ATTORNEYS AT LAW

Ronald M. Sullivan Jesse T. Mountioy Frank Stainback James M. Miller Michael A. Fiorella Allen W. Holbrook R. Michael Sullivan Bryan R. Reynolds Tyson A. Kamuf Mark W. Starnes C. Ellsworth Mountjoy Mary L. Moorhouse

July 13, 2012

Via Federal Express

Jeff DeRouen Executive Director Public Service Commission 211 Sower Boulevard, P.O. Box 615 Frankfort, Kentucky 40602-0615 RECEIVED

JUL 1 6 2012 PUBLIC SERVICE COMMISSION

Re:

In the Matter of: Application of Big Rivers Electric Corporation for Approval of its 2012 Environmental Compliance Plan, for Approval of its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account, P.S.C. Case No. 2012-00063

Dear Mr. DeRouen:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of: (i) Big Rivers' updated response to Item 1 of the Public Service Commission Staff's First Request for Information; (ii) Big Rivers' updated responses to Item 43 and Item 44 of Kentucky Industrial Utility Customers, Inc.'s First Set of Data Request; (iii) Big Rivers' updated responses to Item 2-33c of Sierra's Club's Second Requests for Information; and (iv) Big Rivers' updated response to Item 26b of Kentucky Industrial Customers, Inc.'s Supplemental Set of Data Requests (attaching the confidential exhibit referred to in Big Rivers' petition for confidential treatment dated July 6, 2012. Copies of this letter and the updated responses have been served on each of the persons on the attached service list.

Sincerely yours,

from more

James M. Miller

JMM/ej Enclosures

cc:

Telephone (270) 926-4000 Telecopier (270) 683-6694

Mark A. Bailey Albert Yockey

100 St. Ann Building PO Box 727 Owensboro, Kentucky 42302-0727

Service List PSC Case No. 2012-00063

Jennifer B. Hans, Esq. Dennis G. Howard, II, Esq Lawrence W. Cook, Esq. Matt James, Esq. Assistant Attorneys General 1024 Capital Center Drive Suite 200 Frankfort, KY 40601-8204

Michael L. Kurtz, Esq. Kurt J. Boehm, Esq. Boehm, Kurtz and Lowry 36 East Seventh Street, Suite 1510 Cincinnati, OH 45202

David C. Brown, Esq. Stites & Harbison PLLC 1800 Providian Center 400 West Market Street Louisville, KY 40202

Joe Childers, Esq. Joe F. Childers & Associates 300 Lexington Building 201 West Short Street Lexington, Kentucky 40507

Kristin Henry Staff Attorney Sierra Club 85 Second Street San Francisco, CA 94105

Shannon Fisk 745 N. 24th St. Philadelphia, PA 19130 Christopher Leung Earthjustice 156 William Street Suite 800 New York, New York 10038

Walt Drabinski Vantage Energy Consulting, LLC 24160 Overseas Highway Cudjoe Key, Florida 33042

Chuck Buechel 10 Eagleview Lane Fort Thomas, KY 41075

Mike Boismenu 3 Lotus Bay Estate Drive Irving, NY 14081

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND **REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR** CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Robert W. Berry, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Robert W. Berry

COMMONWEALTH OF KENTUCKY) COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. Berry on this the /2 day of July, 2012.

Joy P. Wright Notary Public, Ky. State at Large

My Commission Expires_____

Notary Public, Kentucky State-At-Large My Commission Expires: July 3, 2014 ID 421951

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR **APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR** CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Mark A. Hite, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Jark A. Hite

COMMONWEALTH OF KENTUCKY) COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Mark A. Hite on this the lot^{th} day of July, 2012.

Paula mitchell

Notary Public, Ky. State at Large My Commission Expires 1-12-13

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Thomas L. Shaw, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Monias & Shaw

Thomas L. Shaw

COMMONWEALTH OF KENTUCKY) COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Thomas L. Shaw on this the lO^{th} day of July, 2012.

Paula Mitchell

Notary Public, Ky. State at Large My Commission Expires 1-12-13

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND **REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR** CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I. Patrick N. Augustine, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Patrick N. Augustine

COMMONWEALTH OF VIRGINIA) COUNTY OF FAIRFAX)

SUBSCRIBED AND SWORN TO before me by Patrick N. Augustine on this the 10 day of July, 2012.

Notary Public, Commonwealth of Virginia My Commission Expires <u>Me</u> 30, 2013 # 725/149

ORIGINAL



Your Touchstone Energy® Cooperative

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

FILED:

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APPLICATION OF BIG RIVERS ELECTRIC)CORPORATION FOR APPROVAL OF ITS)2012 ENVIRONMENTAL COMPLIANCE)PLAN, FOR APPROVAL OF ITS AMENDED)ENVIRONMENTAL COST RECOVERY)SURCHARGE TARIFF, FOR CERTIFICATES)OF PUBLIC CONVENIENCE AND)NECESSITY, AND FOR AUTHORITY TO)ESTABLISH A REGULATORY ACCOUNT)

Case No. 2012-00063

<u>Second Updated</u> Response to the Commission Staff's Initial Request for Information dated May 21, 2012

<u>First and Second Updated</u> Response to the Kentucky Industrial Utility Customers' Initial Request for Information dated May 21, 2012

<u>Supplemental</u> Response to the Kentucky Industrial Utility Customers' Second Request for Information dated June 22, 2012

<u>Supplemental</u> Response to the Sierra Club's Second Request for Information dated June 22, 2012

July 16, 2012 ORIGINAL

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Second Updated</u> Response to Commission Staff's Initial Request for Information Dated May 21, 2012

June 1, 2012 <u>First Update</u> June 15, 2012 <u>Second Update</u> July 16, 2012

1 Item 1) Refer to the Application, page 7, which states that Big Rivers

2 is requesting authority to establish a regulatory account. The Application

- 3 states, "[a]s explained further in Mr. Hite's testimony, Big Rivers has
- 4 incurred costs in developing this Application, and it will incur additional
- 5 costs to prosecute this case. These costs primarily stem from the retention
- 6 of experts in the legal, regulatory, and engineering professions." Provide
- 7 the actual costs incurred to date by type and vendor. Consider this an
- 8 ongoing request to be updated by the 15th of the month, to report the prior
- 9 month's expense, for each month up to and including the month of the
- 10 hearing in this case.
- 11

12 **Response)** Attached hereto is Big Rivers' July 15th update for the costs incurred

13 to-date in its Environmental Compliance Plan Application.

- 14
- 15 Witness) Mark A. Hit
- 16

Case No. 2012-00063 <u>Second Updated</u> Response to PSC 1-1 Witness: Mark A. Hite Page 1 of 1

Big Rivers Electric Corporation Case No. 2012-00063 Cost Incurred To-date for Environmental Compliance Plan Application <u>Second Update</u> to Big Rivers' Response to Item 1 of Commission Staff's Initial Request for Information dated May 21, 2012

Entity/Vendor		Amount	Invoice Number	Invoice Date	Purpose/Type
Total Per Response Dated June 1, 2012	\$	277,454.41			
Vantage Energy Consulting, LLC Aces Power Marketing LLC Sargent & Lundy LLC Total For The Remainder Of May 2012	\$ \$	12,080.00 6,855.23 25,870.50 44,805.73	20,120,501 12/5813-IN 10794377	6/1/2012 6/15/2012 6/11/2012	Commission Consultants Risk Management Services Engineering Consultants
Total To-Date	\$	322,260.14			

Note: Per Big Rivers' response to Item 1 of the Staff's Initial Request for Information, dated June 1, 2012, the estimated cost to develop and prosecute this Case is \$900,000. Big Rivers will seek to update this estimate throughout the proceeding.

Case No. 2012-00063 Attachment for <u>Second Updated</u> Response to Item PSC 1-1 Witness: Mark A. Hite Page 1 of 1

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Second Updated</u> Response to the Kentucky Industrial Utility Customers' Initial Request for Information Dated May 21, 2012

June 1, 2012 <u>First Updated</u> June 15, 2012 <u>Second Updated</u> July 16, 2012

1 Item 43) Please provide a copy of all minutes from the Company's

2 Board of Directors meetings since January 2010 through the most recent

3 month available. This is a continuing request and the response should be

- 4 supplemented as each additional month is available.
- 5

6 **Response)** Big Rivers objects to this request on the grounds that it is overly

7 broad and seeks information that is irrelevant to this proceeding. Without

8 waiving this objection, Big Rivers provides the relevant minutes from Big Rivers'

9 Board of Directors meeting of June 15, 2012.

10

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12 Witnesses) Robert W. Berry and Mark A. Hite

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Case No. 2012-00063 <u>Second Updated</u> Response to KIUC 1-43 Witnesses: Robert W. Berry and Mark A. Hite Page 1 of 1

BIG RIVERS ELECTRIC CORPORATION REGULAR BOARD OF DIRECTORS MEETING JUNE 15, 2012

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CDT, on Friday, June 15, 2012, at 201 Third Street, Henderson, Kentucky 42420.

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There being no unfinished business, the Chair called for new business. The Chair called for discussion of a proposed CFC engagement letter and term sheet. After an explanation by Mr. Hite, Director Elliott moved that the following resolution be approved:

WHEREAS, Big Rivers Electric Corporation (the "Corporation") is seeking construction financing for the capital portion of its 2012 environmental compliance plan; and

Case No. 2012-00063 Attachment for <u>Second Updated</u> Response to KIUC 1-43 Witness: Robert W. Berry Page 1 of 7 WHEREAS, representatives of the Corporation have had promising initial discussions with the National Rural Utilities Cooperative Finance Corporation ("CFC") regarding a revolving credit facility that may satisfy the interim financing needs for the capital portion of Big Rivers' 2012 environmental compliance plan; and

WHEREAS, the Corporation's management has determined it prudent to seek Board of Director authorization to negotiate the terms and documents necessary for obtaining from CFC a revolving credit agreement to finance the capital portion of Big Rivers' 2012 environmental compliance plan.

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The President and Chief Executive Officer, the Vice President Production, and the Vice President Accounting and Interim CFO of the Corporation;

RESOLVED, FURTHER, that the Authorized Representatives be, and each of them hereby is, authorized and directed to seek and negotiate the terms and documents necessary for obtaining from CFC a revolving credit agreement in an amount not to exceed \$300 million, for a term not to exceed five years, including such other terms and conditions as the Authorized Representatives believe are in the best interest of the Corporation (the "Credit Transaction"), with the final terms and documents being subject to approval by the Board of Directors of the Corporation;

RESOLVED, FURTHER, that the Authorized Representatives be, and each of them hereby is, authorized and directed to execute and deliver to CFC on behalf of the Corporation, at such time as the Authorized Representatives are satisfied with the terms for the Credit Transaction negotiated with CFC, an engagement letter reflecting the basic terms for the Credit Transaction that are acceptable to the Authorized Representatives in their judgment, for purposes of finalizing drafts of the definitive documents for the Credit Transaction that can be submitted to the Board of Directors of the Corporation for approval;

RESOLVED, FURTHER, that the Authorized Representatives be, and each of them hereby is, authorized and directed to execute and deliver to CFC on behalf of the Corporation, an agreement in a form acceptable to the Authorized Representatives and consistent with agreements customarily provided under these circumstances, by which the Authorized Representatives commit the Corporation to pay the reasonable counsel fees and expenses incurred by CFC in connection with the Credit Transaction; and

RESOLVED, FURTHER, that the Authorized Representatives of the Corporation be, and each of them hereby is authorized and directed for, and on behalf of the Corporation, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to accomplish the tasks contemplated in these resolutions, including, without limitation, initiating the processes to obtain all approvals or consents from the Corporation's other creditors, and the Kentucky Public Service Commission, and the carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved and ratified. The motion was seconded and unanimously adopted.

After an explanation by Mr. Hite, Travis Siewert and Eric Robeson, and discussion by the Board on the RUS loan application requirements for a FFB loan, Director Butler moved that the following resolution be approved:

WHEREAS, management has presented to the board of directors the 2012 - 2015 Generation Construction Work Plan, as amended by the 2012 Environmental Compliance Plan of Big Rivers Electric Corporation (the "Corporation"), and

WHEREAS, it has been determined on the basis of the 2012 Environmental Compliance portion of the 2012 – 2015 Generation Construction Work Plan that financing is needed for electric facilities as shown on Rural Utilities Service ("RUS") form 740C, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

Generation plant improvements and replacements as submitted in the 2012 Environmental Compliance portion of the Construction Work Plan for electric plant facilities - \$283,490,000.

NOW, THEREFORE, BE IT RESOLVED, that the 2012 – 2015 Generation Construction Work Plan of the Corporation, as amended and presented, is approved;

BE IT ALSO RESOLVED, that the Corporation is authorized, through its management,

to make application to the RUS pursuant to 7 CFR Part 1710 for a guaranteed Federal Financing Bank ("FFB") loan in the approximate amount of \$283,490,000 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities; and

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of thirty (30) years; and

BE IT ALSO RESOLVED, that the Board of Directors of the Corporation authorizes its officers to execute and attest on behalf of the Corporation all necessary papers, documents, and applications related to the foregoing; and

BE IT ALSO RESOLVED, that the President/Chief Executive Officer and Vice President/Chief Financial Officer are authorized on behalf of the Corporation (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices, and refinancing election notices, in the form of such instruments attached to the note payable to FFB , (b) to specify information and select options as provided in such instruments, and (c) to seek such regulatory and other approvals as may be required or desirable in connection with the proposed RUS guaranteed FFB loan; and

BE IT FURTHER RESOLVED, that the Corporation hereby authorizes the RUS to release appropriate information and data relating to the Corporation's application to the FFB. The motion was seconded and unanimously adopted.

Director Elder moved that the following resolution be approved:

WHEREAS, the fifteen (15) Year Long Range Financial Forecast for the period of 2012 through 2026 is an acceptable projection of the financial trend and conditions of Big Rivers Electric Corporation (the "Corporation") and shall be included in the Corporation's loan application to be submitted to the Rural Utilities Service (RUS); and

WHEREAS, the Board of Directors of the Corporation has reviewed the attached 15 Year Long Range Financial Forecast prepared by the Corporation's staff; and

WHEREAS, the 15 Year Long Range Financial Forecast is based on a Board approved Power Requirement Study and a Four (4) Year Construction Work Plan; and

WHEREAS, the 15 Year Long Range Financial Forecast is based upon Board approved policies, operating rules and plans and sets forth appropriate management goals, all of which are

acceptable to the Board of Directors as an overall plan of operations;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Corporation hereby approves and accepts the 15 Year Long Range Financial Forecast, as proposed, as a plan of operations; has reviewed the projected rates which are included in the 15 Year Long Range Financial Forecast; and is committed to take whatever action may be necessary to implement such rate changes as may be required, on a timely basis to achieve the goals outlined therein, including submission of the 15 Year Long Range Financial Forecast to the RUS for approval.

The motion was seconded and unanimously adopted.

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Case No. 2012-00063 Attachment for <u>Second Updated</u> Response to KIUC 1-43 Witness: Robert W. Berry Page 5 of 7

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Mr. Bailey advised that the Coordinating Committee met on May 23. The next meeting is scheduled for August 8. Management also met with RTA corporate representatives on May 30.

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Case No. 2012-00063 Attachment for <u>Second Updated</u> Response to KIUC 1-43 Witness: Robert W. Berry Page 6 of 7 adjourned by an an an a second

Secretary-Treasurer

APPROVED:

Chair

Case No. 2012-00063 Attachment for <u>Second Updated</u> Response to KIUC 1-43 Witness: Robert W. Berry Page 7 of 7

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>First Updated</u> Response to the Kentucky Industrial Utility Customers' Initial Request for Information Dated May 21, 2012

June 1, 2012 <u>First Updated</u> July 16, 2012

1 Item 44) Please provide the current balance (as of April 2012 or May

2 2012, if available) in the Economic Reserve Fund and the Rural Economic

3 Reserve ("RER") fund. This should be considered a continuing request

4 and updates should be provided monthly as actual information for each

- 5 succeeding month is available.
- 6

7 **Response)** The month-end balances in the Economic Reserve fund account and

8 in the Rural Economic Reserve (RER) fund account are shown in the table below.

9

	Rivers Electric Corpo count Balances as of L	8
	Economic Reserve Fund	Rural Economic Reserve Fund
April 30, 2012	\$ 93,878,033.55	\$ 63,887,762.11
May 31, 2012	\$ 92,253,460.12	\$ 63,984,670.78
June 30, 2012	\$ 90,341,556.06	64,081,579.43

10

11

12 Witness) Mark A. Hite

13

Case No. 2012-00063 <u>First Updated</u> Response to KIUC 1-44 Witness: Mark A. Hite Page 1 of 1

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Supplemental</u> Response to the Kentucky Industrial Utility Customers' Second Request for Information Dated June 22. 2012

July 6, 2012 <u>Supplemental</u> Response July 16, 2012

1 Item 26) Regarding data found in the file - PACE_Big Rivers Data

2 Request Inputs_120524.xlsx

3

.)		
4	a.	Is it correct, that this is one of just two files that PACE
5		developed and was produced based on a KIUC request (the
6		other being PACE_Big Rivers Data Request
7		Outputs_120524.xlsx)?
8	<i>b</i> .	The file contains natural gas prices, coal prices, load
9		forecast, CO2 costs, and Capital Cost Recovery Target
10		Inputs for New Regional Expansion units. For all of these
11		categories of data, PACE supplied 200 sets of data (200
12		iterations). Please provide a detailed explanation of the
13		process, methodology, and assumptions used by PACE in
14		creating the 200 iterations worth of data for each of these
15		categories of data. Be sure to explain what was done to
16		create this large number of iterations.
17	с.	How has the 200 iterations of data factored into any
18		analyses that were discussed in any of Big Rivers'
19		witnesses testimony?

Case No. 2012-00063 <u>Supplemental</u> Response to KIUC 2-26 Witnesses: Patrick N. Augustine (a., b., d., and e.) and Robert W. Berry (c.) Page 1 of 4

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Supplemental</u> Response to the Kentucky Industrial Utility Customers' Second Request for Information Dated June 22. 2012

July 6, 2012 <u>Supplemental</u> Response July 16, 2012

1		d.	Please provide the revenue requirements model that led to
2			the calculation of the Capital Cost Recovery Target Inputs
3			for New Regional Expansion for each resource CC, CT and
4			Wind.
5		е.	Why did PACE supply coal prices for only the Illinois
6			Basin region, when its market price analysis clearly must
7			have included a forecast of coal prices in other regions?
8			
9	Response)		
10		a.	Yes.
11		b.	<u>Please see the attachment entitled Pace Global Processes Methods</u>
12			and Assumptions which is submitted with a Petition for
13			<u>Confidential Treatment</u> .
14		c.	Pace used the 200 iterations to calibrate its hourly reference
15			case prices. The Pace reference case was used as input to some
16			of the production cost models run by ACES and financial model
17			runs performed by Big Rivers.
18		d.	Pace first develops capital cost inputs on a dollar per kW basis
19			by technology based on its review of actual project developments
20			and data in the public domain, including expert input from its

Case No. 2012-00063 <u>Supplemental</u> Response to KIUC 2-26 Witnesses: Patrick N. Augustine (a., b., d., and e.) and Robert W. Berry (c.) Page 2 of 4

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Supplemental</u> Response to the Kentucky Industrial Utility Customers' Second Request for Information Dated June 22. 2012

July 6, 2012 <u>Supplemental</u> Response July 16, 2012

1		engineering staff. These estimates are developed into
2		uncertainty bands as discussed in sub-part b. above. Pace then
3		deploys a proprietary financial pro forma model to convert these
4		capital costs to the cost recovery target inputs provided. This
5		model assumes a 20-year recovery time period, a 50:50 debt to
6		equity ratio, with a 15 percent required return on equity and an
7		8.25 percent interest rate on debt over the long term. Wind
8		technology costs are evaluated in the context of appropriate tax
9		depreciation schedule benefits and other incentives like the
10		federal production tax credit.
11	e.	Pace provided detailed Illinois Basin coal price inputs as this
12		coal price is most relevant to the region of interest. Pace's
13		supplemental data request file includes basin level input
14		distributions for Central Appalachian ("CAPP"), Northern
15		Appalachian ("NAPP"), and Powder River Basin ("PRB") coals,
16		which are also used in the wider market dispatch analysis.
17		Please see the attachment entitled Coal Price Projections which
18		is being submitted with a Petition for Confidential Treatment
19		
20		

Case No. 2012-00063 <u>Supplemental</u> Response to KIUC 2-26 Witnesses: Patrick N. Augustine (a., b., d., and e.) and Robert W. Berry (c.) Page 3 of 4

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Supplemental</u> Response to the Kentucky Industrial Utility Customers' Second Request for Information Dated June 22. 2012

July 6, 2012 <u>Supplemental</u> Response July 16, 2012

- 1 Witnesses) Patrick N. Augustine (a., b., d., and e.) and
- 2 Robert W. Berry (c.)
- 3

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

<u>Supplemental</u> Response to the Sierra Club's Second Request for Information Dated June 22, 2012

July 6, 2012 <u>Supplemental</u> Response July 16, 2012

1	Item 33)	Refer to your responses to SC 1-36 and KIUC 1-7. For each of
2	SO2, HCl,	and mercury:
3		
4		a. State whether the results from each stack test are
5		reflective of the average 30-day emissions of each
6		pollutant from each coal unit.
7		i. If so, explain how they are reflective.
8		ii. If not, explain why not.
9		b. State whether the results from each stack test are
10		reflective of the average annual emissions of each
11		pollutant from each coal unit.
12		i. If so, explain how they are reflective.
13		ii. If not, explain why not.
14		c. Produce the results of any other stack test for any of the
15		those pollutants that has been carried out at any of the
16		Big Rivers coal units since 2005.
17		d. State whether information regarding the emissions of any
18		of those pollutants has been provided to U.S. EPA in
19		response to any Information Collection Request.
20		i. If so, produce all such information.
21		

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APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

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1				
2	Response)			
3		a.	The results are expected to be representative of a 30-day	
4			average.	
5			i. The coal utilized during the testing was of the same general	
6			quality that has been used in the past and is expected to be	
7			utilized in the future. Additionally, the units were operated	
8			as they have been in the past and as they are expected to be	
9			operated in the future.	
10			ii. Not applicable.	
11		b.	The results are expected to be representative of the average	
12			annual emissions of SO ₂ , HCl, and mercury given the fact that	
13			the fuel used during the test was similar in quality to the fuel	
14			used in the past and the same quality that is expected to be used	
15			in the future.	
16			i. See the response to part b, above.	
17			ii. See the response to part b, above.	
18		c.	There are no additional stack tests for SO_2 or HCl. <u>A document</u>	
19			reflecting additional mercury testing is attached.	
20		d.	Big Rivers provided test results for HCl for Green Unit 2 and	
21			HMP&L Units 1 and 2 to EPA.	

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APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT CASE NO. 2012-00063

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2 3 Witness) Thomas L. Shaw	1		i. The test results are attached.
3 Witness) Thomas L. Shaw	2		
	3	Witness)	Thomas L. Shaw
4	4		

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Big Rivers Electric Corporation Case No. 2012-00063 Big Rivers Mercury Emission Rate

		Henderson One	Henderson Two	Green One	Green Two	Wilson	Coleman FGD Common - Units 1, 2 and 3	Reid
		0/04/2000	ilek eri pilen ilen		9/20/2006	9/19/2006	9/25/2006	11/16/2006
Date:		9/21/2006			3.77	1.05	2.11	6.70
Rate:	lbs/TrillionBTU	0.66				and a second second		
Date: Rate:	lbs/TrillionBTU	9/25/2007	9/25/2007					
		0.60	0.70					
Date:	lbs/TrillionBTU		T		5/19/2010			
					2.39			
Date: Rate:	lbs/TrillionBTU	1/19/2011 0.87		2/28/2011 4.51		4/21/2011 1.00 (100%coal)	2/15/2011 2.12	3/30/2011 4.92
Date: Rate:	lbs/TrillionBTU	0/0/2011	8/4/2011	7/27/2011	7/29/2011	7/15/2011	7/13/2011	
			0.69	2.93	2.57	1.89	3.52	
		0.81	0.09			(petcoke blen	d)	
Date: Rate:	lbs/TrillionBTU					7/19/2011		
		·				1.85		
		(100%coal)						
						9/29/2011		
Date: Rate:	lbs/TrillionBTL	, <u> </u>				1.18		
						(reduced loa	d)	

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