COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT TRANSMISSION FACILITIES IN MEADE COUNTY IN KENTUCKY TO INTERCONNECT ITS ELECTRIC UTILITY SYSTEM WITH THE ELECTRIC UTILITY SYSTEM OF EAST KENTUCKY POWER COOPERATIVE	)	
and	)	CASE NO. 94-078
THE APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT CERTAIN ELECTRIC TRANSMISSION FACILITIES IN HARDIN COUNTY	)	

O R D E R

IT IS ORDERED that East Kentucky Power Cooperative, Inc. ("East Kentucky") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 20 days from the date of this Order.

1. Refer to Exhibit II-2 to East Kentucky's application.

a. Revise the cost estimate summary for East Kentucky to show as a separate line item the total construction overheads.

b. Reconcile East Kentucky's estimate of Big Rivers Electric Corporation's ("Big Rivers") total cost in 1996 dollars with the amount shown in the Big Rivers' application, Exhibit IV.

2. Exhibit VI of East Kentucky's application, page 12, shows its present worth cash analysis for Alternative 1.

a. Provide the workpapers, calculations, and other supporting documentation used to determine the carrying charge rate.

b. Provide the workpapers, calculations, and other supporting documentation used to determine the discount rate.

c. Provide the inflation rates used for each year of the 1996 through 2015 present worth cash analysis.

d. Explain how the depreciation rate used in the analysis was determined.

e. Recalculate the present worth cash analysis for Alternative 1 using the format presented in Big Rivers' application, Exhibit V, Appendix A. Include separate columns showing depreciation, interest, operation and maintenance expense, and taxes and insurance.

3. Refer to Exhibit X to East Kentucky's application. Provide the permit application date, the status of the permitting process, and the expected date the permit will be received.

4. Both Big Rivers and East Kentucky have provided present worth analyses of their respective construction projects covering the 1996 through 2015 period. Based on the current system planning needs of both utilities, provide a schedule showing the projected short-term interchange transactions, back-up power transactions, and other interchange transactions expected to occur with Big Rivers during the 1996-2015 period. For each listed transaction, show the provider, receiver, and the number of Mwh expected to be transferred.

5. Both utilities' present worth analyses assumed a $3.13/Mwh wheeling rate, the transmission service rate of Louisville Gas and Electric Company ("LG&E"). Big Rivers and East Kentucky stated that this rate was selected because it was lower than the $3.60/Mwh rate of Kentucky Utilities Company ("KU") and the $3.90/Mwh rate of the Tennessee Valley Authority ("TVA").

a. Explain whether the three stated rates are actually available in 1994. If no, explain how these rates were determined.

b. How long will the stated rates from LG&E, KU, and TVA be in effect?

c. Have the wheeling rates of LG&E, KU, or TVA changed over the last 10 years? If yes, provide a schedule showing each prior rate and the period of time when it was in effect.

6. Big Rivers' present worth analysis for Alternative 2 is shown in its Exhibit V, Appendix A and East Kentucky's is shown in its Exhibit VI, page 13.

a. Explain how and why East Kentucky's analysis of Alternative 2 differs from the analysis filed by Big Rivers.

b. Compare the assumptions used in each analysis. Identify any assumptions where values were used by Big Rivers which differ from those used by East Kentucky.

7. Has East Kentucky acquired all necessary easements for its proposed transmission facilities? If not, explain when they will be acquired.

8. Provide a map showing East Kentucky's portion of the route for Alternative 1 and every structure within 200 feet of the transmission line. Also identify by use each structure shown.

9. Was consideration given to any alternative other than the two discussed in your application? If yes, describe such alternatives and explain why each was rejected.

10. Provide the number of parcels of property over which the transmission line proposed by East Kentucky will pass.

Done at Frankfort, Kentucky, this 2nd day of June, 1994.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director