

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Roger R. Cowden
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April 10, 2009

RECEIVED
APR 10 2009
PUBLIC SERVICE
COMMISSION

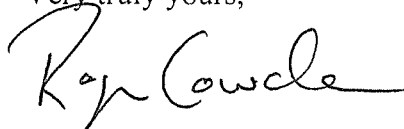
Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: PSC Case No. 2009-00039

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 Information Requests from the Informal Conference Held on April 2, 2009.

Very truly yours,



Roger Cowden

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 10 2009

PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIODS ENDING)
DECEMBER 31, 2007; JUNE 30, 2008 AND)
DECEMBER 31, 2008 AND THE PASS-THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO.
2009-00039

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 Information Requests from Informal Conference held on April 2, 2009, in the above-referenced case, 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 9th day of April, 2009.

Reagan S. Griffin
Notary Public

My Commission expires:

December 8, 2009

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR THE)	CASE NO.
SIX-MONTH BILLING PERIODS ENDING)	2009-00039
DECEMBER 31, 2007; JUNE 30, 2008 AND)	
DECEMBER 31, 2008 AND THE PASS-THROUGH)	
MECHANISM FOR ITS SIXTEEN MEMBER)	
DISTRIBUTION COOPERATIVES)	

RESPONSES OF EAST KENTUCKY POWER COOPERATIVE, INC.
TO COMMISSION STAFF'S INFORMATION REQUESTS FROM
INFORMAL CONFERENCE HELD ON APRIL 2, 2009

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00039

INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S DATA REQUEST FROM INFORMAL CONFERENCE
HELD ON APRIL 2, 2009**

REQUEST 1

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. Refer to Page 6, Lines 3 through 6 of the Direct Testimony of Ann F. Wood. EKPC proposes to refund the accumulated over recovery of \$4,060,313 over a two month period, which will reduce the calculation by \$2,030,156 for each of the two months. What is the impact of this on the average customer's bill?

Response 1. Using February 2009 expense month as a proxy, a \$2,030,156 reduction in the calculation would have lowered EKPC's environmental surcharge factor from 9.01%, as filed, to 5.71%. This equates to a reduction of approximately \$2.90 on the average (1,200 kWh) retail consumer's bill.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00039

INFORMATION REQUEST RESPONSE

COMMISSION STAFF'S DATA REQUEST FROM INFORMAL CONFERENCE

HELD ON APRIL 2, 2009

REQUEST 2

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. Please refer to Response 3a and 3b of Commission Staff's First Data Request. Identify and explain any discrepancies between the SO₂ and NO_x allowances listed on these schedules and the allowances listed on the monthly environmental surcharge filings.

Response 2. The response to PSC Request 3(a), page 3 of 4 of Commission Staff's First Data Request reflects 57,064 SO₂ allowances purchased. Please note that this 57,064 consists of a 40,064 allocation from the EPA, and a 17,000 transfer from vintage allowances to current year allowances.

The response to PSC Request 3(b), page 4 of 4 of Commission Staff's First Data Request reflects July 2007 NO_x purchases of 1,150. The July 2007 monthly filing also reflects total NO_x purchases of 1,150. However, actual NO_x purchases for July 2007 were 700; the 450 difference was a result of a keying error. A 450 quantity correction was made in September 2007. The dollars included in the environmental surcharge were accurate for both July and September.

EKPC classifies allowances as current year allowances if they are "dated" the current year. If the allowance is "dated" a future year, they are classified as future vintage year allowances. EKPC may purchase current year allowances for a future years' need, if it is more economical.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00039

INFORMATION REQUEST RESPONSE

**COMMISSION STAFF'S DATA REQUEST FROM INFORMAL CONFERENCE
HELD ON APRIL 2, 2009**

REQUEST 3

RESPONSIBLE PERSON: Ann F. Wood

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please refer to Response 4, Page 2 of 10, of Commission Staff's First Data Request. Provide additional explanation for the monthly variances in payments to ash removal contractors.

Response 3. Please see additional information provided on page 2 of this response.

East Kentucky Power Cooperative, Inc.
 Environmental Surcharge Monthly Comparative Analysis of
 Operating and Maintenance Expenses
 For Expense Months July 2007 - December 2008

Expense Acct #	Account Description	Jun 2007	July 2007	August 2007	Sept 2007	Oct 2007	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008
50144	Fuel Coal Gilbert Ash Removal Expense Dollars	\$124,517	\$142,683	\$181,593	\$183,788	\$109,065	\$10,801	\$172,079	\$6,885	\$9,271	\$315,440
*	Month over month expense change		\$18,166	\$38,911	\$2,194	(\$74,723)	(\$98,264)	\$161,278	(\$165,193)	\$2,385	\$306,169
	Percent of change		14.59%	27.27%	1.21%	-40.66%	-90.10%	1493.17%	-96.00%	34.64%	3302.52%

Expense Acct #	Account Description	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008
50144	Fuel Coal Gilbert Ash Removal Expense Dollars	\$146,783	\$73,234	\$177,789	\$156,421	\$114,262	\$189,517	\$71,026	\$6,376	\$202,828
*	Month over month expense change	(\$168,657)	(\$73,549)	\$104,555	(\$21,368)	(\$42,159)	\$75,255	(\$118,491)	(\$64,649)	\$196,452
	Percent of change	-53.47%	-50.11%	142.77%	-12.02%	-26.95%	65.86%	-62.52%	-91.02%	3081.09%

*Monthly expense change due to increase or (decrease) in contractor payments for ash removal.

The monthly variances result from timing issues in billings from the contractor--invoices are usually received on a one-month "lag," but are sometimes longer. Most of the invoices for the first quarter of 2008 were received in March resulting in very high expense for March and minimal amounts in January and February.

Also, if the Gilbert unit was off-line during the month, the following month's ash removal expense is lower. In October 2007, the unit was down for 11 days, which reduced the November 2007 expense. The unit had a 14 day outage in October 2008 which resulted in the very low expense for November 2008.