

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

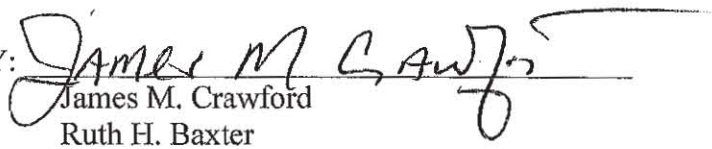
THE APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR) Case No. 2018-00050
APPROVAL OF MASTER POWER PURCHASE AND)
SALE AGREEMENT AND TRANSACTIONS THEREUNDER)

**RESPONSES OF OWEN ELECTRIC COOPERATIVE, INC., AND
SHELBY ENERGY COOPERATIVE, INC.
TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION'S
REQUESTS FOR INFORMATION**

Respectfully submitted,

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BY: 
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CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Section 6, the undersigned certifies that consistent with 807 KAR 5:001 Section 4(8)(d)(3), a copy of this document has been electronically served upon the following on this the 27th day of April, 2018:

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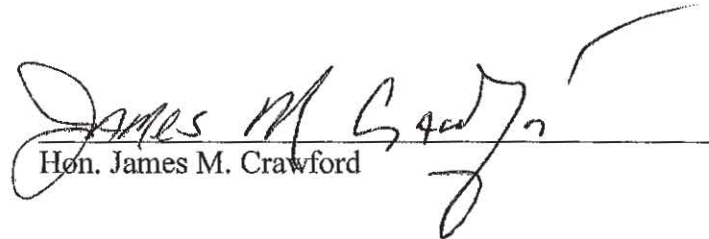
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Hon. James M. Crawford

Witness: John Wolfram

**Owen Electric Cooperative, Inc.
and Shelby Energy Cooperative, Inc.**

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1. Reference is made to page 13, lines 11 through 17 of Mr. John Wolfram's testimony. Please explain in detail your opinion or opinions as to how EKPC might "properly charge" South Kentucky for its remaining load.

Response: See Response of Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Inter-County Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, and Nolin Rural Electric Cooperative Corporation, hereinafter collectively "Joint Intervenors".

Witness: Mark Stallons

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2. For each distribution cooperative with an Alternative Source of power under Amendment 3 and the MOU, indicate the EKPC rates under which the capacity and/or energy is used solely to reduce billings.

Response: Owen Electric has a 2 MW Distribution Generation Unit located at its headquarters in Owen County that feeds into its Bromley Substation, and all of that load is billed under Rate E.

Witness: Mark Stallons

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3. For each instance in the response to Question 2 where it is stated that the Alternative Source is used to reduce billings under Rates B, C or G, provide the following:
- a. Billings from EKPC for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.
 - b. Calculations from the cooperative for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.

Response: See Response to No. 2 above.

Witness: Mark Stallons
Debra Martin

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4. Please produce all email communications sent or received by and between any of the Distribution Cooperatives **during the period November 28, 2017 through February 23, 2018** that reference South Kentucky (as defined in the instructions) or that relate in any way to Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

Response: The responding parties object to this request to the extent it seeks production of emails concerning potential intervention in this matter, selection of counsel in this matter, or sharing of costs relating to this matter because those subjects are not relevant to the issues in this case and the information sought is not reasonably calculated to lead to the discovery of admissible evidence in this case; and the parties have not produced emails relevant to these three subjects. The responding parties object to this request to the extent it asks for emails concerning any of the parties pursuing a request for proposals (“RFPs”) for a power purchase agreement with an Alternate Source under Amendment 3 and the MOU because this subject is not relevant to the issues in this case and the information sought is not reasonably calculated to lead to the discovery of admissible evidence in this case; but without waiving this objection, the parties state that some of them have pursued an RFP and will provide emails on that subject, but will not provide emails that disclose the identity of any parties responding to the RFP, the information provided by those parties, or documents provided by the consultant retained by them to assist with the RFP process because that information is not relevant to the issues in this case and the information sought is not reasonably calculated to lead to the discovery of admissible evidence in this case. The

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responding parties also object because the request is overly broad as many, if not all, of the emails that are the subject of this request are irrelevant to this proceeding, and it is unduly burdensome to require the parties to search for and produce these emails. Without waiving these objections, the responding parties provide the following response.

In regard to Owen Electric's e-mail communications, see Attachment #1.

In regard to Shelby Energy's e-mail communications, see Attachment #2.

Witness: Mark Stallons
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5. Identify and describe all meetings held or conversations occurring **during the period November 28, 2017 through February 23, 2018** at which any one of the following items was discussed—South Kentucky (as defined in the instructions), Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU—and in which participated at least two or more members of management of any of the Distribution Cooperatives. For all such meetings or conversations, describe all statements made (regardless by whom) concerning South Kentucky (as defined in the instructions) or Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

Response: The responding parties object to this request to the extent it asks for information about meetings or conversations concerning potential intervention in this matter, selection of counsel in this matter, or sharing of costs relating to this matter because those subjects are not relevant to the issues in this case and the information sought is not reasonably calculated to lead to the discovery of admissible evidence in this case; and the parties have not provided information regarding meetings or conversations on these subjects. The responding parties object to this request to the extent it asks for information about meetings or conversations concerning any of the parties pursuing a request for proposals (“RFPs”) for a power purchase agreement with an Alternate Source under Amendment 3 and the MOU because this subject is not relevant to the issues in this case and the information sought is not

Witness: Mark Stallons
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reasonably calculated to lead to the discovery of admissible evidence in this case; but without waiving this objection, the parties state that some of them have pursued an RFP and will provide information concerning meetings and conversations on that subject, but will not disclose the identity of any parties responding to the RFP or the information provided by those parties because that information is not relevant to the issues in this case and the information sought is not reasonably calculated to lead to the discovery of admissible evidence in this case. The responding parties also object because the request is overly broad as many, if not all, of the meetings or conversations that are the subject of this request are irrelevant to this proceedings, and it is unduly burdensome to require the parties to detail all such meetings or conversations in this response. Moreover, it would be difficult, if not impossible, to have a specific recollection of all such meetings and conversations, who was involved, and what was said. Without waiving these objections, the responding parties provide the following response.

In early December of 2017, Mark Stallons and three (3) other cooperative CEOs met with Tony Campbell, David Crews and Mike McNalley to discuss generally Amendment 3, the MOU and the impact of South Kentucky's 58 MW notice on EKPC and the other fifteen (15) cooperatives. I don't recall all statements that were made at the meeting. However, I left the meeting with the impression there was probably no chance South Kentucky would cancel its notice and that the impact of 58 MW's at 100% load factor would be significant on Owen Electric and its consumers.

The South Kentucky alternative source notice and/or the status of its PSC application requesting authorization to purchase 58 MW's of energy on a 7 x 24 x 365 basis (100% load factor) for 20 years have been discussed generally at: 1.) Owen Electric's board meetings on November 30, 2017, December 14, 2017, February 2, 2018, and February 22, 2018, and Shelby Energy board meetings on January 25, 2018, January 31, 2018, and February 22, 2017. In addition, the South Kentucky alternate source notice and/or the status of its PSC application have been discussed generally at the regular monthly East Kentucky Power Cooperative board meeting held on December 12, 2017, and February 13, 2018, as well as at EKPC committee meetings held on or around those dates.

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Debra Martin

In addition to the above, both Mark Stallons and Debra Martin have had numerous conversations with individual CEOs of the Distribution Cooperatives at various times during the period of November 28, 2017, through February 23, 2018, but they are not able to describe or detail all statements that were made by any specific CEO regarding South Kentucky's Amendment 3 or the MOU.

Witness: Mark Stallons
Debra Martin

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6. State whether a joint defense agreement or comparable arrangement has been agreed to by the Distribution Cooperatives for this proceeding. If one has been reached, please identify the date of its effectiveness and state whether EKPC is a party.

Response: There is no written joint defense agreement or comparable written arrangement that has been agreed to by the Distribution Cooperatives. The Distribution Cooperatives have agreed to share in the costs of witness John Wolfram, but there is no written agreement among them concerning same. Owen Electric and Shelby Energy are jointly represented by the law firm of Crawford & Baxter, P.S.C., and have agreed to share in the costs of that legal representation, but there is no written agreement regarding same. This response should not be interpreted as waiving and does not waive the right of any of the Distribution Cooperatives to assert the common interest or joint defense privilege to the extent applicable.

Witness: John Wolfram

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7. Reference is made to pages 6-14, of Mr. Wolfram's testimony. Please provide all analysis in their native format and all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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8. Reference is made to pages 7, lines 12-16, of Mr. Wolfram's testimony. Please provide all the appropriate PJM charge types and estimates of cost of each charge type South Kentucky did not demonstrate that it properly included in its NPV analysis.

Response: See Response of Joint Intervenors.

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9. Reference is made to pages 7, lines 17-18, of Mr. Wolfram's testimony. Please provide the PJM capacity price forecast for the period applicable to the transaction used to draw his conclusion. Insofar as this forecast is not a published PJM forecast, please state whether any such published forecasts are available and the source for such forecasts.

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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10. Reference is made to pages 8 and 9, lines 8-21 on page 9, of Mr. Wolfram's testimony. Please provide a detailed explanation of why these costs would not impact EKPC rates to a similar degree.

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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11. Reference is made to pages 10, line 14 through page 11, line 4 of Mr. Wolfram's testimony. Please provide any analyses performed regarding the quantification of the risks (including the estimated cost associated with such risks) that Mr. Wolfram claims were not properly included in South Kentucky's analysis.

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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12. Reference is made to page 11, line 5 to page 12, line 2, of Mr. Wolfram's testimony. Please provide all sensitivity analyses around key variables (transmission rates, wholesale rate changes, environmental cost changes, escalation rates, gas prices, etc.).

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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13. Reference is made to pages 13, lines 4-6, of Mr. Wolfram's testimony. Provide East Kentucky's latest long range financial forecast, 10 years or longer, that has been approved by the Board of Directors and that was distributed to the owner-members of EKPC. If not evident from the forecast, please also indicate the date the forecast was distributed to the owner-members.

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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14. Reference is made to pages 13, lines 18-19 of Mr. Wolfram's testimony. Please provide any analysis conducted incorporating the FAC and ES and state its impact on the NPV calculation. If you were to use the FAC and the ES from the 2015 Long Range Financial Forecast, what would be the impact on NPV savings to South Kentucky?

Response: See Response of Joint Intervenors.

Witness: John Wolfram

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15. Reference is made to pages 18, lines 17-21 of Mr. Wolfram's testimony. Please provide all analyses performed by, on behalf of or at the direction of Mr. Wolfram, in their native format, with all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

Response: See Response of Joint Intervenors.