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Commonwealth of Kentucky  
**Public Service Commission**

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December 05, 2008

David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

Honorable Charles A Lile  
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,

  
Stephanie Stumbo  
Executive Director

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	)	

THIRD 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 6 days from the date of this request. 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. Refer to East Kentucky's response to Item 1 of the Commission Staff's supplemental data request of November 10, 2008 ("Staff's second request"). Provide an update of the response which includes the same information for any forced outages on East Kentucky's system since October 31, 2008.

2. Refer to East Kentucky's response to Item 4 of the Staff's second request and page 1 of 2 of Exhibit AFW-2 of East Kentucky's application. The exhibit showed actual net margins of \$8.4 million through August 31, 2008 and projected net margins of \$8.4 million for September 2008 through December 2008, for a total of \$16.8 million in net margins for calendar year 2008, without a regulatory asset. The response to Item 4 shows actual net margins of \$10.9 million through October 31, 2008 and projected net margins of \$855,460 for November 2008 and December 2008, for a total of \$11.8 million in net margins for calendar year 2008, without a regulatory asset.

- a. Provide a detailed description of what caused September's and October's actual net margins to be \$2.5 million, which apparently, is much lower than

had been projected for those two months. Explain also whether the amount of \$855,460 projected for November and December has changed from the amount included in the September through December projection in the application.

b. East Kentucky has stated that it will require net margins of roughly \$22 million in 2008 to meet the Debt Service Coverage requirement of its Private Credit Facility. Provide any preliminary results of East Kentucky's operations showing its net margins for November 2008.

c. East Kentucky's actual unrecovered forced outage costs through October of 2008 are \$12.3 million while the response to Item 4 shows projected net margins for 2008 of \$11.8 million. Based on these amounts, if East Kentucky is permitted to create a regulatory asset equal to its unrecovered forced outage costs, its net margins for 2008 will be approximately \$24.1 million. Describe any contingency plans East Kentucky has prepared to defer, reduce or eliminate expenses in December in the event its November and December net margins are such that its ability to achieve net margins of \$22 million for the calendar year appears to be in jeopardy, even with the creation of the requested regulatory asset.



Stephanie Stumbo  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED DECEMBER 5, 2008

cc: All parties