Archived: Thursday, May 31, 2012 3:59:42 PM
From: Lindsay Barron
Sent: Tuesday, April 24, 2012 4:48:56 PM
To: Mark Bailey; Bob Berry
Cc: Eric M. Robeson; Mark Hite; Albert Yockey; David Crockett
Subject: FW: Rate Adder Calcs.xlsx
Response requested: No
Importance: Normal

Mark,

I have addressed your questions below as requested. As you will note, I will work on delivering items c & f.

If you have any additional questions please let me or Bob know. Thanks!

LindsayJ

From: Mark Bailey
Sent: Tuesday, April 24, 2012 2:40 PM
To: Lindsay Barron; Bob Berry
Cc: Eric M. Robeson; Mark Hite; Albert Yockey
Subject: RE: Rate Adder Calcs.xlsx

All-

After studying this I have the following questions/observations. I would appreciate a response(s) indicating:

1)   we have looked at the option being questioned and it is the same as option already studied;

2) some one is working;

3) someone will begin working on;

4) etc.

Questions:

a) Has someone asked Transmission to study what the system conditions will look like if Coleman is shutdown and Century remains in operation? David Crockett has indicated that without any generators to supply the reactive power needed by the smelter, voltage problems will be unacceptable/unusable.

b) Since case numbers 5 & 8 appear to have identical outcomes which seems highly coincidental, has anyone double checked to validate these results? These scenarios are correct. The MRSM offsets the environmental surcharge, which is where the cost of environmental compliance flows through to the customer. These two results have a near identical result until the MRSM expires…which is shown in the Industrial Rates looking at 2016.

c) Have any calculations been performed to show what the rates will be (actual cents per kwh and % increase) for the various options after all MRSM adjustment funds have been exhausted? If so, what are they? We'll work on this…I have the numbers but need to compile.

d) Why are rates higher for Case 3 than 8? In other words, if the units are in the money and we leave them in under the PACE pricing, why would we do that since Case 8 results in lower rates and % increases. In comparing cases 3 and 8, it shows that combinations of scenarios are likely. Scenario 3 was ran prior to the identification of shutting down plants to mitigate member rate increases. The combination of these two scenarios would result in a better option….shutdown the units in 2014, then reopen them when market prices are stronger in 2016. The market price is below the breakeven point in 2014, then is higher in 2016.

e) On the bar graphs showing Industrial process, could we please add horizontal line for both the 2014 and 2016 graphs showing existing Industrial rates? Please see attached file

f) Can we show bar graphs with our projected Rural rates under the various scenarios compared to existing EKPC rates, existing TVA rates, as well as LG&E, KU, and KyP rates after they have installed their proposed environmental equipment? We'll work on this

g) Do the base rate numbers shown in the tables for 2012, 2014, and 2016 include or exclude MRSM? Include the credits from MRSM (thus would be higher

without)

h) Why do the Rural base rates shown for 12/2011 on the graphs differ from the Rural base rates shown for 2014 and 2016? Rural rates shown as of 12/2011 were pulled directly from a PSC filing in the rate case which showed Big Rivers residential rate including and excluding credits (total rate, not base rate). The 2012, 2014, and 2016 rates shown were pulled from the BASE CASE financial model, thus they are projected numbers, not actuals (again total rate, not base rate).

Thanks, Mark

From: Lindsay Barron
Sent: Tuesday, April 24, 2012 11:03 AM
To: Mark Bailey; Bob Berry
Cc: Eric M. Robeson; Mark Hite; Albert Yockey
Subject: Rate Adder Calcs.xlsx

Attached is the worksheet from earlier with the charts included. Please let me know if you have any additional requests.

Thanks!

LindsayJ