

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE ELECTRIC RATES,)	
TERMS, AND CONDITIONS OF KENTUCKY)	CASE NO.
UTILITIES COMPANY)	2003-00434

COMMISSION STAFF'S FIRST DATA REQUEST
TO NORTH AMERICAN STAINLESS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that North American Stainless ("NAS") file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due April 19, 2004. Each copy of the information 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 its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Explain the position of NAS regarding a buy-through option, such as the option proposed by Stephen J. Baron in his testimony on behalf of Kentucky Industrial

Utility Customers, Inc., which would permit interruptible customers to purchase power at market rates in the event of a call for interruption for the purpose of economic savings to Kentucky Utilities Company (“KU”).

2. On page 8 of the Prepared Direct Testimony of Miguel Sanchez (“Sanchez Testimony”), Mr. Sanchez states that NAS cannot agree to service in which KU has an unlimited ability to disrupt steel production. Since such interruptions are presently limited to 200 hours and are proposed to be limited to 500 hours, explain whether Mr. Sanchez is referring to KU’s unlimited basis for interruptions, rather than the duration of the interruptions. Include in the explanation the language from the current tariff defining system contingencies that is to be deleted from the proposed tariff.

3. Refer to the Sanchez Testimony regarding the operations of NAS’s electric arc furnace (“EAF”) and how its operations would be impacted under KU’s proposed Non-Conforming Load Service (“NCLS”) tariff and proposed Curtailable Service Rider (“CSR”).

a. Starting on line 16, page 10, and continuing through line 3, page 11, the Sanchez Testimony discusses the operational problems of the EAF related to the 5 minute demand interval included in the proposed NCLS tariff. Describe whether NAS’s analysis of this matter has indicated that it can perform demand control under a demand interval less than 15 minutes but greater than 5 minutes.

b. How does NAS define demand control?

c. Starting on line 19, page 12, and continuing through line 11, page 14, the Sanchez Testimony discusses NAS’s concerns regarding the proposed changes to KU’s CSR. One of the changes cited is the reduction from 1 hour to 10 minutes for

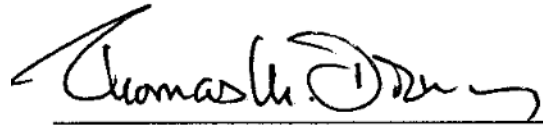
the notice of curtailment. Explain whether NAS believes it could reasonably manage its curtailments under a notice that is less than 1 hour but greater than 10 minutes.

4. Refer to the Prepared Direct Testimony of Charles Buechel (“Buechel Testimony”) regarding KU’s proposed NCLS tariff, which Mr. Buechel recommends that the Commission reject.

a. Despite his recommendation that the Commission reject the NCLS tariff, Mr. Buechel suggests conditions, or changes, to the tariff that he believes would be appropriate if NAS is to be served under the tariff. One of the changes is a rate credit to reflect the value of being subject, on a 5 minute notice, to an unlimited number of short-term (less than 10 minutes in duration) interruptions. Based on KU’s cost-of-service study filed in this proceeding, explain whether Mr. Buechel has determined an appropriate amount for such a credit.

b. Refer to pages 17-18 of the Buechel Testimony regarding KU’s proposed changes to its CSR and how the changes impact NAS. Clarify whether Mr. Buechel is suggesting that NAS prefers remaining under the existing CSR, which has a lower rate credit than the proposed CSR, but which limits the hours of curtailment to 200 annually rather than the 500 hours KU is proposing.

c. Refer to page 14 of the Buechel Testimony regarding the treatment of incremental costs associated with Automatic Reserve Sharing (“ARS”) purchases. Explain whether incremental costs associated with ARS purchases would be treated any differently using the Probability of Dispatch methodology.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

Dated April 6, 2004

cc: All Parties

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