

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER)	CASE NO.
)	2016-00278
)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation ("Big Rivers"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 12, 2016. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Rivers shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Big Rivers fails or refuses to furnish all or part of the requested information, Big Rivers

shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Big Rivers shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 7, Amendments to Contracts Among City of Henderson, Kentucky; City of Henderson Utility Commission; and Big Rivers Electric Corporation (“1998 Amendments”), page 7, Section 3.8(d), which states:

Big Rivers shall have a reasonable period of time after submission of the City’s scheduled energy requirements to decide whether to purchase any Excess Henderson Energy not scheduled by City. Big Rivers agrees to notify City thereafter if it does not intend to purchase such energy, and agrees to give City a response within a reasonable time so that City may take efforts to resell this power to third-parties.

a. State how often the “submission of City’s scheduled energy requirements” is made by the city of Henderson, Kentucky, city of Henderson Utility Commission (“Henderson”) to Big Rivers (i.e., daily, weekly, monthly, etc.)

b. Since May 25, 2016, state the number of times Big Rivers gave notification to Henderson, the date and time each notification was made, and whether Big Rivers met the notice requirements discussed in Section 3.8(d).

c. Explain what is considered a reasonable amount of time.

2. In the event the Excess Henderson Energy is offered to third parties, generally explain, to the best of Big Rivers' knowledge, how that energy is marketed, offered, sold, and transmitted to a third-party purchaser and describe Big Rivers' role, if any, in that process.

3. Refer to the Application, Exhibit 10, the Direct Testimony of Robert W. Berry ("Berry Testimony"), page 7 of 18, lines 5–7. Prior to the 1998 Amendments, explain whether Big Rivers took and purchased all of the Excess Henderson Energy, even when uneconomic to do so.

4. Refer to the Application, Exhibit 10, the Direct Testimony of Robert W. Berry ("Berry Testimony"), page 9 of 18.

a. Refer to lines 17–18.

(1) Confirm that the phrase "historically exercised its rights" means that Big Rivers has always taken and purchased the Excess Henderson Energy prior to June 1, 2016. If this cannot be confirmed, explain the meaning of the phrase "historically exercised its rights".

(2) For each year since the 1998 Amendments to the Power Sales Contract became effective and prior to January 2016, provide a schedule similar to Exhibit RWB_1 identifying the times when Big Rivers purchased the Excess Henderson Energy when it was uneconomic for Big Rivers to do so.

b. Refer to lines 18–22. Regarding the dispute over the entitlement to the Excess Henderson Energy under the Power Sales Contract, the arbitration award was issued on May 30, 2012. Explain whether Big Rivers continued to purchase the

Excess Henderson Energy subsequent to the date of the arbitration award and, if so, explain Big Rivers' reasoning for doing so.

5. Refer to the Berry Testimony, page 11 of 18, lines 16–18. Confirm that all power generated by Station Two, including Henderson's share, is sold into the Midcontinent Independent System Operator, Inc., market.

6. Refer to the Berry Testimony, page 14 of 18.

a. Refer to lines 1–5. Provide a copy of the bills issued by Big Rivers to Henderson for the months of June and July 2016.

b. Refer to lines 5–9. Confirm that the testimony indicates that Henderson purchases coal and reagents for Station Two and causes same to be delivered to cover the energy produced for Henderson, not that Big Rivers purchases all of the coal and reagents for Station Two and then allocates a portion to Henderson based on the energy produced for Henderson. If this cannot be confirmed, explain what is meant by the testimony.

7. Refer to the Berry Testimony, page 15 of 18, lines 9–13. Provide the basis for Big Rivers' understanding that Henderson prefers "the simplified method" for calculating Excess Henderson Energy.

8. Refer to the Berry Testimony, Exhibits RWB_1 and RWB_2. Explain the difference between the two methodologies used to calculate the Excess Henderson Energy in the exhibits.

9. Refer to the Application, Exhibit 11, page 2 of 6.

a. Refer to the bottom half of the first full paragraph on the page. State whether it is Big Rivers' intent to take the Excess Henderson Energy in all hours

when it is economic to do so and to not take the Excess Henderson Energy in any hour when it is uneconomic to do so. If so, explain how this determination can be made far enough in advance to provide the notice required in Section 8.3(d) of the 1998 Amendments.

b. Refer to the second full paragraph on the page. This letter from Big Rivers to Henderson states that Henderson will no longer receive the \$1.50 per megawatt hour ("MWh") for the portion of Excess Henderson Energy not taken by Big Rivers. The Application at page 1 states that Big Rivers is requesting the Commission to find that, under the Power Sales Contract with Henderson, as amended, Henderson is responsible for the variable costs of any Excess Henderson Energy not taken and utilized by Big Rivers. The Application does not mention the \$1.50 per MWh set forth in Section 3.8(c) of the 1998 Amendment. State whether Big Rivers is also requesting the Commission to make a determination that Big Rivers is not responsible for paying the \$1.50 per MWh for Excess Henderson Energy that it does not take.

10. Confirm that pursuant to the 1998 Amendments, the terms of the Power Sales Contract were extended for the operating life of Station Two and that the Power Sales Contract could only be terminated 90 days after Big Rivers' allocation of capacity from Station Two is zero.



Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **AUG 29 2016**

cc: Parties of Record

*Dawn Kelsey
City Attorney
City of Henderson
222 First Street
Henderson, KENTUCKY 42420

*Honorable James M Miller
Attorney at Law
Sullivan, Mountjoy, Stainback & Miller, PSC
100 St. Ann Street
P.O. Box 727
Owensboro, KENTUCKY 42302-0727

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

*H. Randall Redding
King, Deep & Branaman
127 North Main Street
P.O. Box 43
Henderson, KENTUCKY 42419

*Sharon W Farmer
King, Deep & Branaman
127 North Main Street
P.O. Box 43
Henderson, KENTUCKY 42419