

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ASSESSMENT OF	)	
KENTUCKY'S ELECTRIC	)	ADMINISTRATIVE CASE
GENERATION, TRANSMISSION	)	NO. 2005-00090
AND DISTRIBUTION NEEDS	)	

SECOND DATA REQUEST OF COMMISSION STAFF

Big Rivers Electric Corporation ("Big Rivers"), East Kentucky Power Cooperative, Inc. ("East Kentucky"), Kentucky Power Company ("Kentucky Power"), Kentucky Utilities Company ("KU"), Louisville Gas and Electric Company ("LG&E"), and The Union Light, Heat and Power Company ("ULH&P"), pursuant to 807 KAR 5:001, are 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 May 13, 2005. 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, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

Big Rivers, East Kentucky, Kentucky Power, KU, LG&E, and ULH&P shall respond to the following question:

1. Explain the how the development of Regional Transmission Organizations (“RTO”) and the possibility of greater competition in the wholesale market has impacted your planning decisions. Also, provide a discussion of how RTOs have affected your strategy regarding making off-system sales and your ability to arbitrage.

East Kentucky, Kentucky Power, KU, LG&E and ULH&P shall respond to the following questions:

2. Describe the manner in which increasing prices for coal and natural gas have impacted your generation resource decisions. Include in the response a discussion of how the increase in prices has impacted your consideration of new generation technologies.

3. Explain to what extent the availability or possible availability of merchant power has impacted your generation resource decisions.

Big Rivers shall respond to the following questions:

4. Refer to Items 5 and 7 of Big Rivers’ response to the Commission’s March 10, 2005 Order. Over the years 2000 – 2004, upon completion of the Weyerhaeuser cogeneration project, Big Rivers’ native load weather-normalized peak demand declined by roughly 50 Mw and was less in both 2003 and 2004 than the 610 Mw 2002 demand. With this background, identify and describe the factors which contribute to the small, but consistent, growth of 10 to 14 Mw per year shown in Big Rivers’ demand forecast.

5. Refer to Item 10(e) of Big Rivers’ response to the Commission’s March 10, 2005 Order. Big Rivers shows Green Two with a net capacity rating of 223 MW.

However, EIA 2003 data shows Green Two with a rating of 233 MW. Explain which is accurate.

East Kentucky shall respond to the following questions:

6. Refer to Item 5 of East Kentucky's response to the Commission's March 10, 2005 Order, which shows East Kentucky's actual and weather-normalized historical peak demand, firm and non-firm combined, for the period 2000 – 2004. Provide East Kentucky's firm peak demand only, actual and weather-normalized, for the same period.

7. Refer to Item 6 of East Kentucky's response to the Commission's March 10, 2005 Order, which shows East Kentucky's power purchases for 2000 – 2004. During this period, annual purchases increased from 2.4 to 3.2 million MWh and the annual cost of these purchases increased from \$76 to \$135 million. Explain, generally, why purchases increased during this period by this magnitude and provide East Kentucky's current expectations of its power purchase requirements in the future.

8. Refer to Item 7 of East Kentucky's response to the Commission's March 10, 2005 Order.

a. Explain whether the forecasts of "Net Winter" and "Net Summer" peak demands shown on page 2 of 2 include firm demand or firm and non-firm demand.

b. If the answer to part (a) of this request is "firm and non-firm" demand, provide the forecast information reflecting only firm demand.

9. Refer to Item 10(e) of East Kentucky's response to the Commission's March 10, 2005 Order. East Kentucky shows coal and natural gas as the type of fuel for each unit at the Smith Combustion Turbine Generating Facility. EIA 2003 data

shows that these are combustion gas turbines with natural gas as the primary fuel with diesel or distillate fuel oil as the secondary fuel. Explain which is accurate.

Kentucky Power shall respond to the following questions:

10. Refer to Item 6 of Kentucky Power's response to the Commission's March 10, 2005 Order. From 2000 – 2003, the cost of Kentucky Power's purchases of firm capacity ranged from \$25.74 to \$25.92 per MWh. Presumably, all, or a large portion, of these purchases were from members of the AEP-East Power Pool. Explain why the cost of capacity purchases increased by nearly 10 percent, to \$28.36 per MWh, in 2004.

11. Refer to Item 11 of Kentucky Power's response to the Commission's March 10, 2005 Order, which discusses the potential future capacity needs and capacity additions of both Kentucky Power and the AEP-East system. The last statement in the response indicates that Kentucky Power's obligation for additional capacity could be as much as 500 Mw by the year 2015. Depending on the type of capacity to be added, when would Kentucky Power need to begin planning in order to have new capacity in service in 2015?

KU shall respond to the following questions:

12. Refer to Items 5 and 7 of KU's response to the Commission's March 10, 2005 Order. During the period 2000 – 2004, KU's native load weather-normalized peak summer demand increased by less than .2 percent annually and was less in 2003 and 2004 than the 3,870 Mw demand level of 2002 (3,800 in 2004). With this background, identify and describe the factors which contribute to KU's 2005 demand being forecast at 4,067 Mw, with an average growth of 95 Mw, or 2.0 percent, annually, for the period 2005 – 2019.

13. Refer to Item 10(e) of KU's response to the Commission's March 10, 2005 Order.

a. KU shows natural gas as the type of fuel for each unit at Haefling. However, EIA 2003 data shows fuel oil as the primary fuel at Haefling with natural gas as secondary. Explain which is accurate.

b. KU shows natural gas as the type of fuel for units 8, 9, 10, and 11 at E.W. Brown. EIA 2003 data also shows natural gas as the primary fuel for these units with fuel oil as secondary. Explain which is accurate.

LG&E shall respond to the following questions:

14. Refer to Items 5 and 7 of LG&E's response to the Commission's March 10, 2005 Order. During the period 2000 – 2004, LG&E's native load weather-normalized peak summer demand increased by less than .2 percent annually and was less in 2004 than the 2,612 Mw demand level of 2003 (2,562 in 2004). With this background, identify and describe the factors which contribute to LG&E's 2005 demand being forecast at 2,629 Mw, with an average growth of 55 Mw, or 1.8 percent, annually, for the period 2005 – 2019.

15. Refer to Item 10(e) of LG&E's response to the Commission's March 10, 2005 Order. LG&E shows natural gas as the type of fuel for unit 11 at Cane Run. EIA 2003 data also shows natural gas as the primary fuel with fuel oil as the secondary fuel. Explain which is accurate.

KU and LG&E shall respond to the following question:

16. Refer to Items 8 and 9 of the responses to the Commission's March 10, 2005 Order. With a reserve margin of 12 to 14 percent recommended for planning purposes, explain why, based on planned resource acquisitions, the combined reserve margin for LG&E and KU, for the 2005 – 2025 period, is greater than 14.0 percent in 20 of 21 years and greater than 15.0 percent in 17 of 21 years.

ULH&P shall respond to the following questions:

17. Refer to Items 5 and 7 of ULH&P's response to the Commission's March 10, 2005 Order.

a. ULH&P's annual weather-normalized energy sales declined slightly over the period 2000 – 2004, while its weather-normalized peak demand increased by 84 Mw, or 10.1 percent, over this period. Describe all factors ULH&P has identified that contributed to this increase in demand during a period of declining energy sales.

b. ULH&P's weather-normalized peak demand in 2004 was 912 Mw compared to its actual peak demand of 814 Mw. This 2004 weather-normalized peak demand was also 49 Mw greater than the highest weather-normalized peak demand, 863 Mw, in any year from 2000 – 2003. Explain why the 2004 weather-normalized peak demand is so much greater than the actual 2004 peak demand and the weather-normalized peak demand in the 4 previous years.



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cc: All Parties