

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS	)	
ELECTRIC CORPORATION FOR APPROVAL	)	
TO MODIFY ITS MRSM TARIFF, CEASE	)	CASE NO.
DEFERRING DEPRECIATION EXPENSES,	)	2020-00064
ESTABLISH REGULATORY ASSETS,	)	
AMORTIZE REGULATORY ASSETS, AND	)	
OTHER APPROPRIATE RELIEF	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. (KIUC), 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 May 18, 2020. The Commission directs KIUC to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>1</sup> 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

---

<sup>1</sup> 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.

KIUC shall make timely amendment to any prior response 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. For any request to which KIUC fails or refuses to furnish all or part of the requested information, KIUC 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 filing a paper containing personal information, KIUC 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 Stephen J. Baron (Baron Testimony), page 27.
  - a. Explain why KIUC recommends that Big Rivers Electric Corporation (BREC) file quarterly reports if the New Times Interest Earned Ratio (TIER ) Credit will be updated annually.
  - b. Explain the advantage of prioritizing the amortization of the Smelter Loss Mitigation Regulatory Assets over a pro rata amortization.

2. Refer to the Barron Testimony, page 27. Mr. Barron suggests the BREC continue to explore ways to reasonably reduce the amortization expense through methods such securitization.

a. Explain how securitization can reduce the amortization expense.

b. Provide any other methods that KIUC suggests and how the method can reduce the amortization expense.

3. Refer to the Baron Testimony, page 28, regarding BREC's Member Equity cushion, which is the difference between the actual Member Equity balance and the minimum Member Equity balance that BREC must maintain under its loan agreements.

a. Explain why a 20 percent Member Equity cushion is the ideal level for BREC.

b. Confirm that, under KIUC's proposal, BREC's Member Equity cushion as a percentage of its required Member Equity will decrease each year.

c. Confirm that any unused Member Equity cushion would remain available to BREC's customer absent KIUC's proposal.

4. Refer to the Barron Testimony, page 28. Under BREC's loan agreements, 50 percent of annual net margins must be added to the minimum Member Equity balance. Mr. Barron recommends that the 50 percent of future net margins not required for the minimum Member Equity balance be used to annually reduce the Smelter Loss Mitigation Regulatory Assets. Explain KIUC's position if the Commission were to either place a cap on or establish an annual review of the Member Equity cushion, and when warranted, use the Member Equity cushion to reduce the Smelter Loss Mitigation Regulatory Assets similar to BREC's proposal in this proceeding.



---

Kent A. Chandler  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED MAY 07 2020

cc: Parties of Record

Case No. 2020-00064

\*R. Brooks Herrick  
Dinsmore & Shohl, LLP  
101 South Fifth Street  
Suite 2500  
Louisville, KENTUCKY 40202

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

\*M. Evan Buckley  
Dinsmore & Shohl, LLP  
Lexington Financial Center  
250 W. Main Street, Suite 1400  
Lexington, KENTUCKY 40507

\*Edward T Depp  
Dinsmore & Shohl, LLP  
101 South Fifth Street  
Suite 2500  
Louisville, KENTUCKY 40202

\*Gregory E. Mayes, Jr.  
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

\*Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Honorable Kurt J Boehm  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*J. Michael West  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Honorable Michael L Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202