

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2002 INTEGRATED RESOURCE PLAN OF) CASE NO.
BIG RIVERS ELECTRIC CORPORATION) 2002-00428

INITIAL DATA REQUEST OF COMMISSION STAFF
TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation (Big Rivers), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due March 7, 2003. 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 person 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 herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to page ES-4 of Big Rivers Integrated Resource Plan (IRP). Big Rivers contract with the Southeastern Power Administration (SEPA) is scheduled to expire in 2016, although for planning purposes the contract is assumed to be renewed through at least 2017. Are alternative sources of power being considered if the contract is not renewed? If yes, identify those sources.

2. Refer to page ES-6 of the IRP - Net Metering Programs.

a. Explain why Big Rivers plans to wait on the results of the Louisville Gas & Electric Company's (LG&E) pilot net metering program before determining whether to proceed with its own net metering program.

b. Has Big Rivers or its member cooperatives conducted any surveys of the cooperatives' customers regarding the level of interest in net metering programs? If yes, provide the results of the surveys. If no, state whether Big Rivers or its cooperatives intend to conduct such surveys in the future.

3. Refer to page E-8 of the IRP, specifically, the discussion of Big Rivers plan to use the benefit from its April 2000 sale leaseback to offset its NOx compliance costs. When does Big Rivers plan to reflect those costs in its rates by eliminating the reduction in rates that is currently provided to its distribution cooperatives?

4. Provide a detailed discussion of Big Rivers' current position regarding membership in a Regional Transmission Organization. The response should separately address the Midwest Independent System Operator and any organization that might include the Tennessee Valley Authority.

5. Refer to page 9 of the IRP, Part 5.1.3 IRP Plan Results, Table 5-1, and Appendix A 2002 Load Forecast, page C-3.

a. Given its purchased power capacity and its forecast peak demands, describe how Big Rivers would anticipate responding to an unexpected, large increase in non-industrial demand.

b. How much time would Big Rivers need to plan, site, and install a conventional combustion turbine (CT)?

c. List all Big Rivers generating sites at which a CT, or multiple CTs, could be installed. State how many CTs each site could accommodate and the output of the CTs.

d. The optimistic and extreme weather high case forecast summer peak demands for 2010 shown on page C-3 are nearly equal to the 775 Mw purchase power capacity Big Rivers has available in that year. Describe any scenario analysis or probabilistic analysis Big Rivers has performed concerning the potential of experiencing higher than expected load growth.

6. Refer to page 20 of the IRP, Part 5.4.2 - Transmission System. What consideration has been given to the possible impacts of the Standard Market Design (SMD) as currently proposed by the Federal Energy Regulatory Commission? Explain the response in detail.

a. Describe how the SMD, as proposed, is expected to impact the flow of electricity over Big Rivers transmission system.

b. Will the SMD, as proposed, affect the price of power delivered to Big Rivers from SEPA or from LG&E Energy Marketing ?

c. Will the SMD, as proposed, impact the Big Rivers transmission system s ability to reliably deliver power? Under the proposed SMD, will there be more potential for curtailments on the system? Explain these responses in detail.

7. Refer to page 29 of the IRP, Part 7 Load Forecast.

a. Provide a detailed narrative description of the factors contributing to total system native peak demand is being projected to grow at an average annual rate of only one percent over the forecast period.

b. Provide a detailed description of the 35 Mw adjustment to the load forecast for non-native firm sales from 2003 through 2006. Explain the extent to which the loss of this load impacts the forecast reduction in peak demand from 2006 to 2007.

8. Refer to page 36 of the IRP, Part 9 - Financial Information. Describe all assumptions that were made and considered in calculating the discount rate used for Member Revenue Projections. Provide all supporting documents and calculations.

9. Refer to Appendix B, Demand-Side Planning, page 3. Big Rivers states that it only used the Total Resource Cost Test (TRC Test) to screen the economic feasibility of demand side management (DSM) options. When reviewing the costs and benefits of DSM programs, the Commission generally considers the results of the Participant Test, the Utility Cost Test, the Ratepayer Impact Measure, and the TRC Test. For each program screened, provide the results of each of these four cost/benefit tests. Explain in detail why only the TRC test was utilized in the screening process.

10. Refer to Appendix B, Demand-Side Planning, page 4. The model uses a benefit-cost ratio which is measured by the cumulative net present value (CNPV) of benefits divided by the CNPV of costs. Would the outcomes change if instead of a benefit-cost ratio, the analysis instead looked at the CNPV of benefits less CNPV of costs for each scenario, thereby having the total benefits received measured in current dollars for each scenario? Explain the response in detail.

11. Refer to Appendix B, Demand-Side Planning, pages 17 and 19. On page 17, Big Rivers indicates that space heating is the largest end use of residential energy consumption and should be the first residential area targeted for energy efficiency. On page 19, Big Rivers indicates that it is in the process of developing an incentive program for homes and businesses that need new high efficiency heating systems. Explain in detail why Big Rivers has not included any new DSM programs targeting space heating in this IRP.

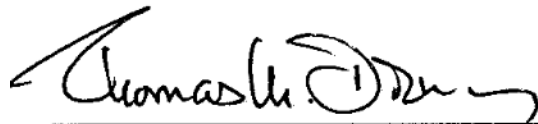
12. Refer to the DSM option screening - Appendix B, Demand-Side Planning.

a. Were DSM programs tested individually by distribution cooperatives or were they tested with the three distribution cooperatives combined?

b. If the DSM options were tested for each distribution cooperative separately, provide the results of the four cost/benefit tests by individual distribution cooperative.

c. If the DSM options were tested by combining the distribution cooperatives, explain in detail why the programs were analyzed in total.

13. Refer to Appendix B, Demand-Side Planning, pages 109 through 111. Provide the discount rate used to calculate the Present Value of Savings and the Present Value of Costs. Describe all assumptions used in calculating the discount rate. Provide all supporting documents and calculations.



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DATED: February 14, 2003

cc: All parties