

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)
TO CONSTRUCT CERTAIN ELECTRIC) CASE NO. 91-082
TRANSMISSION AND DISTRIBUTION FACI-)
LITIES IN BULLITT, SHELBY AND)
SPENCER COUNTIES IN KENTUCKY)

O R D E R

IT IS ORDERED that East Kentucky Power Cooperative, Inc. ("EKPC") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 20 days from the date of this Order. If the information cannot be provided by this date, EKPC should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. In response to Item 1(a) of the July 10, 1991 Order, EKPC indicated that its current negotiations with Kentucky Utilities Company ("KU") were expected to result in a wheeling rate of approximately 3.5 mills/kWh. The present wheeling rate is 1 mill/kWh. Provide the following information:

a. Indicate what the wheeling rate is as of the date of this Order.

b. Indicate when the present interconnection agreement will expire.

c. Indicate the status of the interconnection agreement negotiations with KU.

d. Explain in detail why the wheeling rate would be expected to increase from 1 mill/kWh to 3.5 mills/kWh, an increase of 250 percent.

e. A version of Attachment I-1 using the present wheeling rate of 1 mill kWh.

2. Concerning the response to Item 2 of the July 10, 1991 Order, provide the following information:

a. A detailed listing of each alternative considered by EKPC.

b. The present worth cash analysis performed for each considered alternative. Include all assumptions and calculations used in the analysis.

3. Concerning the response to Item 3 of the July 10, 1991 Order, explain in detail how the cost of rights-of-way was incorporated in the present worth cash analysis of Alternatives 1 and 2.

4. Concerning Attachments II. and III.-1 of the response to Item 4(c) of the July 10, 1991 Order, provide the following information:

a. For each project, explain in detail how the estimated cost was determined. Where cost per mile estimates were used, explain in detail how those estimates were determined. Include all supporting workpapers and calculation utilized.

b. Explain why a 6 percent annual inflation rate was used and how this rate was determined.

c. For each project, include all supporting workpapers and calculations used in the determination of the carrying charge rate. Include an explanation of what the carrying charge rate represents.

d. For each project, explain why it was assumed that the annual fixed charges would be a function of the inflated project cost times the carrying charge rate.

e. For each project, include all supporting workpapers and calculations used to determine the present worth cash as of January 1991.

f. Explain in detail how the additional depreciation expense and debt service costs have been factored into the present worth cash analysis.

5. In response to Item 2 of the July 10, 1991 Order, EKPC indicated that two 69 KV alternatives to meet the system requirements in the Shelbyville area were considered and rejected because neither would provide adequate capacity to meet future growth expected in the Shelbyville area and both were not economic due to excessive system losses.

a. Provide the year by which each of the 69 KV alternatives will not have adequate capacity to meet the future growth expected in the Shelbyville area.

b. What is the expected future load that 69 KV alternatives will not be adequate to meet?

c. Provide the expected annual kWh losses for the alternatives below. Also provide all supporting calculations which were used to arrive at these figures.

(1) The 69 KV alternative that called for a 1.5 mile line from the Budd Substation to tap KU's Shelbyville-Simpsonville 69 KV line.

(2) The 69 alternative that required an 8.8 mile line to the KU/EKPC interconnection point near the existing Clay Village Substation.

(3) Alternative 1 included in the certificate application.

(4) Alternative 2 included in the certificate application.

Done at Frankfort, Kentucky, this 26th day of September, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director