

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY, AND)
A SITE COMPATIBILITY CERTIFICATE, FOR THE) CASE NO.
CONSTRUCTION OF A 278 MW (NOMINAL)) 2005-00053
CIRCULATING FLUIDIZED BED COAL FIRED)
UNIT AND FIVE 90 MW (NOMINAL) COMBUSTION)
TURBINES IN CLARK COUNTY, KENTUCKY)

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

Pursuant to 807 KAR 5:001, Commission Staff requests that East Kentucky Power Cooperative, Inc. ("East Kentucky Power") file the original and 7 copies of the following information with the Commission by March 31, 2005, with a copy to all parties of record. 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.

1. Provide East Kentucky Power's estimated cost of the Smith Power Station Circulating Fluidized Bed ("CFB") Generating Unit 1 proposal expressed in \$/KW/Month and \$/MWH for each year 2008 through 2037. Explain in detail how it was derived and provide all supporting calculations.

2. Provide East Kentucky Power's estimated cost of each combustion turbine ("CT") proposal expressed in \$/KW/Month and \$/MWH for each year 2008 through 2032. Explain in detail how each was derived and provide all supporting calculations.

3. Explain why East Kentucky Power is requesting a certificate for CTs 10-12 when their commercial operation is April 2008. Explain and provide the savings resulting from constructing all 5 CTs.

4. Refer to Exhibit 3, page 3, of the application. Explain how the numbers under the column, "Total Net Present Value Cost 2009-2024," were derived. Provide all supporting calculations.

5. How many hours per year beginning with the year 2008 through 2032 is East Kentucky Power projecting the proposed CTs to be needed?

6. Refer to the Application, Exhibit 3, pages 9-10. East Kentucky Power states that the selected CTs are not currently in commercial operation.

a. Explain the steps East Kentucky Power has taken to minimize its exposure to risks associated with selecting these CTs.

b. Provide copies of any and all warranties, guarantees, and contract provisions that address the performance of the CTs and the recourse available to East Kentucky Power if the CTs fail to meet operating specifications.

7. Refer to the Application, Exhibit 4, page 10. Explain in detail the criteria East Kentucky Power used in determining the selection of the GE LMS100 CTs. Provide all supporting assumptions and calculations.

8. Refer to the Application, Exhibit 4, page 7. In the independent economic ranking by EnerVision of the proposals for base load capacity, the results are shown in \$/MWh.

a. Did either EnerVision or East Kentucky Power perform an economic analysis based on the present value revenue requirements associated with the different base load proposals?

b. If yes, provide the present value revenue requirements for all options being evaluated in total dollars. Include all supporting calculations, assumptions, and workpapers used in the present value revenue requirements calculations.

c. If no, explain in detail why a present value revenue requirements evaluation was not performed.

d. The text of the EnerVision analysis in Exhibit 4 seems to indicate that East Kentucky Power performed its own analysis. Is it correct that a separate economic analysis was performed by East Kentucky Power? Explain the response and provide copies of any economic analysis performed by East Kentucky Power.

9. Refer to the Application, Exhibits 4 and 8, concerning East Kentucky Power's Request for Proposals and bid evaluation process. Identify and describe any differences between the processes and actions undertaken by East Kentucky Power and EnerVision in relation to this application and the processes and actions identified by

East Kentucky Power and EnerVision in their testimony filed February 14, 2005 in Case No. 2004-00423.¹

10. In Exhibit 12, page 2, the Prepared Testimony of Jerry Bordes refers to a fuel cost study performed for East Kentucky Power by Energy Ventures Analysis, Inc. (“EVA”). Mr. Bordes states the fuel cost study formed the basis for the fuel costs included in Exhibit 6 of the application, the “Five Year Annual Project Cost Estimate.” Provide the results of the EVA study and any reports that resulted from it.

11. Refer to the Application, Exhibit 14, the Environmental Report for the Proposed CFB Generating Unit at Smith Power Station, page 8. East Kentucky states that the proposed CFB unit would be constructed on the site where construction of a coal unit had begun in the early eighties.

a. Provide a description of the existing infrastructure from the cancelled coal unit at the Smith Power Station site.

b. Provide a description of the existing infrastructure from the cancelled coal unit that has been used for the existing CTs installed at the Smith Power Station site.

c. Provide a description of the existing infrastructure from the cancelled coal unit that will be used for the proposed CTs.

d. Provide a description of the existing infrastructure from the cancelled coal unit that will be used by the proposed CFB.

¹ Case No. 2004-00423, The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity, and a Site Compatibility Certificate, for the Construction of a 278 MW (Nominal) Circulating Fluidized Bed Coal Fired Unit in Mason County, Kentucky.

e. Provide a description of the accounting treatment for the cancelled coal unit, including any adjustments subsequently made to reflect the use of the existing infrastructure for the existing CTs installed at the Smith Power Station site, and any future adjustments to reflect the use of the existing infrastructure for either the proposed CTs or the proposed CFB unit.

12. Refer to the Application, Exhibit 15, page 1. The expansion plan outlines 2 base load units and 5 CTs in operation by 2009.

a. For the period of 2005 through 2009, describe the impact of the expansion plan on East Kentucky Power's annual cash flow.

b. Provide an analysis of East Kentucky Power's annual cash flow during the 2005 through 2009 period. Include all assumptions and calculations used to prepare the analysis.

13. Refer to page 5 of the Prepared Testimony of David G. Eames. East Kentucky Power states that base rates to the member systems are projected to increase by 9.5 percent from 2005 to 2009. Provide the basis for this statement. Include any workpapers, reports, studies, or other documentation relied on to answer this question.



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Executive Director
Public Service Commission
P. O. Box 615
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DATED March 18, 2005

cc: All Parties