COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF BIG RIVERS	)	
ELECTRIC CORPORATION	)	**CASE NO. 2019-00269**
FOR ENFORCEMENT OF RATE	)	
AND SERVICE STANDARDS	)	

DIRECT TESTIMONY

OF

BARBARA MOLL
CHIEF FINANCIAL OFFICER
HENDERSON MUNICIPAL P OWER & LIGHT

ON BEHALF OF

INTERVENOR CITY OF HENDERSON, KENTUCKY, AND
HENDERSON UTILITY COMMISSION d/b/a
HENDERSON MUNICIPAL POWER & LIGHT

DIRECT TESTIMONY

OF

BARBARA MOLL

<u>Table of Contents</u>

Page

I. INTRODUCTION……………………………………..…………………..….3

II. UNWANTED EXCESS HENDERSON ENERGY ………..………………..…4

III. OPERATING COSTS……..…………………………………………………..6

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Barbara Moll and my business address is 100 Fifth Street, Henderson, Kentucky, 42420. I am the Chief Financial Officer for Henderson Municipal Power & Light.

Q. Please provide a brief summary of your educational and professional experience.

A. I hold a Bachelor of Science degree in Accounting from Kentucky Wesleyan College in Owensboro, Kentucky, where I graduated Summa Cum Laude in 2011. I am a licensed Certified Public Accountant (CPA). I began my career as a CPA/Tax Supervisor with Myriad CPA Group in Owensboro, where I prepared individual and corporate tax returns and performed related functions, including the analysis of business financial statuses. In 2014, I accepted a position as Chief Financial Officer for Henderson Municipal Power & Light. My duties include management of all financial aspects of the city-owned utility, including preparation of financial statements, oversight of investment accounts and cash management, and administration of payroll and tax filings. I also calculate and submit Power Cost Adjustments, lead all retail rate studies and updates, lead the annual budgeting process, and oversee the utility's financial status.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the Accounting Summary attached as an exhibit to my testimony and to explain the methodology used to calculate the amounts due between Henderson and Big Rivers to resolve outstanding financial disputes related to the closure of Station Two. My testimony is also intended to correct miscalculations contained in the Interim Accounting Summary attached as an exhibit to the testimony of Big Rivers CFO Paul Smith. I will provide the correct basis for the calculation of payments necessary to resolve financial disputes concerning past operating expenses, costs and revenue associated with the production of unwanted energy, and Big Rivers' use of Henderson's coal and lime inventory.

Q. Are you sponsoring any exhibits?

A. Yes, I have prepared the following exhibits:

- Exhibit Moll-1: Resume
- Exhibit Moll-2: Big Rivers Exhibit attached to letter dated April 11, 2019 ("HMPL Coal When Available")
- Exhibit Moll-3: Accounting Summary
- Exhibit Moll-4: Station Two Settlement June 1, 2018 – January 31, 2019
- Exhibit Moll-5: Letter from Big Rivers to Henderson dated May 5, 1995
- Exhibit Moll-6: Disposal Cost Analysis

II. UNWANTED EXCESS HENDERSON ENERGY

Q. Please refer to the exhibit "Excess Henderson Energy" marked as Exhibit Smith-2 and attached to the direct testimony of Big Rivers CFO Paul Smith. Do you agree with the calculations reflected on that exhibit?

A. No. This exhibit pertains to the generation of uneconomic energy which was unwanted by either Henderson or Big Rivers, but which Big Rivers maintained would have to be generated and allocated to Henderson to keep the Station Two units in continuous operation as required under the terms of the Station Two contracts. As HMP&L General Manager Chris Heimgartner explains in his testimony, this energy was separate and distinct from the economic energy which both parties wanted and which was at issue before the Henderson Circuit Court in Civil Action No. 09-CI-693. If Henderson were to accept responsibility for the variable costs of producing unwanted energy, then Henderson also would be entitled to receive the revenue associated with the sale of that energy. Henderson would be entitled to receive *all* revenue from sales of unwanted energy beginning on June 1, 2016 (the date Big Rivers unilaterally announced it would no longer take uneconomic energy, but rather would sell the energy on Henderson's behalf and credit both costs and revenue to Henderson's account) and ending on January 31, 2019 (the date Station Two ceased operation). Mr. Smith acknowledges in his testimony that the figures contained in Exhibit Smith-2 relate solely to unwanted energy produced and sold between January 5, 2018 (the date following E.ON's payment to Henderson in settlement of the Henderson Circuit Court claim for wanted energy), and January 31, 2019. The use of this date range credits Henderson for only $6,259,439 in unwanted-energy revenue and deprives Henderson of an additional $10,696,158 in revenue Big Rivers received from June 1, 2016, through January 4, 2018. The correct calculation is contained in the exhibit attached to Big Rivers' letter dated April 11, 2019 ("HMPL Coal When Available"), and attached to my testimony as Exhibit Moll-2. Under a scenario in which Henderson accepts responsibility for the variable costs of producing unwanted energy, the correct netting of revenue and variable costs results in a payment from Big Rivers to Henderson of $1,233,584. Importantly, this scenario also would require Henderson to write off a total of $3,500,219 in coal and lime which is still reflected on Henderson's inventory, but which Big Rivers used without Henderson's authorization to produce unwanted energy. Big Rivers' calculation of the net amount due Henderson is based upon Big Rivers' premise that Henderson is responsible for the variable costs of producing unwanted energy and that Big Rivers was therefore entitled to use Henderson's coal and lime to produce both unwanted energy and Henderson's native load from June 1, 2016, until Henderson's supply was depleted. Because Henderson disputed responsibility for variable production costs of unwanted energy, Henderson still had the coal and lime used for unwanted energy on its books. Big Rivers claims that, in months when Henderson's inventory was deficient, Big Rivers supplied the shortfall and assigned the shortfall first to the generation of unwanted energy and any remaining shortfall to Henderson's native load (Direct Testimony of Paul G. Smith, p. 8, lines 15-17). If Henderson were to accept the existence of a coal and lime shortfall and that the shortfall was supplied by Big Rivers and that Henderson is obligated to reimburse Big Rivers in the amount of the shortfall, then Henderson must also accept the premise that Big Rivers used the coal and lime still reflected on Henderson's books.

III. OPERATING COSTS

Q. Please refer to the Accounting Summary attached to your testimony as Exhibit Moll-2 and describe the calculations reflected.

A. This summary reflects the appropriate calculation of sums due between the parties to resolve outstanding budget disputes. The beginning figures are based upon Big Rivers' calculation of amounts due from Big Rivers to Henderson to settle the Station Two budgets for Fiscal Years ending in 2018 and 2019. The figures are then adjusted to eliminate expenses inappropriately assigned to Henderson and to correct Big Rivers' use of an incorrect capacity reservation for fiscal 2018-2019.

Q. Please describe the process in which the parties determined the amount of Station Two capacity reserved by Henderson and the amount allocated to Big Rivers for purposes of allocating operating and maintenance expenses.

A. Section 3.3 of the Power Sales Contract, as amended in 1993, allowed Henderson to reserve capacity from Station Two based upon a rolling five-year projection of the city's needs. Station Two capacity surplus to the city's needs was then allocated to Big Rivers, which had the obligation to take and pay for the capacity allocated to Big Rivers. Henderson had the ability under the terms of the contracts to raise or lower its capacity reservation by a maximum 5 MW for any given fiscal year. In accordance with the terms of the contracts, Henderson always provided the requisite written notice to Big Rivers concerning the amount of capacity Henderson intended to reserve for a given fiscal year and the amount that would be allocated to Big Rivers. Section 13.8 of the Power Plant Construction & Operation Agreement provided the parties would share operating and maintenance costs in accordance with the capacity split.

Q. What is the basis of Henderson's position that Big Rivers calculated Henderson's share of expenses on the basis of an incorrect capacity reservation?

A. On May 10, 2018, Henderson provided written notice to Big Rivers that Henderson's capacity reservation for Fiscal Year 2018-2019 would be 115 MW. Henderson's reservation of 115 MW translates to 36.86 percent of the capacity available from Station Two. Accordingly, Henderson would be responsible for 36.86 percent of operating and maintenance costs incurred during that fiscal year. Without Henderson's approval or acceptance and absent any contractual right to do so, Big Rivers unilaterally calculated the amounts due in settlement of the Fiscal Year 2018-2019 budget on the false assumption that Henderson had reserved 125 MW of capacity rather than the 115 MW Henderson actually reserved. As a result, Big Rivers' calculations have Henderson responsible for 40.06 percent of operating and maintenance expenses incurred that fiscal year as opposed to the 36.86 percent associated with Henderson's actual reservation. Big Rivers applied this flawed calculation to all Station Two expenses for fiscal 2018-2019, including those expenses which remain in dispute and those Henderson previously approved at the correct capacity reservation.

Q. What are the expenses Henderson asserts are inappropriately assigned to Henderson?

A. Big Rivers unilaterally and arbitrarily assigned the following expenses to Henderson without Henderson's approval:

- **Severance Costs**. As an employer who assigned a portion of its work force to staff Station Two, Big Rivers decided when the plant closed to offer severance packages to certain employees formerly assigned to the plant. Henderson on numerous occasions verbally declined to share the cost. Again without Henderson's approval or acceptance and without contractual authority to do so, Big Rivers unilaterally and without explanation simply added the expense to the Station Two operating plan for Fiscal Year 2018-2019. Big Rivers also calculated Henderson's purported share of the severance costs as if Henderson had reserved 125 MW of Station Two capacity rather than the 115 MW Henderson actually reserved. Big Rivers is entitled to reassign employees or incentivize separation in any manner it chooses, but Big Rivers is not entitled to assign unapproved costs to Henderson without contractual authority and with full knowledge Henderson has no obligation to pay and has verbally contested responsibility for the costs. Big Rivers ultimately paid severance costs of $2,998,970, a reduction from the original estimate of $3,356,897 (see Big Rivers' response to Item No. 5 of the Commission Staff's Initial Request for Information). Big Rivers adjusted Henderson's purported share by $143,400, but the adjustment again was based upon an incorrect capacity reservation of 125 MW. My Accounting Summary adjusts the 2018-2019 budget reconciliation to credit Henderson for all severance costs and for additional sums miscalculated on the basis of the incorrect capacity reservation.

- **MISO Fees**. Big Rivers' calculation of the budget-settlement figures for Fiscal Years 2017-2018 and 2018-2019 assign to Henderson MISO fees totaling $275,193 and $203,636 respectively. As explained in greater detail in the testimony of Brad Bickett, HMP&L reliability compliance manager, and Seth Brown, a vice president with GDS Associates Inc., Henderson was not obligated to pay these fees and the budget reconciliation figures for each of these fiscal years have been adjusted accordingly.
- **Green Landfill Expansion**. As explained in the testimony of HMP&L General Manager Chris Heimgartner, Henderson no longer has a contractual obligation to operate or maintain any joint-use facilities, including the Station Two ash-pond dredgings for which Henderson has already paid disposal costs. In a letter dated May 5, 1995, attached to my testimony as Exhibit Moll-5, Big Rivers proposed Henderson pay $1.74 per ton for disposal of Henderson's portion of the scrubber sludge waste generated from Station Two (Big Rivers also proposed Henderson pay a Green Landfill "usage fee" of $1.077 per ton of waste, but did not cite any contractual provision that required Henderson to pay such a fee. Henderson nonetheless paid the "usage fee" from the time it was added to the operating plan until Station Two was shuttered in January 2019). When Big Rivers submitted a proposed Station Two operating plan for fiscal 2015-2016, Henderson discovered that Big Rivers had increased the projected per-ton disposal rate for Station Two ash-pond waste from

$1.78 the previous year to $5.61. Projected disposal costs for the next three fiscal years also were dramatically higher than the price the Henderson Utility Commission had approved. Big Rivers confirmed in its responses to Henderson's data requests that the increase was largely attributable to a vertical expansion designed to add some 20 years to the life of the landfill (See Big Rivers' response to Item No. 66 of Henderson's First Request for Information). Big Rivers indicated in that response that Big Rivers had entered into a contract in 2015 for "landfill operations and combination wall construction (vertical expansion)." To the best of my knowledge, Henderson was unaware of the expansion plan or of Big Rivers' intent to assign a portion of the cost to Henderson until Big Rivers proposed an operating plan that reflected a dramatic increase in the per-ton disposal rate for scrubber sludge waste from Station Two. Henderson objected to the increased rate and contested any responsibility for landfill expenses beyond those enumerated in the Station Two contracts (See, for example, letter dated December 27, 2017, attached to my testimony as Exhibit Moll-6). The Disposal Cost Analysis attached to my testimony as Exhibit Moll-7 reflects the difference between the disposal costs Henderson would have paid if the per-ton rate had remained a reasonable $1.78 and the disposal costs Henderson actually paid or is expected to pay to help fund Big Rivers' expansion of its landfill. The Disposal Cost Analysis reflects the amount Big Rivers overcharged Henderson for disposal costs in each of the last four fiscal years Station Two was in operation. Specifically, the unauthorized disposal charges amount to $352,526 for fiscal 2015-2016; $728,695 for fiscal 2016-2017; $386,361 for fiscal 2017-2018; and $287,992 for fiscal 2018-2019. My Accounting Summary reflects a refund from Big Rivers to Henderson in the amount of the excessive disposal costs for each of those fiscal years.

Q. Please explain the remaining calculations reflected on your Accounting Summary.

A. The summary also assumes Henderson pays Big Rivers any outstanding invoices totaling $64,566 for auxiliary power through January 31, 2019, along with those MISO fees for which Henderson is responsible in the sum of $38,512.

Q. What is the net result of your calculation of sums due between the parties to resolve disputed operating expenses?

A. Calculated in accordance with Henderson's correct reservation of 115 MW for fiscal 2018-2019 and adjusted to credit Henderson for overcharges and other charges improperly assigned to Henderson's account, the net amount due from Big Rivers to Henderson to resolve disputed operating expenses is $6,359,736.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
IN THE MATTER OF
BIG RIVERS ELECTRIC CORPORATION
APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR ENFORCEMENT OF RATE AND SERVICE STANDARDS
CASE NO. 2019-269

VERIFICATION

I, Barbara Moll, verify, state and affirm that I prepared or supervised the preparation of the Direct Testimony filed with this Verification, and that Direct Testimony is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

Barbara A. Moll
Barbara Moll

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN to before me by Barbara Moll on this the 13th day of July, 2020.

Notary Public, Kentucky State at Large
My Commission Expires: 10-30-2023
Notary ID #: 634556

Barbara A. Moll, CPA

EDUCATION

Kentucky Wesleyan College, Owensboro, KY — Graduated: May 2011
Bachelor of Science, Major: **Accounting** — Summa Cum Laude Graduate

WORK EXPERIENCE

Henderson Municipal Power & Light, Henderson, KY
Chief Financial Officer, June 2014 - Present
Work individually, as a team, and as upper management to manage all financial aspects of business, prepare all financial statements, present all financial information to Utility Commission for approval, oversee all investment accounts and cash management, administer all payroll functions and prepare/submit all filings, prepare and file all tax returns, calculate and submit Power Cost Adjustments, lead all retail rate studies and updates, reconcile/prepare/submit all retirement system filings, lead annual budgeting process and report preparations, file all DLG compliance filings, manage all insurance policies, analyze financial status of company and suggest improvements, respond to customer concerns, work with outside vendors for information requests, manage payroll and HR software, and lead external financial audit.

Myriad CPA Group, Owensboro, KY
CPA/Tax Supervisor, January 2011 – June 2014
Work individually, as a team, and with upper management to prepare tax returns for both individuals and various types of businesses, perform tax planning, analyze current financial status of businesses, prepare balance sheets, income statements, compilations, as well as various bookkeeping activities, research tax questions/issues, answer client questions, perform various consulting needs, investigate and respond to tax notices from various Federal, State, and Local authorities, and enter information into company databases.

LICENSES / CERTIFICATIONS

- Certified Public Accountant

ORGANIZATIONS / COMMUNITY INVOLVEMENT

- (Former) Member- Connecting Young Leaders of Owensboro
- (Former) Member – Emerging Professional Task Force – KYCPA
- Member KYCPA

EXHIBIT

Exhibit Moll-2

Big Rivers Electric Corporation
Summary of Revenue & Costs associated with Excess Henderson Energy*
June 2016 - January 2019

HMPL Coal When Available	
Revenues:	
MISO Rev for Unwanted EHE	$16,955,597.28
BREC EHE Utilization ($1.50/MWh)	$88,191.00
Subtotal EHE MISO Revenue	$17,043,788.28
Costs:	
Coal Shortfall	($12,790,320.29)
Lime Shortfall	($915,742.28)
Fuel Oil	($1,489,602.65)
2016 Coal Stock Pile Inventory Adj	($430,182.79)
2018 Coal Stock Pile Inventory Adj	($124,300.00)
2019 Coal Stock Pile Inventory Adj	($52,525.00)
2019 Coal Stock Pile Inventory Survey Cost	($7,531.50)
Subtotal Costs	($15,810,204.51)
Net due HMPL	$1,233,583.77

	HMPL Share
Station II Coal Inventory Tons as of 03/31/19	-
Station II Lime Inventory Tons as of 03/31/19	481.00

Note:
* This summary excludes some expenses (Fixation Lime, Dredge, Sludge, Grit, etc) associated with Excess Henderson Energy which are part of the fiscal year end settlement process. Additionally, this summary excludes other costs including, but not limited to, capacity purchases ($203,655.82), transmission charges ($1,422,761.54) and auxiliary power.

Accounting Summary
Henderson Municipal Power & Light
Amounts Due (To) / From BREC
Other Operating Costs

	FY 2015 2016		
	Vertical Expansion Wall Charges	$	352,526
	Total FY 2015 - 2016 Amount Due (To) / From BREC	**$**	**352,526**
	FY 2016 - 2017		
	Vertical Expansion Wall Charges	$	728,695
	Total FY 2016 - 2017 Amount Due (To) / From BREC	**$**	**728,695**
	FY 2017 - 2018		
	Budget Reconciliation	$	1,649,923
	Add: MISO Fees	$	275,193
	Add: Vertical Expansion Wall Charges	$	386,361
(A)	**Total FY 2017-2018 Amount Due (To) / From BREC**	**$**	**2,311,477**
	FY 2018 - 2019		
	Budget Reconciliation	$	672,056
	Severance Cost Adjustment - from Budget to Actual at 125 MW Split [1]	$	143,400
	Add: Severance Costs - Actual Amount Included at 125 MW Split [1]	$	1,201,510
	Add: MISO Fees	$	203,636
	Add: Vertical Expansion Wall Charges	$	287,992
	Add: 115 MW Split Difference	$	561,522
(B)	**Total FY 2018-2019 Amount Due (To) / From BREC**	**$**	**3,070,116**
	Auxiliary Power		
	June - October 2018	$	(10,334)
	November 2018	$	(16,455)
	December 2018	$	(12,711)
	January 2019	$	(25,066)
(C)	**Total Auxiliary Power Due (To) / From BREC**	**$**	**(64,566)**
	MISO Fees (December 2010 - May 2016)	$	(38,512)
(D)	**Total MISO Fees Due (To) / From BREC**	**$**	**(38,512)**
	Grand Total Net Due (To) / From BREC [(A) + (B) + (C) + (D)]	**$**	**6,359,736**

[1] Per BREC's Response to Commission Staff's Initial Request for Information dated June 8, 2020 Item #5

Station Two Settlement - BREC / HMPL
For the Period June 1, 2018 - January 31, 2019

		PER BREC	PER HMPL	
G&A / O&M:				
	HMPL payments to BREC for Station Two G&A / O&M expenses	$ (7,082,620.09)	$ (7,082,620.09)	
	HMPL deposits to Station Two O&M Fund on behalf of BREC	$ (342,379.03)	$ (342,379.03)	
	HMPL share of BREC's actual Station Two G&A / O&M expenses	$ 6,946,150.01	$ 6,391,290.30	
	HMPL share of actual Station Two capital expenditures incurred but not yet closed as of 1/31/2019	$ 26,988.92	$ 24,833.04	
	HMPL share of MISO charges	$ 203,636.43	$ 203,636.43	Listed Separately in Testimony
(A)	**G&A / O&M Settlement - Due (From) / To BREC**	$ (248,223.76)	$ (805,239.35)	
Inventory:				
	HMPL payments to BREC for Station Two Inventory	$ (480,241.72)	$ (480,241.72)	
	HMPL share of cost of inventory purchased by BREC for Station Two	$ 56,409.06	$ 51,903.09	
(B)	**Inventory Settlement - Due (From) / To BREC**	$ (423,832.66)	$ (428,338.63)	
HMPL Share of Proceeds from Sale of Station Two Emission Allowances:				
(C)	**Emission Allowances Settlement- Due (From) / To BREC**	$ -	$ -	
(D)	**Total Other Adjustments - Due (From) / To BREC**	$ -	$ -	
	Amount Due (From) / To BREC	$ (672,056.42)	$ (1,233,577.98)	
	Difference from 125 MW to 115 MW Due (From) / To BREC [(A) + (B) + (C) + (D)]	$ (561,521.56)		

Exhibit Moll-4

BIG RIVERS ELECTRIC CORPORATION

May 5, 1995

Kendel Bryan
General Manager
City of Henderson Utility Commission
P. O. Box 8
Henderson, Kentucky 42420

Dear Kendel:

Big Rivers is proposing the following rates for disposal of the City's portion of scrubber sludge waste generated from the operation of the scrubber at HMP&L Station Two:

Rate	Description of Service
$1.740	Charah Environmental, Inc., Hauling
1.077	Big Rivers, Green Landfill Usage Fee
1.024	Big Rivers, Stabilization Lime
$3.841	

Big Rivers will escalate the rate paid to Charah in accordance with the contract and adjust the price per ton accordingly. Also, the $1.024 rate for lime stabilization will be increased or decreased to reflect the actual cost. Big Rivers will hold firm for the length of this agreement the $1.077 rate for Green Landfill usage fee.

Actual tonnage for disposal will be calculated for HMP&L Station Two and Green Station as defined in the May 1, 1993 Amendments Section 7.3, which added new subparagraphs to Section 3 of the Joint Facilities Agreement.

If you have any questions or need additional information, please do not hesitate to call.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

John J. West

John J. West
Vice General Manager of Finance

xc: Paul Schmitz
Richard Greenwell
C. William Blackburn

Post Office Box 24, Henderson, KY 42420 Telephone 502-827-2561

Exhibit Moll-5

HMP&L HENDERSON MUNICIPAL POWER & LIGHT

December 27, 2017

Lindsay N. Durbin, CPA
Chief Financial Officer
Big Rivers Electric Corp.
201 Third St.
P.O. Box 24
Henderson, Ky. 42419-0024

RE: Henderson Station Two Operating Plan 2017-2018

Dear Lindsay:

As you know, disagreements between HMP&L and Big Rivers concerning responsibility for certain expenses related to Station Two have to date precluded approval of a Henderson Station Two operating plan for 2017-2018.

Specifically, HMP&L contests responsibility for MISO load expenses and transmission charges, as there is still no formal agreement in place concerning those items. HMP&L also objects to the inclusion of certain landfill-related expenses in its annual capacity payment. HMP&L maintains that HMP&L is contractually obligated to pay only for the transportation and placement of pozatec and ash at the landfill, and not for landfill maintenance or improvements that would include but not be limited to the construction of high walls designed to extend the life of the landfill. HMP&L also objects to the calculation of HMP&L's share of disposal costs (the "City factor") to the extent the calculation includes waste associated with the generation of uneconomic energy unwanted by either HMP&L or Big Rivers.

Despite the ongoing dispute concerning these budget items, HMP&L, in the spirit of cooperation, and in the interest of approving a 2017-2018 operating plan, is agreeable, for the 2017-2018 fiscal year only, to a capacity payment that includes MISO load expenses and MISO transmission charges associated with Station Two, and calculated according to the Station Two capacity split. HMP&L further agrees, for the 2017-2018 fiscal year only, to approve a capacity payment that includes disposal costs of $5.85 per ton, even though that figure includes payment for disputed expenses. HMP&L tentatively agrees to approve a final draft of the operating plan, subject to the caveats set forth in this letter.

Please be aware that HMP&L continues to dispute responsibility for the budget items described in this letter under the provisions of the Station Two contracts. HMP&L therefore reserves and does not waive its right to demand recovery of disputed expenses from Big Rivers.

We hope that this will address the outstanding issues associated with the proposed budget in a way that will allow the parties to approve a current operating plan. We appreciate your cooperation, and invite you to contact us with any questions or concerns.

Sincerely,

K. M. Brooks

K. M. Brooks
Power Supply Director
Henderson Municipal Power & Light
100 Fifth Street
P.O. Box 8
Henderson, KY
42419-008

Exhibit Moll-6

Exhibit Moll-6

HMP&L
HENDERSON MUNICIPAL POWER & LIGHT
P.O. BOX 8 HENDERSON, KY. 42419-0008

Hand delivered
12/27/17 @
1:25pm

Lindsay N. Durbin, CPA
Chief Financial Officer
Big Rivers Electric Corp.

Disposal Cost Analysis

	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Pozatec/Ash Disposal - Flyash - Tons / Gross MWH	0.1514	0.1454	0.1448	0.2005	0.1999
Bottom Ash - Tons / Gross MWH	0.0098	0.0091	0.0091	0.0086	0.0086
Landfill Pozatec/Ash Disposal - Flyash (per ton)	$ 1.78	$ 5.61	$ 6.85	$ 5.85	$ 5.85
Landfill Pozatec/Ash Disposal - Bottom Ash (per ton)	$ 1.78	$ 5.61	$ 6.85	$ 5.85	$ 5.85
Increase from base cost of $1.78/ton, assumed to be entirely related to construction of vertical expansion wall		$ 3.83	$ 5.07	$ 4.07	$ 4.07
*FY 2018-2019: estimated the breakdown between categories, but rate is correct in total					
MWH - Native Load		595,749	592,892	311,898	204,635
MWH - UEHE		-	341,006	142,090	134,740
Tons of Disposal - Pozatec/Ash - Flyash - Native Load		86,622	85,851	62,536	40,907
Tons of Disposal - Bottom Ash - Native Load		5,421	5,395	2,682	1,760
Tons of Disposal - Pozatec/Ash - Flyash - UEHE		-	49,378	28,489	26,935
Tons of Disposal - Bottom Ash - UEHE		-	3,103	1,222	1,159
		92,043	143,727	94,929	70,760
Total Amount Due to HMPL for Reimbursement of Previously Paid Vertical Expansion Wall Charges	**N/A**	**$ 352,525.53**	**$ 728,695.39**	**$ 386,360.59**	**$ 287,991.93**

Exhibit Moll-7