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October 7, 2014

Via Federal Express

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

RECEIVED

OCT 08 2014

PUBLIC SERVICE  
COMMISSION

RE: *BIG RIVERS ELECTRIC CORPORATION'S FILING OF  
WHOLESALE CONTRACTS PURSUANT TO KRS  
278.180 AND 807 KAR 5:011 §13, CASE NO. 2014-00134*

Dear Mr. Derouen:

Enclosed for filing in this matter on behalf of Big Rivers Electric Corporation ("*Big Rivers*") are originals and ten copies of the rebuttal testimonies of Lindsay Barron and John Wolfram. I certify that copies of this filing have been served this day by overnight courier on each of the persons shown on the attached service list.

Big Rivers gives notice pursuant to 807 KAR 5:001§13(9) that material originally submitted by Big Rivers in this matter for which confidential treatment has been granted or sought is redacted in the public version of the rebuttal testimony of Lindsay Barron, and one copy of the relevant pages of her rebuttal testimony with that confidential material highlighted in yellow is also included with this filing.

1. Certain of the confidential materials redacted from the rebuttal testimony of Lindsay Barron were granted confidential treatment by order of the Public Service Commission ("*Commission*") in this matter dated September 10, 2014.

2. Certain of the confidential materials redacted from the rebuttal testimony of Lindsay Barron are the subject of a petition for confidential treatment filed by Big Rivers on July 15, 2014, in

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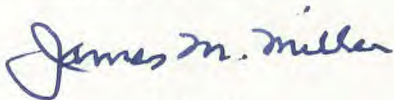
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connection with its responses to the initial round of information requests from the Commission and the intervenors.

3. Certain of the confidential materials redacted from the rebuttal testimony of Lindsay Barron are the subject of a petition for confidential treatment filed by Big Rivers on August 12, 2014, in connection with its responses to the supplemental round of information requests from the Commission and the intervenors.

Please feel free to contact me if you have any questions regarding this filing.

Sincerely yours,

A handwritten signature in blue ink that reads "James M. Miller". The signature is written in a cursive style with a large initial "J" and "M".

James M. Miller  
Counsel for Big Rivers Electric Corporation

JMM/lm  
Enclosures

cc: Billie Richert, Big Rivers Electric Corporation  
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Service List  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RECEIVED  
OCT 08 2014  
PUBLIC SERVICE  
COMMISSION

REBUTTAL TESTIMONY  
OF  
LINDSAY N. BARRON  
VICE PRESIDENT, ENERGY SERVICES  
ON BEHALF OF  
BIG RIVERS ELECTRIC CORPORATION

FILED: October 8, 2014

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**REBUTTAL TESTIMONY  
OF  
LINDSAY N. BARRON**

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**REBUTTAL TESTIMONY  
OF  
LINDSAY N. BARRON**

5 **I. INTRODUCTION**

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

7 A. My name is Lindsay N. Barron. I am employed by Big Rivers Electric Corporation  
8 (“Big Rivers”), 201 Third Street, Henderson, Kentucky 42420, as Vice President,  
9 Energy Services.

10 **Q. What is your involvement in the development of the Nebraska agreements and  
11 this proceeding?**

12 A. I was the Big Rivers representative in the negotiation of the three agreements that are  
13 the subject of this proceeding. The “Summary of Nebraska PPAs” was prepared under  
14 my direction, and I have responded to certain information requests issued to Big Rivers  
15 in this proceeding.

16 **Q. Have you previously testified before the Kentucky Public Service Commission?**

17 A. Yes. I have testified before the Kentucky Public Service Commission (“Commission”)  
18 several times, most recently in Case No. 2012-00535 and Case No. 2013-00199.

19  
20 **II. PURPOSE OF TESTIMONY**

21 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

22 A. This testimony supports the reasonableness of the Nebraska agreements by rebutting  
23 the “Attorney General’s Comments In Lieu of Testimony” (“AG Comments”) filed by  
24 the Office of the Attorney General of Kentucky (“Attorney General”), and the  
25 testimony of Mr. Lane Kollen filed by Kentucky Industrial Utility Customers, Inc.

1 (“KIUC,” and collectively with the Attorney General, the "Opposing Intervenors").  
2 Specifically, I will rebut the Opposing Intervenor arguments and explain (a) why the  
3 terms of the Nebraska Agreements are reasonable and should be approved by the  
4 Commission, and (b) why the Commission should review and approve the Nebraska  
5 Agreements without delay.

6  
7 **III. THE TERMS OF THE NEBRASKA AGREEMENTS ARE REASONABLE AND**  
8 **SHOULD BE APPROVED BY THE COMMISSION**

9 **Q. Please identify the agreements for which approval is sought.**

10 **A.** The agreements for which approval is sought are:

- 11 • Market Based Rate Partial and Full Requirements Agreement dated as of  
12 December 20, 2013, by and between Big Rivers and Northeast Nebraska Public  
13 Power District, as amended by Amendment No. 1 dated as of May 27, 2014  
14 (“NeNPPD Agreement”);
- 15 • Market Based Rate Partial and Full Requirements Agreement dated as of  
16 December 20, 2013, by and between Big Rivers and City of Wayne, Nebraska,  
17 as amended by Amendment No. 1 dated as of June 11, 2014 (“Wayne  
18 Agreement”); and
- 19 • Market Based Rate Partial and Full Requirements Agreement dated as of  
20 December 31, 2013, by and between Big Rivers and City of Wakefield,  
21 Nebraska, as amended by Amendment No. 1 dated as of June 11, 2014  
22 (“Wakefield Agreement,” and together with the NeNPPD Agreement and the  
23 Wayne Agreement, the “Nebraska Agreements” with the “Nebraska Entities”).

1           A.     REASONABLE TRANSACTION TERMS

2     **Q.     Both the Attorney General and the KIUC suggest that the terms of the Nebraska**  
3     **Agreements are unreasonable. Please summarize why Big Rivers believes the**  
4     **terms of the Nebraska Agreements are reasonable.**

5     A.     Big Rivers’ Load Concentration Analysis and Mitigation Plan (“Mitigation Plan”)  
6     envisioned a diverse portfolio of power supply contracts, the margins from which  
7     would contribute to the fixed costs of Big Rivers operations currently being funded by  
8     Big Rivers’ Members. Diversity of the portfolio is important, as the rating agencies  
9     have viewed the load concentration with the aluminum smelters as a key negative  
10    rating driver.

11           The Nebraska Agreements are reasonable because (a) they will provide a  
12    significant contribution to Big Rivers’ fixed costs that will not have to come from Big  
13    Rivers’ Members, (b) the Nebraska load is primarily stable residential and small  
14    commercial load, and (c) they provide diversity to Big Rivers’ power portfolio and a  
15    long-term stable revenue stream that will prove beneficial, including helping in the  
16    effort to restore Big Rivers’ investment grade credit ratings with the rating agencies.  
17    Big Rivers’ view of the reasonableness of the Nebraska Agreements is supported by the  
18    confidential study performed for Big Rivers by ACES titled “Valuation and Risk  
19    Assessment of Energy and Capacity Sale to Nebraska Entities for Big Rivers Electric  
20    Corporation-October 30, 2013” (the “ACES Study”).

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23



1 **Q. What margin does Big Rivers expect to receive from the Nebraska Agreements?**

2 A. Based on the valuation estimate supplied by ACES in its study, the proposed Nebraska  
3 transactions studied were expected to add more than \$ [REDACTED] in contribution to  
4 fixed costs over the contract period.

5 **Q. Does the \$ [REDACTED] contribution you just referenced include margins from an  
6 originally-anticipated sale to the City of South Sioux that has not materialized?**

7 A. Yes. As stated in the ACES Study, that study is based upon transactions that include  
8 South Sioux. The discussions regarding the \$ [REDACTED] number have all been in the  
9 context of the ACES Study. If the margin increment attributable to South Sioux is  
10 subtracted, the actual contribution to margins in the ACES Study from the remaining  
11 three entities that are parties to these Nebraska Agreements is an estimated \$ [REDACTED].  
12 This estimate is based upon total estimated revenues of \$ [REDACTED], and total  
13 estimated expenses of \$ [REDACTED], as can be calculated in the spreadsheet included in  
14 the confidential electronic attachment to the response of Big Rivers to AG 2-1(file Big  
15 Rivers – NeNPPD Transaction Summary Final.xlsx).

16 **Q. Has the City of South Sioux City chosen a supplier for their future power supply  
17 at this time?**

18 A. No, not yet. South Sioux City continues to consider several suppliers, including Big  
19 Rivers.

20 **Q. If South Sioux City chooses Big Rivers as a supplier, will Big Rivers file the  
21 agreement with Sioux City with the Commission for approval?**

22 A. Yes. We would submit the new agreement to the Commission and the Rural Utilities  
23 Service (“RUS”).

1 Q. Did you submit the Nebraska Agreements to the RUS for review?

2 A. Yes. RUS approved the three Nebraska Agreements on September 9, 2014.

3

4 B. INDEX PRICING

5 Q. Why do you have confidence that indexing the rates in the Nebraska Agreements  
6 to the rates of the Nebraska Public Power District (“NPPD”) will produce the  
7 margins you have forecasted?

8 A. The analysis conducted by ACES made conservative assumptions regarding the  
9 valuation of the Nebraska Agreements. The assumption for [REDACTED]

10

11 [REDACTED]. As such, Big Rivers considers it quite  
12 likely that NPPD’s cost-based rates will increase at least as much as projected, if not  
13 more. Likewise, the [REDACTED] discussed in the  
14 ACES Study is currently significantly greater than [REDACTED]. But  
15 in the ACES Study, the [REDACTED]  
16 [REDACTED].

17 Q. On page 3 of the AG Comments, the Attorney General laments that “the contract  
18 rate [REDACTED]

19 [REDACTED] On page 23 lines 7-8 of his testimony, Mr. Kollen states that “it is not  
20 prudent or reasonable for Big Rivers to price PPA sales to the [REDACTED] load  
21 based on [REDACTED].” In this case, do you agree?

22 A. No. In this case, it is reasonable for Big Rivers to index the pricing in the Nebraska  
23 Agreements to the tariff rates of NPPD. Indexing to the rates of NPPD will produce

1 steady revenues. Tariffed utility rates are cost-based, and are not prone to the more  
2 significant volatility of over-the-counter energy market prices, which vary closely with  
3 commodity prices. In other words, tariff rates generally change less frequently than  
4 market rates. When tariff rates do change, they typically increase rather than decrease,  
5 which reduces the risk to Big Rivers of indexing to a tariff rate. Remember that the  
6 reasons the Nebraska Entities began looking for other power suppliers were their  
7 concerns about NPPD's future rates after NPPD released an analysis indicating the  
8 potential to spend \$1.5 billion to comply with EPA environmental requirements.  
9 Further reducing this risk is the fact that tariff rates are cost-based, and as such, they  
10 have a floor. Locational marginal prices in integrated RTO markets, on the other hand,  
11 are not based on a single utility's cost to serve, and can reach levels lower than typical  
12 average cost-based rates, particularly in the off-peak periods.

13

14 **C. THE ACES STUDY**

15 **Q. The ACES Study has been filed in this matter in response to Commission Staff**  
16 **information request PSC 1-3. Mr. Kollen states on page 26 line 12 of his testimony**  
17 **that [REDACTED]**

18 **[REDACTED]. Does ACES [REDACTED]**  
19 **[REDACTED]?**

20 **A. No. As noted in the study, Big Rivers asked ACES to evaluate the potential margins**  
21 **available from, and identify any risks associated with, the proposed transactions with**  
22 **the Nebraska Entities. Big Rivers did not ask ACES [REDACTED]**  
23 **[REDACTED]. As ACES notes in the study, [REDACTED]**

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[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Big Rivers did not request ACES [REDACTED]  
[REDACTED]. Big Rivers believes the ACES  
study [REDACTED]. Mr. Kollen  
implies that ACES [REDACTED],  
which is simply not true.

**Q. Mr. Kollen states on page 27 line 6 that for the Nebraska Agreements, “the ACES analysis projects [REDACTED] Is there a [REDACTED] [REDACTED] in the ACES Study?**

**A.** No, there is no [REDACTED] in the ACES Study. [REDACTED]  
[REDACTED]  
[REDACTED]. The terms [REDACTED]  
[REDACTED]. By using the  
term [REDACTED] Mr. Kollen implies that by doing nothing, Big Rivers will [REDACTED]  
[REDACTED]. This is incorrect. The  
[REDACTED] in the ACES Study is a “what if” case; a sensitivity. It is  
not and was not an available transactional alternative to the Nebraska Agreements.

1 Q. Mr. Kollen further asserts on page 27 line 5 of his testimony that there is “no  
2 benefit” to the Nebraska Agreements [REDACTED] Is this  
3 correct?

4 A. No. The assertion that [REDACTED]  
5 [REDACTED]  
6 [REDACTED]. In addition, the Nebraska  
7 Agreements sales provide a hedge against market prices for Big Rivers and its  
8 Members. A diversified portfolio is a positive for any investor and Big Rivers’  
9 Members are no different. The Nebraska Agreements sale is a small sale, but as part of  
10 a larger portfolio, it will be a good fit and provide diversification and a hedge against  
11 the volatility of the electricity market. The rates of NPPD almost certainly will be less  
12 volatile than the forward electricity market price curve. Implementing hedges over the  
13 coming years will reduce Big Rivers’ Members’ risk.

14 Likewise, the price at which the Nebraska Entities would purchase power today  
15 is much higher than market. The projected market prices assumed in Big Rivers’  
16 analysis show significant value for its Members in the future; however, the [REDACTED]  
17 [REDACTED]  
18 and there are currently no comparable, long-term bilateral capacity or energy  
19 transactions available in the market. If Big Rivers were able to transact at prices in  
20 excess of the Nebraska contract at this time, Big Rivers would have already done so.  
21 Again, hedging over a number of years will allow Big Rivers to procure sales over a  
22 period of time, allowing diversity in load, contract length, structure and price.

1 Q. Mr. Kollen repeatedly asserts that the Nebraska Agreements will cause Big Rivers  
2 to lose margins [REDACTED]. He  
3 even claims on page 19 and 20 that [REDACTED]

4 [REDACTED]  
5 [REDACTED] Are these characterizations reasonable?

6 A. No. As I point out above, [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 Mr. Kollen unreasonably implies that the ACES Study supports his contention  
13 that there is a reasonable risk that [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

21

1 **Q. Is Mr. Kollen accurate when he says on page 26 of his testimony that there “is no**  
2 **downside risk” from selling power into MISO on a day-ahead basis versus the**  
3 **transaction contained in the Nebraska Agreements?**

4 A. No. One obvious downside that I have already pointed out is that Big Rivers [REDACTED]  
5 [REDACTED].

6 Another is that the prices in the MISO forward market can decline from currently-  
7 forecasted levels; they are not cost-based like the NPPD rates. As I have pointed out in  
8 this rebuttal testimony, there are distinct advantages to Big Rivers and its Members  
9 from the Nebraska Agreements that do not exist in the option of selling into MISO on a  
10 day-ahead basis. There is no question, however, that sales into MISO will be a  
11 component of Big Rivers’ portfolio going forward. But Big Rivers will continue to  
12 strive to develop a diversified portfolio of sales that will enable Big Rivers to hedge its  
13 market and customer risk, generate stable revenue streams for the future, and bring  
14 optimal value to its Members.

15 **Q. Is Mr. Kollen correct when he says on page 16 of his testimony that the loss of one**  
16 **or more of Big Rivers’ generating units is a “significant risk factor” for the**  
17 **Nebraska Agreements?**

18 A. No. The risk of generation loss is no more significant for the Nebraska Agreements  
19 than it is for any other off-system sale, including sales into MISO that Mr. Kollen  
20 supports.

21  
22

1 **Q. Mr. Kollen goes on to characterize sales into MISO as “not comparable to the**  
2 **obligation to serve regardless of the economics” (page 25), not requiring “selling at**  
3 **a loss if the Company’s costs to generate or purchase power are greater than the**  
4 **revenues” (page 25), and inherently more flexible because “they can be curtailed**  
5 **or terminated” (page 31). Are these characterizations accurate?**

6 **A.** No. Mr. Kollen paints a risk-free picture of the MISO market that is inaccurate. No  
7 sale of power is risk-free. In any given hour, a firm sale into MISO is no “less firm”  
8 than the sale under the Nebraska Agreements. The obligation to serve, even at a loss, is  
9 the same for the Nebraska Agreements sale and a firm sale into the MISO market;  
10 neither sale can simply be curtailed or terminated arbitrarily by Big Rivers. Mr. Kollen  
11 considers the short terms of MISO forward sales to be an advantage, while Big Rivers  
12 views the short terms of MISO forward sales to be a potential risk that should be  
13 hedged against, when possible, with sales like the proposed Nebraska Agreements  
14 transactions.

15

16 **D. MERCHANT GENERATION**

17 **Q. The Attorney General claims on page 4 of the AG Comments that Big Rivers “will**  
18 **be engaging in unregulated merchant generation” which is exposed to “enormous**  
19 **risks” from which Big Rivers is unlikely to be able to shield its ratepayers. Do you**  
20 **agree with this characterization?**

21 **A.** No. Big Rivers is not a merchant generator and has no desire to become a “merchant  
22 generator” as characterized by the Attorney General. Proposing to enter into a long-  
23 term sale of up to ■ MW does not transform Big Rivers into a merchant generator.



1 Big Rivers is a regulated utility that did not construct its generating facilities for the  
2 purpose of making unregulated market sales. With respect to its current capacity  
3 situation, Big Rivers is where it is. Big Rivers' Members own valuable assets, and Big  
4 Rivers is responsible for ensuring those assets are providing value to its Members as  
5 Big Rivers works its way through its Mitigation Plan. The Nebraska Agreements are a  
6 reasonable step in securing replacement load pursuant to that plan.

7 **Q. The Attorney General claims on page 4 of the AG Comments that ratepayers**  
8 **should be “guaranteed any margins” from the Nebraska Agreements, and Mr.**  
9 **Kollen claims on page 29 of his testimony that customers should not be required to**  
10 **“backstop any negative effects of the Company’s decisions.” How do you**  
11 **respond?**

12 A. Big Rivers disagrees with these claims. Big Rivers uses its best judgment to make  
13 transactions that will benefit its Members. Since Big Rivers is an electric G&T  
14 cooperative, there are no profit-taking shareholders to back up individual market  
15 transactions. Big Rivers cannot operate in the manner suggested by the Attorney  
16 General, with the only alternative being not to make sales of available power. From a  
17 ratemaking standpoint, the Nebraska Agreements should not be treated differently than  
18 other off-system sales made by Big Rivers. This is described more fully in the Rebuttal  
19 Testimony of John Wolfram.

1 E. QUALIFYING CAPACITY

2 Q. Mr. Kollen contends that [REDACTED]  
3 [REDACTED] under the  
4 Nebraska Agreements. Does that commitment by Big Rivers amount to [REDACTED]  
5 [REDACTED] under the Nebraska Agreements?

6 A. Absolutely not. It is in the distinct best interest of Big Rivers [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED], so this results in additional margins for Big Rivers and its Members in  
11 this transaction. There is also no risk to Big Rivers as a result of that contractual  
12 provision because Big Rivers [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]

19 [REDACTED] This subject is also discussed in Big Rivers'  
20 responses to information requests PSC 2-1 and AG 1-2.

21  
22

1           **F.       NPPD FUEL MIX AND EPA CLEAN POWER PLAN**

2           **Q.       Mr. Kollen asserts on pages 24-25 of his testimony that because NPPD has a**  
3           **different generation fuel mix than Big Rivers, its rates will be impacted less by**  
4           **environmental regulations affecting coal-fired power plant emissions than will Big**  
5           **Rivers. Do you believe NPPD’s rates are at less risk for increase than Big Rivers’**  
6           **given their different fuel mix?**

7           A.       No. NPPD’s generation mix includes natural gas and nuclear supply. The historical  
8           volatility of the natural gas market is well documented (see Exhibit Barron-1) and will  
9           likely lead to increased costs for NPPD in the future. Likewise, NPPD’s nuclear  
10          facility will likely face additional scrutiny in the future as a result of the Fukushima  
11          nuclear plant meltdown in Japan. These two fuels will likely be beneficial to NPPD in  
12          a carbon constrained world; however, Big Rivers has the ability to terminate the  
13          Nebraska Agreements if carbon legislation or regulation is enacted to regulate, tax,  
14          limit or restrict carbon emissions. As such, this fuel diversity should cause no cost  
15          advantage for NPPD in a non-carbon constrained environment. For these reasons, Mr.  
16          Kollen’s assertion regarding the significance of the NPPD fuel mix is irrelevant.

17          **Q.       To what extent will the Nebraska Agreements complicate the ability of the**  
18          **Commonwealth of Kentucky to comply with the “Clean Power Plan,” as suggested**  
19          **by Mr. Kollen on page 30 of his testimony?**

20          A.       As currently proposed, the EPA’s “Clean Power Plan” is based on an emission rate, not  
21          a mass emission amount. As such, Big Rivers’ production of generation to serve the  
22          Nebraska Entities will not impact the state’s ability to meet an emission rate any more  
23          so than Big Rivers generating power to sell into MISO. Unless all sales from utilities

1 in Kentucky into other states, MISO, PJM, SPP, or other integrated markets will also  
2 “complicate” the ability of the Commonwealth to comply with the EPA’s “Clean Power  
3 Plan,” there is no incremental risk on this issue associated with the Nebraska  
4 Agreements.

5  
6 **G. IRRIGATION RATE**

7 **Q. Big Rivers commits in Section 3.13 of the Nebraska Agreements to provide**  
8 **wholesale service for up to approximately 15 MW of irrigation load [REDACTED]**  
9 **[REDACTED]. Mr. Kollen claims on page 11 lines 11-13 of his testimony that**  
10 **Big Rivers is asking the Commission to “approve an unknown rate.” Is that what**  
11 **Big Rivers is asking?**

12 **A.** No. Big Rivers is not asking the Commission to approve an unknown rate for irrigation  
13 service. Mr. Kollen contends [REDACTED] is a deficiency in  
14 the Nebraska Agreements, even though he also acknowledges that Big Rivers has said  
15 that the Commission will have to approve any irrigation rate before it becomes  
16 effective.

17 The [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

1 Big Rivers clarified in its response to AG 1-8 that any irrigation rate would be  
2 submitted to the Commission for approval. When an irrigation rate is submitted to the  
3 Commission, the Commission can “assess the risk associated with the obligation  
4 against the revenues and margins that may be obtained,” answering the other objection  
5 to the irrigation rate provision raised by Mr. Kollen on page 17 lines 1-4 of his  
6 testimony.

7 **Q. Mr. Kollen argues that the economic development incentive rate contained in**  
8 **Section 3.11 of the Nebraska Agreements is unreasonable, and that Big Rivers**  
9 **should focus on providing economic development incentives in Kentucky. Why is**  
10 **Section 3.11 reasonable?**

11 A. Section 3.11 of the Nebraska Agreements provides a rate to the Nebraska Entities that  
12 they will use for economic development purposes, and that is based upon Big Rivers’  
13 economic development rate. Big Rivers does not contend that it is offering an  
14 “economic development rate” to the Nebraska Entities, or that any rate that will be  
15 offered under Section 3.11 can be justified under the Commission’s guidelines from  
16 Administrative Case No. 327. Any rate under Section 3.11 will be based upon the  
17 economic development rate Big Rivers has in effect at the time a Nebraska Entity  
18 requests the rate. Big Rivers would anticipate that any specific rate that Big Rivers  
19 provides in response to a request under Section 3.11 will require a contract amendment  
20 that will be submitted to the Commission, RUS and any creditor or governmental  
21 authority that is required to review such agreements. Big Rivers has seen no evidence  
22 to suggest that this rate will get much use, but it became an important issue for the  
23 Nebraska Entities during the contract negotiations.

1           Mr. Kollen knows from prior cases involving Big Rivers before this  
2 Commission that Big Rivers is offering, through its Members, an economic  
3 development incentive rate in Kentucky to grow Big Rivers' system native load. The  
4 Nebraska Agreements do not impede that effort in any respect.

5

6       **H.     DISPOSITIONS OF MARGINS**

7       **Q.     KIUC and the Attorney General have both suggested that Big Rivers should be**  
8       **forced to return any margins earned by Big Rivers under the Nebraska**  
9       **Agreements to its Members through the Economic Reserve. What is Big Rivers'**  
10       **view on that proposal?**

11       A.     Big Rivers disagrees strongly with that position, and the position that Big Rivers should  
12       have no discretion to make such decisions itself. Mr. Wolfram, in his rebuttal, speaks  
13       to the ratemaking reasons that make the Opposing Intervenor suggestions unacceptable.  
14       I would point out that even with no incremental rate reductions, margins from the  
15       Nebraska Agreements provide other potential benefits to Big Rivers and its Members,  
16       including offsetting future cost increases, building equity, potentially improving credit  
17       ratings, and lowering interest rates on borrowings where interest rates are tied to credit  
18       ratings.

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1 **IV. THE NEBRASKA AGREEMENTS SHOULD BE REVIEWED AND**  
2 **APPROVED AS SOON AS POSSIBLE**

3 **Q. The Attorney General suggests on page 5 of the AG Comments that Commission**  
4 **approval of the Nebraska Agreements be postponed until after the final report is**  
5 **issued in the focused audit ordered in Case No. 2013-00199, or that the contracts**  
6 **be approved “subject to the audit process.” Are these reasonable alternative**  
7 **suggestions?**

8 A. No. First, the RFP issued by the Commission in the focused audit contemplates that the  
9 final report will be issued approximately five months after the November 19, 2014,  
10 start date for the focused audit, or approximately on April 19, 2015. I strongly believe  
11 that a delay of at least that magnitude with the accompanying, continuing uncertainty  
12 about regulatory approvals will force the Nebraska Entities to look immediately for  
13 another supplier. The Nebraska Agreement counterparties are composed of two  
14 municipals and one public power district. They are very risk-averse, have an obligation  
15 to serve their retail Members, and have a strong desire to lock in a supplier and prices  
16 as soon as possible. They have already given notice of termination of their contracts  
17 with NPPD, and cannot risk failing to have a power supply when the termination dates  
18 arrive. They went through a lengthy RFP process when Big Rivers was awarded their  
19 contracts. If they are going to be forced to find another supplier, they will need  
20 significant time to do so and complete any required regulatory approvals. For this  
21 reason, and as a matter of good faith negotiation, Big Rivers requests quick action by  
22 the Commission, and certainly opposes the delay suggested by the Attorney General.

23 Second, Big Rivers is aware of nothing in the April 25, 2014 order of the  
24 Commission initiating the focused audit, the Commission’s regulations on audits or the

1 RFP issued by the Commission in the focused audit process that suggests any of Big  
2 Rivers' Mitigation Plan efforts should be postponed because of the audit, or subject to  
3 prior review of the auditors. The Commission has described the scope of the focused  
4 audit as "a focused audit of Big Rivers' efforts to mitigate the impact of losing the  
5 smelter loads [and] review [of] the strategic planning, management, and decision-  
6 making of Big Rivers regarding its mitigation efforts."<sup>1</sup> The purpose of the Mitigation  
7 Plan is to mitigate the impacts of the departures of the two smelters. Big Rivers is  
8 pursuing that effort as vigorously as it can. The alternate recommendations of the  
9 Attorney General, if adopted, would impede that effort. In any event, any successful  
10 transaction under the Mitigation Plan of a term that could even remotely affect any  
11 recommendation coming out of the focused audit will be subject to Commission review  
12 and approval.

13 Third, any delay in the decision on the Nebraska Agreements will have a  
14 chilling effect on any future special contract sales efforts undertaken by Big Rivers due  
15 to regulatory uncertainty. This could significantly impede Big Rivers' efforts to  
16 mitigate the loss of the smelter load and hamper its ability to implement its load  
17 mitigation strategy.

18 Fourth, the requirement for Big Rivers [REDACTED]  
19 is not a reason to delay approval of the Nebraska Agreements, but to expedite that  
20 review. We estimate that the [REDACTED]

21 [REDACTED]

22 [REDACTED]

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<sup>1</sup> Order dated June 6, 2014, page 4, P.S.C. Case No. 2013-00199.



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[REDACTED]

Likewise, Mr. Kollen’s speculation that approval of the Nebraska Agreements will somehow impede the focused audit of Big Rivers’ Mitigation Plan activity is unsupported by evidence or any concern expressed by the Commission. Further, these transactions are not sufficiently large enough to cause any constraints on alternatives under the Big Rivers Mitigation Plan. Big Rivers has available capacity to serve this load without the Wilson or Coleman units in operation. Big Rivers’ goal is to implement its Mitigation Plan as quickly as possible to deal with the capacity that became available after the smelters left the Big Rivers system. Big Rivers intends to continue on that path.

**V. CONCLUSION**

**Q. Do you have any concluding remarks?**

A. The Nebraska Agreements are reasonable. They provide a reasonable margin to Big Rivers and its Members, and desirable diversity to Big Rivers’ intersystem sales portfolio. The risks to the transactions asserted by the Opposing Intervenors are risks that Big Rivers had already identified, studied and considered. As shown above, those risks are minimal and acceptable in an intersystem sales transaction. For these reasons,

1 the Nebraska Agreements should be approved by the Commission as promptly as  
2 possible to clear the regulatory uncertainty that has been created by the Opposing  
3 Intervenors in this matter, to give the Nebraska Entities an answer to the question of  
4 whether they have a source of power for their constituents, and most importantly to  
5 allow Big Rivers to secure this component of replacement load pursuant to its  
6 Mitigation Plan for the benefit of its Members.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

**BIG RIVERS ELECTRIC CORPORATION**

**BIG RIVERS ELECTRIC CORPORATION FILING OF WHOLESALE  
CONTRACTS PURSUANT TO KRS 278.180 AND KAR 5:011 §13  
CASE NO. 2014-00134**

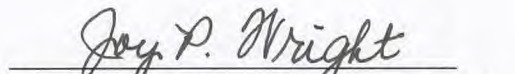
**VERIFICATION**

I, Lindsay N. Barron, verify, state, and affirm that I prepared or supervised the Rebuttal Testimony filed with this Verification, and that Rebuttal Testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
Lindsay N. Barron

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Lindsay N. Barron on  
this the 6<sup>th</sup> day of October, 2014.

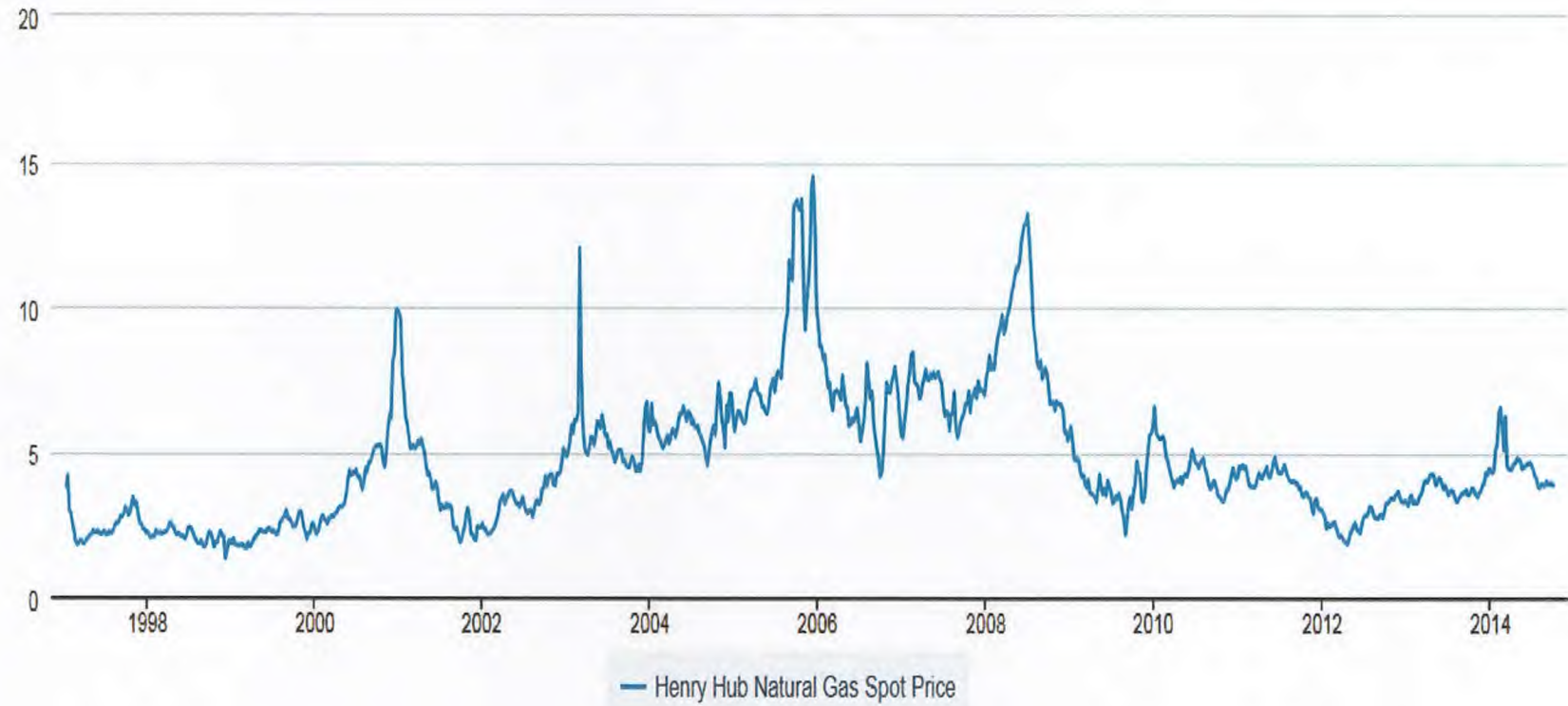
  
Notary Public, Ky. State at Large  
My Commission Expires \_\_\_\_\_


Notary Public, Kentucky State-At-Large  
My Commission Expires: July 3, 2018  
ID 513528



## Henry Hub Natural Gas Spot Price

Dollars per Million Btu



 Source: U.S. Energy Information Administration

Source: <http://www.eia.gov/dnav/ng/hist/rngwhhdW.htm>

RECEIVED

COMMONWEALTH OF KENTUCKY

OCT 08 2014

BEFORE THE PUBLIC SERVICE COMMISSION PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

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

**REBUTTAL TESTIMONY**

**OF**

**JOHN WOLFRAM  
PRINCIPAL  
CATALYST CONSULTING LLC**

**ON BEHALF OF**

**BIG RIVERS ELECTRIC CORPORATION**

**FILED: October 8, 2014**

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**REBUTTAL TESTIMONY  
OF  
JOHN WOLFRAM**

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**REBUTTAL TESTIMONY  
OF  
JOHN WOLFRAM**

5 **I. INTRODUCTION**

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

7 A. My name is John Wolfram. I am the Principal of Catalyst Consulting LLC. My  
8 business address is 3308 Haddon Road, Louisville, Kentucky, 40241.

9 **Q. On whose behalf are your testifying?**

10 A. I am testifying on behalf of Big Rivers Electric Corporation ("Big Rivers").

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

12 A. I received a Bachelor of Science degree in Electrical Engineering from the University  
13 of Notre Dame in 1990 and a Master of Science degree in Electrical Engineering from  
14 Drexel University in 1997. I founded Catalyst Consulting LLC in June 2012. From  
15 March 2010 through May 2012, I was a Senior Consultant with The Prime Group,  
16 LLC. I have developed cost of service studies and rates for numerous electric and gas  
17 utilities, including electric distribution cooperatives, generation and transmission  
18 cooperatives, municipal utilities and investor-owned utilities. I have performed  
19 economic analyses, rate mechanism reviews, ISO/RTO membership evaluations, and  
20 wholesale formula rate reviews. I have also been employed by the parent companies of  
21 Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company  
22 ("KU"), by the PJM Interconnection, and by the Cincinnati Gas & Electric Company.  
23 A more detailed description of my qualifications is included in Exhibit Wolfram-1.

24

1 Q. **Have you ever testified before the Kentucky Public Service Commission**  
2 **(“Commission”)?**

3 A. Yes. I have testified in numerous regulatory proceedings before this Commission. A  
4 listing of my testimony in other proceedings is included in Exhibit Wolfram-1.

5  
6 **II. PURPOSE OF TESTIMONY**

7 Q. **What is the purpose of your rebuttal testimony in this proceeding?**

8 A. The purpose of my testimony is to rebut certain recommendations offered in the  
9 “Attorney General’s Comments In Lieu of Testimony” (“AG Comments”) filed by the  
10 Office of the Attorney General of Kentucky (“Attorney General”), and the testimony of  
11 Mr. Lane Kollen filed by Kentucky Industrial Utility Customers, Inc. (“KIUC,” and  
12 collectively with the Attorney General, the “Opposing Intervenors”). Specifically, I  
13 will explain why (a) the Opposing Intervenors’ recommendation that the Commission  
14 require Big Rivers to deposit margins from the Nebraska Agreements into the  
15 Economic Reserve should be rejected and (b) why the KIUC recommendations for  
16 allocating certain expenses to the Nebraska Agreement sales when calculating the  
17 Kentucky Fuel Adjustment Clause rate should be rejected.

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1 **III. DEPOSITING MARGINS FROM THE NEBRASKA AGREEMENTS INTO**  
2 **THE ECONOMIC RESERVE**

3 **Q. The Attorney General asserts on page 3 of the AG Comments that Big Rivers**  
4 **should be required “to commit to depositing margins” from the Nebraska**  
5 **Agreements into its Economic Reserve fund, and Mr. Kollen echoes that sentiment**  
6 **in his testimony on page 28 line 9. Do you agree with this position?**

7 A. No. Requiring Big Rivers to automatically deposit the margins Big Rivers projects that  
8 it will earn from the Nebraska Agreements into the Economic Reserve without  
9 consideration of Big Rivers’ overall financial situation is inappropriate. My  
10 understanding is that this would violate the prohibition against single-issue ratemaking  
11 and therefore must be avoided.

12 **Q. How does requiring the automatic deposit of these margins into the Economic**  
13 **Reserve constitute single-issue ratemaking?**

14 A. The recommendations of the Opposing Intervenors appear to be requests for the  
15 Commission to focus exclusively on one or more closely related items of revenue and  
16 expense – those related solely to the Nebraska Agreements -- to the exclusion of all  
17 other items of revenue and expense for Big Rivers. These recommendations are  
18 unreasonable, particularly considering that the margins in question will not even begin  
19 to be earned until 2018, by which time Big Rivers’ circumstances will almost certainly  
20 be different than they are at present. The Opposing Intervenors’ recommendations are  
21 inconsistent with traditional ratemaking practices, and should not be adopted here.

22

1 **Q. The Opposing Intervenors indicate that the margins from the Nebraska**  
2 **Agreements must be deposited into the Economic Reserve to ensure that these**  
3 **margins reduce rates for Kentucky customers. Do you agree with this position?**

4 A. No. Big Rivers' Members will benefit from the margins associated with the Nebraska  
5 Agreements. Big Rivers is a member-owned electric cooperative. It is not an investor-  
6 owned utility where increasing off-system sales margins benefits shareholders. Instead,  
7 Big Rivers' Members are also its owners, and all of Big Rivers' margins ultimately  
8 benefit those Members.

9 The flaw with the intervenors' position is that it considers the Nebraska  
10 Agreements in isolation and assumes that there is no benefit to ratepayers absent a  
11 direct pass through of the margins to Member rates. At some point the margins from  
12 the Nebraska Agreements will be included in Big Rivers' revenue requirement in a  
13 general ratemaking proceeding, or perhaps through some other rate action initiated by  
14 Big Rivers. But whether and when these margins should change Big Rivers' rates to its  
15 Members can only be determined in the context of Big Rivers' overall financial  
16 condition at the time the margins are received.

17 **Q. In response to the First Request for Information of Big Rivers Electric**  
18 **Corporation, Item 6, Mr. Kollen claims that the margins from the Nebraska**  
19 **Agreements are “incremental to the amounts presently included in base rates.” Is**  
20 **this correct?**

21 A. No. Under the matching principle, all revenues, expenses, rate base, plant additions,  
22 and capital items are updated to the same period. For this reason, margins earned in  
23 2018 and beyond cannot be “incremental” to margins included in base rates using a test

1 year ending January 31, 2015. One cannot assume that the energy and capacity Big  
2 Rivers will use to serve the Nebraska entities will be created out of thin air. Big Rivers  
3 either will use energy and capacity that otherwise would have been used for something  
4 else (like off-system sales), or will have to generate or purchase additional energy and  
5 capacity. These are fundamental operating decisions that before the fact can only be  
6 projected through production cost modeling, and one cannot compare production cost  
7 modeling for one period to production cost modeling for a different period (with  
8 different assumptions as far as resources, load, market prices, fuel prices, production  
9 costs, fixed costs, etc.) and conclude the extent to which the margins earned from one  
10 sale of power are incremental to the margins projected for the previous period. These  
11 complexities explain why the matching principle and the prohibition against single-  
12 issue rate making exist, and why Big Rivers should not be required to automatically  
13 deposit the projected margins from the Nebraska Agreements into the Economic  
14 Reserve without consideration of Big Rivers' overall financial situation at the time  
15 those margins are realized.

16 **Q. Mr. Kollen asserts on page 29 lines 4-6 of his testimony that Big Rivers should not**  
17 **retain any discretion to determine if and when it makes any deposits into the**  
18 **Economic Reserve. Do you agree with this position?**

19 **A.** No. My understanding is that in the absence of a general rate case, where Big Rivers'  
20 revenue requirements are under formal consideration by the Commission, Big Rivers  
21 does have the statutory right to determine when, based upon its knowledge of its own  
22 financial circumstances, it should seek Commission approval for a reduction in  
23 revenues via deposits to the Economic Reserve, including any necessary amendments

1 to Big Rivers' Rate Schedule "MRSM - Member Rate Stability Mechanism" (which  
2 governs the ratemaking operation of the Economic Reserve).

3 **Q. Should Big Rivers' statutory discretion to decrease its regulated operating**  
4 **revenues by proposing deposits to the Economic Reserve be denied?**

5 A. No. It is entirely appropriate for Big Rivers to retain the right to determine whether or  
6 not to seek authority pursuant to KRS 278.455 to reduce its regulated operating  
7 revenues. Big Rivers may also, at its own discretion, seek Commission authority to  
8 adjust its rates for wholesale electric service pursuant to KRS 278.190 and related  
9 sections. These sections apply if Big Rivers elects to propose the deposit of margins  
10 from the Nebraska Agreements or any other source into the Economic Reserve, or to  
11 propose a credit to its Members in that form or some other form, within the context of a  
12 base rate case.

13 **Q. Does Big Rivers expect to reflect in its rates the margins resulting from the**  
14 **Nebraska Agreements and/or from the implementation of its load mitigation**  
15 **strategy, and if so, how?**

16 A. First, Big Rivers must determine whether the Nebraska Agreements or any other  
17 success under the load mitigation strategy will cause Big Rivers to earn, on a consistent  
18 basis, greater margins than it requires for prudent operation of the utility. If Big Rivers  
19 concludes that is the case, then Big Rivers can lower its revenue or rates through either  
20 of the two alternatives that were discussed earlier in my testimony. The first is to file  
21 for a revenue reduction pursuant to KRS 278.455, and the second is to file a full base  
22 rate case. The timing and amounts for both alternatives should be determined by Big  
23 Rivers in consideration of its overall financial situation. Both filings will require the

1 approval of the Commission prior to the implementation of any rate changes. This  
2 approach is applicable to the Nebraska Agreements as well as to other transactions or  
3 activities resulting from the implementation of Big Rivers' load mitigation strategy.  
4

5 **IV. ALLOCATION OF EXPENSES TO THE NEBRASKA AGREEMENTS**

6 **Q. Mr. Kollen also recommends on page 30 lines 1-5 of his testimony that “the**  
7 **Commission should direct the Company to allocate the highest fuel expense ...to**  
8 **the Nebraska PPA sales” when calculating the Kentucky Fuel Adjustment Clause**  
9 **rate. Do you agree with this position?**

10 **A.** No. For the same reasons discussed in the previous section, it would be inappropriate  
11 and fundamentally unreasonable to adjust Big Rivers' fuel cost allocation methodology  
12 in the Fuel Adjustment Clause (“FAC”) outside of a general rate case, where the  
13 reasonableness of alternative allocation methodologies can be considered in the context  
14 of Big Rivers' overall financial circumstances -- including whether Big Rivers' rates  
15 are still fair, just and reasonable even without an adjustment in its existing rates. Big  
16 Rivers' approved rates are based on a revenue requirement that assumed Big Rivers'  
17 current fuel cost allocation methodology would be used in calculating FAC charges.  
18 My understanding is that requiring Big Rivers to alter that allocation methodology for a  
19 single item (e.g. fuel costs allocated to the Nebraska Agreement sales) without also  
20 recalculating Big Rivers' base rates would be unlawful, and accordingly would result in  
21 unjust and unreasonable rates. Such a reallocation of fuel costs would reduce Big  
22 Rivers' margins by the amount that is reallocated to the off-system sale; FAC revenues  
23 would decline to reflect the reallocation, but base rates would not increase to reflect the

1 corresponding change in off-system sales margins stemming from that same  
2 reallocation.

3 **Q. Because the margins from the Nebraska Agreements are not incremental to the**  
4 **assumptions that were used in determining Big Rivers' current base rates, as**  
5 **described earlier in your testimony, would allocating the highest fuel cost to the**  
6 **Nebraska Agreements affect the reasonableness of Big Rivers' base rates?**

7 A. Yes. As I noted before, the margins from the Nebraska Agreements are not incremental  
8 to the off system sales margins used to determine Big Rivers' current base rates,  
9 because the assumptions used to establish current base rates do not match those  
10 applicable to the time period when the Nebraska Agreements will be producing  
11 margins. At the time the Nebraska Agreements begin producing margins, Big Rivers  
12 expects that many of the assumptions and parameters that were used to establish Big  
13 Rivers' current base rates will have changed. That is one reason why a decision cannot  
14 and should not be made now about whether Big Rivers' financial circumstances in  
15 2018 and beyond will result in margins from the Nebraska Agreements being  
16 incremental to Big Rivers' revenue requirement at that time.

17 **Q. In the same section of his testimony, Mr. Kollen recommends that the Commission**  
18 **also direct the Company to make "an appropriate allocation of variable operation**  
19 **and maintenance expense to the Nebraska PPA sales" when calculating the**  
20 **Kentucky FAC rate. Do you agree with this position?**

21 A. No. Big Rivers does not allocate general variable operations and maintenance expenses  
22 to any off-system sales in the FAC and the Nebraska Agreements should be no  
23 exception. First, Big Rivers' current practice is reasonable and should not be changed.

1 But even if the Commission believed that a change should be considered, the  
2 appropriate way to do that is in the context of a base rate proceeding, during which all  
3 of Big Rivers' revenues and expenses are reviewed on a comprehensive basis.

4  
5 **V. CONCLUSION**

6 **Q. What is your conclusion with regard to the recommendations of the Opposing**  
7 **Intervenors discussed herein?**

8 A. The recommendations of the Opposing Intervenors are seriously flawed. Specifically:

- 9 1) The recommendation to require Big Rivers to commit to deposit margins from the  
10 Nebraska Agreements into the Economic Reserve constitutes single-issue  
11 ratemaking, violates the matching principle, is not necessary in order for those  
12 margins to benefit Big Rivers' Members, and should be rejected.
- 13 2) The recommendation that Big Rivers should not retain any discretion over  
14 proposing deposits to the Economic Reserve is inconsistent with Kentucky statutes  
15 and regulations and should be rejected.
- 16 3) The recommendation that the Commission should direct Big Rivers to allocate the  
17 highest fuel expense to the Nebraska Agreements sales when calculating the FAC  
18 rate should only be addressed within the context of a base rate case, and should be  
19 rejected in this case.
- 20 4) The recommendation that Big Rivers should make an appropriate allocation of  
21 variable operation and maintenance expense to the Nebraska Agreements sales  
22 when calculating the FAC rate is inconsistent with the treatment presently afforded  
23 other off-system sales in the FAC and should be rejected.

1 None of these recommendations are appropriate, reasonable or necessary in order for  
2 Big Rivers' Members to benefit from the Nebraska Agreements proposed in this case,  
3 and none of them should be accepted by the Commission.

4 Big Rivers will monitor the anticipated and actual effects of the Nebraska  
5 Agreements on its overall financial situation and, at its own discretion and in the  
6 exercise of its business judgment (while subject to the Commission's obligation to  
7 ensure that Big Rivers' rates are fair, just, and reasonable), will submit filings to the  
8 Commission seeking approval to implement rate changes, pursuant to the existing  
9 statutes and regulations applicable to electric cooperatives, for the benefit of Big Rivers  
10 and its Members.

11 **Q. Does this conclude your testimony?**

12 **A. Yes.**



**BIG RIVERS ELECTRIC CORPORATION**

**BIG RIVERS ELECTRIC CORPORATION FILING OF WHOLESALE  
CONTRACTS PURSUANT TO KRS 278.180 AND KAR 5:011 §13  
CASE NO. 2014-00134**

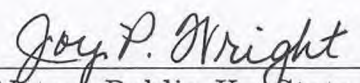
**VERIFICATION**

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

  
\_\_\_\_\_  
John Wolfram

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

6<sup>th</sup> SUBSCRIBED AND SWORN TO before me by John Wolfram on this the  
day of October, 2014.

  
\_\_\_\_\_  
Notary Public, Ky. State at Large  
My Commission Expires \_\_\_\_\_

Notary Public, Kentucky State-At-Large  
My Commission Expires: July 3, 2018  
ID 513528

## QUALIFICATIONS OF JOHN WOLFRAM

### Summary of Qualifications

Provides consulting services to investor-owned utilities, rural electric cooperatives, and municipal utilities regarding utility rate and regulatory filings, cost of service studies, wholesale and retail rate designs, and other analyses.

### Employment

Catalyst Consulting LLC  
Principal

June 2012 – Present

Provides consulting services in the areas of tariff development, regulatory analysis, revenue requirements, cost of service, rate design, and other utility regulatory areas.

Provides utility clients assistance regarding regulatory policy and strategy; project management support for utilities involved in complex regulatory proceedings; process audits; state and federal regulatory filing development; cost of service development and support; the development of special rates to achieve strategic objectives; the development of rate alternatives for use with customers; and energy efficiency program development.

Prepared retail and wholesale rate schedules and/or filings submitted to the Federal Energy Regulatory Commission (“FERC”), state regulators, and/or Boards of Directors for electric and gas utilities.

The Prime Group, LLC  
Senior Consultant

March 2010 – May 2012

E.ON U.S., LLC, Louisville, KY  
(Louisville Gas & Electric Company and Kentucky Utilities Company)  
Director, Customer Service & Marketing (2006 - 2010)  
Manager, Regulatory Affairs (2001 - 2006)  
Lead Planning Engineer, Generation Planning (1998 - 2001)  
Power Trader, LG&E Energy Marketing (1997 - 1998)

1997 - 2010

PJM INTERCONNECTION, LLC, Norristown, PA  
Project Lead - PJM Wholesale Energy Market Information System

1990 - 1993; 1994 - 1997

CINCINNATI GAS & ELECTRIC COMPANY, Cincinnati, OH  
Electrical Engineer - Energy Management System

1993 - 1994

## Education

Bachelor of Science Degree in Electrical Engineering, University of Notre Dame, 1990  
Master of Science Degree in Electrical Engineering, Drexel University, 1997  
Leadership Louisville, 2006

## Associations

Member, Institute of Electrical and Electronics Engineers (IEEE)  
Member, IEEE Power Engineering Society

## Expert Witness Testimony

FERC: Submitted remarks and served on expert panel in FERC Docket No. RM01-10-000 on May 21, 2002 in Standards of Conduct for Transmission Providers staff conference, regarding proposed rulemaking on the functional separation of wholesale transmission and bundled sales functions for electric and gas utilities.

Submitted direct testimony for Westar Energy in FERC Docket No. ER14-804 regarding proposed revisions to a Generation Formula Rate.

Submitted direct testimony for Westar Energy in FERC Docket No. ER14-805 regarding proposed revisions to a Generation Formula Rate.

Kentucky: Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2002-00029 regarding a Certificate of Public Convenience and Necessity for the acquisition of two combustion turbines.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2002-00381 regarding a Certificate of Public Convenience and Necessity for the acquisition of four combustion turbines.

Presented company position for Louisville Gas & Electric Company and Kentucky Utilities Company at public meetings held in Case Nos. 2005-00142 and 2005-00154 regarding routes for proposed transmission lines.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2005-00162 for the 2005 Joint Integrated Resource Plan.

Submitted discovery responses for Kentucky Utilities in Case No. 2005-00405 regarding the transfer of a utility hydroelectric power plant to a private developer.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2005-00467 and 2005-00472 regarding a Certificate of Public Convenience and Necessity for the construction of transmission facilities.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2007-00067 for approval of a proposed Green Energy program and associated tariff riders.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2007-00319 for the review, modification, and continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanisms.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Administrative Case No. 2007-00477 regarding an investigation of the energy and regulatory issues in Kentucky's 2007 Energy Act.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2008-00148 regarding the 2008 Joint Integrated Resource Plan.

Submitted discovery responses for Kentucky Utilities and/or Louisville Gas & Electric Company in various customer inquiry matters, including Case Nos. 2009-00421, 2009-00312, and 2009-00364.

Submitted direct testimony for Louisville Gas & Electric Company in Case No. 2009-00549 and for Kentucky Utilities Company in Case No. 2009-00548 for adjustment of electric and gas base rates, in support of a new service offering for Low Emission Vehicles, revised special charges, and company offerings aimed at assisting customers or enhancing customer service.

Submitted direct, rebuttal, and rehearing direct testimony on behalf of Big Rivers Electric Corporation in Case No. 2011-00036 regarding revenue requirements and pro forma adjustments in a base rate case.

Submitted direct and rebuttal testimony on behalf of Big Rivers Electric Corporation in Case No. 2012-00063 regarding an Environmental Compliance Plan and Environmental Surcharge rate mechanism.

Submitted direct and rebuttal testimony on behalf of Big Rivers Electric Corporation in Case No. 2012-00535 regarding revenue requirements, pro forma adjustments, cost of service and rate design in a base rate case.

Submitted direct and rebuttal testimony on behalf of Big Rivers Electric Corporation in Case No. 2013-00199 regarding revenue requirements, pro forma adjustments, cost of service and rate design in a base rate case.

Virginia: Submitted direct testimony for Kentucky Utilities Company d/b/a Old Dominion Power in Case No. PUE-2002-00570 regarding a Certificate of Public Convenience and Necessity for the acquisition of four combustion turbines.