

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF BIG RIVERS ELECTRIC)	2023-00013
CORPORATION FROM NOVEMBER 1, 2020)	
THROUGH OCTOBER 31, 2022)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation (BREC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on October 20, 2023. The Commission directs BREC to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

BREC shall make timely amendment to any prior response if BREC obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which BREC fails or refuses to furnish all or part of the requested information, BREC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, BREC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Terry Wright Jr. (Wright Direct Testimony), page 4, lines 5–7. Explain whether the statement refers to BREC's Midcontinent Independent System Operator (MISO) Zone 6 locational marginal prices (LMPs) or MISO power prices generally. If the statement represents MISO generally, explain BREC's outlook for Zone 6 energy and capacity prices.

2. Refer to Wright Direct Testimony, page 4, lines 8–11.

- a. Explain whether the degree to which importing power from PJM affects BREC's Zone 6 LMPs rather than MISO generally.
 - b. Explain whether MISO importing PJM power represents economic purchases or represents needed energy due to capacity shortages.
 - c. Explain whether the majority of MISO's purchased power comes from PJM and whether other sources of power are not available to offset any negative impacts from PJM imports.
3. Refer to Wright Direct Testimony, page 4, lines 13–16.
 - a. Provide a monthly breakdown of the summer, fall, winter, and spring capacity categories.
 - b. Confirm that near term low capacity prices indicates that there is a surplus of capacity in Zone 6.
 - c. Provide BREC's outlook for future Zone 6 capacity prices.
4. Refer to the Wright Direct Testimony, page 4, lines 20–22 and page 5, lines 1–6. Explain how these potential changes will affect MISO participants in Zone 6 and BREC specifically.
5. Refer to Wright Direct Testimony, page 5, lines 1–6
 - a. Provide a seasonal breakdown of BREC's generation versus purchases and the net purchase position for calendar years 2020-2022 and forecast years 2024-2025.
 - b. Explain whether there were periods during the period under review where Wilson and Green units were not consuming fuel (shut down) due to economics as opposed to outages. If so, explain when this occurred.

- c. Provide a copy of the referenced MISO presentations.
6. Refer to Wright Direct Testimony, page 5, lines 9–10. Provide an update on the status of the Unbridled Solar project, when BREC is expected to begin receiving energy from Unbridled Solar, and whether BREC has any reason to expect that the project will not be built.
7. Refer to Wright Direct Testimony, page 5, lines 13–17. Given the expected changes to MISO capacity modeling changes, provide a breakdown of the current hourly risk seasonally (Tier) and the expected / forecast hourly risk seasonally.
8. Refer to Wright Direct Testimony, page 6, lines 14–18. Explain whether BREC is referring to financially hedging fuel prices or energy prices. If energy prices, explain whether BREC has engaged in the financial hedging of energy prices over the review period.
9. Refer to Wright Direct Testimony, page 7, lines 11–13. If BREC didn't purchase either replacement capacity or energy, explain what was purchased from the market.
10. Refer to Wright Direct Testimony, page 8 lines 19–20 and page 9, lines 1–11.
 - a. Explain whether offering a unit into MISO as “must run” means that the unit will at least run at its economic minimum and will still be dispatched economically up to its maximum load.
 - b. Explain whether the Green units are offered in to MISO as “must run.”
 - c. Explain what other market participants in Zone 6 offer generation into the market.

11. Refer to the Direct Testimony of Vickie L. Payne (Payne Direct Testimony), page 2, line 2. Confirm that the case reference should be Case No. 2022-00041 and not Case No. 2021-00041.

12. Refer to Payne Direct Testimony, page 4, lines 6–7, in regard to the statement, “Big Rivers’ fuel procurement costs are competitive as compared to the fuel benchmarking performed amongst Kentucky utilities”. Explain in detail what BREC means by “fuel benchmarking.”

13. Refer to Payne Direct Testimony, page 4, lines 15–16, in regard to the statement “Big Rivers purchases gas on the spot market when any of its’ units are called upon.”

a. Explain if BREC has considered utilizing storage as a physical hedge for its natural gas procurement strategy.

b. Explain if BREC’s considers its practice of procuring natural gas on the spot market only when any of its units are called upon a sound strategy to mitigate price volatility for its customers.

14. Refer to Payne Direct Testimony, page 4, lines 17–19. Explain if BREC has the capability to perform the necessary spot market gas procurement for its units without using a third party such as ACES.

15. Refer to Payne Direct Testimony, page 5, lines 6–7.

a. Explain whether BREC maintains a firm gas transportation contract with Texas Gas Transmission, LLC. If not, explain the nature of the transportation contract and whether in times of peak demand BREC is guaranteed to be able to transport gas to the Green and Reid units.

b. Explain whether ACES arranges transportation of purchased gas to BREC.

16. Refer to Payne Direct Testimony, page 5, lines 16–22. Explain whether BREC’s barge shipments of coal have been delayed by low river levels.

17. Refer to Payne Direct Testimony, page 7, lines 19–22 through page 9, lines 1–13. Also refer to Wright Direct Testimony, page 4, lines 1–7 and BREC’s response to Commission Staff’s First Request for Information (Staff’s First Request), Item 23. The discussions in testimony appear to indicate that fuel prices are expected to be higher over the next two years. Reconcile the expectation of higher future fuel prices with BREC proposing to leave its base fuel cost at the present rate of \$0.020932 per kWh.

18. Refer to BREC’s response to Staff’s First Request, Item 2. Explain whether the listed coal prices are inclusive of transportation costs, i.e. the delivered cost.

19. Refer to BREC’s response to Staff’s First Request, Item 3.

a. If the target number of days for coal inventory is based on projected annual fuel burn, explain why Duration (In Days) equals 126 days.

b. If the target number of days for coal inventory is based on projected annual fuel burn, explain why BREC is using actual burn for the preceding six-month period as opposed to an annual amount or Wilson’s full burn rate per day. Include in the response Wilson’s daily full burn rate.

c. Explain why BREC appears to be maintaining a coal supply that is almost three times its maximum target level as opposed to the stated 10 days.

20. Refer to BREC’s response to Staff’s First Request, Item 12.

a. Explain whether any of the purchases (including hedges) or sales associated with the Kentucky Municipal Energy Agency, Owensboro Municipal Utilities or the three public power entities in Nebraska pass through the Fuel Adjustment Clause (FAC).

b. Explain the time associated with Peak and Off-Peak Block purchases.

21. Refer to BREC's response to Staff's First Request, Item 22. On a \$/MMBTu basis, provide the cost of delivery. If truck delivery is more expensive, explain why BREC does not increase the percentage of its coal delivered by barge to minimize overall cost.

22. Refer to BREC's response to Staff's First Request, Items 24–26. Regardless of whether BREC considers the questions as not applicable to the review period, provide the requested information.

23. Refer to BREC's response to Staff's First Request, Item 29. Since BREC has contractual obligations, provide an update to the response showing the incremental addition of BREC's non-member contract customers.

24. Refer to BREC's response to Staff's First Request, Item 32. Confirm that the figures for natural gas both in dollars and MCF are correct.

25. State whether any MISO costs were included in BREC's monthly FAC filings during the period under review. If yes, provide the amount of the costs by month and by type of cost.

26. In an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible, for the period under review and when the units are available to run.

a. Provide the bid status (i.e. economic dispatch, must-run, etc.), by day, of BREC's generating units into MISO's day ahead market. Explain the reason for each bid status.

b. Provide the price per MWH, by day, of BREC's generating units bid into MISO's day ahead market and the corresponding LMP indicating whether or not the unit cleared the market.

c. In a separate spreadsheet Tab, provide a graphical representation of the information in part b. above.

27. For the two-year period under review, provide each instance an error or misreport was made by BREC on its FAC form A rate sheet filing. For each instance provide:

a. An explanation on the error that occurred and why the error was made.

b. BREC's actions taken to correct for the error and to ensure future similar errors do not occur.

c. Revised FAC form A rate sheets showing the actual fuel related expenses and sales as correctly calculated pursuant to 807 KAR 5:056.

28. For each month of the review period, provide the total amount of fuel related cost that occurred during a forced outage that was disallowed pursuant to 807 KAR 5:056, or that BREC was unable to collect via any other means.



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DATED OCT 05 2023

cc: Parties of Record

Case No. 2023-00013

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