

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE)	
PUBLIC SERVICE COMMISSION OF THE)	
ENVIRONMENTAL SURCHARGE MECHANISM)	
OF BIG RIVERS ELECTRIC CORPORATION)	CASE NO.
FOR THE SIX- MONTH BILLING PERIOD)	2018-00338
ENDING JULY 31, 2018, AND THE PASS)	
THROUGH MECHANISM OF ITS THREE)	
MEMBER DISTRIBUTION COOPERATIVES)	

ORDER

On June 26, 2008, the Commission approved Big Rivers Electric Corporation's (BREC) environmental surcharge application and established a surcharge mechanism.¹ The Commission also approved a mechanism to pass through the environmental surcharge to BREC's three-member distribution cooperatives (Member Cooperatives).² Pursuant to KRS 278.183(3), the Commission must review, at six-month intervals, the past operations of the environmental surcharge. After hearing, the Commission may disallow, by temporary adjustment in the surcharge, any surcharge amounts found not to be just and reasonable and reconcile past surcharges with actual costs recoverable pursuant to KRS 278.183(1). Therefore, the Commission hereby initiates the six-month

¹ Case No. 2007-00460, *Application of Big Rivers Electric Corporation for Approval of an Environmental Compliance Plan and Environmental Surcharge Tariff* (Ky. PSC June 26, 2008).

² Case No. 2007-00470, *Application of Meade County Rural Electric Cooperative Corporation for Approval of Retail Tariff Riders, Revised Tariffs and New Tariff, and for Approval of Amendment of Wholesale Agreement* (Ky. PSC Dec. 12, 2008); Case No. 2008-00009, *Application of Kenergy Corp. for Approval of Retail Tariff Riders and Revised Tariffs, Approval of Smelter Agreements, and Approval of Amendment to Wholesale Agreement* (Ky. PSC Dec.12, 2008); and Case No 2008-00010, *The Application of Jackson Purchase Energy Corporation for Approval of Retail Tariff Riders, Revised Tariffs, New Tariff, and Amendment of Wholesale Agreement* (Ky. PSC Dec. 12, 2008).

review of the environmental surcharge as billed from February 1, 2018, through July 31, 2018, to the Member Cooperatives. The billing period under review reflects costs incurred by BREC from December 1, 2017, through May 31, 2018. The Commission also initiates the corresponding reviews of the pass-through mechanism for the Member Cooperatives as billed from March 1, 2018, through August 31, 2018, to their retail member customers and February 1, 2018, to July 31, 2018, for large commercial and industrial customers with dedicated delivery points.³

As 807 KAR 5:001, Section 8, permits the Commission to direct the use of electronic filing procedures for proceedings, which we initiate on our own motion, we find that electronic filing procedures should be used. As such, BREC and the Member Cooperatives shall follow the procedures set forth in 807 KAR 5:001, Section 8, when filing any document or paper in this matter.

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. In accordance with that schedule, BREC is to file prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the period under review. Also in accordance with that schedule, the Member Cooperatives, or BREC on their behalf, are to file prepared direct testimony in support of the reasonableness of the application of the pass-through mechanism during the period under review. In addition, BREC and the Member Cooperatives are to file their responses to the information requested in Appendix B to this Order.

³ The Commission's Orders in Case Nos. 2007-00470, 2008-00009 and 2008-00010 allow the Member Cooperatives to pass through the environmental surcharge to all their retail customers, except large commercial and industrial customers with dedicated delivery points, on a one-month lag. Customers with dedicated delivery points are billed without the one-month lag necessary for the retail customers.

All requests for intervention should be filed by the date set forth in Appendix A. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceedings, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction.

Based on the foregoing, the Commission further finds that any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of electricity consumed by the movant or a general statement regarding a potential impact of a possible modification of rates will not be deemed sufficient to establish a special interest.

IT IS THEREFORE ORDERED that:

1. BREC and each of its Member Cooperatives listed in footnote 2 shall be made parties to this case.
2. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, shall be followed when filing papers in this proceeding.
3. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, BREC shall file a written statement with a copy to parties of record that it waives

any right to service of Commission orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

4. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the entry of an Order of the Commission granting its intervention, file with the Commission a written statement that it waives any right to service of Commission orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

5. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

6. The procedural schedule set forth in Appendix A to this Order shall be followed in this proceeding.

7. Any motion to intervene filed after the date set forth in Appendix A shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

8. By the date set forth in Appendix A, BREC shall file prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism and the Member Cooperatives, or BREC on their behalf, shall file

their prepared direct testimony in support of the reasonableness of the application of the pass-through mechanism during the period under review.

9. Any party filing testimony shall comply with the electronic filing procedures set forth in 807 KAR 5:001, Section 8, and shall file with the Commission an original in paper medium and an electronic version. The original 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.

10. a. The information requested herein is due on or before the date specified in Appendix A to this Order. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with an original in paper medium and an electronic version to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

b. 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 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.

c. Any party shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

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

e. Careful attention should 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.

f. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

11. Within seven days of the Commission's granting intervention to a party, BREC shall provide the party with a copy of its monthly environmental surcharge reports as filed with the Commission for the review period.

12. BREC's monthly environmental surcharge reports and supporting data for the review period shall be incorporated by reference into the record of this case.

13. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission

ENTERED
OCT 11 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00338 DATED **OCT 11 2018**

BREC shall file its prepared direct testimony and responses to the information requested in Appendix B no later than..... 11/09/18

A person interested in becoming a party to this proceeding shall file a motion to intervene with the Commission pursuant to 807 KAR 5:001, Section 4(11) no later than 11/16/18

All additional requests for information to BREC shall be filed no later than 12/07/18

BREC shall file responses to additional requests for information no later than 12/21/18

Intervenor testimony, if any, in verified prepared form shall be filed no later than.....01/04/19

All requests for information to Intervenors shall be filed no later than01/18/19

Intervenors shall file responses to requests for information no later than02/01/19

Last day for BREC and its Member Cooperatives or Intervenors to request a hearing or submit this case for a decision based on the record02/15/19

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00338 DATED OCT 11 2018

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO BIG RIVERS ELECTRIC CORPORATION AND EACH OF ITS MEMBER COOPERATIVES

1. Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing period under review. Form 1.1 can be used as a model for this summary. Include the two expense months subsequent to the billing period in order to show the over- and under-recovery adjustments for the months included for the billing period. Include a calculation of any additional over- or under-recovery amount BREC believes needs to be recognized for the billing period under review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all cells and formulas intact and unprotected.

2. For each of the Member Cooperatives, prepare a summary schedule showing the Member Cooperative's pass-through revenue requirement for the months corresponding with the billing period under review. Include the two months subsequent to the billing period included in the review period. Include a calculation of any additional over- or under-recovery amount the Member Cooperative believes needs to be recognized for the six-month review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all cells and formulas intact and unprotected.

3. This question is addressed to BREC. Refer to Form 2.5, Operating and Maintenance Expenses, for each of the expense months covered by the applicable billing period. For each of the expense account numbers listed on this schedule, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

4. Refer to BREC monthly environmental surcharge reports for the expense months in this review period. Provide the calculations and supporting data for the rates of return included in each monthly environmental surcharge filing. Provide all supporting calculations and documentation in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

*Jackson Purchase Energy Corporation
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

*Kenergy Corp.
Kenergy Corp.
6402 Old Corydon Road
P. O. Box 18
Henderson, KY 42419

*Meade County R.E.C.C.
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489

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

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