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STATE OF SOUTH CAROLINA)
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(Caption of Case))
IRP)
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BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET NUMBER: 2005-226-E
~~93~~ - ~~430~~ - E

(Please type or print)

Submitted by:	Lockhart Power Compay	**SC Bar Number:**	
Address:	P.O. Box 10	**Telephone:**	864-545-2211
	Lockhart, SC 29364	**Fax:**	864-5452591
		Other:	
		Email:	jseay@lockhartpower.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
☒ Electric	☐ Affidavit	☐ Letter	☐ Request
☐ Electric/Gas	☐ Agreement	☐ Memorandum	☐ Request for Certification
☐ Electric/Telecommunications	☐ Answer	☐ Motion	☐ Request for Investigation
☐ Electric/Water	☐ Appellate Review	☐ Objection	☐ Resale Agreement
☐ Electric/Water/Telecom.	☐ Application	☐ Petition	☐ Resale Amendment
☐ Electric/Water/Sewer	☐ Brief	☐ Petition for Reconsideration	☐ Reservation Letter
☐ Gas	☐ Certificate	☐ Petition for Rulemaking	☐ Response
☐ Railroad	☐ Comments	☐ Petition for Rule to Show Cause	☐ Response to Discovery
☐ Sewer	☐ Complaint	☐ Petition to Intervene	☐ Return to Petition
☐ Telecommunications	☐ Consent Order	☐ Petition to Intervene Out of Time	☐ Stipulation
☐ Transportation	☐ Discovery	☐ Prefiled Testimony	☐ Subpoena
☐ Water	☐ Exhibit	☐ Promotion	☐ Tariff
☐ Water/Sewer	☐ Expedited Consideration	☐ Proposed Order	☐ Other:
☐ Administrative Matter	☐ Interconnection Agreement	☐ Protest	
☐ Other:	☐ Interconnection Amendment	☐ Publisher's Affidavit	
	☐ Late-Filed Exhibit	☒ Report	

Lockhart Power®

P.O. BOX 10, 420 RIVER STREET
LOCKHART, SOUTH CAROLINA 29364

TELEPHONE (864) 545-2211
FAX (864) 545-2591
www.lockhartpower.com

June 25, 2008

THE HONORABLE CHARLES TERRENI
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Suite 100
Columbia, South Carolina 29210

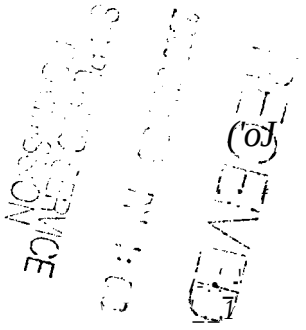
Docket No. 93-430 E
Order No. 94-348

Dear Mr. Terreni:

Pursuant to Docket No. 93-430-E, Order No 94-348, please find enclosed for filing Lockhart Power Company's **INTEGRATED RESOURCE PLAN** dated June, 2008.

Very truly yours,

James H. Seay, Jr.
Process Improvement Manager
Lockhart Power Company
Lockhart, SC 29364



INTEGRATED RESOURCE PLAN

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

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

JUNE, 2008

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 --- CASH FLOW BREAKEVEN TEST WORKSHEET

3. SUPPLY RESOURCES

LPC presently utilizes five sources of supply --- Lockhart hydroelectric facility, Pacolet hydroelectric facility, Lockhart's Diesel Generation facility, City of Union's City West Generation facility, and purchases from Duke Energy . LPC purchases approximately 80% of its total system input in MWH's. SEE ATTACHMENT 4. LPC uses its run-of-river hydro plant as a peaking unit through out the year. Duke Energy's rates to LPC are presumptively just and reasonable, having been permitted by the FERC. We plan to continue to use Duke Energy for the foreseeable future. However, LPC intends to investigate other sources to determine if the costs and benefits, both short run and long run, meet the objectives of our IRP. The sources we intend to investigate include, but are not limited to the following:

GENERATION --- Additional Hydro for peak shaving.

PURCHASES --- Spot, Short Term, Long Term from present supplier to reduce supply cost. Spot, Short Term, Long Term from Independent Power Producers or Exempt Wholesale Generators to reduce supply cost.

4. VARIOUS ENERGY ALTERNATIVES, EFFICIENT ENERGY CHOICES AND PROPER PRICING SIGNALS

LPC has and continues to do the following:

A. Designed its rates to economically encourage improved load factors and reduce monthly demands by:

1. Incorporates a demand penalty by use of a demand ratchet in its resale rates. This encourages peak shaving.

2. Divides its commercial and industrial rates into a first 200 hours use of billing demand rate and an over 200 hours use of billing demand rate with the rates in the latter considerably less expensive than the first 200 hours use block. This encourages peak shaving.

3. Incorporated stringent conservation requirements in its Residential - All Electric and General Service - All Electric rates. This encourages conservation.

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

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

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

5. EVALUATING POTENTIAL OPTIONS

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

6. EVALUATING THE COST EFFECTIVENESS OF SUPPLY-SIDE AND DEMAND SIDE OPTIONS

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

7. MEASURE OF NET BENEFITS

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

8. ENVIRONMENTAL COSTS

LPC will consider environmental costs on a monetized basis where reasonable and sufficient data is available in its planning process and evaluation of options. Those environmental costs that cannot be monetized will be addressed on a qualitative basis within the planning process and evaluation of options. Environmental costs can be

increased or reduced. The environmental costs referred to here are those costs associated with demand or supply side options which impact the customer directly or indirectly.

9. DEMAND AND ENERGY FORECAST

SEE ATTACHMENTS 1 AND 2

10. EVALUATION AND REVIEW OF EXISTING DEMAND-SIDE OPTIONS

SEE 4. ABOVE

11. FUTURE STUDIES

LPC presently has no significant studies in process.

12. FLEXIBILITY AND QUICK RESPONSE

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

13. MAINTENANCE

Maintenance is a continuous process at LPC. Actual maintenance costs for 2006 and 2007 are shown below as well as the forecast of maintenance costs for 2008 through 2022.

YEAR	MAINTENANCE COST	YEAR	MAINTENANCE COST
2006	$897,925	2015	$1,191,061
2007	940,234	2016	1,226,793

	2008	968,441	2017	1,263,597
	2009	997,494	2018	1,301,505
	2010	1,027,419	2019	1,340,550
	2011	1,058,242	2020	1,380,767
	2012	1,089,989	2021	1,422,190
	20113	1,122,689	2022	1,464,856
	2014	1,156,370		

14. THIRD PARTY POWER PURCHASES

LPC will investigate other purchase sources if the occasion arises and is willing to pursue any other purchase sources to determine if the costs and benefits, both short run and long run, provide our customers with the options consistent with our IRP objective.

15. NEW TECHNOLOGIES

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

16. FUTURE SUPPLY-SIDE OPTIONS

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

17. CAPTURING LOST OPPORTUNITY RESOURCES

LPC gives attention to capturing lost-opportunity resources which include cost-effective energy efficiency savings such as in new construction, renovation, and in routine

replacement of existing equipment. In routine replacement of any and all equipment, LPC includes energy and efficiency savings as a component of evaluation. A forecast of replacements is shown on ATTACHMENT 3.

18. DYNAMICS OF IRP PROCESS

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

LOCKHART POWER COMPANY

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

SUMMER DEMAND FORECAST

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SYSTEM SUMMER PEAK DEMAND IN MW'S															
SYSTEM PEAK DEMAND	83.4	84.2	85.1	85.9	86.8	87.7	88.5	89.4	90.3	91.2	92.1	93.0	94.0	94.9	95.9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
DEMAND SOURCES															
LOCKHART HYDRO GENERATION	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
PACOLET HYDRO GENERATION	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
DIESEL GENERATION	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
CITY WEST	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
PURCHASES FROM DUKE ENERGY	53.7	54.5	55.4	56.2	57.1	58.0	58.8	59.7	60.6	61.5	62.4	63.3	64.3	65.2	66.2
TOTAL DEMAND SOURCES	83.4	84.2	85.1	85.9	86.8	87.7	88.5	89.4	90.3	91.2	92.1	93.0	94.0	94.9	95.9

WINTER DEMAND FORECAST

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SYSTEM WINTER PEAK DEMAND IN MW'S															
SYSTEM PEAK DEMAND	66.4	67.1	67.7	68.4	69.1	69.8	70.5	71.2	71.9	72.6	73.3	74.1	74.8	75.6	76.3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
DEMAND SOURCES															
LOCKHART HYDRO GENERATION	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
PACOLET HYDRO GENERATION	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
DIESEL GENERATION	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
CITY WEST	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
PURCHASES FROM DUKE ENERGY	36.7	37.4	38.0	38.7	39.4	40.1	40.8	41.5	42.2	42.9	43.6	44.4	45.1	45.9	46.6
TOTAL DEMAND SOURCES	66.4	67.1	67.7	68.4	69.1	69.8	70.5	71.2	71.9	72.6	73.3	74.1	74.8	75.6	76.3

ATTACHMENT 1

LOCKHART POWER COMPANY

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

SUPPLY AND SALES FORECAST (MWH)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
System Requirements															
Metered Sales	396596	400,562	404,568	408,613	412,699	416,826	420,995	425,205	429,457	433,751	438,089	442,470	446,894	451,363	455,877
Company Use	879	879	879	879	879	879	879	879	879	879	879	879	879	879	879
Losses	18114	18,295	18,478	18,663	18,850	19,038	19,228	19,421	19,615	19,811	20,009	20,209	20,411	20,615	20,822
Required System Input	415,589	419,736	423,925	428,155	432,428	436,743	441,102	445,504	449,951	454,441	458,977	463,558	468,185	472,858	477,577

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Supply Sources															
Lockhart Hydro	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787	39787
Pacolet Hydro	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Diesel Generators	494	494	494	494	494	494	494	494	494	494	494	494	494	494	494
City West	406	406	406	406	406	406	406	406	406	406	406	406	406	406	406
Purchases from Duke	372,502	376,649	380,838	385,068	389,341	393,656	398,015	402,417	406,864	411,354	415,890	420,471	425,098	429,771	434,490
Total Supply	415,589	419,736	423,925	428,155	432,428	436,743	441,102	445,504	449,951	454,441	458,977	463,558	468,185	472,858	477,577

ATTACHMENT 2

LOCKHART POWER COMPANY

LONG RANGE CAPITAL BUDGET

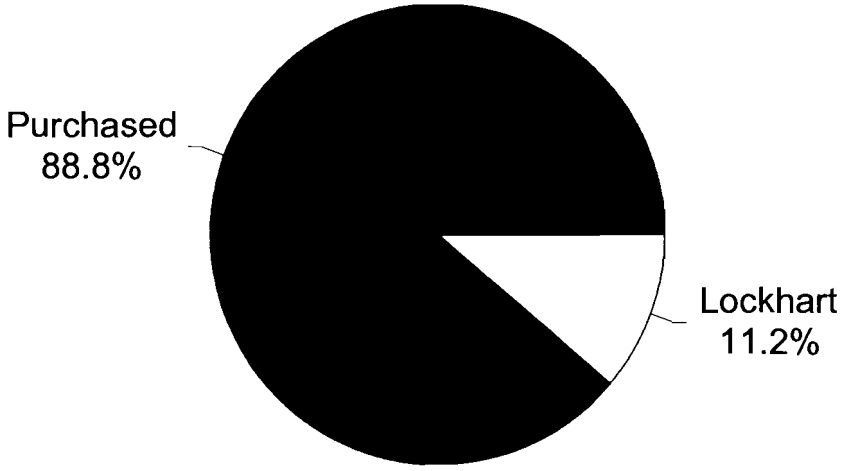
($K)

	LINE #	DESCRIPTION	OWNER	Selected Prior Years' Data 2006	Est. 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PRODUCTION	1	REPLACE GATE OPERATORS-DAM	LMM			250	250	250							
	2	REPLACE CONTROL FOR DAM	LMM						50						
	3	AUTOMATE TRIP GATES	LMM									150			
	4	REPLACE GENERATOR CONTROL SYSTEM	LMM								200				
	5	GENERATION AT DRAIN GATES	LMM			2,500									
	6	REPLACE GENERATOR OIL CIRCUIT BREAKERS	LMM					150							
	7	CONCRETE WORK AT DAM	LMM							250					
	8	EXCITORS AT LOCKHART HYDRO	LMM					150							
	9	HPU UNITS AT LOCKHART HYDRO	LMM								250				
	10	TURBINE REPAIR AT LOCKHART HYDRO	LMM						75						
	11	REPLACE RACKS AT LOCKHART HYDRO	LMM												250
	12	INSTALL LOG BOOM & AUTO. SLUICE GATE-PAC.	LMM				50								
	13	REPLACE INTAKE RACKS AT PACOLET HYDRO	LMM					100							
	14	REWIND OR REPLACE GEN.-PACOLET HYD.	LMM			250									
	15	REHAB OR REPLACE TURBINE-PACOLET HYDRO	LMM			350									
	16	DEVELOP UPPER PACOLET DAM	LMM			50	1,250	1,200							
	17	PACOLET RELICENSE	JHS			70	60								
	18														
		SUBTOTAL PRODUCTION		1,736	515	3,470	1,610	1,850	125	250	450	150	0	0	250
TRANSMISSION	19	REPLACE 34KV BREAKER (7 Pairs)	HBP						100	105	110	115	120	125	130
	20	TRANSMISSION LINES	HBP							1,000				1,000	
	21	REPLACE INTRAC / MOSCAD SYSTEM	LMM												250
	22	REPLACE TRANSF.-MON. SWITCH. STA.	HBP								1,500	1,500			
	23	LINE EXTENSION LSP PHASE II	HBP			700	1,000								
	24	LINE EXTENSION LSP PHASE III	HBP						600						
	25	PURCHASE CAPACITOR BANK - LSP	HBP			50									
		SUBTOTAL TRANSMISSION		405	300	750	1,000	0	700	1,105	1,610	1,615	120	1,125	380
DISTRIBUTION	26	REPLACE TRANSFORMERS	HBP			100	100	100	100	125	125	125	125	125	125
	27	UPGRADE PACOLET BALL PARK SUBSTATION	HBP			200									
	28	UPGRADE GOUCHER PEACH SHED SUBSTATION	HBP					200							
	29	LSP - PHASE II STATION	HBP			500									
	30	LSP - PHASE III STATION	HBP						500						
	31	REPLACE UNDERGROUND - FAIRWOOD	HBP							250	250	250	250	250	250
	32	UPGRADE LOCKHART DISTRIBUTION SYSTEMS	HBP						75		1,000	1,000	1,000		
	33	UPGRADE JONESVILLE OR MONARCH DISTR. SYSTEM	HBP										75		1,000
	34	LOAD FLOW / SHORT CIRCUIT STUDY	JHS						50						
		ROUTINE W.O.'S & J.O.'S	HBP			750	775	800	825	850	875	900	925	950	975
		SUBTOTAL DISTRIBUTION		1,072	320	1,550	875	1,100	1,550	1,225	2,250	2,275	2,375	1,325	2,350
GRL	35	MAINFRAME COMPUTER UPGRADE	PWI				100								
	36	REPLACE VEHICLES	HBP			175	150	150	100	125	175	150	150	150	175
	37														
		SUBTOTAL GENERAL		117	0	175	250	150	100	125	175	150	150	150	175
	38	TOTAL CAPITAL EXPENDITURES		3330	1135	5,945	3,735	3,100	2,475	2,705	4,485	4,190	2,645	2,600	3,155

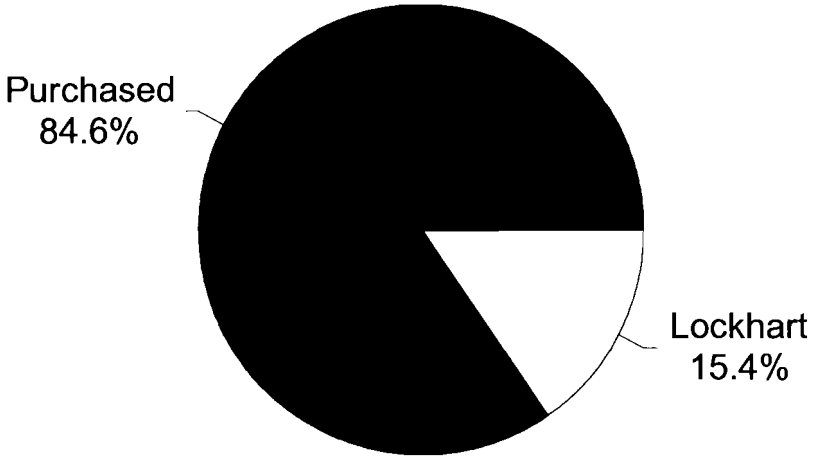
ATTACHMENT 3

LOCKHART POWER COMPANY

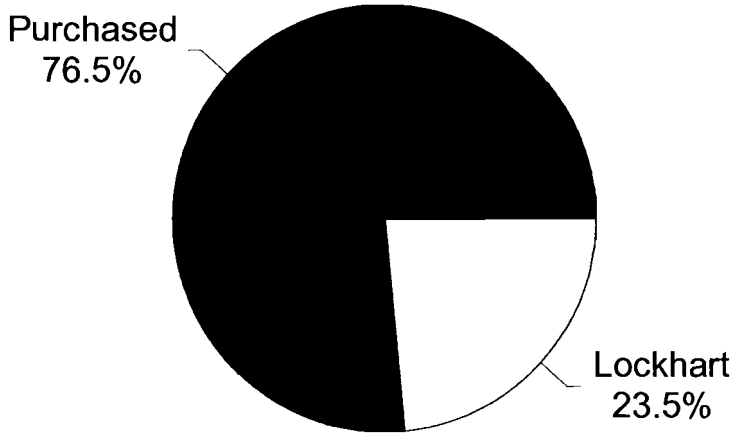
ENERGY SOURCES IN PERCENT OF MWH'S INPUT



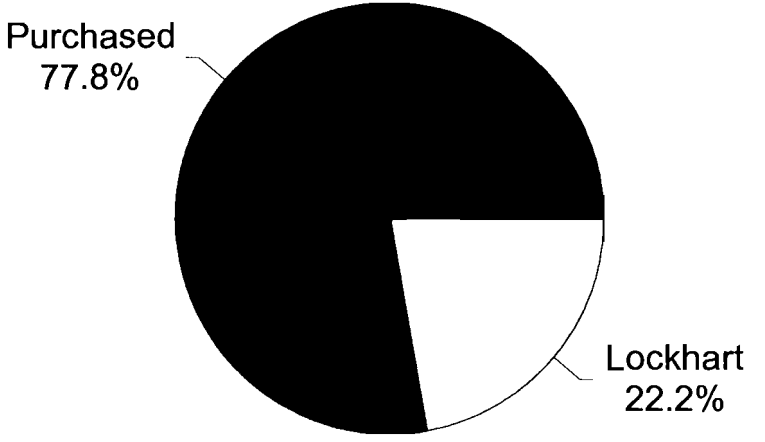
2007



2006



2005



2004

Note: Purchased Power obtained from Duke Energy

ATTACHMENT 4

Lockhart Power Company

Cash Flow Breakeven Test

YEAR				DEPRECIATION ON			OPERATING RESULTS (MS)			CAPITAL EMPLOYED		CASH FLOW	
PRO-JECT	FIS-CAL	ADDED NET SALES	PRE-TAX PROFIT, AFTER SER EXPENSE, BEFORE DEPR.	REQUEST ITEMS	TRANSFERS	INCOME TAX	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
		WORKSHEET 1	WORKSHEET 5 OR 6	WORKSHEE 4	WORKSHEE 4	34% X 3-(4+5)	3 - (4+5+6)		4+7	FORM 101	WORKSHEET 2	9-10	ALGEBRAIC SUM COL 12
0													
1													
2													
3													
4													

Attachment 5