

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 AUTHORIZING |) | CASE NO. |
| CONSTRUCTION OF A NEW |) | 2021-00314 |
| HEADQUARTERS FACILITY AND AN ORDER |) | |
| AUTHORIZING BIG RIVERS TO SELL ITS |) | |
| EXISTING HEADQUARTERS FACILITY |) | |

COMMISSION STAFF'S SECOND 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 November 11, 2021. 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 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 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 BREC's response to Commission Staff's First Request for Information (Staff's First Request), Item 2, indicating that moving to Owensboro avoids Henderson's higher property tax rate. Provide the property tax rates in Owensboro and Henderson.

2. Refer to BREC's response to Staff's First Request, Item 7.
 - a. Explain how BREC estimated the cost of the Transmission Operations Center (TOC) it intends to propose, provide any documents that support its estimate, and explain when it expects to have a final design and estimate for the TOC.

b. Explain each basis for BREC's contention that "eliminating a floor on the new proposed headquarters is cost neutral when compared to the cost of shifting personnel to the [Energy Transmission and Substation (ET&S)] facility because [BREC] plans to construct the same office space, control center, and data center at the ET&S facility that would have been constructed on the additional floor at the new headquarters."

c. Provide the amount the estimated price of the new proposed headquarters was reduced by the elimination of a floor to shift personnel to the ET&S facility.

d. Identify generally the locations currently being considered for the TOC, and provide their distance from the nearest substation to which the TOC must be linked.

e. Explain how BREC's current ET&S facility and headquarters are linked to BREC's fiber network.

f. State whether it is necessary for BREC to have a fiber connection from its ET&S facility to its substations even if the control center is not located at the ET&S facility, and if so, explain why.

3. Refer to the Memorandum of Agreement, filed with the Application as Exhibit Berry-4, Section 1(3), stating that Owensboro will pay \$3 million to BREC to facilitate alternative parking for employees of Texas Gas Transmission, LLC (Texas Gas), who are currently parking on the property to be conveyed to BREC for its new headquarters. Refer also to BREC's response to Staff's First Request, Item 9.

a. State whether the \$3 million referenced in Section 1(3) of the Memorandum of Agreement is for River JAM to utilize 55 spaces on the property through

January 22, 2022, at the latest as indicated in response to Staff's First Request, Item 9, or whether BREC has some other obligation to facilitate parking for River JAM or Texas Gas employees, and explain each basis for BREC's position regarding such obligations, including references to any specific language in any document memorializing the agreement between BREC and Henderson.

b. If BREC has some obligation to facilitate parking for River JAM or Texas Gas employees other than those mentioned in response to Staff's First Request, Item 9, describe those obligations in detail, including references to any specific language in any document memorializing the agreement between BREC and Henderson, and explain how BREC intends to fulfill those obligations.

c. Provide any memorandum of agreement, agreement, contract, or other document setting forth terms and conditions between BREC and Owensboro regarding or related in any way to the construction of BREC's headquarters in Owensboro.

4. Refer to the Memorandum of Agreement, filed with the Application as Exhibit Berry-4, at Section 1(1) and (2).

a. Explain how the rebate of the sale price will be accomplished, when it will be paid, and whether it will have any effect on the 50 percent General Fund Occupational fee rebate, e.g., if the sale price rebate is a rebate of the occupational fee will there be a limit on the total annual rebate.

b. Provide the current rate for the General Fund Occupational fee in Owensboro.

c. Explain what steps BREC must complete to activate the ten-year incentive period as indicated in Section 1(2).

5. Refer to BREC's response to Staff's First Request, Item 12 and Item 13, indicating that BREC anticipates having 64 employees at the proposed headquarters and 63 employees at the new TOC. Explain whether BREC anticipates both facilities being roughly the same size, and generally describe the size and type of facility BREC contends it will need for the new TOC.

6. Refer to the Direct Testimony of Paul G. Smith (Smith Testimony), page 12.

a. Explain why the annual depreciation expense on the new headquarters is lower than the depreciation expense for the existing headquarters.

b. Provide an Excel spreadsheet, with formulas, rows, and columns unprotected and fully accessible, showing the calculation of the annual depreciation expense in the Smith Testimony for the new headquarters and the existing headquarters.

c. Explain whether, and if so how, the projected capital costs in Exhibit Toerne-1 are included in the projected depreciation expense for the existing headquarters on page 12 of the Smith Testimony.

d. Explain the basis for the projected difference in buildings & grounds costs for the proposed headquarters and the existing headquarters.

7. Refer to Smith Testimony, page 15, in which he indicates that the additional economic benefit of the potential NMTC Program financing enhances net margins and cash flow by approximately \$2.5 million.

a. Explain whether the \$2.5 million increase in the net margin would be in the ten-year period assessed in Exhibit Smith-2 or over the life of the new headquarters.

b. Explain how BREC estimated the \$2.5 million increase in the net margin.

8. State whether BREC contends that a new ET&S facility would be necessary even if BREC did not intend to relocate personnel from its existing headquarters to that facility, and if so:

a. Provide each basis for BREC's contention that a new ET&S facility would be necessary even if BREC did not intend to relocate personnel from its existing headquarters to that facility; and

b. Explain how BREC intended to keep the existing ET&S facility in Henderson despite planning to move forward with the new headquarters.

9. Provide any estimates of the cost to build a new ET&S facility or remodel the existing facility to meet BREC's needs prepared by or on BREC's behalf in the last three years, and explain for each whether and the extent to which the construction or remodel contemplated relocating personnel from the BREC's headquarters.

10. Explain how long BREC anticipates it will take to obtain financing and complete construction on the new headquarters if the Commission grants a Certificate of Public Convenience and Necessity (CPCN).

11. Explain when BREC anticipates requesting a CPCN for the TOC it intends to propose and when it anticipates beginning and completing construction of the TOC.

12. Explain whether BREC investigated combining its headquarters and its existing ET&S facility. If not, explain why BREC did not consider that option. If so, explain why BREC is choosing to construct separate facilities.

13. Provide a copy of Exhibit Smith-2 in Excel spreadsheet format with formulas, rows, and columns unprotected and fully accessible.

14. Provide the plant in service and accumulated depreciation for BREC's existing headquarters as of December 31, 2020.

15. Provide the remaining useful life of BREC's existing headquarters used to calculate its depreciation rate.

16. Provide the extent to which, if any, BREC projects that the capital expenses shown on Exhibit Toerne-1 will extend the useful life of the existing headquarters, and explain each basis for BREC's response.

17. Provide any requests for bids, requests for proposals, or similar documents BREC has sent to third parties related to the design or construction of a new TOC.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 28 2021

cc: Parties of Record

*Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

*Roger Hickman
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

*Tyson Kamuf
Corporate Attorney
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420