

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 DEFERRING)	CASE NO.
DEPRECIATION EXPENSES, ESTABLISH)	2020-00064
REGULATORY ASSETS, AMORTIZE)	
REGULATORY ASSETS, AND OTHER)	
APPROPRIATE RELIEF)	

ORDER

On March 8, 2022, Big Rivers Electric Corporation (BREC) filed a motion requesting clarification of the Order entered on June 25, 2020, for the purpose of clarifying whether the one-time amortization of smelter loss mitigation (SLM) regulatory assets is not recoverable from BREC’s members in current rates or in the future. BREC requested the clarification to ensure that the SLM-related amortization expense is appropriately reflected in BREC’s audited financial statements for calendar year 2021.

Because the requested clarification is necessary for the purposes of BREC’s 2021 audited financial statement, the Commission finds that BREC’s motion to clarify the June 25, 2020 Order regarding the one-time amortization of SLM regulatory assets is granted.

In the June 25, 2020 Order, as part of a settlement approved by the Commission, BREC was authorized to implement a one-time amortization of the SLM regulatory assets in 2021 in the amount of approximately \$91,000,000, which represented 80 percent of BREC’s member equity in excess of the amount required under BREC’s loan covenants,

or headroom.¹ The one-time amortization allowed BREC to write down the SLM regulatory assets using equity headroom instead of recovering the regulatory asset through another form of revenue, such as current or future base rates.

Because the one-time amortization of SLM regulatory assets in 2021 was approved to reduce the SLM regulatory assets by \$91,000,000 from member equity headroom and not through rates, the Commission grants BREC's request that the Commission state that the one-time utilization of the member equity headroom in 2021 to record a one-time amortization of the SLM regulatory assets is not recoverable from BREC's members in current or future rates.

IT IS THEREFORE ORDERED that:

1. BREC's motion for clarification of the June 25, 2020 Order is granted.
2. The June 25, 2020 Order is clarified that the one-time utilization of BREC's member equity headroom in 2021 to record a one-time amortization of the SLM regulatory assets is not recoverable from BREC's members in current or future rates.
3. All other provisions of the June 25, 2020 Order not in conflict with this Order remain in full force and effect.
4. This matter is closed and removed from the Commission's docket.

¹ See Order (Ky. PSC June 25, 2020) at 11, 15, 17, and ordering paragraph 1.

By the Commission

ENTERED
MAR 15 2022 rCS
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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
City Center, 100 W. Main Street
Suite 900
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