

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC
ATTORNEYS AT LAW

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PUBLIC SERVICE
COMMISSION

Ronald M. Sullivan

Jesse T. Mountjoy

Frank Stainback

James M. Miller

Michael A. Fiorella

R. Michael Sullivan

Bryan R. Reynolds*

Tyson A. Kamuf

Mark W. Starnes

C. Ellsworth Mountjoy

John S. Wathen

September 22, 2014

Via Federal Express

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

*Also Licensed in Indiana

Re: *In the Matter of: An Examination of the Application of the
Fuel Adjustment Clause of Big Rivers Electric Corporation
from November 1, 2013 through April 30, 2014*
Case No. 2014-00230

Dear Mr. Derouen:

Enclosed for filing are an original and ten (10) copies of Big Rivers Electric Corporation's responses to: (i) the Public Service Commission Staff's second request for information, and (ii) Kentucky Industrial Utility Customers, Inc.'s initial request for information. I certify that on this date, a copy of this letter and a copy of the responses was served on each of the persons listed on the attached service list by first-class mail.

Sincerely,



Tyson Kamuf
Counsel for Big Rivers Electric Corporation

TAK/lm
Enclosures

cc: Billie Richert
DeAnna Speed
Service List

Telephone (270) 926-4000
Telecopier (270) 683-6694

100 St. Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

www.westkylaw.com

Service List
PSC Case No. 2014-00230

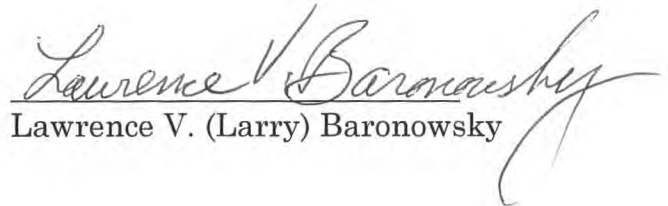
Michael L. Kurtz, Esq.
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BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT
CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230**

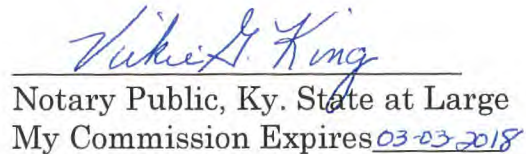
VERIFICATION

I, Lawrence V. (Larry) Baronowsky, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Lawrence V. (Larry) Baronowsky

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Lawrence V. (Larry)
Baronowsky on this the 17th day of September, 2014.



Notary Public, Ky. State at Large
My Commission Expires 03-03-2018

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT
CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230**

VERIFICATION


I, Nicholas R. (Nick) Castlen, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Nicholas R. (Nick) Castlen

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Nicholas R. (Nick) Castlen on this the 17th day of September, 2014.



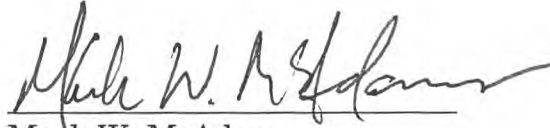
Notary Public, Ky. State at Large
My Commission Expires 03-03-2018

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT
CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230**

VERIFICATION

I, Mark W. McAdams, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Mark W. McAdams

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

22nd SUBSCRIBED AND SWORN TO before me by Mark W. McAdams on this the
day of September, 2014.



Notary Public, Ky. State at Large
My Commission Expires 1-12-17

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT
CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
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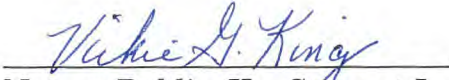
VERIFICATION

I, Murray W. (Wayne) O'Bryan, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Murray W. (Wayne) O'Bryan

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Murray W. (Wayne) O'Bryan
on this the 17th day of September, 2014.


Notary Public, Ky. State at Large
My Commission Expires 03-03-2018

ORIGINAL



RECEIVED
SEP 23 2014
PUBLIC SERVICE
COMMISSION

Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**AN EXAMINATION OF THE APPLICATION
OF THE FUEL ADJUSTMENT CLAUSE)
OF BIG RIVERS ELECTRIC CORPORATION) Case No. 2014-00230
FROM)
NOVEMBER 1, 2013 THROUGH APRIL 30, 2014**

**Responses to Commission Staff's
Second Request for Information
dated September 11, 2014**

FILED: September 23, 2014

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

AN EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230

Response to Commission Staff's
Second Request for Information
dated September 11, 2014

September 23, 2014

1 Item 1) *Refer to the response to Item 25 of the Commission's August 13,*
2 *2014 Request for Information ("August 13, 2014 Request"). The response*
3 *shows that a total of \$18,138,027 of Midcontinent Independent System*
4 *Operator, Inc. ("MISO") costs were included in the monthly fuel*
5 *adjustment clause ("FAC") during the review period, but states that the*
6 *amounts in the Domtar, Inter-system Sales, and Unscheduled Outages*
7 *over 6 Hours columns were removed from fuel costs when calculating the*
8 *FAC factor. Confirm that the MISO costs that remained as part of the*
9 *FAC calculation during the review period was \$8,768,911. If this cannot*
10 *be confirmed, provide the net MISO costs recovered through the FAC.*

11

12 **Response)** The MISO costs that remained as part of the FAC calculation during
13 the review period were \$7,761,378, not \$8,768,911. The \$1,007,533 difference
14 represents purchases above Big Rivers' highest cost units during the review period
15 which were subtracted from recoverable fuel expenses used to calculate the
16 monthly FAC factors on p. 2 of the monthly Form A filings.

17

18

19 **Witness)** Nicholas R. Castlen

20

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230**

**Response to Commission Staff's
Second Request for Information
dated September 11, 2014**

September 23, 2014

1 **Item 2)** *Refer to the response to Item 26 of the August 13, 2014 Request.*
2 *The response states that Coleman units 1 and 2 were placed on inactive*
3 *reserve status on May 1, 2014, but that unit 3 was placed on inactive*
4 *reserve status for idling on May 8, 2014. Provide the reason unit 3 was*
5 *placed on inactive reserve status later than units 1 and 2.*

6
7 **Response)** The System Support Resource ("SSR") status expired for the Coleman
8 Station at hour 00:00 on May 1, 2014. Coleman unit 3 was operated until May 8,
9 2014, to allow Century to make the logic changes that were required for the
10 Special Protective System ("SPS") to operate properly. After the SSR was
11 terminated, the SPS had to be operational for reliability reasons before all of the
12 Coleman units could be removed from service. The logic change to the SPS was
13 required due to a calculation error by Century's consultant during the design of
14 the SPS.

15

16

17 **Witness)** Lawrence V. Baronowsky

18

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014
CASE NO. 2014-00230**

**Response to Commission Staff's
Second Request for Information
dated September 11, 2014**

September 23, 2014

1 **Item 3)** *Refer to the response to Item 29 of the August 13, 2014 Request*
2 *which states that "Big Rivers utilizes startup fuel to achieve synchronous*
3 *speed, then immediately ties units online."*
4

- 5 *a. Provide the total dollar amount of startup fuel recovered*
6 *through the FAC each month during the review period.*
7 *b. Explain how startup fuel is allocated between native load*
8 *and off-system sales.*
9 *c. Provide the dollar amount of startup fuel allocated to*
10 *native load and off-system sales each month during the*
11 *review period.*
12

13 **Response)**

- 14 a. Please see the table below.
15

Startup Fuel Cost Recovered through FAC November 2013 through April 2014	
Month	Startup Fuel Recovered Through FAC
November 2013	\$ 142,055
December 2013	\$ 273,204
January 2014	\$ 344,656
February 2014	\$ 43,777
March 2014	\$ 24,346
April 2014	\$ 19,381

16

17

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION OF THE APPLICATION OF THE FUEL
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September 23, 2014

1 b. Startup fuel costs are included in Big Rivers' total cost of fuel
2 burned for generation, reported on page 2 of the monthly Form
3 A filing under Company Generation. An overall system average
4 fuel cost per kWh generated is calculated by dividing the total
5 cost of fuel burned for generation by total net kWh generated
6 during the current expense month (after accounting for line
7 losses).¹ Fuel costs, including startup fuel costs, are allocated to
8 off-system sales by multiplying the overall system average fuel
9 cost per kWh by the off-system sales volume from generation.

10 Fuel costs, including startup fuel costs, are allocated to
11 native load by subtracting the following amounts from the
12 Company's total fuel cost for generation during the month:

- 13 • MISO Make Whole Payments received for startup fuel
14 costs during the month;
- 15 • Fuel costs assigned to off-system sales of generation;
- 16 • Fuel costs assigned to supplemental and backup energy
17 sales from generation to smelters; and
- 18 • Fuel costs assigned to Domtar backup sales from
19 generation.

20

¹ During the review period, Big Rivers operated its Coleman generation units under an SSR agreement within MISO for reliability requirements associated with the Century Aluminum, Hawesville Smelter load and was reimbursed for the applicable costs associated with running Coleman. Accordingly, the cost of fuel (including startup fuel) used by the Coleman units for generation during the review period was excluded from the Form A filings and the overall system average fuel cost per kWh calculation.

BIG RIVERS ELECTRIC CORPORATION

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September 23, 2014

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c. Please see the table below.

Startup Fuel Allocated to Off-System Sales and Native Load November 2013 through April 2014		
Month	Startup Fuel Allocated to Native Load	Startup Fuel Allocated to Off-System Sales
November 2013	\$ 142,055	\$ 46,683
December 2013	\$ 273,204	\$ 145,298
January 2014	\$ 344,656	\$ 131,232
February 2014	\$ 43,777	\$ 124,802
March 2014	\$ 24,346	\$ 99,327
April 2014	\$ 19,381	\$ 63,855

Witness) Nicholas R. Castlen

BIG RIVERS ELECTRIC CORPORATION

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Second Request for Information
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September 23, 2014

1 **Item 4)** *Refer to the response to Item 32.d. of the August 13, 2014*
2 *Request. The response states that there is not a written accounting policy*
3 *related to coal pile survey adjustments. State whether Big Rivers believes*
4 *that such a policy should be drafted. If not, explain.*

5

6 **Response)** Big Rivers' Accounting Department is in the process of preparing a
7 formal, written policy related to coal pile survey adjustments incorporating its
8 process and practices related to coal pile survey adjustments.

9

10

11 **Witness)** Mark W. McAdams

12