

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC  
ATTORNEYS AT LAW

Ronald M Sullivan  
Jesse T. Mountjoy  
Frank Stainback  
James M. Miller  
Michael A. Fiorella  
Allen W. Holbrook  
R. Michael Sullivan  
Bryan R. Reynolds  
Tyson A. Kamuf  
Mark W. Starnes  
C. Ellsworth Mountjoy  
Susan Montalvo-Gesser

December 19, 2008

RECEIVED

DEC 22 2008

PUBLIC SERVICE  
COMMISSION

**Via Federal Express**

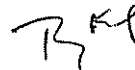
Ms. Stephanie Stumbo  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: In the Matter of: Consideration of the Requirements of the  
Federal Energy Policy Act of 2005 Regarding Fuel Sources  
and Fossil Fuel Generation Efficiency, Administrative Case  
No. 2007-00300

Dear Ms. Stumbo:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of the response of Big Rivers to the Commission Staff's second data request. I certify that a copy of the response has been served on the attached service list.

Sincerely,



Tyson Kamuf

TAK/ej  
Enclosures

cc: David Spainhoward  
Service List

Telephone (270) 926-4000  
Telecopier (270) 683-6694

100 St. Ann Building  
PO Box 727  
Owensboro, Kentucky  
42302-0727

**SERVICE LIST**  
**ADMINISTRATIVE CASE NO. 2007-00300**

Charles Lile  
East Kentucky Power Cooperative  
4775 Lexington Road  
P.O. Box 707  
Winchester, Kentucky 40392-0707

Lonnie E. Bellar  
Vice President, State Regulation and Rates  
E.ON U.S. LLC  
220 West Main Street  
Louisville, Kentucky 40202

Mark R. Overstreet, Esq.  
Stites & Harbison PLLC  
421 West Main Street  
P.O. Box 634  
Frankfort, Kentucky 40602-0634  
Counsel for Kentucky Power Company

John J. Finnigan, Jr.  
Associate General Counsel  
Duke Energy  
130 East Fourth Street, R. 25 At II  
P.O. Box 960  
Cincinnati, Ohio 45201-0960

Allyson K. Sturgeon  
Senior Corporate Attorney  
Kentucky Utilities Company  
Louisville Gas and Electric Company  
220 West Main Street, P.O. Box 32010  
Louisville, Kentucky 40232  
Counsel for Kentucky Utilities Company  
and Louisville Gas and Electric Company

1 **BIG RIVERS ELECTRIC CORPORATION'S**  
2 **RESPONSE TO THE SECOND DATA REQUEST OF**  
3 **COMMISSION STAFF**  
4 **PSC CASE NO. 2007-00300**  
5 **December 22, 2008**  
6  
7

- 8 **Item 1)** With regard to Strategy 1, *Improve the Energy Efficiency of Kentucky's*  
9 *Homes, Buildings, Industries and Transportation Fleet* and Strategy 2, *Increase*  
10 *Kentucky's Use of Renewable Energy*, explain any changes that will or may impact the  
11 utility's fuel or energy requirements for:  
12 a. the near-term (1-3 years);  
13 b. the mid-term (4-7 years); and  
14 c. the long-term (beyond 7 years)?  
15

16 **Response)** Big Rivers Electric Corporation ("BREC") currently leases operation of its  
17 generating units to Western Kentucky Energy Corp. ("WKEC"), a subsidiary of E.ON  
18 U.S. LLC ("E.ON"). Eight of the ten units utilize coal (or blends of coal and petroleum  
19 coke), one uses coal and/or natural gas and one (a peaking combustion turbine) uses fuel  
20 oil or natural gas. Due to the current contractual arrangement with WKEC, Big Rivers  
21 does not have operational control of the units or attendant fuel purchase responsibilities.  
22 In PSC Case No. 2007-00455, Big Rivers, E.ON, and affiliates of E.ON are requesting  
23 the Public Service Commission's approval of a transaction to "unwind" the existing lease  
24 arrangement, whereby Big Rivers will resume operation of its units sometime in 2009.

25 Big Rivers is developing an updated load forecast in mid-2009. The forecast will  
26 provide detailed projections of long-term demand and energy requirements. Until that

1 process is complete, estimates based on modeling undertaken as part of the unwind  
2 planning process provide the basis for fuel and energy forecasts.

3 One of the principal factors in undertaking the unwind is to ensure long-term  
4 power, at affordable rates, for two aluminum smelters located within Big Rivers service  
5 territory. These two smelters are expected to make up approximately sixty percent (60%)  
6 of Big Rivers system demand. Under the existing lease arrangement, affiliates of E.ON  
7 supply the majority of the wholesale power to Kenergy Corp. (“Kenergy”), one of Big  
8 Rivers’ three distribution member cooperatives, for Kenergy to serve the smelter load.  
9 Post-unwind, Big Rivers’ energy requirements will increase because it will then have the  
10 contractual obligation to supply the wholesale power for the approximately 850 MW  
11 smelter load, although the Big Rivers units have sufficient generating capacity to provide  
12 that power. Near, mid and long term forecasts, as contained in the unwind model,  
13 anticipate ongoing, stable demand from the smelters. Additional (non-smelter) customer  
14 load growth is projected to be of an incremental nature for the rural system.

15 Big Rivers and its three member distribution cooperatives, Jackson Purchase  
16 Energy Corporation, Kenergy and Meade County Rural Electric Cooperative Corporation  
17 currently offer renewable/energy efficiency programs in the areas of “green power”,  
18 energy audits, distribution of “CFL” light bulbs, consumer workshops, and financial  
19 incentives for replacement of inefficient appliances, among others. Big Rivers and its  
20 members have renewable resource energy tariffs through which they provide power  
21 produced from renewable resources to retail customers who choose that service. Also,  
22 with the State’s goal in mind of reducing “at least 18% of Kentucky’s projected 2025  
23 energy demand”, as outlined in the recently released energy plan, *Intelligent Energy*

1 *Choices for Kentucky's Future*, existing energy efficiency programs are currently being  
2 assessed for possible expansion. The extent of energy savings going forward is  
3 impossible to predict at this time however, as the type and level of energy efficiency  
4 programming is still being developed. Accordingly, while it is anticipated that future  
5 energy requirements will be reduced through energy efficiency programming, this  
6 reduction has not been factored into the assessment of Big Rivers future energy and fuel  
7 requirements.

8           Given these factors, and absent any unknown or unanticipated changes in BREC's  
9 internal or external business environment, Big Rivers does not project any other  
10 significant near, mid or long term changes in its energy requirements.

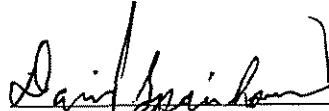
11           Absent unknown factors, such as regulatory, legal and/or market variables that  
12 can impact a utility's fuel requirements, BREC does not currently know of any other  
13 near, mid or long term changes affecting its fuel requirements. With all but the peaking  
14 unit being coal-fired generation, Big Rivers will utilize coal as the fuel source of choice.

15

16 **Witness)**     David A. Spainhoward

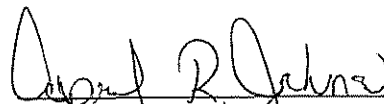
**VERIFICATION**

I verify, state, and affirm that the data request response filed with this verification is true and correct to the best of my knowledge and belief formed after a reasonable inquiry.

  
\_\_\_\_\_  
David A. Spainhoward

COMMONWEALTH OF KENTUCKY     )  
COUNTY OF HENDERSON         )

SUBSCRIBED AND SWORN TO before me by David A. Spainhoward on this the 18  
day of December, 2008.

  
\_\_\_\_\_  
Notary Public, Ky/ State at Large  
My Commission Expires 8-9-2010