

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. S NEED FOR)
THE GILBERT UNIT AND THE KENTUCKY) CASE NO. 2003-00030
PIONEER ENERGY, LLC PURCHASE)
POWER AGREEMENT)

SECOND DATA REQUEST OF COMMISSION STAFF
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. (East Kentucky), 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 11, 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 East Kentucky s response to the Commission s January 30, 2003 Order, Item 9, page 2, the minutes of an August 13, 2002 meeting of the Board of Directors. The Board approved a resolution authorizing East Kentucky s president and chief executive officer to issue a project termination notice to Kentucky Pioneer Energy

(Pioneer Energy) due to the following factors: (1) the inability of Pioneer Energy to obtain financial closure; and (2) the conclusions of an East Kentucky consultant that additional development work is required to enable the gasification technology, using coal and refuse-derived fuel, to be applied in the manner envisioned by Pioneer Energy. Based on this resolution of the East Kentucky Board, explain in detail why the actions by Pioneer Energy to seek site approval from the Kentucky State Board on Electric Generation and Transmission Siting resulted in East Kentucky's decision to not issue a project termination notice as authorized by its Board.

2. Refer to East Kentucky's response to the Commission's January 30, 2003 Order, Item 10, which states that the Board was advised of the plan to withdraw the notice of termination until January 31, 2003, but the Board took no action in regard to that plan. Based on the Board's decision to take no action on the plan to withdraw the notice of termination, and the Board's decision to neither rescind nor modify its August 13, 2002 resolution authorizing a project termination notice, explain in detail why East Kentucky's September 13, 2002 letter withdrawing its notice of termination was not in violation of its Board's resolution.

3. Refer to East Kentucky's response to the Commission's January 30, 2003 Order, Item 11, and the Commission's July 11, 2000 Order in Case No. 2000-00079.¹ The July 11, 2000 Order authorized East Kentucky to purchase the output of the Pioneer Energy project and to make a firm sale of 100 megawatts (MW) to an out-of-state utility for 10 years. While East Kentucky's response to Item 11 refers to a sale of a

¹ Case No. 2000-00079, The Application of East Kentucky Power Cooperative, Inc. for Approval To Purchase Power Agreement.

100 MW for 10.5 years, the Letter of Agreement attached thereto grants the buyer an option to extend that sale for an additional 9.5 years at a reduced purchase of 50 MW.

a. Explain in detail why East Kentucky entered into a Letter of Agreement to sell power under terms at variance with the Commission's July 11, 2000 Order.

b. East Kentucky's response to the Commission's January 30, 2003 Order, Item 7, includes a schedule showing its estimated quantity of excess base load capacity annually from 2007 through 2017, assuming that Pioneer Energy and the Gilbert Unit are both operational by mid-2006. This schedule appears to indicate that East Kentucky will not have 100 MW of excess capacity to make the sale referred to in (3) above in years 2015-2017, and will not have 50 MW excess capacity to make the sale referred to in (3) above for the 9.5 years thereafter. If this characterization of the schedule is not correct, provide a detailed explanation.

4. In Case No. 2000-00079, the prepared testimony of David D. Drake states, at 3, that the rating of Pioneer Energy was originally proposed to be in a range of 360 MW to 440 MW but was subsequently increased to a range of 500 MW to 570 MW due to a reconfiguration of the plant design that was dictated by the size of available combustion turbines.

a. Has Pioneer Energy already acquired the combustion turbines for this project? If yes, provide the name of the manufacturer, the model number of the units, and their current physical location.

b. If Pioneer Energy has not already acquired the combustion turbines, does it have a binding contract to purchase the combustion turbines? If yes, provide a copy of the contract.

c. Considering the significant changes that have occurred in the market for combustion turbines in the past 12 months, explain in detail why Pioneer Energy cannot acquire and install the smaller sized combustion turbines as originally proposed.

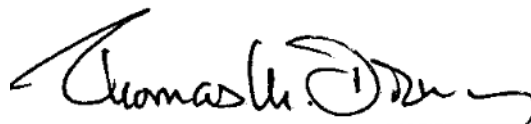
5. Does East Kentucky have a permit to withdraw water from the Kentucky River for use in generating electricity at the J. K. Smith site? If yes, what is the maximum quantity of water that can be withdrawn under East Kentucky's existing permit?

6. Will Pioneer Energy apply for a water withdrawal permit or will the water needed by Pioneer Energy be withdrawn pursuant to a permit now held by East Kentucky?

7. Does East Kentucky intend to seek a modification of an existing water permit to include an additional 4 million gallons per day for use by Pioneer Energy?

8. Provide copies of all documents, including those transmitted electronically, in the possession of East Kentucky which discuss the potential impacts that the quantity of water to be withdrawn by Pioneer Energy may have on the Kentucky River as a source of drinking water for central Kentucky. If no such documents exist, explain in detail why East Kentucky believes that an analysis of the impacts of Pioneer Energy on the yield of the Kentucky River should not have been conducted.

9. In Case No. 2000-00079, Pioneer Energy responded in writing on June 21, 2000 to verbal questions posed by Commission Staff. In response to Question 2, Pioneer Energy described its intent to blend municipal solid waste (MSW) with coal to form solid briquettes for feed to the gasification process. Pioneer Energy also stated that the source of supply of MSW would be based on economics with tipping fee being the key aspect of this calculation. The United States Department of Energy Environmental Impact Statement, dated November 2002, states, at S-5 and S-9, that Pioneer Energy has abandoned its intent to blend MSW with coal to form a briquette and will now purchase refuse derived fuel (RDF) pellets from a manufacturer and use the pellets along with coal as feed to the gasification process. Provide copies of all documents, including those transmitted electronically, in the possession of East Kentucky that discuss the economics of Pioneer Energy purchasing RDF pellets and/or Pioneer Energy s ability to purchase RDF pellets and sell power to East Kentucky at the prices agreed to in the purchase power agreement.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
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DATED: March 4, 2003

cc: Parties of Record