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Via Overnight Mail

August 9, 2012

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2012-00063

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S SUPPLEMENTAL RESPONSES TO BEN TAYLOR AND SIERRA CLUB'S FIRST REQUEST FOR INFORMATION for filing in the above-referenced docket. I also enclose the CONFIDENTIAL ATTACHMENTS to be filed under seal.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service
David C. Brown, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR AN)	
APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR)	
APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY)	
SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A)	2012-00063
REGULATORY ACCOUNT)	

**KIUC’S SUPPLEMENTAL RESPONSES TO
BEN TAYLOR AND SIERRA CLUB’S
FIRST REQUEST FOR INFORMATION**

1. Please execute a PaR model run of the Company’s Build case with the following changes:
 - a. Refer to page 22 lines 17-18 of the direct testimony of Philip Hayet, which states that the Company’s results do not include all incremental O&M costs shown in Exhibit Berry-2. Please add in these additional O&M costs that are identified in the Hayet testimony that were not included in the Company’s original run.
 - b. Please change the Company’s environmental capital expenditures given in real 2011\$ to nominal dollars in the calculation of NPVRR as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wilson FGD	\$1.78	\$27.73	\$56.19	\$49.50	\$7.41	\$0.00	\$0.00	\$0.00	\$0.00
Green 2 SCR	\$0.99	\$20.09	\$44.95	\$16.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HMPL 1 SO2 (Gross)	\$0.15	\$1.13	\$1.57	\$0.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HMPL 2 SO2 (Gross)	\$0.15	\$1.13	\$1.57	\$0.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reid 1 NG	\$0.10	\$1.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Wilson Hg	\$0.00	\$1.21	\$4.90	\$5.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Green 1 Hg	\$0.00	\$0.60	\$4.09	\$4.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Green 2 Hg	\$0.00	\$0.60	\$4.09	\$4.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Coleman 1 Hg	\$0.00	\$0.40	\$4.90	\$4.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Coleman 2 Hg	\$0.00	\$0.40	\$4.90	\$4.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Coleman 3 Hg	\$0.00	\$0.40	\$4.90	\$4.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HMPL 1 Hg	\$0.00	\$0.00	\$0.00	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HMPL 2 Hg	\$0.00	\$0.00	\$0.00	\$0.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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- c. Please add the capital expenditures recommended by Sargent & Lundy to comply with the forthcoming NAAQS revisions, the CCR rule, and the 316(b) rule, in nominal dollars as follows:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Green 1 NAAQS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$87.41	\$0.00	\$0.00	\$0.00
Green 1 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.11	\$0.00	\$0.00	\$0.00
Green 1 316(b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.11	\$0.00	\$0.00	\$0.00
Green 2 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.11	\$0.00	\$0.00	\$0.00
Green 2 316(b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.11	\$0.00	\$0.00	\$0.00
HMPL 1 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.11	\$0.00	\$0.00	\$0.00
HMPL 2 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.11	\$0.00	\$0.00	\$0.00
Coleman 1 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.67	\$0.00	\$0.00	\$0.00
Coleman 1 316(b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.44	\$0.00	\$0.00	\$0.00
Coleman 2 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.67	\$0.00	\$0.00	\$0.00
Coleman 2 316(b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.44	\$0.00	\$0.00	\$0.00
Coleman 3 CCR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13.67	\$0.00	\$0.00	\$0.00
Coleman 3 316(b)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.44	\$0.00	\$0.00	\$0.00

- d. Please add the additional O&M expenditures associated with the technologies recommended by Sargent & Lundy to comply with the forthcoming NAAQS revisions, the CCR rule, and the 316(b) rule, in nominal dollars as follows:

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Green 1 NAAQS	\$ -	\$ 2,330,869	\$ 2,376,845	\$ 2,424,382	\$ 2,472,870	\$ 2,522,327	\$ 2,572,774	\$ 2,624,229	\$ 2,676,714	\$ 2,730,248	\$ 2,784,853
Green 1 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Green 1 316(b)	\$ -	\$ 199,635	\$ 203,572	\$ 207,644	\$ 211,797	\$ 216,033	\$ 220,353	\$ 224,760	\$ 229,256	\$ 233,841	\$ 238,518
Green 2 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Green 2 316(b)	\$ -	\$ 199,635	\$ 203,572	\$ 207,644	\$ 211,797	\$ 216,033	\$ 220,353	\$ 224,760	\$ 229,256	\$ 233,841	\$ 238,518
HMPL 1 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HMPL 2 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coleman 1 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coleman 1 316(b)	\$ -	\$ 269,776	\$ 275,098	\$ 280,600	\$ 286,212	\$ 291,936	\$ 297,775	\$ 303,730	\$ 309,805	\$ 316,001	\$ 322,321
Coleman 2 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coleman 2 316(b)	\$ -	\$ 269,776	\$ 275,098	\$ 280,600	\$ 286,212	\$ 291,936	\$ 297,775	\$ 303,730	\$ 309,805	\$ 316,001	\$ 322,321
Coleman 3 CCR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coleman 3 316(b)	\$ -	\$ 269,776	\$ 275,098	\$ 280,600	\$ 286,212	\$ 291,936	\$ 297,775	\$ 303,730	\$ 309,805	\$ 316,001	\$ 322,321

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SUPPLEMENTAL RESPONSE

1a. Mr. Hayet has performed the analyses requested above. The attached table compares results of the Build and Buy cases from the Company's filed case, KIUC's filed case, and the results of the requests in parts 1a through 1d above. Ben Taylor and Sierra Club's ("Sierra") request 1a asked for an analysis that contained additional incremental Variable O&M (VO&M) costs that Mr. Hayet pointed out in his testimony. Changes to the data for this run included adding additional VO&M to DB Wilson, Green 2, and HMP&L 1 and 2. Mr. Hayet's testimony discusses the VO&M problem associated with all four of these units. In the case of Green 2, Mr. Hayet's filed case included additional incremental O&M for that unit. However Mr. Hayet has now revised the incremental O&M calculation for that unit to be consistent with the approach used to derive incremental O&M for DB Wilson and HMP&L 1 and 2 in this data response. Workpapers containing Mr. Hayet's calculations are supplied.

The results of case 1a, which adds in additional variable O&M that Mr. Hayet believes should have been included, increases the cost of the Build case by about \$7 million, resulting in the 1a Build Case being lower in cost compared to KIUC's Buy Case by \$64 million. This amounts to the Build Case being merely less than 2% lower in cost than the Buy Case.

1b – 1d Mr. Hayet has developed inputs in accordance with Sierra Club's request and the results are included in the attached table.

Case No. 2012-00063
 KIUC Response to Ben Taylor And Sierra Club Request 1 - 1
 Witness Hayet

Comparison of Total 15 Year NPV Revenue Requirements

Big Rivers' Testimony

	NPV (Mill\$)	Diff (Mill\$)	Diff (%)
Buy	3,921		
Build	3,210	711	22.1%

KIUC Testimony


Buy	3,570			10145
Build	3,500	71	2.0%	10149

Ben Taylor & Sierra 1st Request to KIUC - Build Cases

1.a	KIUC VOM	3,506	64	1.8%	10154
1.b	KIUC VOM + Nom Costs	3,509	61	1.7%	10154Nom
1.c	KIUC VOM + Nom Costs + Sierra CapCosts	3,578	-8	-0.2%	10154Noma
1.d	KIUC VOM + Nom Costs + SierraCap Costs + Sierra VOM	3,602	-32	-0.9%	10155Noma

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by overnight mail, unless other noted, this 9th day of August, 2012 to the following



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Kurt J. Boehm, Esq.

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