

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 )

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RESPONSE OF SALT RIVER ELECTRIC COOPERATIVE  
CORPORATION TO THE ATTORNEY GENERAL'S  
REQUESTS FOR INFORMATION

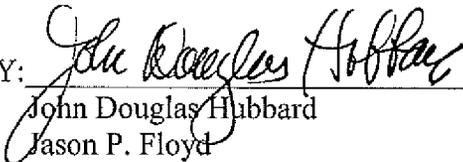
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Respectfully submitted,

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Attorneys for Salt River Electric Cooperative  
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BY: \_\_\_\_\_

  
John Douglas Hubbard  
Jason P. Floyd

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 27 day of April, 2018:

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\_\_\_\_\_  
Hon. John Douglas Hubbard

Witness: John Wolfram

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

1. Refer to the direct testimony of Mr. John Wolfram, page 8, wherein he states “South Kentucky failed to adequately consider the long-term costs of membership in PJM.” Identify these costs and provide a discussion of them, including any cost estimates Mr. Wolfram may have prepared.

- a. Does Mr. wolfram believe South Kentucky (“SKRECCF”) adequately estimated its anticipated exposure to costs for PJM Sub-Regional and supplemental transmission projects?

**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: John Wolfram

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

2. Refer to the direct testimony of Mr. John Wolfram, page 16, numerical paragraph 3.  
Discuss the cost impact on SKRECC if EKPC exits PJM, including the costs SKRECC could incur in obtaining services from a new market participant to replace those EKPC would have performed.
  - a. Refer to numerical paragraph 4.
    - i. Provide an explanation of additional risk or costs that may be associated with the proposed shortfall of the arrangement in the event Morgan Stanley continually fails to deliver.
    - ii. Confirm that as proposed, Morgan Stanley is not subject to Commission Jurisdiction.

**Response:** See response of Joint Intervenors.

Witness: John Wolfram

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

3. Reference the direct testimony of Mr. John Wolfram generally.
  - a. Has South Kentucky adequately assessed the risk of additional environmental expense under the proposed transaction(s)? Include in your response a discussion of risks that could arise if the generation plants from which Morgan-Stanley procures its power face coal ash remediation costs.
  - b. Confirm that it is Mr. Wolfram's estimation, if the proposed transaction is approved, the average retail residential bill in the EKPC system will receive an increase of 1.6%, all else equal.
  - c. Does Mr. Wolfram believe the proposed transaction will more likely than not be cost-beneficial to SKRECC's customers? If not, why not?
  - d. Does Mr. Wolfram believe that it is improper or ill-advised for the Commission to approve a PPA or a transaction similar to the one proposed whereby it has no jurisdiction over the agreement after its approval?
    - i. Is Mr. Wolfram aware of any other PPAs or transaction similar to the one proposed whereby the Commission has no jurisdiction throughout the term? If so, provide a citation to same.

**Response:** See response of Joint Intervenors.

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VERIFICATION OF TIM SHARP

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STATE OF KENTUCKY )  
COUNTY OF NELSON )

Tim Sharp, President and CEO of Salt River Electric Cooperative Corporation, being duly sworn, states that he has supervised the preparation of the Responses of Salt River Electric Cooperative Corporation, in the above styled case submitted, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_  
Tim Sharp

The foregoing Verification was signed, acknowledge and sworn to before me this the 26 day of April, 2018, by Tim Sharp, President and CEO of Salt River Electric Cooperative Corporation.

  
\_\_\_\_\_  
Notary Public  
My Commission expires: 12/16/18  
#433406