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COMMISSION

**OWEN** *Electric*

A Touchstone Energy Cooperative



**Case No.  
2015-00213**

**ATTORNEY GENERAL'S INITIAL DATA  
REQUEST**

**OWEN ELECTRIC COOPERATIVE, INC.**

**8205 Hwy 127 N**

**PO Box 400**

**Owenton, KY 40359**

**502-484-3471**

# CRAWFORD & BAXTER, P.S.C.

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August 10, 2015

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: Case No. 2015-00213

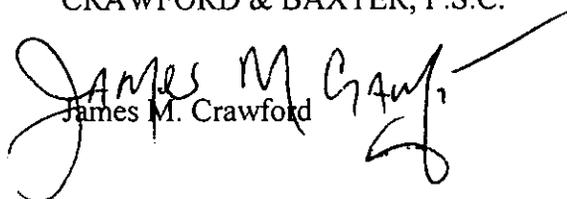
Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, and original and ten redacted copies of the responses of Owen Electric Cooperative, Inc. ("Owen Electric") to the Commission Staff's Initial Request for Information, dated July 30, 2015. Also enclosed are an original and ten copies of Owen Electric's Motion for Confidential Treatment regarding the response to Request No. 11. One unredacted copy of the designated confidential portions of the response to Request No. 11 is enclosed in a sealed envelope.

Additionally, please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the responses of Owen Electric to the Attorney General's Initial Data Requests, dated July 30, 2015.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.

  
James M. Crawford

Enclosures

cc: Hon. Jennifer Hans  
Hon. Mike Kurtz



**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION TO OWEN  
ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 1**

**RESPONSIBLE PARTY:**

**Request 1:** Please confirm that the estimated annualized operating costs of \$648,240, as stated in the application, represent the sum of estimated annual O&M, estimated annual fuel costs, and estimated annual insurance costs.

- a. Provide all calculations and supporting data used to develop estimates for each such item of cost.

**Response 1:** Owen confirms that the estimated annualized operating costs of \$648,207 represent the sum of estimated annual O&M, estimated annual fuel cost, and estimated annual insurance costs.

**Response 1a.** Please see the response to Request 11 of the Commission Staff's Initial Request for Information.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

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ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 2**

**RESPONSIBLE PARTY:**

**Request 2:** Please confirm that the application estimates capital costs will total \$2.6 million.

- a. If so confirmed, when will the capital spending be completed?
- b. Provide a breakdown of all capital costs.
- c. Does the stated amount of capital spending include any costs Owen expects to incur related to obtaining gas service from Carrollton Utilities, such as the gas line? If so, please provide the total of such costs.
- d. Does Owen believe any future capital spending will be required? If so, please identify how much, and when.

**Response 2 and 2a:** Owen Electric confirms that the application contains estimated capital costs of \$2.6 million. The capital spending on this project will be completed mid-2016.

**Response 2b:** Please see the response to Request 2a of Commission Staff's Initial Request for Information.

**Response 2c:** Carrollton Utilities has determined that Owen Electric will not incur such costs.

**Response 2d:** Owen does not foresee the need for future capital spending on this project.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

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ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 3**

**RESPONSIBLE PARTY:**

**Request 3:** Reference the Stallons testimony, Exhibit MAS-1. Please identify the cost items that comprise the "EKPC Savings" as depicted in this exhibit, and provide a break-down of all costs EKPC charges Owen.

- a. Does the row labeled "EKPC Savings" include all costs that EKPC charges Owen? If not, please identify all other costs which are not included in "EKPC Savings."
- b. Does "EKPC Savings" also include fuel costs EKPC charges Owen? If not, please identify the amount which Owen expects to save in avoided fuel costs.
- c. Does "EKPC Savings" also include any environmental-related costs which EKPC charges to Owen? If not, please identify the amount which Owen expects to save in avoided environmental costs.
- d. Reference Exhibit E, pp. 1, 3, and 4. Confirm that these documents are entitled "Excerpt from Meeting of the Board of Owen Electric Cooperative, Inc." If so confirmed, please provide complete copies of the actual resolutions and minutes of each meeting of Owen's Board of Directors regarding the project which is the subject of this case, and any and all other documents associated with said resolutions and minutes.

- e. Reference Exhibit E, p. 3. Please confirm that under subpart A. of this document, Owen's Board authorized 3% adders to the contracts with Harshaw Trane and Whayne Supply "...to cover possible cost increase should the CPCN not be received with the 6 month time." Please identify the precise time frame this document references.
- f. In the event the Commission does not award a CPCN by the date that appears in Owen's cover letter to the application for this case (October 30, 2015), please explain what affect the 3% adders on the contracts with Harshaw Trane and Whayne Supply, as depicted on p. 3 of Exhibit E, will have on Owen's estimates of "EKPC Savings." Provide an updated exhibit MAS-1 depicting those potential changes.
- g. In the event the Commission grants Owen a CPCN within the requested time frame, but Owen does not receive the air permit referenced in numerical item 4 of its petition, will Harshaw Trane and Whayne Supply receive the 3% contract adders referenced in subpart d. of this question?
- h. State whether Owen's calculations of total project costs take into consideration the additional items of expense detailed on pp. 3-4 of Exhibit E. If not, please provide a revised calculation of total project costs and potential savings.
- i. Provide an update on Owen's air permit application filed with the Kentucky Energy and Environment Cabinet Division for Air Quality.

**Response 3:** Please see the response to Request 11 of the Commission Staff's Initial Request for Information.

**Response 3a:** Yes, the row labeled "EKPC Savings" includes all costs, including fuel and environmental, that EKPC charges Owen.

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**Response 3b:** Please see the response to Request 3a.

**Response 3c:** Please see the response to Request 3a.

**Response 3d:** The documents contained in Exhibit E, pages 1, 3, and 4 entitled “Excerpt from Meeting of the Board of Owen Electric Cooperative, Inc.” are the actual board resolutions relating to this project.

**Response 3e:** The time frame is six-months from the date of the Letter of Intent, or October 13, 2015.

**Response 3f:** The 3% contract adders are included in the capital expense amount in Exhibit MAS-1. Therefore, no updates to this exhibit are necessary.

**Response 3g:** In the event the Commission grants Owen a CPCN within the requested time frame, but Owen has not received the air permit, Harshaw Trane and Whyne Supply could increase the contract price up to 3%.

**Response 3h:** The costs outlined in Exhibit E, Pages 3 and 4, are taken into consideration in the total project costs.

**Response 3i:** Owen received its air permit on August 7, 2015.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

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ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 4**

**RESPONSIBLE PARTY:**

**Request 4:** Exhibit MAS-1 provides estimates of annual increases in both operating costs and EKPC costs. Please provide the basis for Owen's calculations of these two costs, and include all related data in an Excel spreadsheet with all formulas fully intact, accessible and unprotected.

- a. Did Owen's calculations of projected operating costs include any projected major maintenance service which Wayne Power would supply, as referenced on p. 8 of the Stallons testimony? If Wayne Power is a different entity than Wayne Supply, please provide copies of any Owen contracts pertaining to Wayne Power, and any Owen Board of Director resolutions and minutes referencing and minutes referencing Wayne Power.
- b. Did Owen retain the services of a consultant or expert in developing these calculations? If so, please identify the consultant/expert, and provide any and all such calculations in an Excel spreadsheet with all formulas fully intact, accessible and unprotected.

**Response 4:** Please see the response to Request 11 of the Commission Staff's Initial Request for Information.

**Response 4a:** Wayne Power and Wayne Supply are the same entities.

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**Response 4b:** Owen did not retain the services of the consultant in developing these calculations.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

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**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION TO OWEN  
ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 5**

**RESPONSIBLE PARTY:**

**Request 5:** Please explain how and to what extent Owen's estimates of future operating cost increases took natural gas costs into consideration.

- a. Identify any and all resource materials upon which Owen relied in estimating future gas cost increases, and provide copies of any and all such materials.
- b. Explain what effect gas prices at \$5, \$6 and \$7/mmbtu would have on Owen's estimates of future operating costs for each year depicted in Exhibit MAS-1. Provide a revised set of the calculations set forth in Exhibit MAS-1 reflecting gas prices at each of those price levels.

**Response 5 and 5a:** Owen Electric considered natural gas price increases in its net present value calculations. Owen Electric used the NYMEX as its resource in determining future natural gas price increases. Please see the response to Request No. 11, pages 5 of 7 and 6 of 7, of the Commission Staff's Initial Requests for Information.

**Response 5b:** Calculations reflecting gas prices at \$5, \$6, and \$7 are included on pages 2, 3, and 4 of this response, respectively.

**Bromley Sub DG Project Financials**

5-Aug-15

Owen Electric/DG Project/Bromley/Financial Analysis 061515

**Sensitivities**

<b>Capital Multiplier</b>	<b>Unit Availability</b>	<b>Natural Gas Fuel Multiplier</b>	<b>EKPC Rates</b>	<b>EKPC Fuel Sensitivity</b>	<b>EKPC Market and NG Percentage (2015 Budget)</b>
100.00%	100.00%	114.50%	100.00%	2.76%	19.00%

Escalator	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Capital Upfront	<b>\$ 2,632,872.00</b>										

<b>EKPC Savings</b>		<b>\$ 1,023,362.73</b>	<b>\$ 1,075,380.40</b>	<b>\$ 1,119,135.53</b>	<b>\$ 1,142,544.15</b>	<b>\$ 1,205,882.33</b>	<b>\$ 1,215,214.54</b>	<b>\$ 1,269,373.62</b>	<b>\$ 1,281,613.79</b>	<b>\$ 1,310,987.34</b>	<b>\$ 1,323,685.80</b>
Annual Maint \$	\$ 109,466.00	\$ 112,749.98	\$ 116,132.48	\$ 119,616.45	\$ 123,204.95	\$ 126,901.10	\$ 130,708.13	\$ 134,629.37	\$ 138,668.25	\$ 142,828.30	\$ 147,113.15
Annual Insurance \$	\$ 7,400.00	\$ 7,622.00	\$ 7,850.66	\$ 8,086.18	\$ 8,328.77	\$ 8,578.63	\$ 8,835.99	\$ 9,101.07	\$ 9,374.10	\$ 9,655.32	\$ 9,944.98
Annual Fuel Consumed		120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869
Fuel Cost/mmbtu	\$	5.000	\$ 5.131	\$ 5.239	\$ 5.411	\$ 5.570	\$ 5.760	\$ 5.952	\$ 6.147	\$ 6.332	\$ 6.522
Annual Fuel \$	\$	604,370.99	\$ 620,134.18	\$ 633,257.76	\$ 653,998.35	\$ 673,214.30	\$ 696,226.38	\$ 719,463.58	\$ 743,022.50	\$ 765,313.17	\$ 788,272.57
<b>Annual Operating Costs</b>	<b>\$</b>	<b>724,742.97</b>	<b>\$ 744,117.32</b>	<b>\$ 760,960.39</b>	<b>\$ 785,532.06</b>	<b>\$ 808,694.02</b>	<b>\$ 835,770.49</b>	<b>\$ 863,194.02</b>	<b>\$ 891,064.85</b>	<b>\$ 917,796.79</b>	<b>\$ 945,330.70</b>
<b>Net Cash Flow</b>		<b>\$ 298,619.77</b>	<b>\$ 331,263.08</b>	<b>\$ 358,175.14</b>	<b>\$ 357,012.09</b>	<b>\$ 397,188.31</b>	<b>\$ 379,444.05</b>	<b>\$ 406,179.60</b>	<b>\$ 390,548.95</b>	<b>\$ 393,190.54</b>	<b>\$ 378,355.10</b>
Discount Rate	4.50%	1.0450	1.092	1.1412	1.1925	1.2462	1.3023	1.3609	1.4221	1.4861	1.553
Discounted cash flow	\$	285,760.54	\$ 303,354.47	\$ 313,858.34	\$ 299,381.21	\$ 318,719.55	\$ 291,364.55	\$ 298,463.96	\$ 274,628.33	\$ 264,578.79	\$ 243,628.53
Total Discounted Cash Flow	\$ 5,104,464.84		\$ 589,115.01	\$ 902,973.35	\$ 1,202,354.56	\$ 1,521,074.11	\$ 1,812,438.65	<b>\$ 2,110,902.61</b>	<b>\$ 2,385,530.94</b>	\$ 2,650,109.73	\$ 2,893,738.26
<b>NPV (20 years cash flow)</b>	<b>\$ 2,471,592.84</b>										
Net Cash Flow (20 years)	\$ 8,052,558.12										

**2022 Breakeven 2023**

Escalator	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Year	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	
<b>EKPC Savings</b>	<b>\$ 1,362,698.79</b>	<b>\$ 1,369,583.38</b>	<b>\$ 1,469,181.74</b>	<b>\$ 1,530,989.90</b>	<b>\$ 1,564,801.43</b>	<b>\$ 1,589,126.63</b>	<b>\$ 1,608,862.78</b>	<b>\$ 1,628,139.62</b>	<b>\$ 1,677,403.45</b>	<b>\$ 1,724,065.52</b>	
Annual Maint \$	\$ 151,526.54	\$ 156,072.34	\$ 160,754.51	\$ 165,577.15	\$ 170,544.46	\$ 175,660.80	\$ 180,930.62	\$ 186,358.54	\$ 191,949.29	\$ 197,707.77	
Annual Insurance \$	\$ 10,243.33	\$ 10,550.63	\$ 10,867.15	\$ 11,193.16	\$ 11,528.96	\$ 11,874.83	\$ 12,231.07	\$ 12,598.00	\$ 12,975.94	\$ 13,365.22	
Annual Fuel Consumed	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	
Fuel Cost/mmbtu	\$ 6.717	\$ 6.919	\$ 7.126	\$ 7.340	\$ 7.560	\$ 7.787	\$ 8.021	\$ 8.262	\$ 8.509	\$ 8.765	
Annual Fuel \$	\$ 811,920.74	\$ 836,278.36	\$ 861,366.72	\$ 887,207.72	\$ 913,823.95	\$ 941,238.67	\$ 969,475.83	\$ 998,560.10	\$ 1,028,516.90	\$ 1,059,372.41	
<b>Annual Operating Costs</b>	<b>\$ 973,690.62</b>	<b>\$ 1,002,901.34</b>	<b>\$ 1,032,988.38</b>	<b>\$ 1,063,978.03</b>	<b>\$ 1,095,897.37</b>	<b>\$ 1,128,774.29</b>	<b>\$ 1,162,637.52</b>	<b>\$ 1,197,516.64</b>	<b>\$ 1,233,442.14</b>	<b>\$ 1,270,445.41</b>	
<b>Net Cash Flow</b>	<b>\$ 389,008.17</b>	<b>\$ 366,682.04</b>	<b>\$ 436,193.37</b>	<b>\$ 467,011.87</b>	<b>\$ 468,904.07</b>	<b>\$ 460,352.34</b>	<b>\$ 446,225.26</b>	<b>\$ 430,622.97</b>	<b>\$ 443,961.30</b>	<b>\$ 453,620.11</b>	
Discount Rate	1.6229	1.6959	1.7722	1.8519	1.9353	2.0224	2.1134	2.2085	2.3079	2.4117	
Discounted cash flow	\$ 239,699.41	\$ 216,216.78	\$ 246,131.00	\$ 252,179.86	\$ 242,290.12	\$ 227,626.75	\$ 211,140.94	\$ 194,984.37	\$ 192,365.92	\$ 188,091.43	
Total Discounted Cash Flow	\$ 3,133,437.67	\$ 3,349,654.45	\$ 3,595,785.46	\$ 3,847,965.31	\$ 4,090,255.43	\$ 4,317,882.18	\$ 4,529,023.12	\$ 4,724,007.48	\$ 4,916,373.40	\$ 5,104,464.84	

**Bromley Sub DG Project Financials**

5-Aug-15

Owen Electric/DG Project/Bromley/Financial Analysis 061515

**Sensitivities**

<b>Capital Multiplier</b>	<b>Unit Availability</b>	<b>Natural Gas Fuel Multiplier</b>	<b>EKPC Rates</b>	<b>EKPC Fuel Sensitivity</b>	<b>EKPC Market and NG Percentage (2015 Budget)</b>
100.00%	100.00%	137.40%	100.00%	7.11%	19.00%

Escalator Year	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Capital Upfront	<b>\$ 2,632,872.00</b>										
	<b>Discounted Payout 7-8 years</b>										

<b>EKPC Savings</b>		<b>\$ 1,066,695.43</b>	<b>\$ 1,120,915.70</b>	<b>\$ 1,166,523.58</b>	<b>\$ 1,190,923.40</b>	<b>\$ 1,256,943.53</b>	<b>\$ 1,266,670.90</b>	<b>\$ 1,323,123.26</b>	<b>\$ 1,335,881.73</b>	<b>\$ 1,366,499.05</b>	<b>\$ 1,379,735.21</b>
Annual Maint \$	\$ 109,466.00	\$ 112,749.98	\$ 116,132.48	\$ 119,616.45	\$ 123,204.95	\$ 126,901.10	\$ 130,708.13	\$ 134,629.37	\$ 138,668.25	\$ 142,828.30	\$ 147,113.15
Annual Insurance \$	\$ 7,400.00	\$ 7,622.00	\$ 7,850.66	\$ 8,086.18	\$ 8,328.77	\$ 8,578.63	\$ 8,835.99	\$ 9,101.07	\$ 9,374.10	\$ 9,655.32	\$ 9,944.98
Annual Fuel Consumed		120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869
Fuel Cost/mmbtu		\$ 6.000	\$ 6.157	\$ 6.287	\$ 6.493	\$ 6.684	\$ 6.912	\$ 7.143	\$ 7.377	\$ 7.598	\$ 7.826
Annual Fuel \$		\$ 725,245.18	\$ 744,161.01	\$ 759,909.31	\$ 784,798.02	\$ 807,857.16	\$ 835,471.65	\$ 863,356.29	\$ 891,626.99	\$ 918,375.80	\$ 945,927.08
<b>Annual Operating Costs</b>		<b>\$ 845,617.16</b>	<b>\$ 868,144.15</b>	<b>\$ 887,611.95</b>	<b>\$ 916,331.73</b>	<b>\$ 943,336.88</b>	<b>\$ 975,015.77</b>	<b>\$ 1,007,086.73</b>	<b>\$ 1,039,669.35</b>	<b>\$ 1,070,859.43</b>	<b>\$ 1,102,985.21</b>
<b>Net Cash Flow</b>		<b>\$ 221,078.27</b>	<b>\$ 252,771.55</b>	<b>\$ 278,911.63</b>	<b>\$ 274,591.67</b>	<b>\$ 313,606.65</b>	<b>\$ 291,655.13</b>	<b>\$ 316,036.53</b>	<b>\$ 296,212.38</b>	<b>\$ 295,639.62</b>	<b>\$ 276,750.00</b>
Discount Rate	4.50%	1.0450	1.092	1.1412	1.1925	1.2462	1.3023	1.3609	1.4221	1.4861	1.553
Discounted cash flow		\$ 211,558.15	\$ 231,475.78	\$ 244,402.06	\$ 230,265.55	\$ 251,650.34	\$ 223,953.88	\$ 232,226.12	\$ 208,292.23	\$ 198,936.56	\$ 178,203.48
Total Discounted Cash Flow	\$ 3,815,173.85		\$ 443,033.93	\$ 687,435.99	\$ 917,701.53	\$ 1,169,351.87	\$ 1,393,305.75	<b>\$ 1,625,531.87</b>	<b>\$ 1,833,824.10</b>	\$ 2,032,760.66	\$ 2,210,964.14
<b>NPV (20 years cash flow)</b>	<b>\$ 1,182,301.85</b>										
Net Cash Flow (20 years)	\$ 5,975,658.31										

**2022 Breakeven 2023**

Escalator Year	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
<b>EKPC Savings</b>	<b>\$ 1,420,400.14</b>	<b>\$ 1,427,576.24</b>	<b>\$ 1,531,391.95</b>	<b>\$ 1,595,817.28</b>	<b>\$ 1,631,060.51</b>	<b>\$ 1,656,415.71</b>	<b>\$ 1,676,987.56</b>	<b>\$ 1,697,080.65</b>	<b>\$ 1,748,430.48</b>	<b>\$ 1,797,068.38</b>
Annual Maint \$	\$ 151,526.54	\$ 156,072.34	\$ 160,754.51	\$ 165,577.15	\$ 170,544.46	\$ 175,660.80	\$ 180,930.62	\$ 186,358.54	\$ 191,949.29	\$ 197,707.77
Annual Insurance \$	\$ 10,243.33	\$ 10,550.63	\$ 10,867.15	\$ 11,193.16	\$ 11,528.96	\$ 11,874.83	\$ 12,231.07	\$ 12,598.00	\$ 12,975.94	\$ 13,365.22
Annual Fuel Consumed	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869
Fuel Cost/mmbtu	\$ 8.061	\$ 8.303	\$ 8.552	\$ 8.808	\$ 9.073	\$ 9.345	\$ 9.625	\$ 9.914	\$ 10.211	\$ 10.518
Annual Fuel \$	\$ 974,304.89	\$ 1,003,534.04	\$ 1,033,640.06	\$ 1,064,649.26	\$ 1,096,588.74	\$ 1,129,486.40	\$ 1,163,370.99	\$ 1,198,272.12	\$ 1,234,220.29	\$ 1,271,246.89
<b>Annual Operating Costs</b>	<b>\$ 1,136,074.77</b>	<b>\$ 1,170,157.01</b>	<b>\$ 1,205,261.72</b>	<b>\$ 1,241,419.57</b>	<b>\$ 1,278,662.16</b>	<b>\$ 1,317,022.02</b>	<b>\$ 1,356,532.68</b>	<b>\$ 1,397,228.66</b>	<b>\$ 1,439,145.52</b>	<b>\$ 1,482,319.89</b>
<b>Net Cash Flow</b>	<b>\$ 284,325.38</b>	<b>\$ 257,419.24</b>	<b>\$ 326,130.23</b>	<b>\$ 354,397.71</b>	<b>\$ 352,398.35</b>	<b>\$ 339,393.69</b>	<b>\$ 320,454.88</b>	<b>\$ 299,851.98</b>	<b>\$ 309,284.95</b>	<b>\$ 314,748.49</b>
Discount Rate	1.6229	1.6959	1.7722	1.8519	1.9353	2.0224	2.1134	2.2085	2.3079	2.4117
Discounted cash flow	\$ 175,195.87	\$ 151,789.16	\$ 184,025.63	\$ 191,369.79	\$ 182,089.78	\$ 167,817.29	\$ 151,630.02	\$ 135,771.78	\$ 134,011.42	\$ 130,508.97
Total Discounted Cash Flow	\$ 2,386,160.00	\$ 2,537,949.16	\$ 2,721,974.80	\$ 2,913,344.59	\$ 3,095,434.36	\$ 3,263,251.66	\$ 3,414,881.67	\$ 3,550,653.45	\$ 3,684,664.87	\$ 3,815,173.85

**Bromley Sub DG Project Financials**

5-Aug-15

Owen Electric/DG Project/Bromley/Financial Analysis 061515

**Sensitivities**

<b>Capital Multiplier</b>	<b>Unit Availability</b>	<b>Natural Gas Fuel Multiplier</b>	<b>EKPC Rates</b>	<b>EKPC Fuel Sensitivity</b>	<b>EKPC Market and NG Percentage (2015 Budget)</b>
100.00%	100.00%	160.30%	100.00%	11.46%	19.00%

Escalator Year	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Capital Upfront	<b>\$ 2,632,872.00</b>	<b>Discounted Payout 7-8 years</b>									
<b>EKPC Savings</b>	<b>\$ 1,110,028.13</b>	<b>\$ 1,166,451.00</b>	<b>\$ 1,213,911.62</b>	<b>\$ 1,239,302.64</b>	<b>\$ 1,308,004.74</b>	<b>\$ 1,318,127.26</b>	<b>\$ 1,376,872.90</b>	<b>\$ 1,390,149.66</b>	<b>\$ 1,422,010.76</b>	<b>\$ 1,435,784.62</b>	
Annual Maint \$	\$ 109,466.00	\$ 112,749.98	\$ 116,132.48	\$ 119,616.45	\$ 123,204.95	\$ 126,901.10	\$ 130,708.13	\$ 134,629.37	\$ 138,668.25	\$ 142,828.30	\$ 147,113.15
Annual Insurance \$	\$ 7,400.00	\$ 7,622.00	\$ 7,850.66	\$ 8,086.18	\$ 8,328.77	\$ 8,578.63	\$ 8,835.99	\$ 9,101.07	\$ 9,374.10	\$ 9,655.32	\$ 9,944.98
Annual Fuel Consumed		120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869
Fuel Cost/mmbtu	\$ 7.000	\$ 7.183	\$ 7.335	\$ 7.575	\$ 7.798	\$ 8.064	\$ 8.333	\$ 8.606	\$ 8.864	\$ 9.130	
Annual Fuel \$	\$ 846,119.38	\$ 868,187.85	\$ 886,560.87	\$ 915,597.69	\$ 942,500.02	\$ 974,716.93	\$ 1,007,249.01	\$ 1,040,231.49	\$ 1,071,438.44	\$ 1,103,581.59	
<b>Annual Operating Costs</b>	<b>\$ 966,491.36</b>	<b>\$ 992,170.99</b>	<b>\$ 1,014,263.50</b>	<b>\$ 1,047,131.40</b>	<b>\$ 1,077,979.74</b>	<b>\$ 1,114,261.04</b>	<b>\$ 1,150,979.45</b>	<b>\$ 1,188,273.85</b>	<b>\$ 1,223,922.06</b>	<b>\$ 1,260,639.72</b>	
<b>Net Cash Flow</b>	<b>\$ 143,536.77</b>	<b>\$ 174,280.02</b>	<b>\$ 199,648.13</b>	<b>\$ 192,171.24</b>	<b>\$ 230,024.99</b>	<b>\$ 203,866.22</b>	<b>\$ 225,893.46</b>	<b>\$ 201,875.82</b>	<b>\$ 198,088.70</b>	<b>\$ 175,144.89</b>	
Discount Rate	4.50%	1.0450	1.092	1.1412	1.1925	1.2462	1.3023	1.3609	1.4221	1.4861	1.553
Discounted cash flow	\$ 137,355.76	\$ 159,597.08	\$ 174,945.78	\$ 161,149.89	\$ 184,581.12	\$ 156,543.21	\$ 165,988.29	\$ 141,956.13	\$ 133,294.33	\$ 112,778.42	
Total Discounted Cash Flow	\$ 2,525,882.86	\$ 296,952.84	\$ 471,898.62	\$ 633,048.51	\$ 817,629.63	\$ 974,172.84	<b>\$ 1,140,161.13</b>	<b>\$ 1,282,117.26</b>	\$ 1,415,411.59	\$ 1,528,190.01	
<b>NPV (20 years cash flow)</b>	<b>\$ (106,989.14)</b>	<b>2022 Breakeven 2023</b>									
Net Cash Flow (20 years)	\$ 3,898,758.51										

Escalator Year	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Year	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
<b>EKPC Savings</b>	<b>\$ 1,478,101.49</b>	<b>\$ 1,485,569.11</b>	<b>\$ 1,593,602.15</b>	<b>\$ 1,660,644.65</b>	<b>\$ 1,697,319.58</b>	<b>\$ 1,723,704.80</b>	<b>\$ 1,745,112.34</b>	<b>\$ 1,766,021.68</b>	<b>\$ 1,819,457.51</b>	<b>\$ 1,870,071.24</b>
Annual Maint \$	\$ 151,526.54	\$ 156,072.34	\$ 160,754.51	\$ 165,577.15	\$ 170,544.46	\$ 175,660.80	\$ 180,930.62	\$ 186,358.54	\$ 191,949.29	\$ 197,707.77
Annual Insurance \$	\$ 10,243.33	\$ 10,550.63	\$ 10,867.15	\$ 11,193.16	\$ 11,528.96	\$ 11,874.83	\$ 12,231.07	\$ 12,598.00	\$ 12,975.94	\$ 13,365.22
Annual Fuel Consumed	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869	120,869
Fuel Cost/mmbtu	\$ 9.404	\$ 9.686	\$ 9.977	\$ 10.276	\$ 10.585	\$ 10.902	\$ 11.229	\$ 11.566	\$ 11.913	\$ 12.270
Annual Fuel \$	\$ 1,136,689.04	\$ 1,170,789.71	\$ 1,205,913.40	\$ 1,242,090.80	\$ 1,279,353.53	\$ 1,317,734.13	\$ 1,357,266.16	\$ 1,397,984.14	\$ 1,439,923.67	\$ 1,483,121.38
<b>Annual Operating Costs</b>	<b>\$ 1,298,458.91</b>	<b>\$ 1,337,412.68</b>	<b>\$ 1,377,535.06</b>	<b>\$ 1,418,861.11</b>	<b>\$ 1,461,426.95</b>	<b>\$ 1,505,269.76</b>	<b>\$ 1,550,427.85</b>	<b>\$ 1,596,940.68</b>	<b>\$ 1,644,848.90</b>	<b>\$ 1,694,194.37</b>
<b>Net Cash Flow</b>	<b>\$ 179,642.58</b>	<b>\$ 148,156.43</b>	<b>\$ 216,067.09</b>	<b>\$ 241,783.54</b>	<b>\$ 235,892.63</b>	<b>\$ 218,435.04</b>	<b>\$ 194,684.49</b>	<b>\$ 169,080.99</b>	<b>\$ 174,608.60</b>	<b>\$ 175,876.87</b>
Discount Rate	1.6229	1.6959	1.7722	1.8519	1.9353	2.0224	2.1134	2.2085	2.3079	2.4117
Discounted cash flow	\$ 110,692.33	\$ 87,361.54	\$ 121,920.26	\$ 130,559.72	\$ 121,889.44	\$ 108,007.83	\$ 92,119.09	\$ 76,559.20	\$ 75,656.92	\$ 72,926.51
Total Discounted Cash Flow	\$ 1,638,882.34	\$ 1,726,243.88	\$ 1,848,164.14	\$ 1,978,723.86	\$ 2,100,613.30	\$ 2,208,621.13	\$ 2,300,740.23	\$ 2,377,299.42	\$ 2,452,956.34	\$ 2,525,882.86

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION TO OWEN  
ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 6**

**RESPONSIBLE PARTY: Mark A. Stallons**

**Request 6:** Reference the Stallons testimony, p. 3, lines 1-2. Please provide the following calculations on an Excel spreadsheet with all formulas fully intact, accessible and unprotected:

- a. All calculations used and relied upon in reaching the asserted net present value figure of approximately \$3.29 million; and
- b. All calculations used and relied upon to support the assertion that the project will yield power supply cost savings of approximately \$9.4 million over the next twenty years, as set forth on p. 2 of Owen's petition and on p. 3 of the Stallons testimony.

**Response 6a-b:** Please see the response to Request 11 of the Commission Staff's Initial Request for Information.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**RESPONSE TO INFORMATION REQUEST**

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ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 7**

**RESPONSIBLE PARTY: Mark A. Stallons**

**Request 7:** Reference the Stallons testimony, p. 4, lines 16-18. Please provide an update on the system impact study and the coordination study among Owen, EKPC, and Harshaw Trane. If either study has been completed then please provide copies.

**Response 7:** The system impact study will be completed by August 31, 2015, and the coordination study will be completed by September 30, 2015.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

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**REQUEST 8**

**RESPONSIBLE PARTY: Mark A. Stallons**

**Request 8:** Reference the Stallons testimony, p. 8, lines 3-6. Please confirm Owen will not need to hire any additional staff to maintain or operate the distributed generation facility.

**Response 8:** Owen confirms that it will not need to hire any additional staff to maintain or operate the distributed generation facility.

**OWEN ELECTRIC COOPERATIVE, INC.**

**PSC CASE NO. 2015-00213**

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION TO OWEN  
ELECTRIC COOPERATIVE, INC. DATED 7/30/2015**

**REQUEST 9**

**RESPONSIBLE PARTY: Mark A. Stallons**

**Request 9:** If the Commission awards the CPCN Owen seeks, provide a detailed explanation of how any projected savings that may occur as a result of this project will be recorded in Owen's books for accounting purposes, and how Owen intends to use the savings to "defer a future rate case," as set forth on p. 9 of the Stallons testimony.

- a. Is it Owen's intent to use any projected savings that may occur as a result of this project only in a single rate case, or in all rate cases that will be filed during the lifespan of the project?

**Response 9:** The projected savings that may occur as a result of this project will result in lower purchased power costs, which are recorded in account 555. The associated demand and energy savings will be used to defer a future rate case.

**Response 9a:** Owen's intent is to use any projected savings that may occur to defer rate cases during the lifespan of the project.