

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSES TO REQUEST FOR INFORMATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

OF

JOINT INTERVENORS

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION
BLUE GRASS ENERGY COOPERATIVE CORPORATION
CLARK ENERGY COOPERATIVE, INC.
CUMBERLAND VALLEY ELECTRIC INC.
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
FLEMING-MASON ENERGY COOPERATIVE, INC.
INTER-COUNTY ENERGY COOPERATIVE CORPORATION
LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

SULLIVAN MOUNTJOY, PSC



James M. Miller
R. Michael Sullivan
100 St. Ann Street, P.O. Box 727
Owensboro, KY 42302-0727
(270) 926-4000 - telephone
(270) 683-6694 - facsimile
jmiller@smlegal.com - email
msullivan@smlegal.com - email

Counsel for Joint Intervenors

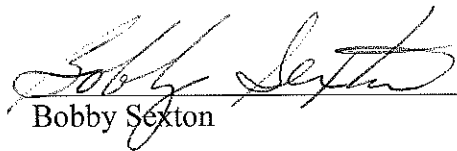
COMMONWEALTH OF KENTUCKY
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VERIFICATION

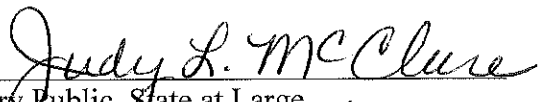
I, Bobby Sexton, President/General Manager of Big Sandy Electric Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.


Bobby Sexton

COMMONWEALTH OF KENTUCKY

COUNTY OF JOHNSON

SUBSCRIBED AND SWORN TO before me by Bobby Sexton on this 24th day of April, 2018.


Notary Public, State at Large
My Commission Expires: 6-19-2018
Notary ID# _____

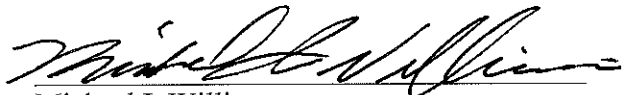
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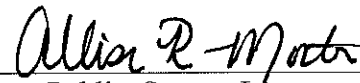
VERIFICATION

I, Michael I. Williams, President & CEO of Blue Grass Energy Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.


Michael I. Williams

COMMONWEALTH OF KENTUCKY
COUNTY OF JESSAMINE

SUBSCRIBED AND SWORN TO before me by Michael I. Williams on this 24th day of April, 2018.


Notary Public, State at Large
My Commission Expires: 2/5/2019
Notary ID# 527583

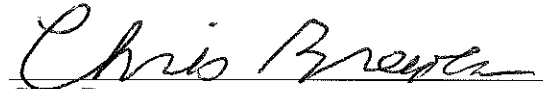
COMMONWEALTH OF KENTUCKY
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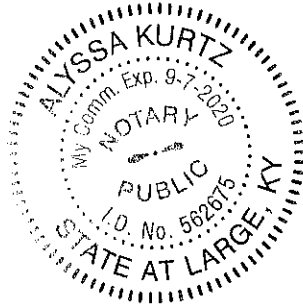
VERIFICATION

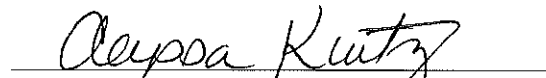
I, Chris Brewer, President/CEO of Clark Energy Cooperative, Inc., verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.


Chris Brewer

COMMONWEALTH OF KENTUCKY
COUNTY OF CLARK

SUBSCRIBED AND SWORN TO before me by Chris Brewer on this 24 day of April, 2018.




Notary Public, State at Large
My Commission Expires: 9-7-2020
Notary ID# 562675

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

VERIFICATION

I, Ted Hampton, President/CEO of Cumberland Valley Electric, Inc., verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.


Ted Hampton

COMMONWEALTH OF KENTUCKY

COUNTY OF KNOX

SUBSCRIBED AND SWORN TO before me by Ted Hampton on this 24 day of April, 2018.


Notary Public, State at Large
My Commission Expires: Jan. 23, 2021
Notary ID# 570917


COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

VERIFICATION

I, William T. Prather, President/CEO of Farmers Rural Electric Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.



William T. Prather

COMMONWEALTH OF KENTUCKY
COUNTY OF BARREN

SUBSCRIBED AND SWORN TO before me by William T. Prather on this 21st day of April, 2018.



Notary Public, State at Large
My Commission Expires: 07-30-2019
Notary ID# 446566

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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FOR APPROVAL OF MASTER POWER) 2018-00050
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TRANSACTIONS THEREUNDER)

VERIFICATION

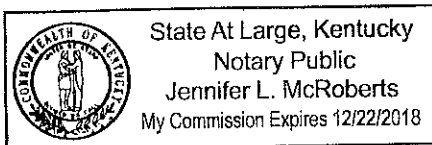
I, Joni Hazelrigg, President/CEO of Fleming-Mason Energy Cooperative, Inc., verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

Joni Hazelrigg
Joni Hazelrigg

COMMONWEALTH OF KENTUCKY

COUNTY OF FLEMING

SUBSCRIBED AND SWORN TO before me by Joni Hazelrigg on this 24th day of April, 2018.



Jennifer L. McRoberts
Notary Public, State at Large
My Commission Expires: 12/22/18
Notary ID# _____

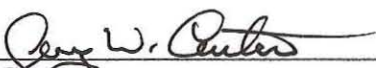
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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FOR APPROVAL OF MASTER POWER) 2018-00050
PURCHASE AND SALE AGREEMENT AND)
TRANSACTIONS THEREUNDER)

VERIFICATION

I, Jerry Carter, President/CEO of Inter-County Energy Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.




Jerry Carter

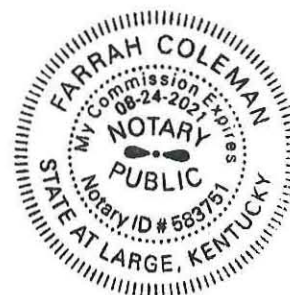
COMMONWEALTH OF KENTUCKY

COUNTY OF BOYLE

SUBSCRIBED AND SWORN TO before me by Jerry Carter on this 24th day of April, 2018.



Notary Public, State at Large
My Commission Expires: 8-24-21
Notary ID# 583751




COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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ELECTRIC COOPERATIVE CORPORATION) CASE NO.
FOR APPROVAL OF MASTER POWER) 2018-00050
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TRANSACTIONS THEREUNDER)

VERIFICATION

I, Kerry K. Howard, General Manager/CEO of Licking Valley Rural Electric Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.


Kerry K. Howard

COMMONWEALTH OF KENTUCKY

COUNTY OF MORGAN

SUBSCRIBED AND SWORN TO before me by Kerry K. Howard on this 24th day of April, 2018.


Notary Public, State at Large
My Commission Expires: 12-22-2018
Notary ID# 524950

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO.
FOR APPROVAL OF MASTER POWER) 2018-00050
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TRANSACTIONS THEREUNDER)

VERIFICATION

I, Gregory Lee, Vice-President of System Operations, Nolin Rural Electric Cooperative Corporation, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

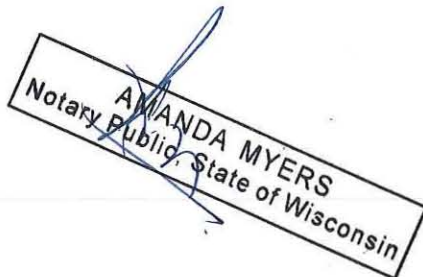



Gregory Lee

STATE OF WISCONSIN

COUNTY OF DANE

SUBSCRIBED AND SWORN TO before me by Gregory Lee on this 24 day of April, 2018.


AMANDA MYERS
Notary Public, State of Wisconsin


AMANDA MYERS
Notary Public, _____
My Commission Expires: 2/28/20

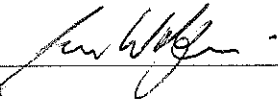
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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FOR APPROVAL OF MASTER POWER) 2018-00050
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VERIFICATION

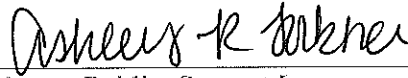
I, John Wolfram, verify, state and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.



John Wolfram

COMMONWEALTH OF KENTUCKY
COUNTY OF Jefferson

SUBSCRIBED AND SWORN TO before me by John Wolfram on this 24 day of
April, 2018.



Notary Public, State at Large
My Commission Expires: 5/3/18
Notary ID# 509784

ASHLEY R. FORKNER
Notary Public
State at Large
Kentucky
My Commission Expires May 3, 2018

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 1

April 27, 2018

- 1 Item 1) *Reference is made to page 13, lines 11 through 17 of Mr. John*
2 *Wolfram's testimony. Please explain in detail your opinion or opinions as to how*
3 *EKPC might "properly charge" South Kentucky for its remaining load.*
4 Response) Please see the response to the Commission Staff's Request for
5 Information to Joint Intervenors, Item 1.
6 Witness) John Wolfram.
7

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 2

April 27, 2018

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

4 **Response)** The only Alternate Source of power under Amendment 3 and the
5 MOU utilized by Farmers Rural Electric Cooperative Corporation ("Farmers") is
6 the one MW landfill generator located at the Glasgow, Kentucky landfill. The
7 generator is owned and operated by East Kentucky Power Cooperative, Inc.
8 ("EKPC"), and Farmers receives and pays for all of the energy output of that
9 plant. The plant is located on a Farmers three phase circuit fed from EKPC's
10 west Glasgow substation, and is thus referred to as a "behind the meter"
11 Alternate Source.

12 Farmers only has one industrial account billed on a retail rate based on
13 EKPC's Wholesale Rate C. The balance of Farmers' load is billed under EKPC's
14 Rate E2. EKPC's Glasgow landfill one MW generator's production offsets energy

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
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FOR APPROVAL OF MASTER POWER PURCHASE
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 3

April 27, 2018

1 Item 3) *For each instance in the response to Question 2 where it stated that the*
2 *Alternative Source is used to reduce billings under Rates B, C or G, provide the*
3 *following:*

4 a. *Billings from EKPC for each month during 2017 showing in detail how the*
5 *power from the Alternative Source reduced billings under EKPC's Rates B, C, or*
6 *G.*

7 b. *Calculations from the cooperative for each month during 2017 showing in*
8 *detail how the power from the Alternative Source reduced billings under EKPC's*
9 *Rates B, C, or G.*

10 Response) Not Applicable.

11 Witness) William T. Prather.

12

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 4

April 27, 2018

1 **Item 4)** *Please produce all email communications sent or received by and*
2 *between any of the Distribution Cooperatives during the period November 28,*
3 *2017 through February 23, 2018 that reference South Kentucky (as defined in*
4 *the instructions) or that relate in any way to Amendment 2, the MOU or the*
5 *potential or actual exercise of rights by South Kentucky under Amendment 3*
6 *and/or the MOU.*

7 **Response)** The responding parties object to this request to the extent it seeks
8 production of emails concerning potential intervention in this matter, selection
9 of counsel in this matter, or sharing of costs relating to this matter because those
10 subjects are not relevant to the issues in this case and the information sought is
11 not reasonably calculated to lead to the discovery of admissible evidence in this
12 case; and the parties have not produced emails relevant to these three subjects.
13 The responding parties object to this request to the extent it asks for emails
14 concerning any of the parties pursuing a request for proposals ("RFP") for a
15 power purchase agreement with an Alternate Source under Amendment 3 and

Case No. 2018-00050

Response to SKRECC Information Request, Item 4

Witness: Bobby Sexton, Michael I. Williams, Chris Brewer,
Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to objections)

Page 1 of 3

16 the MOU because this subject is not relevant to the issues in this case and the
17 information sought is not reasonably calculated to lead to the discovery of
18 admissible evidence in this case; but without waiving this objection, the parties
19 state that some of them have pursued an RFP and will provide emails on that
20 subject, but will not provide emails that disclose the identity of any parties
21 responding to the RFP, the information provided by those parties, or documents
22 provided by the consultant retained by them to assist with the RFP process
23 because that information is not relevant to the issues in this case and the
24 information sought is not reasonably calculated to lead to the discovery of
25 admissible evidence in this case. The responding parties also object because
26 the request is overly broad as many, if not all, of the emails that are the subject
27 matter of this request are irrelevant to this proceeding, and it is unduly
28 burdensome to require the parties to search for and produce these emails.
29 Without waiving these objections, the responding parties provide the following
30 responses.

31 See DC Attachment SK#4, which consists of emails produced by each of
32 the parties responding herein as follows:

33 Big Sandy Electric Cooperative Corporation: Big Sandy had no emails responsive
34 to the request.

35 Blue Grass Energy Cooperative Corporation: "Blue Grass SK 4/000001-000293"

Case No. 2018-00050
Response to SKRECC Information Request, Item 4
Witnesses: Bobby Sexton, Michael I. Williams, Chris Brewer,
Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to objections)

36 Clark Energy Cooperative, Inc.: "Clark SK 4/000001-000168"
37 Cumberland Valley Electric, Inc.: "Cumberland SK 4/000001-000003."
38 Farmers Rural Electric Cooperative Corporation: "Farmers SK 4/000001-000017"
39 Fleming-Mason Energy Cooperative: "FME SK 4/000001-000107"
40 Inter-County Energy Cooperative Corporation: "I-C SK 4/000001-000008"
41 Licking Valley Rural Electric Cooperative Corporation: "Licking Valley SK
42 4/000001-000017"
43 Nolin Rural Electric Cooperative Corporation: "Nolin SK 4/000001-000038"
44 Witnesses) Bobby Sexton, President/General Manager of Big Sandy Electric
45 Cooperative Corporation; Michael I. Williams, President/CEO of Blue Grass
46 Energy Cooperative Corporation; Chris Brewer, President/CEO of Clark Energy
47 Cooperative, Inc.; Ted Hampton, President/CEO of Cumberland Valley Electric,
48 Inc.; William T. Prather, President and CEO of Farmers Rural Electric
49 Cooperative Corporation; Joni Hazelrigg, President/CEO of Fleming-Mason
50 Energy Cooperative, Inc.; Jerry Carter, President/CEO of Inter-County Energy
51 Cooperative Corporation; Kerry K. Howard, General Manager/CEO of Licking
52 Valley Rural Electric Cooperative Corporation; and Greg Lee, Vice-President of
53 Operations and Engineering, Nolin Rural Electric Cooperative Corporation.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 5

April 27, 2018

1 Item 5) *Identify and describe all meetings held or conversations occurring*
2 *during the period November 28, 2017 through February 23, 2018 at which any*
3 *one of the following items was discussed—South Kentucky (as defined in the*
4 *instructions), Amendment 3, the MOU or the potential or actual exercise of*
5 *rights by South Kentucky under Amendment 3 and/or the MOU—and in which*
6 *participated at least two or more members of management of any of the*
7 *Distribution Cooperatives. For all such meetings or conversations, describe all*
8 *statements made (regardless by whom) concerning South Kentucky (as defined*
9 *in the instructions) or Amendment 3, the MOU or the potential or actual*
10 *exercise of rights by South Kentucky under Amendment 3 and/or the MOU.*
11 **Response)** The responding parties object to this request to the extent it asks for
12 information about meetings or conversations concerning potential intervention
13 in this matter, selection of counsel in this matter, or sharing of costs relating to
14 this matter because those subjects are not relevant to the issues in this case and
15 the information sought is not reasonably calculated to lead to the discovery of

Case No. 2018-00050

Response to SKRECC Information Request, Item 5

Witnesses: Bobby Sexton, Michael I. Williams, Chris Brewer,
Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to objections)

Page 1 of 16

16 admissible evidence in this case; and the parties have not provided information
17 regarding meetings or conversations on those subjects. The responding parties
18 object to this request to the extent it asks for information about meetings or
19 conversations concerning any of the parties pursuing a request for proposals
20 ("RFPs") for a power purchase agreement with an Alternate Source under
21 Amendment 3 and the MOU because this subject is not relevant to the issues in
22 this case and the information sought is not reasonably calculated to lead to the
23 discovery of admissible evidence in this case; but without waiving this objection,
24 the parties state that some of them have pursued an RFP and will provide
25 information concerning meetings and conversations on that subject, but will not
26 disclose the identity of any parties responding to the RFP or the information
27 provided by those parties because that information is not relevant to the issues
28 in this case and the information sought is not reasonably calculated to lead to
29 the discovery of admissible evidence in this case. The responding parties also
30 object because the request is overly broad as many, if not all, of the meetings or
31 conversations that are the subject matter of this request are irrelevant to this
32 proceeding, and it is unduly burdensome to require the parties to detail all such
33 meetings or conversations in this response. Moreover, it would be difficult, if not
34 impossible, to have a specific recollection of all such meetings and conversations,
35 who was involved, and what was said. Without waiving these objections, the
36 responding parties provide the following responses.

Case No. 2018-00050
Response to SKRECC Information Request, Item 5
Witnesses: Bobby Sexton, Michael I. Williams, Chris Brewer,
Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to objections)
Page 2 of 16

37 a. Response of Big Sandy Electric Cooperative Corporation.

38 Bobby Sexton provides this response.

39 Bobby Sexton cannot recall any meetings or conversations responsive to
40 this request, except that on February 13, 2018 before the EKPC Board of
41 Directors meeting, there was a general discussion outside the board room of
42 South Kentucky's proposed transaction with Morgan Stanley and how it might
43 impact the other distribution cooperatives. Bobby Sexton cannot recall who was
44 involved in these conversations or any specific statements made during these
45 conversations.

46 b. Response of Blue Grass Energy Cooperative Corporation.

47 Michael I. Williams, President/CEO of Blue Grass Energy Cooperative
48 Corporation ("BGEnergy" or "Blue Grass"), provides this response.

49 **12/8/2017 Conversation with Cooperative CEO**

50 BGEnergy was asked if it would be interested in participating in a request
51 for proposals ("RFP") for alternate power supply. We discussed potential interest
52 of BGEnergy joining a larger group of distribution cooperatives ("DCs")
53 participating in an RFP for alternative power supply.

54 **12/12/2017 Conversation with three other DC CEOs and a Consultant**

55 We discussed the process of participating in an RFP for alternative power
56 supply and the timeline of making a decision regarding participation in the RFP.

57 **12/18/2017 Conversation with BGEnergy Board of Directors**

Case No. 2018-00050
Response to SKRECC Information Request, Item 5
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Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to objections)

58 The Board of Directors and I discussed South Kentucky exercising an
59 Amendment 3 option of 15%. The discussion included potential cost impacts
60 resulting from the cost shifts and the potential impact on our members' rates.
61 We discussed the possibility that some DCs may be unable to exercise an
62 Amendment 3 option, the potential option of joining other DCs in an RFP
63 process, time constraints, potential risks and uncertainties of the RFP. We
64 discussed Amendment 3, the MOU and how they worked.

65 **12/19/2017 Conversation with three other DC CEOs and EKPC's CEO and**
66 **CFO**

67 We discussed potential cost shifts that would occur as a result of South
68 Kentucky exercising its Amendment 3 option. This included fixed versus
69 variable costs and how they would be distributed.

70 **12/19/2017 Conversation with three other DC CEOs and Consultant**

71 We discussed the RFP for alternate power supply processes and the
72 timelines. We also discussed the possibility of flexibility in the timelines and the
73 scope of the RFP.

74 **1/15/2018 Conversation with BGEnergy Board of Directors**

75 We discussed the timelines for participation in an RFP for alternate power
76 supply. We discussed the cost shifts occurring from South Kentucky exercising
77 its Amendment 3 option and the potential significant impact on BGEnergy
78 members as a result of the cost shift that could occur. We discussed additional

79 cost increases that could occur as other DCs exercise Amendment 3 options,
80 commonly known as a “run on the bank.” We discussed the unfairness that will
81 be created due to South Kentucky taking more than 5% of its coincident peak
82 demand. One or more DCs will be unable to exercise their rights under
83 Amendment 3.

84 **1/31/2018 Conversation with three DC CEOs, BGEnergy CFO and**
85 **Consultant**

86 Discussed the results of the RFP for alternate power supply.

87 **2/7/2018 Conversation with another DC CEO and South Kentucky CEO**

88 We discussed the concerns of the cost shift associated with South
89 Kentucky exercising its Amendment 3 option. We discussed the concern
90 associated with South Kentucky taking more than 5% of its coincident peak
91 demand.

92 **2/16/2018 Conversation with other DC CEOs, consultant and BGEnergy**
93 **CFO**

94 We discussed the results of an RFP for alternate power supply.

95 **2/19/2018 Conversation with BGEnergy Board of Directors**

96 We discussed the results of the RFP and the other DCs that had given
97 notice to EKPC to exercise their Amendment 3 options. We also discussed the
98 significant cost impact of those additional Amendment 3 notices. Lastly, we

99 discussed the EKPC Amendment 3 allocations pool being significantly reduced
100 and the unfairness that not all DCs could participate in Amendment 3 options.

101 **2/20/2018 and 2/21/2018 Participation in an EKPC MOU Committee**
102 **meeting**

103 We discussed the possibility of reaching an agreement with South
104 Kentucky, the other DCs and EKPC.

105 **Other Conversations**

106 I had multiple conversations with various DC CEOs, BGEnergy
107 management, and EKPC representatives during the time frame in question. I do
108 not recall specific dates or times. However, I do recall discussions occurred
109 around the topics of cost shifts associated with South Kentucky 15% Amendment
110 3 election and the potential additional cost shift that would occur as other DCs
111 exercised their Amendment 3 options. Discussions included the unfairness of
112 some DCs not being able to participate in Amendment 3 options. Discussions
113 also included looking for opportunities to find a solution acceptable to everyone.
114 Lastly, we discussed looking for ways to include every DC in exercising
115 Amendment 3 options.

116 c. Response of Clark Energy Cooperative, Inc.

117 Chris Brewer, President/CEO of Clark Energy, provides this response.

118 During the specified time period, I attended various events where there
119 probably was some discussion of the South Kentucky notice of buying market

120 power. This would have occurred at EKPC committee meetings and Board of
121 Directors meetings and at other state or national association meetings. However,
122 I did not take notes regarding these discussions, nor did I make note of the
123 actual dates or times when these discussions occurred.

124 I'm sure that I had phone conversations involving the South Kentucky
125 notice during this time period. Again, I did not take notes or make note of the
126 date and time of these discussions. My recollection of both the in-person
127 discussions and the phone conversations was that my primary concern was the
128 cost shift onto Clark Energy and the other distribution cooperatives and what
129 actions Clark Energy could possibly take in order to offset some of the cost shift
130 that Clark Energy would see.

131 The following are some specific meetings that I noted in my calendar that
132 are responsive to the request:

133 Jan. 30, 2018 – At the January Clark Energy Board of Directors meeting
134 we informed the board of the action that South Kentucky had taken and the
135 history of Amendment 3 and the MOU. We also shared with them an
136 approximate amount of increased costs that Clark Energy and the other
137 distribution cooperatives could potentially see based on the South Kentucky
138 action. This cost was estimated based on information that had been received
139 from EKPC. We also discussed what actions Clark Energy could take to possibly
140 offset some of the potential cost shifts and the possibility that other distribution

141 cooperatives could take similar actions that would potentially limit the options
142 that Clark Energy would have to offset some of the expected cost shifts. The
143 board ultimately voted to have Clark Energy participate in an RFP for power
144 supply with some other distribution cooperatives.

145 Feb. 7, 2018: Myself and another distribution cooperative CEO met with
146 Dennis Holt, CEO of South Kentucky RECC, at the South Kentucky office in
147 Somerset. While there, we did discuss the South Kentucky action and we pointed
148 out to Mr. Holt our concerns regarding how this action affected the other
149 distribution cooperatives and that we had heard similar concerns from other
150 distribution cooperatives. We pointed out to him that we expected that he would
151 probably hear similar concerns at the next EKPC Board meeting the following
152 week.

153 Feb. 16, 2018 – I had a conference call with a consultant and other
154 distribution cooperative CEOs regarding the pricing submitted in relation to an
155 RFP for alternate power supply purchases. My recollection of what was
156 discussed was the terms and pricing that had been received based on the RFP.

157 Feb. 20, 2018 – I was part of an initial conference call of a committee of
158 EKPC distribution cooperative CEOs and board members that had been
159 appointed by Tony Campbell, CEO of EKPC. My recollection of the call was that
160 we discussed options of how we might reach an agreement between EKPC,

161 South Kentucky RECC and the other distribution cooperatives regarding South
162 Kentucky's action.

163 Feb. 21, 2018 – I was part of another conference call of the committee that
164 had been appointed by Tony Campbell. Tony updated the group regarding a
165 phone call he had earlier that day with Dennis Holt.

166 Feb. 22, 2018 – At the February Clark Energy Board of Directors meeting,
167 we updated the board on the developments in the South Kentucky request for
168 purchasing power. We also updated the board regarding the history of the
169 Amendment 3 process and the MOU.

170 d. Response of Cumberland Valley Electric, Inc. ("CVE")

171 Ted Hampton, President/CEO of CVE, provides this response.

172 South Kentucky's exercise of its rights under Amendment 3 and the MOU,
173 and the effects it may have on CVE, were discussed to some degree at the CVE
174 board meetings in December of 2017, January of 2018 and February of
175 2018. The general focus of those discussions was the potential effect on CVE's
176 members if the Public Service Commission granted South Kentucky's application
177 and whether, as a result, would CVE be subjected to higher energy costs and
178 therefore have to possibly file for a rate increase. CVE had no other meetings or
179 conversations except those conducted via the emails produced in response to
180 South Kentucky's Request for Information, Item 4.

181 e. Response of Farmers Rural Electric Cooperative Corporation.

182 William T. Prather, President/CEO of Farmers Rural Electric Cooperative
183 Corporation, provides this response.

184 On or about November 29, 2017 - I had a very brief telephone conversation
185 with Dennis Holt. I had sent Dennis an e-mail on that day, asking who his
186 alternative supplier would be for the Amendment 3 Notification he had sent out
187 the evening before on November 28, 2018. Dennis initiated the telephone call
188 and said that he preferred to answer my question over the phone. He briefly
189 described what they were planning to do and with whom.

190 December 21, 2017 – Farmers RECC Board Meeting – Paul Hawkins,
191 EKPC director, and I briefed the board about South Kentucky’s Amendment 3
192 notification for 58 mWs of power from an alternative source. I related the
193 information that Dennis Holt had provided to me in our telephone conversation.
194 I related to the Board that the potential cost implications to Farmers were
195 uncertain at that point and that EKPC would be providing us with further
196 information.

197 January 25, 2017 – Farmers RECC Board Meeting – I related the
198 information that had been shared with us from EKPC concerning the effects of
199 South Kentucky’s action and what EKPC was forecasting in terms of cost shift
200 through fixed costs, environmental surcharge, and fuel. I also related their
201 thoughts on possible efforts to lessen the impact.

202 January 31, 2018, at the KAEC Legislative Reception in Frankfort – Mark
203 Stallons, Tim Sharp, and I conversed for a brief time about the South Kentucky
204 Amendment 3 action while we were attending the reception. The discussion
205 consisted of what we thought the impact on the other cooperatives would be and
206 whether or not we might consider additional Amendment 3 allocations for our
207 own cooperatives as a protective measure to reduce cost shifts to each of our
208 member systems.

209 February 15, 2018 – I discussed with the Farmers board of directors our
210 February 8, 2018 notification of intent to reserve the balance of Farmers 5%
211 portion of its Amendment 3 allocation. The board discussed the potential
212 negative impacts resulting from South Kentucky's action; approved the
213 previously filed letter of intent; and authorized management to seek a best
214 possible resolution, which included intervening in the case before the Kentucky
215 Public Service Commission.

216 February 20, 2018 – I participated in a phone conference at 2:00 p.m.,
217 attended by the EKPC committee members that had been appointed by the
218 EKPC board to meet with South Kentucky to discuss their action. It was a
219 discussion of what might be proposed to South Kentucky to try and mitigate the
220 effect of their Amendment 3 action on the rest of the cooperatives. It was
221 pointed out that no consensus had been reached among the fifteen cooperatives

222 as to a satisfactory solution, so no meeting would be proposed to occur with
223 South Kentucky on their next board meeting date.

224 f. Response of Fleming-Mason Energy Cooperative, Inc. ("FME").

225 Joni Hazelrigg, CEO of FME, provides this response. All dates are
226 estimates.

227 1/5/18 FME Board Meeting: CEO discussed with the FME Board
228 members the SKRECC PPA and the possible cost shifting that
229 could occur if SKRECC gets approval.

230 1/25/18 Phone: Spoke with Carol Wright with Jackson Energy about
231 whether other distribution cooperatives planned to pursue a PPA
232 since SKRECC had committed to do so.

233 1/29/18 – 2/1/18

234 Phone: Multiple conversations with Debbie Martin, Mark Stallons,
235 Chris Brewer and Mike Williams primarily about FME potentially
236 pursuing our own PPA for our 5% allotment as a defensive move.

237 1/31/18 Phone: Spoke with Tony Campbell concerning FME submitting a
238 Letter of Intent for a 1.4 MW Landfill Gas Project already
239 committed. Also discussed the SKRECC case and the potential cost
240 shift.

241 2/1/18 FME Board Meeting: Extensive board discussion about the cost
242 shifting as a result of SKRECC's PPA (if approved) and options
243 available to FME to help mitigate the additional costs that would
244 have to be passed on to our members. It was agreed for FME to
245 pursue an RFP for an alternate power supply in an effort to protect
246 FME's members.

247 2/2/18 Phone: Spoke with Tony Campbell and discussed FME's support
248 for finding a fair and equitable solution for all 16 distribution
249 cooperatives in response to SKRECC's case.

250 2/13/18 Following the EKPC board meeting, 5-6 distribution cooperative
251 managers (of which I was one, but do not remember specifically who
252 all was there), stood in the lobby and discussed what EKPC
253 management had disclosed during the executive session about the
254 SKRECC case.

255 g. Response of Inter-County Energy Cooperative Corporation.

256 Jerry Carter, President and CEO of Inter-County Energy Cooperative
257 Corporation ("Inter-County"), provides this response.

258 On or about December 20, 2017, Jim Jacobus, who at that time was
259 President and CEO of Inter-County, and Jerry Carter, the incoming President
260 and CEO of Inter-County, had a discussion on the South KY announcement to
261 exercise its Amendment 3 rights and seek a PPA. Jim described the possible

262 effects of the South KY election but was not sure of the cost impact because we
263 have not seen any estimates regarding the potential cost shift.

264 Mr. Jacobus retired December 29, 2017, and I was not privy to any
265 conversations he may have had with others before he retired.

266 On January 22, 2018, at the Inter-County Board of Directors meeting, I
267 notified the board of South KY's action and possible effects of the cost shifting to
268 Inter-County members. A discussion was held on Amendment 3 and the MOU,
269 how it worked, how South KY may benefit from its action, and the probable
270 period of time before the cost shift might impact Inter-County members.

271 On February 9, 2018, the Inter-County Board of Directors met in special
272 session to authorize Inter-County to file its notice of intent with EKPC to
273 exercise its right to use an Alternate Source under Amendment 3 and the MOU
274 as a purely defensive move to attempt to limit the potential impact of South KY's
275 election.

276 On February 16, 2017, in the regular monthly Board of Directors meeting
277 of Inter-County, a discussion was held regarding the cost shift estimates
278 provided by Mark Stallons with notice of Owen Electric's intent to exercise its
279 rights under Amendment 3 and the MOU.

280 h. Response of Licking Valley Rural Electric Cooperative Corporation.

281 Kerry Howard, General Manager/CEO of Licking Valley Rural Electric
282 Cooperative Corporation, provides this response.

283 February 13, 2018 EKPC Board Meeting - discussed cost and mitigation
284 plan of the South KY RECC request under Amendment #3/MOU.

285 February 15, 2018 Licking Valley RECC ("LV") Board of Directors
286 Meeting - discussed the application of South KY RECC with the PSC and
287 discussed how EKPC and LV would try to mitigate the rate disparity.

288 i. Response of Nolin Rural Electric Cooperative Corporation.

289 Greg Lee, Vice-President of System Operations of Nolin Rural Electric
290 Cooperative Corporation, provides this response.

291 Nolin Rural Electric Cooperative Corporation can recall no specifics
292 regarding meetings or conferences responsive to this request, except that
293 President/CEO Michael Miller and Vice-President of System Operations Greg
294 Lee discussed in general South Kentucky's election, the potential for a cost shift
295 to Nolin because of this, and what action Nolin might take in response.

296 Witnesses) Bobby Sexton, President/General Manager of Big Sandy Electric
297 Cooperative Corporation; Michael I. Williams, President/CEO of Blue Grass
298 Energy Cooperative Corporation; Chris Brewer, President/CEO of Clark Energy
299 Cooperative, Inc.; Ted Hampton, President/CEO of Cumberland Valley Electric,
300 Inc.; William T. Prather, President and CEO of Farmers Rural Electric
301 Cooperative Corporation, Inc.; Joni Hazelrigg, President/CEO of Fleming-Mason
302 Energy Cooperative Corporation; Jerry Carter, President/CEO of Inter-County
303 Energy Cooperative Corporation; Kerry K. Howard, General Manager/CEO of

- 304 Licking Valley Rural Electric Cooperative Corporation; and Greg Lee, Vice-
- 305 President of System Operations of Nolin Rural Electric Cooperative Corporation.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 6

April 27, 2018

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

5 Response) There is no written joint defense agreement or comparable written
6 arrangement that has been agreed to by the Distribution Cooperatives. The nine
7 distribution cooperatives whose representatives are designated below as
8 witnesses have agreed to retain Sullivan Mountjoy, PSC, to represent them in
9 this matter, but there is no written agreement among them concerning this. The
10 Distribution Cooperatives have agreed to share in the cost of witness John
11 Wolfram, but there is no written agreement among them concerning this. This
12 response should not be interpreted as waiving and does not waive the right of
13 any of the Distribution Cooperatives to assert the common interest or joint
14 defense privileges to the extent applicable.

Case No. 2018-00050

Response to SKRECC Information Request, Item 6

Witness: Bobby Sexton, Michael I. Williams, Chris Brewer,
Ted Hampton, William T. Prather, Joni Hazelrigg, Jerry Carter,
Kerry K. Howard, Greg Lee, and Counsel (as to assertion of privileges)

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15 Witnesses) Bobby Sexton, President/General Manager of Big Sandy Electric
16 Cooperative Corporation; Michael I. Williams, President/CEO of Blue Grass
17 Energy Cooperative Corporation; Chris Brewer, President/CEO of Clark Energy
18 Cooperative, Inc.; Ted Hampton, President/CEO of Cumberland Valley Electric,
19 Inc.; William T. Prather, President and CEO of Farmers Rural Electric
20 Cooperative Corporation; Joni Hazelrigg, President/CEO of Fleming-Mason
21 Energy Cooperative Corporation; Jerry Carter, President/CEO of Inter-County
22 Energy Cooperative Corporation; Kerry K. Howard, General Manager/CEO of
23 Licking Valley Rural Electric Cooperative Corporation; and Greg Lee, Vice-
24 President of System Operations of Nolin Rural Electric Cooperative Corporation.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 7

April 27, 2018

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

5 Response) Please see the response to the Commission Staff's Request for
6 Information to Joint Intervenors, Item 3.

7 Witnesses) John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 8

April 27, 2018

1 Item 8) *Reference is made to pages 7, line 12-16, of Mr. Wolfram's testimony.*

2 *Please provide all the appropriate PJM charge types and estimates of cost of*
3 *each charge type South Kentucky did not demonstrate that it properly included*
4 *in its NPV analysis.*

5 **Response)** In the Distribution Cooperatives' Second Request for Information to
6 South Kentucky ("DC 2-26"), the Distribution Cooperatives provided a list of
7 PJM charge types with billing codes and asked South Kentucky to identify which
8 of them were included in its NPV analysis. In response, South Kentucky
9 described fourteen (14) items that it included in the NPV analysis, without
10 referencing the billing codes and without explaining if, how or where the other
11 items in the list were addressed. South Kentucky did make the general claim
12 that the energy, capacity, and transmission costs are covered in "other parts of
13 the analysis" but did not provide any specifics – so it remains unclear from the
14 Application and the response to DC 2-26 whether all of the appropriate PJM
15 billing items were properly considered.

Case No. 2018-00050
Response to SKRECC Information Request, Item 8
Witness: John Wolfram
Page 1 of 2

16 The list of PJM charge types and billing codes from DC 2-26 is attached as
17 “DC Attachment SK#8”, with the billing codes for items South Kentucky
18 identified in DC 2-26 highlighted and italicized. It appears that the 14 items
19 included by South Kentucky were bundled in such a way that they translate into
20 25 separate billing codes in the table. It is not evident whether the remaining
21 billing codes are applicable, or, if they are applicable, whether they were
22 properly incorporated into South Kentucky’s evaluation.

23 Cost estimates of each charge type are not provided. Mr. Wolfram did not
24 rely upon any estimates of the cost of each charge type – nor was it necessary for
25 him to do so – in order to conclude that South Kentucky did not demonstrate
26 that it properly included all of the appropriate PJM charge types in its NPV
27 analysis.

28 Witnesses) John Wolfram.

DC Attachment SK#8

PJM Billing Statement Line Items

ID #	CHARGES
1000	Amount Due for Interest on Past Due Charges
1100	<i>Network Integration Transmission Service</i>
1101	Network Integration Transmission Service (ATSI Low Voltage)
1104	Network Integration Transmission Service Offset
1108	<i>Transmission Enhancement</i>
1109	MTEP Project Cost Recovery
1110	Direct Assignment Facilities
1120	Other Supporting Facilities
1130	Firm Point-to-Point Transmission Service
1133	Firm Point-to-Point Transmission Service Resale
1135	Neptune Voluntary Released Transmission Service (Firm)
1138	Linden Voluntary Released Transmission Service (Firm)
1140	Non-Firm Point-to-Point Transmission Service
1143	Non-Firm Point-to-Point Transmission Service Resale
1145	Neptune Voluntary Released Transmission Service (Non-Firm)
1146	Neptune Default Released Transmission Service (Non-Firm)
1147	Neptune Unscheduled Usage Billing Allocation
1155	Linden Voluntary Released Transmission Service (Non-Firm)
1156	Linden Default Released Transmission Service (Non-Firm)
1157	Linden Unscheduled Usage Billing Allocation
1200	Day-ahead Spot Market Energy
1205	Balancing Spot Market Energy
1210	Day-ahead Transmission Congestion
1215	Balancing Transmission Congestion
1218	Planning Period Congestion Uplift
1220	Day-ahead Transmission Losses
1225	Balancing Transmission Losses
1230	Inadvertent Interchange
1240	<i>Day-ahead Economic Load Response</i>
1241	<i>Real-time Economic Load Response</i>
1242	Day-Ahead Load Response Charge Allocation
1243	Real-Time Load Response Charge Allocation
1245	<i>Emergency Load Response</i>
1250	Meter Error Correction
1260	<i>Emergency Energy</i>
1301	PJM Scheduling, System Control and Dispatch Service - Control Area Administration
1302	PJM Scheduling, System Control and Dispatch Service - FTR Administration
1303	PJM Scheduling, System Control and Dispatch Service - Market Support

PJM Billing Statement Line Items

ID #	CHARGES
1304	<i>PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration</i>
1305	<i>PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.</i>
1306	<i>PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center</i>
1307	<i>PJM Scheduling, System Control and Dispatch Service - Market Support Offset</i>
1308	<i>PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration</i>
1309	<i>PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration</i>
1310	<i>PJM Scheduling, System Control and Dispatch Service Refund - Market Support</i>
1311	<i>PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration</i>
1312	Mgmt.
1313	PJM Settlement, Inc.
1314	<i>Market Monitoring Unit (MMU) Funding</i>
1315	<i>FERC Annual Charge Recovery</i>
1316	<i>Organization of PJM States, Inc. (OPSI) Funding</i>
1317	<i>North American Electric Reliability Corporation (NERC)</i>
1318	<i>Reliability First Corporation (RFC)</i>
1319	Consumer Advocates of PJM States, Inc. (CAPS)
1320	<i>Transmission Owner Scheduling, System Control and Dispatch Service</i>
1330	<i>Reactive Supply and Voltage Control from Generation and Other Sources Service</i>
1340	Regulation and Frequency Response Service
1350	Energy Imbalance Service
1360	<i>Synchronized Reserve</i>
1362	<i>Non-Synchronized Reserve</i>
1365	<i>Day-ahead Scheduling Reserve</i>
1370	<i>Day-ahead Operating Reserve</i>
1371	Day-ahead Operating Reserve for Load Response
1375	<i>Balancing Operating Reserve</i>
1376	Balancing Operating Reserve for Load Response
1377	<i>Synchronous Condensing</i>
1378	Reactive Services
1380	<i>Black Start Service</i>
1390	Fuel Cost Policy Penalty
1400	Load Reconciliation for Spot Market Energy
1410	Load Reconciliation for Transmission Congestion
1420	Load Reconciliation for Transmission Losses
1430	Load Reconciliation for Inadvertent Interchange
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund
1442	Load Reconciliation for Schedule 9-6 - Advanced Second Control Center

PJM Billing Statement Line Items

ID #	CHARGES
1444	Load Reconciliation for Market Monitoring Unit (MMU) Funding
1445	Load Reconciliation for FERC Annual Charge Recovery
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)
1448	Load Reconciliation for Reliability First Corporation (RFC)
1449	Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service
1460	Load Reconciliation for Regulation and Frequency Response Service
1470	Load Reconciliation for Synchronized Reserve
1472	Load Reconciliation for Non-Synchronized Reserve
1475	Load Reconciliation for Day-ahead Scheduling Reserve
1478	Load Reconciliation for Balancing Operating Reserve
1480	Load Reconciliation for Synchronous Condensing
1490	Load Reconciliation for Reactive Services
1500	Financial Transmission Rights Auction
1600	RPM Auction
1610	Locational Reliability
1650	Auction Specific MW Capacity Transaction
1660	Load Management Compliance Penalty
1661	Capacity Resource Deficiency
1662	Generation Resource Rating Test Failure
1663	Qualifying Transmission Upgrade Compliance Penalty
1664	Peak Season Maintenance Compliance Penalty
1665	Peak-Hour Period Availability
1666	Load Management Test Failure
1667	Non-Performance
1670	<i>FRR LSE Reliability</i>
1680	FRR LSE Demand Resource and ILR Compliance Penalty
1681	FRR LSE Capacity Resource Deficiency
1682	FRR LSE Generation Resource Rating Test Failure
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty
1684	FRR LSE Peak Season Maintenance Compliance Penalty
1685	FRR LSE Peak-Hour Period Availability
1686	FRR LSE Load Management Test Failure
1687	FRR LSE Schedule 9-5
1688	FRR LSE Schedule 9-6
1710	PJM/MISO Seams Elimination Cost Assignment
1712	Intra-PJM Seams Elimination Cost Assignment

PJM Billing Statement Line Items

ID #	CHARGES
1720	<i>RTO Start-up Cost Recovery</i>
1730	Expansion Cost Recovery
1900	Unscheduled Transmission Service
1910	<i>Ramapo Phase Angle Regulators</i>
1911	Michigan - Ontario Interface Phase Angle Regulators
1920	Station Power
1930	Generation Deactivation
1932	Generation Deactivation Refund
1950	Virginia Retail Administrative Fee
1952	Deferred Tax Adjustment
1955	Deferral Recovery
1980	Miscellaneous Bilateral
1995	PJM Annual Membership Fee
1999	PJM Customer Payment Default

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric
Cooperative Corporation's Information Requests

April 27, 2018

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

6 Response) Mr. Wolfram did not rely upon any PJM capacity price forecast -- nor
7 was it necessary for him to do so -- in order to conclude that South Kentucky did
8 not rely upon any such forecast and thus did not provide evidence to support the
9 reasonableness of the proposed capacity hedge price point. While to my
10 knowledge PJM does not provide its own "published" capacity price forecast,
11 there are third party firms that may have such forecasts available (e.g. Wood
12 Mackenzie, IHS CERA, or PACE Global) or firms that South Kentucky could
13 have requested to prepare such forecasts (e.g. ACES, The Brattle Group, Charles
14 River Associates, or Navigant Consulting).

15 Witnesses) John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 10

April 27, 2018

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

4 **Response)** The costs described on the referenced pages would impact EKPC's
5 costs to a similar degree, but not its rates – so the cost impacts to South
6 Kentucky would not be equivalent.

7 As PJM members, both South Kentucky and EKPC would likely be subject
8 to the referenced costs. The difference is the extent to which EKPC's bundled
9 wholesale base rates serve as a buffer to South Kentucky with respect to these
10 cost impacts.

11 If South Kentucky becomes a member of PJM, PJM will bill South
12 Kentucky these costs directly every month – creating an immediate impact on
13 South Kentucky's monthly expenses. But with EKPC as the member of PJM,
14 the cost to South Kentucky is not impacted monthly, because EKPC's wholesale
15 base rates are stated, bundled rates that do not change monthly. EKPC incurs

16 the full set of PJM costs each month, but as these costs increase, those increases
17 do not carry over into rates until EKPC files for and is awarded a base rate
18 increase – which historically has proven to be a relatively infrequent event.
19 Given the size and scale of EKPC, it could be years before the escalating PJM
20 costs drive EKPC to the point where an increase in base rates is needed (all else
21 being equal). In fact, evidence suggests that this is already the case: EKPC
22 joined PJM in 2013 – five years ago this June – but has not filed a base rate case
23 since 2010.

24 For these reasons, South Kentucky’s costs are not impacted “to a similar
25 degree” under the two scenarios; the risk of adverse impact to South Kentucky’s
26 finances is much greater if South Kentucky becomes a member of PJM directly.

27 Witnesses) John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
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CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 11

April 27, 2018

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

6 Response) Mr. Wolfram did not perform an analysis regarding the
7 quantification of the risks – nor was it necessary for him to do so – in order to
8 conclude that South Kentucky did not quantify the risks that it identified for its
9 Board of Directors.

10 Witnesses) John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 12

April 27, 2018

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

5 **Response)** Mr. Wolfram did not perform any sensitivity analyses around key
6 variables – nor was it necessary for him to do so – in order to conclude that
7 South Kentucky failed to perform robust sensitivity analyses around key
8 variables.

9 **Witnesses)** John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 13

April 27, 2018

- 1 **Item 13)** *Reference is made to pages 13, lines 4-6, of Mr. Wolfram's testimony.*
2 *Provide East Kentucky's latest long range financial forecast, 10 years or longer,*
3 *that has been approved by the Board of Directors and that was distributed to the*
4 *owner-members of EKPC. If not evident from the forecast, please also indicate*
5 *the date the forecast was distributed to the owner-members.*
6 **Response)** Please see EKPC's response to South Kentucky's Request for
7 Information to EKPC, Item 21.
8 **Witnesses)** William T. Prather.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 14

April 27, 2018

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

6 Response) Mr. Wolfram did not perform any analysis incorporating the FAC and
7 ES – nor was it necessary for him to do so – in order to conclude that South
8 Kentucky incorrectly excluded FAC and ES costs from its estimated wholesale
9 power costs.

10 Witnesses) John Wolfram.

DISTRIBUTION COOPERATIVES

IN THE MATTER OF: THE APPLICATION OF
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF MASTER POWER PURCHASE
AND SALE AGREEMENT AND TRANSACTIONS THEREUNDER
CASE NO. 2018-00050

Response to South Kentucky Rural Electric Cooperative Corporation's
Information Request, Item 15

April 27, 2018

- 1 Item 15) *Reference is made to pages 18, lines 17-21 of Mr. Wolfram's testimony.*
2 *Please provide all analyses performed by, on behalf of or at the direction of Mr.*
3 *Wolfram, in their native format, with all associated forecasts, assumptions,*
4 *inputs, escalations or any other workpapers associated with the analysis including*
5 *their sources.*
- 6 Response) Please see the response to the Commission Staff's Request for
7 Information to Joint Intervenors, Item 3.
- 8 Witnesses) John Wolfram.