

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|----------------------------|---|---------------------|
| AN INVESTIGATION OF THE |) | |
| ENERGY AND REGULATORY |) | ADMINISTRATIVE |
| ISSUES IN SECTION 50 OF |) | CASE NO. 2007-00477 |
| KENTUCKY'S 2007 ENERGY ACT |) | |

FIRST DATA REQUEST OF COMMISSION STAFF
TO THE CUMBERLAND CHAPTER OF THE SIERRA CLUB

The Cumberland Chapter of the Sierra Club ("Sierra Club"), pursuant to 807 KAR 5:001, is 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 on or before March 20, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Sierra Club shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Sierra Club fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to pages 2-3 of the Direct Testimony of Wallace McMullen ("McMullen Testimony"). Provide the Abt Associates study quoted on page 2 of the testimony, as well as the Clean Air Task Force study referred to in footnote 3 on page 3.

2. Refer to the McMullen Testimony, page 25, lines 13-17. Provide the document titled, "The Carbon Principles."

3. Provide the Synapse study referenced on pages 25-26 of the McMullen Testimony and cited in footnote 66.

4. Refer to the McMullen Testimony, page 30, lines 19-21. Provide a list of each state regulatory commission that requires electric utilities to recognize externalities as part of an integrated resource plan or to justify a certificate of need to construct new generation.

- a. For each such commission, identify the externality that is required to be recognized and the cost assigned to each environmental or public health item.

- b. Identify the state statute or provide the commission decision orders requiring electric utilities to recognize such externalities.

5. Refer to pages 3-5 of the Direct Testimony of Andy McDonald (“McDonald Testimony”) concerning carbon emissions, the costs of controlling them, and the impact of such costs on utility rates. Provide any data or evidence in the Sierra Club’s possession which reflects, in any way, the estimated future impacts of carbon emissions on Kentucky electric utilities jurisdictional to the Commission. Include a narrative description of any studies, schedules, spreadsheets, or workpapers that may be included in the response.

6. Refer to page 6 of the McDonald Testimony, specifically, the quote beginning on line 18. There is no closing quotation mark prior to the opening quotation mark for the paragraph beginning on line 9 of page 7 of the testimony. Clarify whether the entire text from line 18, page 6 to line 8, page 7 is a quote from the document cited in footnote 3 on page 7.

7. Refer to footnote 3 on page 7 of the McDonald Testimony. Provide the document “Portfolio of Energy Efficiency and Renewable Energy Options for East Kentucky Power Cooperative” by Susan Zinga and Andy McDonald, along with a biography on Susan Zinga.

8. Refer to page 7, lines 17 to 19, of the McDonald Testimony, the two sentences which read, “One commonly hears that Kentucky has poor wind resources, with the exception of the mountaintops in Eastern Kentucky. While this may generally be true, those mountains may offer a substantial number of viable wind energy sites.”

a. Explain in detail the basis for Mr. McDonald’s belief that the mountains of eastern Kentucky “may offer a substantial number of viable wind energy

sites,” (emphasis added) and provide copies of all reports and analyses that support this belief.

b. Is the amount and frequency of wind the sole criteria for determining whether a wind energy site is viable, or are additional criteria, such as the proximity of transmission lines and the cost effectiveness of the project, considered in determining viability? Explain the response.

c. Does Mr. McDonald know of any way to scientifically test for the possibility that a certain site could reliably produce wind energy? Explain the answer.

9. Refer to the McDonald Testimony at page 7. Mr. McDonald states that wind projects could be developed in other states, as many other utilities have done.

a. Identify the utilities that have a retail service area and have developed wind projects in states that do not encompass any of their service territory. For each such utility, identify the site of each out-of-state wind project.

b. If East Kentucky Power Cooperative, Inc. were to develop such wind projects outside of Kentucky, what steps would it have to take to deliver that power to its member cooperatives?

10. Refer to page 8 of the McDonald Testimony, specifically the quote on lines 9-17 and the footnotes to the quote.

a. Provide the work product/report/document provided by Soft Energy Associates which, according to footnote 4, was relied upon to develop the information preceding the last sentence in the quote.

b. Refer to footnote 5. Explain why the hydroelectric generating plants of Georgia Power were selected to form the basis for the statement contained in the last sentence in the quote.

11. Refer to the table of page 16 of the McDonald Testimony. Provide a detailed description of the assumptions used to develop the generation costs shown in the table.

12. Refer to page 19 of the McDonald Testimony. Explain whether the cap on total installed capacity or PV system size has been binding on any specific development in Kentucky.

13. Refer to pages 20-21 of the McDonald Testimony regarding solar set-asides. Provide detailed descriptions of the specific solar set-aside programs of the 5 states identified in the testimony.

14. Refer to the McDonald Testimony, page 21, lines 9-12. Provide a list which identifies the 19 states that have Public Benefits Funds and indicate for each state: the amount of the charge per customer; the total amount collected annually; the percent of the funds used for renewables and energy efficiency programs; and any other purposes for which the funds can be used.

15. Refer to page 1 of the Direct Testimony of Richard M. Clewett, Jr. ("Clewett Testimony"). Provide Mr. Clewett's background, work experience, etc. for the time between the end of his education in 1970 and the apparent beginning of his work with the Sierra Club in 2006.

16. Refer to pages 4-5 of the Clewett Testimony concerning the provision in KRS 278.285 which permits energy intensive industrial customers to "opt out" of utility-

sponsored demand-side management programs. The discussion refers to the 2007 report of the Kentucky Pollution Prevention Center, which indicates that a substantial portion of the energy savings that could be realized under the minimally aggressive scenario would come from the industrial sector. The last sentence in this section of the testimony states, "A revision of the stature [sic] may well be required to accomplish this end." Provide the language proposed by the Sierra Club to amend or revise that provision of KRS 278.285.

17. Refer to the discussion of the studies identified on pages 11-12 of the Clewett Testimony.

a. Explain whether the Sierra Club is aware of any studies of infrastructure development that incorporated both positive and negative externalities? If yes, identify and describe the studies.

b. Were positive externalities considered in the studies described on pages 11-12 of the testimony? If yes, identify such externalities.

c. Describe in detail the reasons, if any, why positives externalities should not be considered in such studies.

18. Refer to page 15 of the Clewett Testimony.

a. Provide detailed descriptions of how the institutional practices identified for California, Minnesota and Vermont have been put into practice in recent planning or siting cases for new generation investment.

b. Explain whether the externalities are included for purposes of investment decision-making only or whether they are also included for rate making decisions.

19. Refer to the Direct Testimony of Richard Shore (“Shore Testimony”) at page 9. Mr. Shore states that E.ON and Duke have a financial incentive to operate DSM programs that may look good on paper, but save very little energy in practice.

a. Identify the programs to which Mr. Shore refers.

b. Does Mr. Shore propose the elimination of the programs identified in (a) above, or can the programs be modified to eliminate his concerns?

20. Refer to the Shore Testimony at pages 7-9. Identify which states currently employ statistical recoupling for purposes of dealing with conservation and DSM initiatives.



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DATED: March 11, 2008

cc: Parties of Record