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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR APPROVAL OF ITS)
2012 ENVIRONMENTAL COMPLIANCE)
PLAN, FOR APPROVAL OF ITS AMENDED)
ENVIRONMENTAL COST RECOVERY)
SURCHARGE TARIFF, FOR CERTIFICATES)
OF PUBLIC CONVENIENCE AND)
NECESSITY, AND FOR AUTHORITY TO)
ESTABLISH A REGULATORY ACCOUNT)

Case No.
2012-00063

Response to Kentucky Industrial Utility Customers'
Third Request for Information
Dated June 27, 2012

FILED: July 6, 2012

ORIGINAL

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

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Tyson A. Kamuf

Mark W. Starnes

C. Ellsworth Mountjoy

Susan Montalvo-Gesser

Mary L. Moorhouse

July 6, 2012

Via Federal Express


Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: *In the Matter of: Application of Big Rivers Electric Corporation
for Approval of its 2012 Environmental Compliance Plan,
for Approval of its Amended Environmental Cost Recovery
Surcharge Tariff, for Certificates of Public Convenience and
Necessity, and for Authority to Establish a Regulatory Account,
P.S.C. Case No. 2012-00063*

Dear Mr. DeRouen:

Enclosed for filing are an original and ten copies of Big Rivers Electric Corporation's (i) response to the Public Service Commission's second request for information, (ii) response to the Attorney General's second request for information, (iii) response to Kentucky Industrial Utility Customers' second request for information, (iv) response to Sierra Club's second request for information, (v) response to Kentucky Industrial Utility Customers' third request for information, (vi) response to Sierra Club's third request for information, (vii) a petition for confidential treatment for certain documents being filed with the responses, and (viii) a motion to deviate from the requirement that all documents filed in response to requests for information be furnished in paper form. Copies of this letter and all enclosures have been served on each of the persons listed on the attached service list. A copy of the information for which confidential treatment is sought has also been served on each party that has entered into Big Rivers' confidentiality agreement.

Sincerely yours,



Tyson Kamuf

TAK/ej
Enclosures

Telephone (270) 926-4000

Facsimile (270) 683-6694

cc: Mark A. Bailey
Albert Yockey

100 St. Ann Building
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PSC Case No. 2012-00063

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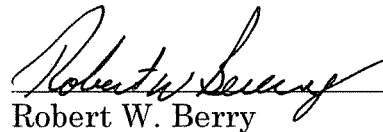
BIG RIVERS ELECTRIC CORPORATION

**THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR
APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND
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CASE NO. 2012-00063

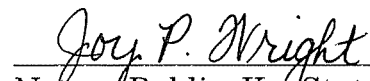
VERIFICATION

I, Robert W. Berry, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Robert W. Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

3rd SUBSCRIBED AND SWORN TO before me by Robert W. Berry on this the
day of July, 2012.


Notary Public, Ky State at Large
My Commission Expires _____

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

BIG RIVERS ELECTRIC CORPORATION

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CASE NO. 2012-00063

VERIFICATION

I, David G. Crockett, verify, state, and affirm that I prepared or supervised the preparation of my data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



David G. Crockett

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by David G. Crockett on this the 3rd day
of July, 2012.



Notary Public, Ky. State at Large
My Commission Expires 1-12-13


BIG RIVERS ELECTRIC CORPORATION

**THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR
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VERIFICATION

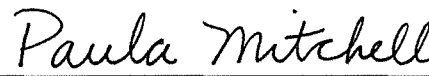
I, Mark A. Hite, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Mark A. Hite

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Mark A. Hite on this the 3rd
day of July, 2012.



Notary Public, Ky. State at Large
My Commission Expires 1-12-13


BIG RIVERS ELECTRIC CORPORATION

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CASE NO. 2012-00063

VERIFICATION

I, Thomas L. Shaw, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Thomas L. Shaw

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Thomas L. Shaw on this the
3rd day of July, 2012.



Notary Public, Ky. State at Large
My Commission Expires 1-12-13

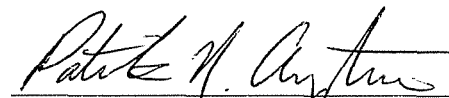
BIG RIVERS ELECTRIC CORPORATION

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VERIFICATION

I, Patrick N. Augustine, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Patrick N. Augustine

COMMONWEALTH OF VIRGINIA)
COUNTY OF FAIRFAX)

SUBSCRIBED AND SWORN TO before me by Patrick N. Augustine on this the 2 day of July, 2012.


Notary Public, Commonwealth of Virginia
My Commission Expires June 30, 2013
7251149

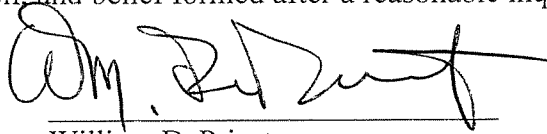
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VERIFICATION

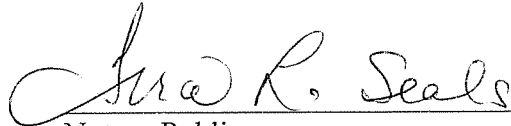
I, William DePriest, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



William DePriest

STATE OF ILLINOIS)
COUNTY OF COOK)

June ^(7/5) SUBSCRIBED AND SWORN TO before me by William DePriest on this the 28th day of ~~July~~, 2012.



Notary Public,
State of Illinois

My Commission Expires 5/4/2015

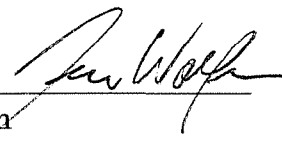
BIG RIVERS ELECTRIC CORPORATION

**THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR
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CASE NO. 2012-00063

VERIFICATION

I, John Wolfram, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



John Wolfram

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by John Wolfram on this the 3rd
day of July, 2012.



Notary Public, Ky. State at Large
My Commission Expires 1-12-13

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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Third Request for Information
Dated June 27, 2012**

July 6, 2012

1 **Item 1)** *Please explain the reason why the following inputs were*
2 *selected/set using the values that ACES selected and entered in the PaR*
3 *Model Execution Run Definition Screen and the Simulation Setting*
4 *screen. Reliance on defaults is also a selection of an input, so please also*
5 *explain why the default was selected.*

6

7

a. Iterations (run definition screen).

8

b. Dispatch (simulation setting screen).

9

c. Monte Carlo (simulation setting screen).

10

d. Draws per week (simulation setting screen).

11

12 **Response)**

13

a. The 15-year runs were “deterministic,” hence the choice of “1”
for number of iterations.

14

15

b. c. and d.

16

When ACES Power Marketing (“APM”) went through the

17

installation and training on the Planning and Risk model in

18

January and February 2010, Ventyx recommended most of the

19

simulation settings that APM currently uses throughout the

20

various portfolios it model. The choice of “Dispatch Method” was

21

one of Ventyx’s recommendations.

22

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1

2 **Witness) Brian J. Azman**

3

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 2)** *Does Big Rivers or ACES admit or deny that the results that*
2 *were produced by ACES on ACES' computer (using its large database)*
3 *were different than the results that Ventyx produced on its computer using*
4 *the "stripped down" database by more than a usual amount associated*
5 *with rounding, when considered on a monthly or an annual basis?*

6
7 **Response)** In vetting the database that Ventyx extracted which contained only
8 Big Rivers' data, APM and Ventyx compared the total "generation" and
9 "generation cost" over the 15 years of the modeled period (2012-2026). APM and
10 Ventyx found that the total generation and total generation costs from the two
11 runs, performed on 2 different computers at 2 different times differed by
12 approximately 0.1% over the 15 year period.

13 Individual months/facility combinations may differ by more than the
14 "usual amount associated with rounding." Ventyx explained these differences as
15 being attributed to slight differences in how each run chose its random Forced
16 Outages for the generators.

17

18

19 **Witness)** Brian J. Azman

20

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 3)** *One reason for the discrepancy discussed in the prior question*
2 *could be due to the possibility that the order units have been placed in the*
3 *databases may not be the same in both databases. This can be checked by*
4 *comparing the Prosym text files (ex .DAT files) that the EPM Tool writes to*
5 *disk before submitting runs. Could ACES check this, or alternatively,*
6 *please produce and supply the .dat files for each of the 6 runs that ACES*
7 *developed and that were reported in Mr. Hite's testimony?*

8

9 **Response)** Run outputs, including these “.dat” files are typically not saved for
10 very long because of server space limitations. As part of the vetting of the
11 extracted database, APM re-ran one case and provided the outputs files to Ventyx.
12 The “order of units” would not have changed in the APM model runs (nor does
13 APM understand why the Ventyx-extracted database would have a different
14 order). Ventyx can use these files to check the “order of units,” and may in fact
15 have done this already.

16

17

18 **Witness)** Brian J. Azman

19

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1 **Item 4)** *The Big River's database has several Transmission Areas.*
2 *Please explain what all of the transmission areas are used for, and in the*
3 *case that some areas are not used, please explain why those areas were*
4 *included in the database.*

5

6 **Response)** APM, via Ventyx, provided the entire Big Rivers database, as
7 requested. APM uses the Big Rivers model in Planning and Risk for several
8 reporting needs, including monthly cost/risk reporting and budget support. The
9 transmission areas are used in some of the other reporting, but were not strictly
10 "needed" in the 15-year cases, as basis was assumed to be the same across the Big
11 Rivers generation and load areas.

12

13

14 **Witness)** Brian J. Azman

15

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 5)** *Please explain why Big Rivers relied on a single estimate of*
2 *fuel costs, market prices, allowance prices, etc., as support for its*
3 *application to the Commission. Why didn't it include in its application*
4 *additional analyses/support based on conducting any sensitivity cases?*

5

6 **Response)** Big Rivers used a forward energy price forecast from both Pace
7 Global ("Pace") and APM in the cases studied.

8 Pace's analysis was developed to incorporate a wide range of market
9 uncertainties on key drivers such as fuel prices, electric load growth, carbon
10 compliance costs, and power market prices. This approach provided the context
11 under which Pace developed a reference case hourly price projection for use in
12 further production cost models. Please see Big Rivers' responses to Item 28b and
13 Item 28d of the Kentucky Industrial Utility Customers' Second Request for
14 Information for further information on Pace's analysis methodology.

15

16

17 **Witnesses)** Patrick N. Augustine (*Pace*) and
18 Brian J. Azman (*APM*)

19

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 6)** *In each PCM file that Big Rivers supplied that are related to*
2 *the Corporate Financial Models, there are rows at the bottom of the*
3 *following Monthly Sources and Uses and the Annual Sources and Uses*
4 *worktabs that have been either pasted in or refer to spreadsheets that still*
5 *have not been supplied. Please provide the workpapers in electronic*
6 *format, with all spreadsheets active, that were used to create the pasted in*
7 *values on the Monthly Sources and Uses and the Annual Sources and Uses*
8 *worktab for every financial model/PCM file already supplied. Or provide*
9 *the spreadsheets that were referenced on those worktabs that have not*
10 *been supplied (Example, the base case has pasted in values, and the Build*
11 *ACES Prices Sensitivity case that ACES ran in its test of the Ventyx data*
12 *(Big Rivers 2012-2026 (CSAPR-MATS by equip) APM energy (5-8-12).xlsx)*
13 *referenced external spreadsheets. Again, please check all of the PCM files*
14 *and supply the requested information.*

15
16 **Response)** The referenced spreadsheets have been previously provided. Please
17 see the following files which are in the Big Rivers Financial Model folder
18 contained on the flash drive supplied with the letter dated June 13, 2012:

- 19
20 1. Excel File Reference Summary – lists external files utilized in
21 the PCM files –
22

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- 1 i. Demand Energy Budget 2012Work.xls;
2 ii. Demand Energy Budget 2013 thru 2026.xlsx; and
3 iii. Summary of SEPA Charges 2012-2015.xlsx.

4

5 The above referenced files are the source for Rural, Large Industrial, Century, and
6 Alcan MWh sales, SEPA demand charge and energy price, all of which appear at
7 the bottom of the Monthly Sources and Uses and Annual Sources and Uses tabs of
8 the production cost model files.

9

10

11 **Witness)** Mark A. Hite

12

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 7)** *Recently, ACES supplied another excel spreadsheet that was*
2 *used as an intermediary file to format results that are incorporated into*
3 *the PCM files that are then used by the Corporate Financial models. The*
4 *file supplied was a 42 MB pivot table. Are any other such intermediary*
5 *files used that have not been supplied? For example, were any other pivot*
6 *table processing files used associated with any of the other PCM worktabs*
7 *such as the Monthly/Annual Sources and Uses worktabs, or the*
8 *Monthly/Annual Resources Report? If there were please supply those. If*
9 *not please explain the process that was used to enter data into the*
10 *necessary format required by the PCM file from the PaR model output.*

11
12 **Response)** APM has provided the database, the input files, the CSV output files
13 and the detailed exhibits. Any other files would have been temporary in nature
14 and not saved.

15
16
17 **Witness)** Brian J. Azman
18

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 8)** *For each of the PCM spreadsheet worktabs that contain PaR*
2 *model output results (ex Monthly Sources and Uses), please identify the*
3 *names of the PaR model presets that ACES used to create the data that*
4 *went into the worktab.*

5

6 **Response)** All presets used in the Big Rivers modeling were part of the full
7 database provided to Ventyx to be used for the extract. APM understands the
8 presets were not part of the extracted Big Rivers database. APM provided the list
9 of presets to Ventyx for Ventyx to reproduce them in the extracted database.

10

11

12 **Witness)** Brian J. Azman

13

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 9)** *Please supply all workpapers associated with the development*
2 *of all unit characteristics modeled in the PaR model for each generating*
3 *unit. If none exist, please explain how the unit characteristics were*
4 *derived. Please supply this electronically, with all formulas included.*

5

6 **Response)** Big Rivers objects to this question on the grounds that it is overly
7 broad and unduly burdensome. Without waiving this objection, Big Rivers states
8 that the unit characteristics modeled were derived from generator-specific design
9 data and historical performance data.

10

11

12 **Witness)** Robert W. Berry

13

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July 6, 2012

1 **Item 10)** *Please provide all workpapers for the derivation of the*
2 *emergency power price used in the database. If none exist, please explain*
3 *how the price was derived. Please supply this electronically, with all*
4 *formulas included.*

5

6 **Response)** This question refers to an entry in the PaR database for the cost (in
7 \$/MWH) of "Energy Not Served (ENS)." The entry for "ENS" is set globally at the
8 "system" level. This entry was created in Feb-2010 during the period that APM
9 was going through Planning and Risk installation and training. This would have
10 been set at the direction of Ventyx. APM does not believe the Big Rivers portfolio
11 runs had any "ENS," thus this price was not relevant to APM model outputs.

12

13

14 **Witness)** Brian J. Azman

15

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN,
FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST
RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO
ESTABLISH A REGULATORY ACCOUNT
CASE NO. 2012-00063**

**Response to the Kentucky Industrial Utility Customers'
Third Request for Information
Dated June 27, 2012**

July 6, 2012

1 **Item 11)** *Please provide all workpapers for the derivation of the*
2 *transmission limit that was used between Big Rivers and the markets that*
3 *were modeled in the database. If none exist, please explain how the*
4 *transmission limit was derived. Please supply this electronically, with all*
5 *formulas included.*

6

7 **Response)** The Big Rivers' portfolio was modeled as part of MISO. As such, all
8 generation is sold at its Locational Market Price ("LMP") to MISO and all load is
9 purchased at its LMP from MISO. There were no transmission limits (except for
10 capacity of the generation and peak load) on these purchases or sales.

11 The ability to sell outside of MISO was not considered, as this
12 transaction would be priced at the MISO-export LMP versus the outside market's
13 price. As such, generation cost is not a factor in whether this transaction would
14 add margin.

15

16

17 **Witness)** Brian J. Azman

18

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July 6, 2012

1 *Item 12) ACES supplied approximately 15 sensitivity cases other than*
2 *the cases that were incorporated in analyses that were used in Mr. Hite's*
3 *testimony. Please identify which of the cases included ACES own market*
4 *price forecasts (as opposed to PACE Globals), and provide all analyses*
5 *used to develop those forecasts (both inputs and outputs) electronically,*
6 *with all formulas included. Also, indicate what allowance prices SO₂,*
7 *CO₂, NO_x, Hg were assumed in the analysis, if in fact these costs were*
8 *included.*

9

10 **Response)** Please see Big Rivers' responses to Item 6 and Item 29 of Kentucky
11 Industrial Utility Customers Inc.'s Second Request for Information.

12

13

14 **Witness)** Brian J. Azman

15

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 13)** *If CO₂ costs were not used in the analysis discussed in the*
2 *prior question, please discuss why not.*

3

4 **Response)** Please see Big Rivers' response to Item 12 of these responses. The
5 PaR model runs that included Pace's projected power prices include CO₂. The PaR
6 model runs that included the APM projected power prices did not include CO₂
7 because of the uncertainty around when or if carbon legislation would pass and
8 what it would look like if it did pass.

9

10

11 **Witness)** Brian J. Azman

12