



SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C.
Attorneys

James M. Miller
Attorney
Direct (270) 691-1640
jmiller@smsmlaw.com

Skill. Integrity. Efficiency.

November 4, 2016

VIA FEDERAL EXPRESS

Dr. Talina R. Mathews
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

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NOV 07 2016

PUBLIC SERVICE
COMMISSION

Re: *In the Matter of: Application of Big Rivers
Electric Corporation for a Declaratory Order*
Case No. 2016-00278

Dear Dr. Mathews:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of Big Rivers' Request for Information to the City of Henderson, Kentucky, and Henderson Utility Commission d/b/a Henderson Municipal Power & Light. I certify that on this date, a copy of this letter and all the enclosures were served on all persons listed on the attached service list by first class mail. Please feel free to contact me if you have any questions.

Sincerely Yours,

James M. Miller
Counsel for Big Rivers Electric Corporation

JMM/abg

Enclosures

cc: Service List

1 COMMONWEALTH OF KENTUCKY
2 BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

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4 NOV 07 2016

5 In the Matter of:

PUBLIC SERVICE
COMMISSION

6 APPLICATION OF BIG RIVERS ELECTRIC)
7 ELECTRIC CORPORATION FOR A)
8 DECLARATORY ORDER)

Case No. 2016-00278

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12 **BIG RIVERS ELECTRIC CORPORATION'S FIRST REQUEST FOR INFORMATION**
13 **TO CITY OF HENDERSON, KENTUCKY, AND HENDERSON UTILITY**
14 **COMMISSION D/B/A HENDERSON MUNICIPAL POWER & LIGHT**
15

16 Big Rivers Electric Corporation submits this First Request for Information to the City of
17 Henderson, Kentucky, and Henderson Utility Commission d/b/a Henderson Municipal Power &
18 Light, to be answered in accordance with the following Definitions and Instructions.

19 **DEFINITIONS**

20 1. Whenever it is necessary to bring within the scope of these information requests
21 documents that otherwise might be construed to be outside their scope (1) the use of "and" as
22 well as "or" shall be construed both disjunctively and conjunctively; (2) the use of a word in its
23 singular form shall be construed to include within its meaning its plural form as well, and vice
24 versa; (3) the use of "include" and "including" shall be construed to mean "without limitation";
25 and (4) the use of a verb in any tense or voice shall be construed as the use of that verb in all
26 other tenses and voices.

27 2. "Big Rivers" means Big Rivers Electric Corporation.

28 3. "Henderson," "you," or "your" means the intervenors City of Henderson,
29 Kentucky, and/or Henderson Utility Commission d/b/a Henderson Municipal Power & Light,
30 and the agents, representatives, employees, officers, directors, accountants, independent

1 contractors or attorneys of the City of Henderson, Kentucky, and/or the Henderson Utility
2 Commission d/b/a Henderson Municipal Power & Light.

3 4. "Commission" means the Kentucky Public Service Commission.

4 5. "Document" means any written, recorded, transcribed, printed or impressed
5 matter of whatever kind, however produced, stored or reproduced, including, but not limited to,
6 sound or pictorial recordings, computerized information, books, pamphlets, letters, memoranda,
7 telegrams, electronic or mechanical transmissions, communications of all kinds, reports, notes,
8 working papers, handwritings, charts, papers, writings, printings, transcriptions, tapes and
9 records of all kinds. Document includes, without limitation, all workpapers produced by or
10 relied upon by the witness.

11 6. "Person" includes a natural person, a business organization of any type, an
12 unincorporated association, a governmental subdivision, agency, or entity, and a business trust.

13 7. "Power Sales Contract" means the Power Sales Contract between City of
14 Henderson, Kentucky and Big Rivers Rural Electrical Co-Operative Corporation entered into on
15 August 1, 1970, and all subsequent amendments thereto and as interpreted by the Arbitration
16 Award, as defined herein. The Power Sales Contract is one of the Station Two Contracts.

17 8. "Station Two Contracts" means the series of agreements between Big Rivers and
18 Henderson creating the arrangement by which Big Rivers operates and maintains Henderson's
19 Station Two generating station, and purchases certain output from Station Two, and includes but is
20 not limited to the 1970 Power Sales Contract, Power Plant Construction and Operation Agreement,
21 and Joint Facilities Agreement.

22 9. "Economic Commitment" means a status of resource commitment in MISO that
23 designates the resource as available for commitment by MISO. Economic Commitment is

1 described in the MISO Business Practice Manual for Energy and Operating Reserve Markets
2 (BPM-002-r14), pages 106 and 107, which is available at:
3 [https://www.misoenergy.org/Library/Repository/Tariff%20Documents/BPM%20002%20-](https://www.misoenergy.org/Library/Repository/Tariff%20Documents/BPM%20002%20-%20Energy%20and%20Operating%20Reserve%20Markets.zip)
4 [%20Energy%20and%20Operating%20Reserve%20Markets.zip](https://www.misoenergy.org/Library/Repository/Tariff%20Documents/BPM%20002%20-%20Energy%20and%20Operating%20Reserve%20Markets.zip).

5 10. “Arbitration Award” means the award issued in AAA Arbitration Case No. 52 198
6 00173 10, which is attached to Big Rivers’ application in this matter as Exhibit 9.

7 11. “MISO” means the Midcontinent Independent System Operator, Inc.

8 12. “WKEC” means Western Kentucky Energy Corp.

9

10 INSTRUCTIONS

11 1. If any document called for by any of these information requests is withheld based
12 upon a claim of privilege or work product, please produce so much of the document as to which
13 you do not claim privilege or protection, and for each document or part of a document for which
14 you claim privilege or protection, describe or identify:

15 a. The nature, subject matter and substance of the document or part of the
16 document withheld;

17 b. The nature of the privilege or protection claimed;

18 c. The date, author or authors, addressee or addressees, and distribution of
19 the document; and

20 d. Each person in whose possession, custody or control any copy of the
21 document is or has been.

22 2. If, for reasons other than a claim of privilege or work product, you refuse to
23 answer any information request or to produce any document requested, state the grounds upon

1 which the refusal is based with sufficient specificity to permit a determination of the propriety of
2 such refusal.

3 3. If any copy of any document requested herein or any record which refers or
4 relates to any document requested herein has been destroyed or lost, set forth to the extent
5 possible the content of each such document, the date such document and its copies were
6 destroyed or lost and, if destroyed, the identity of the person authorizing such destruction, and
7 the identity of the last known custodian of such document prior to its destruction.

8 4. These information requests shall be deemed continuing and you should serve
9 upon Big Rivers' counsel (1) supplemental responses to these information requests if additional
10 information or information that changes your response to any information request is obtained
11 during the course of this proceeding, and (2) any documents requested herein that become
12 available or that are discovered after the date your responses to these information requests are
13 due.

14

15

INFORMATION REQUESTS

16 1. Please refer to Mr. Quick's testimony, page 7, beginning at line 18, where Mr.
17 Quick states that "Big Rivers is required to generate only that energy which Henderson schedules
18 or takes, up to Henderson's reserved capacity."

19 a. Is Big Rivers required by the Station Two Contracts or otherwise to generate any
20 energy from Station Two above the energy which Henderson schedules or takes,
21 up to Henderson's reserved capacity?

22 b. If the answer to subpart a of this information request is "yes," please explain in
23 detail the amount of energy Henderson contends Big Rivers is required to

1 generate from Station Two and the source of that requirement in the Station Two
2 Contracts or elsewhere.

3 c. Does Henderson contend that Big Rivers is required to generate any energy
4 associated with the capacity from Station Two that is allotted to Big Rivers after
5 Henderson's annual capacity reservation?

6 d. If the answer to subpart c of this information request is "yes," please explain in
7 detail the amount of energy Henderson contends Big Rivers is required to
8 generate from Station Two and the source of that requirement in the Station Two
9 Contracts or elsewhere.

10 e. Is it Henderson's position that Big Rivers' physical control over Station Two
11 generating facilities gives Big Rivers the unilateral right to decide when to
12 generate or not generate energy from those facilities? Please explain in detail the
13 reasons for your response.

14 2. Mr. Quick testified that Henderson's capacity reservation from Station Two for
15 the current contract year is 115 MW. Mr. Berry states on page 10 of his testimony, beginning at
16 line 20, that to maintain a minimum operating temperature for safe and continuous operation of
17 Station Two in compliance with environmental regulations, Unit 1 of Station Two must generate
18 a minimum of 115 MW of energy.

19 a. Does Henderson agree with that statement from Mr. Berry's testimony? If your
20 answer is "no," please explain in detail the reasons for your answer.

21 b. Would Henderson agree that, during the current Station Two contract year, Big
22 Rivers is authorized by the Station Two Contracts to reduce the generation from
23 Unit 1 of Station Two to 115 MW and temporarily idle Unit 2 of Station Two if,

1 for any reason, Big Rivers does not want the energy associated with the remaining
2 generation capacity of Station Two?

3 c. If the answer to subpart b of this information request is “no,” please explain in
4 detail Henderson’s position about the extent of Big Rivers’ authority to reduce
5 generation from Station Two under those circumstances, and identify with
6 specificity all authority for that position in the Station Two Contracts or
7 elsewhere.

8 d. Assuming hypothetically that Henderson requires the energy associated with 90
9 MW to meet the requirements that Henderson schedules and takes, would
10 Henderson agree that Big Rivers is authorized by the Station Two Contracts to
11 reduce the generation from Unit 1 of Station Two to 90 MW and temporarily idle
12 Unit 2 of Station Two if, for any reason, Big Rivers does not want to purchase the
13 energy associated with the remaining generation capacity of Station Two?

14 e. If the answer to subpart d of this information request is “no,” please explain in
15 detail Henderson’s position about the extent of Big Rivers’ authority to reduce
16 generation from Station Two under those circumstances, and identify with
17 specificity all authority for that position in the Station Two Contracts or
18 elsewhere.

19 3. Does Henderson contend that Big Rivers is required, by the Station Two
20 Contracts or otherwise, to keep both units of Station Two in continuous operation at generation
21 levels that at least produce the minimum operating temperature for safe and continuous operation
22 of the Station Two SCR system in compliance with applicable environmental laws and

1 regulations? Please explain your response in detail, and identify with specificity all authority for
2 that position in the Station Two Contracts or elsewhere.

3 4. Please refer to Mr. Quick's testimony regarding Exhibit A to the Indemnification
4 Agreement between Big Rivers and WKEC.

5 a. Does Henderson contend that, for purposes of the Power Sales Contract,
6 the amount of Excess Henderson Energy in an hour should be calculated
7 as provided in that Exhibit A?

8 b. If the answer to subpart a of this information request is "no," please
9 explain how Henderson contends that the amount of Excess Henderson
10 Energy in an hour should be calculated for purposes of the Power Sales
11 Contract.

12 c. If the answer to subpart a of this information request is "yes," do you
13 contend that Big Rivers and Henderson have agreed, explicitly or
14 implicitly, that for purposes of the Power Sales Contract, Excess
15 Henderson Energy should be calculated as provided in that Exhibit A? If
16 your answer is "yes," please identify and provide a copy of any documents
17 or other authority on which you rely to support your conclusion, and
18 identify any persons who participated in the negotiation of that agreement
19 or have knowledge of that agreement.

20 d. Please identify any contractual or other authority that Henderson contends
21 concerns, relates to or controls determination of the amount of Excess
22 Henderson Energy in an hour for purposes of the Power Sales Contract.

23 5. Please refer to pages 6 and 7 of Mr. Quick's testimony.

- 1 a. Please describe in detail the differences between “Excess Henderson
2 Energy” and “mere ‘excess’ or ‘surplus’ energy” as defined by Mr. Quick.
- 3 b. Please describe Henderson’s view of the significance for this proceeding
4 of the differences between Mr. Quick’s definitions of “Excess Henderson
5 Energy” and “mere ‘excess’ or ‘surplus’ energy.”
- 6 6. What does Henderson propose should be done with energy that must be generated
7 as a result of minimum operating levels of the Station Two units, that Henderson does not
8 schedule or take, and that Big Rivers does not want to generate or take?
- 9 a. Does Henderson agree that Big Rivers has the operating authority to
10 determine unilaterally what to do with that energy? Please explain in
11 detail the reasons for your response.
- 12 b. Please identify which party Henderson contends should be responsible for
13 the variable costs of producing that energy, and explain in detail the
14 reasons for your response.
- 15 c. Is it Henderson’s position that Big Rivers is required by the Station Two
16 Contracts or otherwise to pay for, and to be responsible for the variable
17 costs of producing, energy associated with Henderson’s capacity
18 allocation generated from Station Two in any hour that Big Rivers neither
19 wants to purchase nor wants to produce, that is in excess of the
20 requirements of Henderson for itself and its native load customers, and
21 that Henderson does not sell to a third party pursuant to a firm, bona fide
22 offer? Please explain in detail the reasons for your response.

- 1 d. Please identify the contractual and other authority that Henderson
2 contends supports its response to subparts b and c of this information
3 request.
- 4 7. Please refer to Mr. Quick’s testimony, page 6, line 22 through page 7, line 3.
- 5 a. Explain in detail the contractual basis of your claim that “[i]n the event
6 that Henderson’s reserved capacity is used to generate energy above
7 Henderson’s native load, the energy above native load does not become
8 ‘Excess Henderson Energy’ until and unless Henderson elects to either not
9 schedule or not take the energy for its own use, or offer the energy for sale
10 to third parties.” Please explain in detail the reasons for your response.
- 11 b. How and when does Henderson make an “election” “to either not schedule
12 or not take the energy for its own use, or offer the energy for sale to third
13 parties”? Please explain in detail the reasons for your response.
- 14 c. How does Henderson inform Big Rivers of any such election, and when?
15 Please explain in detail the reasons for your response.
- 16 d. Please provide all documents that evidence, require, concern or relate to a
17 written election by Henderson “to either not schedule or not take the
18 energy for its own use, or offer the energy for sale to third parties”
19 provided to Big Rivers since July 2009.
- 20 e. How and when does Henderson schedule energy, and how and when does
21 Henderson inform Big Rivers that Henderson is scheduling energy?
22 Please explain in detail the reasons for your response.

1 f. Please provide all documents that evidence, concern or relate to any
2 schedule of energy Henderson has provided to Big Rivers since July 2009.

3 8. Under what circumstances, if any, does Henderson contend that Big Rivers has
4 the contractual operating discretion to place one or both of the Station Two units in Economic
5 Commitment status or to cycle or idle one of both of the Station Two units for economic
6 reasons?

7 a. Does Henderson contend that any such decision by Big Rivers is subject to
8 Henderson's prior review and approval?

9 b. Please explain in detail the reasons for your responses to each part of this
10 information request.

11 9. Please provide the amount of Excess Henderson Energy that Henderson contends
12 was generated each month from June 2016 through September 2016, inclusive, provide all
13 calculations, workpapers and supporting documents, and provide all spreadsheets in electronic
14 format with all formulas intact. For purposes of your response, please identify and utilize the
15 definition of Excess Henderson Energy and the method of calculating Excess Henderson Energy
16 that Henderson believes are correct.

17 10. Please refer to the discussion of Excess Henderson Energy on pages 6 and 7 of
18 Mr. Quick's testimony, and identify and utilize the definition of Excess Henderson Energy and
19 the method of calculating Excess Henderson Energy that Henderson believes are correct in
20 responding to the following questions. For purposes of answering these questions, please
21 assume that Henderson's annual capacity reservation from Station Two is 115 MW.

22 a. How much Excess Henderson Energy would there be in an hour in which
23 Henderson utilizes 90 MWh for itself and its native load customers,

1 Henderson makes no sales to third parties, both Station Two units are
2 operating, and the Station Two units generate 312 MWh.

3 i. Please explain in detail how you arrived at your answer, provide all
4 calculations, workpapers and supporting documents, and provide
5 all spreadsheets in electronic format with all formulas intact.

6 ii. How much of the 312 MWh that are generated are attributable to
7 Big Rivers' capacity allocation?

8 iii. If Big Rivers does not exercise its option to take any of the Excess
9 Henderson Energy, but instead delivers all of the Excess
10 Henderson Energy into MISO and allocates to Henderson the net
11 revenues from the sale of that energy, who does Henderson
12 contend is responsible for the variable costs of producing that
13 energy, and does Big Rivers have any obligation to pay Henderson
14 for that energy? Explain your answers in detail and provide the
15 contractual basis supporting your answers.

16 b. How much Excess Henderson Energy would there be in an hour in which
17 Henderson utilizes 90 MWh for itself and its native load customers,
18 Henderson makes no sales to third parties, only one of the Station Two
19 units is operating, and the Station Two unit that is operating generates 115
20 MWh.

21 i. Please explain in detail how you arrived at your answer, provide all
22 calculations, workpapers and supporting documents, and provide
23 all spreadsheets in electronic format with all formulas intact.

- 1 ii. How much of the 115 MWh that are generated does Henderson
2 contend are attributable to Big Rivers' capacity allocation?
- 3 iii. If Big Rivers does not exercise its option to take any of the Excess
4 Henderson Energy, but instead delivers all of the Excess
5 Henderson Energy into MISO and allocates to Henderson the net
6 revenues from the sale of that energy, who does Henderson
7 contend is responsible for the variable costs of producing that
8 energy, and does Big Rivers have any obligation to pay Henderson
9 for that energy? Explain your answers in detail and provide the
10 contractual basis supporting your answers.
- 11 c. How much Excess Henderson Energy would there be in an hour in which
12 Henderson utilizes 90 MWh for itself and its native load customers,
13 Henderson makes no sales to third parties, only one of the Station Two
14 units is operating, and the Station Two unit that is operating generates 120
15 MWh.
- 16 i. Please explain in detail how you arrived at your answer, provide all
17 calculations, workpapers and supporting documents, and provide
18 all spreadsheets in electronic format with all formulas intact.
- 19 ii. How much of the 120 MWh that are generated does Henderson
20 contend are attributable to Big Rivers' capacity allocation?
- 21 iii. If Big Rivers does not exercise its option to take any of the Excess
22 Henderson Energy, but instead delivers all of the Excess
23 Henderson Energy into MISO and allocates to Henderson the net

1 revenues from the sale of that energy, who does Henderson
2 contend is responsible for the variable costs of producing that
3 energy, and does Big Rivers have any obligation to pay Henderson
4 for that energy? Explain your answers in detail and provide the
5 contractual basis supporting your answers.

6 d. How much Excess Henderson Energy would there be in an hour in which
7 Henderson utilizes 90 MWh for itself and its native load customers,
8 Henderson makes no sales to third parties, both of the Station Two units
9 are operating, and the Station Two units generate 235 MWh.

10 i. Please explain in detail how you arrived at your answer, provide all
11 calculations, workpapers and supporting documents, and provide
12 all spreadsheets in electronic format with all formulas intact.

13 ii. How much of the 115 MWh that are generated does Henderson
14 contend are attributable to Big Rivers' capacity allocation?

15 iii. If Big Rivers does not exercise its option to take any of the Excess
16 Henderson Energy, but instead delivers all of the Excess
17 Henderson Energy into MISO and allocates to Henderson the net
18 revenues from the sale of that energy, who does Henderson
19 contend is responsible for the variable costs of producing that
20 energy, and does Big Rivers have any obligation to pay Henderson
21 for that energy? Explain your answers in detail and provide the
22 contractual basis supporting your answers.

1 11. What is the net book value of Station Two on Henderson’s books? Please provide
2 all documents supporting your response.

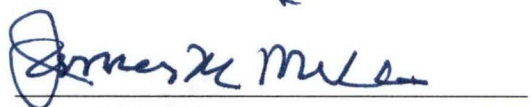
3 12. Please provide all studies, internal and external correspondence, and other
4 documents, in the possession of Henderson created since July of 2009 arising out of, concerning
5 or relating to: (i) whether Henderson or its customers could save money by allowing Big Rivers
6 to cycle, temporarily idle, or offer into MISO on an Economic Commitment basis, one or both of
7 the Station Two units, (ii) the amount of money Henderson or its customers could save or could
8 have saved by allowing Big Rivers to cycle, temporarily idle, or offer into MISO on an
9 Economic Commitment basis, one or both of the Station Two units, (iii) whether Big Rivers has
10 the contractual right to cycle, temporarily idle, or offer into MISO on an Economic Commitment
11 basis, one or both of the Station Two units for economic reasons, (iv) Big Rivers idling, cycling,
12 or offering into MISO on an Economic Commitment basis, one of both of the Station Two units
13 for economic purposes, and (v) how quickly Big Rivers should return one or both of the Station
14 Two units to service after an outage.

15 On this the 4th day of November, 2016.

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Respectfully submitted,

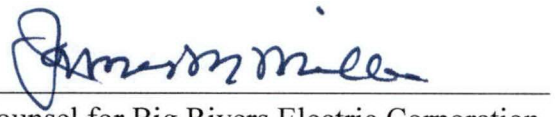


James M. Miller
R. Michael Sullivan
Tyson Kamuf
SULLIVAN, MOUNTJOY, STAINBACK
& MILLER, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, Kentucky 42302-0727
Phone: (270) 926-4000
Facsimile: (270) 683-6694
jmillersmsmlaw.com
msullivan@smsmlaw.com
tkamuf@smsmlaw.com

Counsel for Big Rivers Electric Corporation

Certificate of Service

I certify that a true and accurate copy of the foregoing was served by electronic mail on each party to this proceeding on the 4th day of November, 2016, and was served by first class mail upon the persons listed on the service list accompanying these requests, on this the 4th day of November, 2016.



Counsel for Big Rivers Electric Corporation

Service List
PSC Case No. 2016-00278

Hon. John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601]

Hon. H. Randall Redding
Hon. Sharon W. Farmer
KING, DEEP & BRANAMAN
127 North Main Street
Post Office Box 43
Henderson, Kentucky 42419-0043
*Attorneys for Henderson Utility
Commission d/b/a Henderson
Municipal Power & Light*

Hon. Dawn Kelsey, City Attorney
City of Henderson
222 First Street
Henderson, Kentucky 42420
Attorney for City of Henderson