

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

JUL 30 2015

APPLICATION OF OWEN ELECTRIC )  
COOPERATIVE, INC. FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND )  
NECESSITY FOR THE CONSTRUCTION )  
OF A TWO MEGAWATT DISTRIBUTED )  
GENERATION FACILITY IN OWEN )  
COUNTY, KENTUCKY )

PUBLIC SERVICE  
COMMISSION

CASE No. 2015-00213

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Requests for Information to Owen Electric Cooperative, Inc. [hereinafter "Owen"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the entire question, including all subparts to which each response is intended to refer. Please note that both the numbered data requests and their subparts may require separate answers. The Office of the Attorney General can provide counsel for Owen with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance

policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. James M. Crawford  
Crawford & Baxter, P.S.C. Attorneys at Law  
523 Highland Avenue  
P. O. Box 353  
Carrollton, KY 41008

this 30<sup>th</sup> day of July, 2015

  
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Lawrence W. Cook  
Assistant Attorney General

**Attorney General's Initial Data Requests**

1. Please confirm that the estimated annualized operating costs of \$648,240, as stated in the application, represent the sum of estimated annual O & M, estimated annual fuel costs, and estimated annual insurance costs.
  - a. Provide all calculations and supporting data used to develop estimates for each such item of cost.
2. Please confirm that the application estimates capital costs will total \$2.6 million.
  - a. If so confirmed, when will the capital spending be completed?
  - b. Provide a breakdown of all capital costs.
  - c. Does the stated amount of capital spending include any costs Owen expects to incur related to obtaining gas service from Carrolton Utilities, such as the gas line? If so, please provide the total of such costs.
  - d. Does Owen believe any future capital spending will be required? If so, please identify how much, and when.
3. Reference the Stallons testimony, Exhibit MAS-1. Please identify the cost items that comprise the "EKPC Savings" as depicted in this exhibit, and provide a break-down of all costs EKPC charges Owen.
  - a. Does the row labelled "EKPC Savings" include all costs that EKPC charges Owen? If not, please identify all other costs which are not included in "EKPC Savings."
  - b. Does "EKPC Savings" also include fuel costs EKPC charges Owen? If not, please identify the amount which Owen expects to save in avoided fuel costs.
  - c. Does "EKPC Savings" also include any environmental-related costs which EKPC charges to Owen? If not, please identify the amount which Owen expects to save in avoided environmental costs.
  - d. Reference Exhibit E, pp. 1, 3, and 4. Confirm that these documents are entitled "Excerpt from Meeting of the Board of Owen Electric Cooperative, Inc." If so confirmed, please provide complete copies of the actual resolutions and minutes of each meeting of Owen's Board of Directors regarding the project which is the subject of this case, and any and all other documents associated with said resolutions and minutes.
  - e. Reference Exhibit E, p. 3. Please confirm that under subpart A. of this document, Owen's Board authorized 3% adders to the contracts with

**Attorney General's Initial Data Requests**

- Harshaw Trane and Wayne Supply “. . . to cover possible cost increase should the CPCN not be received with the 6 month time.” Please identify the precise time frame this document references.
- f. In the event the Commission does not award a CPCN by the date that appears in Owen's cover letter to the application for this case (October 30, 2015), please explain what affect the 3% adders on the contracts with Harshaw Trane and Whayne Supply, as depicted on p. 3 of Exhibit E, will have on Owen's estimates of "EKPC Savings." Provide an updated exhibit MAS-1 depicting those potential changes.
  - g. In the event the Commission grants Owen a CPCN within the requested time frame, but Owen does not receive the air permit referenced in numerical item 4 of its petition, will Harshaw Trane and Whayne Supply receive the 3% contract adders referenced in subpart d. of this question?
  - h. State whether Owen's calculations of total project costs take into consideration the additional items of expense detailed on pp. 3-4 of Exhibit E. If not, please provide a revised calculation of total project costs and potential savings.
  - i. Provide an update on Owen's air permit application filed with the Kentucky Energy and Environment Cabinet Division for Air Quality.
4. Exhibit MAS-1 provides estimates of annual increases in both operating costs and EKPC costs. Please provide the basis for Owen's calculations of these two costs, and include all related data in an Excel spreadsheet with all formulas fully intact, accessible and unprotected.
- a. Did Owen's calculations of projected operating costs include any projected major maintenance service which Whayne Power would supply, as referenced on p. 8 of the Stallons testimony? If Whayne Power is a different entity than Whayne Supply, please provide copies of any Owen contracts pertaining to Whayne Power, and any Owen Board of Director resolutions and minutes referencing Whayne Power.
  - b. Did Owen retain the services of a consultant or expert in developing these calculations? If so, please identify the consultant/expert, and provide any and all such calculations in an Excel spreadsheet with all formulas fully intact, accessible and unprotected.
5. Please explain how and to what extent Owen's estimates of future operating cost increases took natural gas costs into consideration.

**Attorney General's Initial Data Requests**

- a. Identify any and all resource materials upon which Owen relied in estimating future gas cost increases, and provide copies of any and all such materials.
  - b. Explain what effect gas prices at \$5, \$6 and \$7 / mmbtu would have on Owen's estimates of future operating costs for each year depicted in Exhibit MAS-1. Provide a revised set of the calculations set forth in Exhibit MAS-1 reflecting gas prices at each of those price levels.
6. Reference the Stallons testimony, p. 3, lines 1-2. Please provide the following calculations on an Excel spreadsheet with all formulas fully intact, accessible and unprotected:
- a. all calculations used and relied upon in reaching the asserted net present value figure of approximately \$3.29 million; and
  - b. all calculations used and relied upon to support the assertion that the project will yield power supply cost savings of approximately \$9.4 million over the next twenty years, as set forth on p. 2 of Owen's petition and on p. 3 of the Stallons testimony.
7. Reference the Stallons testimony, p. 4, lines 16-18. Please provide an update on the system impact study and the coordination study among Owen, EKPC, and Harshaw Trane. If either study has been completed then please provide copies.
8. Reference the Stallons testimony, p. 8, lines 3-6. Please confirm that Owen will not need to hire any additional staff to maintain or operate the distributed generation facility.
9. If the Commission awards the CPCN Owen seeks, provide a detailed explanation of how any projected savings that may occur as a result of this project will be recorded in Owen's books for accounting purposes, and how Owen intends to use the savings to "defer a future rate case," as set forth on p. 9 of the Stallons testimony.
- a. Is it Owen's intent to use any projected savings that may occur as a result of this project only in a single rate case, or in all rate cases that will be filed during the lifespan of the project?