

**Mark David Goss**  
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December 21, 2011

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

**RECEIVED**

**DEC 21 2011**

**PUBLIC SERVICE  
COMMISSION**

RE: Case No. 2011-00125

Dear Mr. Derouen:

In accordance with the Commission's Order in the above-referenced case, please find enclosed for filing with the Commission, an original and ten redacted copies of the following documents from East Kentucky Power Cooperative, Inc. ("EKPC"), as well as EKPC's Petition for Confidential Treatment of Information ("Petition"):

- The confirmation of the three-year purchased power agreement that reflects the seller's name and the price paid for the purchase;
- Documentation from Megawatt Daily as published on December 2, the day after the Commission entered the Order in this proceeding, showing the three-year calendar-year average AD Hub price; and,
- An analysis of the total variable cost to serve native load customers each month without and with the 50 MW purchase, in the same format as filed in EKPC's October 21, 2011 data response. Note that the transmission cost remains at \$2/MWh.

One unredacted copy of the designated confidential portion of the confirmation, which is the subject of the Petition, is enclosed in a sealed envelope.

Please feel free to call if you have any questions.

Sincerely,

*Mark David Goss* by *apw*

Mark David Goss  
Counsel

Enclosures

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**APPLICATION OF EAST KENTUCKY            )**  
**POWER COOPERATIVE, INC. FOR            )**  
**APPROVAL TO ENTER INTO A THREE-     )**     **CASE NO. 2011-00125**  
**YEAR PURCHASED POWER AGREEMENT    )**

**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 contained in the confirmation of the three-year purchased power agreement, and relates to confidential information contained in that exhibit that is entitled to protection pursuant to 807 KAR 5:001 Section 7 and KRS §61.878(1)(c)1 and §61.878(1)(c)2c.

2. The information designated as confidential in the subject confirmation describes pricing of a purchased power transaction. The open disclosure of such anticipated pricing could arm power marketers with information that could allow such competitors an unfair commercial advantage over EKPC and its member systems. As such this information is confidential and not subject to public disclosure pursuant to KRS §61.878(1)(c)1.

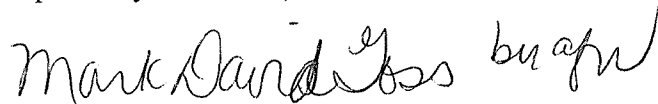
3. The subject information is also entitled to protection pursuant to KRS §61.878(1)(c)2c, as records generally recognized as confidential or proprietary which are

confidentially disclosed to an agency in conjunction with the regulation of a commercial enterprise.

4. Along with this Petition, EKPC has enclosed one copy of the confirmation of the three-year purchased power agreement, with the confidential information identified by highlighting or other designation, and 10 copies of the same exhibit, 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.

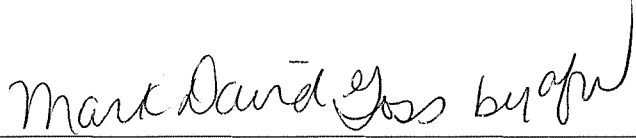
Respectfully submitted,

A handwritten signature in black ink that reads "Mark David Goss" followed by a stylized monogram "btt afw".

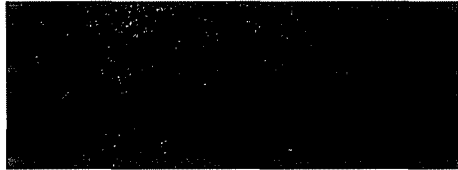
Mark David Goss, Esq.  
Frost Brown Todd LLC  
250 West Main Street, Suite 2800  
Lexington, KY 40507-1749  
(859) 231-0000—Telephone  
(859) 231-0011—Facsimile  
Counsel for East Kentucky Power Cooperative, Inc.

**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 21, 2011.

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

REDACTED



REVISED : DAY AHEAD

With respect to the above stated [REDACTED] Trade Number, this Letter of Confirmation ("Confirmation") supersedes all prior Confirmations issued, if any, effective for the first day of the Delivery Period herein.

LETTER OF CONFIRMATION

The purpose of this Confirmation is to confirm the terms and conditions of the electric power sales transaction ("Power Transaction") agreed upon by East Kentucky Power Cooperative, Inc. ("EKPC") and [REDACTED] as agent for the [REDACTED] on the Trade Date specified above. [REDACTED]. This Confirmation constitutes a Confirmation as referred to in the Master Power Purchase and Sale Agreement, dated 07/12/2001, as amended and executed between the Buyer and Seller (the "Master Agreement").

We confirm the following of our Power Transaction:

TERMS

Seller: [REDACTED]

Buyer: EKPC

ATTN: Confirmations Department

ATTN: Trading Control Group

Tel: [REDACTED]

Tel: [REDACTED]

Fax: [REDACTED]

Fax: [REDACTED]

TRANSACTION TYPE:

Firm(LD)

QUANTITY AND PRICE:

Contract Quantity: 50 MWH

Total: 1315200 MWH

Contract Price: USD [REDACTED] per MWH

DELIVERY

Delivery Period: Monday to Sunday from hours ending 0100 through 2400 EPT (Eastern Prevailing Time) From 01/01/2012 through 12/31/2014 including NERC Holidays

Delivery Point(s): PJM-AEP-DAYTON HUB (settled Day Ahead LMP)

SCHEDULING AND SPECIAL CONDITIONS:

All rates, terms and conditions as specified in the Master Agreement and this Confirmation shall remain in effect in accordance with their terms and shall not be subject to change through application to the Federal Energy Regulatory Commission ("FERC") pursuant to the provisions of Section 205 or 206 of the Federal Power Act. Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of the Master Agreement or this Confirmation, whether proposed by a Party, a non-party, or the FERC acting *sua sponte*, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish, 554 U.S. 527 (2008) (the "Mobile-Sierra" doctrine).

**NOTICE: IF EKPC DISAGREES WITH ANY OF THE TERMS CONTAINED WITHIN THIS CONFIRMATION, EKPC SHALL NOTIFY THE CONFIRMATIONS DEPARTMENT OF [REDACTED] IN WRITING, PER THE TERMS OF THE MASTER AGREEMENT.**



Maria P. MacLean  
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Tel: 609-426-5548  
Fax: 609-426-5704

December 21, 2011

Ms. Julie Tucker  
East Kentucky Power Cooperative  
PO Box 707  
Winchester, KY. 40392-0707

Dear Julie:

I have attached a spreadsheet showing the Platts/ICE Forward Curve for the AD HUB for power prices on and off peak as of December 2, 2011.

Regards,

Maria MacLean

FINAL 12/20/2011

12/21/2011 3:34 COPYRIGHT 2011 THE MCGRAW-HILL COMPANIES, INC.

Symbol	Description	Currency	UOM	Date	Low(l)	High(h)	Close(c)	Index(u)
FADAY12	AEP-Dayton Hub Pk Fwd 2012	USD	MGW		12/2/2011			43.65
FADAY13	AEP-Dayton Hub Pk Fwd 2013	USD	MGW		12/2/2011			46.05
FADAY14	AEP-Dayton Hub Pk Fwd 2014	USD	MGW		12/2/2011			48.4
OADAY12	AEP-Dayton Hub OPk Fwd 2012	USD	MGW		12/2/2011			33
OADAY13	AEP-Dayton Hub OPk Fwd 2013	USD	MGW		12/2/2011			34.5
OADAY14	AEP-Dayton Hub OPk Fwd 2014	USD	MGW		12/2/2011			36.9

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The Three-Year Calculation Below was performed by EKPC:

Blended based on 2/3 on peak and 1/3 off peak hours

Calendar 2012	40.1
Calendar 2013	42.2
Calendar 2014	44.56667
3 year average	42.28889



# Net Impact of Final Power Purchase Agreement on Expected Variable Costs to Serve EKPC Member System Loads 2012 - 14

	<u>Base Case</u>	<u>Including 50MW Purchase</u>	<u>Savings Due to Purchase</u>	<u>Transmission Costs @ \$2/MWh</u>	<u>Net Savings</u>
<b>2012</b>					
January	40,969,030	40,833,768	135,262	74,400	60,862
February	36,425,246	36,417,296	7,949	69,600	(61,651)
March	32,693,499	32,688,486	5,013	74,400	(69,387)
April	27,534,275	27,671,831	(137,556)	72,000	(209,556)
May	28,687,917	28,808,280	(120,363)	74,400	(194,763)
June	32,566,233	32,534,530	31,703	72,000	(40,297)
July	35,454,033	35,329,677	124,356	74,400	49,956
August	36,007,855	35,804,243	203,612	74,400	129,212
September	32,155,503	31,984,698	170,804	72,000	98,804
October	30,457,190	30,290,225	166,964	74,400	92,564
November	35,734,858	35,469,519	265,338	72,000	193,338
December	42,047,355	41,982,097	65,258	74,400	(9,142)
<b>Annual</b>	<b>452,136,864</b>	<b>448,726,048</b>	<b>3,410,816</b>	<b>878,400</b>	<b>39,941</b>
<b>2013</b>					
January	44,612,474	44,359,407	253,067	74,400	178,667
February	37,643,580	37,418,967	224,613	67,200	157,413
March	35,359,795	35,235,730	124,065	74,400	49,665
April	30,077,079	29,918,700	158,379	72,000	86,379
May	30,738,819	30,594,574	144,244	74,400	69,844
June	35,422,206	35,144,847	277,359	72,000	205,359
July	38,480,035	38,186,411	293,624	74,400	219,224
August	37,485,815	37,180,205	305,609	74,400	231,209
September	30,112,372	30,033,324	79,048	72,000	7,048
October	31,518,595	31,445,492	73,102	74,400	(1,298)
November	36,604,949	36,296,495	308,454	72,000	236,454
December	44,321,880	44,084,816	237,063	74,400	162,663
<b>Annual</b>	<b>476,223,584</b>	<b>472,165,440</b>	<b>4,058,144</b>	<b>876,000</b>	<b>1,602,627</b>

## 2014

January	48,433,020	48,096,531	336,489	74,400	262,089
February	40,135,732	39,842,781	292,951	67,200	225,751
March	39,994,520	39,289,139	705,381	74,400	630,981
April	33,647,898	33,051,264	596,634	72,000	524,634
May	32,713,659	32,385,890	327,769	74,400	253,369
June	36,179,012	35,440,390	738,622	72,000	666,622
July	40,884,136	40,728,672	155,465	74,400	81,065
August	40,386,608	39,478,899	907,710	74,400	833,310
September	33,642,591	33,534,851	107,740	72,000	35,740
October	33,259,939	32,949,546	310,394	74,400	235,994
November	37,217,028	36,992,866	224,162	72,000	152,162
December	46,179,942	45,662,596	517,345	74,400	442,945
<b>Annual</b>	<b>473,512,352</b>	<b>468,513,664</b>	<b>4,998,688</b>	<b>876,000</b>	<b>4,344,660</b>
<b><u>3 Year Total</u></b>	<b><u>1,401,872,800</u></b>	<b><u>1,389,405,152</u></b>	<b><u>12,467,648</u></b>	<b><u>2,630,400</u></b>	<b><u>5,987,229</u></b>