

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY, AND A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY FOR) CASE NO. 92-112
THE CONSTRUCTION OF 300 MW)
(NOMINAL) OF COMBUSTION TURBINE)
PEAKING CAPACITY AND RELATED)
TRANSMISSION FACILITIES IN CLARK)
AND MADISON COUNTIES IN KENTUCKY)

O R D E R

IT IS ORDERED that the East Kentucky Power Cooperative, Inc. ("East Kentucky") shall file an original and 15 copies of the following information with this Commission, with a copy to all parties of record. 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 along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no

later than June 3, 1992. If the information cannot be provided by this date, you 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. Concerning the response to Item 7(a) of the Commission's April 28, 1992 Order, of the three levels of cooperation described in Attachment 1, indicate which level represents the actual degree of cooperation between East Kentucky and the Kentucky Utilities Company.

2. In the response to Item 8, East Kentucky has indicated that Bidder 1 was determined to be the lowest overall cost and was selected as the combustion turbine supplier. A review of Table A-1, attached to this response, does not readily demonstrate support for this conclusion. Provide a thorough discussion of how Bidder 1 was determined to be the lowest overall cost. Include with this discussion an explanation of how the information on Table A-1 supports this conclusion.

3. Concerning the response to Item 10(a), provide the following information:

a. Indicate whether a variable interest rate loan would have been an available option from the National Rural Utilities Cooperative Finance Corporation ("CFC").

b. If a variable interest rate loan option was available from CFC, explain in detail why this option was not included in East Kentucky's analysis of financing options.

c. Explain whether East Kentucky examined the option of securing financing from the National Bank for Cooperatives. Indicate the results of that examination, or explain why such an option was not reviewed.

4. Concerning the response to Item 14, indicate whether Ronald D. Brown was involved, directly or indirectly, with the development of East Kentucky's bid proposal.

5. The response to Item 14 does not clearly address the request. East Kentucky was asked to explain in detail why it did not hire an outside, independent firm to perform the evaluation stage of the Request for Proposal ("RFP") process, considering the fact that East Kentucky submitted a proposal. While information concerning the use of outside consultants to develop the RFP document, develop the evaluation methodology, and audit the evaluation process is helpful, it does not adequately address the request. Provide the originally requested information.

6. The response to Item 16 of the Commission's Order of April 22, 1992 concerns East Kentucky's solicitation of short-term purchased power from neighboring utilities.

a. The inter-office memo from Ron Brown to Don Norris dated January 16, 1992 indicates East Kentucky will revisit its needs in October 1992. Will this revisit include a new RFP to East Kentucky's neighboring utilities?

b. Given the modifications to East Kentucky's load forecast since November 1990, how would an October 1992 RFP likely differ from the earlier request?

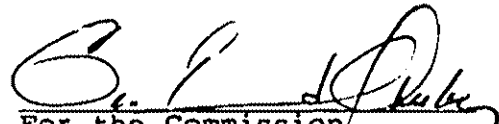
c. Will East Kentucky be revisiting its needs for 1993 only, or will it be soliciting proposals for 1994 and 1995 that, if economical, might permit the deferral of the proposed combustion turbines?

d. Does East Kentucky, at present, have the flexibility to defer any of the combustion turbines in the event short-term economical purchases are available?

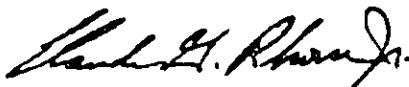
e. Would East Kentucky use a present worth revenue requirements analysis to evaluate the economic impacts of purchasing power short-term and possibly deferring the combustion turbines versus completing the turbines as proposed?

Done at Frankfort, Kentucky, this 22nd day of May, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director, Acting