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RECEIVED

AUG 07 2012

PUBLIC SERVICE  
COMMISSION

**Via Overnight Mail**

August 6, 2012

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602


**Re: Case No. 2012-00063**

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of the KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S RESPONSES TO BIG RIVERS ELECTRIC CORPORATION, COMMISSION STAFF AND BEN TAYLOR AND SIERRA CLUB'S FIRST REQUEST FOR INFORMATION for filing in the above-referenced docket. Due to the size of the some of the attachments, we are only providing the Commission with the original and one (1) copy. I also enclose the CONFIDENTIAL ATTACHMENTS to be filed under seal.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,



Michael L. Kurtz, Esq.  
Kurt J. Boehm, Esq.

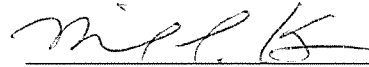
**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment

cc: Certificate of Service  
David C. Brown, Esq.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by overnight mail, unless other noted, this 6<sup>th</sup> day of August, 2012 to the following



---

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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APPLICATION OF BIG RIVERS ELECTRIC )  
CORPORATION FOR AN APPROVAL OF ITS )  
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SURCHARGE TARIFF, FOR CERTIFICATES OF )  
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FOR AUTHORITY TO ESTABLISH A )  
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**KIUC'S RESPONSES TO**  
**BIG RIVERS ELECTRIC CORPORATION'S**  
**FIRST REQUEST FOR INFORMATION**

1. Please provide supplements to Exhibits SJB-2 and SJB-3, in the existing format, but using data for 2017 instead of 2016. Separately, please do the same using data for 2018. Please provide these exhibits in electronic spreadsheet form with all cell formulas intact, and provide any other workpapers, calculations and assumptions used in developing the revised exhibits.

RESPONSE:

See attached confidential .Zip file.

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2. Please refer to pages 4 and 9 of Mr. Baron's testimony. Please explain why Mr. Baron thinks "the inclusions of fuel...in the 'allocator' is not appropriate" when allocating environmental costs among classes but is appropriate when allocating costs between off-system sales and sales to Big Rivers' members.

RESPONSE:

There are two reasons for Mr. Baron's position on this issue (allocation of retail environmental costs and wholesale environmental costs). First, wholesale revenues are determined by market prices and not by regulated cost of service in which "fuel" expenses can be removed. While it would be possible to subtract out Big Rivers average cost of fuel from wholesale market revenues, there is no basis to make such an assumption (i.e., market revenues are not based on cost, but rather the market prices driven by the market supply curve and the market demand curve). Second, this methodology is consistent with the methodology used by LGE and KU, and

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approved by the Commission, for separating environmental costs between wholesales off-system sales and the Kentucky retail jurisdiction.

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3. Please provide all workpapers, spreadsheets (in electronic form with formulas intact), and other documents supporting the calculations contained on page 10 of Mr. Baron's testimony.

RESPONSE:

See attached confidential .Zip file.

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4. Please refer to Baron Exhibits SJB-2 and SJB-3. Please provide these exhibits in electronic spreadsheet form with all cell formulas intact.

RESPONSE:

See attached confidential .Zip file.

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5. Have Domtar Paper Co., LLC and Kimberly-Clark Corporation each agreed to Mr. Baron's proposed cost allocation methodology?

RESPONSE:

Mr. Baron did not have any discussions with Domtar Paper Co., LLC and Kimberly-Clark Corporation regarding his proposed cost allocation methodology, but they did review his testimony before it was filed. Notwithstanding this, KIUC has supported this type of methodology in environmental cases in Kentucky for LGE, KU and Kentucky Power Company.



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6. Please refer to page 3 of Mr. Hayet's testimony. Please list each project in which Mr. Hayet has performed production cost modeling using the Planning and Risk model, the name of the utility involved, and the year Mr. Hayet performed each such modeling.

RESPONSE:

This is the first project in which Mr. Hayet has performed production cost modeling using the Planning and Risk model. However, Mr. Hayet has worked on projects in which he has reviewed and evaluated the use of the PaR model, including PacifiCorp's PaR production cost modeling analyses used in their 2005, 2007, and 2008 IRPs, and their 2011 request for certification of their Lake Side 2 combined cycle unit. In addition, the PAR model relies on the PROSYM engine, and in 2002 Mr. Hayet reviewed production cost modeling results performed by Duke Power in a NSR review project, and in 2011 Mr. Hayet reviewed modeling studies performed by Ameren in a NSR project. Further, as a PROMOD client service representative and in performing consulting work, Mr. Hayet frequently assisted clients or worked on consulting

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assignments that required performing benchmarks and other evaluations comparing PROSYM to PROMOD and STRATEGIST. One example Mr. Hayet specifically recalls was a project in which a Strategist database was developed of the Singapore Power system, and the results were compared to PROSYM results.

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7. Please refer to page 13 of Mr. Hayet's testimony, lines 14-17. Please identify each Pace market price forecast iteration that included CO<sub>2</sub> and each Pace market price forecast iteration that did not include CO<sub>2</sub>.

RESPONSE:

Mr. Hayet cannot identify which of PACE's 200 market price forecast iterations included CO<sub>2</sub> costs and which did not. Mr. Hayet knows that 200 CO<sub>2</sub> forecast iterations were developed by PACE and were used in the development of PACE's reference market price forecast. Big Rivers' response to KIUC's Data Request 2-28 explains that the reference market price forecast was representative of the mean outcome of the 200 market price forecast distribution. The representative mean outcome distribution, or the reference market price forecast, was used in the production cost runs that APM performed and that were incorporated in Mr. Hite's testimony. The fact that CO<sub>2</sub> costs were used in any of the 200 iterations influenced the development of the reference market price forecast, which impacted the production cost results.

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8. Please refer to page 17 of Mr. Hayet's testimony, line 19. Please identify each case that Mr. Hayet could not get to run and what precisely was done to resolve the issue.

RESPONSE:

Mr. Hayet does not have a record of the cases that would not run, but recalls it was half of the six cases that Big Rivers filed in testimony. After Mr. Hayet performed tests of the six cases, he met face-to-face with Ventyx and reviewed the matter, and determined that some of the index drivers were missing from the database. Once that was determined, Ventyx located the missing index drivers and emailed them to Mr. Hayet to load into the database. After tracking this down and correcting the problem, the model ran for each of the cases and the matter was resolved.

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9. Please provide the dates and times of all correspondence and communications between Mr. Hayet and anyone at APM, including direct telephone calls, conference calls, e-mails, faxes, or any other communications. Please provide a copy of all correspondence and a brief description of the subject and nature of each communication.

RESPONSE:

Mr. Hayet's only communications with APM included telephone calls and emails. All emails have been provided by KIUC in response to Big Rivers' First Request to KIUC 1-24, 1-25, 1-26, and 1-27. The emails contain the dates and time the emails were sent, and contain brief summaries of the nature of the emails. Mr. Hayet does not have a record of the dates and times of telephone calls, but can provide this general information, along with a description of the subject and nature of the telephone calls.

- Between May 22 and May 31, Mr. Hayet spoke two or three times with John Sturm with APM. Mr. Sturm was familiar with the Big Rivers project but did not perform the

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modeling work. Mr. Sturm explained that Brian Azman was responsible but was unavailable due to his vacation plans, and Mr. Sturm did his best to answer questions or to get answers. The nature of the conversations concerned how KIUC could get access to the model and database that APM used, and where the data came from that APM used in the study.

- Conference call Monday June 4 - The reason the call was set up was to have Ventyx, KIUC, Big Rivers and APM discuss technical details required for Mr. Hayet to be able to install the PaR model and the PaR model database of the Big Rivers' System that APM developed onto his computer. Given Big Rivers/APM's refusal to supply the exact database that was used to perform the study, the call turned into a discussion of KIUC's reasons for wanting to obtain the exact database, and Big Rivers/APM's reasons for its refusal to supply it.

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- Call on June 25th seeking information about files necessary to make specific runs. On this call, we discussed the missing run definitions, the case that had been run and the results that were produced including the accuracy of the results.
- Call around July 13th seeking clarification concerning the proper files necessary to reproduce APM's runs. This was to obtain more accurate information to understand the data necessary to reproduce APM's runs.

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10. Please refer to page 18 of Mr. Hayet's testimony, lines 12-13. For each case Mr. Hayet performed, please list each input and assumption he changed, explain why the input or assumption was changed, and provide all analyses, documents, or other bases supporting the change.

RESPONSE:

The changes Mr. Hayet made to the cases that APM performed are listed in his testimony beginning on page 19, along with the reasons the changes were made. The first change Mr. Hayet made is discussed on line 7 of that page. A list and explanation of the rest of the changes Mr. Hayet made is provided beginning on line 12 of that page.



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11. Please refer to page 18 of Mr. Hayet's testimony, lines 12-13. For each case Mr. Hayet performed, please provide all input files, input assumptions, output files, databases, run definitions, and any other files or information needed to replicate the results.

RESPONSE:

See the attached folder identified as DR.BREC.1.11.Attachments-Conf, which contains the two databases (input and output), PaR model output files, and the spreadsheet files that were created to perform the Net Present Value analysis for each of the cases included in Mr.Hayet's testimony.

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12. Please provide all spreadsheets, models, and supporting documentation, with formulas intact, for the table depicting the NPVRR on page 21 of Mr. Hayet's testimony.

RESPONSE:

See the attached folder identified as DR.BREC.1.12.Attachments-Non-Conf, which contains the tables found on pages 21 and 22 of Mr. Hayet's testimony. Also, see KIUC's response to Big River's DR 1-11 for the spreadsheets that were used to create the results that were incorporated in these tables.

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13. Please refer to the table on page 21 of Mr. Hayet's testimony.
- a. Please provide the annual figures for each of the cases in nominal dollars before they are discounted to present value.
  - b. Please provide this information both as a hard copy and in electronic format with formulas intact.
  - c. Please provide the discount rate used by Mr. Hayet.

RESPONSE:

- a. See the attached folder identified as DR.BREC.1.13.Attachments-Non-Conf, which contains a table with the annual figures for each of the cases in nominal dollars before they are discounted to present value.
- b. A hard copy attachment is provided.
- c. The discount rate Mr. Hayet used was 7.93%

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14. Please refer to page 22 of Mr. Hayet's testimony, lines 17-18. Please list each item of incremental VO&M costs he claims is not included in the results.

RESPONSE:

Mr. Hayet reviewed Company witness Berry's Exhibit 2, on page 2 of 2 and found that some of the entries on this page were not consistent with what appeared in the input database. Mr. Hayet did not conduct an analysis to determine each incremental VO&M costs were not included in the results.

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15. Please refer to page 8 of Mr. Kollen's testimony, lines 10-11.
- a. Please provide all analyses, documents, or other bases for his assertion that Big Rivers' management team is relatively inexperienced in large scale construction projects.
  - b. Please quantify, on a net present value basis, the dollar impact Mr. Kollen claims the alleged inexperience will have on the Build Case and the Buy Case.

RESPONSE:

- a. Please see attached descriptions and resumes of the relevant Big Rivers executive management team members with experience and responsibilities in production and transmission operations and maintenance.

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- b. Mr. Kollen has not quantified the dollar impact. However, as Mr. Kollen noted on page 27 of his testimony, the Company plans to act as the general contractor, yet it included no costs to do so in the cost estimates for each project.

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**In the Matter of:**

**APPLICATION OF BIG RIVERS  
ELECTRIC CORPORATION FOR A  
GENERAL ADJUSTMENT IN RATES**

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**Case No. 2011-00036**

**DIRECT TESTIMONY**  
**OF**  
**MARK A. BAILEY**  
**PRESIDENT & CHIEF EXECUTIVE OFFICER**  
**ON BEHALF OF**  
**BIG RIVERS ELECTRIC CORPORATION**

**FILED: March 1, 2011**

**Case No. 2011-00036**  
**Exhibit 48**  
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**DIRECT TESTIMONY  
OF  
MARK A. BAILEY**

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**DIRECT TESTIMONY  
OF  
MARK A. BAILEY**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Mark A. Bailey. I am employed by Big Rivers Electric Corporation ("Big  
9 Rivers") at 201 Third Street, Henderson Kentucky, 42420 as its President and Chief  
10 Executive Officer. I have held this position since October 2008. Previously, I was  
11 employed by Kenergy Corp. as its President and CEO for two years and prior to that by  
12 American Electric Power Company ("AEP") for nearly 30 years, beginning as an  
13 electrical engineer in 1974. A copy of my resume is attached as Exhibit Bailey-1 to my  
14 testimony.

15 **Q. Have you previously testified before this Commission?**

16 A. Yes. I have testified on behalf of Big Rivers previously. I testified in Case No. 2009-  
17 00040 and also in Case No. 2007-00455 (the "Unwind Proceeding"), in which Big  
18 Rivers and E.ON U.S. LLC sought and obtained the Commission's approval to unwind  
19 their 1998 lease transaction (the "Unwind Transaction"). Most recently I sponsored  
20 testimony and responses to discovery in Case No. 2010-00043, *In the Matter of:*  
21 *Application of Big Rivers Electric Corporation for Approval to Transfer Functional*  
22 *Control of Its Transmission System to Midwest Independent Transmission System*  
23 *Operator, Inc.* In addition, I have testified before state regulatory commissions in  
24 Arkansas, Texas, Louisiana, and Oklahoma.

25  
26

## MARK ALAN BAILEY

Home: 4008 Shady Hollow Drive  
Henderson, Kentucky 42420  
270-827-9046

Work: P.O. Box 24 - 201 Third Street  
Henderson, Kentucky 424 19  
270-827-2561

Big Rivers Electric Corp. **President & CEO**  
Henderson, Kentucky  
Oct. 2008 – present

Big Rivers Electric Corp. **Executive Vic President & COO**  
Henderson, Kentucky  
June 2007 – Oct. 2008

Kenergy Corp. **President & CEO**  
Henderson, Kentucky  
May 2004 – May 2007  
\*Responsible to an elected 11 member board for all facets of operations of a distribution electric cooperative serving approximately 54,000 members including 19 large industrial customers in portions of 14 counties in western Kentucky with ~ 160 employees, a peak demand of approximately 1,300 MW, annual kwh sales in excess of 9.4 billion, \$300 million in annual revenue, and \$210 million in assets

American Electric Power **Vice President Transmission Asset Management**  
Service Corporation  
Columbus, Ohio  
June 2000 - April 2004  
\*Managed AEP's \$2.5B transmission and substation assets located in eleven states, including \$100M annual O&M and \$250M capital expenditure decisions, as well as engineering and maintenance standards, annual maintenance and capital plans, development of strategic, business and incentive plans, system planning and interconnection agreements, regulatory and legislative policy formation and testimony, and all transmission related contracts

American Electric Power **Managing Director, Energy Delivery and Customer Relations**  
Service Corporation  
Columbus, Ohio  
Jan. 1998 - May 2000  
\*Responsible for administration of the Energy Delivery and Customer Relations business group consisting of the Transmission, Distribution, Marketing, System Operations, Public Relations, Regulatory functions and the state Presidents' offices including development of strategic, business and incentive plans, operational metrics, performance targets and monitoring systems  
\*Managed Transmission and Distribution Materials Management organization.  
\*Testified before 4 state Commissions in support of AEP's merger w/ CSW

American Electric Power **Director - Regions**  
Service Corporation  
Columbus, Ohio  
Jan. 1996 - Dec. 1997  
\*Directed the reorganized AEP'S six southern distribution regions serving nearly 1,300,000 customers in portions of 5 states with 2,700 company and 2,500 contractor employees  
\*Oversaw the Transmission and Distribution Materials Management Organization

Indiana Michigan **Vice President, Administration**  
Power  
Fort Wayne,  
Indiana  
Oct. 1994 - Dec. 1995  
\*Oversaw Marketing, Customer Services, Accounting, Rates, and Purchasing and Materials Management Departments as well as the Budgeting Section  
\*Chaired the company's Political Action Disbursements Committee  
\*Coordinated operating company administrative support for the company's three coal fired and one nuclear generating stations (6,200MW)

<p>Indiana Michigan Power Fort Wayne, Indiana 1989 - Sept. 1994</p>	<p><b>Vice President, Operations</b>  *Directed four operating divisions serving nearly 520,000 customers in 28 counties in Indiana and Michigan and a total of ~ 1,300 employees  *Oversaw Transmission and Distribution, Purchasing and Materials Management, System Operations, General Services and Land Management Departments at corporate headquarters  *Coordinated operating company administrative support for the company's three coal fired, one nuclear and five hydro power plants (6,200MW)</p>
<p>Oho Power Columbus, Ohio 1988 – 1989</p>	<p><b>Executive Assistant to the President</b>  *Assisted the AEP Executive Vice President - Operations performing studies and analyses such as ramifications of merging Ohio Power and Columbus Southern Power operating companies and design of a management incentive compensation system  *Lobbied on behalf of Ohio Power with the Ohio General Assembly</p>
<p>Ohio Power Cambridge, MA 1987 – 1988</p>	<p><b>Division Manager</b>  *Completed course work leading to attainment of a Masters Degree in Management as a Sloan Fellow at the Massachusetts Institute of Technology</p>
<p>Oho Power Tiffin, Ohio 1985- 1987</p>	<p><b>Division Manager</b>  *Managed all aspects of providing electrical service to 58,000 customers through five operating units consisting of 210 employees</p>
<p>Ohio Power Canton, Ohio 1983 – 1985</p>	<p><b>Administrative Assistant to the President</b>  *Coordinated operating company administrative support for the company's five fossil fired power plants (8,120MW)  *Oversaw operation and maintenance of the company's two unit, 48 MW hydro plant  *Assisted the President with various studies and assignments</p>
<p>Cardinal Operating Co. Cardinal Plant Brilliant, Ohio 1981 - 1983</p>	<p><b>Performance Superintendent</b>  *Directed department of 65 employees responsible for installation and maintenance of the plant's instruments and controls, engineering and thermal performance, and laboratory operations at the three unit, coal fired 1,860 MW plant  *Directly supervised start-up &amp; shut-downs of the 600 MW supercritical units</p>
<p>Ohio Power Muskingum River Plant Beverly, Ohio 1979 - 1981</p>	<p><b>Production Superintendent</b>  *Directed department responsible for operations of a five unit, coal fired 1,460 MW plant  *Directly supervised start-ups &amp; shut-downs of the plant's 600 MW supercritical unit, wrote plant operating procedures and trained operators following major modifications of the 600 MW Unit 5 steam generator &amp; precipitator addition</p>
<p>Ohio Power Gavin Plant Cheshire, Ohio 1975 – 1979</p>	<p><b>Performance Engineer</b>  *Various engineering positions of increasing responsibility at the two unit, 2,600 MW coal fired plant. Major areas of involvement included analyzing thermal performance, instrument and control installation and maintenance  *Wrote plant operating procedures for all the AEP system's 1,300 MW supercritical units</p>
<p>Ohio Power Portsmouth, Ohio 1974 - 1975</p>	<p><b>Electrical Engineer</b>  *Designed, laid out and specified material for construction of distribution facilities to serve retail customers in the Portsmouth division</p>

**Education:**

\*The Massachusetts Institute of Technology, Cambridge, Massachusetts  
Masters of Science in Management, 1988  
\*The Ohio Northern University, Ada, Ohio  
Bachelor of Science in Electrical Engineering with Distinction, 1974

**Honors and Activities:**

\*Board member – ACES Power Marketing  
\*Member of Tau Beta Pi National Engineering Honorary  
\*Member - Order of Kentucky Colonels  
\*Board member - Henderson Habitat for Humanity  
\*Board member – Kentucky Association of Electric Cooperatives  
\*Board member – Methodist Hospital, Henderson, Kentucky  
\*Board member - Methodist Hospital Foundation  
\*Board member - Leadership Kentucky  
\*Board member – National Renewables Cooperative Organization  
\*Board member - Kentucky Community & Technical College Foundation  
\*Board member – Henderson Community & Technical College Foundation  
\*Member- Henderson Rotary Club

February 2011

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

<b>APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES</b>	) ) ) ) )	<b>Case No. 2011-00036</b>
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**DIRECT TESTIMONY**  
  
**OF**  
  
**ALBERT M. YOCKEY**  
**VICE PRESIDENT, GOVERNMENTAL RELATIONS AND**  
**ENTERPRISE RISK MANAGEMENT**  
  
**ON BEHALF OF**  
  
**BIG RIVERS ELECTRIC CORPORATION**

**FILED:        March 1, 2011**

DIRECT TESTIMONY  
OF  
ALBERT M. YOCKEY

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**DIRECT TESTIMONY  
OF  
ALBERT M. YOCKEY**

5   **I. INTRODUCTION**

6  
7   **Q. Please state your name, business address, and position.**

8   A. My name is Albert M. Yockey. My business address is 201 Third Street, Henderson,  
9   Kentucky 42420. I am employed by Big Rivers Electric Corporation (“Big Rivers”) as  
10   its Vice President, Governmental Relations and Enterprise Risk Management.

11   **Q. Have you previously appeared before this Commission or other regulatory  
12   entities?**

13   A. Yes. I appeared before this Commission on behalf of Big Rivers in Case No. 2008-  
14   00408 (Consideration of the New Federal Standards of the Energy Independence and  
15   Security Act of 2007). I have participated in various informal conferences at the  
16   Commission including the recent Midwest ISO case and have assisted in preparing data  
17   responses in Big Rivers Fuel Adjustment Clause (“FAC”) and Environmental  
18   Surcharge (“ES”) cases before this Commission. Prior to my arrival at Big Rivers, my  
19   career included interfacing with numerous state commissions, and their respective  
20   staffs, during my tenure with American Electric Power (“AEP”) in Columbus, Ohio.  
21   These commissions were across the AEP footprint. I assisted in the preparation of  
22   testimony for AEP rate proceedings in Texas and Oklahoma. I have not previously  
23   sponsored direct testimony before this Commission.

24   **Q. Briefly describe your education and professional certifications.**

25   A. I received a Bachelor of Science in Electrical Engineering, Cum Laude, from the  
26   University of Pittsburgh in April, 1972. In May, 1979, I received a Master of Science  
27   in Electrical Engineering from Lehigh University. In May, 1994, I was awarded a Juris

1           Doctorate from The Capital University in Columbus, Ohio. I am a registered attorney  
2           in the State of Ohio and a registered Professional Engineer in the Commonwealth of  
3           Pennsylvania.

4   **Q.   Briefly describe your work experience before coming to Big Rivers.**

5   A.   While working on my undergraduate degree at the University of Pittsburgh, I worked as  
6           a summer laborer and engineering aide at the West Penn Power Company's Springdale  
7           Power Station. Upon graduating from the University of Pittsburgh, I was employed by  
8           the Pennsylvania Power & Light Company ("PP&L") as a Relay Engineer in the  
9           System Operating Department in 1972 and was promoted to a Project Engineer in 1976.  
10          The focus of my work was system projection and related requirements. From 1977 –  
11          1981, I was a Project Engineer in the Electrical Section of System Planning. Among  
12          many duties, I ran computer simulation of electrical systems, performed economic  
13          analysis of alternative expansion plans, and developed five-year and long-range plans  
14          for system reinforcements. As a Project Engineer in Energy Assessment and Capacity  
15          Planning Section of System Planning from 1981 -- 1985, I made economic evaluations  
16          of co-generation and alternative energy projects, assessed various energy and demand  
17          management options, and reviewed potential capacity and energy sales to other utilities.

18                 In 1985, I accepted a position as Senior Engineer in the Area Transmission  
19                 Planning Section of the System Planning Department of AEP Service Corporation in  
20                 Columbus, Ohio. My responsibilities included ensuring reliable operation of  
21                 transmissions facilities under normal and facility outage conditions, identifying future  
22                 system requirements, and justifying needed changes to management. As such, I  
23                 worked with many internal cross-functional teams, external customers, other utilities,  
24                 and regulatory agencies. In 2000 I became the Manager of Transmission Strategic  
25                 Issues reporting to the Vice President of Transmission Asset Management. My  
26                 responsibilities included divisional regulatory/legislative strategy development and



1 coordination. More specifically, I managed multiple state and federal requirements  
2 which required interfacing, as needed, with AEP departments within and outside  
3 transmission, and with commissions and their respective staffs across the AEP  
4 footprint. I held that position until 2008 when I came to Big Rivers.

5 **Q. Briefly describe your responsibilities at Big Rivers.**

6 A. As the Vice President, Governmental Relations and Enterprise Risk Management I am  
7 responsible for risk management and all government relations, including environmental  
8 and regulatory agencies. My responsibilities for the risk management function are  
9 more fully described in Section V – RISK MANAGEMENT PLAN AND PROGRAM.

10  
11 **II. PURPOSE OF TESTIMONY**

12  
13 **Q. What is the purpose of your testimony?**

14 A. My testimony describes the changes which Big Rivers' application proposes to make to  
15 its current tariff on file with this Commission. I also update the Commission on a  
16 number of Big Rivers' regulatory filings since the closing of the Unwind Transaction  
17 approved by this Commission in its Order dated March 6, 2009, in Case No. 2007-  
18 00455. I also describe Big Rivers' risk management plan and program. Finally, my  
19 testimony supports some of the filing requirements listed in 807 KAR 5:001.

20  
21 **III. DESCRIPTION OF TARIFF CHANGES**

22  
23 **Q. Please summarize the major changes or additions Big Rivers is proposing to its  
24 existing tariff.**

25 A. Big Rivers is proposing essentially five changes/additions to its tariffs. First, Big  
26 Rivers is reorganizing its tariff to include a General Index reflecting the major sections

1 of the tariff and listing the components of each section. I will describe below the  
2 reason for this reorganization later in my testimony. Next, Big Rivers is proposing  
3 adjustments to its rates. The proposed rate adjustments are more fully described in the  
4 direct testimony of Mr. William Steven Seelye. Third, Big Rivers is proposing to  
5 modify its Member Rate Stability Mechanism (“MRSM”) tariff in order to expand the  
6 time frame beyond 48 months in which the Economic Reserve will be exhausted. Mr.  
7 Seelye provides more details regarding this in his Direct Testimony. Fourth, Big  
8 Rivers is proposing to modify the Rural Economic Reserve Rider to eliminate the 24  
9 month schedule and replace it with a mechanism which is intended to use the credit as  
10 intended by the Commission, but at the same time modify the Rural Economic Reserve  
11 to operate seamlessly with the MRSM as more fully described in Mr. Seelye’s Direct  
12 Testimony. Fifth, Big Rivers is proposing a new tariff, the Non-Smelter Non-FAC  
13 PPA tariff, similar to the one approved by the Commission in regard to the Smelters in  
14 Case No. 2007-00455. The purpose of this tariff is to provide for the annual  
15 amortization of the Regulatory Account balance (approved by the Commission) to Big  
16 Rivers’ Members over a 12 month period, except for the initial amortization of the  
17 current Regulatory Liability balance, which will be distributed over a 24 month period.  
18 Mr. Seelye further explains the details of this tariff in his direct testimony.

19  
20 ***Tariff Reorganization***

21  
22 **Q. Please describe the reorganization Big Rivers is making to its tariff.**

23 A. Big Rivers’ Proposed Tariff reflects two reorganization components compared to its  
24 current tariff. First, the Proposed Tariff includes a General Index which allows the  
25 reader to more readily find information of interest. Second, the Proposed Tariff is  
26 divided into four major sections to also facilitate greater ease in locating information.

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

DIRECT TESTIMONY  
OF  
ROBERT W. BERRY  
VICE PRESIDENT, PRODUCTION  
ON BEHALF OF  
BIG RIVERS ELECTRIC CORPORATION

FILED: April 2, 2012

Case No. 2012-00063  
Exhibit 4  
Page 1 of 33

DIRECT TESTIMONY  
OF  
ROBERT W. BERRY

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1 **DIRECT TESTIMONY**  
2 **OF**  
3 **ROBERT W. BERRY**  
4

5 **I. INTRODUCTION**

6  
7 **Q. Please state your name, business address, and position.**

8 A. My name is Robert W. Berry. I am employed by Big Rivers Electric  
9 Corporation (“Big Rivers”), 201 Third Street, Henderson Kentucky, 42420  
10 as its Vice President of Production.

11 **Q. Please describe your job responsibilities.**

12 A. Big Rivers operates ten generating units at three locations in Western  
13 Kentucky. In my capacity as Vice President of Production, I am responsible  
14 for the safe and strategic operation and maintenance activities associated  
15 with Big Rivers’ generating assets, as well as Energy Services, which  
16 includes Resource Planning and Forecasting, Power Portfolio Optimization  
17 and Fuel Procurement.

18 **Q. Briefly describe your education and work experience.**

19 A. I hold an Associate degree in Mechanical Engineering Technology from the  
20 University of Kentucky Community College system and a Bachelor of  
21 Science in Business Management from Mid-Continent University. I have  
22 held the position of Vice President of Production since July 2009 upon the  
23 closing of the transaction that unwound Big Rivers’ 1998 lease with E.ON  
24 U.S., LLC and its affiliates (the “Unwind Transaction”), described in Case

1 No. 2007-00455. Prior to the closing of the Unwind Transaction, I was  
2 employed by Western Kentucky Energy Corporation ("WKE") for 11 years  
3 beginning as a Maintenance Manager in 1998. I held the position of Plant  
4 Manager of the Coleman Generating Station from 2000 until 2003, at which  
5 time I became the Plant Manager of the Sebree Generating Station.  
6 Altogether, I have over 31 years of experience in this system, having  
7 worked for both Big Rivers and WKE. A summary of my work experience is  
8 provided in Exhibit Berry-1.

9 **Q. Have you previously testified before the Kentucky Public Service  
10 Commission ("Commission")?**

11 **A.** Yes, I testified on behalf of Big Rivers in the Unwind Transaction  
12 proceeding, Case No. 2007-00455, and in Big Rivers' recent rate case, Case  
13 No. 2011-00036.

14  
15 **II. PURPOSE OF TESTIMONY**

16  
17 **Q. What is the purpose of your testimony?**

18 **A.** My testimony provides an overview of the request of Big Rivers in this  
19 proceeding and summarizes the other witnesses' testimony supporting Big  
20 Rivers' application. First, I provide an overview of Big Rivers' 2012  
21 environmental compliance plan ("2012 Plan"). I summarize the request for  
22 certificates of public convenience and necessity ("CPCNs") for facilities

## Professional Summary

Robert W. Berry  
Vice President, Production  
Big Rivers Electric Corporation  
201 3<sup>rd</sup> Street  
Henderson, Kentucky 42420  
(270) 844-6031

### Professional Experience

Big Rivers Electric Corp. 2009 to present

Vice President, Production

Western Kentucky Energy 1998 - 2009

General Manager

Plant Manager, Reid/Green/HMP&L Station

Plant Manager, Coleman Station

Maintenance Manager, Reid/Green/HMP&L Station

Big Rivers Electric Corp. 1981 - 1998

Maintenance Superintendent, Green Station

Maintenance Supervisor, Green Station

Various and Sundry Maintenance and Operations Positions

### Education

BS Business Management

Mid-Continent University

Associate in Applied Science, Mechanical Engineering Technology

University of Kentucky Community College System

Mechanical Maintenance Apprenticeship Program

Certified by Kentucky Department of Higher Education

Management, Leadership and Communication Training

Employer-sponsored programs

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

**APPLICATION OF BIG RIVERS  
ELECTRIC CORPORATION FOR A  
GENERAL ADJUSTMENT IN RATES**

)  
)  
)  
)

**Case No. 2011-00036**

**DIRECT TESTIMONY**  
**OF**  
**DAVID G. CROCKETT**  
**VICE PRESIDENT, SYSTEM OPERATIONS**  
**ON BEHALF OF**  
**BIG RIVERS ELECTRIC CORPORATION**

**FILED: March 1, 2011**

**Case No. 2011-00036**  
**Exhibit 53**  
**Page 1 of 11**



**DIRECT TESTIMONY  
OF  
DAVID G. CROCKETT**

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**DIRECT TESTIMONY  
OF  
DAVID G. CROCKETT**

5 **I. INTRODUCTION**

6  
7 **Q. Please state your name, business address, and position.**

8 A. My name is David G. Crockett. I am employed by Big Rivers Electric Corporation  
9 (“Big Rivers”), 201 Third Street, Henderson Kentucky, 42420, as its Vice President,  
10 System Operations. I have held this position since January 2006. Prior to 2006 I held  
11 several positions in the Engineering Department and in 1998 assumed responsibility for  
12 the Energy Control Department as Manager over both areas. Altogether I have been  
13 employed by Big Rivers for a total of 38 years. I am a registered Professional Engineer  
14 in Kentucky. I graduated in 1972 from the University of Kentucky with a Bachelor of  
15 Science degree in Electrical Engineering.

16 **Q. Have you previously testified before this Commission?**

17 A. Yes. I have testified before this Commission in transmission system-related cases.  
18 Most recently I testified in Case No. 2010-00043, *In the Matter of Application of Big*  
19 *Rivers Electric Corporation for Approval to Transfer Functional Control of its*  
20 *Transmission System to Midwest Independent Transmission System Operator, Inc.*

21  
22 **II. PURPOSE OF TESTIMONY**

23  
24 **Q. What is the purpose of your testimony?**

25 A. The purpose of my testimony is to (i) describe Big Rivers' experience to date with its  
26 status as a transmission-owning member of the Midwest Independent Transmission  
27 System Operator, Inc. ("Midwest ISO") which commenced on December 1, 2010; (ii)

ROBESON, E. M.

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**DIRECT TESTIMONY OF  
ERIC ROBESON  
ON BEHALF OF VECTREN ENERGY DELIVER OF INDIANA, INC.  
CAUSE NO. 43114 BEFORE THE  
INDIANA UTILITY REGULATORY COMMISSION**

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**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. Eric Robeson, One Vectren Square, Evansville, Indiana.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am Director of Generation Planning for Vectren Power Supply.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.**

A. I graduated with a BS in Mechanical Engineering from Rose Hulman in 1977. I obtained an MBA from Ball State in 1988. Since 1980 I have worked for Vectren or its predecessor companies. Following numerous engineering and supervisory positions at Vectren Energy Delivery of Indiana, Inc.'s ("Vectren Energy") power plants, I became Plant Manager at the Culley Power Plant in 1995. From 2000 to 2004 I served as Director of Coal and Utility Infrastructures for Vectren Enterprises, a non-regulated affiliate of Vectren. I have been in my current role since January 2005.

**Q. ARE YOU A REGISTERED PROFESSIONAL ENGINEER LICENSED IN THE STATE OF INDIANA?**

A. I have been a registered PE in the state of Indiana since 1982.

**Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES.**

A. My role is to determine the most cost effective means to provide reliable electric service to meet the future energy demands of Vectren Energy's customers. In doing so, I track trends and developments in the power industry, review and determine the impact of current and proposed government regulations, direct studies of potential supply side options, and oversee the IRP process within Vectren Energy. I also have the lead responsibility in managing Vectren Energy's involvement in any generation project under consideration.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

A. My testimony explains Vectren Energy's integrated resource planning ("IRP") process that is used for planning purposes to evaluate alternative methods of meeting the

Eric M. Robeson

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**KIUC'S RESPONSES TO**  
**BIG RIVERS ELECTRIC CORPORATION'S**  
**FIRST REQUEST FOR INFORMATION**

16. Please refer to page 15 of Mr. Kollen's testimony, lines 2-12. What dollar impact does correcting the alleged error have on the NPVRR of the Build Case, the Buy Case, and the difference between the two cases?

RESPONSE:

Mr. Kollen has not performed the quantifications necessary to isolate that one error.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC	)	
CORPORATION FOR AN APPROVAL OF ITS	)	
2012 ENVIRONMENTAL COMPLIANCE PLAN,	)	
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17. Please refer to Mr. Kollen's testimony, page 15 line 13 through page 16 line 7. What dollar impact does correcting the alleged error have on the NPVRR of the Build Case, the Buy Case, and the difference between the two cases?

RESPONSE:

Mr. Kollen has not performed the quantifications necessary to isolate that one error.

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18. Please refer to page 23 of Mr. Kollen's testimony, lines 10 and 13. Are the percent increases he refers to wholesale or retail increases?

RESPONSE:

The impact on customers was based on Big Rivers' wholesale revenue requirement. Big Rivers does not sell at retail.

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19. Please refer to page 24 of Mr. Kollen’s testimony, lines 12-14. Please list all of the “necessary steps” Mr. Kollen recommends that the Commission take to ensure that the smelters do not terminate their contracts, and provide a detailed explanation of how each step will achieve that objective.

RESPONSE:

Within the context of this proceeding, the Commission should adopt the KIUC recommendations. This will minimize the effect on the Smelters and other customers and maximize the Commission’s flexibility as explained in greater detail by Mr. Kollen and Mr. Baron in their respective testimonies in this proceeding.



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20. Please provide all spreadsheets, models and supporting documentation, with formulas intact, for the table depicting "all-in" non-smelter member revenue requirements, found on page 25 of Mr. Kollen's testimony.

RESPONSE:

Refer to the files provided in response to Question 22 on the enclosed CD.

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21. Please refer to page 29 of Mr. Kollen’s testimony, lines 7-11, where Mr. Kollen states that “if the Commission authorizes Big Rivers to proceed with ECP projects 4 and 5, then it will commit the Company, its creditors, and all of its customers to the completion of the projects, the financing of the projects, and the obligation to pay through rates for the projects.”

- a. Does Mr. Kollen believe that by approving projects 4 and 5 in the instant case, the Commission is waiving its authority to address future construction, operation, and ratemaking issues related to these projects? Please explain in detail.
  
- b. Does Mr. Kollen believe that if the Commission approves projects 4 and 5, then Big Rivers, its creditors, and/or its members waive any rights related to future consideration of the projects, their construction, operation, and future ratemaking treatment? Please explain in detail.

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RESPONSE:

- a. The approval will commit the Commission to providing rate recovery via environmental surcharge. Once the Commission allows the utility the construct new plant it will be very hard to reverse course even if the Buy case is less expensive and less risky. But the Buy case allows for building ECP projects 4 and 5 at a later date. The extent to which the Commission retains authority to “address future construction, operation, and ratemaking issues related to these projects” is a legal issue.
  
- b. Mr. Kollen cannot provide a detailed response to the question because it does not identify any or all of the “rights” that might be waived. Thus, the question would require Mr. Kollen to speculate as to the “rights” and/or the circumstances under which such “rights” might be waived. In addition, whether any party has waived any such rights is a legal issue.

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22. To the extent not provided in connection with a response to another Big Rivers information request, please provide all spreadsheets, models, and supporting documentation, with formulas intact, for each table in Mr. Kollen's testimony.

RESPONSE:

Refer to the files on the enclosed CD.

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23. Does KIUC agree with Ms. Wilson's testimony that Big Rivers should retire all of its coal units and construct natural gas combined cycle units? Please explain your response in detail.

RESPONSE:

KIUC did not study Ms. Wilson's recommendation, and therefore, does not take a position regarding this.

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24. Please provide all emails, memos, and other documents, sent by KIUC to the Kentucky Attorney General, Ventyx, or Sierra Club since January 1, 2012.

RESPONSE:

See attached.

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25. Please provide all emails, memoranda, and other documents sent to KIUC from the Kentucky Attorney General, Ventyx, or Sierra Club since January 1, 2012.

RESPONSE:

See attached.

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26. Please provide all emails, memos, and other documents, sent by KIUC to persons other than Big Rivers, the Kentucky Attorney General, Ventyx, or Sierra Club since January 1, 2012, regarding this case or analyses performed relating to Big Rivers' environmental compliance options.

RESPONSE:

See attached.



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27. Please provide all emails, memos, and other documents, sent to KIUC from persons other than Big Rivers, the Kentucky Attorney General, Ventyx, or Sierra Club since January 1, 2012, regarding this case or analyses performed relating to Big Rivers' environmental compliance options.

RESPONSE:

See attached.

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28. Please provide the dates and times of all correspondence and communications between Mr. Hayet and anyone at Ventyx, including direct telephone calls, conference calls, e-mails, faxes, or any other communications. Please provide a copy of all documents concerning, regarding, or related to that correspondence and a brief description of the subject and nature of each communication.

RESPONSE:

Refer to KIUC's response to Big Rivers Data Requests 24-27 which contain what Mr. Hayet believes he is permitted to distribute based on the confidentiality agreement he entered with Ventyx. Dates and times of that correspondence may be determined from those emails. The other communications Mr. Hayet had with Ventyx were via face-to-face meetings and telephone/conference calls. Mr. Hayet met with Ventyx on June 25th, 26th, and July 2nd for installation and training services. Mr. Hayet does not have records indicating the dates and times of telephone calls as typically they were made ad-hoc, though records associated with some calls

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may be determined from the email documents Mr. Hayet has supplied. Mr. Hayet does recall that some calls related to Monte Carlo modeling, the specification of \$/MBTU for emissions inputs, input files needed to make PaR runs, space allocation issues for databases.

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29. Please provide a copy of all documents, whether hardcopy or electronic, Mr. Hayet received from Ventyx or that were prepared by or for him, in whole or in part, while at Ventyx.

RESPONSE:

See the attached folder DR.BREC.1.29.Attachments-Non-Conf, which contain notes that Mr. Hayet took while at Ventyx. Mr. Hayet did receive some files that were necessary to load the database and PaR model on his computer, which Mr. Hayet understands has been supplied to Big Rivers' consultant, APM. The only other documents that Mr. Hayet received from Ventyx included installation documents, EPM, PaR and PROSYM reference manuals and a PaR training presentation, all of which are confidential documents of Ventyx and cannot be distributed without a signed confidentiality agreement with Ventyx. Regardless, Big Rivers consultant, APM should have copies of these documents since it is a Ventyx client.

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30. Mr. Hayet claims that there are other ways in Planning and Risk to derive a more optimal dispatch than the method used by APM in the Buy Case.

- a. What strategies, if any, did Mr. Hayet test?
- b. What were the results of those strategies?
  - i. Please provide model setup, output, spreadsheets, and other documents, in electronic form with formulas intact.
  - ii. Please provide the NPVRR of the Big Rivers Buy Case using all of the inputs and assumptions in the Buy Case Big Rivers filed and correcting for none of Mr. Hayet's alleged errors, except using each of the strategies proposed in your response to part a, above.

RESPONSE:

- a. See page 23 of Mr. Hayet's testimony, beginning at line 23.
- b. See part a above.

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31. Please provide the dollar impact on the NPVRR of the Big Rivers Build Case, No Smelter Build Case, Buy Case, and No Smelter Buy Case, of each error Mr. Hayet alleges.

RESPONSE:

Mr. Hayet has not performed the quantifications necessary to isolate the errors.

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32. In his changes to the models, inputs, and assumptions provided by Big Rivers or APM, did Mr. Hayet take into account (especially in the Buy scenarios) that generation had be to curtailed at least down to the CSAPR variability limits? If so, how?

RESPONSE:

Yes. Mr. Hayet examined the SO2 and NOx emissions for the cases he performed and compared those to the CSAPR variability limits, and determined that the annual emissions fall below the CSAPR variability limits.