

Frost
Brown Todd LLC
ATTORNEYS

December 30, 2009

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED
DEC 30 2009
PUBLIC SERVICE
COMMISSION

Re: Case No. 2009-00476

Dear Mr. Derouen:

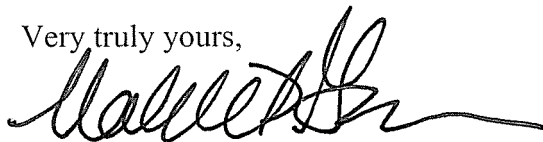
East Kentucky Power Cooperative, Inc. ("EKPC") hereby responds to the Commission's letter of December 16, 2009 providing notice of Filing Deficiencies regarding the Application in the above-referenced case, by submitting an original and ten redacted copies of the following revised information, as well as EKPC's Petition for Confidential Treatment of Information ("Petition"). One unredacted copy of the designated confidential portion of the Application, which is the subject of the Petition for Confidential Treatment, is enclosed in a sealed envelope.

1. 807 KAR 5:001: Section 11(1)(d)—The property in detail which is to be acquired, constructed, improved, or extended with its cost, a detailed description of the contemplated construction, completion, extension or improvement of facilities set forth in such a manner that an estimate of cost may be made...(emphasis added).
2. 807 KAR 5:001: Section 11(2)(c)—Detailed estimates by USOA account number.

This information is attached in revised Application Exhibit 3 which more adequately addresses the requirements of 807 KAR 5:001: Sections 11(1)(d) and 11(2)(c).

If you have any questions about this information, feel free to contact me. Please correspond at your earliest convenience when the Commission has determined that this revised exhibit has cured the deficiencies noted in its December 16, 2009 letter.

Very truly yours,



Mark David Goss
Counsel for East Kentucky Power Cooperative, Inc.

Cc: Hon. Mike Kurtz
36 E. Seventh St., Suite 1510
Cincinnati, OH 45202
Counsel for Intervenor (requested), Gallatin Steel Co.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 30 2009

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF THE ISSUANCE OF)
\$900,000,000 OF SECURED PRIVATE) CASE NO. 2009-00426
PLACEMENT DEBT AND UP TO \$21,435,000)
OF UNSECURED DEBT)

**PETITION FOR CONFIDENTIAL
TREATMENT OF INFORMATION**

Comes now the petitioner, East Kentucky Power Cooperative, Inc. (“EKPC”) and, as grounds for this Petition for Confidential Treatment of Information (the “Petition”), states as follows:

1. This Petition is filed in conjunction with the filing of certain information in revised Exhibit 3 of EKPC’s Application for Approval of the Issuance of \$900,000,000 of Secured Private Placement Debt and Up to \$21,435,000 of Unsecured Debt, and relates to confidential information contained in those exhibits that are entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c)1, §61.878(1)(c)2a, §61.878(1)(j) and §61.878(1)(c)2c.

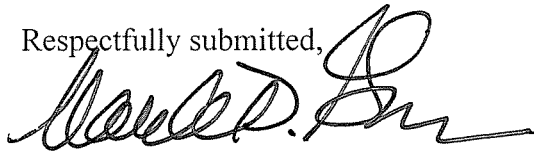
2. The information designated as confidential in the subject Application describes certain contract pricing information relating to the project proposed to be financed. Disclosure of such contract pricing information could arm potential future bidders with information permitting them to obtain an unfair commercial advantage over and to the substantial detriment of EKPC and its members. As such, this information is confidential and not subject to public disclosure pursuant to KRS §61.878(1)(c)1.

3. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c) 2 c, as records generally recognized as confidential or proprietary which are confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

4. Along with this Petition, EKPC has enclosed one copy each of revised Exhibit 3, with the confidential information identified by highlighting or other designation, and 10 copies of the same exhibits, with the confidential information redacted. The identified confidential information is not known outside of EKPC and is distributed within EKPC only to persons with a need to use it for business purposes. It is entitled to confidential treatment pursuant to 807 KAR 5:001 Section 7 and the various sections of KRS 61.878 delineated above.

WHEREFORE, EKPC respectfully requests the Public Service Commission to grant confidential treatment to the identified information and deny public disclosure of said information.

Respectfully submitted,



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 Petition for Confidential Treatment of Information in the above-styled case were hand-delivered to the Office of Jeffrey Derouen, Executive Director of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 on December 30, 2009.



Counsel for East Kentucky Power Cooperative, Inc.

EAST KENTUCKY POWER COOPERATIVE, INC.

**USE OF PROCEEDS AND
DESCRIPTION OF FACILITIES TO BE CONSTRUCTED**

807 KAR 5:001, Sections 11(1)(c), 11(1)(d) and 11(2)(c)

Use of Proceeds

The proceeds from this private placement financing will be used as East Kentucky Power Cooperative, Inc.'s ("EKPC") funding for the construction of a 278-MW baseload coal-fired circulating fluidized bed ("CFB") generating unit at its Smith site ("Smith 1 CFB"). Smith 1 CFB is scheduled to be in commercial operation in 2013.

Project Description

Smith 1 CFB, the project on which financing is being requested, is being developed by EKPC in Clark County, Kentucky, approximately 15 miles southeast of Winchester and three miles west of Trapp, on the Kentucky River. Smith 1 CFB will be on the north side of the Kentucky River west of State Route 89 and east of Red River Road.

Smith 1 CFB will be similar to the Gilbert and Spurlock 4 units, located at EKPC's Spurlock plant, utilizing virtually the same Alstom CFB boiler, General Electric ("GE") Steam Turbine Generator ("STG"), and Stanley engineering and construction management services. EKPC is the owner and operator of Smith 1 CFB and will act as its own construction manager and start up coordinator.

Smith 1 CFB is a 278-MW net, coal-fired CFB boiler power plant with a mechanical draft cooling tower. Plant emission controls using the Best Available Control Technology will utilize a Selective Non-Catalytic Reduction ("SNCR") System for Nitrogen Oxide ("NOx") control; Fabric Filter baghouse for control of Particulate Matter ("PM"); limestone injection and a polishing dry Flue Gas Desulfurization ("FGD") system for Sulfur Dioxide ("SO₂") control.

Some of the details of Smith 1 CFB are as follows:

- The STG will be supplied by GE and rated at 278 MW net.
- The CFB boiler will be supplied by Alstom and is designed to deliver 2.0 million pounds per hour (lb/hr) of superheated steam (Valves Wide Open) at 2,400 psig and 1,005 °F with reheat steam at 1,005 °F.
- Bituminous coal will be acquired primarily from mines in Kentucky and be delivered by rail on a CSX main line.

- Limestone will be acquired from mines locally in Kentucky and will be delivered by truck.
- There will be about 35-40 days of coal stored on site.
- Natural gas will be used for start-up fuel.
- Waste coal may also be burned in the CFB boiler.
- An FGD system to remove SO₂, a baghouse for PM removal, and a SNCR for NO_x control are included in Smith 1 CFB's design.
- Makeup water will be obtained from the Kentucky River.
- New on-site transmission lines connecting to an existing 345-kV switchyard will be added.
- The Certificate of Public Convenience and Necessity ("CPCN") has been granted by the Kentucky Public Service Commission ("Commission") for Smith 1 CFB.
- The planned Commercial Operation Date is the fourth quarter of 2013 based on a construction start in late 2010.
- GE is responsible for engineering, design, procurement, supply, and installation of the STG and auxiliaries.
- Alstom is responsible for engineering, supplying, and erecting the CFB coal-fired boiler and Environmental Control System.
- Stanley will provide engineering and construction management services.

Detailed descriptions of the proposed generation facility, as well as maps and plans, were included in EKPC's certificate applications and referenced as filed in Commission Case No. 2005-00053 and Commission Case No. 2006-00564, which were approved by the Commission on August 29, 2006 and May 11, 2007, respectively. On December 28, 2009, EKPC received updated cost estimates on the project. This estimate shows a Smith 1 CFB project cost of \$819 million, and is summarized on pages 3 and 4 of this revised Exhibit. Construction costs relating to the Smith 1 CFB are included in RUS account number 10720, Construction Work in Progress. Upon completion of the project, EKPC will receive a listing of retirement units; EKPC will determine at that time the appropriate charges to electric plant in service accounts.



REDACTED

Exhibit 3
Page 3 of 4
(Revised)

SMITH STATION UNIT 1
PRELIMINARY ESTIMATED PROJECT COSTS - SEPTEMBER 2010

DATE OF ESTIMATE: DECEMBER 28, 2009

CONTRACT NUMBER	CONTRACT	UNIT 1 ESTIMATE DEC 2009
G1	TURBINE GENERATOR	[REDACTED]
G3	SITE IMPROVEMENTS	[REDACTED]
G6	FEEDWATER HEATERS	[REDACTED]
G8	DEAERATOR	[REDACTED]
G11	CONDENSER	[REDACTED]
G16	CIRCULATING WATER PUMPS	[REDACTED]
G17	CONDENSATE PUMPS	[REDACTED]
G21	BOILER FEED PUMPS	[REDACTED]
G36	DISTRIBUTED CONTROL SYSTEM	[REDACTED]
G46	FANS	[REDACTED]
G71	ASH HANDLING EQUIPMENT	[REDACTED]
G82	TURBINE BRIDGE CRANE	[REDACTED]
G101	ALLOY PIPING	[REDACTED]
G131A	LARGE POWER TRANSFORMERS	[REDACTED]
G131B	MEDIUM POWER TRANSFORMERS	[REDACTED]
G131C	SMALL POWER DISTRIBUTION TRANSFORMERS	[REDACTED]
G132	GENERATOR BREAKER & ISOPHASE	[REDACTED]
G146	SWITCHGEAR	[REDACTED]
G201	BOILER ISLAND	[REDACTED]
G204	EMISSIONS MONITORING	[REDACTED] *
G211	COAL/LIMESTONE HANDLING	[REDACTED]
G221	CHIMNEY	[REDACTED]
G222	COOLING TOWER	[REDACTED]



REDACTED

Exhibit 3
Page 4 of 4
(Revised)

SMITH STATION UNIT 1
PRELIMINARY ESTIMATED PROJECT COSTS - SEPTEMBER 2010

DATE OF ESTIMATE: DECEMBER 28, 2009

CONTRACT NUMBER	CONTRACT	UNIT 1 ESTIMATE DEC 2009
G223	CIRCULATING WATER PIPE	[REDACTED]
G241	DAM & WATER RESERVOIR /PUMP HOUSE/PERMIT MITIGATION, DEVELOPMENT, AND LAND	[REDACTED] *
G261/G262	SUBSTRUCTURE I and II	[REDACTED]
G264	ASH SILOS	[REDACTED]
G271	TURBINE BUILDING STRUCTURAL STEEL	[REDACTED]
G281	BUILDING & MECHANICAL WORK	[REDACTED]
G283	ASH HANDLING INSTALLATION	[REDACTED]
G285	RIVER WATER INTAKE & PUMPHOUSE	[REDACTED]
G311	ELECTRICAL & INSTRUMENTATION WORK	[REDACTED]
G332	PAINTING	[REDACTED]
G335	OFFICE AND MAINTENANCE BUILDING	[REDACTED]
G338	PAVING AND ROAD WORK	[REDACTED]
	SUBTOTAL	[REDACTED]
	CONTINGENCY (7% of above subtotal)	[REDACTED]
	SUBTOTAL	[REDACTED]
	ENGINEERING COST	[REDACTED]
	ORIGINAL DESIGN	[REDACTED]
	MISC. STUDIES	[REDACTED]
	CONSTRUCTION MANAGEMENT ASSISTANCE	[REDACTED]
	MITIGATION PLAN, DESIGN, AND MANAGEMENT	[REDACTED]
	US ARMY CORP OF ENGINEERS IN-LIEU FEE	[REDACTED]
	PERMITTING COSTS	[REDACTED]
	PERFORMANCE TEST	[REDACTED]
	OWNERS COST	[REDACTED]
	SUBTOTAL	[REDACTED]
	TOTAL IDC	[REDACTED]
	PROJECT TOTAL	[REDACTED]
	SUBSTATION	[REDACTED]
	TRANSMISSION	[REDACTED]
	UNIT 1 TOTAL PROJECT COST	\$ 819,333,003

*Information provided by EKPC.