

A Touchstone Energy Cooperative 

March 3, 2011

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Blvd
PO Box 615
Frankfort, KY 40602

RE: Case No 2010-00316

Dear Mr. Derouen:

Attached please find the response of Owen Electric Cooperative ("OEC") to the Public Service Commission staff's First Information Request, per its Order dated February 23, 2011. At the direction of Commission staff, one paper copy original is being submitted under this cover and the response is also being submitted electronically.

Please direct questions to me at 502-563-3489.

Sincerely,

A handwritten signature in cursive script that reads "Jim Bridges".

Jim Bridges, DSS
VP of Engineering
Owen Electric Cooperative

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)	
COOPERATIVE, INC. FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY FOR ITS)	2010-00316
2010-2011 CONSTRUCTION WORK PLAN)	

FIRST INFORMATION REQUEST OF COMMISSION STAFF
TO OWEN ELECTRIC COOPERATIVE, INC.

Pursuant to 807 KAR 5:001, Owen Electric Cooperative, Inc. ("Owen") is to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. 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 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.

Owen shall make timely amendment to any prior response 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 Owen fails or refuses to furnish all or part of the requested information, Owen shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. The cover letter filed with the application on December 10, 2010 states that Rural Utilities Service ("RUS") approved Owen's 2010-2011 Construction Work Plan ("CWP") in November 2009.

- a. When did Owen file the CWP with RUS?
- b. Provide a copy of the approval documentation received by Owen.

2. Given that RUS approved Owen's CWP in November 2009, explain in detail why Owen did not file its CWP with the Commission until December 10, 2010.

3. Did Owen begin any of the construction outlined in the CWP prior to filing the application in this matter on December 10, 2010? If yes, provide a schedule showing all projects constructed and all expenditures for those construction projects to date.

4. Has Owen begun construction on any of the projects included in the CWP since filing the application in this matter on December 10, 2010? If yes, provide a schedule showing all projects constructed and all expenditures for those construction projects to date.

5. Refer to Section III-B, page 1 of Owen's 2010-2011 Construction Work Plan Report, filed as part of Owen's application in this matter, which states, in pertinent part, "[t]he design load was derived after reviewing the *2008 Load Forecast* with the GFR." Refer also to East Kentucky Power Cooperative, Inc.'s ("East Kentucky's") response to Item 3 of Commission Staff's Initial Information Request in Case No. 2010-00238.¹ In its response to Item 3 of Commission Staff's data request, East Kentucky states that:

The EKPC aggregated preliminary load forecast was presented to the Board in July. EKPC's load forecast is made up of each of the sixteen member system's individual load forecasts. Each of those systems must review and obtain approval from its respective Board of Directors. Those approvals took a few months to complete. Due to the significance of the results of this load forecast, i.e. the J.K. Smith 1 decision, EKPC went back to its Board again in October, and made another presentation reviewing the load forecast. The member systems were asked to revisit the 2011 energy projections, considering the actual sales for January through August 2010. Projections of customers and peak demands were also presented. Each member system was asked to discuss with key staff and indicate if any changes needed to be made. Each member system did respond and no changes were required. The load forecast was then approved by the EKPC Board of Directors in November 2010.

a. Discuss in detail Owen's participation in the review of East Kentucky's 2010 load forecast, as stated by East Kentucky in its response to Item 3 of Commission Staff's Initial Data Request in Case No. 2010-00238.

b. Identify Owen's 2011-2012 winter peak load or corresponding winter peak set forth in the East Kentucky's 2010 load forecast.

¹ Case No. 2010-00238, An Investigation of East Kentucky Power Cooperative, Inc.'s Need for the Smith 1 Generating Facility (Ky. PSC Jan. 10, 2011).

c. Based on Owen's review of East Kentucky's 2010 load forecast, explain in detail Owen's decision to base its application in this matter on East Kentucky's 2008 load forecast, as opposed to East Kentucky's more current 2010 load forecast.

6. Refer to Section III-B, page 1 of Owen's 2010-2011 Construction Work Plan Report. What factored into Owen selecting an annual inflation rate of 4%?

7. Refer to Appendix D, a copy of a July 20, 2010 letter from Mark Stallions, Owen's President and CEO, informing Tony Campbell, President and CEO of East Kentucky, of Owen's utilization of East Kentucky's 2008 Load Forecast in preparing its completed 2010 – 2011 Construction Work Plan.

a. Did Mr. Campbell, in his requested reply letter, advise Owen to utilize the 2010 load forecast? Explain in detail.

b. Provide a copy of Mr. Campbell's reply letter.

8. Refer to Section IV-C of the CWP, page 1, which states that Owen plans to purchase 1,940 new AMI meters, 250 new 3-phase AMI meters and 50 retrofit kits for 3-phase meters.

a. Is the need for the new meters based on new customer growth?

b. Provide a full description of the proposed meters including specifications and capabilities.

c. Do these meters reflect the most current meter technology available on the market? If not, explain why Owen has decided on these particular meters.

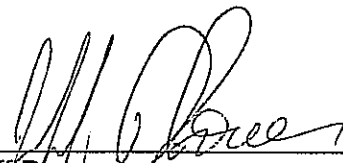
9. In Case No. 2006-00314,² Owen was authorized to replace 54,000 mechanical meters with AMR meters. The replacement of those meters was estimated to be completed by December 31, 2009.

a. Provide the date the replacement of the 54,000 meters was completed.

b. State whether the proposed new meters are compatible with Owen's current meters, and if they are not compatible with Owen's existing AMR meters, explain in detail.

c. Are the installed AMR meters capable of functioning as AMI meters? Explain in detail.

d. If the AMR meters are not capable of functioning as AMI meters, what hardware or network upgrades would be necessary in order for all of Owen's AMR meters to function as AMI meters?



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: FEB 23 2011

cc: Parties of Record

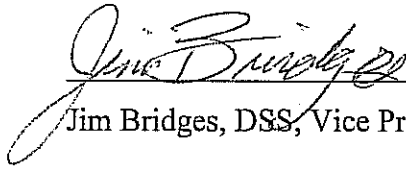
² Case No. 2006-00314, Application of Owen Electric Cooperative, Inc. for a Certificate of Public Convenience and Necessity for its Automated Meter Reading Plan (Ky. PSC Oct. 31, 2006).

Jim Bridges
Distribution Systems Solutions
c/o Owen Electric Cooperative
PO Box 400
Owenton, KENTUCKY 40359

Mark Stallons
President
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Rebecca Witt
Senior VP Corporate Services
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Affiant, Jim Bridges, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



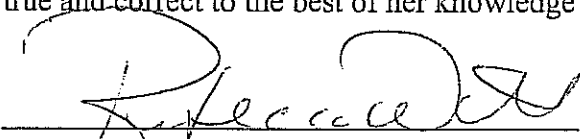
Jim Bridges, DSS, Vice President of Engineering

Subscribed and sworn to before me by the affiant, Jim Bridges, this 3rd
day of March, 2011.

Notary Laura M. Suggins
State-at-Large

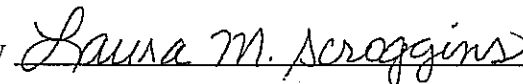
My Commission expires May 2, 2012.

Affiant, Rebecca Witt, states that the answers given by her to the foregoing questions are true and correct to the best of her knowledge and belief.



Rebecca Witt, Senior Vice President of Corporate Services

Subscribed and sworn to before me by the affiant, Rebecca Witt, this 3rd
day of March, 2011.

Notary 

State-at-Large

My Commission expires May 3, 2012.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**APPLICATION OF OWEN ELECTRIC COOPERATIVE, INC)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AN NECESSITY FOR ITS 2010-2011) CASE NO.2010-00316
CONSTRUCTION WORK PLAN)**

**OWEN ELECTRIC COOPERATIVE, INC.'S RESPONSE
TO PSC FIRST INFORMATION REQUEST OF FEB 23, 2011**

Question:

The cover letter filed with the application on December 10, 2010 states that Rural Utility Service ("RUS") approved Owen's 2010-2011 construction Work Plan ("CWP") in November 2009.

- a. When did Owen file the CWP with RUS?

Response:

November 4, 2009.

- b. Provide a copy of the approval documentation received by Owen.

Response: See attached



Question 1
page 2 of 2

United States Department of Agriculture
Rural Development

11-15-2009

Mr. Mark Stallons
President and CEO
Owen Electric Cooperative, Inc.
P. O. Box 400
Owenton, Kentucky 40359-0400

Dear Mr. Stallons:

We have reviewed the Environmental Report (ER) covering the facilities recommended in Owen Electric Cooperative's (Owen Electric) 2010-2011 Construction Work Plan (CWP). In accordance with 7 CFR Part 1794, Environmental Policies and Procedures, as amended, all projects proposed in the CWP are Categorical Exclusions. Except for projects 319, 320, 322 and 611, no additional environmental information needs to be submitted for review, provided the projects do not change from what has been described in the ER.

Normally, the realignment of existing lines and construction of new lines requires the preparation of a site-specific ER. However, since projects 319, 320, 322 and 611 involve siting lines in previously disturbed ROW, a site-specific ER will not be required. Before construction of these lines, USGS topographic or aerial maps, which highlight the new route of the lines relative to the old routes (for projects coded as 611) and the routes of lines connecting to the Richwood Substation (projects 319, 320, and 322) must be submitted for review by the environmental staff.

Your CWP was approved by Mike Norman on November 4, 2009, contingent on approval of the ER. Owen Electric now has environmental clearance for all projects in the CWP and is responsible for acquiring the necessary permits for construction and operation of the proposed projects.

The environmental staff would like to thank you for submitting the CWP environmental worksheet with your 2010-2011 CWP, as it helps to expedite the environmental review process. In the future, when completing the form for 300-level projects, we request that information be provided for *each* 300-level project included in the CWP.

Thank you for your assistance and cooperation in helping us fulfill our environmental review requirements. If you have any questions, please contact me at (202) 720-1994 or Ms. Lauren McGee, Environmental Scientist, at (202) 720-1482 or lauren.mcgee@wdc.usda.gov.

Sincerely,

for CHARLES M. PHILPOTT
Chief, Engineering Branch
Northern Regional Division
USDA Rural Utilities Service

1400 Independence Ave, S.W. · Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

Question:

Given that RUS approved Owen's CWP in November 2009, explain in detail why Owen did not file its CWP with the Commission until December 10, 2010.

Response:

Owen Electric's engineering department has historically been responsible for the filing with the Commission any necessary documentation relating to its construction work plans. In late 2009, Owen hired a new Vice President of Engineering. The new VP of Engineering believed that the filing was being taken care of by the Corporate Services department. The Corporate Services department assumed that the filing was being coordinated in the Engineering group, as it had been historically. The result was that the filing did not take place timely.

The failure to file for the Certificate of Convenience and Necessity was discovered in early August 2010. Owen began the process of preparing for the filing and notified the Commission of its intent to file electronically. The request to file electronically was granted by the Commission in its order dated Aug 24, 2010. It took considerable time to convert the existing work plan files into an appropriate format for electronic filing, and the application was finally filed successfully on December 10, 2010.

Owen recognizes its responsibility to timely file for a Certificate of Convenience and Necessity for its Construction Work Plans and has put procedures in place to ensure timely filing for all future work plans.

Question:

Did Owen begin any of the construction outlined in the CWP prior to filing the application in this matter on December 10, 2010? If yes, provide a schedule showing all projects constructed and all expenditures for those construction projects to date.

Response:

Yes, Owen began work on the 2010-2011 Construction Work Plan in March of 2010. Attached is a schedule outlining the projects and costs that have closed by month since March, 2010. Through December 2010, Owen closed \$3,325,787.19 in work orders associated with the 2010-2011 Construction Work Plan. It closed \$1,588,433.01 in January 2011(the latest date for which data is available). Also attached is a list of projects, and associated costs, that are still in process and have not yet closed. Please note that the majority of the expenditures are for system improvements and reliability projects and are not for brand new construction.

**OWEN ELECTRIC COOPERATIVE
CONSTRUCTION WORK IN PROCESS
2010 - 2011 CONSTRUCTION WORK PLAN**

WORK PLAN TYPE	NO OF PROJECTS	TOTAL EXPENDITURES
100 OH EXTENSION	11	\$26,605.35
101 UG CONSTRUCTION	37	\$99,046.68
102 LP CONSTRUCTION	4	\$56,319.06
303 BRISTOW	1	\$18,134.99
304 BROMLEY	1	\$846,791.64
305 BROMLEY	1	\$226,680.78
312 KEITH	1	\$21,265.20
314 KEITH	1	\$21,843.20
318 PENN	1	\$8,110.73
602 INCREASE SERVICE CAPACITY	11	\$20,901.36
603 SECTIONALIZING	10	\$185,704.42
606 POLE REPLACEMENTS	32	\$163,152.70
607 MISC REPLACEMENTS	22	\$165,859.18
608 CONDUCTOR REPLACEMENTS	21	\$752,635.22
701 OUTDOOR LIGHTING	7	\$8,265.24
704 SCADA INSTALLATION	1	\$15,231.74
1600 MINOR PROJECTS (KDOT & INSIGHT)	1	<u>\$236,486.68</u>
TOTAL 2010-2011 WORK PLAN CWIP @1/31/2011		<u><u>\$2,873,034.17</u></u>

Question:

Has Owen begun any of the construction outlined in the CWP since filing the application in this matter on December 10, 2010? If yes, provide a schedule showing all projects constructed and all expenditures for those construction projects to date.

Response:

Yes, see response to Question 3.

Question:

Refer to section III-B, page 1 of Owen's 2010-2011 Construction Work Plan Report, filed as part of Owen's application in this matter, which states, in pertinent part, "[t]he design load was derived after reviewing the 2008 Load Forecast with the GFR." Refer also to East Kentucky Power Cooperative, Inc.'s ("East Kentucky's") response to Item 3 of Commission Staff's Initial Information Request in Case No. 2010-00238. In its response to Item 3 of Commission Staff's data request, East Kentucky states that:

The EKPC aggregated preliminary load forecast was presented to the Board in July. EKPC's load forecast is made up of each of the sixteen member system's individual load forecasts. Each of those systems must review and obtain approval from its respective Board of Directors. Those approvals took a few months to complete. Due to the significance of the results of this load forecast, i.e. the J.K. Smith 1 decision, EKPC went back to its Board again in October, and made another presentation reviewing the load forecast. The member systems were asked to revisit the 2011 energy projections, considering the actual sales for January through August 2010. Projections of customers and peak demands were also presented. Each member system was asked to discuss with key staff and indicate if any changes needed to be made. Each member system did respond and no changes were required. The load forecast was then approved by the EKPC Board of Directors in November 2010.

- a. Discuss in detail Owen's participation in the review of East Kentucky's 2010 load forecast, as stated by East Kentucky in its response to Item 3 of Commission Staff's Initial Data request in Case No. 2010 -238.

Response:

OEC Engineering and Financial Staff met with EKPC planning group on Friday May 7, 2010 at EKPC headquarters. The 2010 Load Forecast final

draft was reviewed. The residential customer forecast was discussed. The economy and existing home inventory in the OEC service area weighed in the discussion. The overall change was trended down a bit further. However, there are areas in the Northern Kentucky area of OEC's territory that exhibit (micro-economy) traits. These tend to be large commercial pockets near the Greater Cincinnati/Northern Kentucky International Airport. The I-275 loop that links the area to Indianapolis, Dayton, Columbus, Lexington and Louisville is a key factor to strong activity as well.

While residential and small commercial are modestly increasing, several infrastructure projects and large commercial expansions are significant growth factors in these pockets. System losses and detailed discussions of future rates rounded out the discussion.

- b. Identify Owen's 2011-2012 winter peak load or corresponding winter peak set forth in the East Kentucky's 2010 load forecast.

Response:

316 MW Non Coincident Peak.

- c. Based on Owen's review of East Kentucky's 2010 load forecast, explain in detail Owen's decision to base its application in this matter on East Kentucky's 2008 load forecast, as opposed to East Kentucky's more current 2010 load forecast.

Response:

The filing of the application for a Certificate of Convenience and Necessity was filed in relation to Owen's 2010-2011 Construction Work Plan, which was developed during the fall of 2009. At that time, the only load forecast available was the 2008 load forecast. The 2010 load forecast was not developed until July 2010.

Question:

Refer to Section III-B, page 1 of Owen's 2010-2011 Construction Work Plan Report. What factored into Owen selecting an annual inflation rate of 4%?

Response:

The 4% inflation factor was selected in consultation with, and the recommendation of, the RUS GFR.

Question:

Refer to Appendix D, a copy of a July 20, 2010 letter from Mark Stallons, Owen's President and CEO, informing Tony Campbell, President and CEO of East Kentucky, of Owen's utilization of East Kentucky's 2008 Load Forecast in preparing its completed 2010-2011 Construction Work Plan.

- a. Did Mr. Campbell, in his requested reply letter, advise Owen to utilize the 2010 load forecast? Explain in detail.

Response:

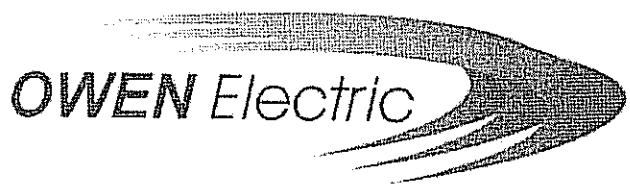
The July 20, 2010 letter that was included in Appendix D was submitted in error as a part of this filing. A copy of the letter to East Kentucky Power Cooperative ("EKPC") that should have been included is attached, along with EKPC's response. As you can see, both letters were written and received in November, 2009 when Owen's 2010-2011 Construction Work Plan was finalized and submitted to RUS for approval. The July 20, 2010 letter that was erroneously attached in this filing was a draft of a courtesy letter to Mr. Campbell informing him of projects developed in the 2010-2011 construction Work Plan. It was ultimately decided that there was no need to send the letter, so it was never sent. It was left in the Construction Work Plan folder by mistake, and submitted in this filing in error.


- b. Provide a copy of Mr. Campbell's reply letter.

Response:

No response was received, as the letter was never sent to Mr. Campbell.

Question 7
page 2 of 3



A Touchstone Energy Cooperative 

November 4, 2009

Jim Lamb, Sr. VP of Power Supply
East Kentucky Power Cooperative
PO Box 707
Winchester, KY 40392-0707

Re: Owen Electric Cooperative 2010-2011 Construction Work Plan

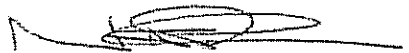
Dear Jim,

Owen Electric Cooperative ("OEC") has completed its 2010-2011 Construction Work Plan ("CWP") Report. The plan's load allocation is based upon the *2008 EKPC Load Forecast*.

The plan's recommended improvements were developed with the one-system concept in mind. At the time of the completion of the study, there are two new substations anticipated in the two-year planning period. These are Belleview and Richwood distribution substations. The Burlington and Munk substations will be off-loaded during the two-year planning period. Upgrades to these substations will be deferred until the next CWP period.

A complete copy of the RUS-approved CWP report will be available to you in November. Owen Electric Cooperative does request that you review the report and reply back with an acknowledgement letter. Your acknowledgement letter will be included in the CWP report as requested by the RUS.

Sincerely,
OWEN ELECTRIC COOPERATIVE, INC.



Mark A. Stallons
President & CEO

MAS/sc

Jim D.

Question 7
Page 3 of 3



EAST KENTUCKY POWER COOPERATIVE

November 17, 2009

Mr. Mark Stallons
President & CEO
Owen Electric Cooperative
P.O. Box 400
Owenton, KY 40359-0400

Dear Mr. ~~Stallons~~: *Mark*

RE: Owen Electric Cooperative 2010-2011 Construction Work Plan

Thank you for sending Owen Electric Cooperative's new Construction Work Plan ("CWP") and the letter dated November 4, 2009. We have reviewed the CWP and do concur with its methodology and subsequent recommendations.

As we move forward with our transmission planning efforts, we plan to utilize the CWP to help guide our decisions for the transmission system in your service area. The new delivery point substation locations and loading changes that you have identified will play a key role in determining where future transmission is constructed. This approach will enable us to plan and construct the best one-system solution for reliability serving the long-term growth in northern Kentucky.

Upgrades of the Burlington and Munk Substations will be deferred to your next CWP period. The voltage regulator upgrade identified at Griffin has been completed. We are taking the necessary steps to have the following substation facilities in place, as you have requested:

- | | | |
|------------------|---------------------------|-----------|
| • Boone | High-Side Fuse Upgrade | 12/1/2011 |
| • Grants Lick #2 | High-Side Fuse Upgrade | 12/1/2011 |
| • Richwood | 12/16/20 MVA, 138-12.5 kV | 6/1/2010 |
| • Belleview | 11.2/14 MVA, 69-12.5 kV | 12/1/2011 |

We look forward to working with you on all future transmission and distribution reliability issues. Please do not hesitate to contact us.

Sincerely

James C. Lamb, Jr.
Senior Vice President, Power Supply

JCL:wk

4775 Lexington Road 40391 Tel. (859) 744-4812
P.O. Box 707, Winchester, Fax: (859) 744-6008
Kentucky 40392-0707 <http://www.ekpc.com>

Question:

Refer to Section IV-C of the CWP, page 1, which states that Owen plans to purchase 1,940 new AMI meters, 250 new 3-phase AMI meters and 50 retrofit kits for 3-phase meters.

- a. Is the need for the new meters based on new customer growth?

Response:

Yes

- b. Provide a full description of the proposed meters including specifications and capabilities.

Response:

The Meters will be Solid state meters with Cooper AMI modules, that will measure KWH, KW Load Profile, and Voltage. They will either be:

ITRON – Forms 15, 25, 35, 45 Single Phase OR:

Landis & Gear – Forms 55, 95, 164 Three Phase

- c. Do these meters reflect the most current meter technology available on the market? If not, explain why Owen has decided on these particular meters.

Response:

These meters reflect the most current meter technology available.

Question:

In Case No. 2006-00314, Owen was authorized to replace 54,000 mechanical meters with AMR meters. The replacement of those meters was estimated to be completed by December 31, 2009.

- a. Provide the date the replacement of the 54,000 meters was completed.

Response:

Owen completed installation of the 54,000 meters in December 2009.

- b. State whether the proposed new meters are compatible with Owen's current meters, and if they are not compatible with Owen's existing AMR meters, explain in detail.

Response:

All new meters are compatible with existing AMI meters.

- c. Are the installed AMR meters capable of functioning as AMI meters?
Explain in detail.

Response:

All of Owen's automatic meters function as AMI meters.

- d. If the AMR meters are not capable of functioning as AMI meters, what hardware or network upgrades would be necessary in order for all of Owen's AMR meters to function as AMI meters?

Response:

Not applicable.