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 Big Rivers Electric Corporation ("Big Rivers") 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 IV to Big Rivers' application.

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

b. Explain how the depreciated capital cost rate of 8.36 percent was calculated. Provide the workpapers, calculations, and other supporting documentation used to determine the cost rate.

c. Identify the actual maintenance schedules used to estimate the operation and maintenance expenses. Indicate the type of utility plant to which these schedules relate.

2. Provide a schedule describing each permit required for the construction proposed by Big Rivers. Include the permit application date, the status of the permitting process, and the expected date the permit will be received.

3. Exhibit V, page V-1, of Big Rivers' application discusses short-term interchange transactions with East Kentucky Power Cooperative, Inc. ("East Kentucky") and a unit back-up power agreement with East Kentucky. Provide three copies of the currently effective schedules for short-term transactions with East Kentucky.

4. Prepare a schedule showing separately the short-term interchange transactions and unit back-up power transactions with East Kentucky for the period January 1984 through March 1994. For each transaction, indicate:

a. The utility receiving the power.

b. The units of power covered in the transaction.

c. The date(s) of each transaction.

d. The cost of the transaction to the receiving utility, including and excluding the associated wheeling charges.

e. Identify the wheeling utility and the wheeling rate in effect.

5. Both Big Rivers and East Kentucky have provided present worth analyses of their respective construction projects for the period 1996 through 2015. 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 East Kentucky during the 1996-2015 period. For each listed transaction, show the provider, receiver, and the number of Mwh expected to be transferred.

6. 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.

7. Recalculate the Alternative 1 present worth analysis shown in Exhibit V, Appendix A, of Big Rivers' application, utilizing the following assumptions:

a. Inflation factors based on the same DRI rates used by East Kentucky.

b. A 10 percent discount rate.

8. Recalculate the present worth analysis for Alternative 2 as shown in Exhibit V, Appendix A, of Big Rivers' application using a 10 percent discount rate.

9. 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 Big Rivers' analysis of Alternative 2 differs from the analysis filed by East Kentucky.

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

10. Has Big Rivers acquired all necessary easements for its proposed transmission facilities? If not, explain when they will be acquired.

11. Provide a map showing Big Rivers' portion of the route for Alternative 1 and every structure within 200 feet of the transmission line. Also identify by use each structure shown.

12. 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.

13. Provide the number of parcels of property over which the transmission line proposed by Big Rivers will pass.

14. Refer to Application Exhibit V, Appendix A, the present worth analysis for Alternative 2. Are the Mwh transferred solely the result of generation outages on Big Rivers' and East Kentucky's systems? Explain the basis for and derivation of the forecast of Mwh transferred.

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

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director