



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

Tyson Kamuf
Attorney
tkamuf@smsmlaw.com

Skill. Integrity. Efficiency.

October 26, 2017

RECEIVED

OCT 27 2017

PUBLIC SERVICE
COMMISSION

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

Re: *In the Matter of: An Examination of the Application of
the Fuel Adjustment Clause of Big Rivers Electric Corporation
from November 1, 2016 through April 30, 2017*
Case No. 2017-00287

Dear Ms. Pinson:

Enclosed for filing in the above-referenced matter are an original and ten copies of Big Rivers Electric Corporation's responses to Commission Staff's post-hearing requests for information.

I certify that on this date, a copy of this letter, and a copy of the responses were served on all parties listed on the attached service list by first-class mail, postage prepaid.

Sincerely,

Tyson Kamuf
Counsel for Big Rivers Electric Corporation

TAK/abg

Enclosures

cc: Service List

Service List
PSC Case No. 2017-00287

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**AN EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE)
OF BIG RIVERS ELECTRIC CORPORATION)
FROM)
NOVEMBER 1, 2016 THROUGH APRIL 30, 2017)**

**Case No.
2017-00287**

**Responses to Commission Staff's Request for Information
from the Hearing of October 16, 2017**

FILED: October 27, 2017

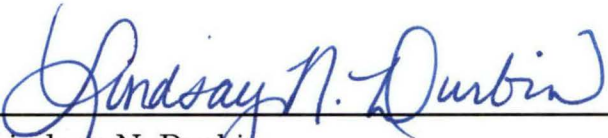
ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

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

VERIFICATION

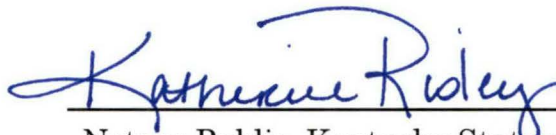
I, Lindsay N. Durbin, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Lindsay N. Durbin

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

25th SUBSCRIBED AND SWORN TO before me by Lindsay N. Durbin on this the
____ day of October, 2017.



Notary Public, Kentucky State at Large
My Commission Expires 10-31-2020



BIG RIVERS ELECTRIC CORPORATION

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

**Response to Commission Staff's Request for Information
from the Hearing of October 16, 2017**

October 27, 2017

1 **Item 1)** *Provide from the 2013 base rate case the amount of off-system*
2 *sales margins Big Rivers estimated would offset base rates.*

3

4 **Response)** Big Rivers assumed approximately \$1.8 million in off-system sales
5 margins in its forecasted test period in its last rate case, Case No. 2013-00199. In
6 its final order,¹ the Commission increased the amount of off-system sales that
7 offset base rates to nearly \$9.6 million.

8 Big Rivers earned approximately \$20.5 million in off-system gross sales
9 margins in 2016. The Wilson facility costs of approximately \$19.0 million are not
10 included in Big Rivers' base rates, thus Big Rivers realized off-system sales
11 margins of \$1.5 million are much closer to Big Rivers' projected margins of \$1.8
12 million than the \$9.6 million that were included in the calculation of Big Rivers'
13 base rates.

14 The continued operation of the Wilson facility has lowered the Fuel
15 Adjustment Clause ("FAC") expenses of Big Rivers' Members, continued
16 employment for roughly 100 individuals, and provided for a number of ancillary
17 positions and tax revenues throughout the Commonwealth.

18

19

20 **Witness)** Lindsay N. Durbin

21

¹ See April 25, 2014, Order in Case No. 2013-00199, page 13.

BIG RIVERS ELECTRIC CORPORATION

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

**Response to Commission Staff's Request for Information
from the Hearing of October 16, 2017**

October 27, 2017

1 **Item 2)** *If the Commission were to find that Big Rivers should*
2 *implement a stacking methodology as a result of this case, explain the*
3 *steps Big Rivers would take to implement the new method.*

4

5 **Response)** Big Rivers will have to undertake a number of steps to understand
6 how it should proceed with the implementation of a stacking methodology for its
7 Fuel Adjustment Clause ("FAC") in its next base rate case. Based on what we
8 know today, before our next rate case, Big Rivers will need to commence with the
9 following steps:

- 10 1. Evaluate how others in the state are calculating their FAC;
- 11 2. Determine the appropriate interval to use for stacking (e.g., hourly,
12 daily) and the procedure for the calculation at that interval;
- 13 3. Weigh the use of incremental versus average cost;
- 14 4. Evaluate the method for the treatment of Big Rivers' contract
15 obligations;
- 16 5. Assess software and/or programming needs and costs;
- 17 6. Examine staffing and resource requirements; and
- 18 7. Seek adjustment in Big Rivers' base rates to reflect the reallocation of
19 fuel costs.

20

21

22 **Witness)** Lindsay N. Durbin