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January 9, 2009

Via Federal Express

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Public Service Commission
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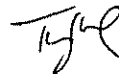
JAN 12 2009
PUBLIC SERVICE
COMMISSION

Re: In the Matter of: Consideration of the New Federal
Standards of the Energy Independence and Security Act of 2007,
PSC Case No. 2008-00408

Dear Mr. Derouen:

Enclosed for filing on behalf of Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp. and Meade County Rural Electric Cooperative Corporation are an original and ten copies of the Joint Direct Testimony of David A. Spainhoward, G. Kelly Nuckols, Sanford Novick, and Burns E. Mercer. A copy of this letter and a copy of the testimony have been served on the attached service list.

Sincerely,



Tyson Kamuf

TAK/ej
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**COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY**

Administrative Case No. 2008-00408

**JOINT DIRECT TESTIMONY OF
DAVID A. SPAINHOWARD, G. KELLY NUCKOLS,
SANFORD NOVICK, AND BURNS E. MERCER**

**ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION, JACKSON PURCHASE ENERGY
CORPORATION, KENERGY CORP., AND MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION**

JANUARY 12, 2008

**Joint Direct Testimony of David A. Spainhoward, G. Kelly Nuckols,
Sanford Novick, and Burns E. Mercer**

Q. Mr. Spainhoward, please state your name, business address, position, and qualifications.

A. My name is David A Spainhoward. My current business address is 201 Third Street, Henderson, Kentucky 42420. I have been an employee of Big Rivers Electric Corporation (“Big Rivers”) since 1972. My current position is Vice President External Relations & Interim Chief Production Officer at Big Rivers. Before holding my current position, I held the position of Vice President Contract Administration and Regulatory Affairs. I have also held positions in the Big Rivers Corporate Planning, Real Estate, Accounting, and Purchasing departments. I am a graduate of Oakland City University in Oakland City, Indiana, with the degree of Bachelor of Science in Management. I also have a Master of Science in Management degree from Oakland City University. I am also a graduate of Lockyear College of Business in Evansville, Indiana, with an Associate Degree in Data Process Management. In addition, I have a certificate of proficiency from the United States Department of Agriculture School in Bookkeeping and Accounting. I am currently Chairman of the Board of Commissioners of the Henderson County Water District in Henderson, Kentucky.

Q. Mr. Nuckols, please state your name, business address, position, and qualifications.

A. My name is G. Kelly Nuckols. My current business address is 2900 Irvin Cobb Drive, Paducah, Kentucky 42001. I have been employed by Jackson Purchase Energy Corporation (“JPEC”) since 1997. My current position is President and Chief Executive Officer. Before my employment at JPEC, I held the position of Senior Engineer with Patterson and Dewar Engineers in Atlanta, Georgia. Prior to working for Patterson and Dewar, I held the position of General Manager of Tri-County Electric Membership Corporation in Lafayette, Tennessee. I have also

1 held the position of Manager of Engineering and Operations at Four County Electric
2 Membership Corporation in Burgaw, North Carolina, and various engineering positions,
3 including Manager of Engineering Services with Warren Rural Electric Cooperative Corporation
4 in Bowling Green, Kentucky.

5 I am a graduate of Western Kentucky University in Bowling Green, Kentucky, with a
6 Bachelor of Science in Engineering Technology. I also have a Masters of Business
7 Administration (MBA) from Western Kentucky University. I am a licensed Professional
8 Engineer in the Commonwealth of Kentucky, as well as other states. I have received various
9 certificates in management and supervision training from NRECA and other institutions.

10 I am past chairman of the Paducah Area Chamber of Commerce, and I am currently a
11 board member of the Kentucky Chamber of Commerce. I have participated in and graduated
12 from various leadership programs, such as Leadership Bowling Green and Leadership Kentucky.
13 I hold or have held various board positions with area charitable and civic organizations,
14 including Rotary Club and United Way.

15 **Q. Mr. Novick, please state your name, business address, position, and qualifications.**

16 A. My name is Sanford Novick. My current business address is 6402 Old Corydon Road,
17 Henderson, Kentucky 42420. I am President and Chief Executive Officer for Kenergy Corp.
18 (“Kenergy”). I earned a Bachelor of Science degree in Mechanical Engineering from Vanderbilt
19 University in 1970, and a Master of Business Administration from Memphis State University in
20 1976. Before coming to Kenergy in 2007, I worked for Memphis Light Gas & Water, from
21 which I retired as Vice President of Operations for the electric, gas, and water systems. In 1997,
22 I began work with Mississippi Valley Gas as Senior Vice President of Operations and rose to the
23 Chief Operating Officer position before the company was acquired by Atmos Energy in 2002. I

1 then served as General Manager of the Lansing Board of Water & Light from 2003 until 2006. I
2 am a registered Professional Engineer in Tennessee, Mississippi, and Alabama.

3 **Q. Mr. Mercer, please state your name, business address, position, and qualifications.**

4 A. My name is Burns Mercer. My current business address is 1351 Highway 79,
5 Brandenburg, Kentucky 40108. I am the President and Chief Executive Officer (“CEO”) for
6 Meade County Rural Electric Cooperative Corporation (“Meade County RECC”). I have been
7 employed by Meade County RECC for 31 years and have been the President and CEO of Meade
8 County since June 1, 1994.

9 **Q. On whose behalf are you filing this testimony?**

10 A. This testimony is being filed on behalf of Big Rivers and its three distribution cooperative
11 members – JPEC, Kenergy, and Meade County RECC (the “Members”).

12 **Q. Have you previously testified before the Kentucky Public Service Commission**
13 **(“Commission”)?**

14 A. Yes. We have each previously submitted testimony and personally appeared before the
15 Commission in numerous other matters.

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of our testimony is to address the five standards relating to electric utilities
18 that the Energy Independence and Security Act of 2007 (“EISA 2007”) requires the Commission
19 to consider.

20 **Q. Why is this testimony being filed jointly?**

21 A. This testimony is being filed jointly because Big Rivers and its Members have and wish
22 to express their uniform opinions on the EISA 2007 standards.

23

1 **Q. Do each of you endorse this testimony as your own?**

2 A. Yes.

3 **Q. What are the five EISA 2007 standards?**

4 A. The five standards are:

5 1. an integrated resource planning standard;

6 2. a standard for rate design modifications to promote energy efficiency investments;

7 3. a standard relating to the consideration of smart grid investments;

8 4. a smart grid information standard; and

9 5. a standard relating to additional incentives for recovery, use and prevention of

10 industrial waste energy.

11 **Integrated Resource Planning**

12 **Q. What does the integrated resource planning standard require?**

13 A. The EISA 2007 integrated resource planning standard requires the Commission to
14 consider whether to require electric utilities to “integrate energy efficiency resources into utility,
15 State, and regional plans;” and to “adopt policies establishing cost-effective energy efficiency as
16 a priority resource.”

17 **Q. Does Big Rivers file an Integrated Resource Plan and if so, does it address any of**
18 **these requirements?**

19 A. Yes, Big Rivers is required to file an Integrated Resource Plan (“IRP”). 807 KAR 5:058
20 (5)(4) requires a utility, when preparing an IRP, to consider such factors as “operating efficiency
21 of existing facilities, demand-side programs, [and] non-utility sources of generation.”

22

1 **Q. Does Big Rivers or any of its Members have any tariffs, practices or policies relating**
2 **to the integrated resource planning standard?**

3 A. Yes. Big Rivers files its IRP, which includes a consideration of energy efficiency
4 resources, with the Commission under 807 KAR 5:058. Additionally, Big Rivers and its
5 Members have a number of energy-efficiency programs and partnerships including the
6 following:

- 7 1. **Distribution cooperative websites:** Each of the distribution cooperative
8 websites provides the easy-to-use Home Energy Suites program. The Suites
9 program provides methods to improve efficiency and save energy in the home.
10 Adjustable inputs allow customers to compare current energy use to estimated
11 energy use resulting from improvements in efficiency.
- 12 2. **Marketing and promotion:** The majority of communication from the Members
13 to their customers involves energy efficiency. Recent changes in the goals of
14 marketing and promotion have resulted in a focus on educating customers in
15 energy efficiency.
- 16 3. **Incentives** are paid to customers who choose to build a Touchstone Energy
17 Home, which is a home that meets established energy efficiency standards. Other
18 incentives are available for dual fuel heating systems and water heater exchange.
- 19 4. **Home Energy Efficiency Expo:** A series of energy efficiency “expos” are being
20 held in the Members’ service territories to provide hands-on experience with
21 residential energy efficiency. The first expo, held in Brandenburg, Kentucky, by
22 Meade County RECC, attracted over 700 residents of Meade and Breckenridge
23 counties. Additional expos have been held in Owensboro, Paducah and

1 Hardinsburg, each drawing several hundred people. Vendors are providing
2 financial support and prizes to attract attendees.

- 3 5. **Distribution of DOE/EPA “Home Energy Tips” booklet:** The Members
4 provide thousands of “Home Energy Tips” booklets from the DOE/EPA
5 partnership to new and existing customers who visit the cooperative office.
6 Customer service representatives receive training on energy efficiency and tools,
7 like the booklet, are provided to them for educating customers and providing
8 exceptional service.

- 9 6. **Compact fluorescent lamps (“CFL’s”)** are distributed to customers of Big
10 Rivers’ Members. Each of the Members has provided these high efficiency lamps
11 to customers at their annual meetings and in 2007 to customers who visited during
12 cooperative month in October. The Members have provided approximately
13 82,000 CFL’s since 2003.

- 14 7. **Commercial & Industrial (“C&I”) News:** This quarterly magazine is
15 distributed to 3,500 commercial and industrial customers. The C&I News is an
16 informational magazine published for the retail customers of the Members.
17 Subjects include commercial and industrial energy efficiency education and case
18 studies.

- 19 8. **Energy Star Partners: BREC, Kenergy, JPEC and Meade County RECC** are
20 Energy Star Partners, which signifies that they have teamed with ENERGY
21 STAR, a joint program of the U.S. Environmental Protection Agency and the U.S.
22 Department of Energy, to promote energy efficient products and practices.

- 1 9. **Energy Use Assessments:** The Members provide Energy Use Assessments to
2 commercial and industrial customers upon request. Two to three assessments per
3 month are provided to commercial and industrial customers to assist efforts to
4 improve energy efficiency in their facilities and to identify easy to accomplish
5 projects customers can implement themselves. Education programs are also
6 available for employees.
- 7 10. **Renewable Energy:** Big Rivers purchases and offers renewable energy to its
8 Members. Big Rivers purchases the energy from a Combined Heat and Power
9 (“CHP”) project that is Energy Star certified, which means that it satisfies the
10 energy efficiency guidelines established by Energy Star.
- 11 11. **Evaluation of Facility Lighting:** JPEC and Big Rivers are evaluating facility
12 lighting redesign and upgrades. JPEC is likely to move forward on an upgrade
13 project in the first quarter of 2009, and Big Rivers will evaluate lighting upgrades
14 as part of a renovation project planned for its headquarters building.
- 15 12. **Free caulk:** The Members provide free caulk to their retail customers for
16 tightening home envelopes.
- 17 13. **Energy Saving Analyses:** The Members provide energy saving analyses to
18 industrial and large commercial members by combining efforts with the Member-
19 systems, the U.S. Department of Energy, the Kentucky Governor’s Office of
20 Energy Policy and the Kentucky Pollution Prevention Center, located at the
21 University of Louisville.
- 22 14. **High Performance Schools:** The Members provide support to Member-system
23 school districts to promote the construction of high performance, energy-saving

1 schools. Hancock County school district renovated three older schools, with a
2 focus on energy efficiency, and completed a new high performance school in
3 2006. Meade County school district finished construction of a high performance
4 school in 2007.

5 15. **CHP Project:** Big Rivers provided assistance and continues to provide reliability
6 support and back-up power for a CHP project in Hancock County. The project
7 won the Energy Star CHP award in 2005 for efficiency.

8 **Q. If the Commission adopts the integrated resource planning standard, what impact**
9 **will it have on customers, in terms of consumption patterns and cost, and will there be a**
10 **substantially different impact on particular customers within a class resulting from**
11 **adoption of the standard?**

12 A. The EISA 2007 integrated resource planning standard is too vague to be able to
13 determine any effect it could have on customers. However, given the fact that the Commission
14 already has an integrated resource planning regulation under which Big Rivers files its IRP
15 (which includes the consideration of energy efficiency programs), the EISA 2007 standard would
16 likely have very little or no additional impact on customers.

17 **Q. Should the Commission adopt the integrated resource planning standard?**

18 A. No. As indicated above, the Commission's existing integrated resource planning process
19 is sufficient to accomplish the goal of the standard. Also, the existing statutory process through
20 which utilities seek certificates of public convenience and necessity ("CPCN") to construct
21 generating facilities would allow the Commission to take into account a utility's energy
22 efficiency programs in determining the need for a new facility. The existing integrated resource

1 planning and CPCN processes also allow for the consideration of the cost-effectiveness of
2 existing or potential energy efficiency programs.

3 **Q. Are there any alternative standards the Commission should adopt?**

4 A. No. Again, the Commission’s existing integrated resource planning and CPCN processes
5 are sufficient.

6 **Rate Design Modifications to Promote Energy Efficiency Investments**

7 **Q. Explain the standard relating to rate design modifications to promote energy
8 efficiency investments.**

9 A. The EISA 2007 standard relating to rate design modifications requires the Commission to
10 consider whether to require electric utilities to have rates that “align utility incentives with the
11 delivery of cost-effective energy efficiency” and “promote energy efficiency investments.”

12 **Q. Does EISA 2007 require the Commission to consider any particular methods of
13 achieving such rates?**

14 A. Yes. EISA 2007 includes the following rate design modifications for the Commission to
15 consider:

- 16 • “removing the throughput incentive and other regulatory and management
17 disincentives to energy efficiency;”
- 18 • “providing utility incentives for the successful management of energy efficiency
19 programs;”
- 20 • “including the impact on adoption of energy efficiency as 1 of the goals of retail
21 rate design, recognizing that energy efficiency must be balanced with other
22 objectives;”
- 23 • “adopting rate designs that encourage energy efficiency for each customer class;”

- 1 • “allowing timely recovery of energy efficiency-related costs;” and
- 2 • “offering home energy audits, offering demand response programs, publicizing
- 3 the financial and environmental benefits associated with making home energy
- 4 efficiency improvements, and educating homeowners about all existing Federal
- 5 and State incentives, including the availability of low-cost loan, that make energy
- 6 efficiency improvements more affordable.”

7 **Q. Do you believe the Commission should adopt rate design modifications to “remove**

8 **the throughput incentive and other regulatory and management disincentives to energy**

9 **efficiency?”**

10 A. No. Historically Kentucky utilities have recovered only a portion of their fixed costs

11 through their customer charge. The balance of their fixed costs, plus margin, has been recovered

12 via the energy charge. Accordingly, there theoretically exists an incentive to increase energy

13 charges (sales based on energy usage) to ensure coverage of fixed cost plus margin (the

14 “throughput incentive”). A number of rate design options exist to eliminate the throughput

15 incentive. Utilities in Kentucky, as a matter of regulation, have the discretion to propose

16 alternate rate designs. No legislative changes are required in order for the Commission to

17 consider rate designs that remove the throughput incentive.

18 **Q. Do utilities in Kentucky have incentives to encourage energy efficiency that allow**

19 **timely recovery of energy efficiency-related costs.**

20 A. Yes. As discussed above, there are no regulatory barriers to the proposal of alternate rate

21 designs that would encourage energy efficiency. Further, Kentucky Revised Statutes 278.285

22 provides for the development of demand side management (“DSM”) programs and specifies a

1 mechanism for the utility to “recover the full costs of commission-approved programs and
2 revenues lost by implementing these programs.”

3 **Q. Does Big Rivers or its Members have any tariffs, practices or policies relating to this**
4 **standard?**

5 A. Yes. Big Rivers and its Members have a number of energy-efficiency/demand side
6 management programs, including home energy audits and demand response programs. Big
7 Rivers and its Members also participate in programs to publicize the financial and environmental
8 benefits of home energy efficiency improvements and to educate homeowners about existing
9 federal and state incentives that make energy efficiency improvements more affordable,
10 including the availability of low-cost loans. These programs are discussed in Big Rivers’ IRP,
11 and are outlined in the discussion of integrated resource planning, above. In support of the
12 Governor’s energy efficiency goal to offset at least 18 percent of Kentucky’s projected 2025
13 energy demand, Big Rivers and its Members will continue to support energy education, outreach
14 and marketing programs, which include demand side management programs to help its
15 consumers learn more about the benefits of energy efficiency. Big Rivers and its Members
16 believe this 18% is a very aggressive goal, but also recognize the long-term benefits of pursuing
17 that goal.

18 **Q. If the Commission adopts the rate design modification standard, what impact will it**
19 **have on customers, in terms of consumption patterns and cost, and will there be a**
20 **substantially different impact on particular customers within a class resulting from**
21 **adoption of the standard?**

22 A. As stated above, there are a number of rate design mechanisms that can be adopted to
23 achieve energy efficiency. The EISA 2007 rate design modification standard does not specify

1 any one approach. Because the outcomes vary among alternatives, it is impossible to predict the
2 effect adoption of a particular standard would have on customers without more detailed
3 information.

4 **Q. Should the Commission adopt the rate design modification standard?**

5 A. No. The Kentucky General Assembly has enacted legislation, which has been codified as
6 KRS 278.285, which allows home energy assistance programs to be included as a part of
7 demand-side management programs (DSM). Additionally, the statute authorizes a cost recovery
8 mechanism either through the filing of new rate schedules under KRS 278.190 or in a separate
9 proceeding under KRS 278.285. All of the jurisdictional electric cooperative utilities in
10 Kentucky recover costs of these programs through general rates. Between the integrated
11 resource planning process, KRS 278.285, and general rate cases, Big Rivers and its Members
12 believe there is adequate statutory and regulatory authority in place to:

- 13 • provide utility incentives for the successful management of energy efficiency
14 programs;
- 15 • include the impact on adoption of energy efficiency as one of the goals of retail
16 rate design;
- 17 • adopt rate design that encourages energy efficiency for each customer class; and
- 18 • allow timely recovery of energy efficiency-related costs.

19 **Q. Are there any alternative standards the Commission should adopt?**

20 A. No. Again, the existing statutory and regulatory scheme is sufficient.

21

1 Consideration of Smart Grid Investments

2 **Q. What is the EISA 2007 standard relating to the consideration of smart grid**
3 **investments?**

4 A. The EISA 2007 standard relating to the consideration of smart grid investments requires
5 the Commission to consider whether to require electric utilities to “demonstrate to the State that
6 the electric utility considered an investment in a qualified smart grid system based on appropriate
7 factors” before the utility undertakes investments in non-advanced grid technologies.

8 **Q. What are the “appropriate factors”?**

9 A. EISA 2007 says that the appropriate factors include total costs, cost-effectiveness,
10 improved reliability, security, system performance, and societal benefit.

11 **Q. Does Big Rivers or its Members have any tariffs, practices or policies relating to this**
12 **standard?**

13 A. The definition of “smart grid” is somewhat nebulous and is not defined in EISA 2007.
14 Certainly, it includes such items as advanced meter infrastructure (“AMI”), transmission and
15 distribution automation equipment and digital communication technology. Big Rivers and its
16 three Members continuously monitor and evaluate technology in these areas. The application of
17 any one element of a smart grid is dictated by a number of local factors, including legacy
18 considerations, costs, effectiveness, reliability, security, system performance and
19 customer/owner benefit.

20 Big Rivers and its Members generally consider smart grid technologies in planning their
21 transmission and distribution systems. For example, one of Big Rivers’ Members, Kenergy, is
22 midway through a pilot program of an AMI system involving two separate vendors. It involves
23 verifying the success of the technology’s use in Kenergy’s applications. It also has a focal point

1 the expanded use of metering data and technology to maximize Kenergy's efficiencies
2 throughout the organization. Preliminary results of that program, while not conclusive, have led
3 to further investigation into ways to leverage the data for system planning, reliability studies and
4 reporting and measurement of the effects of major appliance control. It has long been the
5 practice of Big Rivers and its Members to use equipment that should function well in a smart
6 grid arrangement whenever economically feasible.

7 **Q. If the Commission adopts this standard, what impact will it have on customers, in**
8 **terms of consumption patterns and cost, and will there be a substantially different impact**
9 **on particular customers within a class resulting from adoption of the standard?**

10 A. The EISA 2007 standard relating to the consideration of smart grid investments is too
11 vague to determine the impact it could have on customers. However, the decision-making
12 process for Big Rivers and its Members in transmission and distribution system planning would
13 include consideration of the "appropriate factors" outlined in EISA 2007. As such, adoption of
14 the standard would have little or no impact on customers.

15 **Q. Should the Commission adopt this standard?**

16 A. No. The existing process for utilities to obtain CPCN's for certain transmission
17 construction projects and the existing rate case process ensures that utilities make prudent
18 decisions in system planning, which would include consideration of the "appropriate factors" and
19 consideration of available technologies (including smart grid technologies). Those existing
20 processes are sufficient.

21 **Q. Are there any alternative standards the Commission should adopt?**

22 A. No. Again, the existing CPCN and rate case processes are sufficient.

23

1 Smart Grid Information

2 **Q. What is the smart grid information standard:**

3 A. The EISA 2007 smart grid information standard requires the Commission to determine
4 whether to require electric utilities to provide, in written or machine-readable form as
5 appropriate, information to electricity purchasers such as:

- 6 • Prices - Purchasers and other interested persons shall be provided with
7 information on time-based electricity prices in the wholesale electricity market,
8 and time-based electricity retail prices or rates that are available to the purchasers;
- 9 • Usage - Purchasers shall be provided with the number of electricity units,
10 expressed in kWh, purchased by them.
- 11 • Intervals and Projections - Updates of information on prices and usage shall be
12 offered on not less than a daily basis, shall include hourly price and use
13 information when available, and shall include a day-ahead projection of such
14 price information to the extent available; and
- 15 • Sources - Purchaser and other interested persons shall be provided annually with
16 written information on the sources of the power provided by the utility, to the
17 extent it can be determined, by type of generation, including greenhouse gas
18 emissions associated with each type of generation, for intervals during which such
19 information is available on a cost-effective basis.

20 **Q. Does Big Rivers or its Members have any tariffs, practices or policies relating to this**
21 **standard?**

22 A. Yes. Big Rivers and Kenergy have a “real-time” pricing pilot program through which
23 qualifying retail customers who chose to participate could receive time-based retail pricing. Big

1 Rivers' Members are well-aware of Big Rivers' current wholesale pricing, and they are provided
2 information on projected wholesale pricing as well. Such information is available to the
3 Members' retail customers. Big Rivers provides its Members, and they provide their retail
4 customers with usage information in their electric bills. The Members are also well-aware of the
5 sources of Big Rivers' power, which include the Big Rivers owned generating plants, power
6 purchased from SEPA, power purchased from a renewable energy resource on the Big Rivers
7 system, and any necessary power purchases from the wholesale market. The Members have
8 made their customers aware of the program under which retail customers can purchase the power
9 from the renewable energy resource.

10 **Q. If the Commission adopts this standard, what impact will it have on customers, in**
11 **terms of consumption patterns and cost, and will there be a substantially different impact**
12 **on particular customers within a class resulting from adoption of the standard?**

13 A. The standard is too vague to determine the impact it would have on customers.

14 **Q. Should the Commission adopt this standard?**

15 A. No. Big Rivers' real-time pricing pilot program should be allowed to proceed, which will
16 help to determine what information retail customer's desire. Currently, there are no customers
17 participating in the pilot program, which indicates a lack of desire on the part of retail customers
18 in the Big Rivers service area to have such information.

19 **Q. Are there any alternative standards the Commission should adopt?**

20 A. No.

21

1 **Additional Incentives for Recovery, Use and Prevention of Industrial Waste Energy**

2 **Q. What is the industrial waste energy standard?**

3 A. The EISA 2007 industrial waste energy standard requires the Commission to consider
4 whether “an owner or operator of a waste energy recovery project identified on the Registry that
5 generates net excess power shall be eligible to benefit from at least 1 of the options” described in
6 the statute for disposal of the net excess power.

7 **Q. What are the options described in the statute for the disposal of the net excess
8 power.**

9 A. The options provided by EISA 2007 for the disposal of the net excess power are:

- 10 • sale of net excess power to the utility;
- 11 • transport by utility for direct sale to a third party;
- 12 • transport over private transmission lines; or
- 13 • agreed alternatives.

14 **Q. Does Big Rivers or its Members have any tariffs, practices or policies relating to this
15 standard?**

16 A. Big Rivers and its Members have and will continue to work with customers interested in
17 the recovery of industrial waste energy.

18 **Q. If the Commission adopts the standard, what impact will it have on customers, in
19 terms of consumption patterns and cost, and will there be a substantially different impact
20 on particular customers within a class resulting from adoption of the standard?**

21 A. Big Rivers and its Members have no way to measure the impacts on customers of this
22 standard. Other customers of Big Rivers and its Members should not be required to subsidize
23 one customer’s efforts to recover industrial waste energy.

1 **Q. Should the Commission adopt this standard?**

2 A. No. Big Rivers and its Members should not be required to wheel power for retail
3 customers, nor should they be required to bear any cost associated with the efforts of one
4 customer or a small group of customers to recover industrial waste energy.

5 **Q. Are there any alternative standards the commission should adopt?**

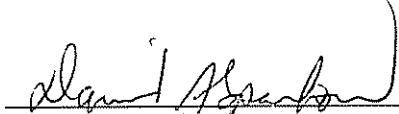
6 A. No.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

VERIFICATION

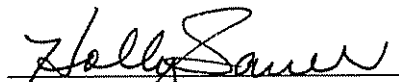
I verify, state, and affirm that the foregoing testimony is true and correct to the best of my knowledge and belief.



David A. Spainhoward

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)


SUBSCRIBED AND SWORN TO before me by David A. Spainhoward on this the 8th
day of January, 2009



Notary Public, Ky. State at Large
My Commission Expires 1/24/09

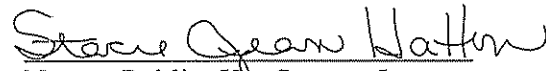
VERIFICATION

I verify, state, and affirm that the foregoing testimony is true and correct to the best of my knowledge and belief.


G. Kelly Nuckols

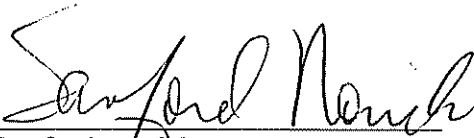
COMMONWEALTH OF KENTUCKY)
COUNTY OF McCracken)

SUBSCRIBED AND SWORN TO before me by G. Kelly Nuckols on this the 6 day of January, 2009.


Notary Public, Ky. State at Large
My Commission Expires April 9, 2011

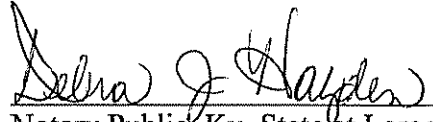
VERIFICATION

I verify, state, and affirm that the foregoing testimony is true and correct to the best of my knowledge and belief.


Sanford Novick


COMMONWEALTH OF KENTUCKY)
COUNTY OF Larissa)

SUBSCRIBED AND SWORN TO before me by Sanford Novick on this the 7th day of January, 2009.


Notary Public, Ky. State at Large
My Commission Expires 5-24-11

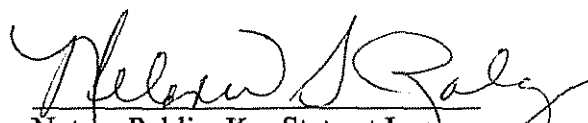
VERIFICATION

I verify, state, and affirm that the foregoing testimony is true and correct to the best of my knowledge and belief.


Burns E. Mercer

COMMONWEALTH OF KENTUCKY)
COUNTY OF Meade)

SUBSCRIBED AND SWORN TO before me by Burns E. Mercer on this the 6th day of
January, 2009.


Notary Public, Ky. State at Large
My Commission Expires 3-18-2012