

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AND A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY FOR) CASE NO. 92-112
THE CONSTRUCTION OF 300 MW)
(NOMINAL) OF COMBUSTION TURBINE)
PEAKING CAPACITY AND RELATED)
TRANSMISSION FACILITIES IN CLARK)
AND MADISON COUNTIES IN KENTUCKY)

O R D E R

IT IS ORDERED that the East Kentucky Power Cooperative, Inc. ("East Kentucky") shall file an original and 15 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. 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 ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no

later than May 12, 1992. 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.

1. Throughout this proceeding, provide copies of any applications requesting permit modification, copies of any inquiries made by the approving authorities, copies of the responses to the requests, and copies of the final decision by the authorities. This ongoing request also applies to any new permits East Kentucky discovers that it will be required to secure.

2. On page 3 of the testimony of Donald R. Norris, he states that the Rural Electrification Administration ("REA") requires the use of a Request for Proposals ("RFP") process for the approval of new generating projects which are to be financed through the REA. Provide copies of all instructions, requirements, and correspondence received from REA concerning the use of the RFP process.

3. On page 3 of the testimony of David M. Lefebvre is a discussion of the tentative site selection review used by Black & Veatch. Provide a detailed explanation as to why, if an overall score of 5 was best, were eight tentative sites with scores of 1 or 2 designated potential sites for further evaluation.

4. Concerning page 4 of Mr. Lefebvre's testimony, provide a detailed explanation as to why the J. K. Smith and Spurlock sites

were not included in site evaluations until the final phase of the siting study.

5. On page 4 of Mr. Lefebvre's testimony are listed the weightings used for environmental, engineering, and cost criteria in evaluating potential sites. A similar listing appears on page 5, showing the weighting used in the final evaluation stage. Provide an explanation as to why the respective weights of the criteria were different for the two evaluation stages.

6. During the review of potential sites, explain whether any joint site options with other surrounding utilities were considered. If no joint sites were considered, explain in detail why not.

7. On page 5 of the testimony of Roger W. Dalton, it is stated that East Kentucky and the Kentucky Utilities Company ("KU") agreed to pursue a joint procurement of combustion turbines. Provide the following information:

a. Supply copies of any agreements or memoranda of understanding between East Kentucky and KU outlining the joint procurement approach.

b. Indicate the total costs incurred by going through a joint procurement approach.

c. Indicate East Kentucky's share of these total costs.

8. Provide a summary of CT Bids showing the cost of the combustion turbines received from bidders. The summary should include the name of the bidder, nominal unit size (MW), total

nominal (MW) and total CT Bid. Also indicate whether the costs are for independent procurement or joint procurement.

9. On page 6 of Mr. Dalton's testimony he indicates that East Kentucky saved approximately \$3.1 million on the cost of the combustion turbines through the use of the joint procurement approach. Provide the workpapers, calculations, or other documentation which show how the estimated \$3.1 million in savings were determined.

10. Included in the testimony of David G. Eames is a discussion of the financing option East Kentucky plans to use for this project. Provide the following information:

a. Describe the analysis performed by East Kentucky in determining that a loan from REA, through the Federal Financing Bank ("FFB"), was the best financing option.

b. Indicate when East Kentucky intends to file its application for financing with REA and FFB. If the application is filed during this proceeding, supply a copy of the application.

c. Indicate the current interest rate available on FFB loans.

11. Concerning the 138 KV transmission line between the J. K. Smith and Fawkes substations, provide the following information:

a. Indicate what percentage of the required rights-of-way have been secured to date.

b. Indicate when East Kentucky plans to have all the needed rights-of-way.

12. On page 2 of the testimony of Gary T. Crawford, he discusses the work of the in-house task force in relation to the RFP. Provide the following information:

a. Identify each member of the task force and indicate their position with East Kentucky.

b. Indicate any members of the task force who had supervisory or administrative responsibilities related to the employees of East Kentucky who developed its proposal for the RFP.

13. Explain whether any of the members of the task force were aware that East Kentucky had submitted a proposal. If the response is yes, indicate when in the evaluation process the task force members became aware of East Kentucky's involvement in the RFP.

14. Provide a detailed explanation as to why East Kentucky did not hire an outside, independent firm to perform the evaluation stage of the RFP process, considering the fact that East Kentucky submitted a proposal. Indicate when East Kentucky decided to submit a proposal in response to the RFP.

15. On page 3 of Crawford Exhibit A is a reference that East Kentucky was allowed to modify its bid during the price evaluation. Explain whether other finalists were allowed to modify their proposals during the evaluation process.

16. At page 3 of his prepared testimony, Mr. Crawford discusses the effort made by East Kentucky to determine if neighboring utilities might have available capacity. He indicates that, prior to issuing its RFP for long-term peaking capacity,

East Kentucky also solicited short-term purchased power from neighboring utilities. This solicitation is discussed in Section 6.2.1 of Exhibit III, the 1991 Power Supply Study Report.

a. Provide the terms of the solicitation for short-term purchased power, a list of the utilities that received the solicitation, and the date, or dates, of the solicitation.

b. Provide the utilities' written proposals in response to the solicitation and a summary of the proposals, compiled by East Kentucky, which ranks the proposals and explains the basis for the rankings.

c. Provide the Letter of Agreement with LG&E which resulted from this solicitation.

17. Item 6 of East Kentucky's response to the Commission's March 5, 1992 Order in Case No. 91-422¹ discusses the availability of natural gas on demand for operation of the combustion turbines and the related issue of the nomination periods of East Kentucky's potential gas supplier(s).

a. Identify the major marketer which projected the 90/10 gas and oil fuel mix. Explain (1) whether this is the marketer East Kentucky intends to use and (2) how the marketer was, or will be, chosen.

¹ Case No. 91-422, A Review Pursuant to 807 KAR 5:058 of the 1991 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.

b. The response refers to the marketer operating a gas supply pool in order to maintain gas supplies for all its customers. Is it from this supply pool that East Kentucky expects to have natural gas available on one hour's notice or less?

c. The response indicates the marketer would arrange and pay all fees associated with the transportation of gas. Describe the transportation arrangements and clarify whether having gas "on demand" means East Kentucky would have firm or interruptible transportation service.

d. Given that the marketer is required to nominate on a 24-hour notice, explain and clarify how the marketer will be able to deliver gas on one hour's notice from East Kentucky.

e. The response refers to the marketer nominating gas "under their present FERC tariff." What type of FERC tariff does the marketer have? Is this a reference to the pipelines' tariffs?

f. Identify the Gulf Coast suppliers from which the marketer purchases natural gas.

g. Is the operational balance agreement between East Kentucky and the marketer or between the marketer and the pipeline(s)?

h. At the proposed Smith site, will East Kentucky have a direct connection with an interstate pipeline?

i. Who will own and/or maintain the distribution pipeline that will serve the combustion turbines?

j. The response indicates the pipeline is in the process of pursuing tariff changes to nomination periods. What is the present status of that process?

18. On page 3 of Mr. Crawford's testimony, he states that "[m]ost utilities were 'non-responsive' in the sense that they did not respond." Was any attempt made to contact these non-responsive utilities? Explain.

19. On page 4 of his testimony, Mr. Crawford describes the development of the bid evaluation methodology.

a. Did anyone involved in developing the bid evaluation methodology have any role in the preparation of East Kentucky's own bid proposal? If yes, provide the names of the individuals who participated in both activities and the exact nature of the roles he or she had in both activities.

b. Did anyone involved in preparing East Kentucky's bid proposal possess knowledge or information of any evaluation or selection criteria or methods, including but not limited to price and non-price evaluations, that were not fully provided to all potential bidders?

(1) If no, explain how East Kentucky ensured that no potential bidder, even itself, possessed more information or knowledge about the bid evaluation and selection process than any other potential bidder.

(2) If yes, explain what information or knowledge East Kentucky had regarding the bid evaluation or selection process that was not available to any other potential bidder.


20. For each proposal received during the RFP process, identify the respondent and provide the total cost for each proposal.

Done at Frankfort, Kentucky, this 28th day of April, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director , Acting