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Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S FILING)	Case No. 2014-00134
OF WHOLESALE CONTRACTS PURSUANT TO)	
KRS 278.180 and 807 KAR 5:011 §13)	

**Response to the Kentucky Industrial Utility Customers'
Initial Request for Information
dated June 27, 2014**

FILED: July 16, 2014

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BIG RIVERS ELECTRIC CORPORATION

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- 1 Item 1) Please provide the following information, as it existed at the time that Big
2 Rivers' entered into the contracts with the Nebraska entities. Provide all supporting
3 documents and the Company's assumptions and calculations, including electronic
4 spreadsheets with formulas intact:
- 5 a) The Company's projection of the revenues, expenses, and margins associated
6 with each of the contracts submitted in this proceeding by month with calendar year
7 totals over the full term of the contracts. Further separate the projected expenses into
8 fuel, purchased power, production O&M, transmission O&M, and other expenses, all
9 by RUS O&M/A&G expense account. Provide all assumptions, data, computations, and
10 electronic spreadsheets with formulas intact.
- 11 b) The Company's projection of the revenues, expenses, and margins associated
12 with sales into the MISO markets for the equivalent loads and related losses
13 represented by each of the contracts submitted in this proceeding by month with
14 calendar year totals over the full term of the contracts. Further separate the projected
15 expenses into fuel, purchased power, production O&M, transmission O&M, and other
16 expenses, all by RUS O&M/A&G expense account. Provide all assumptions, data,
17 computations, and electronic spreadsheets with formulas intact.
- 18 c) A copy of the Big Rivers financial model.

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- 1 **d) The ACES production cost model for Big Rivers.**
- 2 **e) Big Rivers' projection of future MISO capacity and energy prices.**
- 3 **f) A copy of all workpapers and analyses used by Big Rivers in evaluating each of**
4 **the contracts, including all electronic spreadsheets with formulas intact and no pasted-**
5 **in values. If there are input values, then provide the source for those values and a copy**
6 **of all source.**

7

8 **Response)**

- 9 a. Please see Big Rivers' response to AG 1-12.
- 10 b. Please see Big Rivers' response to AG 1-12.
- 11 c. Please see Big Rivers' response to AG 1-12.
- 12 d. Please see Big Rivers' response to AG 1-12.
- 13 e. Please see Big Rivers' response to AG 1-12.
- 14 f. KIUC has agreed to limit this request to seek only workpapers and analyses
15 relevant to Big Rivers' decision-making process regarding the contracts. In
16 accordance with this limitation, please see Big Rivers' responses to PSC 1-3 and
17 AG 1-12.

18

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1 **Item 2) Please provide the most recent version of the following information.**

2 **Provide all supporting documents and the Company's assumptions and calculations,**
3 **including electronic spreadsheets with formulas intact:**

4 **a) The Company's projection of the revenues, expenses, and margins**
5 **associated with each of the contracts submitted in this proceeding by month with**
6 **calendar year totals over the full term of the contracts. Further separate the projected**
7 **expenses into fuel, purchased power, production O&M, transmission O&M, and other**
8 **expenses, all by RUS O&M/A&G expense account. Provide all assumptions, data**
9 **computations, and electronic spreadsheets with formulas intact.**

10 **b) The Company's projection of the revenues, expenses, and margins**
11 **associated with sales into the MISO markets for the equivalent loads and related losses**
12 **represented by each of the contracts submitted in this proceeding by month with**
13 **calendar year totals over the full term of the contracts. Further separate the projected**
14 **expenses into fuel, purchased power, production O&M, transmission O&M, and other**
15 **expenses, all by RUS O&M/A&G expense account. Provide all assumptions, data,**
16 **computations, and electronic spreadsheets with formulas intact.**

17 **c) A copy of the Big Rivers financial model.**

18 **d) The ACES production cost model for Big Rivers.**

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1 e) Big Rivers' projection of future MISO capacity and energy prices.

2 f) A copy of all workpapers and analyses used by Big Rivers in evaluating
3 each of the contracts, including all electronic spreadsheets with formulas intact and no
4 pasted-in values. If there are input values, then provide the source for those values and
5 a copy of all sources.

6

7 **Response)**

8 a. Please see Big Rivers' response to AG 1-12.

9 b. Please see Big Rivers' response to AG 1-12.

10 c. Please see Big Rivers' response to AG 1-12.

11 d. Please see Big Rivers' response to AG 1-12.

12 e. Please see Big Rivers' response to AG 1-12.

13 f. KIUC has agreed to limit this request to seek only workpapers and analyses
14 relevant to Big Rivers' decision-making process regarding the contracts. In
15 accordance with this limitation, please see Big Rivers' responses to PSC 1-3 and
16 AG 1-12.

17

18 **Witness) Lindsay N. Barron**



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1 **Item 3) Please provide any cost/benefit analysis conducted by Big Rivers or a**
2 **consultant hired by Big Rivers used to evaluate the contracts. Provide the Company's**
3 **assumptions and calculations, including electronic spreadsheets with formulas intact.**

4

5 **Response) Please see Big Rivers' response to PSC 1-3.**

6

7 **Witness) Lindsay N. Barron**



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1 **Item 4) Please provide the Company's planned capital expenditures by**
2 **generating unit broken down between MATS, each other major environmental**
3 **requirement, all other environmental requirements, and all other non-environmental**
4 **costs by month from June of 2014 through the end of the term of the contracts.**

5

6 **Response)** Please find the requested information contained in the 2014-2017 Capital
7 Budget approved by the Board of Directors on December 20, 2013, under the folder KIUC 1-
8 4 on the confidential electronic media accompanying these responses. Big Rivers' approved
9 budget and financial plan consists of four years. For years beyond 2017, please see Big
10 Rivers' financial model provided in response to AG 1-12.

11

12 **Witness)** Lindsay Barron

13

Case No. 2014-00134

KIUC 1-4 Attachment

Filed under petition for confidential treatment on electronic media



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1 **Item 5) Is Big Rivers aware of any other investor owned utility or electric**
2 **cooperative that has entered into a long-term contract in which the price for power was**
3 **not set at an increment above the seller's costs, but instead at a decrement below a**
4 **third-party utility's cost? If yes, please provide all information and documentation that**
5 **Big Rivers' possesses regarding such contracts.**

6

7 **Response) No.**

8

9 **Witness) Lindsay N. Barron**



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1 **Item 6) Please indicate whether the Nebraska load will be subject to MISO**
2 **Schedule 26-A charges.**

3 **a) If so, then please indicate whether these charges will be passed on to the**
4 **Nebraska entities or if they will be retained by Big Rivers. Cite to the relevant portions**
5 **of the contracts.**

6 **b) If so, then please describe the effect(s), obligations, and costs that will be**
7 **imposed on Big Rivers if the Commission approves these contracts. Address whether**
8 **these effects, obligations and costs will extend beyond the terms of the contracts.**

9

10 **Response) Please see Big Rivers' response to AG1-5a.ii.**

11

12 **Witness) Lindsay N. Barron**



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1 **Item 7) Provide a copy of all correspondence and documents between BREC and**
2 **the Nebraska entities since January 1, 2013.**

3

4 **Response)** KIUC has agreed to limit this request to correspondence and documents
5 between Big Rivers and the Nebraska entities that relate to present or forecasted rates,
6 revenue or expenses of Big Rivers, NPPD, SPP or MISO, or contractual risks that are
7 relevant to the terms of the contracts that were signed and presented to the Commission. In
8 accordance with this limitation, please see the requested correspondence under the folder
9 CORRESPONDENCE on the confidential electronic media accompanying these responses.
10 Please also see Big Rivers' responses to KIUC 1-8 and KIUC 1-10.

11

12 **Witness) Lindsay N. Barron**

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KIUC 1-7 Attachments

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1 **Item 8) Provide a copy of all correspondence internally within BREC concerning**
2 **the Nebraska contracts.**

3

4 **Response)** KIUC has agreed to limit this request to correspondence internally within Big Rivers
5 concerning the Nebraska contracts that relates to present or forecasted rates, revenue or expenses of
6 Big Rivers, NPPD, SPP or MISO, or contractual risks that are relevant to the terms of the contracts
7 that were signed and presented to the Commission. In accordance with this limitation, please see the
8 requested correspondence under the folder CORRESPONDENCE on the confidential electronic
9 media accompanying these responses. Please also see Big Rivers' responses to KIUC 1-7 and KIUC
10 1-10.

11

12 **Witness) Lindsay N. Barron**

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KIUC 1-8 Attachments

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1 **Item 9) Provide copies of all reports or presentations that have been prepared by**
2 **BREC since January 1, 2013, for use by or presentation to its Board of Directors and/or**
3 **the Board of Directors of BREC's member co-ops.**

4

5 **Response)** KIUC has agreed to limit this request to reports or presentations relating to the
6 Nebraska contracts. In accordance with this limitation, please see the attached presentation
7 (confidential attachment 1) presented to both Big Rivers' Board of Directors and Kenergy's
8 Board of Directors. Also attached is the indicative term sheet between Big Rivers and the
9 Nebraska entities (confidential attachment 2) that was provided to Big Rivers' Board for its
10 reference.

11

12 **Witness) Lindsay N. Barron**

Load Proposal for Nebraska Consortium

Northeast Nebraska Public Power District (NeNPPD)
Cities of South Sioux City, Wayne and Wakefield

November 2013



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Proposal

- This proposal is contingent on the availability of MISO and SPP transmission.
- 10 year demand and energy contract for Consortium's full needs beginning 1/1/2017.
 - Subject to their existing contract termination provisions
 - [REDACTED] Some uncertainty exists regarding [REDACTED]
 - [REDACTED]
 - [REDACTED]
- Load
 - [REDACTED]
 - [REDACTED]
- Price
 - [REDACTED] existing suppliers' wholesale rates (indexed to actuals)
 - [REDACTED]
 - [REDACTED]



CONFIDENTIAL

Proposal

- [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]

CONFIDENTIAL



Proposal

- **Transmission Studies**

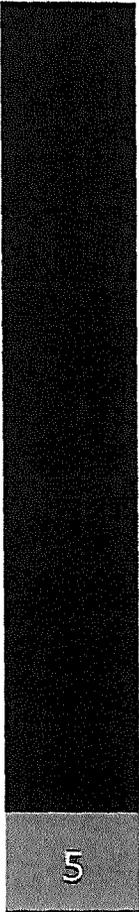
- Big Rivers will coordinate transmission impact studies for this arrangement on behalf of the Consortium.

- [Redacted]

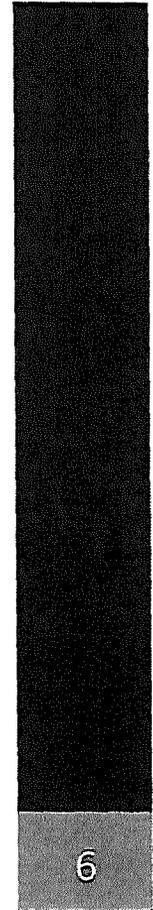
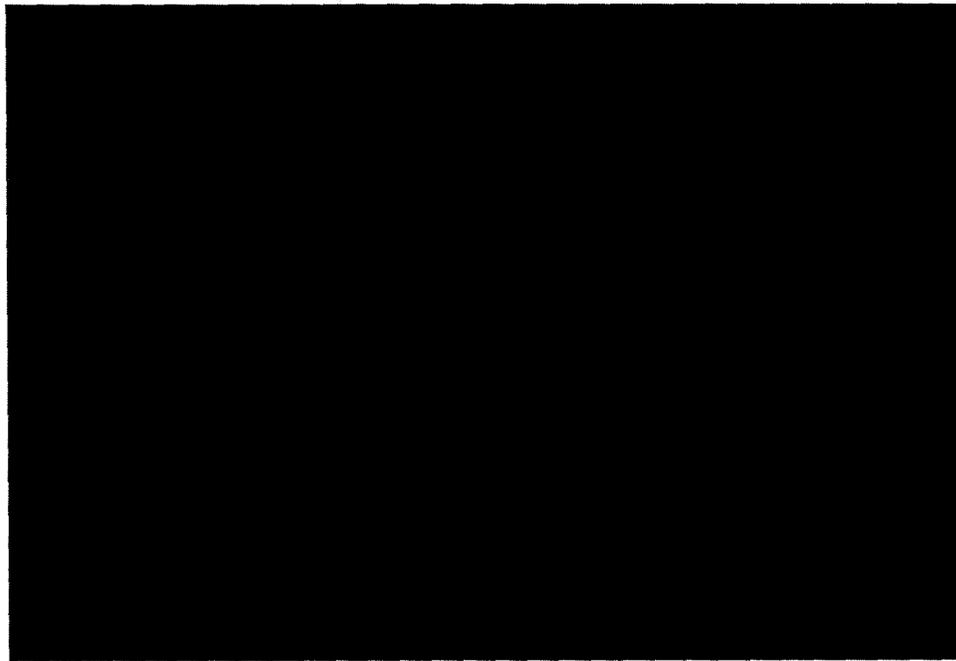
- [Redacted]

- [Redacted]

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Member Value of Sale



6

Big Rivers
Energy Services

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Risks

- NPPD portfolio differs from Big Rivers.

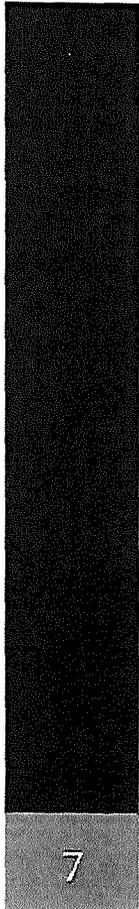
PLANT INFORMATION □ HY □ ST Δ Other * NUC

AINSWORTH (WTG; WIND; 1; 2005) Δ WTG; WIND; 59.4 MW	North Platte
BEATRICE (CC; GAS; 3; 2005) Δ CC; GAS; 253.7 MW	Beatrice
CANADAY (ST; GAS; 1; 1958) □ ST; GAS-OIL; 108.8 MW	Lexington
COOPER (ST; UR; 1; 1974) * ST; UR; 760 MW	Brownville
GERALD GENTLEMAN (ST; COAL; 2; 1979) □ ST; COAL; 1365 MW	Sutherland
HALLAM (GT; OIL; 1; 1973) Δ GT; GAS; 56.7 MW	Hallam
HEBRON (GT; OIL; 1; 1973) Δ GT; OIL; 56.7 MW	Hebron
KEARNEY PLATTE (HY; WAT; 1; 2001) □ HY; WAT; 2.5 MW	Kearney
MCCOOK (GT; OIL; 1; 1973) Δ GT; OIL; 56.7 MW	McCook
MOBILE (NE) (IC; OIL; 1; 1979) Δ IC; OIL; 1 MW	
NORTH PLATTE (HY; WAT; 2; 1937) □ HY; WAT; 26.1 MW	North Platte
SHELDON (NE) (ST; COAL; 2; 1964) □ ST; COAL-TDF; 228.65 MW	Hallam
SPENCER (NE) (HY; WAT; 2; 1926) □ HY; WAT; 2.4 MW	Spencer

Capacity

Coal	1,593.65	54%
Wind	59.40	2%
Nuclear	760.00	26%
Gas	419.20	14%
Hydro	30.00	1%
Oil	114.40	4%
	<hr/>	
	2,976.65	

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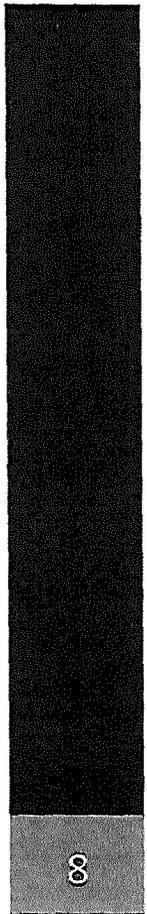
Risks

- NPPD Prices compared to BREC Cost

- [REDACTED]
- [REDACTED]

- Deliverability – [REDACTED]

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Next Steps

- If desired by our Board and the Consortium, we will proceed with final contract negotiations and development over the next several weeks.
- Each entities' Board will vote over the coming week on their desire to proceed with a final contract with Big Rivers for execution at their December Board Meeting.
- If the contracts are executed, we will submit transmission studies in MISO and SPP.

Term Sheet – Big Rivers Electric Cooperative

Big Rivers will provide NeNPPD and any combination of the other RFP participants "Clients" a contract on terms as follows:

Terms and Pricing

Product: [REDACTED]

[REDACTED]
Big Rivers will be the sole provider for Client except as provided below in Resource provisions.

Term: 10 years ending December 31, 2026. [REDACTED]

Price: Big Rivers will index its charges under this contract [REDACTED]
NPPD's charges for demand and energy under NPPD's applicable published tariffs for all requirements demand and energy on NPPD's GFPS rate (Blend Rate) or similar successor tariff.

Resources

Transmission and Ancillary Services

Transmission:

[REDACTED]

Clients and Big Rivers agree that this agreement, as well as future load additions, will be contingent on firm transmission availability in both MISO and SPP.

[REDACTED]

Transmission Studies: Big Rivers will coordinate transmission impact studies for this arrangement on Clients' behalf.

[REDACTED]

Other

[REDACTED]

[REDACTED]

Contract: Big Rivers will work with the Clients to provide a draft contract as soon as possible and a final contract for execution by Monday, December 16, 2013. Each party will be responsible for their own legal review of said contract. Once the contract is executed the Clients will be responsible for initiating all contract termination notices to NPPD.

[REDACTED]

Any final agreement shall be subject to the negotiation of mutually acceptable credit terms and conditions. This offering is preliminary and is intended to set forth certain basic terms and to serve as a basis for further discussion and negotiations between the Parties with respect to the potential Agreement described herein. This proposal does not contain all matters upon which agreement must be reached in order for the transaction to be completed. The matters set forth herein are not intended to and do not constitute a binding agreement of the Parties nor do they establish any obligation of the Parties with respect to the Agreement, and this proposal may not be relied upon by a Party as the basis for a contract by estoppel or otherwise. A binding agreement will arise only upon the negotiation, execution and delivery of mutually satisfactory definitive agreements and the satisfaction of the conditions set forth therein, including completion of due diligence and the approval of such agreements by the respective governing body (ies), management and board of each Party, which approval shall be in the sole subjective discretion of the respective governing body (ies), management and their respective board. Parties understand that additional approvals may be required by entities such as the USDA-RUS, lenders, the KY Public Service Commission, and other authoritative bodies in either Kentucky or Nebraska.



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1 **Item 10) Provide a copy of all correspondence and documents between BREC and**
2 **ACES concerning the Nebraska contracts since January 1, 2013.**

3

4 **Response)** KIUC has agreed to limit this request to correspondence and documents between Big
5 Rivers and ACES that relate to information that is relevant to Big Rivers' decision-making process
6 regarding the Nebraska contracts that were signed and presented to the Commission. In accordance
7 with this limitation, please see the requested correspondence under the folder CORRESPONDENCE
8 on the confidential electronic media accompanying these responses. Please also see Big Rivers'
9 responses to KIUC 1-7 and KIUC 1-8.

10

11 **Witness) Lindsay N. Barron**

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KIUC 1-10 Attachments

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