



EAST KENTUCKY POWER COOPERATIVE

March 30, 2012

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

MAR 30 2012

PUBLIC SERVICE
COMMISSION

Re: Case No. 2007-00165, Application of East Kentucky Power Cooperative, Inc. for an Order Approving a Pilot Real-Time Pricing Program for Large Commercial and Industrial Customers

Dear Mr. Derouen:

Please find attached an original and five (5) copies of the second annual report of the Real Time Pricing ("RTP") Pilot Program for East Kentucky Power Cooperative, Inc. ("EKPC"). This annual report is submitted pursuant to the Commission's February 1, 2008 Order in Case No. 2007-00165, Ordering Paragraph No. 2. In addition, EKPC is providing copies of this report to the Office of the Attorney General and the Kentucky Industrial Utility Customers, Inc.

If there are questions about the report or additional information is needed, please contact Isaac Scott at (859) 745-9243.

Sincerely,

Roger Cowden
Counsel

Attachment

EAST KENTUCKY POWER COOPERATIVE, INC.

2011 ANNUAL REPORT

CASE NO. 2007-00165

Filed March 30, 2012

EAST KENTUCKY POWER COOPERATIVE, INC.

**Response to Ordering Paragraph 2
Of the Commission's February 1, 2008 Order**

Case No. 2007-00165

2011 Annual Report

Request No. 1

The current number of program participants.

Response No. 1

EKPC and its participating Member Cooperatives¹ currently have no program participants.

Request No. 2

The type of industry or primary business activity of each participant.

Response No. 2

EKPC and its participating Member Cooperatives currently have no program participants; therefore, the type of industry or primary business activity of each participant cannot be identified.

¹ The participating Member Cooperatives are Blue Grass Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, and Owen Electric Cooperative. In its November 6, 2009 Status Report on the Roll-Out of the Real Time Pricing Pilot Program, EKPC had indicated that eight Member Cooperatives planned on participating in the pilot program. However, Fleming-Mason Energy Cooperative, Grayson Rural Electric Cooperative Corporation, South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation have not filed Real Time Pricing pilot program tariffs and are not participating in the program.

Request No. 3

The number of participants that have withdrawn from the program and the reason for such withdrawal.

Response No. 3

EKPC and its participating Member Cooperatives have not had any participants since the Real Time Pricing pilot program began; consequently, there have been no participants withdraw from the program.

Request Nos. 4 and 5

The average, minimum, and maximum monthly electrical usage and cost for program participants during each 12-month reporting period and the 12-month period immediately preceding enrollment into the program.

Response Nos. 4 and 5

EKPC and its participating Member Cooperatives have no program participants; therefore the requested analysis is not available.

Request No. 6

All comments and suggestions received from program participants.

Response No. 6

Although EKPC and its participating Member Cooperatives have no program participants, there have been informal discussions between potential participants and Member Cooperatives. There are some potential participants interested in the concept, but there are concerns. The potential participants expressed concerns about how the program would fit with their production schedules, did not see how they could make it work without being a detriment to employee morale (adjustment to work shifts), and a general feeling that the program was not worth the risks it posed to the potential participants.

Request No. 7

An evaluation of the program's effect on EKPC's peak and/or base demand as compared to its historical data for the 12-month period immediately preceding implementation of the program.

Response No. 7

As EKPC and its participating Member Cooperatives have no program participants, it is not possible to provide an evaluation of the Real Time Pricing pilot program's effect on EKPC's peak and/or base demand.

Request No. 8

A statement by EKPC of whether the program is achieving the stated objectives and an evaluation of the comments and suggestions of the program participants.

Response No. 8

EKPC's primary objective was to determine whether large customers would elect to use, take advantage of, and derive benefit from the Real Time Pricing mechanism. A secondary objective was to encourage participants to reduce demand during critical peak hours and shift variable demand to low peak hours. As there are currently no participants in the pilot program, there is no information available to determine if objectives are being met. Please also see the response to No. 6 above.

Request No. 9

The program costs to the date of the report, along with the details of any deviations from the program budget contained in the application submitted herein.

Response No. 9

EKPC's main program cost has been related to the maintenance of the Real Time Pricing website and the posting of day ahead prices. We calculate that the program costs during 2011 were approximately \$8,720. For the first three months of 2012, we calculate that the program costs were approximately \$2,080.

Response No. 9 (continued)

EKPC has reviewed the record for Case No. 2007-00165 and cannot find where a program budget was provided with the application or in the data responses. Therefore, an explanation of the deviations of actual program costs compared to the program budget is not possible. However, in EKPC's response to Item 4 of the Commission Staff's First Data Request dated May 21, 2007, EKPC had estimated the annual hours devoted to calculating and monitoring the Real Time Prices and posting those prices to the website would be approximately 130 hours per year. During 2011, EKPC staff spent approximately 142 hours for these activities.

Request No. 10

A cumulative comparison of the information furnished in Items 4 and 5 above to allow year-to-year comparison of program results.

Response No. 10

EKPC and its participating Member Cooperatives have no program participants; therefore the requested comparison is not available.