

LOCKHART POWER COMPANY

POST OFFICE BOX 10 • LOCKHART, SOUTH CAROLINA 29364

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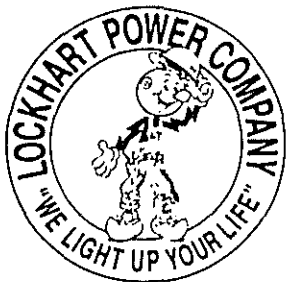
INTEGRATED RESOURCE PLAN



THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 93-430-E
ORDER NO. 94-348
04-21-94

JULY, 1996



LOCKHART POWER COMPANY

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June 28, 1996

THE HONORABLE CHARLES W. BALLENTINE
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

Docket No. 93-430-E
Order No. 94-348

Dear Mr. Ballentine:

Pursuant to Docket No. 93-430-E, Order No. 94-348 dated April 21, 1994 please find enclosed for filing Lockhart Power Company's **INTEGRATED RESOURCE PLAN** dated July, 1996.

Very truly yours,

Leslie S. Anderson
General Manager

Enclosure

wp:irp

INTEGRATED RESOURCE PLAN



THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

**DOCKET NO. 93-430-E
ORDER NO. 94-348
04-21-94**

JULY, 1996

LOCKHART POWER COMPANY

INTEGRATED RESOURCE PLAN

1. STATEMENT OF OBJECTIVE

Lockhart Power Company's (LPC) objective in developing an Integrated Resource Plan (IRP) is to minimize our long run total costs and produce the least cost to our customers consistent with the availability of an adequate and reliable supply of electric energy while maintaining system flexibility and considering environmental impacts. We intend for the plan to also improve customer service, offer additional customer options, and improve efficiencies of energy usage.

2. RELEVANT SUPPORTING DOCUMENTATION

a. See ATTACHMENTS

- 1 --- DEMAND FORECAST
- 2 --- SUPPLY AND SALES FORECAST
- 3 --- LONG RANGE CAPITAL BUDGET
- 4 --- LOCKHART POWER COMPANY ENERGY SOURCES
- 5 --- FORECAST OF PURCHASED POWER SAVINGS IN 1996 DUE TO REPLACEMENT POWER TRANSFORMERS AND AUTOMATIC INTAKE RACKS CLEANING SYSTEM.

1 b. See EXHIBITS

2 LSA-1 --- FORECAST OF REDUCTION OF ANNUAL PURCHASED
3 POWER COST DUE TO INCREASED EFFICIENCY AND
4 OUTPUT OF REHABILITATED HYDROELECTRIC UNITS

5 LSA-2 --- CASH FLOW BREAK-EVEN TEST WORKSHEET

6 LSA-3 --- ANNUAL HYDROELECTRIC GENERATION

7 LSA-4 --- SELECTED RAINFALL DATA

8 **3. SUPPLY RESOURCES**

9 LPC presently utilizes three sources of supply --- its own hydroelectric facility,
10 purchases from a small PURPA qualifying facility, and purchases from Duke Power
11 Company. LPC purchases approximately 75% of its total system input in MWH's.
12 SEE ATTACHMENT 4. For the foreseeable future LPC intends to continue using
13 these three sources to meet its load requirements. LPC uses its run-of-river hydro
14 plant as a peaking unit in the Summer months and as a base load plant in the other
15 months to the extent possible. LPC's purchases from the PURPA facility at a price
16 defined as the lowest energy charge per KWH, i.e. no demand charge, that Duke
17 Power Company (DPC) charges LPC on DPC's Schedule RESALE. LPC purchases
18 power from DPC under their Schedule RESALE which is approved by the Federal
19 Energy Regulatory Commission (FERC). We conclude that DPC's rates to LPC are
20 presumptively just and reasonable, having been permitted by the FERC. We plan to
21 continue to use the above described three supply sources for the foreseeable future.

1 Electric and General Service - All Electric rates. This encourages
2 conservation.

3 4. Designed its Residential and Residential - All Electric rates such that
4 they are identical during the summer months, the season of LPC's
5 system peak. This encourages peak shaving and conservation.

6 5. Designed its General Service commercial and General Service - All
7 Electric rates such that they are identical during the summer months, the
8 season of LPC's system peak. This encourages peak shaving and
9 conservation.

10 6. Converted its Residential rate and Residential - All -Electric rate
11 (summer months) from a declining block rate to an inverted rate. This
12 encourages conservation.

13 B. Provides our residential customers with energy conservation information
14 through weekday radio messages to encourage conservation and educate
15 customers on how to conserve.

16 5. EVALUATING POTENTIAL OPTIONS

17 LPC will employ unbiased analysis techniques for potential options included in its IRP.
18 LPC will evaluate each option by including all appropriate costs and and benefits and
19 will provide a detailed explanation with supporting evidence for our choice.

20 6. EVALUATING THE COST EFFECTIVENESS OF SUPPLY-SIDE AND

1 **DEMAND SIDE OPTIONS**

2 LPC will evaluate the cost effectiveness of each supply-side and demand-side option by
3 considering relevant costs and benefits. LPC will evaluate each option by the cash
4 flow breakeven method. SEE EXHIBIT LSA-2. Worksheets will be used to show the
5 detail for Columns 2, 3, 4, and 5. Savings and Environmental costs will be included as
6 Added Net Sales or an Expense depending on the value developed for that particular
7 item. If Column 13 shows that the project takes longer than five years to break even,
8 the project will probably not be implemented. If Column 13 shows that the project
9 takes less than five years to break even, the project may be implemented.

0 **7. MEASURE OF NET BENEFITS**

11 LPC will provide the net benefits resulting from the options chosen for use, keeping
12 within the objective stated in 1. Benefits will be quantified on the Worksheets
13 described in 6. above. Benefits are considered to be, but are not limited to, cost
14 savings, peak load shaving, conservation, load shifting, valley filling, environmental
15 concerns, improvement of customer service, offering of additional customer options,
16 improved efficiencies of energy usage, and improved outage times and reliability.

17 **8. ENVIRONMENTAL COSTS**

18 LPC will consider environmental costs on a monetized basis where reasonable and

1 sufficient data is available in its planning process and evaluation of options. Those
2 environmental costs that cannot be monetized will be addressed on a qualitative basis
3 within the planning process and evaluation of options. Environmental costs can be
4 increased or reduced. The environmental costs referred to here are those costs
5 associated with demand or supply side options which impact the customer directly or
6 indirectly.

7 **9. DEMAND AND ENERGY FORECAST**

8 SEE ATTACHMENTS 1 AND 2

9 **10. EVALUATION AND REVIEW OF EXISTING DEMAND-SIDE OPTIONS**

10 SEE 4. ABOVE

11 **11. FUTURE STUDIES**

12 LPC presently has no significant studies in process. We annual evaluate the
13 effectiveness of: (1) time-of use rates for load shifting, valley filling, and peak shaving
14 (2) economic development rates for cost reduction, and (3) interruptible rates for peak
15 shaving during.

16 **12. FLEXIBILITY AND QUICK RESPONSE**

1 LPC intends to remain flexible enough to react quickly to changes in a manner
2 consistent with minimizing costs while maintaining reliability.

3 **13. MAINTENANCE AND REFURBISHMENT**

4 LPC refurbished its hydroelectric equipment from November, 1988, through
5 November, 1991, at a cost of approximately \$4,000,000. In 1993 we estimated the
6 refurbished equipment would reduce our purchased power cost by approximately
7 \$346,000. In actuality that reduced cost is \$683,365 almost 50% more than expected.

8 SEE EXHIBIT LSA-1. An average annual hydroelectric generation of 91.77
9 gigawatthours (GWH) were realized over the projected 88 GWH in 1993. SEE
10 EXHIBIT LSA-3. Rainfall was down during the same time period which shows a
11 greater potential to reduce purchased power cost. SEE EXHIBIT LSA-4.

12 Maintenance is a continuous process at LPC. Actual maintenance costs for 1993
13 through 1995 are shown below as well as the forecast of maintenance costs for 1996
14 through 2010.

<u>YEAR</u>	<u>MAINTENANCE COST</u>	<u>YEAR</u>	<u>MAINTENANCE COST</u>
1993	\$661,734	2002	\$1,051,555
1994	744,133	2003	1,093,618
1995	799,096	2004	1,137,362
1996	831,059	2005	1,182,857
1997	864,302	2006	1,230,171

1	1998	898,874	2007	1,279,378
2	1999	934,829	2008	1,330,553
3	2000	972,222	2009	1,383,775
4	2001	1,011,111	2010	1,439,126

5 **14. THIRD PARTY POWER PURCHASES**

6 LPC will investigate other purchase sources if the occasion arises and is willing to
7 pursue any other purchase sources to determine if the costs and benefits, both short run
8 and long run, provide our customers with the options consistent with our IRP
9 objective. LPC has recently contacted the Piedmont Municipal Power Agency through
10 one of its member cities to pursue possible purchases from this agency.

1 **15. NEW TECHNOLOGIES**

12 LPC will continuously evaluate, pursuant to its IRP objective, new technology for both
13 demand-side and supply-side options.

14 **16. FUTURE SUPPLY-SIDE OPTIONS**

15 LPC presently has no certain scheduled supply side options other than those described
16 in 3.

17 **17. CAPTURING LOST OPPORTUNITY RESOURCES**

1 LPC gives attention to capturing lost-opportunity resources which include cost-effective
2 energy efficiency savings such as in new construction, renovation, and in routine
3 replacement of existing equipment. In routine replacement of any and all equipment,
4 LPC includes energy and efficiency savings as a component of evaluation. A forecast
5 of replacements is shown on ATTACHMENT 3.

6 Forecast of purchased power savings in 1996 due to replacement power transformers
7 and automatic intake racks cleaning system is shown on ATTACHMENT 5. An
8 annualized savings of \$260,728 has been projected with the purchases of more energy
9 efficient equipment.

10 **18. DYNAMICS OF IRP PROCESS**

1 LPC realizes that the IRP process is dynamic and that modifications may be necessary
2 over time. As new issues arise, existing issues or components of the plan change in
3 significance and improved analysis techniques developed; LPC intends to file revisions
4 to its IRP with The Public Service Commission of South Carolina and request that the
5 Commission incorporate the revision into LPC's IRP or approve it as a separate
6 consideration.

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SUMMER
DEMAND FORECAST

MW'S

DESCRIPTION	1996	1997	1998	1999	2000
SYSTEM SUMMER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	72	72.7	73.4	74.1	74.9

DESCRIPTION	1996	1997	1998	1999	2000
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	9.0	9.0	9.0	9.0	9.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	63	63.7	64.4	65.1	65.9
8 TOTAL DEMAND SOURCES	72	72.7	73.4	74.1	74.9

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

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SUMMER
DEMAND FORECAST

MW'S

DESCRIPTION	2001	2002	2003	2004	2005
SYSTEM SUMMER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	75.6	76.4	77.1	77.9	78.7

DESCRIPTION	2001	2002	2003	2004	2005
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	9.0	9.0	9.0	9.0	9.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	66.6	67.4	68.1	68.9	69.7
8 TOTAL DEMAND SOURCES	75.6	76.4	77.1	77.9	78.7

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

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SUMMER
DEMAND FORECAST

MW'S

DESCRIPTION	2006	2007	2008	2009	2010
SYSTEM SUMMER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	79.5	80.3	81.1	81.9	82.7

DESCRIPTION	2006	2007	2008	2009	2010
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	9.0	9.0	9.0	9.0	9.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	70.5	71.3	72.1	72.9	73.7
8 TOTAL DEMAND SOURCES	79.5	80.3	81.1	81.9	82.7

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

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WINTER
DEMAND FORECAST

MW'S

DESCRIPTION	1996	1997	1998	1999	2000
SYSTEM WINTER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	64	64.6	65.2	65.9	66.5

DESCRIPTION	1996	1997	1998	1999	2000
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	13.0	13.0	13.0	13.0	13.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	51	51.6	52.2	52.9	53.5
8 TOTAL DEMAND SOURCES	64	64.6	65.2	65.9	66.5

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

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WINTER
DEMAND FORECAST

MW'S

DESCRIPTION	2001	2002	2003	2004	2005
-----	-----	-----	-----	-----	-----
SYSTEM WINTER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	67.2	67.9	68.6	69.3	69.9

DESCRIPTION	2001	2002	2003	2004	2005
-----	-----	-----	-----	-----	-----
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	13.0	13.0	13.0	13.0	13.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	54.2	54.9	55.6	56.3	56.9
8 TOTAL DEMAND SOURCES	67.2	67.9	68.6	69.3	69.9

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

WINTER
DEMAND FORECAST

MW'S

DESCRIPTION	2006	2007	2008	2009	2010
SYSTEM WINTER PEAK DEMAND IN MW'S					
1 SYSTEM PEAK DEMAND	70.6	71.3	72.1	72.8	73.5

DESCRIPTION	2006	2007	2008	2009	2010
DEMAND SOURCES					
2 COMPANY OWNED HYDRO GENERATION	13.0	13.0	13.0	13.0	13.0
6 PURCHASED FROM PURPA QUALIFYING FACILITY	SEE NOTE 1				
7 PURCHASES FROM DUKE POWER COMPANY	57.6	58.3	59.1	59.8	60.5
8 TOTAL DEMAND SOURCES	70.6	71.3	72.1	72.8	73.5

NOTE 1: The PURPA qualifying facility is an unmanned station and instantaneous reading are not available. Since the Summer peak occurs during low river flow, this facility contributes little if any to the peak.

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SUPPLY AND SALES FORECAST

MWH'S

DESCRIPTION	1996	1997	1998	1999	2000
SYSTEM REQUIREMENTS					
1 METERED SALES	353000	360060	367261	374606	382098
2 COMPANY USE	520	530	541	552	563
3 LOSSES	13869	14146	14428	14716	15010
4 REQUIRED SYSTEM INPUT	367389	374736	382230	389874	397671

DESCRIPTION	1996	1997	1998	1999	2000
SUPPLY SOURCES					
5 COMPANY OWNED HYDRO GENERATION	91770	91770	91770	91770	91770
6 PURCHASES FROM PURPA QUALIFYING FACILITY	4250	4250	4250	4250	4250
7 PURCHASES FROM DUKE POWER COMPANY	271369	278716	286210	293854	301651
8 TOTAL SUPPLY	367389	374736	382230	389874	397671

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SUPPLY AND SALES FORECAST

MWH'S

DESCRIPTION	2001	2002	2003	2004	2005
-----	----	----	----	----	----
SYSTEM REQUIREMENTS					
1 METERED SALES	389740	397535	405486	413595	421867
2 COMPANY USE	574	586	597	609	621
3 LOSSES	15310	15615	15927	16246	16571
4 REQUIRED SYSTEM INPUT	405624	413736	422010	430450	439059

DESCRIPTION	2001	2002	2003	2004	2005
-----	----	----	----	----	----
SUPPLY SOURCES					
5 COMPANY OWNED HYDRO GENERATION	91770	91770	91770	91770	91770
6 PURCHASES FROM PURPA QUALIFYING FACILITY	4250	4250	4250	4250	4250
7 PURCHASES FROM DUKE POWER COMPANY	309604	317716	325990	334430	343039
8 TOTAL SUPPLY	405624	413736	422010	430450	439059

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SUPPLY AND SALES FORECAST

MWH'S

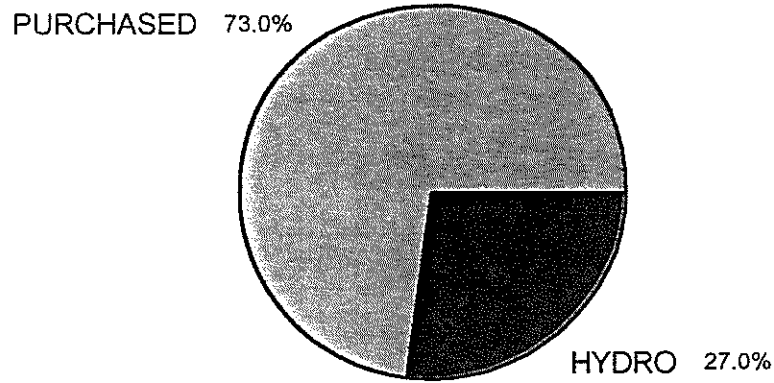
DESCRIPTION	2006	2007	2008	2009	2010
SYSTEM REQUIREMENTS					
1 METERED SALES	430304	438911	447689	456643	465775
2 COMPANY USE	633	646	659	672	685
3 LOSSES	16903	17239	17583	17934	18293
4 REQUIRED SYSTEM INPUT	447840	456796	465931	475249	484753

DESCRIPTION	2006	2007	2008	2009	2010
SUPPLY SOURCES					
5 COMPANY OWNED HYDRO GENERATION	91770	91770	91770	91770	91770
6 PURCHASES FROM PURPA QUALIFYING FACILITY	4250	4250	4250	4250	4250
7 PURCHASES FROM DUKE POWER COMPANY	351820	360776	369911	379229	388733
8 TOTAL SUPPLY	447840	456796	465931	475249	484753

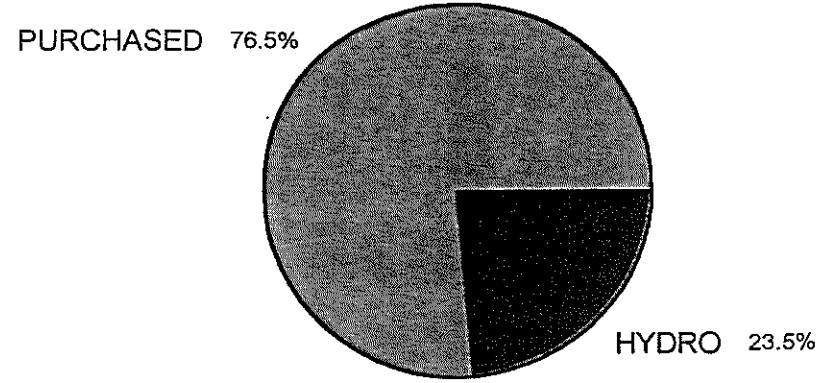
LOCKHART POWER COMPANY — LONG RANGE CAPITAL BUDGET (\$000'S)

ITEM #	DESCRIPTION OF ITEM	OWNER	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
G E N	1 REPLACE LOW TENSION BREAKER	GET	23									
	2 REWIND GENERATORS	HSH		120	120	120	120	120				
	3 REPLACE TRANSFORMER CABLES	HSH	30	30	30	30	30					
	4 REPLACE DOG HOUSE BREAKER	HBP		50								
	5											
T R A N S	6 REPLACE 34KV BREAKER	HSH	65	65	85	85	85	85	100	100	100	100
	7 TRANSMISSION SWITCHES	HBP		25	25	25	25	25	25	25	25	25
	8 TRANSMISSION LINES	HBP			250	250	250	250				
	9 RADIO CONTROL TRANSMISSION SWITCHES	HBP	65									
	10											
D I S T R	11 REPLACE TRANSFORMER	HBP	260	110	100	100	100	100	100	100	100	100
	12 REPLACE REGULATORS	HBP		15	20	20	20	20	20	20	20	20
	13 DISTRIBUTION BREAKERS	HBP		25	25	25	25	25	25	25	25	25
	14 DISTRIBUTION SWITCHES	HBP		15	15	15	15	15	20	20	25	25
	15 DISTRIBUTION LINES	HBP		25	25	25	25	25	25	50	100	100
	16 RADIO CONTROL DISTRIBUTION	HSH	50	25	25	25	25	25	25	25	25	25
M I S C E L L A N E O U S	17 REPLACE VEHICLES	HBP	125	95	95	95	95	95	95	95	100	100
	18 REPLACE MAIN COMPUTER	PWI	25			100						125
	19 HYDR. OPER.-HEAD GATES-DAM	GET			40	40	40	40	45			
	20 REPLACE CONTROL FOR DAM	GET		50								
	21 REPLACE TRASH RAKE	JHS	81	50	50							
	22 COMPUTERIZED MAPPING SYSTEM	HSH		75								
	23 LOCKHART WATER SYSTEM	GET	18	20	22	24	26	28	30	15		
	24 REBUILD HEADGATES - DAM	HSH			50	50	50	50	50			
	25 EQPT. STORAGE BUILDINGS	HBP								50		
	26 VEHICLE STORAGE BUILDING	HBP								50		
	27 AUTOMATIC METER READING-IND. & RESALE	HBP										
	28 FERC RELICENSING	PWI	75									
	29 REPLACE HYDRO WINDOWS	GET	30	15								
	30 ADDITIONAL ROOF LADDERS	GET	30									
	31 MOBILE OIL FILTER	GET		10								
	32 REPLACE SHOP EQUIPMENT	GET	10	5								
	33 MOBILE AIR COMPRESSOR	GET	10									
	34 REPLACE GRASS CUTTING EQUIPMENT	GET	5	5	5							
	35 ROUTINE W.O.'S & J.O.'S	HBP	400	400	400	400	400	400	450	450	450	450
	36											
37												
38	TOTAL CAPITAL EXPENDITURES		1282	1230	1382	1429	1331	1303	1010	1025	970	1095
E X P E N S E	39 ELECTRIC SYSTEM STUDY	HSH		40					50			
	40 WATER TANK MAINTENANCE	GET					20					
	41 GUNITE SPILLWAY AT DAM	GET			50	50	50	50	50			
	42 DEMOLISH SMOKE STACK	GET		45								
	43 REPLACE GUTTERS-STEAM PLANT	GET										
	44 LAN FOR COMPUTER	JHS	10									
	45 SUPERVISION FOR DIGITEK	JHS		12								
	46 RE-ROOF OFFICE	GET	15									
47 SEAL FOREBAY	GET	10										
48 RE-SURFACE PARKING LOT	GET		10									
49	TOTAL SPECIAL EXPENSED COSTS		35	107	50	50	70	50	100	0	0	0
50	TOTAL CASH FLOW RELATED EXPENDITURES		1317	1337	1432	1479	1401	1353	1110	1025	970	1095
51	PRE-TAX EARNINGS		1850	1850	1850	1850	1850	1850	1850	1850	1850	1850
52	AFTER TAX EARNINGS		1160	1160	1160	1160	1160	1160	1160	1160	1160	1160
53	TAX DEPRECIATION		974	1027	1050	1089	1148	1198	1227	1250	1270	1296
54	NET CASH FLOW (DIVIDENDS)		817	850	778	770	907	1003	1277	1385	1460	1361
55	DIVIDENDS AS % OF EARNINGS		70.4%	73.3%	67.1%	66.4%	78.2%	86.5%	110.1%	119.4%	125.9%	117.3%

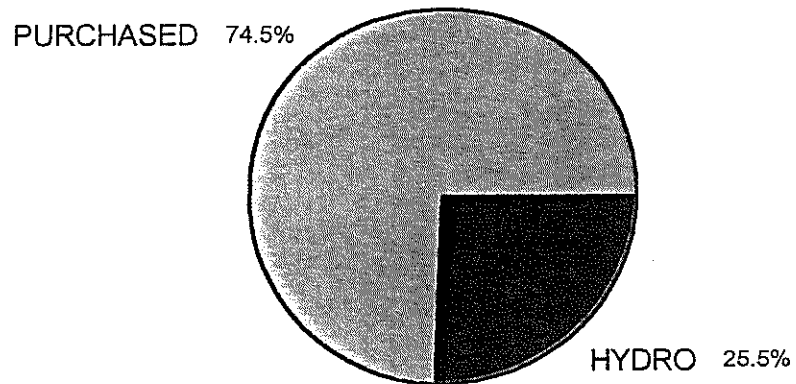
LOCKHART POWER COMPANY ENERGY SOURCES IN PERCENT OF MWH'S INPUT



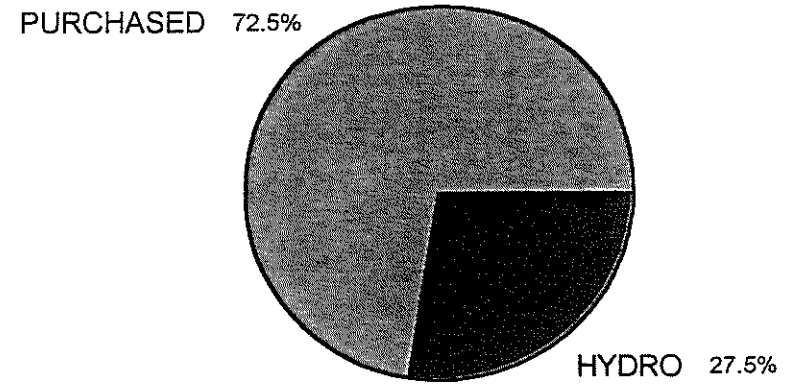
1995



1994



1993



1992

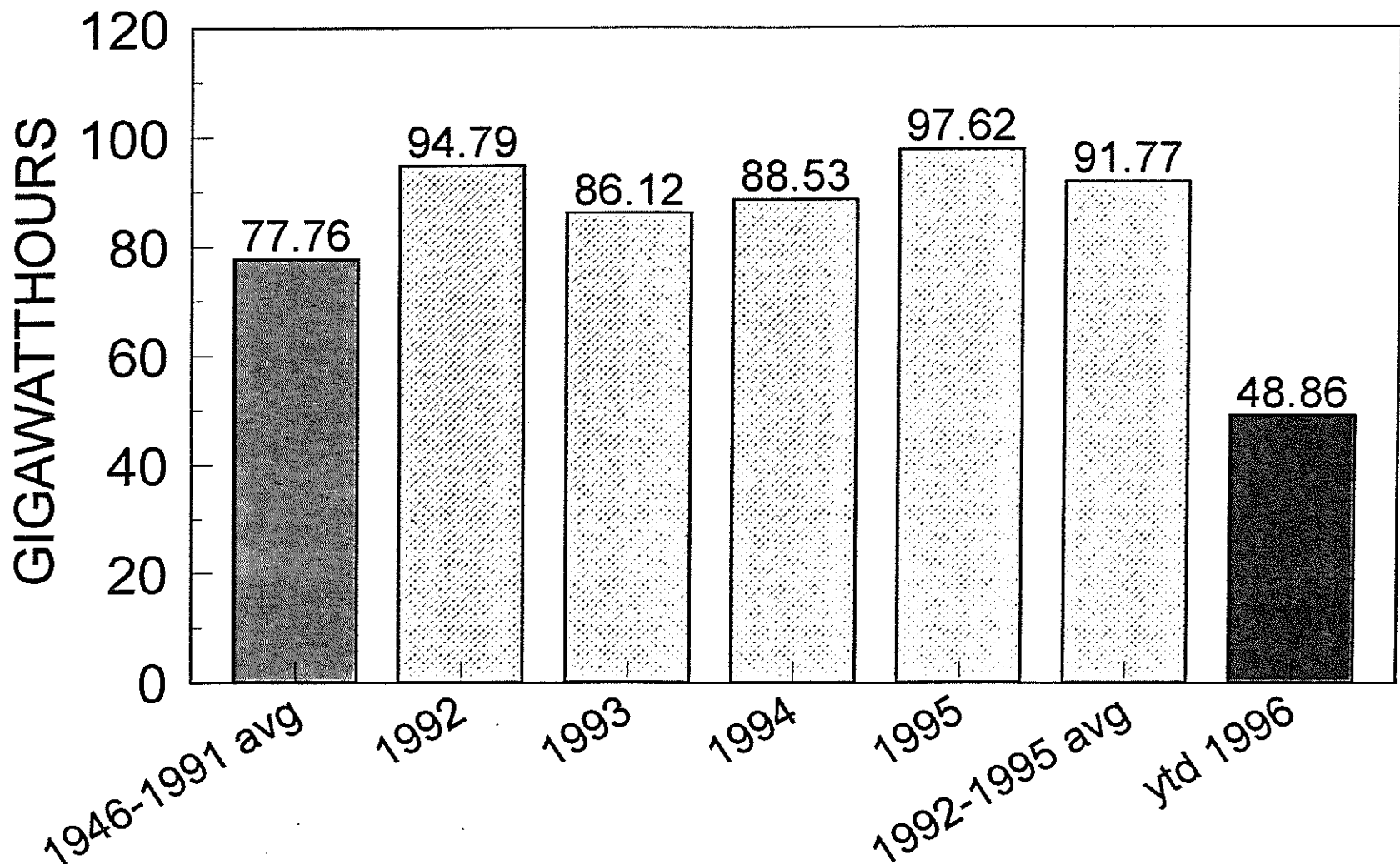
Note: Purchased Power obtained from Duke Power Company and Pacolet Hydro

LOCKHART POWER COMPANY
FORECAST OF PURCHASED POWER SAVINGS IN 1996
DUE TO REPLACEMENT POWER TRANSFORMERS
AND AUTOMATIC INTAKE RACKS CLEANING SYSTEM

A	B	C
ITEM	KILOWATTHOUR SAVINGS	DOLLAR SAVINGS
1. Transformer #3 Lockhart Hydro Station (12 months)	1,300,000	\$63,400
2. Transformer #1 Lockhart Hydro Station (6 months)	500,000	\$24,400
3. Transformer #4 Lockhart Hydro Station (6 months)	500,000	\$24,400
4. West Springs Transformer (12 months)	800,000	\$39,000
5. Cross Anchor Transformer (12 months)	100,000	\$4,900
6. Monarch Distribution (6 months)	60,000	\$2,900
7. 1/3 Intake Racks (12 months)	341,775	\$16,700
8. 2/3 Intake Racks (5 months)	284,812	\$13,900
TOTAL	3,886,587	\$189,600

NOTE: The above annualized is 5,345,323 Kilowatthours and \$260,728

LOCKHART POWER COMPANY ANNUAL HYDROELECTRIC GENERATION



LOCKHART POWER COMPANY

CASH FLOW BREAKEVEN TEST

YEAR		ADDED NET SALES	PRE-TAX PROFIT, AFTER EXPENSE, BEFORE DEPR.	DEPRECIATION ON		INCOME TAX	OPERATING RESULTS (MS)			CAPITOL EMPLOYED		CASH FLOW	
PRO-JECT	FIS-CAL			REQUEST ITEMS	TRANSFERS		PROFIT AFTER TAX		GROSS CASH FLOW	*FIXED ASSETS	ALLOCATED TRANS-FERRED ASSETS	NET	CUMULATIVE NET
	1	2	3	4	5	6	7	8	9	10	11	12	13
—	—	—	—	—	—	34% 3 - (4 + 5)	3 - (4 + 5 + 6)	—	4 + 7	—	—	9 - 10	ALGEBRAIC SUM OF COL. 12
1													
2													
3													
4													
5													

EXHIBIT LSA-2

LOCKHART POWER COMPANY
DOCKET NUMBER 91-671-E

REDUCTION OF ANNUAL PURCHASED POWER
COST DUE TO INCREASED EFFICIENCY AND OUTPUTS OF
REHABILITATED HYDROELECTRIC UNITS

Item	(A)	(B)
1 Average Annual Hydro Generation Based On Average Annual Rainfall from 1992-1995		91,770,000 KWH'S
2 Average Annual Hydro Generation 1946 through 1991		77,760,000 KWH'S
3 Increased Hydro Generation Obtained By Subtracting Item 2 From Item 1		14,010,000 KWH'S
4 Average Purchased Power Cost Per KWH For The 12 Months Ended 11-30-95		4.8777 cents
5 Annual Reduction of Purchased Power Cost Obtained By Multiplying Item 3 Times Item 4		\$683,365.77

LOCKHART POWER COMPANY Selected Rainfall Data

