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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO EAST KENTUCKY)
POWER COOPERATIVE, INC.'S)
CONTINUED NEED FOR CERTIFICATED) CASE NO. 2006-00564
GENERATION)

ATTORNEY GENERAL'S
RESPONSE TO PUBLIC COMMENTS OF THE CUMBERLAND CHAPTER OF
THE SIERRA CLUB

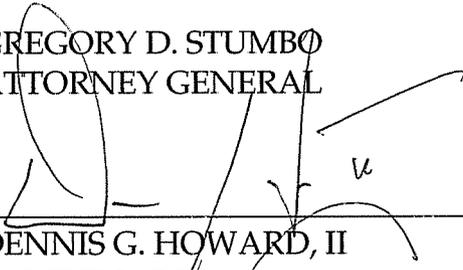
Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and files this response to the public comments of the Cumberland Chapter of the Sierra Club.

The Attorney General offers this response merely to address a representation made by the Sierra Club at page 22 of its comments. In particular, the Sierra Club states that it "supports fair, just and reasonable cost recovery of DSM costs, **including "lost revenues,"** in a manner designed to provide incentives for EKPC and its member distribution co-ops to harvest the available energy in efficiency resources in a cost-effective manner." (Emphasis added.) The Sierra Club then "notes that the Kentucky Energy Efficiency Working Group, a voluntary task force group that includes EKPC, the Sierra Club, and the Attorney General's Office (AG) among its members, is planning to consider these regulatory issues in depth during the remainder of 2007." One interpretation of these comments in their direct proximity to each other lends one to believe the Attorney General also supports a utility company recovering lost revenues

associated with the implementation of energy efficiency resources. This is incorrect. While the Attorney General is working with the Kentucky Energy Efficiency Working Group to promote energy efficiency, he has not acceded to a utility company sustaining, if not improving, its earnings if they are due to the increased efficiencies. Whether there are costs or savings, they must be borne equitably by **all** stakeholders.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Response to Public Comments of the Cumberland Chapter of the Sierra Club were served and filed by hand delivery to the staff of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were hand delivered to:

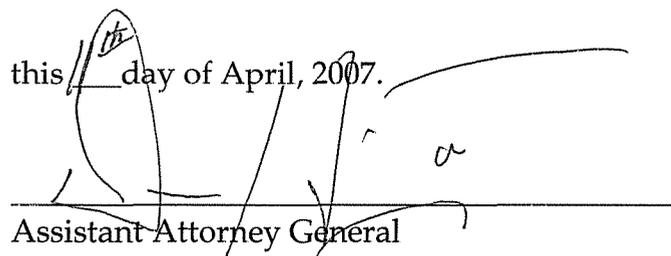
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Wallace McMullen, Chair
Energy Committee
Sierra Club, Cumberland Chapter
12907 Sunnybrook Drive
Prospect KY 40059

this 11th day of April, 2007.


Assistant Attorney General