

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS)	
ELECTRIC CORPORATION FOR ANNUAL)	CASE NO.
REVIEW OF ITS MRSM CHARGE FOR)	2022-00028
CALENDAR YEAR 2021)	

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 is due on March 31, 2022. 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 question to which the response is made and 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 the Application, paragraph 26, and the Direct Testimony of Paul G. Smith (Smith Testimony), pages 6, 9–10, and 14, requesting to automatically utilize the regulatory liability amount in excess of \$9 million minimum annually to reduce the balance of the smelter loss mitigation (SLM) regulatory assets. Also refer to the Commission's June 25, 2020 Order in Case No. 2020-00064,² which stated that an automatic annual adjustment of the SLM regulatory asset's amortization expense without Commission

² Case No. 2020-00064, Electronic Application of Big Rivers Electric Corporation for Approval to Modify Its MRSM Tariff, Cease Deferring Depreciation Expenses, Establish Regulatory Assets, Amortize Regulatory Assets, and Other Appropriate Relief (Ky. PSC June 25, 2020), Order at 17–18.

approval “is untenable and ultimately inappropriate,” but stated that “BREC **may** request to use any deferred amount” (emphasis added) over the \$9 million balance to reduce the SLM regulatory assets to ensure that an adequate balance is maintained to allow BREC to achieve a times interest earned ratio (TIER) of 1.30. Provide in specific detail the reason why BREC now seeks an automatic utilization of the regulatory liability amount to reduce the SLM regulatory asset balance given the Commission’s findings in the June 25, 2020 Order regarding automatic adjustments.

2. Refer to the final Order in Case No. 2020-00064, page 18. Here, the Commission established a regulatory liability to be only used to reduce the SML Regulatory Asset or help BREC to achieve a TIER of 1.30. The Commission found that BREC should retain a minimum balance in this regulatory liability of \$9.0 million, but BREC may request to reset this amount as interest expense changes.

a. Refer to the Smith Testimony, page 11. Explain whether the savings realized from S&P Global Ratings credit rating upgrade supports a change in the \$9.0 million minimum balance.

b. Refer to Case No. 2021-00468.³ BREC applied for and received approval to issue evidences of indebtedness for \$150.0 million. Explain and provide support as to whether the additional indebtedness supports a change in the \$9.0 million minimum balance.

³ Case No. 2021-00468, *Electric Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness* (Ky. PSC Mar. 16, 2022).

c. Refer to Case No. 2021-00026.⁴ BREC requested and received a declaratory order from the Commission authorizing the issuance of indebtedness of \$97.1 million. Explain and provide support as to whether or not the additional indebtedness supports a change in the \$9.0 million minimum balance.

3. Refer to the Application, the Smith Testimony, Exhibit Smith-2, Exhibit Smith-3, Exhibit Smith-4, and Exhibit Smith-5. Provide these exhibits in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.



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

DATED MAR 22 2022

cc: Parties of Record

⁴ Case No. 2021-00026, *Electronic Application of Big Rivers Electric Corporation for a Declaratory Order or an Order Authorizing the Issuance Evidences of Indebtedness* (Ky. PSC Mar. 26, 2021).

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

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

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

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

*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

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