

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, AND A)	CASE NO.
SITE COMPATIBILITY CERTIFICATE, FOR THE)	2003-00297
CONSTRUCTION OF TWO 80 MW COMBUSTION)	
TURBINE GENERATING UNITS IN CLARK)	
COUNTY, KENTUCKY)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. (East Kentucky Power), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than September 26, 2003. 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 person 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 herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Exhibit 2, page 1. How many vendors were sent the Request for Proposal No. 2002-02 (RFP) issued in December 2002? Provide a copy of the RFP.
2. Refer to Exhibit 3, page 2, Raw Material Consumption and Handling.
 - a. Has East Kentucky Power secured firm transportation for natural gas?
 - b. If yes, provide a copy of the executed agreement.
 - c. If no, provide the status of the negotiations.
 - d. Provide the status of the construction of the lateral line expected to be completed in late 2003.
3. Refer to the testimony of David G. Eames, Exhibit 6, page 3. Provide the status of the approval of the 2002 Load Forecast Report submitted to the Rural Utilities Service.
4. Refer to the testimony of Paul C. Atchison, Exhibit 8, page 2.
 - a. When does East Kentucky Power plan to perform the stability analysis on the combustion turbine generating units (CT)?
 - b. The testimony indicates that initial load flow studies and present worth analysis were completed in June 2000. Have any additional transmission studies related to generation at the J.K. Smith site been performed since that date? If so, provide a summary (or summaries). If not, explain why a 3-year old study is adequate to determine that no additional transmission facilities are required other than the generator step-up transformers and switchyard upgrades.
5. Does East Kentucky Power intend to expense or capitalize the interest associated with the CT project? Explain the response.

6. On page 2 of the application, East Kentucky Power states that it is still negotiating the terms under which the availability and pricing for those CTs and the installation services will be secured during the Commission's review of the Application. Explain whether East Kentucky Power has obtained any additional information since filing its application that would impact the cost estimates contained therein.

7. Refer to the testimony of David G. Eames, page 5 of Exhibit 6 of the application. State whether the estimated installed cost reflects the total estimated cost of the proposed CTs or if other items, such as the cost of modifications to the existing infrastructure referenced in the testimony of James Shipp, page 2 of Exhibit 9, must be added to reflect the total cost. If the cost of the modifications is not included, provide the estimated cost of the modifications as well as any other costs not provided on page 5 of Exhibit 6.

8. Refer to Exhibit 2, page 10 of the application.

a. East Kentucky Power states, Bidder No. 1's proposal represents a long-term peaking energy proposal with competitive pricing. This proposal should not be a replacement for the majority of needed peaking capacity, but could be pursued in addition to EKPC's sixth and seventh peaking units at J.K. Smith Station. Explain why proposal No. T-1 should not be a replacement for the proposed CTs, especially when the cost per MWH is \$64 compared to \$79.90 per MWH for the CTs.

b. East Kentucky Power filed Case No. 2003-00333¹ to construct certain transmission facilities. One of the facilities is the Spurlock-Flemingsburg-

¹ See Case No. 2003-00333, Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of Certain Electric Transmission Facilities in Mason County Kentucky and for Approval of Certain Obligations for the Construction of Related Transmission Facilities in Ohio.

Goddard line. Could the installation of dispersed generation facilities at the Flemingsburg substation eliminate the need of any portion of these transmission lines and/or facility upgrades? Explain and provide analysis to support your conclusion.

9. Provide your best estimate of East Kentucky Power's annual owning cost of a dual fuel CT and of an equivalent total capacity of 2 MW dual fuel dispersed generating units.

10. In recent years the price of natural gas has consistently spiked during the expected run time of peaking CTs. Have the economics been compared of using a non-fluctuating priced fuel, such as has been the case of oil, to fuel dispersed generating units?

11. In the analysis of leasing/purchasing dispersed generating units to provide peaking power, have the following benefits been considered? If yes, provide said analysis. If no, explain why not.

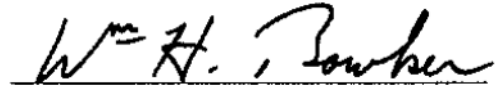
a. The elimination/deferral of portions of planned transmission, substation and distribution facilities.

b. The value-added benefit of providing backup service to commercial/industrial/emergency end-use consumers.

c. The value-added benefit of providing possible backup service to substations.

d. The value-added benefit of an end-user buy-in that would allow possible development of a tariff combining interruptible rates/credits and backup service that could benefit East Kentucky Power, the distribution supplier and the end-user.

12. Assume Kentucky Pioneer Energy, LLC begins construction at the J.K. Smith site in 2004. Would East Kentucky Power need any of the proposed CTs? Explain in detail.

A handwritten signature in black ink that reads "Wm H. Bowker". The signature is written in a cursive style and is positioned above a horizontal line.

William H. Bowker
Deputy Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

DATED September 18, 2003

cc: All Parties