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May 12, 2005

**Via Federal Express**

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

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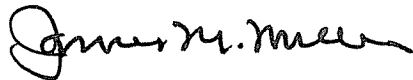
PUBLIC SERVICE  
COMMISSION

Re: **BIG RIVERS ELECTRIC CORPORATION**  
PSC Administrative Case No. 2005-00090

Dear Ms. O'Donnell:

Enclosed are an original and ten copies of the response of Big Rivers Electric Corporation to Commission Staff's second data request dated April 28, 2005, in the above-styled matter. I certify that a copy of this filing has been served this day on the persons shown on the attached service list.

Sincerely yours, ,



James M. Miller  
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JMM/ej  
Enclosures

cc: Michael H. Core  
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**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF KENTUCKY**

**In the Matter of:**

**AN ASSESSMENT OF )  
KENTUCKY'S ELECTRIC )  
GENERATION, TRANSMISSION )  
AND DISTRIBUTION NEEDS )**

**ADMINISTRATIVE  
CASE NO. 2005-00090**

**BIG RIVERS ELECTRIC CORPORATION'S  
RESPONSE TO THE SECOND DATA REQUEST OF THE  
COMMISSION STAFF OF APRIL 28, 2005**

**May 13, 2005**

BIG RIVERS ELECTRIC CORPORATION'S  
RESPONSE TO THE SECOND DATA REQUEST OF THE  
COMMISSION STAFF OF APRIL 28, 2005  
ADMINISTRATIVE CASE NO. 2005-00090  
May 13, 2005

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**Item 1)** Explain 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.

**Response)** The development of RTOs has not significantly impacted Big Rivers’ wholesale market planning decisions. Big Rivers’ Transmission Department mission remains the same as before the advent of RTOs, and that is to provide adequate, safe, reliable and cost effective electric transmission services to member cooperatives, generation plants lessee, and third party transmission customers, and so Big Rivers’ planning decisions are also unaltered.

Big Rivers’ forward trades are through bilateral agreements. Big Rivers has some next day and hourly trades into RTOs if prices are favorable. An advantage to trading in an RTO is that Big Rivers has the ability to bid in odd lots of power.

**Witness)** C. William Blackburn  
Travis Housley, P.E.

BIG RIVERS ELECTRIC CORPORATION'S  
RESPONSE TO THE SECOND DATA REQUEST OF THE  
COMMISSION STAFF OF APRIL 28, 2005  
ADMINISTRATIVE CASE NO. 2005-00090

May 13, 2005

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

10  
11  
12 **Response)** The only factor that contributes to the small, but consistent, growth of 10  
13 to 14 MW (~1.7%) per year of Big Rivers' demand forecast is the rural load growth  
14 (~2.3%) as shown in Big Rivers' 2003 Load Forecast.

15  
16 Actual peak demand is influenced by other factors. Big Rivers is actually a summer  
17 peaking utility but when a year has a moderate to severe winter with a mild summer, an  
18 annual peak demand can be set in the winter. This was the case in 2003. The peak  
19 demand for Big Rivers in 2003, as shown in the response to Item 5 of Big Rivers'  
20 response to the Commission's March 10, 2005 Order, is a winter peak number while the  
21 2002 and 2004 peak demands were in the summer.

22  
23 In addition, Big Rivers' Members have an uncommon load distribution relative to load  
24 class. In general, their industrial demand is 20% of their total demand. Some of the Big  
25 Rivers Member industrial customers load requirements can swing by as much as ten  
26 megawatts from one hour to the next. If these industries' load shapes are combined with  
27 the more predictable aggregated load shapes of the remaining industries, the annual  
28 energy can easily be forecast. However, the single hour demand forecast for the year is  
29 far more challenging than the annual energy forecast. The random industrial load swings  
30 make it next to impossible to apply a coincidence factor for those loads to be included in  
31 the single hour annual demand forecast.

32  
33 **Witness)** C. William Blackburn



BIG RIVERS ELECTRIC CORPORATION'S  
RESPONSE TO THE SECOND DATA REQUEST OF THE  
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May 13, 2005

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**Item 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.

**Response)** Green Unit Two has a net capacity rating of 223 MW. Big Rivers' response to Item 10(e) to the Commission's March 10, 2005 Order is correct.

**Witness)** David Spainhoward