky's Times Interest Earned Ratio ("TIER") and Debt Service Cover Ratio ("DSC") on pages 5-7 of the Wood Testimony.

Request 6a. Provide East Kentucky's achieved TIERS and DSCs for calendar years 2006 and 2007. Include the calculations.

Response 6a. See Page 4 of 4.

Request 6b. The testimony emphasizes East Kentucky's need to meet its DSC requirement. Provide the TIER requirement(s) included in East Kentucky's Credit Facility Agreement and Rural Utilities Service Mortgage and the TIER it needs to achieve in 2008 to meet its requirement(s).

Response 6b. As stated in Ms. Wood's testimony, East Kentucky needs to earn a net margin of at least \$22 million for 2008, in order to stay in compliance with its debt covenants. A net margin of \$22 million is projected to produce a DSC ratio of approximately 1.024 and a TIER of approximately 1.166. These are the minimums required by EKPC for the year 2008.

Following are the TIER and DSC requirements contained in EKPC's financing agreements:

- **Restated and Consolidated Mortgage and Security Agreement ("Mortgage Agreement") with the Rural Utilities Service ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC"):**

(a) Debt Service Coverage Ratio ("DSC"). EKPC will not permit, as of the last day of any calendar year, the average Debt Service Coverage Ratio during the two best years out of the three calendar years then ended to be less than 1.00 to 1. DSC is defined as the total of Net Margins, Interest on Long-Term Debt, and Depreciation and Amortization Expense divided by the amount equal to the sum of all payments of principal and interest on Long-Term Debt.

(b) Times Interest Earned Ratio ("TIER"). EKPC will not permit, as of the last day of any calendar year, the average Times Interest Earned Ratio during the two best years out of the three calendar years then ended to be less than 1.05 to 1. TIER is defined as the sum of Net Margins and Interest on Long-Term Debt divided by Interest on Long-Term Debt.

- **\$650 Million Unsecured Credit Agreement with 16 Financial Institutions ("Credit Agreement"):**

(a) Debt Service Coverage Ratio ("DSC"). Same as Mortgage Agreement, except the definition of Net Margins has been modified (1) to add back the actual extraordinary non-cash charges recorded in calendar year 2005 associated with the alleged violations of the Clean Air Act with respect to the Dale Generating Station and (2) to deduct in 2007 any future payment obligations made in 2007 on account of such alleged violations in accordance with Generally Accepted Accounting Principles.

(b) Times Interest Earned Ratio (“TIER”). Same as Mortgage Agreement, except the definition of Net Margins has been modified (1) to add back the actual extraordinary non-cash charges recorded in calendar year 2005 associated with the alleged violations of the Clean Air Act with respect to the Dale Generating Station and (2) to deduct in 2007 any future payment obligations made in 2007 on account of such alleged violations in accordance with Generally Accepted Accounting Principles.

East Kentucky Power Cooperative, Inc.
TIER & DSC Calculations for years 2006 and 2007

For 2006: Mortgage Agreement and Credit Agreement

TIER

(a) Net Margins	11,173,989		
(b) Interest on Long Term Debt	84,634,106		
TIER = (a) + (b) / (b) =	95,808,095	/	84,634,106 = 1.132

DSC

(a) Depreciation	39,384,187
(b) Interest on L-T Debt	84,634,106
(c) Margins	11,173,989
(d) Interest + Principal	138,141,727
DSC = (a) + (b) + (c) / (d) =	0.979

For 2007: Mortgage Agreement

TIER

(a) Net Margins	41,920,486		
(b) Interest on Long Term Debt	102,943,597		
TIER = (a) + (b) / (b) =	144,864,083	/	102,943,597 = 1.407

DSC

(a) Depreciation	40,562,780
(b) Interest on L-T Debt	102,943,597
(c) Margins	41,920,486
(d) Interest + Principal	160,863,802
DSC = (a) + (b) + (c) / (d) =	1.153

For 2007: Credit Agreement

TIER

(a) Net Margins	8,792,160		
(b) Interest on Long Term Debt	102,943,597		
TIER = (a) + (b) / (b) =	111,735,757	/	102,943,597 = 1.085

DSC

(a) Depreciation	40,562,780
(b) Interest on L-T Debt	102,943,597
(c) Margins	8,792,160
(d) Interest + Principal	160,863,802
DSC = (a) + (b) + (c) / (d) =	0.947

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2008-00436
INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008
REQUEST 7**

RESPONSIBLE PERSON: Frank J. Oliva
COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Refer to Exhibit AFW-2, page 2 of 2.

Request 7a. Explain in detail what the TIER and DSC levels under the heading
“Average of Best 2 of 3” represent.

Response 7a. The reference to “Average of Best 2 of 3” refers to the Mortgage
Agreement and Credit Agreement provisions that require East Kentucky to meet certain
TIER and DSC ratios for the two best years out of the three calendar years then ended.
The 2 highest ratios from the previous 3 years are averaged to arrive at the figures shown
under the heading “Average of Best 2 of 3”.

Request 7b. Provide the calculations of the TIER and DSC levels shown under
the heading “Average of Best 2 of 3.”

Response 7b. See Page 2 of 2.

Calculations of TIER and DSC Levels Shown Under the Heading "Average of Best 2 of 3"

	<u>Annual Ratios</u>	<u>Highest 2 Years</u>
<u>TIER</u>		
2006: Mortgage Agreement	1.132	
2007: Mortgage Agreement	1.407	⇒ 1.407
2008: Mortgage Agreement (Projected)	1.153	⇒ <u>1.153</u>
Average of Best 2 of 3 Years		<u><u>1.280</u></u>
2006: Credit Agreement	1.132	⇒ 1.132
2007: Credit Agreement	1.085	
2008: Credit Agreement (Projected)	1.153	⇒ <u>1.153</u>
Average of Best 2 of 3 Years		<u><u>1.142</u></u>
<u>DSC</u>		
2006: Mortgage Agreement	0.979	
2007: Mortgage Agreement	1.153	⇒ 1.153
2008: Mortgage Agreement (Projected)	0.994	⇒ <u>0.994</u>
Average of Best 2 of 3 Years		<u><u>1.073</u></u>
2006: Credit Agreement	0.979	⇒ 0.979
2007: Credit Agreement	0.947	
2008: Credit Agreement (Projected)	0.994	⇒ <u>0.994</u>
Average of Best 2 of 3 Years		<u><u>0.986</u></u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00436

INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008**

REQUEST 8

RESPONSIBLE PERSON: Craig A. Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Refer to the discussion on pages 4-5 of the Johnson Testimony concerning forced outages caused by a tube leak.

Request 8a. The discussion appears to indicate that such an outage at a circulating fluidized bed (“CFB”) unit will require, at minimum, 7 to 8 days for cool-down, cleanup and start-up. The detail in Exhibit AFW-1 shows that the Gilbert outage that began on June 24, 2008 lasted a total of 17 days. Describe in detail the work or activity on the part of East Kentucky that required an outage of this length.

Response 8a. The tube leak occurred in one of the fluid bed heat exchanger boxes containing the finishing superheat. The design of the fluid bed heat exchanger makes it difficult to repair tube leaks due to the spacing of the tubes and physical space limitations in the FBHE box. Included in the table below is a breakdown of the schedule of activities required to repair the tube leak and the associated damage.

<u>Activity</u>	<u>Duration</u>	<u>Description of Activities</u>
Cool down	3 days	No work inside of the FBHE could be performed
Clean Up & Inspection	2 days	The remaining ash inside the FBHE was removed. A damage assessment was made.
Repair	10 days	A repair plan was initiated. An outside contractor was hired to work 24-7 to make the repairs. The top of the box had to be cut off to access the tubes. The damaged tubes were removed and replaced. There were approximately 50 weld repairs made. The top of the box was reattached.
Startup	2 days	Ash for startup was re-introduced into the boiler. Fuel oil was used to start the process then coal was introduced slowly until the fluidized bed was re-established.

Request 8b. Other than their length, describe how the two tube leak outages shown on Exhibit AFW-1 for Spurlock Units 1 and 2 compare to the 17-day outage at the Gilbert Unit.

Response 8b. The tube leaks that occurred on Units 1 and 2 happened in areas that were more accessible. These tube leaks did not cause secondary damage like the Gilbert FBHE tube leak. Therefore, in each case with the Spurlock units, only the tube that failed required repair.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00436

INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED
OCTOBER 23, 2008**

REQUEST 9

RESPONSIBLE PERSON: Craig A. Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. The Johnson Testimony focuses on an outage at a CFB unit, such as East Kentucky's Gilbert unit. Provide Gilbert's position in East Kentucky's dispatch order. Also include the stacking order of all East Kentucky base load generating units.

Response 9. On an incremental cost basis and using replacement fuel prices, Gilbert 3 is the least cost unit in the East Kentucky fleet. The fleet is dispatched according to heat rate curves, fuel costs, emissions, and variable operating and maintenance costs. Currently, the order (least cost first) of dispatch is Gilbert 3, Spurlock 2, Spurlock 1, Cooper 2, Cooper 1, Dale 3, Dale 4, Dale 2, and Dale 1.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00436

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED

OCTOBER 23, 2008

REQUEST 10

RESPONSIBLE PERSON: Craig A. Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Refer to page 7 of the Johnson Testimony. Provide the planned date and length of the maintenance outage scheduled for the Gilbert unit during the fall of 2008.

Response 10. The planned outage for Gilbert began on October the 17th and should last approximately 4 weeks.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2008-00436

INFORMATION REQUEST RESPONSE

PUBLIC SERVICE COMMISSION STAFF FIRST DATA REQUEST DATED

OCTOBER 23, 2008

REQUEST 11

RESPONSIBLE PERSON: Craig A. Johnson

COMPANY: East Kentucky Power Cooperative, Inc.

Request 11. The question and answer beginning at line 13 on page 7 of the Johnson Testimony indicate that the weld defect, which caused the 17-day outage at the Gilbert unit, was the result of a field installation problem rather than a design flaw. That being the case, explain whether East Kentucky has grounds for seeking reimbursement for any of the costs of that specific outage from either the manufacturer or the installer.

Response 11. The weld in question was fabricated in June of 2006. While the contractual warranty for this fabrication is, “one year after performance acceptance or eighteen (18) months after completion of construction, whichever occurs first.” East Kentucky has had discussions concerning reimbursement of the repair cost with the original equipment supplier, Alstom, which also had the responsibility for the fabrication. East Kentucky will continue to address this issue with Alstom based upon its contractual and common law duties and the long-term business relationship with that entity. It is unknown at this time whether the cost of the repair will be reimbursed by Alstom. If East Kentucky receives reimbursement from Alstom, such reimbursement would be applied (credited) against the regulatory asset.