

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC.)	
FOR A GENERAL ADJUSTMENT OF RATES,)	CASE NO.
APPROVAL OF DEPRECIATION STUDY,)	2021-00103
AMORTIZATION OF CERTAIN REGULATORY)	
ASSETS, AND OTHER GENERAL RELIEF)	

INITIAL DATA REQUESTS OF EAST KENTUCKY POWER COOPERATIVE, INC.
TO NUCOR STEEL GALLATIN

Filed: July 12, 2021

I. DEFINITIONS AND INSTRUCTIONS

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession or control of the parties to whom it is addressed, including their agents, employees, advisors, consultants, attorneys and/or investigators.

2. Please identify the witness(es) who will be prepared to answer questions concerning each request.

3. These requests shall be deemed continuing so as to require further and supplemental responses if the party receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

4. All answers must be separately and fully stated in writing under oath.

5. Where a data request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. If any request appears confusing, please request clarification directly from counsel for East Kentucky Power Cooperative, Inc., (“EKPC”).

7. For purpose of these discovery requests, the following terms shall have meanings set forth below:

- (a) As used herein, “document,” “documentation” and/or “record,” whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft,

telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.

- (c) The terms “and,” “or,” and “and/or” within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.
- (d) Unless otherwise stated, the terms “Nucor” and “Company” shall mean Nucor Steel Gallatin LLC, and shall include, but is not limited to, each and every agent, employee, servant, advisor, consultant, insurer and/or attorney of Nucor Steel Gallatin LLC. The term “you” shall be deemed to refer to Nucor.
- (e) The term “Commission” shall mean the Kentucky Public Service Commission.
- (f) To “identify” shall mean:
 - (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
 - (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.

- (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (g) To “produce” or to “identify and produce,” shall mean that you shall produce each document or other requested tangible thing. For each tangible thing which the Company contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
- (h) The terms “Party or Parties” shall mean any organization, person, corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Commission Staff.
- (i) “Incentive” means any:
 - (1) tax credit, rebate, discount or deferral;
 - (2) waived fees or charges;
 - (3) contribution to aid in construction;
 - (4) payment by cash, wire or other means;
 - (5) deferred or waived liability or obligation; or
 - (6) other type of financial consideration, assistance or subsidy.

8. The information requested herein is due back to EKPC no later than 7 calendar days after service of this request.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D. S. Samford', written in a cursive style.

David S. Samford

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Questions to Stephen J. Baron

1. Provide a copy of the following tables and exhibits included in the Direct Testimony of Stephen J. Baron (“Baron Testimony”) in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible:
 - a. Table 4, page 28; Table 5, page 33; Table 6, page 34; and Table 7, page 35.
 - b. Baron Exhibits SJB-3; SJB-5; and SJB-7 through SJB-10.

In addition, clearly list all assumptions and include copies of all supporting documents utilized in the development of the Excel spreadsheets.

2. Please refer to the Baron Testimony, page 35, Table 7. Please explain why Mr. Baron did not propose a set of rates reflecting his recommended rate class revenue increases. If Mr. Baron has developed a set of proposed rates reflecting his recommended rate class revenue increases, please provide them.
3. On page 35, at lines 7 through 11 Mr. Baron discusses how a Commission authorized revenue increase that is lower than that proposed by EKPC should be handled.
 - a. Was Mr. Baron aware that his associate and colleague, Mr. Lane Kollen, has proposed a revenue reduction for EKPC?
 - b. Please explain why there is no mention of Mr. Kollen’s recommendations in Mr. Baron’s direct testimony.
4. Please refer to the Baron Testimony, pages 40 through 43.
 - a. Concerning the current 10-minute interruptible service credit of \$6.22 per kW, confirm that Mr. Baron sponsored testimony in EKPC’s 2010 rate case supporting a \$6.22 per kW interruptible credit rate.

- b. Confirm that the calculation of that \$6.22 per kW interruptible credit rate was based on the avoided cost of a simple cycle combustion turbine adjusted to reflect reserves.
 - c. Concerning the PJM Net Cone rate, please provide Mr. Baron's understanding of what the PJM Net Cone rate represents and indicate if this value is a market price.
 - d. During the test year, the 10-minute interruptible load was 120,000 kW per month or 1,440,000 kW for the year. The difference between the current 10-minute interruptible credit and Mr. Baron's suggested rate is \$1.35 per kW. Confirm that Mr. Baron's proposed increase in the 10-minute interruptible credit represents an additional annual reduction in EKPC revenues of \$1,944,000.
5. Please refer to the Baron Testimony, page 43, lines 5 through 7. Mr. Baron states "Even if the 10-minute interruptible credit fully off-sets the firm demand charge this interruptible load will contribute to EKPC's fixed costs in three ways. . . . Second, the 10-minute interruptible load pays the full environmental surcharge, including the fixed cost portion." EKPC's environmental surcharge mechanism utilizes a percentage of revenue approach in its application. The monthly surcharge factor is multiplied by the applicable revenues to determine the surcharge billed to the customer. If the 10-minute interruptible credit fully offsets the firm demand charge for that load, the revenues for that portion of the load would be \$0. Please explain in detail how Mr. Baron concludes that the 10-minute interruptible load pays the full environmental surcharge if the revenues from that load are \$0.

Questions to Barry J. Kornstein

6. Please refer to the Direct Testimony of Barry J. Kornstein ("Kornstein Testimony"), Exhibit BJK-1. Please provide copies of:

- a. “The Estimated Local, Regional, and Statewide Economic and Fiscal Impacts of the Nucor Steel Brandenburg Plate Mill, Meade County, Kentucky,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Kentucky case, October 2019, 14 pages.
 - b. “The Estimated Local, Regional, and Statewide Economic and Fiscal Impacts of an Expansion of the North Star Bluescope Plant, Fulton County, Ohio,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Ohio case, March 2019, 18 pages.
 - c. “The Differential Economic Importance of Industries in Kentucky and the LG&E Service Area and Its Relation to Electricity Usage,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Kentucky case, January 2019, 11 pages.
 - d. “The Differential Economic Importance of Industries in Kentucky and the Kentucky Utilities Service Area and Its Relation to Electricity Usage,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Kentucky case, January 2019, 12 pages.
 - e. “The Estimated Local and Statewide Economic and Fiscal Impacts of the AK Steel Middletown Works Plant, Butler County, Ohio,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Ohio case, October 2017, 15 pages.
 - f. “The Differential Economic Importance of Industries in Kentucky and the Southeastern Part of the State and Its Relation to Electricity Usage,” for Boehm, Kurtz & Lowry (Cincinnati, OH) supporting document and testimony for Public Utility Commission of Kentucky case, October 2017, 12 pages.
7. Please refer to the Kornstein Testimony, Exhibit BJK-2, “The Estimated Local, Regional, and Statewide Economic and Fiscal Impacts of the Nucor Steel Gallatin Plant, Gallatin County, Kentucky.” Throughout this report Mr. Kornstein notes the information used in the analysis was provided by the Nucor Corporation or Nucor Steel Gallatin. Did Mr. Kornstein perform an independent verification of any of this provided data? If the response is “yes”, please describe what data was independently verified by Mr. Kornstein.
8. Please refer to Exhibit BJK-2, page 1.
- a. Please confirm that the value of Nucor Gallatin’s output of steel plate is expected to be approximately \$1.92 billion when the current expansion is fully operational in 2022.

- b. Are electric purchases from EKPC/Owen Electric included within Mr. Kornstein's calculation of supply chain expenditures?
9. In undertaking Mr. Kornstein's economic impact analysis, please state what specific costs to achieve the stated economic values were taken into account.
10. In undertaking Mr. Kornstein's economic impact analysis, please state whether any incentives paid, awarded or made available to Nucor or its affiliates were taken into account.
11. Please refer to Exhibit BJK-2, page 6, where Mr. Kornstein lists the 16 Kentucky counties that comprise the I-64 – Ohio River – I-75 triangle. Confirm that electric service in each of the 16 counties is provided by both an investor-owned electric utility as well as an owner-member cooperative of EKPC.
12. Please refer to Exhibit BJK-2, page 7, the table showing the commuting patterns for the employees of the existing plant and galvanizing facility. Based on the information in this table:
 - a. Confirm that approximately 70% of the total existing plant workforce reside in Kentucky counties while approximately 30% of the total existing plant workforce reside in Indiana or another state.
 - b. Confirm that approximately 53% of the galvanizing facility workforce reside in Kentucky counties while approximately 47% of the galvanizing facility workforce reside in Indiana.
 - c. Confirm that approximately 68% of the combined existing plant and galvanizing facility workforce reside in Kentucky counties while approximately 32% of the

combined existing plant and galvanizing facility workforce reside in Indiana or another state.

- d. Based on this commuting pattern data, would Mr. Kornstein agree that almost a third of the benefits from the residency of Nucor Steel Gallatin employees is outside of Kentucky?

13. Please refer to Exhibit BJK-2, page 8, the table showing vendor locations. The data in the table indicates that purchases from vendors located in Kentucky reflect 34.9% of total vendor purchases for the existing plant and 14.8% for the galvanizing facility. Confirm that, on a combined existing plant and galvanizing facility basis, purchases from vendors located in Kentucky reflect 33.9% of total vendor purchases.

14. Please refer to Exhibit BJK-2, pages 10 through 16. In the tables included in this part of Mr. Kornstein's report it is stated that between 85% and 97% of the identified indirect and induced impacts occur within the 16 county triangle. The owner-member cooperatives of EKPC distribute electricity to customers in 87 Kentucky counties, including all 16 counties in the I-64 – Ohio River – I-75 triangle.

- a. Do the 71 counties served by EKPC's owner-members outside of the triangle share equally the remaining 15% to 3% identified indirect and induced impacts from the Nucor Steel Gallatin operations? Please explain the response.
- b. Would Kentucky counties like Hart, Whitley, Johnson, and Greenup experience a share of the identified indirect and induced impacts from the Nucor Steel Gallatin operations? Please explain the response.

15. Please refer to Exhibit BJK-2. Please provide a copy of Mr. Kornstein's supporting workpapers or other documents used to justify Mr. Kornstein's analysis and conclusions.

Questions to Cathy Waddell

16. Please refer to the corrected Direct Testimony of Cathy Waddell (“Waddell Testimony”).

Given that it has been over a decade since EKPC’s last increase in base rates, would Nucor prefer that EKPC file more frequent base rate cases seeking smaller rate increases in the future?

17. Please refer to the Waddell Testimony, page 3. According to the Nucor Corporation website, there are five flat rolled sheet steel plants in the United States. These are Nucor Steel Indiana at Crawfordsville, Indiana; Nucor Steel Berkeley at Huger, South Carolina; Nucor Steel Arkansas at Blytheville, Arkansas; Nucor Steel Decatur at Trinity, Alabama; and Nucor Steel Gallatin at Ghent, Kentucky.

- a. Based on plant facility square footage, confirm that Nucor Steel Gallatin is the smallest of the five plants.
- b. After the completion of the \$650 million expansion, provide the total plant facility square footage.
- c. For each expansion plant component listed on lines 12 through 14, provide the estimated additional load in MWs.

18. For the flat rolled sheet steel plants in Crawfordsville, Indiana; Huger, South Carolina; Blytheville, Arkansas; and Trinity, Alabama, please provide the following information as of the billing month that applied to service rendered for the month of December 2019 and June 2020:

- a. The demand and energy rates for each of the plants. Include separately all demand and energy credits as well as economic development incentives received by each plant.

- b. The total net cost of electricity paid by each of the plants on a dollar per megawatthour (MWh) basis.
- c. Copies of any applicable tariffs or special contracts for each plant.

19. For Gallatin Steel Company, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by any local government.

20. For Republic Conduit Manufacturing, LLC, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by any local government.

21. For Gallatin Steel Fabricators, LLC, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by any local government.

22. For Nucor Steel Gallatin, LLC, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by any local government.

23. For Nucor Corporation, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by local government.

24. For any other subsidiary or affiliate of Nucor Corporation that consumes electricity within the Commonwealth of Kentucky, please identify:

- a. The amount, date and description of any incentive awarded to it by the Commonwealth of Kentucky or any political subdivision thereof; and
- b. The amount, date and description of any incentive awarded to it by any local government.

25. Please provide a copy of all 10-K and 10-Q filings tendered to the U. S. Securities and Exchange Commission by Nucor Corporation during 2018, 2019, and 2020.

26. Please refer to the Waddell Testimony, page 4. In summarizing the proposed EKPC revenue increases, Ms. Waddell states that “some customers are proposed to get no increase.”

- a. Provide the names of the customers Ms. Waddell is referencing in this statement.
- b. If one of the customers listed in the response to part (a) is the Tennessee Gas Pipeline Company (“TGP”), confirm that EKPC disclosed in its response to the Attorney General and Nucor’s Initial Request for Information, Request 10, that there is no provision in the special contracts with TGP providing that the pricing of service can be adjusted during a base rate case proceeding.

27. The Commission's decision in EKPC's previous base rate case proceeding was issued on January 14, 2011. Was Ms. Waddell aware that in the ten years since EKPC's last base rate case, the investor-owned electric companies in Kentucky have collectively filed 15 base rate cases, all seeking increases in revenues?