

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF )  
THE FUEL ADJUSTMENT CLAUSE OF BIG )  
RIVERS ELECTRIC CORPORATION FROM ) CASE NO. 2017-00287  
NOVEMBER 1, 2016 THROUGH APRIL 30, 2017 )

NOTICE OF FILING

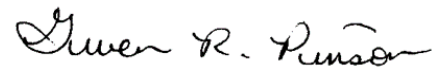
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on October 16, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on October 16, 2017 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on October 16, 2017.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in may download a copy at [https://psc.ky.gov/av\\_broadcast/2017-00282-thru-00306/2017-00282-thru-00306\\_16Oct17\\_Inter.aspx](https://psc.ky.gov/av_broadcast/2017-00282-thru-00306/2017-00282-thru-00306_16Oct17_Inter.aspx).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of October 2017.

A handwritten signature in cursive script that reads "Gwen R. Pinson".

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Gwen R. Pinson  
Executive Director  
Public Service Commission of Kentucky

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CERTIFICATE

I, Pamela Hughes, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on October 16, 2017. Hearing Log, Witness List, and Exhibit List are included with the recording on October 16, 2017.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of October 16, 2017.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of April 18, 2017, and the time at which each occurred.

Signed this 23<sup>rd</sup> day of October, 2017.

  
\_\_\_\_\_  
Pamela Hughes, Notary Public  
State at Large  
My Commission Expires: April 22, 2019





Judge: Bob Cicero; Talina Mathews; Michael Schmitt

Witness: Delbert Billiter; Michelle Carpenter; Nicholas Castlen; Theodore Czupik; Mark Horn; Craig Johnson; David Mell; Murray (Wayne) O'Bryan; Brett Phipps; Derek Rahn; Charles Schram; John Swez; Stuart Wilson

Clerk: Pam Hughes

Date:	Type:	Location:	Department:
10/16/2017	Fuel Adjustment Clause	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event
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8:45:04 AM	Session Started
8:45:07 AM	Session Paused
10:02:12 AM	Session Resumed
10:02:15 AM	Chairman Schmitt introductions of other Commissioners Note: Hughes, Pam Vice Chairman Cicero and Commissioner Mathews
10:02:38 AM	Preliminary remarks
10:03:12 AM	Chairman Schmitt Note: Hughes, Pam FAC cases -2017-00282thru306 Kentucky Power Company; East KKentucky Power Cooperative; Kentucky Utilities; Louisville Gas & EElectric Company; Duke Energy Kentucky; Big RIVERS Electric Cooperative; Licking Valley Electric
10:04:05 AM	Case No. 2017-00282 Kentucky Power Company called
10:04:26 AM	Attorney Mark Overstreet for Kentucky Power CO. Note: Hughes, Pam Witnesses sworn in by Chairnan Schmitt Note: Hughes, Pam Clinton Stutler, Amy Elliott , Thomas Marosi, David Mell, Amy Jeffries
10:05:18 AM	Atty Jeb Pinney for the PSC Note: Hughes, Pam With Matt Baer and Sarah Jankowski from the Financial Analysis Dept.
10:05:43 AM	Public Notice has been given
10:06:16 AM	Chairman asks for Public Comment- no comments
10:06:37 AM	Motions for Confidentiality Note: Hughes, Pam Staff 19 and 26. Will take care at later date.
10:07:23 AM	Witness Stutler called to the stand Note: Hughes, Pam Clint Stutler, Fuel buyer at American Electric Power- makes change to DR 8; attachment 1, page 2. Items g & h, tons received should be 282,000.082 tons in review period. Adopts the rest of his responses with no changes.
10:08:38 AM	Witness Amy Elliott Note: Hughes, Pam Amy Elliott, Regulatory Consultant with Kentucky Power Co., adopts her responses with no changes.
10:09:05 AM	Witness Thomas Marosi Note: Hughes, Pam Tom Marosi - Energy Production Superintendent Senior- one correction. Item 7, attachment, Mitchell 2. Outage description, 2nd sentence should be stricken. Adopts rest of his responses with no changes.
10:10:00 AM	Witness Amy Jeffries Note: Hughes, Pam Amy Jeffries American Electric Power. Adopts all responses with no changes.
10:10:30 AM	Witness David Mell Note: Hughes, Pam David Mell, Big Sandy plant. Adopts his responses no changes.
10:11:04 AM	Atty Pinney Note: Hughes, Pam Atty Overstreet agrees to do this.

	Note: Hughes, Pam	Relates to all KY Power responses , Please provide excel files to responses in printed form.
10:12:05 AM	Atty Pinney Note: Hughes, Pam	Response to item 1, Ky Power coal being 45% procurement and remaining 55% being spot purchases.
10:12:32 AM	Clint Stutler responds Note: Hughes, Pam	Spot purchases provide more flexibility.
10:13:03 AM	Atty Pinney Note: Hughes, Pam	Response to DR item 4.
10:13:26 AM	Witness Tom Marosi Note: Hughes, Pam	Mitchell unit 1 out of service.
10:13:42 AM	Atty Pinney Note: Hughes, Pam	Outages for each generating unit. Can this be provided by chronological order in future
10:14:09 AM	Note: Hughes, Pam Atty Pinney Note: Hughes, Pam	Atty Overstreet states "certainly".  Item 8. Seminole coal contract shows only 16% tonage being received. Please provide an update as to whether the remaining will be received.
10:14:35 AM	Clint Stutler reponds Note: Hughes, Pam	States that the supply to be received.
10:14:57 AM	Atty Pinney Note: Hughes, Pam  Note: Hughes, Pam	Ember tonage shows that not all has been received, please provide an update as to whether this will be recieved by end of the year. Clint Sutler responds and says all will be delivered, that Ember had got a little behind.
10:15:28 AM	Atty Pinney Note: Hughes, Pam	Item 19, Commission asked for each lowest cost bid and explanation as to why lowest cost bids were not accepted. Post Hearing Data Request as to why lowest bids were not accepted.
10:16:21 AM	Note: Hughes, Pam Vice Chairman Cicero Note: Hughes, Pam  Note: Hughes, Pam	Clint Stutler responds  45% coal was procurement and 55 % was spot. because this was more economical and efficient Adjustment factor for pricing coal Clint Stutler responds - Not sure what will be burned by end of year. Buys closer to when they will be consumed. 2nd question-market price is lower when buying when coal is close to being used. He will speak to high sulfur coal supplier. 3 years in advance 1/3 each year. Market price has droppd significantly.
10:20:02 AM	Post Hearing Data Request Note: Hughes, Pam	Provide how they determine the percentage when buying coal.
10:20:16 AM	Atty Overstreet to Witness Stutler Note: Hughes, Pam  Note: Hughes, Pam	Familiarity of contract provisions to allow parties to move contract price closer to market. High sulfur coal of Mitchekl plant and physical location of lant and supplier
10:21:55 AM	Vice Chairman comment to Atty Overtreet Note: Hughes, Pam	Market pricing more current.
10:22:29 AM	Post Hearing Data Requests to Kentucky Power Co. Note: Hughes, Pam	Commission Staff to have it issued by October 20, 2017, and Kentucky Power has until October 27, 2017 to respond.
10:23:08 AM	Case No. 2017-00282 Kentucky Power Co excused and adjourned	
10:23:26 AM	Case No. 2017-00283 East Kentucky Power Cooperative called.	

10:24:01 AM	Atty David Samford introduces himself and Witnesses. Note: Hughes, Pam Note: Hughes, Pam	Sworn in by Chairman Mark Horn, Isaac Scott. Michelle Carpenter, Craig Johnson and David Cruz (for Julia Tucker).
10:24:38 AM	Atty Pinney for PSC Note: Hughes, Pam	Introduces Matt Baer and Sarah Jankowski from the Financial Analysis Dept.
10:24:58 AM	Public notice was given	
10:25:08 AM	No public comments	
10:25:27 AM	Motions for confidentiality pending	
10:26:04 AM	Atty Samford calls Mark Horn Note: Hughes, Pam	Mark Horn - Manager of Fuel and Admissions for EKPC. Adopts his responses with no changes.
10:26:34 AM	Atty Samford to Craig Johnson Note: Hughes, Pam	Craig Johnson - Senior Vice President of Power Production. Adopts his responses with no changes.
10:27:01 AM	Atty Samford to David Cruz Note: Hughes, Pam	David Cruz - Senior Vice President for Power Supply- Adopts his responses and ones by Julie Tucker , both with no changes.
10:27:39 AM	Atty Samford to Michelle Carpenter Note: Hughes, Pam	Michelle Carpenter - Contoller - adopts her responses with no changes.
10:28:01 AM	Atty Samford to Isaac Scott Note: Hughes, Pam	Isaac Scott - Pricing Manager - Adopts his responses, no changes.
10:28:29 AM	Atty Pinney Note: Hughes, Pam	Refer to responses to the Aug 30 Order, item 5, page 5 of 57. Various outages, please explain.
10:29:28 AM	Craig Johnson responds Note: Hughes, Pam	Tube leak on furnace and it is currently on 10 week outage to be repaired.
10:30:08 AM	Atty Pinney Note: Hughes, Pam	Item 7, page 6. Outage Misc. Explain
10:30:35 AM	Witness Craig Johnson responds Note: Hughes, Pam	No better explanation but can give Post Hearing Data Request on 1126. 1123 was leak on bypass subject to check and Post Hearing Data Request to be provided
10:32:13 AM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	Item 7, page 17 of 57. Outage on PGT Mark Horn responds
10:32:52 AM	Atty Pinney Note: Hughes, Pam	Item 7., page 17 and 18 of 57. Hardin Co landfill off due to fuel supply, regarding relocating this unit.
10:33:26 AM	Craig Johnson responds Note: Hughes, Pam	Have not found an area to relocate ths landfill
10:34:06 AM	Atty Pinney Note: Hughes, Pam	Item 7, page 49 and 50. References Hardin Co unit 3 outage 900 hours. Is it still economical to run?
10:34:45 AM	Craig Johnson responds Note: Hughes, Pam	Hardin Co unit worse station to run, but still economical to run.
10:35:29 AM	Atty Pinney Note: Hughes, Pam	Landfill units as a whole. Regarding if there is a person on-site.
10:35:57 AM	Craig Johnson responds Note: Hughes, Pam	Typically one person on staff 8 hours day but can be called in at night, but this is accessed.

10:37:00 AM	Atty Pinney Note: Hughes, Pam	Regarding what is the process of repairing or replacing a unit if it goes down.
10:37:23 AM	Craig Johnson responds Note: Hughes, Pam	Issue of quality.
10:37:43 AM	Vice Cicero Note: Hughes, Pam	Regarding if the 3 units of Hardin connected or are they 3 separate operations.
10:38:00 AM	Craig Johnson responds Note: Hughes, Pam Note: Hughes, Pam	3 engines under same building Pressure can only run 2.
10:39:30 AM	Vice Chairman Note: Hughes, Pam Note: Hughes, Pam	Regarding the life expectancy. Craig Johnson reponds, 20 years on active landfills.
10:40:04 AM	Vice Chairman Cicero Note: Hughes, Pam Note: Hughes, Pam	Regarding how long operating Hardin County units. Craig Johnson responds - Since 2006
10:40:34 AM	Post Hearing Data Request Note: Hughes, Pam	Staff to have out by October 20, 2017 and response to be filed by October 27th, 2017.
10:40:48 AM	Case No. 2017-00283 EKPC adjourned	
10:41:13 AM	Case No. 2017-00284 and Case No. 2017-00285 KU/LGE called	
10:41:35 AM	Atty Allyson Sturgeon introduces witnesses Note: Hughes, Pam	Delbert Billiter, Michael Drake, Derek Rahn, Charles Schram and Stuart Wilson.
10:41:49 AM	Chairman swears in witnesses.	
10:41:57 AM	Atty Pinney for PSC Note: Hughes, Pam	Introduces Matt Baer and Sarah Jankowski with Financial Analysis Dept.
10:42:16 AM	Public Notice has been given	
10:42:29 AM	No public comment	
10:42:38 AM	Motion for confidentiality pending	
10:43:09 AM	Atty Sturgeon to Delbert Billiter Note: Hughes, Pam	Delbert Billiter- Manager of LG&E/KU fuels , adopts his responses.
10:43:44 AM	Atty Sturgeon to Witness Rahn Note: Hughes, Pam	Derek Rahn -Manager of the Revenue Requirement- adopts his responses with no changes.
10:44:03 AM	Atty Sturgeon to Michael Drake Note: Hughes, Pam	Michael Drake - Director of Generation Services- adopts his responses with no changes
10:44:24 AM	Atty Sturgeon to Charles Schram Note: Hughes, Pam	Charles Schram - Director of Power Supply -Adopts his rponses, no changes
10:44:42 AM	Atty Sturgeon to Stuart Wilson Note: Hughes, Pam	Stuart Wilson - Director of Energy, Planning and Analysis Forecasting - adopts his responses with no changes
10:45:03 AM	Atty Pinney Note: Hughes, Pam  Note: Hughes, Pam	For KU/LGE response to Iitem 7. Cane Run unit 7 outage, 1600 hours for review period. What issue and has problem been resolved Derek Rahn responds
10:47:07 AM	Atty Pinney Note: Hughes, Pam	KU- response to item 1 and 8, page 19 and 38. Contract be listed in item 1

10:47:51 AM	Delbert Billiter responds Note: Hughes, Pam	No tons recieved under this contract.
10:48:22 AM	Atty Pinney Note: Hughes, Pam	Item 7, page 3 of 4, Hayfling (sp?) units run durng review period
10:49:15 AM	Charles Schram needs Post Hearing Data Request to check	
10:49:30 AM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	Michael Drake responds Are there any trouble with running units 50 years old
10:50:12 AM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	Stuart Wilson responds Regarding retiring units in future.
10:50:35 AM	Atty Pinney Note: Hughes, Pam  Note: Hughes, Pam	LG&E- refer to response item 7. page 4 of 4. Did this run at all during review period Charles Schram responds, subject to check.
10:51:26 AM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	Michael Drake responds Zorn unit outages and gas line maintenance. Explain the maintenance being performed.
10:52:02 AM	Atty Pinney Note: Hughes, Pam	Regarding the Zorn unit, retire or maintain?
10:52:20 AM	Stuart Wilson responds Note: Hughes, Pam	Cost of maintenance is justified.
10:52:44 AM	Post Hearing Data Request Note: Hughes, Pam	Commission Staff to do by Oct. 20, 2017. KU/LG&E to respond by Oct. 27th.
10:53:02 AM	Cases 2017-00284 & 285 adjourned	
10:53:16 AM	Case No. 2017-00286 Duke Energy Kentucky	
10:53:32 AM	Atty D'Ascenzo introductions Note: Hughes, Pam Note: Hughes, Pam	Sworn in by Chairman Schmitt Brett Phipps, Ted Czupik, John Swez
10:54:17 AM	Atty Pinney for PSC Note: Hughes, Pam	Introduces Matt Baer and Sarah Jankowski for the Financial Analysis Dept.
10:54:31 AM	Public Notice was given	
10:54:43 AM	No Public comments	
10:54:52 AM	Motions for confidentiality Note: Hughes, Pam	No
10:55:14 AM	Witness Brett Phipps Note: Hughes, Pam	Brett Phipps - Procurement Manager - Changes, question 8, page 5. Bottom contract oxford Mining Co. , bullet changed from letter B to A.
10:56:27 AM	Witness Ted Czupik Note: Hughes, Pam	Ted Czupik - Rates and rgulatory Strategist. Adopts his responses with no changes.
10:57:01 AM	Witness John Swez Note: Hughes, Pam	Director of Generation Dispatch and Operations, adopts his responses with no changes.
10:57:47 AM	Atty Pinney Note: Hughes, Pam	Response to item 1 and 8, page 5. Central coal purchase, April 1, 2017 to Dec 31, 2018. Should be contract instead of spot. Phipps agrees to make correction in a filing.

10:59:04 AM	Atty Pinney Note: Hughes, Pam	Item 7. Woodsdale out for over 1,500 hours due to what is called a hot gas path outage. Explain more about this type of outage. John Swez explains this outage. Major overhaul
10:59:56 AM	Atty Pinney Note: Hughes, Pam	Item 10. Duke takes delivery of 100 % of its coal by barge, not by trucks. Brett Phipps responds, this is done by barge.
11:00:35 AM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	Item 20. 95 bids by 35 vendors, specifically by Duke Ky. Brett Phipps responds
11:01:19 AM	Atty Pinney Note: Hughes, Pam	Item 25, 2nd sentence under COAL. Copies of contract amendments and where filed. Brett Phipps needs to provide in a PHDR.
11:02:00 AM	Vice Chairman Cicero Note: Hughes, Pam Note: Hughes, Pam	Duke policy on contract verses spot purchasing of coal. Brett Phipps responds. 65 to 100% procurement and is looked at from time to time.
11:03:08 AM	Vice Chairman Cicero Note: Hughes, Pam Note: Hughes, Pam	Brett Phipps responds Regarding how long contracts are for.
11:03:38 AM	Post Hearing Data Request Note: Hughes, Pam	To be done by Oct 20th and responses by 27th
11:03:51 AM	Case No. 2017-00286 adjourned	
11:04:30 AM	Break	
11:04:37 AM	Session Paused	
11:14:24 AM	Session Resumed	
11:14:28 AM	Case No. 2017-00287 Big Rivers Electric Company Note: Hughes, Pam	KIUC intervenors. Atty Boehm and Witness Lane Collin
11:14:52 AM	Atty Kamuf introduces witnesses Note: Hughes, Pam	Wayne O'Bryan, Jason Burten, Lindsay Durbin and Nicholas Castlen, Mark McAdams Sworn in by Chairman.
11:15:40 AM	KIUC counsel Kurt Boehm and witness Layne Collins Note: Hughes, Pam	Collins sworn in by Chairman.
11:16:09 AM	Atty Pinney for the PSC Note: Hughes, Pam	Introduces Matt Baer and Sarah Jankowski
11:16:17 AM	Public Notice has been published	
11:16:54 AM	No Public comments	
11:17:09 AM	Motions for Confidentiality pending.	
11:17:42 AM	KIUC nothing pending	
11:17:51 AM	Atty Kamuf motion for procedural Note: Hughes, Pam	schedule by KIUC Concerning testimonies and not being ruled on. Sustained motion by Chairman Schmitt.
11:19:13 AM	Atty Kamuf to Mark McAdams Note: Hughes, Pam	Mark McAdams -Director of Fuel Procurement- responses with changes, item 8, page 1 of 10. Alpha G in year 2016 side note states Oct, should be Dec. Adopts other responses.
11:20:24 AM	Atty Kamuf to James Burton Note: Hughes, Pam	James Burton - adopts responses with no changes.
11:20:39 AM	Atty Kamuf to Lindsay Durbin Note: Hughes, Pam	Lindsay Durbin _ adopts responses with no changes



11:20:54 AM	Atty Kamuf to Nicholas Castlen Note: Hughes, Pam	item 6, billing summary changes on revised attachment. Adopts his responses otherwise. Replaces pages on original response.
11:23:11 AM	Atty Kamuf Goes over full names and positions and addresses for witnesses	
11:23:38 AM	Witness Ronald Gregory Note: Hughes, Pam	Manager for Maintenance services and Project Management, adopts his responses, no changes.
11:24:27 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds Differences in opinion in KIUC and Big Rivers. Fuel allocation expenses.
11:25:16 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds DR, KIUC item 1-4 Big Rivers allocate system fuel costs.
11:26:03 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds fuel cost allocation method native load customers and off system sales
11:27:28 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Regarding rate reduction and refund 2.7 million fuel costs. Durbin responds
11:28:02 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Negotiate a settlement Durbin responds-polar vortex. off system sales margins during that time period. Excess was flowed back to the members.
11:29:37 AM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Durbin responds and states several things in settlement agreement were not brought up and reads these. Not for profit company, members get all benefits. Not opposed to changing methodology Delayed decision 14-455 (one other case) consolidated and reached stipulation and settlement agreement. Grant customers 311, 000 a month
11:32:59 AM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Stipulation in 2014 case was return of margin to customers. KIUC position was that Big Rivers should change methodology for allocations. Difference in two allocation methodologies. Durbin responds- change was exactly the same.
11:35:41 AM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Big Rivers testimony that they would like to return margins to customers during the FAC. Durbin responds
11:36:28 AM	Nicholas Castlen responds Note: Hughes, Pam	In 2014 cases stipulations
11:36:55 AM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Stipulation stated rate case to be filed in 2016. This has not been done Durbin responds. Polar vortex changed this. No rate case was filed because it would have made significant increase to customers. Wilson depreciation.
11:38:52 AM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Durbin responds. Chart in testimony shows fuel costs lowest in state. Big Rivers not filed rate case in 2016 or since.

11:39:41 AM	Atty Boehm_KIUC_objects to Witness Durbin elaborating Note: Hughes, Pam	Chairman states to bring that to his attention when he feels this is being done.
11:40:37 AM	KIUC atty hands out Big Rivers montly Form A filing Nov 2016 expense Note: Hughes, Pam	KIUC cross exhibit 1
11:41:23 AM	Atty Boehm_KIUC Note: Hughes, Pam	Form A filing of Big Rivers- when were credits paid to customers. 2nd page, Nov 2016, column end of that month. FN monthly FAC credit for each month from Oct 2015 through Dec 2016 expense month, Jan 2017 expense month. February and on no expense month.
11:44:01 AM	Atty Boehm_KIUC Note: Hughes, Pam	Durbin responds
11:44:59 AM	Atty Boehm_KIUC Note: Hughes, Pam	Durbin responds page 2 of Durbins testimony.
11:46:22 AM	KIUC hands out 2017 Integrated Resource Plan for Big Rivers, Exhibit 2 Note: Hughes, Pam Note: Hughes, Pam	Durbin responds page 8 of Durbins testimony, stacking resources and only utility that doesn't stack over allocate method.
11:49:25 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds accepts subject to check Asks if Ms. Durbin is familiar. Page 36 of the IRP, line 2017 load forecast indicates native load is 640 MW. Next page 110, table 7.1 indicates currently operating asset is 1311 MW excluded Coleman units. Can you calculate reserve margin.
11:51:41 AM	KIUC objects Note: Hughes, Pam	Durbin responds, doesnt have proposed methodolgy to stack. Page 14 of rebuttal tetimony. bottom of page, switching methodologies. pages 14 and 15; if switched to stacking methodology.
11:52:17 AM	Atty Boehm_KIUC Note: Hughes, Pam	Chairman sustains
11:53:19 AM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds not sure how to proceed as everyone does it differently and why members pay cost when rates will be same. Stacking methodolgy change
11:54:50 AM	Atty Boehm_KIUC Note: Hughes, Pam	Page 16 of testimony Durbin. Durbin responds, doesn't understand KIUC's stacking method and explains.
11:58:07 AM	Atty Kamuf objects Note: Hughes, Pam	Hands out Commission Order in 2014-00225. FAC review case involving KY Power CO. Page 7, Page 10 under decision, 2012-578? Fuel methodology. KIUC reads the ordering paragraphs. Would you agree based on what was read?
11:59:30 AM	Atty Boehm_KIUC Note: Hughes, Pam	Sustains by Chairman. Durbin has not reviewed this order. Chairman states this witness isn't expert concerning this Order.  Durbin testimony no load cost to be allocated to members if switching methodology. No load cost review before hearing? Durbin states no.



12:00:33 PM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Durbin responds- yes and no, hadn't thought about purchasing from city of Henderson. Since that point had time to think about how others in state do this. Obligation to city of Henderson, contractual obligation of the members. Durbin response to KIUC DR. 1-11. Dollar amount of fuel costs as far as native load fuel costs.
12:03:56 PM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds that this is correct. 2014-00230 Case, Big Rivers didn't move Henderson to the top of the stack. 14-455 case , Henderson unit not put on top then either.
12:04:50 PM	Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	To Witness Durbin, obligations of Rockport methodologies. Durbin responds
12:06:03 PM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Does the Commission have different rules for Big Rivers? Durbin states not aware Testimony page17, longstanding rate making change in fuel cost allocations KAR 807 5:006 regulation. 6 month intervals. Durbin responds concerning her interpretation of that regulation.
12:10:40 PM	Atty Boehm_KIUC Note: Hughes, Pam  Note: Hughes, Pam	Asks Witness Durbin if she reviewed Collins testimony and changing methodology Durbin responds to what she saw in his testimony.
12:11:47 PM	KIUC objects Note: Hughes, Pam	Chairman sustains
12:12:03 PM	Atty Boehm_KIUC Note: Hughes, Pam	Regarding 1994
12:12:17 PM	Atty Pinney Note: Hughes, Pam	Responses to Aug 30 Order. Item 3, policy 111, hedging . PHDR for copy of policy.
12:12:58 PM	Atty Pinney Note: Hughes, Pam  Note: Hughes, Pam	Item 6, pages 19,20 and 22. ADM investor services and explain what it is. Witness states hedging policy filed in narrative response. Withdraw PHDR
12:15:12 PM	Witness Durbin responds Note: Hughes, Pam	Talks about fluctuation in hedge and why it is like this.
12:16:11 PM	Atty Pinney Note: Hughes, Pam  Note: Hughes, Pam	Item 7, pages 3 and 4. Outages Henderson Unit 1 high or low drum levels. Witness Burden responds. Maintains water level in boiler, high and low trip limit on that drum. Many variances that can cause this. Not dangerous situation.
12:17:57 PM	Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	PHDR needed. Item 7, pages 5 and 6. Henderson Unit offline due to what issue. Explain
12:19:26 PM	Atty Pinney Note: Hughes, Pam	Response to item 11. Total number day of supplies to be 14 days. McAdams responds, adjusted target date to get back to 30 to 60 days
12:20:14 PM	Atty Pinney Note: Hughes, Pam	McAdams responds. No procurement plans of yet. Reduce inventory by 500 thousand tons.

12:21:37 PM	Note: Hughes, Pam Atty Pinney Note: Hughes, Pam Note: Hughes, Pam	In last Big Rivers case target level for inventory in 2018.  Big Rivers agreed to change methodology and agreed to file base rate case. Durbin responds. Cost allocation methodology change from Big Rivers. Base case rate forecasts to file in 2020.
12:23:23 PM	Atty Pinney Note: Hughes, Pam	Profits offset native loads
12:23:40 PM	PHDR_2013 base rate case.	
12:23:59 PM	Atty Pinney Note: Hughes, Pam	Stacking methodology. if made to switch how would Big Rivers do this?
12:24:30 PM	Vice Chairman Cicero Note: Hughes, Pam	Stacking v. System average methodology. Durbin responds that the allocation methodology doesn't change its members rates.
12:27:03 PM	Vice Chairman Cicero Note: Hughes, Pam	Any idea cost to put in system? Durbin responds says not sure and thinks software would be have to be built to do this. Significant cost to members.
12:28:29 PM	Vice Chairman Cicero Note: Hughes, Pam	Base rate case to be filed in 2020. Provides ample time to look into this switch.
12:29:24 PM	Chairman to Witness Durbin Note: Hughes, Pam Note: Hughes, Pam	In her opinion, no matter how the costs are allocated the end result to members won't change either way. Durbin responds. When next rate case is filed, Wilson unit will be rolled into it and members costs will go up.
12:31:23 PM	Atty Kamuf to Witness Durbin Note: Hughes, Pam	Response to KIUC item 11. Why she didn't respond to that question. Durbin states they objected to that question but did provide a monthly average basis. Hemple unit beng 800,000 more to customers if changing to stacking method.
12:33:33 PM	Atty Kamuf to WITness Durbin Note: Hughes, Pam	Exhibit 6 to testimony of Layne Collins. Difference if switched to hourly staffing, Big Rivers objected. Durbin responds that they don't have methodology in place and not appropriate to be done outside rate case.
12:35:19 PM	Atty Kamuf hands out KIUC's response to Commission Staff's initial DR Note: Hughes, Pam Note: Hughes, Pam	3 responses in 2014 reviews. Asks Durbin if she had reviewed these. Refers her to item 4 and specifically response a. Durbin responds. Big Rivers exhibit 1. Last page, KIUC response item 11 in consolidated cases. Item a and item b. Durbin agrees. She explains difference in stack and incremental cost methodologies.
12:39:52 PM	Atty Kamuf to Witness Durbin Note: Hughes, Pam	Refers to if she has reviewed Mr. Collins testimony.
12:41:12 PM	KIUC to Witness Durbin Note: Hughes, Pam	No systems in place to change systems for hourly. Last page of Mr. Collins attachments. Based on monthly average fuel costs not hourly, just an estimate.
12:43:32 PM	Vice Chairman to Witness Durbin Note: Hughes, Pam	Henderson units obligated contractual, stacking calculations were add'l \$800,000 costs

	Note: Hughes, Pam	City of Henderson and Big Rivers agreement that the Commission hasn't seen yet. Obligations between city and Big Rivers. Durbin responds.
12:48:18 PM	Vice Chairman Note: Hughes, Pam	settlement in 2014
12:48:41 PM	Atty Kamuf to Witness Durbin Note: Hughes, Pam	Dispute between Henderson and Big Rivers as to who operates these units.
12:49:24 PM	Break	
12:49:42 PM	Session Paused	
12:57:58 PM	Session Resumed	
12:58:02 PM	Atty Boehm _KIUC_calls Witness Collin Note: Hughes, Pam	Layne Collin, J Period and Kennedy and Assoc. Filed direct testimony, no changes and adopts.
12:58:59 PM	Atty Pinney to Witness Collin Note: Hughes, Pam	Regarding as to how the current methodolgy used by Big Rivers harms KIUC's customers.
1:02:50 PM	Atty Pinney to WITness Collin Note: Hughes, Pam  Note: Hughes, Pam	Regarding if Commission were to Order stacking methodolgy, customers costs would go down according to his testimony. base rate and FAC's and calculations
1:04:53 PM	Atty Pinney to Witness Collin Note: Hughes, Pam	Regarding Off system sales market. Cost structure
1:05:33 PM	Atty Pinney to Witness Collin Note: Hughes, Pam	Way system is currently set up, how is this a benefit to Big Rivers?
1:06:51 PM	Vice Chairman to Witness Collin Note: Hughes, Pam	Regarding the city of Henderson and his calculations.
1:09:30 PM	Vice Chairman to Witness Collin Note: Hughes, Pam	Regarding his opinion that Big Rivers not coming in for a base rate case because it doesn't benefit them at this point.
1:11:15 PM	Atty Kamuf to Witness Collin Note: Hughes, Pam  Note: Hughes, Pam	Concerning the Polar vortex, and some margins were returned to customers. Stated how much Big RIvers made in 2014. Regarding his testimony
1:14:57 PM	Witness dismissed	
1:15:14 PM	PHDR to be file by Oct 20, response by Oct 27	
1:15:41 PM	Briefs to be filed Note: Hughes, Pam	2 weeks following the 27th. Nov. 14th.
1:16:48 PM	Case No. 2017-00287 Adjourned	
1:16:56 PM	Session Paused	
1:17:35 PM	Session Resumed	
1:17:42 PM	Case No. 2017-00297 Licking Valley called	
1:17:59 PM	David Samford atty for Licking Valley Note: Hughes, Pam	Kerry Howard is called to the stand and sworn in. President of Licking Valley.
1:18:57 PM	Chairman Schmitt remarks Note: Hughes, Pam	Licking Valley called in for Non compliance of filing affidavit timely.
1:19:33 PM	Atty Pinney to Witness Howard Note: Hughes, Pam  Note: Hughes, Pam	Explanation as to how Licking Valley responds to Commission Orders. Order required hearing , Licking Valley filed late in 4 recent cases. It hasn't filed in this case. Witness states that it is in the mail.

1:21:42 PM	Atty Pinney to Witness Howard Note: Hughes, Pam	Regarding what Procedures can be put into place to make sure Licking Valley complies to further Orders of the Commission.
1:23:15 PM	Atty Pinney to Witness Howard Note: Hughes, Pam	Internal error, they are complying to the FAC but this has fallen through the cracks. Going to be put under one persons job duties. Update email contacts to assure this doesn't happen again.
1:24:43 PM	Vice Chairman comment Note: Hughes, Pam	Regarding the filings not being made timely.
1:25:22 PM	Case dismissed	
1:25:31 PM	Adjourned. Note: Hughes, Pam	Did not call any other cases.
1:25:49 PM	Session Paused	
4:59:40 PM	Session Ended	



Judge: Bob Cicero; Talina Mathews; Michael Schmitt

Witness: Delbert Billiter; Michelle Carpenter; Nicholas Castlen; Theodore Czupik; Mark Horn; Craig Johnson; David Mell; Murray (Wayne) O'Bryan; Brett Phipps; Derek Rahn; Charles Schram; John Swez; Stuart Wilson

Clerk: Pam Hughes

<b>Name:</b>	<b>Description:</b>
Big Rivers Exhibit 01	KIUC's Response to Commission Staff's Initial Request For Information- 5 pages
KIUC Exhibit 01	Big RIvers monthly Form A for the November 2016 expense month filed on December 21, 2017.
KIUC Exhibit 02	Big RIvers Electric 2017 Integrated Resource Plan

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
BIG RIVERS ELECTRIC CORPORATION ) CASE NO. 2014-00455  
FROM NOVEMBER 1, 2012 THROUGH )  
OCTOBER 31, 2014 )

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S  
RESPONSE TO COMMISSION STAFF'S  
INITIAL REQUEST FOR INFORMATION

4. Refer to the Kollen Testimony, pages 15-16.
- a. State whether KIUC believes that the March 5, 1996 Order in Case No. 94-458<sup>2</sup> required the use of the incremental-cost methodology when allocating fuel costs to off-system sales or that the Commission found it to be a reasonable, but not required, methodology.
- b. KIUC's position in Case No. 94-458 was that the system-average methodology should be used for allocating fuel costs to off-system sales. In the instant proceeding, KIUC's position is that a different methodology (based on that used by East Kentucky Power Cooperative, Inc. and Duke Energy Kentucky, Inc.) should be used. State whether KIUC believes: 1) that the Commission should require a specific methodology be employed by all electric utilities regardless of the results; 2) that the Commission should require the use of whichever methodology produces the lowest fuel costs for native-load customers, regardless of how often this requirement causes a change in methodology; or 3) that the Commission should allow different methodologies to be used by different utilities, so long as they are considered reasonable by the Commission.

<sup>2</sup> Case No. 94-458, *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* (Ky. PSC Mar. 5, 1996).



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S  
RESPONSE TO COMMISSION STAFF'S  
INITIAL REQUEST FOR INFORMATION

RESPONSE:

a. The March 5, 1996 Order in Case No. 94-458 states that Big Rivers' *incremental fuel costs* allocation method *"is reasonable."* (Order p. 1). The Commission rejected the KIUC proposal to assign Big Rivers' average fuel costs to all sales. Given those two determinations, KIUC believes that the use of incremental fuel costs allocation method is required and that the use of the average allocation method is not allowed.

b. KIUC believes that the Commission should require that all Kentucky utilities employ a fuel cost allocation method that allocates the benefit of the lowest cost fuel resources on the system to native load because native load customers pay the fixed costs to own and operate these resources. The EKPC/Duke methodology will always achieve this objective regardless of whether the utility has excess capacity. The Big Rivers average cost methodology will never achieve this objective even if the utility does not have excess capacity. Nevertheless, other methodologies may achieve this objective if the utility does not have excess capacity.

Big Rivers successfully argued in its last two rate cases (2012-00535 and 2013-00199) that native load customers should be required to pay the stranded costs of its generating units (Coleman and Wilson) even though these units are not needed to serve native load customers after the termination of the smelter load. Currently, Big Rivers is running Wilson, Green, SEPA, HMPL and Reid in order to serve both native load and off-system sales. Native load customers continue to pay all of the debt service and TIER

**COMMONWEALTH OF KENTUCKY**  
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**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S  
RESPONSE TO COMMISSION STAFF'S  
INITIAL REQUEST FOR INFORMATION**

on all of these units, including the costs of the idled Coleman plant.<sup>3</sup> Depreciation on Wilson (\$20 million annually) and Coleman (\$6 million annually) is being deferred and the utility may seek recovery of the deferral from consumers at some point in the future. Yet, under Big Rivers' allocation methodology, native load is not given first call on the lowest fuel costs units. This benefit is being proportionately allocated to native load and off-system sales.

Big Rivers' methodology is also counter to the allocation methodologies used by every other electric utility in the Commonwealth, each of which stack their generation resources from lowest cost to highest cost and allocate the lowest cost units to native load. As explained in KIUC's testimony, the native load customers of every other utility in Kentucky enjoy the benefit of first call on the units that native load customers pay for, while the incremental portion of the generation stack is allocated to off-system sales. Big Rivers' customers are being treated less favorably than the customers of every other utility in Kentucky. Unlike other provisions of the Commission's Regulations, the FAC Regulation (807 K.A.R. 5:056) does not contain a deviation clause. The Commission cannot deviate from the FAC regulation for good cause shown.

The Kentucky FAC was modeled on the FERC FAC. Big Rivers' methodology also breaks from FERC's guidance which held in *Golden Spread Electric Cooperative* (2006) that assigning system average fuel costs to both native load and off-system sales unreasonably forces native load customers to subsidize off-system sales by paying higher

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<sup>3</sup> Native load customers continue to pay the debt service and TIER on the Wilson and Coleman units, as well as a portion of fixed O&M and property taxes. Depreciation expenses on Wilson and Coleman are being deferred for possible future recovery from customers.



COMMONWEALTH OF KENTUCKY  
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KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S  
RESPONSE TO COMMISSION STAFF'S  
INITIAL REQUEST FOR INFORMATION

incremental fuel costs associated with those sales.<sup>4</sup> The FERC also stated in a case involving Appalachian Power Company that it "*believ[e]d that it is both appropriate, and a common industry practice to assign the highest fuel cost to off-system sales, while lower fuel cost resources are reserved for the benefit of the APCO native load customers who, through their rates, provide for the construction and operation of the generating facilities.*"<sup>5</sup>

It would be reasonable to allocate 100% of the low fuel costs of the Wilson unit to off-system if off-system sale assumed the responsibility to pay for the debt service, TIER and deferred depreciation on Wilson. But native load customers continue to pay the costs of Wilson. Native load customers also continue to pay the costs of the idled Coleman unit and receive no fuel benefit from Coleman. As long as Wilson is running, native load customers should receive 100% of the benefit of the unit.

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<sup>4</sup> Initial Decision, *Golden Spread Electric Cooperative, Inc. et al v. Southwestern Public Service Company*, 115 FERC ¶63,043 (May 24, 2006) at ¶132 ("Initial Decision"); Opinion No. 501, 123 FERC ¶61,047 (April 21, 2008) at ¶42-47.

<sup>5</sup> Order Accepting Rates for Filing, Granting Intervention and Terminating Docket, Docket No. ER83-63-000 (December 17, 1982) at 2.

**COMMONWEALTH OF KENTUCKY**  
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OCTOBER 31, 2014 )**

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S  
RESPONSE TO BIG RIVERS ELECTRIC CORPORATION'S  
FIRST REQUEST FOR INFORMATION**

11. Refer to the Direct Testimony of Lane Kollen at pages 14-15.
- a. Does KIUC advocate that the Commission require Big Rivers to use an incremental cost methodology?
  - b. Please explain whether KIUC believes the EKPC/Duke methodology is an incremental cost methodology.
  - c. Please explain whether Mr. Kollen believes the EKPC/Duke methodology is an incremental cost methodology.

**RESPONSE:**

- a. Yes. The allocation of fuel costs between native load customers and off-system sales requires an after the fact reconstruction. The EKPC/Duke after the fact reconstruction method does not replicate the actual dispatch process, but rather assigns the lowest cost generation to native load and the highest cost generation to off-system sales each hour. This is an appropriate incremental cost allocation methodology.
- b. Yes. Mr. Kollen and KIUC / AG believe that the EKPC/Duke methodology is an incremental cost allocation methodology. The method is an incremental approach on a unit basis as each of the units are stacked incrementally from lowest to highest cost.
- c. Please refer to the responses to parts (a) and (b) of this question.

FA



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December 20, 2016

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

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DEC 21 2016

DEC 21 2016

PUBLIC SERVICE  
COMMISSION

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause ("FAC") – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the November 2016 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for November 2016 and is to be applied to invoices for service delivered during December 2016, which will be billed early January 2017.

Pursuant to the Stipulation and Recommendation agreement dated May 26, 2015, approved by order of the Commission July 27, 2015 (Case No. 2014-00455), and later approved by the Rural Utilities Service ("RUS") October 23, 2015, the Fuel Cost Schedule (Page 2 of the attached Form A filing) includes an FAC Credit of \$311,111. The monthly FAC Credit was first included in Big Rivers' Form A filing for the October 2015 expense month and will continue being included in the filings for a total of up to fifteen months, based on the terms of the Stipulation and Recommendation agreement.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

- c: Ms. Lindsay N. Barron, CPA, Chief Financial Officer
- Ms. Donna M. Windhaus, Director Accounting/Finance
- Ms. DeAnna M. Speed, CPA, Director Rates and Budgets
- Mr. Dennis Cannon, Jackson Purchase Energy Corporation
- Mr. Jeff Hohn, Kenergy Corp.
- Mr. Marty Littrel, Meade County RECC
- James Miller, Esq., General Counsel

Movants *KIUC*  
Exhibit *1*

Consumer received 1/2/17

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: November 2016

<b>(A) Company Generation</b>		
Coal Burned	(+) \$	10,545,722
Pet Coke Burned	(+)	1,407,158
Oil Burned	(+)	238,258
Gas Burned	(+)	3,080
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	2,110
Fuel (assigned cost during Forced Outage)	(+)	347,768
Fuel (substitute cost for Forced Outage)	(-)	143,017
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>12,396,859</b>
<b>(B) Purchases</b>		
Net energy cost - economy purchases	(+) \$	709,815
Identifiable fuel cost - other purchases	(+)	4,613,123
Identifiable fuel cost - Forced Outage purchases	(+)	281,327
Identifiable fuel cost (substitute for Forced Outage)	(-)	281,327
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	115,628
Less Purchases Above Highest Cost Units	(-)	69,329
<b>SUB-TOTAL</b>	<b>\$</b>	<b>5,137,981</b>
<b>(C) Inter-System Sales</b>		
Including Interchange-out	\$	12,506,078
<b>(D) Over or (Under) Recovery</b>		
From Page 4, Line 13	\$	10,630
<b>(E) FAC Credit</b>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	311,111
<b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>	<b>\$</b>	<b>4,707,021</b>

<sup>(1)</sup> Monthly FAC Credit of \$311,111 for each month beginning with the FAC filing for the October 2015 expense month, per Big Rivers' revised FAC tariff filed with the Commission on November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015, in Case No. 2014-00455.



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January 19, 2017

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Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
JAN 20 2017  
FINANCIAL ANA

JAN 20 2017  
PUBLIC SERVICE  
COMMISSION

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause ("FAC") – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the December 2016 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for December 2016 and is to be applied to invoices for service delivered during January 2017, which will be billed early February 2017.

Pursuant to the Stipulation and Recommendation dated May 26, 2015<sup>1</sup>, and the Amendment to Stipulation and Recommendation dated August 1, 2016<sup>2</sup>, Big Rivers began crediting \$311,111 (the "FAC Credit") each month through its FAC to its Members beginning with the FAC factor calculated for the October 2015 expense month, which was applied to Big Rivers' Members' wholesale invoices for November 2015 consumption. Based on the terms of the Amendment to Stipulation and Recommendation, the Fuel Cost Schedule, page 2 of the attached Form A filing for the December 2016 expense month, includes the fifteenth and final monthly FAC Credit.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

<sup>1</sup> Approved by order of the Commission in Case No. 2014-00455, *An Examination of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 2012 through October 31, 2014*, July 27, 2015, and later approved by the Rural Utilities Service ("RUS") October 23, 2015

<sup>2</sup> Approved by order of the Commission in Case No. 2016-00286, *Application of Big Rivers Electric Corporation for Approval of Amendment to Stipulation and Recommendation*, September 28, 2016

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: December 2016

<b>(A) Company Generation</b>		
<hr/>		
Coal Burned	(+) \$	14,601,582
Pet Coke Burned	(+)	1,460,090
Oil Burned	(+)	302,108
Gas Burned	(+)	55,408
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	15,222
Fuel (assigned cost during Forced Outage)	(+)	699,996
Fuel (substitute cost for Forced Outage)	(-)	323,077
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<hr/>		
SUB-TOTAL	\$	16,780,885
 <b>(B) Purchases</b>		
<hr/>		
Net energy cost - economy purchases	(+) \$	1,076,649
Identifiable fuel cost - other purchases	(+)	4,821,106
Identifiable fuel cost - Forced Outage purchases	(+)	437,815
Identifiable fuel cost (substitute for Forced Outage)	(-)	437,815
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	290,598
Less Purchases Above Highest Cost Units	(-)	81
<hr/>		
SUB-TOTAL	\$	5,607,076
 <b>(C) Inter-System Sales</b>		
<hr/>		
Including Interchange-out	\$	15,591,389
 <b>(D) Over or (Under) Recovery</b>		
<hr/>		
From Page 4, Line 13	\$	(69,713)
 <b>(E) FAC Credit</b>		
<hr/>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	311,111
 <b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>		
<hr/>		
		<u>\$ 6,555,174</u>

<sup>(1)</sup> Monthly FAC Credit of \$311,111 for each month beginning with the FAC filing for the October 2015 expense month, per Big Rivers' revised FAC tariff filed with the Commission on November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015, in Case No. 2014-00455.



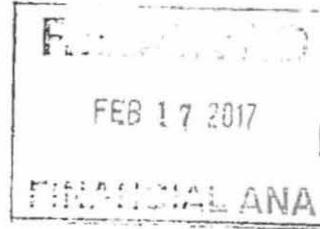


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FA

February 16, 2017

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602



RECEIVED

FEB 17 2017

PUBLIC SERVICE  
COMMISSION

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause ("FAC") – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the January 2017 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for January 2017 and is to be applied to invoices for service delivered during February 2017, which will be billed early March 2017.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

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- Ms. Donna M. Windhaus, Director Accounting/Finance
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- Mr. Dennis Cannon, Jackson Purchase Energy Corporation
- Mr. Jeff Hohn, Kenergy Corp.
- Mr. Marty Littrel, Meade County RECC
- James Miller, Esq., General Counsel

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: January 2017

<b>(A) Company Generation</b>		
Coal Burned	(+) \$	12,602,110
Pet Coke Burned	(+)	1,924,610
Oil Burned	(+)	138,215
Gas Burned	(+)	12,670
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	6,508
Fuel (assigned cost during Forced Outage)	(+)	696,328
Fuel (substitute cost for Forced Outage)	(-)	258,269
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>15,109,156</b>
<b>(B) Purchases</b>		
Net energy cost - economy purchases	(+) \$	1,145,646
Identifiable fuel cost - other purchases	(+)	9,383,094
Identifiable fuel cost - Forced Outage purchases	(+)	617,582
Identifiable fuel cost (substitute for Forced Outage)	(-)	617,582
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	161,505
Less Purchases Above Highest Cost Units	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>10,367,235</b>
<b>(C) Inter-System Sales</b>		
Including Interchange-out	\$	18,955,346
<b>(D) Over or (Under) Recovery</b>		
From Page 4, Line 13	\$	(6,984)
<b>(E) FAC Credit</b>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	-
<b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>	<b>\$</b>	<b>6,528,029</b>

<sup>(1)</sup> Monthly FAC Credit of \$311,111 for each month beginning with the FAC filing for the November 2015 service month (October 2015 expense month) and ending with January 2017 service month (December 2016 expense month), per Big Rivers' revised FAC tariff filed with the Commission on November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015, in Case No. 2014-00455.



FA



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Henderson, KY 42419-0024  
270-827-2561  
www.bigrivers.com

March 21, 2017

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
MAR 23 2017  
RECEIVED FINANCIAL ANA  
MAR 22 2017  
PUBLIC SERVICE  
COMMISSION

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause ("FAC") – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the February 2017 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for February 2017 and is to be applied to invoices for service delivered during March 2017, which will be billed early April 2017.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

- c: Ms. Lindsay N. Barron, CPA, Chief Financial Officer
- Ms. Donna M. Windhaus, Director Accounting/Finance
- Ms. DeAnna M. Speed, CPA, Director Rates and Budgets
- Mr. Dennis Cannon, Jackson Purchase Energy Corporation
- Mr. Jeff Hohn, Kenergy Corp.
- Mr. Marty Littrel, Meade County RECC
- James Miller, Esq., General Counsel

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: February 2017

<b>(A) Company Generation</b>		
Coal Burned	(+) \$	6,215,542
Pet Coke Burned	(+)	674,208
Oil Burned	(+)	213,769
Gas Burned	(+)	7,674
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	582
Fuel (assigned cost during Forced Outage)	(+)	2,434,554
Fuel (substitute cost for Forced Outage)	(-)	1,586,220
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>7,958,945</b>
<b>(B) Purchases</b>		
Net energy cost - economy purchases	(+) \$	819,446
Identifiable fuel cost - other purchases	(+)	9,357,862
Identifiable fuel cost - Forced Outage purchases	(+)	915,696
Identifiable fuel cost (substitute for Forced Outage)	(-)	915,696
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	151,128
Less Purchases Above Highest Cost Units	(-)	517
<b>SUB-TOTAL</b>	<b>\$</b>	<b>10,025,663</b>
<b>(C) Inter-System Sales</b>		
Including Interchange-out	\$	12,711,331
<b>(D) Over or (Under) Recovery</b>		
From Page 4, Line 13	\$	(76,697)
<b>(E) FAC Credit</b>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	-
<b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>	<b>\$</b>	<b>5,349,974</b>

<sup>(1)</sup> Monthly FAC Credit per Big Rivers' revised FAC tariff filed with the Commission November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015 (Case No. 2014-00455). The final monthly FAC Credit was included in Big Rivers' Form A Filing for the December 2016 expense month, for the FAC factor applied to Members' invoices for January 2017 service.



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P.O. Box 24  
Henderson, KY 42419-0024  
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www.bigrivers.com

FA

April 20, 2017

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APR 24 2017  
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APR 21 2017

PUBLIC SERVICE  
COMMISSION

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause (FAC) – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the March 2017 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for March 2017 and is to be applied to invoices for service delivered during April 2017, which will be billed early May 2017.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

- c: Ms. Lindsay N. Barron, CPA, Chief Financial Officer
- Ms. Donna M. Windhaus, Director Accounting/Finance
- Ms. DeAnna M. Speed, CPA, Director Rates and Budgets
- Mr. Dennis Cannon, Jackson Purchase Energy Corporation
- Mr. Jeff Hohn, Kenergy Corp.
- Mr. Marty Littrel, Meade County RECC
- James Miller, Esq., General Counsel

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: March 2017

(A)	<u>Company Generation</u>		
	Coal Burned	(+) \$	8,453,818
	Pet Coke Burned	(+)	1,339,461
	Oil Burned	(+)	242,704
	Gas Burned	(+)	6,159
	Propane Burned	(+)	-
	MISO Make Whole Payments	(-)	7,468
	Fuel (assigned cost during Forced Outage)	(+)	338,644
	Fuel (substitute cost for Forced Outage)	(-)	91,777
	Fuel (supplemental and back-up energy to Smelters)	(-)	-
	Fuel (Domtar back-up / imbalance generation)	(-)	-
	<u>SUB-TOTAL</u>	\$	<u>10,281,541</u>
(B)	<u>Purchases</u>		
	Net energy cost - economy purchases	(+) \$	538,450
	Identifiable fuel cost - other purchases	(+)	3,297,704
	Identifiable fuel cost - Forced Outage purchases	(+)	373,602
	Identifiable fuel cost (substitute for Forced Outage)	(-)	373,602
	Less Purchases for supplemental and back-up energy to Smelters	(-)	-
	Less Purchases for Domtar back up	(-)	134,181
	Less Purchases Above Highest Cost Units	(-)	-
	<u>SUB-TOTAL</u>	\$	<u>3,701,973</u>
(C)	<u>Inter-System Sales</u>		
	Including Interchange-out	\$	8,527,923
(D)	<u>Over or (Under) Recovery</u>		
	From Page 4, Line 13	\$	21,760
(E)	<u>FAC Credit</u>		
	FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	-
	 TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =	\$	<u><u>5,433,831</u></u>

<sup>(1)</sup> Monthly FAC Credit per Big Rivers' revised FAC tariff filed with the Commission November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015 (Case No. 2014-00455). The final monthly FAC Credit was included in Big Rivers' Form A Filing for the December 2016 expense month, for the FAC factor applied to Members' invoices for January 2017 service.

# Big Rivers

ELECTRIC CORPORATION

201 Third Street  
P.O. Box 24  
Henderson, KY 42419-0024  
270-827-2561  
www.bigrivers.com

FA

May 19, 2017

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

MAY 19 2017

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MAY 19 2017

PUBLIC SERVICE  
COMMISSION

RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause (FAC) – Form A Filing

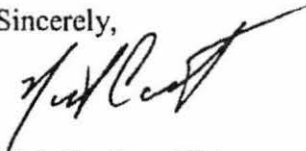
Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the April 2017 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for April 2017 and is to be applied to invoices for service delivered during May 2017, which will be billed early June 2017.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

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

Sincerely,



Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

c: Ms. Lindsay N. Barron, CPA, Chief Financial Officer  
Ms. Donna M. Windhaus, Director Accounting/Finance  
Ms. DeAnna M. Speed, CPA, Director Rates and Budgets  
Mr. Dennis Cannon, Jackson Purchase Energy Corporation  
Mr. Jeff Hohn, Kenergy Corp.  
Mr. Marty Littrel, Meade County RECC  
James Miller, Esq., General Counsel

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: April 2017

<u>(A) Company Generation</u>		
Coal Burned	(+) \$	9,185,498
Pet Coke Burned	(+)	810,929
Oil Burned	(+)	256,906
Gas Burned	(+)	-
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	-
Fuel (assigned cost during Forced Outage)	(+)	937,028
Fuel (substitute cost for Forced Outage)	(-)	200,388
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>10,989,973</b> ✓
<u>(B) Purchases</u>		
Net energy cost - economy purchases	(+) \$	509,007
Identifiable fuel cost - other purchases	(+)	1,213,869
Identifiable fuel cost - Forced Outage purchases	(+)	940,386
Identifiable fuel cost (substitute for Forced Outage)	(-)	940,386
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	88,250
Less Purchases Above Highest Cost Units	(-)	6,291
<b>SUB-TOTAL</b>	<b>\$</b>	<b>1,628,335</b> ✓
<u>(C) Inter-System Sales</u>		
Including Interchange-out	\$	7,969,422
<u>(D) Over or (Under) Recovery</u>		
From Page 4, Line 13	\$	(27,777) ✓
<u>(E) FAC Credit</u>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	-
<b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>	<b>\$</b>	<b>4,676,663</b> ✓

<sup>(1)</sup> Monthly FAC Credit per Big Rivers' revised FAC tariff filed with the Commission November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015 (Case No. 2014-00455). The final monthly FAC Credit was included in Big Rivers' Form A Filing for the December 2016 expense month, for the FAC factor applied to Members' invoices for January 2017 service.



Skill. Integrity. Efficiency.

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SEP 21 2017

PUBLIC SERVICE  
COMMISSION

September 21, 2017

VIA HAND-DELIVERY

John S. Lyons  
Acting Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: *Big Rivers Electric Corporation's 2017 Integrated Resource Plan*

Dear Mr. Lyons:

Enclosed in connection with the 2017 Integrated Resource Plan ("IRP") of Big Rivers Electric Corporation are the following:

1. An original and ten (10) copies of petition for confidential treatment for portions of the 2017 IRP, along with one (1) sealed copy of the pages of the IRP that contain confidential information;
2. Ten (10) copies of the IRP with the confidential information redacted; and
3. One (1) additional, unbound copy of the IRP with the confidential information redacted.

Pursuant to 807 KAR 5:058 Section 2(2), by copy of this letter, Big Rivers hereby provides notice to the intervenors in its last IRP review proceeding, Case No. 2014-00166, that the 2017 IRP has been filed with the Public Service Commission and is available from Big Rivers upon request.

Big Rivers notes that, by order dated December 22, 2015, in Case No. 2014-00166, the Public Service Commission directed Big Rivers to file its 2017 IRP no later than September 21, 2017.

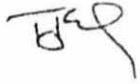
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KIUC  
2

John S. Lyons  
September 21, 2017  
Page 2

If you have any questions about this filing, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'TK' or 'Tyson Kamuf', written in a cursive style.

Tyson Kamuf

TAK/abg  
Enclosures

cc: Service List  
Jeff Hohn  
Marty Littrel  
Dennis L. Cannon



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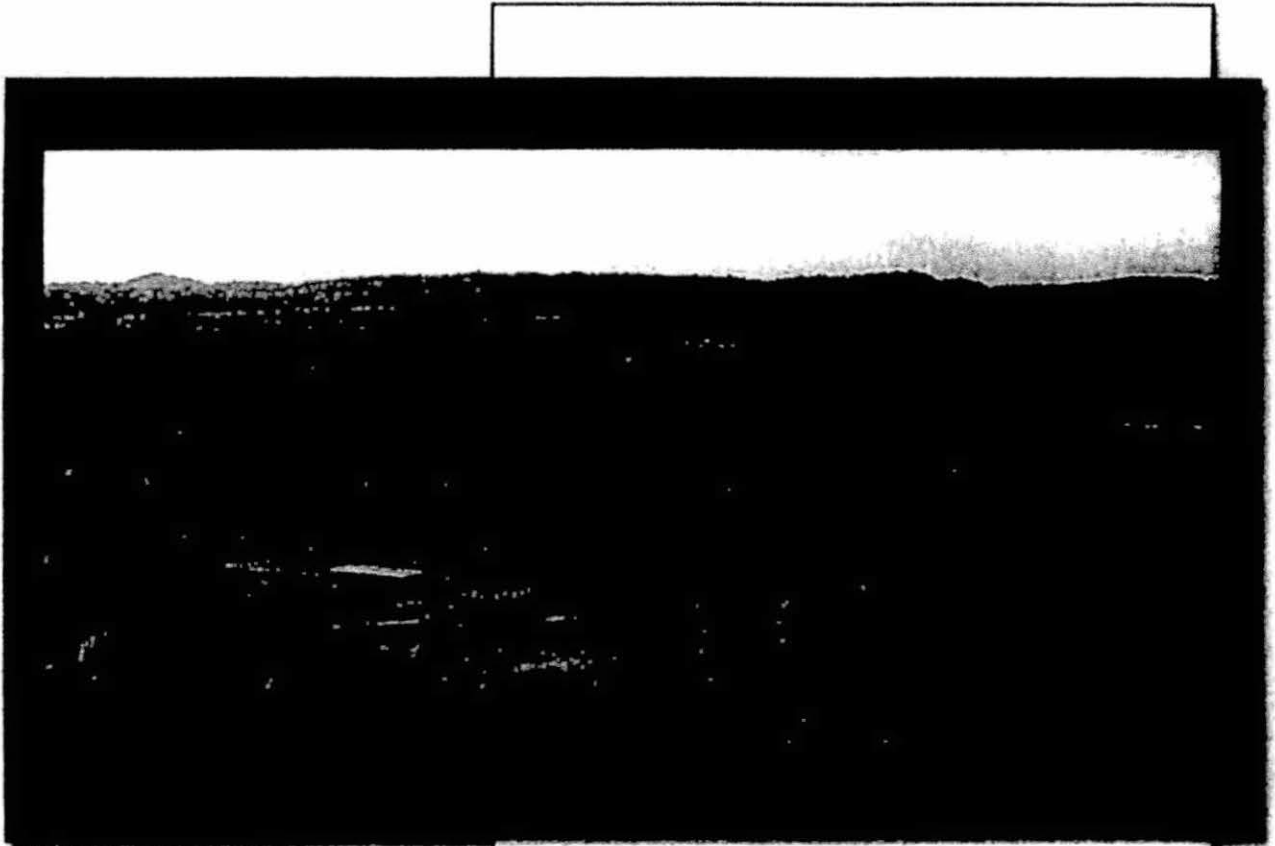
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- A – 2017 Load Forecast, and 2015 Load Forecast
- B – DSM Potential Study
- C – Cross-Reference to Staff Recommendations from the 2014 IRP and 807 KAR 5:058
- D – Big Rivers Responses to Staff Recommendation from the 2014 IRP
- E – Transmission System Map
- F – Generating Unit Costs and Parameters (Statute 8.3.b.1-12, 8.4)
- G – Technical Appendix
- H – *Plexos*® Model Outputs
- I – Acronyms and Glossary
- J – Figures and Tables Listing



# IRP Plan Summary

---

## CHAPTER 1

Table 3.3

Comparison of Projected Native Peak Demand (MW)

	<i>Actual</i>	<i>Weather Adjusted</i>	<i>2014 IRP</i>	<i>2015 Load Forecast</i>	<i>2017 Load Forecast</i>
2005	611	610			
2006	625	627			
2007	653	601			
2008	616	617			
2009	670	630			
2010	662	616			
2011	657	639			
2012	660	618			
2013	615	639	655		
2014	748	698	658		
2015	697	664	660	661	
2016	617	620	663	683	
2017			669	691	648
2018			673	693	660
2019			678	695	673
2020			683	697	676
2021			689	701	678
2022			695	704	679
2023			701	707	680
2024			707	711	681
2025			713	715	682
2026			719	720	683
2027				724	685
2028				729	686
2029				734	688
2030				740	689
2031				745	691

### 3.2 Senior Management and Personnel Development

Big Rivers' workforce has long been the very cornerstone of its success. In order to ensure that continues, in 2015, Big Rivers implemented its first-ever long term People Strategy with a focus on Performance Management, Individual Development, Employee Wellness, Employee Engagement and the hiring,

increased DSM scenario. Also, a scenario with the option to exit the HMP&L Station Two contract beginning in 2018 was completed.

### 7.1.2 Model Generation Resource Options

Table 7.1 shows the generation resources that are currently operating and the options that were made available for those resources in the model. The LT Plan® used these generation resources as options for determining the optimal or least-cost plan for the Base Case and each scenario.

Table 7.1

#### Generation Resources

<b>Generation Resources</b>				
<b>Existing (Currently Operating) Big Rivers Assets</b>				
<b>Generation Resource</b>	<b>Capacity, MW</b>	<b>Option</b>	<b>2017-2019</b>	<b>2020-2031</b>
Wilson Unit 1	417	Coal-Fired	X	X
		Retired		X
Green Unit 1	231	Coal-Fired	X	X
		NG Conversion		X
		Retired		X
Green Unit 2	223	Coal-Fired	X	X
		NG Conversion		X
		Retired		X
HMP&L Station 2*	197	Coal-Fired	X	X
		NG Conversion		X
		Exit Contracts		X
Reid CT	65	NG Fired	X	X
SEPA	178	Continue	X	X
		Exit Contract		X
<b>Total</b>	<b>1,311</b>			

\* Modeled as one unit at the net capacity for Big Rivers

\*Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Honorable Kurt J Boehm  
Attorney at Law  
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\*Honorable Michael L Kurtz  
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