

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

GENERAL ADJUSTMENT OF ELECTRIC)
RATES OF EAST KENTUCKY POWER) CASE NO. 2010-00167
COOPERATIVE , INC.)

ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to East Kentucky Power Cooperative, Inc. [hereinafter referred to as "EKPC"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for EKPC with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

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

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

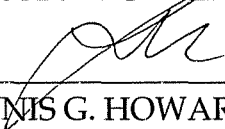
(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Mark David Goss
Frost, Brown, Todd, LLC
250 W. Main St.
Ste. 2700
Lexington, KY 40507

Hon. Michael L. Kurtz
Boehm, Kurtz & Lowry
36 E. 7th St.
Ste. 1510
Cincinnati, OH 45202

Ann F. Wood
East Kentucky Power Cooperative, Inc.
4775 Lexington Rd.
P. O. Box 707
Winchester, KY 40392-0707

this 5th day of July, 2010



Assistant Attorney General

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General

1. Please provide copies of May year-to-date financial, operating and/or statistical reports for 2008, 2009.
2. Please explain in detail any substantive changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since the 2008 rate case.
3. Please provide a copy of each out-of-period accounting adjustment (i.e., journal entry) recorded since the end of the last rate case, along with an explanation of each such adjustment.
4. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 2008, 2009 and 2010.
5. Please provide a complete breakdown of other income, net, for 2008, 2009 and 2010.
6. Provide the Company's 2008, 2009 and 2010 (when available) Annual Reports to the Kentucky Public Service Commission.
7. Please supply a copy of the latest Ten Year Demand Forecast.
8. Please list all year-end closing and adjusting accounting entries, both internal and those made by your external auditors for 2008, 2009 and 2010 (when available).
9. List each change in accounting principles made by the Company during 2008, 2009, and 2010. For each such change, state the revenue and/or expense or capital impact in this filing.
10. Provide a copy of the Company's two most recent management letters and recommendations received from the Company's independent auditors.
11. Provide a copy of the Company's most recent management and operations audit.
12. List each proposed pro forma entry which was considered in this filing but not made and state the reason(s) why the entry was not made.

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13. Please provide the calculation of the O&M costs per megawatt hour for each year, 2008 through the most recent month available for 2010. Explain any variances between consecutive years of 10 percent or greater.
14. Please provide the date of the next scheduled overhaul for each unit generating unit and the anticipated costs for each such overhaul.
15. Please provide EKPC's most recent asset management plan.
16. Please provide all publications, studies and analyses to which each witness refers.
17. Please provide the workpapers underlying the testimony and exhibits of each witness in their native format, i.e., if a workpaper was prepared in Excel, please provide it in Excel with all formulae and links intact.

Rate Base

18. Please provide an explanation of all items included in the following accounts (by subaccount if any) and provide the appropriate jurisdictional amounts for the year ended 2008, 2009 and through the most recent month available for 2010:
 - a. Other Accounts Receivable,
 - b. Accrued Utility Revenues,
 - c. Miscellaneous Deferred Debits,
 - d. Miscellaneous current and accrued liabilities, and
 - e. Other Deferred Credits.
19. Please provide a comparison by month, or if not available, by quarter, of budgeted versus actual retirements for each month of 2008, 2009 and through the most recent month available for 2010. Please explain any significant variations.
20. For the preceding two years, has the Company sold any property which had formerly been included in Plant Held for Future Use or devoted to utility service? If so, for each sale,
 - a. Describe the property sold;
 - b. State whether, when and in what manner it had been included in rate base;
 - c. Show the details of how the gain or loss was calculated;
 - d. Indicate when the sale occurred;
 - e. Explain how and whether the Company is amortizing such gain or loss; and

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- f. Show how such amortization was computed.
21. The following questions are related to the Company's policies regarding accounting for CWIP, plant in service and depreciation:
- a. For each item of CWIP which the Company has transferred into utility plant in service for purposes of this filing, has a full 12 months of depreciation expense been included in the cost of service?
 - b. For each item of CWIP which the company has transferred into utility plant in service for the purposes of this filing, has an amount representing a full 12 months of depreciation expense been added to the total accumulated depreciation by which rate base is reduced?
 - c. Provide the same information as requested in (b) above for the deferred taxes related to the depreciation timing differences.
22. For major plant construction projects representing plant additions costing more than \$5 million added during 2008, 2009 and through the most recent month available for 2010 please state the following:
- a. Description of project.
 - b. Any economic feasibility studies done in a relationship to the project.
 - c. Any related cost savings achieved as a result of adding the addition.
 - d. Whether the project was for replacement, for new growth, environmental, or other.
 - e. Description of why the project was necessary.
23. Explain in detail the Company's procedure for accruing AFUDC and provide examples of AFUDC accrued during 2008, 2009 and through the most recent month available for 2010. Discuss specifically how the Company computes the AFUDC rate, computes AFUDC monthly, adjusts AFUDC for the impact of the Alternative Minimum Tax and for interest that is capitalized for federal income tax purposes. Show examples of each calculation. Also provide references to KPSC Orders which authorize or approve the calculation methods used by the Company.
24. Identify how much of the Company's materials and supplies balance at May 31 of 2008, 2009 and 2010 (if available) are related to construction activities.

Expenses

25. Indicate the number of and expenses related to temporary or seasonal employees included in 2008, 2009 and the forecasted test year jurisdictional expenses.

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26. Please provide copies of any studies or analyses prepared by or for the Company since the last rate case regarding the level of the Company's management salaries and hourly wages compared to the management salaries and hourly wages paid by other utilities, service companies, or any other entity.
27. Please provide the FICA wage base dollars included in total wages paid for the years ended December 31, 2008, and Dec. 31, 2009.
28. Please provide the FICA wage base anticipated for the base and test years and explain its derivation.
29. Please provide the percent of wages, employee benefits, overheads by type, employment taxes and other expenses charged to O&M on the basis of labor dollars (by the various labor categories, if possible) for 2008 to date. Please indicate the causes of any differences between the percentages (over 3 percent) from year to year.
30. State whether the filing includes any provision for corporate performance awards. If so, list the dollar amount for each program. Identify into which accounts and in what amounts it has been accrued.
31. Is the Company budgeting any merit increase for 2010-2011? Also, did EKPC include any general increase in its 2010 and 2011 wage estimates? If so, please provide the details. If not, please explain why not.
32. Does overtime include normal pay plus premium or just premium? Identify the level of premium pay for 2008, 2009 and 2010 to date.
33. Please provide a copy of any Company labor productivity analyses which have been performed during the past three years.
34. Please provide a copy of the Company's most recent pension plan and post-retirement benefits actuarial studies.
35. What rate of interest is the Company currently earning on its pension plan fund balance?
36. Please identify the amount of pension expense included in 2008, 2009, 2010 (to date), and the forecasted test year. Also please provide workpapers showing the derivation of these amounts.

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37. Has the Company considered reducing the amount of post retirement health care, dental and life insurance coverage? If yes, provide details of any proposed reductions. If no, provide an explanation of why not.
38. Provide a complete copy of any and all actuarial reports prepared by or for the Company during the past three years concerning the cost of post retirement benefits other than pensions.
39. Post Retirement benefits other than pensions (OPEB)
 - a. Please provide complete workpapers showing the derivation of OPEB expense for 2008, 2009, 2010 (to date) and the forecasted test year.
 - b. Please show all assumptions and the basis of all calculations.
40. List expense amounts for workers compensation insurance and claims for each year 2008 to date. Indicate in which expense accounts these items are recorded.
41. Please state whether any amounts have been booked during the test year by the Company for the liability created pursuant to any employment severance compensation agreements.
42. Please list all steps the Company has taken to reduce the cost of medical insurance.
 - a. Does the Company's insurance coverage require a coordination of benefits and, if so, how does it function?
 - b. Does the Company plan require a co-pay percentage by the employee? If so, what is the percentage and has it increased over the past three years? State the various levels over the past three years.
43. List each athletic and employee association to which the Company contributes, the associated amounts for the test year and preceding year and the accounts charged. State how the Company has treated these expenses in the test year.
44. List the dollar value of discounts for service and merchandise the Company provides to employees. Provide for the test year. Show in what accounts and amounts such expense was recorded. What employees are eligible to receive such discounts?
45. List all Company owned automobiles, other than service vehicles, and state the Company's policy for charging employees for the personal use of these automobiles and the Company policy of reporting the personal usage of these automobiles for Federal income tax purposes.

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46. Does the Company maintain any recreational sites for the use of the public and/or Company employees? If so, please:
 - a. Identify each site and the type of recreational facility.
 - b. State whether each site is for public use or exclusively for employee use.
 - c. For each site identified in (a) above, state the amount of expense incurred during the test year to maintain it.

47. Identify all expenses incurred during the test year for athletic events, tickets, sky boxes and all sporting activities. Specifically identify the activity, dollar amount and account charged. Provide copies of paid vouchers and invoices supporting these expenditures.

48. With regard to all capital and expense accounts included in the filing, please provide:
 - a. A monthly breakdown of the expense by capital project and/or expense account included in 2008, 2009 and 2010 to date.
 - b. A comparison of actual vs. budgeted expenditures for the same time frame.
 - c. A detailed explanation of the causes of any increase from 2008 levels to 2009 levels and from 2009 to 2010 (to date) levels and why such an increase is necessary and reasonable.
 - d. A summary description of each of the capital projects identified and the benefit to be derived by ratepayers.
 - e. Please provide the costs by project for each year of 2008 to date.

49. For each advertising expense over \$10,000 included in the test year, state the anticipated payee, amount, date and purpose.

50. Please list the trend in advertising expense per dollar of revenue for the five year period ending with 2009. If the Company has not made this calculation, please supply the information necessary to make it.

51. List any antitrust expense included in the test year.

52. Does the Company's proposed rate increase include any claim for attrition or suppression of sales?
 - a. If so, please reference where this is presented.
 - b. Provide a complete copy of any and all attrition studies or analyses prepared by or for the Company during the period 2008 to date.

53. List and describe in detail any cost-saving programs implemented 2008 through

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the present.

- a. For each program listed in response to this request, show the anticipated and achieved savings. Include calculations of savings amounts and explain any assumptions used in such calculations.
 - b. Provide the cost-benefit analyses for each such program.
 - c. Show the impact of any such cost-saving programs on the test year.
54. Provide a complete explanation of any and all expense reduction goals (cost savings programs) the Company had concerning the development of the 2009 and 2010 budgets.
55. Do any of the Company's personnel actively participate on Committees and/or any other work for any industry organization to which the Company belongs?
- a. If so, state specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work.
 - b. List any and all reimbursements received from industry associations for work performed for such organizations by Company employees.
56. Please provide copies of all expense reports (or similar documents) which exceed \$1,000 submitted by Company officers during 2008 to date for reimbursement of business or personal expenses.
57. For each injury and damage claim, where the settlement exceeded \$10,000 for the years 2008 to date, list by year each such claim, the basis for the claim, the dollar amount of the claim paid and the associated legal fees.
58. State the amount of injuries and damages expense for each of the last three years.
59. Itemize each component of insurance expense included in the test year, and provide comparative information for 2008, 2009 and 2010 to date. Indicate the accounts and amounts in which each item of insurance expense is recorded. For any component of the Company's insurance expense which has fluctuated by more than 10% or \$10,000 from one year to the next, provide an explanation as to the cause of such fluctuation.
60. List all fees during the test year, the previous two years and 2008 to date for maintaining lines of credit. List such fees for each line of credit which the Company maintains. Indicate in which account such fees are recorded.

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61. Does the Company employ a fringe-benefit or overhead factor to assign overhead costs to specific projects? If so, state what these factors were in 2008 to date and show in detail how they were calculated.
62. List and describe all maintenance programs and expenses which have been deferred into the test year from prior years, and for each item, explain the Company's reason for such deferral.
63. List all merchandise-related revenue, expense and rate base items included in the test year by account and amount.
64. List each abnormal or non-recurring charge or credit which occurred during 2008 to date, and which exceeded \$10,000.00.
 - a. For each such charge or credit, state the basis and dollar magnitude of each.
 - b. Provide copies of invoices, journal entries or other documentation to support each abnormal or non recurring item.
65. List by account the Company's annual O&M expenses for the ten years ending 2009, plus 2010 to date. For each account having a variance over the prior year exceeding 10%, explain the cause of such variance, listing and describing each significant causative item and the associated dollar amount.
66. List and describe any and all penalties and fines in the test year and the preceding three years. Indicate in which account each such item was recorded.
67. List all productivity savings expected to be realized by the Company as a result of increased employee experience.
68. List each facility, location and asset which is included as rental expense. For each item include a description, the annual or monthly rental rate, the account and amount included in the base and test year expense.
69. Reference EKPC's Statement of Operations, Report as of April 30, 2010, filed with the PSC on June 11, 2010.
 - a. The document indicates that actual power sales are down to \$41.3 mil. from the budgeted amount of \$ 53.2 mil.
 - (i) Was this decrease in actual sales reflected in the company's revenue request? If not, please state whether it will have any effect, and if so, the effect on TIER.

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70. Reference the same document, heading titled "Other Operating Income." This figure has increased from the budgeted sum of \$1.25 mil. to \$10.8 mil. Please identify the source for this other income.
71. Reference the same document, heading titled, "Fuel Accounts." This indicates Cooper Station is over budget by \$3.1 mil., and that Spurlock is under budget by \$4.3 mil. Please provide a narrative description of the reasons why.
72. Reference the same document, heading titled "Maintenance Expenses - Production." This indicates that Spurlock #3 is over budget by \$1.1. mil. Please provide a narrative description of the reasons why.
73. Please reference the testimony of Ann Wood. Has the company conducted any research or requested RFPs for coverage to be placed on the risk of forced outages?