

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS)	
ELECTRIC CORPORATION FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY)	CASE NO.
AUTHORIZING THE CONVERSION OF THE)	2021-00079
GREEN STATION UNITS TO NATURAL GAS-)	
FIREFIED UNITS AND AN ORDER APPROVING THE)	
ESTABLISHMENT OF A REGULATORY ASSET)	

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

Big Rivers Electric Corporation (BREC), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on March 26, 2021. The Commission directs BREC to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 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 when made or, though correct when made, is now incorrect 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 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 Michael T. Pullen (Pullen Direct Testimony), page 8, line 5, through page 9, line 2.

a. Identify the specific regulation(s) and language that establish the deadline of June 1, 2022, by which the Green Station ash pond must cease receiving Coal Combustion Residuals (CCR) material.

b. Identify the specific regulation(s) and language that establish the deadline of October 31, 2023, by which the Green Station ash pond closure must be completed.

c. If the deadlines in the relevant regulations are contingent upon the occurrence or nonoccurrence of some event, such as the requirement in 40 C.F.R. § 257.103(a)(3) that closure be completed within five years of an initial certification, identify the event that BREC contends triggered the deadline, and when it occurred.

2. Refer to Pullen Direct Testimony, page 11, lines 5–12.

a. Describe in specific detail BREC's efforts to find partners for a 592 MW natural gas combined cycle (NGCC) unit and explain what lead BREC to first conclude that a NGCC could be commercial by 2024.

b. Explain in specific detail the basis for BREC's conclusion "that finding partners and constructing the NGCC unit will take several years."

3. Refer to Pullen Direct Testimony at page 12, line 5, through page 13, line 6.

a. State whether and how BREC included the Owensboro Municipal Utilities (OMU) and Kentucky Municipal Energy Agency (KyMEA) load in the modeling for its 2020 Integrated Resources Plan (IRP) analysis in which BREC determined that the proposed conversion project was uneconomical.

b. State whether BREC now contends that the proposed conversion project is:

(1) Economic in the short term (over the seven-year period from 2023 to 2029) if the OMU and KyMEA load is excluded from modeling;

(2) Economic in the long term (the period assessed by the IRP) if the OMU and KyMEA load is excluded from modeling;

(3) Economic in the short term if the OMU and KyMEA load is included in the modeling, through the end of the current contracts; and

(4) Economic in the long term if the OMU and KyMEA load is included in the modeling, through the end of the current contracts.

c. Explain each basis for each of BREC's responses to subpart b of this request.

4. Refer to Pullen Direct Testimony, page 16, lines 2–4. Also refer to the Direct Testimony of Paul G. Smith (Smith Direct Testimony), page 12, lines 5–8. Explain the benefit derived from continued dynamic voltage support in the Sebree area transmission system if the Green Station conversion project is approved and what upgrades would be required to address reliability issues in the Sebree area if Green Station was idled without additional generation added to the Sebree complex.

5. Refer to Pullen Direct Testimony, page 19, lines 3–7. State whether the bids for construction will include decommissioning costs.

6. Refer to the Direct Testimony of Michael Eacret (Eacret Direct Testimony), page 9, lines 2–15.

a. Provide a copy of any request for proposal or any similar request for a bid for capacity sent to market participants, and identify the date on which such requests were first sent.

b. Provide a list of the market participants who made offers;

c. Identify the price offered by each participant, the capacity offered by the market participant, the term length of each offer, and the MISO zone of each market participant that made an offer; and

d. Identify and explain each credit or other counterparty risk, if any, on which BREC relied on to determine that a specific offer should not be accepted.

7. Refer to Smith Direct Testimony, page 9, lines 2–15.

a. Confirm that the proposed useful life for the converted Green units is not based on the period during which the units could remain operational if there was a need for the capacity.

b. Assuming the generation capacity of the converted Green units is needed indefinitely, provide the expected useful life of the converted Green units.

8. Refer to the Smith Testimony, Exhibit Smith-2. For each category, explain the difference in assets to be retired and assets remaining in-service.

9. Refer to BREC's Application in Case No. 2020-00183,² paragraphs 11–12 in which it argued that the solar purchase power agreements (PPAs) would reduce the credit risk associated with its heavy reliance on coal generation by reducing the coal generation in its portfolio from 78 percent to 63 percent, including 454 MW of coal generation at the Green station. Also refer to the Direct Testimony of Mark Eacret in Case No. 2020-00183³ at page 14, line 8, through page 15, line 14, in which BREC's forecasted capacity position is discussed based on the assumption that there would be "no retirement of either Wilson or the Green units." Finally, refer to BREC's response to Commission

² Case No. 2020-00183, *Electronic Application of Big Rivers Electric Corporation for Approval of Solar Power Contracts* (filed June 24, 2020), Application.

³ *Id.*

Staff's First Request for Information in Case No. 2020-00183,⁴ Item 16, in which BREC indicated that Green Units 1-2 had an expected remaining useful life to 2041. Explain why BREC would evaluate and support the solar PPAs based on the assumption that the Green station coal generation units would not be retired when it was aware of the CCR rules that it contends require the Green coal generation units to be retired by June 2022.

10. Provide the Zonal Resource Credits (ZRCs), separately for each facility, BREC will receive from MISO for the D.B. Wilson Plant (Wilson Station), the natural gas fired turbine at Reid Station (Reid CT), BREC's stake in hydroelectric capacity from the Southeastern Power Administration (SEPA), and each of the three solar PPAs in each year from 2022/2023 through 2037/2038 using MISO's current Business Practice Manual, and separately under any proposed changes and projected changes to the manner in which MISO calculates ZRCs, if any, and explain any proposed changes and projected changes to the calculation of ZRCs.

11. State whether BREC has projected the likely effect of MISO's planned solar capacity credit study on the capacity credit it receives from MISO for the solar PPAs, regardless of whether BREC projected the effect to a specific value, and if so, explain and provide those projections.

12. Provide the ZRCs BREC will receive from MISO for its portion of the NGCC it intends to propose when it is placed in service using MISO's current Business Practice Manual, and separately under any proposed changes and projected changes to the manner in which MISO calculates ZRCs, if any, and explain any proposed changes and projected changes to the calculation of ZRCs.

⁴ Case No. 2020-00183, *Electronic Application of Big Rivers Electric Corporation for Approval of Solar Power Contracts* (filed Aug. 14, 2020), Response to Commission Staff's First Request for Information.

13. Provide BREC's projected Planning Reserve Margin Requirement (PRMR), as that term is defined by MISO, for MISO Zone 6 for each year from 2022/2023 through 2037/2038.

14. Confirm that BREC will have insufficient ZRCs to meet its PRMR for MISO Zone 6 if the converted Green units are taken out of service at the end of BREC's proposed useful life of seven years even if with Wilson Station, Reid CT, BREC's stake in the hydroelectric capacity from SEPA, the solar PPAs, and BREC's share in the NGCC it intends to propose. If BREC is not able to confirm, explain each basis why BREC is not able to confirm.

15. Provide an update based on the most recent available information regarding when BREC expects the solar generation facilities that are the subject of the solar PPAs to be placed in service.

16. State whether BREC investigated the possibility of meeting its capacity requirement by continuing to operate Green Station's coal generation units through the period it intends to operate the converted units and transporting the CCRs to an offsite facility that complies with the CCR regulations, and explain why BREC did not pursue that option.

17. State whether BREC investigated the possibility of meeting its capacity requirement by continuing to operate some or all of the coal-fired generating units at Reid Station or Coleman Station through the period it intends to operate the converted units and constructing a landfill that complies with the CCR regulations at those sites or

transporting the CCRs to an offsite facility that complies with the CCR regulations, and explain why BREC did not to pursue such an option. Provide the remaining useful life of each of BREC's generating facilities based on the most recent information available to BREC.

18. State whether BREC has had any discussions with OMU or KyMEA regarding whether they intend to renew their contracts upon expiration or otherwise have an interest in continuing to obtain generation from BREC, and describe the current state of such discussions.

19. Refer to the Smith Direct Testimony, page 11, lines 3–7. Provide any documentation that was utilized in the preparation of this case that supports the statement that “Big Rivers anticipates such other costs will be minimal as a result of Big Rivers’ plans to mitigate the actual costs by offsetting those costs with amounts earned through sales and the marketable assets or the scrap value of assets that cannot be sold for reuse.”



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DATED MAR 17 2021

cc: Parties of Record

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