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**Via Overnight Mail**

April 10, 2015

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

**Re: Case No. 2014-00230 and 2014-00455**

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC'S DIRECT TESTIMONY AND EXHIBITS OF LANE KOLLEN for filing in the above-referenced matter.

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

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment

cc: Certificate of Service  
Quang Nyugen, Esq.  
Richard Raff, Esq.

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

**In The Matter Of:**

**In the Matter of An Examination of the Application of :  
the Fuel Adjustment Clause of Big Rivers Electric : Case No. 2014-00455  
Corporation from November 1, 2012 through October :  
31, 2014.**

**DIRECT TESTIMONY  
AND EXHIBITS  
OF  
LANE KOLLEN**

**ON BEHALF OF**

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. AND  
THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY**

**J. KENNEDY AND ASSOCIATES, INC.  
ROSWELL, GEORGIA**

**APRIL 2015**

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**COMMONWEALTH OF KENTUCKY  
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**In the Matter of An Examination of the Application of :  
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31, 2014.**

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**DIRECT TESTIMONY OF LANE KOLLEN**

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**I. QUALIFICATIONS AND SUMMARY**

1  
2

3 **Q. Please state your name and business address.**

4 A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy  
5 and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

6

7 **Q. What is your occupation and title, and by whom are you employed.**

8 A. I am a utility rate and planning consultant holding the position of Vice President and Principal  
9 with the firm of Kennedy and Associates.

10

11 **Q. Please describe your education and professional experience.**

12 A. I earned a Bachelor of Business Administration in Accounting degree and a Master of Business  
13 Administration degree from the University of Toledo. I also earned a Master of Arts degree  
14 from Luther Rice University. I am a Certified Public Accountant ("CPA"), with a practice  
15 license, a Certified Management Accountant ("CMA"), and a Chartered Global Management  
16 Accountant ("CGMA").

1 I have been an active participant in the utility industry for more than thirty years, initially  
2 as an employee of The Toledo Edison Company from 1976 to 1983 and thereafter as a consultant  
3 in the industry since 1983. I have testified as an expert witness on planning, ratemaking,  
4 accounting, finance, and tax issues in proceedings before federal and state regulatory  
5 commissions and courts on hundreds of occasions.

6 I have testified before the Kentucky Public Service Commission (“Commission”) on  
7 dozens of occasions, including numerous Big Rivers Electric Corporation (“Big Rivers,”  
8 BREC,” or “Company”) proceedings. I have also testified in other Kentucky utility proceedings  
9 including the pending Kentucky Power Company two-year fuel adjustment clause (“FAC”) review  
10 proceeding, Case No. 2014-00450. My qualifications and regulatory appearances are  
11 further detailed in my Exhibit LK-1.

12  
13 **Q. On whose behalf are you testifying?**

14 A. I am testifying on behalf of the Kentucky Industrial Utility Customers, Inc. (“KIUC”), a group of  
15 large customers taking electric service on the Big Rivers Electric Corporation system, and on  
16 behalf of the Attorney General of the Commonwealth of Kentucky (“AG”).

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

19 A. The purpose of my testimony is to address the reasons why Big Rivers’ allocation of fuel  
20 expenses between native load customers and off-system sales was improper and unreasonable  
21 during the two-year review period from November 1, 2012 through October 31, 2014, to  
22 recommend a reasonable allocation methodology, and to quantify the refund due to native load  
23 customers for the unreasonable amounts collected through the FAC. Throughout my testimony,

1 I use the term “native load” to refer to Big Rivers’ all-requirements customers, including  
2 members and non-members.

3  
4 **Q. Please describe the allocation issue and why it is important.**

5 A. One of the issues under review in the six-month review proceeding, Case No. 2014-00230, but  
6 not yet concluded in that case, is the methodology utilized by Big Rivers to allocate fuel  
7 expenses between native load customers and off-system sales. The Commission consolidated the  
8 six-month review case with this two-year review proceeding and deferred a decision on the  
9 allocation issue to the consolidated proceedings.

10 The allocation issue is important because it affects the fuel expenses collected from  
11 native load customers through the FAC. It also affects the margins that are earned by Big Rivers  
12 on off-system sales because the fuel expenses incurred to serve off-system sales are excluded  
13 from the FAC and are not collected from native load customers.

14 The fuel expenses included in the FAC must be incurred to serve the native load  
15 customers. They must be proper, fair, just, and reasonable. Otherwise, they must be excluded  
16 from the FAC. If the methodology allocates an unreasonably high fuel expense to native load  
17 customers, then the Company’s margins from off-system sales are artificially inflated.

18  
19 **Q. Please summarize your conclusions and recommendations.**

20 A. The Company’s allocation methodology is unreasonable and should be replaced with a  
21 reasonable methodology based on the East Kentucky Power Cooperative (“EKPC”)/Duke  
22 Energy Kentucky (“Duke”) methodology. The Company’s methodology resulted in higher fuel

1 expense allocated to native load customers than to off-system sales, rather than vice versa, which  
2 is an inherently unreasonable result. The Company's actual fuel expense for all sales (native  
3 load plus off-system) was \$24.77/MWh during the period from November 1, 2012 through  
4 October 31, 2014. Although the Company's native load customers are entitled to the lowest fuel  
5 expenses, the Company's allocation methodology resulted in a higher fuel cost of \$24.88/MWh  
6 for native load customers and a lower fuel cost of \$24.57/MWh for off-system sales. This  
7 unreasonable result was primarily due to the Company's calculation of native load fuel costs  
8 using a system average fuel cost allocation methodology rather than one that ensures that native  
9 load customers are allocated the lowest generating unit costs on the Big Rivers system.

10 I recommend that the Commission correct the Big Rivers allocation methodology for the  
11 two-year review period from November 1, 2012 through October 31, 2014 and going forward in  
12 future FAC filings and proceedings so that the least-cost resources are first allocated to native  
13 load customers. This methodology is used by both EKPC and Duke.

14 I recommend that the Commission exclude \$11.77 million in fuel expense improperly  
15 included in the FAC during the two-year review period and that it direct Big Rivers to refund this  
16 amount over a six-month amortization period. I also recommend that the Commission add  
17 interest to the refund at the Company's weighted cost of debt. This will increase the refund by  
18 \$1.57 million through June 30, 2015, the approximate date of an Order in this proceeding. The  
19 Commission should include interest to ensure that customers are compensated for the lost  
20 carrying charges on the amounts that were improperly collected through the FAC.

1           **II. BIG RIVERS' METHOD OF ALLOCATING SYSTEM AVERAGE FUEL COSTS**  
2                           **TO BOTH NATIVE LOAD AND OFF-SYSTEM SALES IS IMPROPER**  
3

4   **Q. Please describe the Big Rivers' methodology used to allocate fuel expense between native**  
5   **load and off-system sales.**

6   A. Big Rivers follows a multi-step process to calculate the allocation to native load customers  
7   collected through the FAC. First, Big Rivers calculates a system average fuel expense in the  
8   aggregate for all generating units in each month. The system average fuel cost is the sum of the  
9   fuel expense for all units divided by the sum of the generation produced by all units, less line  
10   losses. Second, the system average fuel cost is multiplied times the off-system sales to  
11   determine the fuel cost to exclude from the total fuel expense incurred. The residual is the  
12   preliminary allocation to native load customers. Third, Big Rivers makes a series of adjustments  
13   to the preliminary fuel expense allocated to native load customers to reflect the requirements of  
14   the FAC regulation and prior Commission orders.

15           Big Rivers explained this methodology in a Data Response in its last FAC review case  
16   (Case No. 2014-00230):

17           *An overall system average fuel cost per kWh is calculated each month by dividing*  
18           *the total cost of fuel used for generation by the net kWh generated (after*  
19           *accounting for line losses) during the current expense month. Fuel costs are*  
20           *allocated to off-system sales by multiplying this overall system average fuel cost*  
21           *per kWh by the off-system sales volumes (kWh).*

22           *The fuel costs allocated to off-system sales are subtracted from the total*  
23           *recoverable fuel expense for purposes of calculating the FAC, and are included in*  
24           *the Inter-System Sales Including Interchange-Out line item on page 2 of Big*  
25           *Rivers' monthly Form A filings.*<sup>1</sup>

26  

---

<sup>1</sup> BREC Response to KIUC 1-1, p. 1.

1 **Q. Is the Company's allocation methodology proper and reasonable?**

2 A. No. The Company's allocation methodology fails to allocate the lowest fuel expense to native  
3 load or allocate the highest fuel expense to off-system sales. Instead, it allocates all fuel  
4 expenses between native load and off-system sales in the same proportion as the MWh sales are  
5 allocated to native load and off-system sales. This is improper and unreasonable because the  
6 Company is required to first serve native load customers who are entitled to the lowest fuel  
7 expense. Off-system sales are supplied only after the native load customers are served and  
8 should be served only if the revenues from the sales exceed the incremental cost. Native load  
9 customers are entitled to the lowest fuel expense because they paid for all allowed non-fuel costs  
10 of owning and operating the generating units, except for some environmental costs allocated to  
11 off-system sales through the environmental surcharge. These non-fuel costs include non-fuel  
12 operation and maintenance expense, depreciation expense, interest expense, and a TIER margin  
13 in addition to the interest.<sup>2</sup>

14  
15 **Q. What is the standard set forth in the FAC Regulation for recovery of fuel and purchase  
16 power expenses in the two-year review proceedings?**

17 A. I have been informed by counsel for KIUC that the relevant regulation is 807 KAR 5:056 *Fuel  
18 Adjustment Clause*, which requires that rates be "fair, just, and reasonable" and directs the  
19 Commission to "review and evaluate past operations of the clause, disallow improper expenses and  
20 to the extent appropriate reestablish the fuel clause charge in accordance with subsection (2) of this  
21 section." These provisions of the Regulation are as follows:

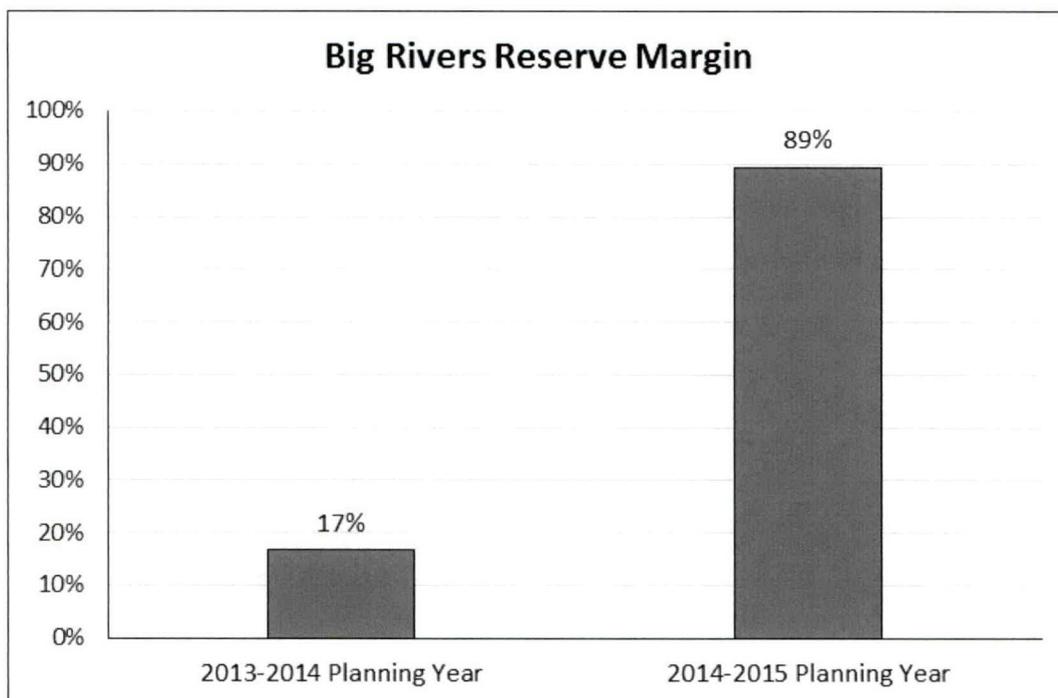
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<sup>2</sup> TIER stands for "times interest earned ratio."



1 **Q. Does Big Rivers have significant excess generating capacity?**

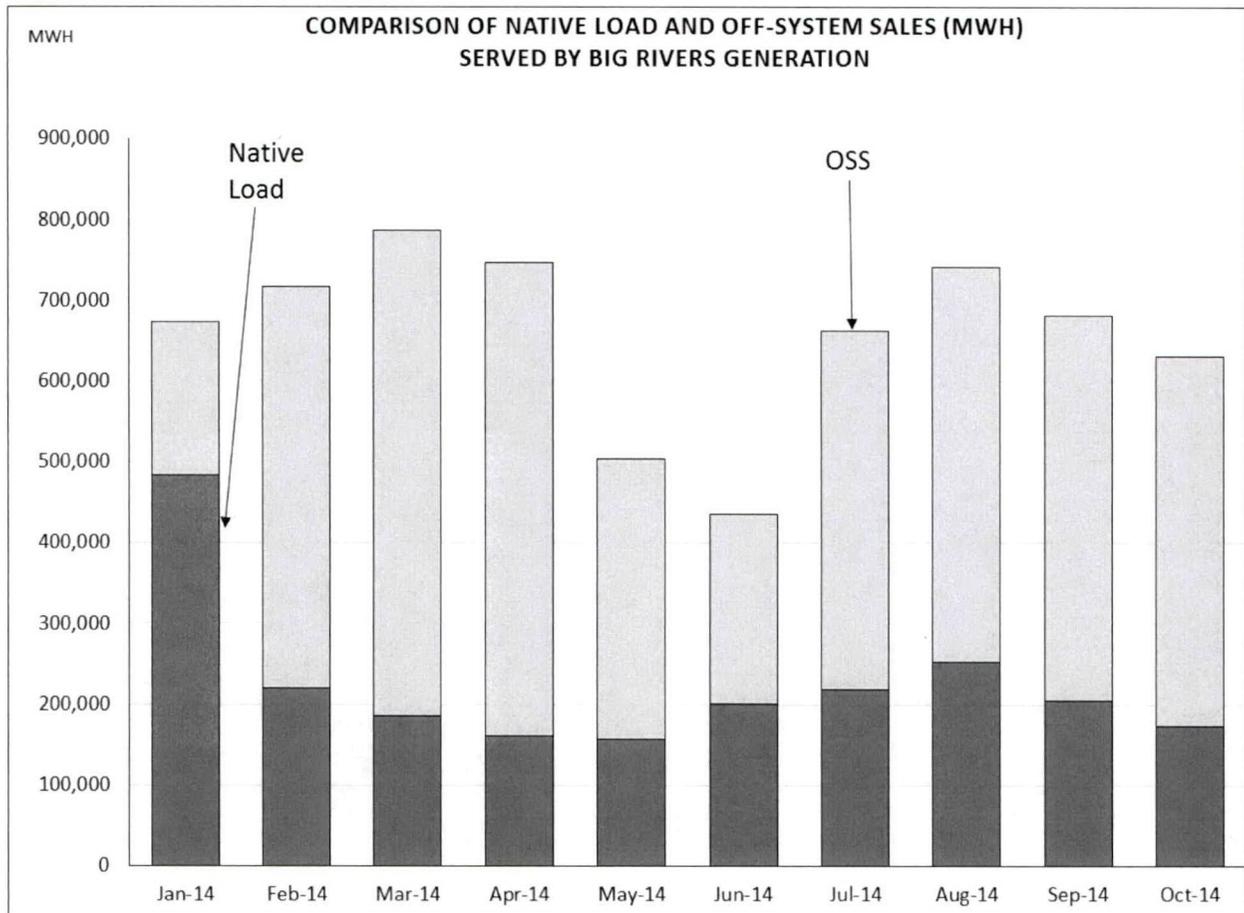
2 A. Yes. Big Rivers has much more generating capacity than it needs to serve its native load  
3 customers due to the loss of approximately 850 MW of Smelter loads in August 2013 and  
4 January 2014, respectively. The Company shut down all three units at the Coleman plant in May  
5 2014, but continued to operate the Wilson plant so that it could make off-system sales and earn  
6 margins on those sales. Even after the shutdown of the three Coleman units (421 MW), the Big  
7 Rivers reserve margin increased from 17% to 89% after the loss of the Smelter load, as shown on  
8 the following graph.



9  
10 **Q. Does the Company sell most of its generation to native load customers?**

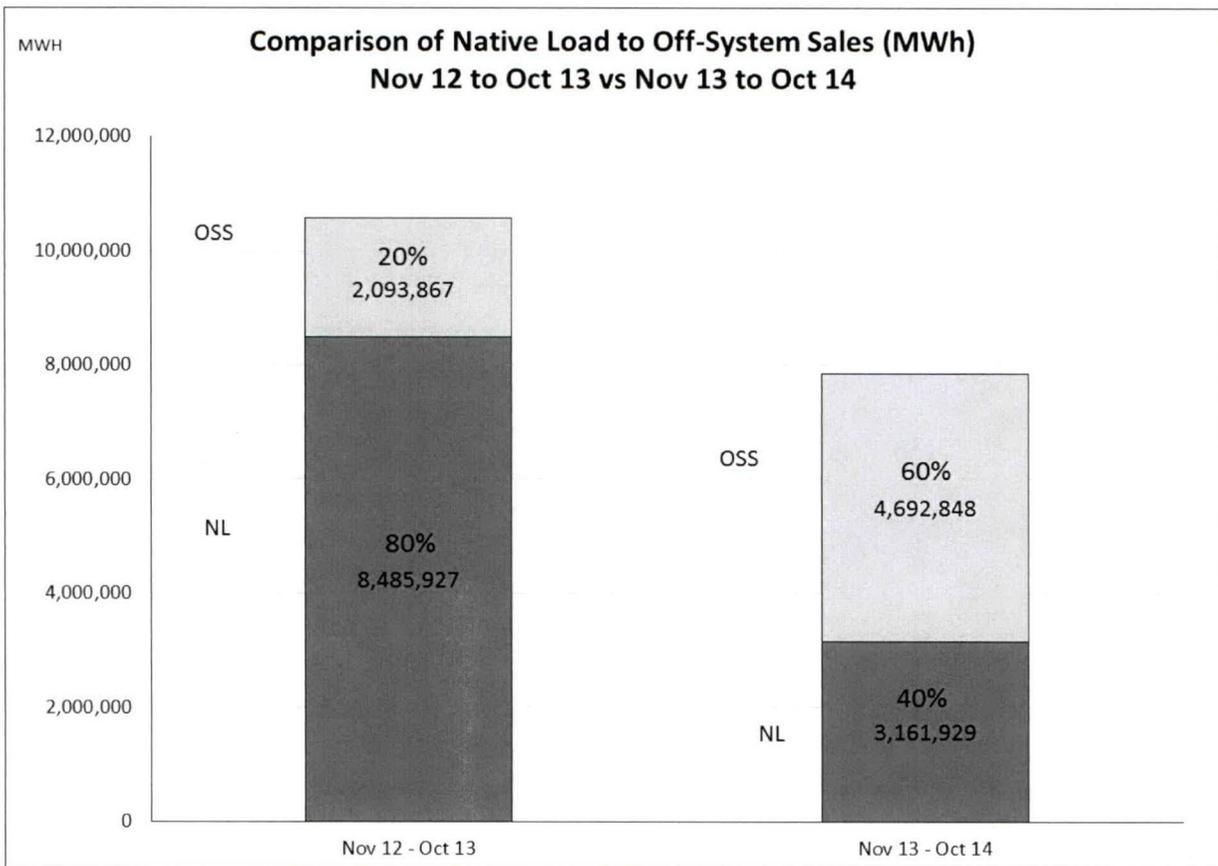
11 A. No. As shown in the graph below, after the second Smelter left the system in January 2014, Big  
12 Rivers began selling, in some months, as much as three times more off-system than it sold to  
13 native load. In making additional off-system sales, the Company dispatched its less efficient

1 generating units more frequently, and the fuel costs to operate those units were shared with  
2 native load customers based on the Company's methodology that allocated fuel costs between  
3 native load and off-system sales using the same system average fuel cost.



4  
5 Since the Company lost the Smelter load, it has become predominantly a merchant  
6 generator. This occurred within the two-year review period. The following graph compares the  
7 Company's native load sales and off-system sales from November 2012 to October 2013, prior  
8 to the loss of the Smelters, to the subsequent 12-month period from November 2013 through  
9 October 2013, during which both Smelter contracts expired. The graph shows that before both  
10 Smelters left the system, native load sales and off-system sales comprised 80% and 20% of the  
11 Company's total system sales, respectively. After the Smelters left, the native load sales dropped

1 to only 40% of the Company's total system sales.



2

3

4 **Q. What caused the overall decrease in total sales during these two periods?**

5 A. One of the most significant factors was that all three Coleman units were shut down in early May  
6 2014. Between the two periods, total sales also dropped by about 2.7 million MWh, which was  
7 nearly equal to the drop in the Coleman generation (2.6 million MWh). Nevertheless, the  
8 remaining capacity still allowed the Company to significantly increase its off-system sales  
9 (increased by 2.6 million MWh)

10

11

1 **Q. After the Coleman plant was shut down, did more of the generation come from Big Rivers’**  
2 **higher cost generation resources?**

3 A. Yes. The Coleman unit fuel costs were among the Company’s lowest. Consequently, after the  
4 Coleman units were shut down, the Company relied more on its higher cost generation resources,  
5 which include the Henderson Municipal Power and Light (HMP&L) units, and the Reid Coal  
6 and CT units. Between the Nov 12 – Oct 13 period and the Nov 13 – Oct 14 period, those units  
7 were used more heavily as shown by the significant increases in their capacity factors, a measure  
8 of the actual generation compared to the potential available generation:

9	Units	Nov 12 – Oct 13	Nov 13 – Oct 14	Nov 13 – Oct 14
10		<u>Cap Fac %</u>	<u>Cap Fac %</u>	<u>\$/MWh</u>
11				
12	HMP&L 1 & 2	53.4%	61.3%	\$26.64
13	Reid Coal	0.7%	43.7%	\$33.25
14	Reid CT	0.1%	0.3%	\$156.41
15				

16 The preceding table also shows the relative cost of each of these resources. These  
17 resources are significantly higher cost than the Company’s most efficient generating units,  
18 Wilson and Green, which operated at an average cost of about \$22.85/MWh. The Company’s  
19 fuel cost allocation method results in a sharing of all fuel costs, including the highest cost  
20 generating units, on a system average basis between native load and off-system sales as opposed  
21 to allocating to native load the lowest fuel costs in accordance with the Commission’s  
22 requirements.

23

24

1 **Q. Please summarize your concern regarding Big Rivers fuel cost allocation method.**

2 A. In summary, with the loss of the Smelter load, which resulted in the shutdown of the Coleman  
3 plant and greater off-system sales, Big Rivers' average fuel expense increased due to the  
4 additional generation from higher cost units. The Company's allocation methodology  
5 compounded the effect on native load customers, who were allocated a proportionate share of the  
6 greater fuel expense even though the generation from the Company's lower cost units was  
7 sufficient to serve native load. If Big Rivers had just run the units needed to serve its relatively  
8 small native load, it would have operated its lowest cost units, and native load customers would  
9 have only been allocated the fuel costs associated with those lower cost units.<sup>3</sup> However, Big  
10 Rivers is now primarily a merchant generator selling off-system that happens to have a smaller  
11 all-requirements obligation to supply its native load customers. This would not be a problem  
12 from a FAC perspective if Big Rivers allocated its lowest cost fuel units to native load first and  
13 then allocated the remainder of its fuel costs to off-system sales. But Big Rivers is averaging all  
14 of its fuel costs and billing native load customers the same amount it assigns to off-system sales.  
15 This inflates the cost of fuel for native load customers and discounts the cost of fuel assigned to  
16 off-system sales. As a result, the native load customers subsidize off-system sales.

17  
18 **Q. Why is Big River's fuel cost allocation methodology improper?**

19 A. It is inherently unreasonable and illogical to charge native load customers more for fuel than is  
20 allocated to off-system sales for FAC purposes. Instead, Big Rivers native load customers  
21 should be allocated the lowest fuel costs and off-system sales should be allocated the highest fuel

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<sup>3</sup> Case No. 2014-00230; Video Transcript (11-12-14; 13:10:00-13:10:30).

1 costs. This is true because the Company's native load customers are allocated 100% of the  
2 allowed fixed investment and non-fuel operating costs of all of the Company's generating units,  
3 including the Coleman units that are shut down, except for certain amounts allocated to off-  
4 system sales in the environmental surcharge. The Company's methodology runs counter to cost  
5 causation principles and results in native load customers paying unreasonably high FAC charges  
6 in order to enhance the Company's off-system sales margins.

7  
8 **Q. Do the inflated margins that Big Rivers is making on off-system sales due to its system  
9 average fuel allocation method benefit native load customers?**

10 A. No. If Big Rivers' margins from off-system sales were credited in their entirety to native load  
11 customers through the FAC or some other rider, then the allocation of average fuel costs to all  
12 sales would have no effect on native load customers. In that scenario, native load customers  
13 would pay inflated fuel costs in the FAC, but they would also receive the benefit of the higher  
14 off-system sales margins that result from allocating average, rather than incremental, fuel costs  
15 to off-system sales. In that sense, customers would be held harmless. However, that scenario  
16 does not exist and Big Rivers keeps the vast majority of off-system sales margins rather than  
17 using those margins to reduce the rates of their native load customers.

18  
19 **Q. What were the margins that Big Rivers made from off-system sales?**

20 A. According to Big Rivers' response to KIUC 1-7, Big Rivers made \$51.7 million in margins from  
21 off-system sales from January through October of 2014, or approximately \$62 million if the ten  
22 months were annualized.

1 Big Rivers' base rates, as set in Case No. 2013-00199, reflect only about \$9.5 million per  
2 year in off-system sales margins because the future test year filed by Big Rivers assumed that  
3 Big Rivers would not run the 417 MW Wilson generating station.<sup>4</sup> Big Rivers is permitted to  
4 keep 100% of all profits from off-system sales above the \$9.5 million per year base amount. As  
5 a result, Big Rivers kept an estimated \$52.5 million of profits from off-system sales that were not  
6 reflected in base rates less the additional non-fuel expenses that it incurs to continue operating  
7 Wilson that are not included in base rates.

8 The Company presently defers the Wilson depreciation expense, which means that Big  
9 Rivers may seek recovery of those costs in the future. But the interest expense and associated  
10 TIER on Wilson are presently recovered in base rates, and that recovery is not subject to refund.  
11 There is a ratemaking inconsistency with charging consumers for the interest expense and TIER  
12 on Wilson, while allowing the utility to retain all profits from selling Wilson into the wholesale  
13 power market. That inconsistency should not be made worse by subsidizing off-system sales  
14 through the use of the system average methodology to allocate fuel expenses.

15  
16 **Q. Did the Commission previously find that fuel expense should be allocated between native**  
17 **load customers and off-system sales using “incremental cost” rather than system average**  
18 **fuel costs?**

19 A. Yes. The Commission previously addressed the same allocation issue in Case No. 94-458 in its  
20 Order dated March 5, 1996,<sup>5</sup> affirming the Company's use of an “incremental cost” methodology

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<sup>4</sup> Case No. 2013-00199, Order p. 13 (April 25, 2014).

<sup>5</sup> Case No. 94-458, Order (March 5, 1996) (“1996 Order”), attached as Exhibit LK-2.

1 at that time and rejecting KIUC's proposal to use a "system average fuel cost" methodology. At  
2 that time, the Company's incremental cost was less than the system average fuel cost; however,  
3 now the Company's incremental cost is greater than system average fuel cost. The 1996 Order  
4 required Big Rivers to allocate incremental costs to non-firm off-system customers, stating:

5 *Big Rivers uses its system average fuel cost to allocate fuel costs among its native*  
6 *load customers and firm off-system customers. It uses incremental costs, however,*  
7 *to allocate fuel costs to non-firm off-system sales. During the review period, Big*  
8 *Rivers' incremental costs for the period under review were less than its system*  
9 *average fuel cost. Big Rivers' native load customers thus paid a higher share of*  
10 *fuel costs than non-firm off-system customers.*

11 \*\*\*

12 *The use of incremental fuel costs for non-firm off-system sales is reasonable. Such*  
13 *sales are "opportunity sales" in which the "market price" established by the bulk*  
14 *power market is based upon a utility's marginal or incremental cost.<sup>6</sup>*

15 The 1996 Order states that incremental fuel costs should be allocated to non-firm off-system  
16 sales and expressly rejected the argument, then made by KIUC, but now made by Big Rivers,  
17 that average fuel cost should be assigned to all sales. The 1996 Order states:

18 [KIUC]... *proposes that Big Rivers assign its system average fuel costs to all*  
19 *sales. In this manner non-firm off-system customers would be treated in the same*  
20 *manner as native load and firm off-system customers... the Commission finds no*  
21 *merit to KIUC's contention.<sup>7</sup>*

22  
23 **Q. The Commission's 1996 Order supports the allocation of system average fuel costs between**  
24 **native load customers and firm off-system sales, but requires the assignment of incremental**  
25 **fuel cost to non-firm off-system sales. Please explain the difference between firm and non-**  
26 **firm off-system sales and how this distinction applies to your testimony.**

27 **A. As a practical matter, Big Rivers has two categories or sales jurisdictions: 1) native load sales**

---

<sup>6</sup> 1996 Order p. 1 (citations omitted and emphasis added).

<sup>7</sup> 1996 Order p. 1.

1 that include all requirements sales to its members and non-members (firm off-system sales) and  
2 2) non-firm off-system sales. It makes sense to treat all sales in the first category similarly  
3 because the sales are firm and distinguished only by whether the sales are to a member or non-  
4 member and fuel expenses are subject to collection through FAC rates. On the other hand, the  
5 fuel expense for non-firm off-system sales is excluded from the FAC. Non-firm off-system sales  
6 are subject to market pricing.

7 The 1996 Order rejected the allocation of system average fuel costs to all sales, as Big  
8 Rivers currently does, and specifically required Big Rivers to allocate incremental fuel costs to  
9 non-firm off-system sales, as KIUC and the AG propose in the present case.

10  
11 **Q. Why would Big Rivers argue that it should be permitted to allocate incremental fuel costs**  
12 **to off-system sales in the 1996 Case, but now argues that it should allocate using system**  
13 **average fuel costs to all sales?**

14 A. In 1996, incremental fuel costs were below the system average cost of fuel.<sup>8</sup> This unusual  
15 circumstance was due to the fact that Big Rivers had entered into above-market, take-or-pay coal  
16 contracts that were in effect at the time. Those higher fuel costs were allocated to native load  
17 customers. The lower incremental fuel costs were allocated to off-system sales. In that  
18 circumstance at that time, native load customers were allocated above average fuel costs.  
19 However, that circumstance no longer exists.

20 Now the tables are turned. Now, incremental fuel costs are above system average fuel  
21 costs. Allocating above-average incremental fuel costs to off-system sales would necessarily

---

<sup>8</sup> 1996 Order p. 1.

1 mean that native load customers would pay below average. Therefore, applying the holding of  
2 the 1996 Order to the present circumstances means that native load consumers should be  
3 allocated the lowest fuel expense and reduced FAC rates. Big Rivers' margins from off-system  
4 sales should be correspondingly reduced.

5  
6 **III. THE COMMISSION SHOULD REQUIRE BIG RIVERS TO REFUND AT LEAST \$11.77**  
7 **MILLION IN IMPROPERLY COLLECTED FUEL EXPENSES TO NATIVE LOAD**  
8 **CUSTOMERS PLUS INTEREST OF \$1.57 MILLION**  
9

10 **Q. What is your recommendation regarding an alternative allocation of fuel and purchase**  
11 **power costs versus the Company's approach?**

12 A. I recommend that Big Rivers be required to allocate fuel and purchase power costs using a  
13 methodology similar to the EKPC/Duke methodology. The EKPC/Duke methodology requires  
14 that all resources be economically stacked from lowest to highest cost in each hour. The lowest  
15 cost resources, and thus, the lowest fuel and purchase power expenses are allocated to native  
16 load customers and the highest to off-system sales each hour. This methodology ensures that the  
17 highest cost resources and fuel expenses are allocated to off-system sales.

18  
19 **Q. Has the Company performed this or a similar calculation recently?**

20 A. Yes. In the Company's six-month fuel cost adjustment proceeding (Case No. 2014-00230), Staff  
21 requested that the Company recalculate its fuel expense by assigning its lowest fuel cost

1 generation to native load each hour.<sup>9</sup> The Company responded that it was unable to perform  
2 such a calculation on an hourly basis, however, it stated, “Big Rivers has calculated an estimate  
3 of the potential impact by allocating Big Rivers' least expensive units based on monthly average  
4 costs for each specific unit to native load on an hourly basis and applying the cost differential per  
5 MWh to FAC generation volumes used to serve native load.” Using that approach, the Company  
6 determined that native load customers should be allocated \$2.7 million less in fuel expense from  
7 November 2013 through April 2014.

8  
9 **Q. Has the Company performed this calculation for the 24-month period in this proceeding?**

10 A. KIUC requested that the Company perform the same calculation that Staff had asked for, but for  
11 the entire 24-period of November 2012 to October 2014 (KIUC 1-1). Despite the fact that the  
12 Company had already performed a calculation for six of the 24 months (November 2013 – April  
13 2014), Big Rivers objected to KIUC’s request as being overly broad and unduly burdensome.

14  
15 **Q. Was the Commission asked to resolve this matter?**

16 A. Yes. KIUC filed a Motion to Compel Discovery, and the Commission issued a ruling on this  
17 matter on April 7, 2015, which requires the Company to provide a response by April 14, 2015,  
18 which is prior to the date of the hearing in this case. Since this information will not become  
19 available prior to interveners having to file testimony, KIUC and the AG have developed an  
20 estimate of the fuel costs by first allocating the lowest costs to native load. I will review the  
21 Company’s calculations prior to hearing and may file supplemental testimony if necessary;

---

<sup>9</sup> Case No. 2014-00230, KPSC 3-1.

1           however, I believe that the calculations that I have performed provide the Commission a  
2           reasonable estimate of the costs that should be refunded by the Company for the two-year review  
3           period.  
4

5   **Q.    Please describe your methodology to recalculate the allocation of fuel expenses to the native**  
6   **load for the November 2012 – October 2014 period.**

7   A.    My preferred methodology would be to use an hourly restacking approach similar to what  
8           EKPC/Duke use to allocate fuel expenses. However, since the Company was not able to provide  
9           an hourly restacking analysis, I performed a restacking analysis that allocated the lowest costs  
10          first to native load, but used monthly data that the Company provided in response to KIUC  
11          discovery. Even when the Company responds to the KIUC discovery on April 14, I understand it  
12          will use monthly data as the Company used in its response to Staff 3-1 in Case No. 2014-00230.

13                 The data that I used in this calculation included: 1) the actual monthly unit generation and  
14                 fuel cost per MWh, 2) monthly purchase energy and purchase power cost per MWh, and 3)  
15                 native load energy. I developed the economic stacking by ranking the costs for each generating  
16                 unit or purchase that served native or off-system sales load in each month from lowest to highest  
17                 and allocated the lowest cost generating units and purchases first to native load. Once the  
18                 monthly native load requirements were met, I allocated the remainder of the fuel and purchase  
19                 power expense to off-system sales.  
20

21   **Q.    What is your recommendation regarding a refund?**

22   A.    I recommend that the Company refund \$13.34 million in excessive fuel costs that were

1 improperly allocated and collected through the FAC from November 1, 2012 through October  
2 31, 2014, which includes interest. This refund amount is comprised of \$11.77 million in  
3 unreasonable fuel expenses and \$1.57 million in interest on the refund.

4 The unreasonable fuel expenses allocated to native load customers during the review  
5 period should be reallocated to off-system sales. The excess fuel expenses were incurred by Big  
6 Rivers to supply off-system sales, not to supply native load sales, so the expenses should be  
7 allocated to off-system sales.

8 In addition, I recommend that the Commission order Big Rivers to adjust its fuel cost  
9 allocation methodology going forward so that the lowest cost resources, including both  
10 generating unit fuel costs and purchase power costs, are allocated to native load.

11  
12 **Q. While you are recommending that the Commission order Big Rivers to adjust its fuel cost**  
13 **allocation methodology going forward, has the Company already acknowledged that it**  
14 **plans to change its fuel cost allocation methodology?**

15 A. Yes. In its response to KIUC's Motion to Compel Discovery that it filed on March 31, 2015, Big  
16 Rivers stated that it plans to propose an "hourly stacked cost methodology" when it files its next  
17 base rate proceeding, possibly in 2016.

18  
19 **Q. Was this an acknowledgement by Big Rivers that it does not allocate the lowest fuel costs to**  
20 **native load?**

21 A. Yes. In fact, in its response to Staff 3-1 in Case No. 2014-00230 filed on October 20, 2014, Big

1 Rivers acknowledged that its fuel cost methodology was different than other utilities in Kentucky  
2 and that it did not allocate the lowest fuel costs to native load. This led Big Rivers to conduct an  
3 investigation of “the details of how other utilities perform the calculations necessary to allocate  
4 fuel costs on an hourly stacked costs basis,” and as mentioned above, Big Rivers then committed  
5 to propose an hourly stacked cost methodology in its next base rate proceeding.

6

7 **Q. Given Big Rivers’ stated intentions, do you still believe it is necessary for the Commission**  
8 **to require the Company to develop a new methodology to allocate the lowest fuel costs to**  
9 **native load using an hourly stacked cost approach?**

10 A. Yes, I do. I think it is necessary to ensure that no delay arises in Big Rivers’ plan to change its  
11 methodology, and to ensure that the methodology Big Rivers employs is consistent with the  
12 EKPC/Duke method.

13

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

15 A. Yes it does.

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

**In The Matter Of:**

In the Matter of An Examination of the Application of the Fuel :  
Adjustment Clause of Big Rivers Electric Corporation from : **Case No. 2014-00455**  
November 1, 2012 through October 31, 2014. :

**EXHIBITS**  
**OF**  
**LANE KOLLEN**

Exhibit\_\_\_\_(LK-1)

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**EDUCATION**

**University of Toledo, BBA**  
Accounting

**University of Toledo, MBA**

**Luther Rice University, MA**

**PROFESSIONAL CERTIFICATIONS**

**Certified Public Accountant (CPA)**

**Certified Management Accountant (CMA)**

**PROFESSIONAL AFFILIATIONS**

**American Institute of Certified Public Accountants**

**Georgia Society of Certified Public Accountants**

**Institute of Management Accountants**

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**EXPERIENCE**

**1986 to**

**Present:**

**J. Kennedy and Associates, Inc.:** Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

**1983 to**

**1986:**

**Energy Management Associates:** Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

**1976 to**

**1983:**

**The Toledo Edison Company:** Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.

Construction project cancellations and write-offs.

Construction project delays.

Capacity swaps.

Financing alternatives.

Competitive pricing for off-system sales.

Sale/leasebacks.

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**CLIENTS SERVED**

**Industrial Companies and Groups**

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
CF&I Steel, L.P.	Occidental Chemical Corporation
Climax Molybdenum Company	Ohio Energy Group
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy
Florida Industrial Power Users Group	Users Group
Gallatin Steel	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for	West Virginia Energy Users Group
Fair Utility Rates - Indiana	Westvaco Corporation
Industrial Energy Consumers - Ohio	
Kentucky Industrial Utility Customers, Inc.	
Kimberly-Clark Company	

**Regulatory Commissions and**  
**Government Agencies**

Cities in Texas-New Mexico Power Company's Service Territory  
Cities in AEP Texas Central Company's Service Territory  
Cities in AEP Texas North Company's Service Territory  
Georgia Public Service Commission Staff  
Kentucky Attorney General's Office, Division of Consumer Protection  
Louisiana Public Service Commission Staff  
Maine Office of Public Advocate  
New York State Energy Office  
Office of Public Utility Counsel (Texas)

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**Utilities**

Allegheny Power System  
Atlantic City Electric Company  
Carolina Power & Light Company  
Cleveland Electric Illuminating Company  
Delmarva Power & Light Company  
Duquesne Light Company  
General Public Utilities  
Georgia Power Company  
Middle South Services  
Nevada Power Company  
Niagara Mohawk Power Corporation

Otter Tail Power Company  
Pacific Gas & Electric Company  
Public Service Electric & Gas  
Public Service of Oklahoma  
Rochester Gas and Electric  
Savannah Electric & Power Company  
Seminole Electric Cooperative  
Southern California Edison  
Talquin Electric Cooperative  
Tampa Electric  
Texas Utilities  
Toledo Edison Company

**Expert Testimony Appearances  
of  
Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenor	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.

**Expert Testimony Appearances  
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Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.

**Expert Testimony Appearances  
of  
Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 <sup>th</sup> Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.

**Expert Testimony Appearances  
of  
Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.

**Expert Testimony Appearances  
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Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
4/94	U-20647 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.

**Expert Testimony Appearances  
of  
Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.

**Expert Testimony Appearances  
of  
Lane Kollen  
as of March 2015**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.

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Date	Case	Jurisdict.	Party	Utility	Subject
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.

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<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
4/99	99-02-05	Ct	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.

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Date	Case	Jurisdct.	Party	Utility	Subject
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.

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Date	Case	Jurisdict.	Party	Utility	Subject
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPSCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002  ER03-681-000, ER03-681-001  ER03-682-000, ER03-682-001, ER03-682-002  ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.

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Date	Case	Jurisdct.	Party	Utility	Subject
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPSCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPSCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow-through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.

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10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.

**Expert Testimony Appearances  
of  
Lane Kollen  
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<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Taylor, Kollen Panel	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-00564, 2007-00565, 2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.

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Date	Case	Jurisdct.	Party	Utility	Subject
02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Sub J) Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	Rebuttal				
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct- Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U- 20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E	CO	CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.
09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/09	09A-415E Answer	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.
12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal  Supplemental Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues.
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc., Attorney General	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.
03/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation expense and effects on System Agreement tariffs.
04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.

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<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
04/10	2009-00458, 2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.
08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPSCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPSCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPSCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPSCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPSCO	AFUDC adjustments in Formula Rate Plan.
11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
03/11	ER10-2001 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Arkansas, Inc.	EAI depreciation rates.
04/11	Cross-Answering				
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins.
04/11	38306 Direct	TX	Cities Served by Texas- New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	Suppl Direct				
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.
08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	11AL-947E Answer	CO	Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel	Public Service Company of Colorado	Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Direct Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.
10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.

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<b>Date</b>	<b>Case</b>	<b>Jurisdiction</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
10/12	120015-EI Direct	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
11/12	120015-EI Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.
05/13	2012-00535	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
06/13	12-3254-EL-UNC	OH	The Ohio Energy Group, Inc.,  Office of the Ohio Consumers' Counsel	Ohio Power Company	Energy auctions under CBP, including reserve prices.
07/13	2013-00144	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Biomass renewable energy purchase agreement.
07/13	2013-00221	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Hawesville Smelter market access.
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.

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<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
12/13	2013-00413	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Sebree Smelter market access.
01/14	ER10-1350	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 lease accounting and treatment in annual bandwidth filings.
04/14	ER13-432 Direct	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
05/14	PUE-2013-00132	VA	HP Hood LLC	Shenandoah Valley Electric Cooperative	Market based rate; load control tariffs.
07/14	PUE-2014-00033	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting, change in FAC Definitional Framework.
08/14	ER13-432 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
08/14	2014-00134	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Requirements power sales agreements with Nebraska entities.
09/14	E-015/CN-12-1163 Direct	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation.
10/14	2014-00225	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Allocation of fuel costs to off-system sales.
10/14	ER13-1508	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity.
10/14	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	First Energy-Monongahela Power, Potomac Edison	Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge.
11/14	E-015/CN-12-1163 Surrebuttal	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class allocation.
11/14	05-376-EL-UNC	OH	Ohio Energy Group	Ohio Power Company	Refund of IGCC CWIP financing cost recoveries.
11/14	14AL-0660E	CO	Climax, CF&I Steel	Public Service Company of Colorado	Historic test year v. future test year, AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT; depreciation; royalty income; amortization.
12/14	EL14-026	SD	Black Hills Industrial Intervenors	Black Hills Power Company	Revenue requirement issues, including depreciation expense and affiliate charges.
01/15	9400-YO-100 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
01/15	14F-0336EG 14F-0404EG	CO	Development Recover Company LLC	Public Service Company of Colorado	Line extension policies and refunds.

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<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
01/15	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	AEP-Appalachian Power Company	Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge.
02/15	9400-YO-100 Rebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.

Exhibit \_\_\_\_ (LK-2)

1996 WL 34589883 (Ky.P.S.C.)  
Slip Copy

In the Matter of: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF BIG RIVERS  
ELECTRIC CORPORATION FROM NOVEMBER 1, 1992 TO OCTOBER 31, 1994

Case No. 94-458

Kentucky Public Service Commission

March 5, 1996

ORDER

By the Commission

This case involves a review of the operation of the fuel adjustment clause ("FAC") of Big Rivers Electric Corporation ("Big Rivers") for the two year period ending October 31, 1994.<sup>1</sup> Based upon its review, the Commission finds that: (1) Big Rivers properly determined fuel costs charged to native load customers and properly allocated mandated fuel cost refunds; (2) Big Rivers improperly calculated and applied mandated prospective fuel cost disallowances; (3) the base fuel cost in Big Rivers' rates should be adjusted as proposed; and (4) Big Rivers should refund an additional \$993,129 in net unreasonable costs incurred during the review period.

FUEL COST ALLOCATION

Big Rivers uses its system average fuel cost to allocate fuel costs among its native load customers and firm off-system customers. It uses incremental costs,<sup>2</sup> however, to allocate fuel costs to non-firm off-system sales.<sup>3</sup> During the review period, Big Rivers' incremental costs for the period under review were less than its system average fuel cost. Big Rivers' native load customers thus paid a higher share of fuel costs than non-firm off-system customers.

This situation is the result of the coal supply contracts for the Wilson and Green generating plants. These high volume take-or-pay contracts require the purchase of baseload quantities of fuel regardless of whether the coal is used.<sup>4</sup> Big Rivers therefore dispatches these plants - its most expensive plants - before dispatching its lower cost plants. Native load customers thus pay the higher baseload costs, while non-firm off-system customers are charged the lower incremental fuel costs.

Kentucky Industrial Utility Customers ("KIUC") contends that this method is contrary to normal economic dispatch procedures and is unreasonable. To remedy this situation, it proposes that Big Rivers assign its system average fuel costs to all sales. In this manner non-firm off-system customers would be treated in the same manner as native load and firm off-system customers. KIUC's proposed allocation method is similar to the methodology which Big Rivers employed during portions of the review period when it experienced problems with its new energy management system.

Nonetheless, the Commission finds no merit to KIUC's contentions. The use of incremental fuel costs for non-firm off-system sales is reasonable. Such sales are "opportunity sales" in which the "market price" established by the bulk power market is based upon a utility's marginal or incremental cost.

Given the terms of its coal supply contracts for the Wilson and Green generating plants, Big Rivers' dispatching methods are not unreasonable. Because of those contracts' take-or-pay provisions, the incremental cost of burning their coal is zero. Burning fuel at another plant, however, results in a higher incremental cost as Big Rivers would incur not only the cost of the take-or-pay coal but also the cost of any replacement coal. While the Commission has reviewed on several occasions Big Rivers'

decisions to contract for these baseload quantities,<sup>5</sup> it has not found the baseload quantities to be the result of unreasonable fuel procurement decisions.

#### LINE LOSS ALLOCATION TO OFF-SYSTEM SALES

At the hearing KIUC's witnesses alleged that Big Rivers is not including line losses in the fuel costs of non-firm off-system sales in violation of Commission Regulation 807 KAR 5:056. They argue that this action is unreasonable and is the principal reason that non-firm off-system customers are allocated a lower fuel cost than jurisdictional native load customers.

The record fails to support these contentions. Both KIUC witnesses concede a lack of knowledge about Big Rivers' current allocation practices on this point.<sup>6</sup> Moreover, Big Rivers' responses to discovery requests support its contention that, as a general policy, it charges line losses to non-firm off-system sales. The reports of its energy management system for the review period indicate that it applied line losses to non-firm off-system sales.

#### ALLOCATION OF REFUNDS

KIUC argues that Big Rivers is not complying with the Commission's Order in Case No. 90-360-C<sup>7</sup> which disallowed approximately \$12.4 million in Contract No. 527 fuel costs that were found unreasonable. First, it contends that these refunds should be allocated between jurisdictional and non-jurisdictional customers based upon their respective share of the Wilson unit's coal costs. Big Rivers' use of incremental costs for non-firm off-system sales, KIUC asserts, prevents this allocation. In lieu of this incremental cost methodology, KIUC proposes that the Commission require the use of an average cost methodology to ensure that jurisdictional customers receive their proper share of the disallowed costs.

KIUC also argues that Big Rivers' refund method prevents jurisdictional ratepayers from receiving the total amount due them. The supplemental sales agreements between Big Rivers and NSA, Inc. and Alcan Aluminum establish minimum price "floors" for certain energy purchases. These "floors" prevent the full FAC credit for disallowed fuel costs from being applied to these kilowatt-hour ("KWH") sales. As a result, Big Rivers retained approximately \$154,000 of disallowed costs during the last three months of the review period. To ensure return of the full jurisdictional amount, KIUC argues, changes in the method for calculating the FAC refund credit should be made.

The Commission finds no merit in KIUC's first argument. The Order of July 21, 1994 did not require retroactive matching of the Contract No. 527 cost disallowances with the customer groups that receive their power from the Wilson plant. To determine the jurisdictional portion of the unreasonable fuel costs, the Commission applied the ratio of jurisdictional fuel costs to total fuel costs for the review period to the total amount of unreasonable fuel costs.<sup>8</sup>

The Commission's allocation method is based on the proposition that **refunds** of unreasonable fuel costs should go to the customers assessed those costs.<sup>9</sup> It is not based upon the assumption that jurisdictional and non-jurisdictional customers share proportionately in the fuel costs of the Wilson plant as alleged by KIUC. If such an assumption were correct, then it logically follows that the same proportionate sharing applies to all generating units and that all customers are charged the system average fuel cost. Therefore, there would be no reason to affect a jurisdictional split. The allocation between jurisdictional and non-jurisdictional customers could then be based on KWH sales rather than fuel costs.

The Commission's jurisdictional split explicitly recognizes that jurisdictional customers incurred a proportionately higher share of fuel costs due to Contract No. 527. While this approach does not result in a precise matching of fuel costs by plant and customer group, it reflects the differences in jurisdictional and non-jurisdictional fuel costs resulting from a utility's fuel mix, dispatching constraints, and method of pricing non-firm off-system sales.

The record fails to support KIUC's contention that non-firm off-system sales bear no Contract No. 527 fuel costs. During most of the review period, Big Rivers used daily system average fuel costs for non-firm sales. These sales included the fuel costs of all generating units. Moreover, Big Rivers' energy management system reports indicate that during the review period, Big Rivers made several off-system sales which include fuel costs exceeding both the system average cost and the monthly average fuel cost of the Green generating plant (the second highest cost generation on the system).

KIUC's effort to change the allocation method of **refunds**, furthermore, is an untimely attempt to modify the Commission's Order of July 21, 1994.<sup>10</sup> KIUC seeks retroactive changes to the allocation method prescribed in that Order. Such challenge should have been made in a petition for rehearing of the July 21, 1994 Order or in its action for review.<sup>11</sup> KRS 278.400; KRS 278.410. At issue in this proceeding is whether Big Rivers has complied with the July 21, 1994 Order during this review period. KIUC has not shown any failure by Big Rivers to comply nor any compelling reason to change or modify the allocation method.

As to KIUC's second argument, the supplemental sales agreements prevent a complete **refund** of the jurisdictional portion of unreasonable fuel charges. KIUC's proposal to correct this situation, however, clearly violates the filed rate doctrine as the supplemental sales agreements establish a floor on the fuel charges. Moreover, when entering these agreements, the two aluminum smelters were aware of the possibility of **refunds** of unreasonable fuel charges through the FAC proceedings and that the agreements limited the level of such **refunds**.

#### CALCULATION AND ALLOCATION OF PROSPECTIVE DISALLOWANCES

In its Order of July 21, 1994, the Commission directed that Big Rivers reduce by \$6.63 per ton the price for all coal purchased under Contract No. 527 for purposes of calculating the fuel cost for recovery through its FAC. To calculate this disallowance, Big Rivers multiplies the tons purchased under Contract No. 527 by \$6.63 to arrive at the total system disallowance. To obtain the jurisdictional portion of the disallowance, it then applies a factor derived from the percentage of jurisdictional fuel costs compared to total system fuel costs for the month in question. The jurisdictional disallowance is then deducted from the jurisdictional fuel cost at the bottom of the fuel cost schedule in its monthly FAC report.

KIUC contends that Big Rivers' method improperly implements the Commission's Order by calculating a jurisdictional component separate from the fuel cost schedule and deducting the result from the jurisdictional fuel cost as calculated on the schedule. It argues that the amount of the total system disallowance should be reflected in the total system "coal burned" amount shown at the top of the fuel cost schedule in the FAC report. The amount of the disallowance which shows up in the jurisdictional fuel cost would then be determined by the dispatch of the system and the resulting level of fuel costs charged to off-system sale.

Big Rivers' method is not unreasonable, but other methods exist which more accurately track prospective fuel costs. While KIUC's proposal represents a move in that direction, it ignores the requirement that "all fuel costs shall be based on weighted average inventory costing." 807 KAR 5:056, Section 1(3)(e). KIUC's proposal improperly takes the monthly tonnage purchased directly to the fuel cost schedule. The Commission finds that the more appropriate and reasonable approach is to add the monthly tonnage purchased, priced to reflect the appropriate per ton disallowance,<sup>12</sup> to the coal inventory for the Wilson plant, with the resulting weighted average coal cost being reflected in the cost of coal burned at that plant.<sup>13</sup> The impact of this change on Big Rivers' monthly FAC reports for the final three months of the review period is shown in Appendix A. The Commission finds that, beginning with its monthly FAC report for February 1996, Big Rivers should reflect the prospective disallowance in this manner.

To implement this approach, it will be necessary to recalculate Big Rivers' coal inventory balances for the 15-month period from November 1994 through January 1996 to reflect the adjusted beginning inventory balance for the month of February 1996. Using Big Rivers' monthly FAC reports and FAC back-up reports, the Commission has made the calculations through December 1995 and has arrived at \$5,880,333, as the ending inventory balance for December 1995 which in turn becomes the beginning balance for January 1996.

### CURRENT PERIOD DISALLOWANCE

In Case No. 90-360-C, the Commission determined that Big Rivers incurred unreasonable costs for coal purchased under Contract 527 for the period from November 1, 1990 to April 30, 1993 and ordered their refund.<sup>14</sup> The Commission further ordered Big Rivers to adjust its fuel cost for all coal purchased under Contract No. 527 after July 31, 1994. In Cases No. 92-490-B<sup>15</sup> and 92-490-C,<sup>16</sup> the Commission addressed the unreasonable fuel costs incurred from May 1, 1993 through April 30, 1994. It left the question of fuel costs for the period from May 1, 1994 through July 31, 1994 for this review.

During the three months in question Big Rivers purchased 273,482 tons of coal under Contract No. 527. Based on the methodology established in Case No. 90-360-C, the Commission finds that Big Rivers incurred \$618,069 in unreasonable costs during these three months as a result of Amendment No. 1<sup>17</sup> and \$1,214,260 in unreasonable costs as a result of the Substitution Agreement,<sup>18</sup> for a total of \$1,832,329. The jurisdictional portion of the total is calculated using the ratio of jurisdictional fuel costs to total fuel costs. For the three months in question Big Rivers reported jurisdictional fuel costs of \$25,527,517 and total fuel costs of \$35,872,716.<sup>19</sup> The ratio is 71.2 percent resulting in \$1,304,618 in unreasonable costs allocated to jurisdictional sales.

Pursuant to 807 KAR 5:056, the Commission may require a utility to charge off and amortize unreasonable costs by means of a temporary decrease in rates. To ensure the return of the unreasonable costs over a period of time commensurate with the period during which the costs were incurred, the Commission finds that Big Rivers should charge off and amortize the unreasonable costs of \$1,304,618, with interest,<sup>20</sup> over a period of three months beginning with its FAC filing for the month of February 1996.<sup>21</sup> After combining this amount with the reduced fuel costs attributable to the change in calculating prospective disallowances, the Commission finds that Big Rivers should return \$993,129 to its jurisdictional customers.

### AMOUNT OF FUEL COSTS IN BASE RATES

Big Rivers has proposed to reduce the fuel cost component in its base rates for service provided at non-smelter delivery points from 12.9 mills to 12.62 mills per KWH.<sup>22</sup> It proposed that the month of September 1994 be used as the base period in arriving at the base fuel cost and the KWH components of its FAC.

After review of the supporting data for this proposal, the Commission finds that September 1994 is a representative generation month. Based on the record, Big Rivers' proposed base fuel cost of 12.62 mills per KWH for non-smelter delivery points should be effective for service rendered on and after April 1, 1996, to be reflected in bills rendered on and after May 1, 1996. The rates and charges in Appendix B are designed to reflect the transfer (roll-in) to base rates of the differential between the old base cost of 12.9 mills and the new base fuel cost of 12.62 mills per KWH.

### SUMMARY

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. Beginning with the month of February 1996 and continuing each month thereafter for the next two months, Big Rivers shall credit \$331,043 plus interest to the jurisdictional fuel cost included in its FAC report as filed with the Commission.
2. Beginning with the month of February 1996, Big Rivers shall, for FAC reporting purposes, reflect the prospective disallowance stemming from Amendment No. 1 and the "Andalex Substitution Agreement" to Contract No. 527 by deducting

the per ton disallowance from the cost of the coal purchased prior to the purchases being added to the coal inventory for the Wilson plant.

3. The base fuel cost included in rates for Big Rivers' non-smelter delivery points shall be reduced to 12.62 mills per KWH effective for service rendered on and after April 1, 1996.

4. The rates and charges in Appendix A are fair, just, and reasonable and are approved for service rendered on and after April 1, 1996.

5. Within 20 days of the date of this Order, Big Rivers shall file with this Commission revised tariffs setting out the rates approved herein.

Linda K. Breathitt

Chairman

<<Signature>>

Vice Chairman

Robert M. Davis

Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 94-458 DATED MARCH 5, 1996.

IMPACT OF IMPLEMENTING THE PROSPECTIVE DISALLOWANCE ORDERED FOR COAL PURCHASED  
UNDER CONTRACT 527 BY ADJUSTING THE COST OF PURCHASES MADE UNDER CONTRACT 527 AND  
REFLECTING THE ADJUSTMENTS MONTHLY IN THE WILSON INVENTORY

AUGUST 1994 -

Total Amount of Prospective Disallowance per Big Rivers' FAC Report =  
\$609,390

Jurisdictional Component = \$428,401

Wilson Inventory - August 1994 - Per Big Rivers' Back-up Report

	<u>TONS</u>	<u>AMOUNT</u>	<u>PERTON</u>
Beginning Inventory	226,940	7,959,672	\$35.0740
Purchases (As Recorded)	110,459	3,875,496	35.0853
Sub-total (As Recorded)	337,399	11,835,168	35.0777

Less: Amount Burned	123,499	4,332,060	35.0777
Ending Inventory	213,900	7,503,108	35.0777

**Contract 527 Disallowance Per Weighted Average Inventory Method**

	<u>TONS</u>	<u>AMOUNT</u>	<u>PER TON</u>
Beginning Inventory	226,940	7,959,672	\$35.0740
Purchases (Adj)	110,459	3,266,106 <sup>1</sup>	29.5685
Sub-total (Adj)	337,399	11,225,778	33.2715
Amount Burned (Adj)	123,499	4,109,003	33.2715
Ending Inventory (Adj)	213,900	7,116,775	33.2715

**Impact on FAC Calculation (dollars)**

Amount Burned as Reported by BREC	4,332,060
Less: Adjusted Amount Burned	<u>4,109,003</u>
Change in the Amount Burned	(223,057)
Less: Jurisdictional Disallowance Reported by BREC	<u>(428,401)</u>
Increase (Decrease) in Fuel Cost	205,344

SEPTEMBER 1994 -

Total Amount of Prospective Disallowance Per Big Rivers' FAC Report = \$613,103

Jurisdictional Component = \$433,464

**Wilson Inventory - September 1994 - Per Big Rivers' Back-up Report**

<u>TONS</u>	<u>AMOUNT</u>	<u>PER TON</u>
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Beginning Inventory	213,900	7,503,108	\$35.0777
Purchases (As Recorded)	110,804	3,883,426	35.0478
Sub-total (As Recorded)	324,704	11,386,534	35.0675
Less: Amount Burned	116,623	4,089,667	35.0675
Ending Inventory	208,081	7,296,867	35.0675

**Contract 527 Disallowance Per Weighted Average Inventory Method**

	TONS	AMOUNT	PER TON
Beginning Inventory	213,900	7,116,775 <sup>2</sup>	\$33.2715
Purchases (Adj)	110,804	3,270,323 <sup>3</sup>	29.5145
Sub-total (Adj)	324,704	10,387,098	31.9895
Amount Burned (Adj)	116,623	3,730,701	31.9895
Ending Inventory (Adj)	208,081	6,656,397	31.9895

**Impact on FAC Calculation (dollars)**

Amount Burned as Reported by BREC	4,089,667
Less: Adjusted Amount Burned	<u>3,730,701</u>
Change in the Amount Burned	(358,966)
Less: Jurisdictional Disallowance Reported by BREC	<u>(433,464)</u>
Increase (Decrease) in Fuel Cost	74,498

OCTOBER 1994 -

Total Amount of Prospective Disallowance Per Big Rivers' FAC  
Report = \$642,090

Jurisdictional Component = \$493,767

**Wilson Inventory - October 1994 - Per Big Rivers' Back-up Report**

	<u>TONS</u>	<u>AMOUNT</u>	<u>PER TON</u>
Beginning Inventory	208,081	\$7,296,867	\$35.0675
Purchases (As Recorded)	115,002	4,039,202	35.1227
Sub-total (As Recorded)	323,083	11,336,069	35.0872
Less: Amount Burned	116,409	4,084,469	35.0872
Ending Inventory	206,674	7,251,600	35.0872

**Contract 527 Disallowance Per Weighted Average Inventory Method**

	<u>TONS</u>	<u>AMOUNT</u>	<u>PER TON</u>
Beginning Inventory	208,081	\$6,656,397 <sup>4</sup>	\$31.9895
Purchases (Adj)	115,002	3,397,112 <sup>5</sup>	29.5396
Sub-total (Adj)	323,083	10,053,509	31.1174
Amount Burned (Adj)	116,409	3,622,349	31.1174
Ending Inventory (Adj)	206,674	6,431,160	31.1174

**Impact on FAC Calculation (dollars)**

Amount Burned as Reported by BREC	4,084,469
Less: Adjusted Amount Burned	<u>3,622,349</u>
Change in the Amount Burned	(462,120)

Less: Jurisdictional Disallowance Reported by BREC	(493,767)
Increase (Decrease) in Fuel Cost	31,647

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-458 DATED MARCH 5, 1996.

The following rates and charges are prescribed for Big Rivers Electric Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

#### RATES

For all non-smelter delivery points:

(2) An Energy Charge of:

All KWH per month at \$.0178206

#### Footnotes

- 1 Reflects total August disallowance of \$609,390.
- 2 Reflects the impact of the inventory adjustment for August 1994.
- 3 Reflects total September disallowance of \$613,103.
- 4 Reflects the impact of the inventory adjustments for August and September 1994.
- 5 Reflects the total October disallowance of \$642,090.
- 1 Commission Regulation 807 KAR 5:056, Section 1(12) provides that "[e]very two (2) years following the initial effective date of each utility's **fuel adjustment clause** the commission in a public hearing will review and evaluate past operations of the clause, disallow improper expenses and to the extent appropriate reestablish the fuel clause charge in accordance with subsection (2) of this section."
- 2 "Incremental cost" is defined as:  
The additional costs incurred from the production or delivery of an additional unit of utility service, usually the minimum capacity or production that can be added. The additional cost divided by the additional capacity or output is defined as the incremental cost. P.U.R. Glossary For Utility Management 75 (Public Utilities Reports, Inc. 1992).
- 3 Non-firm off-system sales are sales of energy made using power sources that at the time of delivery are not being fully used, with such energy being used by the receiver to reduce generation of more expensive operating units, or to avoid curtailing deliveries to secondary or interruptible customers. The selling utility is under no legal or contractual obligation to make the sale for any period of time. Id. at 46.
- 4 Contract No. 527 requires Big Rivers to take 1,020,000 tons annually for the Wilson Plant. Contract No. 865 requires Big Rivers to take an additional 240,000 tons for use at the Wilson Plant. Contract No. 246 requires Big Rivers to take an annual minimum delivery of 850,000 tons for the Green Plant. Contract No. 528 requires Big Rivers to take an additional 388,800 tons annually for the Green Plant.
- 5 See, eg., Case No. 90-360-C, An Examination by the Public Service Commission of the Application of the **Fuel Adjustment Clause** of Big Rivers Electric Corporation from November 1, 1991 to April 30, 1992 (July 21, 1994).
- 6 KIUC's witnesses either assumed that Big Rivers was not allocating line losses to off-system sales or referred to a document that purports to show what Big Rivers was doing eight years ago. KIUC presented no evidence that Big Rivers did not allocate line losses to off-system sales during the two-year review period.

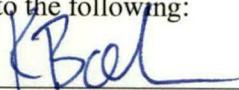
- 7 Case No. 90-360-C, An Examination by the Public Service Commission of the Application of the **Fuel Adjustment Clause** of Big  
Rivers Electric Corporation from November 1, 1991 to April 30, 1992 (July 21, 1994).
- 8  $81.9 \text{ percent} \times \$13.186 \text{ million} = \$10.8 \text{ million}$ .
- 9 The following factors influenced the choice of an allocation method: (1) the lack of any proposals on jurisdictional allocations; (2)  
the inability of Big Rivers' energy management systems to track precisely fuel costs from a particular generating plant to a particular  
customer group; and (3) the retrospective disallowances involved two coal contracts which supplied different generating units.
- 10 KIUC attempts to obscure this challenge to the Commission's Order by focusing on the allocation of fuel costs for the current review  
period, primarily the month of August 1994. While **refunding** commenced in August 1994, the Commission based the **refund**  
allocation on the 30-month review period ending April 30, 1993. It bears no relationship to the allocation of fuel costs for the month  
**refunds** commenced.
- 11 Kentucky Industrial Utility Customers v. Public Service Commission, Franklin Circuit Court, Civil Action No. 94-CI-01263.
- 12 The per ton disallowance should reflect the latest revision to the productivity index applicable to Contract No. 527.
- 13 The Commission envisioned this approach when it stated in its July 21, 1994 Order that "the price for all coal purchased from GRCC  
shall be reduced in the manner set forth in Appendix C to reflect the current impact of the disallowances for both the amendment and  
Substitution Agreement beginning in August 1994". Order at 36. Given the FAC regulation's requirement to use weighted average  
inventory costing, no other method is acceptable.
- 14 Order of July 21, 1994 at 12-17.
- 15 Case No. 92-490-B, An Examination by the Public Service Commission of the Application of the **Fuel Adjustment Clause** of Big  
Rivers Electric Corporation from May 1, 1993 to October 31, 1993.
- 16 Case No. 92-490-C, An Examination by the Public Service Commission of the Application of the **Fuel Adjustment Clause** of Big  
Rivers Electric Corporation from November 1, 1993 to April 30, 1994.
- 17  $273,482 \text{ tons} \times \$2.26 \text{ per ton} = \$618,069$ . The difference of \$2.26 per ton was established in Case No. 92-490-C. See Appendix  
A to the Commission's Order dated November 1, 1994. This amount reflects the impact of the revised productivity index of 3.05  
applicable to Contract No. 527 for calendar year 1994.
- 18  $273,482 \text{ tons} \times \$4.44 \text{ per ton} = \$1,214,260$ . See Appendix A to the Commission's November 1, 1994 in Case No. 92-490-C for the  
calculation of the \$4.44 per ton.
- 19 This amount is based upon Big Rivers' monthly FAC reports.
- 20 **Interest** should be based on the average of the Three-Month Commercial Paper Rate as reported in the Federal Reserve Bulletin and  
the Federal Reserve Statistical Release for the period May 1, 1994 to July 31, 1994. In all other respects the calculation of **interest**  
should follow the method prescribed in the July 21, 1994 Order.
- 21 This amount should be offset with the \$311,489 in increased fuel costs which results from changing the method used to recognize  
the prospective disallowances ordered by the Commission in Case No. 90-360-C.
- 22 The base fuel cost included in rates for service provided at smelter delivery points was set at 12.95 mills per KWH in the settlement  
of Case No. 89-376, to remain at that level until September 1, 1997.

End of Document

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by regular, U.S. mail, unless other noted, this 10<sup>th</sup> day of April, 2015 to the following:

  
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