

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)

SECOND 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. ("EKPC") file the original and 7 copies of the following information with the Commission no later than 10 days from the date of this request, 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. Refer to page 3 of the December 22, 2005 Supplemental Prepared Testimony of David G. Eames (“Eames Testimony”) and Exhibit 1 to the Eames Testimony. The testimony states,

The results of that analysis are attached as Exhibit 1 to this testimony. That analysis shows that a delay in Smith [combustion turbine (“CT”)] CTs 9-12 is estimated to result in approximately \$11.9 million in higher power production and/or power purchase costs, and \$10.9 million in additional costs due to construction schedule delay charges, as detailed in the attached letter from General Electric (Exhibit 2), for a total additional cost of \$22.8 million.

The exhibit contains the heading “EKPC Monthly Variable System Cost” and appears to include only \$11.9 million, which matches the level identified in the testimony as “higher power production and/or power purchase costs.”

a. Is it correct that the analysis in Exhibit 1 to the Eames Testimony shows only the \$11.9 million in higher power production and/or power purchase costs resulting from a delay in Smith combustion turbine (“CTs”) 9-12?

b. Are the delay costs shown in Exhibit 1 strictly variable costs or do they include any fixed costs?

2. The analyses contained in Exhibits 1 and 4 to the Eames Testimony are not the type of long-term present value revenue requirements (“PVRR”) analyses typically relied upon by the Commission to evaluate a utility’s decisions regarding both the construction and the timing thereof of major plant additions. Provide a 30-year PVRR analysis which reflects all of the cost impacts of (1) proceeding with the installation of Smith CTs 9-12 in 2008, as EKPC proposes, recognizing the transmission limitations described in the Eames Testimony, and (2) delaying the installation of these CTs until 2009, recognizing those same limitations. This analysis should include all

relevant cost components, including but not limited to (1) construction costs, (2) financing costs, (3) depreciation expense, and (4) variable costs.

3. Exhibit 3 entitled "EKPC Expected CT Operation" of the Eames Testimony dated December 22, 2005 shows that each of the proposed CTs will operate more than 2000 hours per year. Page 9 of Exhibit 4 of the application shows the Economic analysis of the CTs is based on the CTs operation of a maximum of 2000 hours.

a. How many hours per year is the "GE LMS 100" designed to operate?

b. Due to the high price of natural gas and the number of hours that the proposed CTs will be operating, has EKPC performed any feasibility study to determine whether combined cycle combustion turbines are more economical than the proposed CTs? If yes, provide the study. If no, explain in detail why it is not necessary.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED January 25, 2006

cc: All Parties