

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE KENTUCKY STATE BOARD ON**  
**ELECTRIC GENERATION AND TRANSMISSION SITING**

In the Matter of:

THE APPLICATION OF THOROUGHbred	)	
GENERATING COMPANY, LLC FOR A MERCHANT	)	CASE NO.
POWER PLANT CONSTRUCTION CERTIFICATE	)	2002-00150
IN MUHLENBERG, COUNTY, KY	)	

**RESPONSE OF THOROUGHbred GENERATING COMPANY, LLC**  
**TO THE BOARD'S POST-HEARING DATA REQUESTS**

Applicant, Thoroughbred Generating Company, LLC (“Thoroughbred”), through counsel, submits the following Responses to the Post-Hearing Data Requests propounded by the Board and Intervenors, Big River Electric Corporation (“BREC”), Louisville Gas & Electric Company (“LG&E”), Kentucky Utilities Company (“KU”) and Western Kentucky Energy and Gary Watrous at the conclusion of the November 10, 2003 Evidentiary Hearing.

## **DATA REQUEST TO THOROUGHbred**

**DATA REQUEST NO. 1:** Will Thoroughbred and its related entities (collectively “Thoroughbred”) agree to accept, as a condition of the Board granting it a Construction Certificate, responsibility for the payment of all costs associated with interconnection and any upgrades necessitated because of the addition of Thoroughbred’s 1500 MW Electric Generation Facility, and will Thoroughbred agree to waive any rights or claims that it might otherwise assert to recovering any of those costs through credits, refunds or otherwise?

**RESPONSE:** Thoroughbred will comply with all requirements of Kentucky law if it is granted a Construction Certificate in this matter. Thoroughbred will seek neither more nor less than it is entitled to under Kentucky law. Thoroughbred has agreed to accept responsibility for the upfront payment of all costs associated with interconnection and any network upgrades necessitated because of the interconnection of Thoroughbred’s proposed facility to the transmission systems of BREC, LG&E and KU. Thoroughbred will not waive its rights under the Federal Power Act and the rules and regulation of the FERC to collect transmission credits for its use of any transmission facilities for which it has paid for the network upgrades because no such waiver is required by Kentucky law. However, as explained below, Thoroughbred will waive any rights or claims it might have to a cash refund from BREC, LG&E and KU for such transmission credits.

The issues raised by this Data Request relating to the costs associated with Thoroughbred’s interconnection with the transmission systems of BREC, LG&E and KU and any transmission credits for which Thoroughbred will be eligible will be addressed in negotiations for Interconnection Agreements between Thoroughbred and the appropriate parties. Thoroughbred has committed to pay upfront for the cost of any new transmission or other

facilities required for interconnection to the transmission systems of BREC, LG&E, and KU whether they are direct assign or network upgrades. Thoroughbred expects to receive transmission credits for the payment of network upgrades consistent with the FERC rules and regulations which can be applied to transmission delivery from the utility providing delivery service until such time as the credits are extinguished. Thoroughbred expects the treatment described above from BREC, LG&E, and KU, including, if applicable, a Regional Transmission Organization (“RTO”).

BREC has recognized the propriety of transmission credits both in the Rebuttal Testimony of Travis Housley (“Big Rivers will require up-front funding of these facilities from Thoroughbred. Consistent with Big Rivers’ open access transmission tariff, Big Rivers would provide Thoroughbred with Transmission credits (pre-paid transmission service) in return.” Rebuttal Testimony of Travis Housley, October 13, 2003, p. 2, ls. 12-14) and in previous correspondence between the parties (“after discussing item 1 internally [transmission credits], and with our attorney, we have found nothing that would prevent us from providing a credit mechanism as discussed.” Rebuttal Testimony of Jacob Williams, October 13, 2003, Exhibit A E-mails between BREC and Thoroughbred, April 22, 2003). If the transmission credits are not extinguished at the end of a five-year period commencing on the commercial operation date of Thoroughbred’s proposed facility, the utility would not be obligated to make a cash refund to Thoroughbred but would be required to continue to provide transmission credits until such time as the credits are extinguished.

**DATA REQUESTS TO THOROUGHbred, BREC, LG&E AND KU**

**DATA REQUEST NO. 1:** Whether there was an adverse impact to retail customers with respect to transmission credits and cash refunds provided pursuant to FERC Order No. 2003?

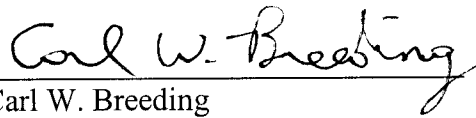
**RESPONSE:** There is no adverse impact to retail customers if Thoroughbred receives transmission credits which are allowed both pursuant to FERC Order No. 2003 and Kentucky law. Thoroughbred's receipt of transmission credit does not require that retail electric customers bear any cost of the network upgrades associated with Thoroughbred's proposed facility because Thoroughbred only receives any such credit if it obtains transmission service from those utilities that install network upgrades in order to accommodate Thoroughbred's interconnection request. With respect to the inquiry about the impact of cash refunds on retail customers, the inquiry is moot because Thoroughbred has agreed to waive any rights or claims to cash refunds in this proceeding. Thoroughbred's Interconnection Agreement negotiations with BREC, LG&E, KU and any other necessary utility will address these issues in detail.

It is important to note that the network transmission upgrades paid for by Thoroughbred will improve the overall reliability of BREC's Transmission System, which is the transmission system which will have the majority of any upgrades. These transmission upgrades will allow BREC to collect up to \$9 million per year in transmission service revenue from Thoroughbred and provide BREC the ability to generate additional revenue streams. Finally, the construction of transmission upgrades will allow BREC to better respond to unexpected contingences. These benefits provide a positive impact for the retail customers of BREC or any other utility and cannot be ignored.

**DATA REQUEST NO. 2:** What would be FERC's role, if any, and how would it become involved in resolving any issues between the parties, disputed or otherwise, related to the payments of the costs of transmission upgrades required by Thoroughbred's proposed Facility?

**RESPONSE:** Pursuant to Sections 205 and 206 of the Federal Power Act, 16 U.S.C. 824d and 824e (2000) the FERC has jurisdiction over all generator interconnection agreements where the generator is interconnected with a jurisdictional utility's transmission facilities. A jurisdictional utility must file all generator interconnection agreements for review and acceptance by the FERC. The FERC's role is to determine if the interconnection agreement, including all costs, are just and reasonable and do not reflect any undue preference or advantage with respect to other generators, including affiliates of the utility.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

It is hereby certified that a copy of the Response Of Thoroughbred Generating Company, LLC To The Board's Post-Hearing Data Requests was sent by United States First Class Mail, sufficient postage prepaid, to the following this the 17<sup>th</sup> day of November, 2003.

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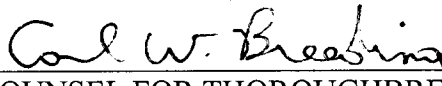
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