

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF LICKING)
VALLEY RURAL ELECTRIC COOPERATIVE) CASE NO. 2017-00297
CORPORATION FROM 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;
- 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 exhibit list 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.

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

Done at Frankfort, Kentucky, this 25th day of October 2017.



Gwen R. Pinson
Executive Director
Public Service Commission of Kentucky

Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

Licking Valley R.E.C.C.
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P. O. Box 605
271 Main Street
West Liberty, KY 41472

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF)
LICKING VALLEY RURAL ELECTRIC) CASE NO.
COOPERATIVE CORPORATION FROM) 2017-00297
NOVEMBER 1,2016 THROUGH APRIL 30, 2017)

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 and Witness 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 23rd 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
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 Kentucky Power Cooperative; Kentucky Utilities; Louisville Gas & Electric 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 Atty Overstreet states "certainly".
10:14:09 AM	Note: Hughes, Pam Atty Pinney Note: Hughes, Pam	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 responds 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 received by end of the year. Clint Stutler 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. Clint Stutler responds
10:16:21 AM	Note: Hughes, Pam Vice Chairman Cicero Note: Hughes, Pam Note: Hughes, Pam	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 dropped 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 plant and supplier
10:21:55 AM	Vice Chairman comment to Atty Overstreet 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 Chairnan 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. , bullett 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 schedule by KIUC Note: Hughes, Pam	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	Note: Hughes, Pam Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Durbin responds Durbin responds page 2 of Durbins testimony.
11:44:59 AM	Atty Boehm_KIUC 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.
11:46:22 AM	KIUC hands out 2017 Integrated Resource Plan for Big Rivers, Exhibit 2 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.
11:49:25 AM	Atty Boehm_KIUC Note: Hughes, Pam 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.
11:51:41 AM	KIUC objects Note: Hughes, Pam	Chairman sustains
11:52:17 AM	Atty Boehm_KIUC 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
11:53:19 AM	Note: Hughes, Pam Atty Boehm_KIUC Note: Hughes, Pam Note: Hughes, Pam	Page 16 of testimony Durbin. Durbin responds, doesn't understand KIUC's stacking method and explains.
11:54:50 AM	Atty Boehm_KIUC 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?
11:58:07 AM	Atty Kamuf objects Note: Hughes, Pam	Sustains by Chairman. Durbin has not reviewed this order. Chairman states this witness isn't expert concerning this Order.
11:59:30 AM	Atty Boehm_KIUC Note: Hughes, Pam	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	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.
	Note: Hughes, Pam	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 reveiwed 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	Regarding if Commission were to Order stacking methodolgy, customers costs would go down according to his testimony.
	Note: Hughes, Pam	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	Concerning the Polar vortex, and some margins were returned to customers.
	Note: Hughes, Pam	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	Explanation as to how Licking Valley responds to Commission Orders.
	Note: Hughes, Pam	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

Name:	Description:
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

*Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

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