

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A FORMAL REVIEW OF THE CURRENT)
STATUS OF TRIMBLE COUNTY UNIT NO. 1) CASE NO. 9934

O R D E R

IT IS ORDERED that the various intervenors identified below shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. The information requested herein is due no later than January 22, 1987. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

I. Data Requests for Kentucky Industrial
Utility Consumers

1. On page 24, lines 2-4, of Mr. Falkenberg's testimony it states that the KIUC plan also consists of an extension of present short term diversity exchange or similar transactions through the summers of 1991 and 1992. Has any analysis or research been performed to determine the feasibility of extending the current

diversity exchange agreements or of entering new similar transactions? If so, please provide the supporting analysis.

2. On page 25, lines 8-9, of Mr. Falkenberg's testimony it states conservative modeling assumptions were used whenever judgmental decisions in data conversion were required. Please list and explain all such conservative modeling assumptions.

3. Provide a description of and users' manual for the Kennedy and Associates ("K&A") production cost model.

4. Is the K&A production cost model used to evaluate reliability? If not, provide a description of and users' manual for the K&A model which determines reliability indices or other reliability criteria.

5. On page 36, at lines 10-11, of Mr. Falkenberg's testimony it refers to Ms. Corio's analysis as "simply unrealistic and incorrect." Provide support for this statement.

6. On page 40 of Mr. Falkenberg's testimony, the analysis performed to compare Trimble County in 1991 to the KIUC plan is referred to as truly incremental. Then at lines 24-25 the incremental cost difference of \$280 million is referred to as the savings to customers. In order for all of these savings to flow to the customers certain assumptions have to be made concerning the regulatory treatment of the costs to cancel Trimble County. Please specify the regulatory treatment assumed and provide support for the assumed treatment.

7. On page 11 of his testimony, Mr. Falkenberg states in line 5 that, "...it appears OVEC proposes to renew the DOE contract...." Based on documents in the record in the current case,

it is the Department of Energy ("DOE") who has asked to initiate negotiations for extending the Ohio Valley Electric Corporation ("OVEC")/DOE contract. Provide a clarification to resolve this contradiction.

8. OVEC is owned by 10 participating companies. LG&E's equity participation in OVEC is 7 percent. Throughout his testimony, Mr. Falkenberg implies that LG&E should assert its rights and claim its share of OVEC power for the benefit of its customers. Explain how a 7 percent, 1 of 10 shareholder like LG&E can make such assertions on a concern like OVEC.

9. Chapter 10 of Lyon No. 1 presents a series of economic analyses and qualitative issues LG&E considered in making the Trimble County decision.

a. Does Mr. Falkenberg agree or disagree with those analyses and issues? Explain in detail.

b. Does Mr. Falkenberg believe that a similar analysis of his study results should be performed? Explain in detail.

II. Data Requests for the Attorney General's Utility and Rate Intervention Division

1. On page 3, line 3, of Mr. Pryor's testimony, reference is made to the MIDAS utility planning model. Provide a description of and users' manual for the MIDAS model.

2. On page 4, lines 12-17, of Mr. Pryor's testimony, it states that an alternative "low case forecast" has been derived.

a. Was this forecast provided in Phase 1 of this proceeding? If not, please explain why it was not provided.

b. Provide all workpapers, assumptions, etc. that support the alternative "low case forecast."

3. On page 15, lines 15-19, of Mr. Pryor's testimony, a recommendation is made that not less than 3/8ths of Trimble County Unit 1 should be omitted from rate base if the unit is not cancelled. Provide an explanation of how the figure of 3/8ths was determined.

4. On page 13 of his testimony, Mr. Pryor presents a ranking of present value revenue requirements for the eight scenarios prepared with the MIDAS model, lowest requirement to highest. In Lyon Exhibit No. 1 ("Lyon No. 1"), Appendix II, are found the weighted present worth revenue requirements ("PWRR") of 48 scenarios prepared by LG&E's TALARR model. If the 48 scenarios are ranked from lowest weighted PWRR to the highest, are not the results nearly the same as the ones shown on page 13 of the Pryor testimony? In other words, the TALARR scenarios for a joint ownership have the lowest weighted PWRR, scenarios completing Trimble County Unit 1 ("Trimble County") have a middle weighted PWRR, and scenarios delaying Trimble County have the highest weighted PWRR. Provide any necessary clarification.

5. Chapter 10 of Lyon No. 1 presents a series of economic analyses and qualitative issues which influenced LG&E's decision on Trimble County. The analyses and issues do not appear to be addressed in the Pryor testimony.

a. What impact would the analyses and issues have if applied to the eight scenarios presented on page 13 of the Pryor testimony? Include any supporting explanations.

b. Explain why Mr. Pryor has relied solely on the present value revenue requirements results in deciding LG&E's best course of action instead of performing and incorporating similar economic analyses and qualitative issue considerations as did LG&E in Lyon No. 1.

III. Data Requests for the Jefferson County
Government and Kentucky Consumer
Advocacy Groups

1. With regard to Exhibit DHK-9, page 3 of 3, for the following columns provide an explanation of how the values were determined and why they are reasonable calculations and any workpapers that support them:

- a. Average Excess Capacity (MW)
- b. Capacity Sales (MW)
- c. Capacity and Energy Sales (M\$)

2. With regard to Exhibit DHK-11, provide an explanation of how the values were determined and any workpapers that support them.

3. On page 23 of Mr. Kinloch's testimony it states that "there are many potential cogeneration sites in Louisville that could provide capacity at a much lower cost." Provide support for this statement and an estimate of the potential cogeneration that is available.

4. In Mr. Kinloch's testimony, he states his analysis was of the computer outputs for study cases E001 and E002 and that he made assumption adjustments to those study cases to reach his con-

clusions. The study cases were of the construction of all combustion turbines and the completion of Trimble County.

a. Explain why the options of purchasing power and the renovation of the Cane Run units were not included in your review.

b. Did Mr. Kinloch have access to the EGEAS and TALARR models so he could rerun the study cases with his assumption adjustments?

5. On pages 11 through 13 of Mr. Kinloch's testimony, he explains his position concerning LG&E's assumption that the Trimble County site must be torn down and removed, if Trimble County is cancelled. He concludes by saying the \$70.05 million in present value dollars must be removed from scenarios that contain removal costs.

a. Does Mr. Kinloch believe there would be no costs related to decommissioning Trimble County if it were cancelled?

b. Explain why removal of the full \$70 million is not an oversimplification.

6. On page 4 of his testimony, Mr. Kinloch states, "By using LG&E's own study the possible charge of comparing apples to oranges by preparing an alternative study is eliminated." On page 17, he states that Exhibit DHK-12 uses the "native" loads for the Trimble County completion case, but uses the "native less load management" loads for the all combustion turbine case.

a. By not using the same type of loads in Exhibit DHK-12, aren't comparisons being made which are not comparable?

b. Provide a revised DHK-12 prepared on the same load type.

7. Chapter 10 of Lyon No. 1 presents a series of economic analyses and qualitative issues LG&E considered in making the Trimble County decision.

a. Does Mr. Kinloch agree or disagree with those analyses and issues? Explain in detail.

b. Does Mr. Kinloch believe that a similar analysis of his study results should be performed? Explain in detail.

Done at Frankfort, Kentucky, this 8th day of January, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Herman, Jr.
For the Commission

ATTEST:

Executive Director