

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)	
COOPERATIVE, INC. FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR)	CASE NO.
THE CONSTRUCTION OF A TWO MEGAWATT)	2015-00213
DISTRIBUTED GENERATION FACILITY IN)	
OWEN COUNTY, KENTUCKY)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO OWEN ELECTRIC COOPERATIVE, INC.

Owen Electric Cooperative, Inc. ("Owen Electric"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before August 10, 2015. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Owen Electric shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Owen Electric fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. 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 shall be separately provided for total company operations and jurisdictional operations. When filing a document containing personal information, Owen Electric shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to page 1 of the application. Explain why Owen Electric chooses to build generation at the two MW level.

2. Refer to page 3 of the application which states that the estimated capital cost of the distributed generation facility ("DG facility") is \$2.6 million.

- a. Provide a breakdown of the \$2.6 million cost.
- b. Provide the expected capacity factor of the DG facility and the estimated annual kWh to be produced.
- c. Provide the estimated Mcf of natural gas to be burned at the DG facility annually.
- d. Provide the proposed construction period and anticipated in-service date.

3. Refer to page 3 of the Prepared Testimony of Mark A. Stallons (“Stallons Testimony”), line 9. Is approval of Owen Electric’s generation notice letter by East Kentucky Power Cooperative, Inc.’s (“EKPC”) Board of Directors the only requirement Owen Electric must satisfy through EKPC?

4. Refer to page 3 of the Stallons Testimony, lines 20-21.

a. Provide the Request for Proposal that Owen Electric issued to build its DG facility.

b. Provide a recap of all bids received, including the amount of each bid.

c. Explain Owen Electric’s decision process that resulted in the selection of Harshaw Trane’s bid.

5. Refer to page 3 of the Stallons Testimony, lines 6-8, and Exhibit MAS-2. Provide Owen Electric’s system load for the calendar years 2012 through 2015 as defined in Amendment 3 to the Wholesale Power Contract and the calculation of the amount of generation allowable under Amendment 3.

6. Refer to page 4 of the Stallons Testimony, line 8. Provide a cost breakdown for the supervisory control and data acquisition upgrade as it relates to Owen Electric’s and EKPC’s obligations.

7. Refer to page 4 of the Stallons Testimony, line 18. State the expected date of completion of the system impact study.

8. Refer to page 7 of the Stallons Testimony, lines 4-6. Explain what is meant by “setup the ongoing air permit program.”

9. Refer to the Stallons Testimony, beginning at page 7, line 18, through page 8, line 2.

a. Confirm that the additional transmission and distribution facilities discussed on these pages are included in the estimated \$2.6 million capital costs of the DG facility.

b. State whether something is missing in the last sentence at the bottom of page 7. If yes, provide the corrected text. If not, explain what is meant by the last sentence on page 7.

10. Refer to page 9 of the Stallons Testimony, lines 7-13.

a. Mr. Stallons states that the savings associated with the DG facility will allow Owen Electric to absorb the natural gas costs (lines 9-10) and to defer a future rate case (line 13). Provide the estimated remaining net annual savings after absorption of natural gas costs.

b. Explain whether Owen Electric's response on lines 9-10 indicates that neither the cost of the fuel purchased to operate the DG facility nor the kWh sold from the facility will be included in the calculation of Owen Electric's fuel adjustment clause ("FAC"). If not, explain the response.


c. Aside from the reduction in the amount of Owen Electric's expense of purchased power from EKPC (post-completion of the DG facility), confirm that the proposed facility will not affect Owen Electric's FAC calculation.

d. Compare the cost of fuel included in Owen Electric's base rates to the fuel cost to be used in the DG facility.

11. Refer to Exhibit MAS-1. For each of the 20 years shown, provide all information and calculations supporting the amounts shown for EKPC Savings and Annual Operating Costs. The information provided should be in sufficient detail to show all assumptions and source materials with regard to expected commodity gas cost, Texas Gas Transmission ("TGT") pipeline transportation charges, and future rates from Carrollton Utilities.

12. State whether the underlying natural gas transportation service from TGT will be firm or interruptible.

13. Refer to Exhibit B of the application. Explain Owen Electric's decision to place the generator on its headquarter property.



Jeff Derouen
Executive Director
Public Service Commission
P. O. Box 615
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DATED **JUL 30 2015**

cc: Parties of Record

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