

Andy Beshear
Governor

John Lyons
Secretary
Energy and Environment Cabinet

Angie Hatton
Chair



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601-8294
Telephone: (502) 564-3940
psc.ky.gov

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

October 5, 2026

PARTIES OF RECORD

Re: Case No. 2026-00089

Notice is given to all parties that the attached Big Rivers Electric Corporation Informal Conference Memorandum and attendance list has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Ellen Fouser-Gormley, Staff Attorney III, at Ellen.FouserGormley@ky.gov.

Sincerely,


Justin McNeil
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2026-00089

FROM: Ellen Fouser-Gormley, Staff Attorney

DATE: October 5, 2026

RE: Informal Conference of September 30, 2026

Pursuant to Commission Staff's Notice issued on September 24, 2026, an Informal Conference (IC) was conducted on September 20, 2026. Attached is a copy of the attendance roster.

The purpose of the IC was to clarify key concepts and ensure that Big Rivers Electric Corporation's (BREC) responses fully addressed Commission Staff's questions and concerns.

BREC stated confusion centers around two points, to which a presentation was given during the conference. The presentation is also attached to this memo.

For the first issue, BREC stated the Nucor Corporation (Nucor) contract does not cause additional environmental costs; therefore, the Environmental Surcharge Mechanism (ESM) is unaffected by the Nucor load.

BREC presented a list of ESM costs, including capital costs and variable costs. BREC explained that it serves load via its own generation and market energy. Capital and variable costs are entirely created by the power plant. Market purchases did not include environmental compliance costs. For the Nucor load, BREC could either use power plant energy or buy from the MISO market. Plant dispatch is unaffected by the Nucor load but determined by market price. Load levels are immaterial to the amount of power generated. Regarding Nucor, no new environmental control systems were created or in operation to serve their load.

When asked if any incremental increases had been detected with the Nucor load, BREC responded in the negative. In addition, BREC stated no new capital was added, that environmental expenditures would be spent whether Nucor was on the system or not.

BREC stated that the environmental costs spent to remain in compliance remain the same regardless of who is on the load. BREC recovers the costs through the ESM tariff, the contract excludes Nucor from the ESM. When asked where the costs were coming from, and the question was presented that the residential customers were paying without

incurring the costs, BREC stated that the load doesn't determine the costs, and that Nucor is excluded because of the contract. BREC explained that the ESM statute allows for recovery of environmental compliance costs from native load without cost causation.

For the second issue, BREC explained the impact in ESM calculation if Nucor was included.

BREC reminded attendees that the Nucor contract was approved years ago as a one-off contract. BREC stated that Nucor is a large load in Meade County, and BREC made the best decision for the ESM calculation at the time. BREC stated that it initially looked at including the Nucor revenues in member revenues but felt that the current alternative of excluding the Nucor revenues from the ESM was the best calculation that met the requirements. Ultimately BREC decided to exclude Nucor revenues from the ESM.

BREC explained that sales from Nucor are member load, but including those sales in the allocation would drive up the allocation to native customers. As an example during the review period, the member allocation was 77 percent. If the Nucor load had been included in base rate revenues, the allocation to native customers would increase. If Nucor was included in off-system sales, despite being a native customer, the allocation to native customers would decrease.

BREC stated that the objective for choosing the current method was to minimize the impact to the residential customers.

Additional clarification was needed for the latest request for information that was sent out on the calculation of the rate for the residential ratepayer per month.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: IC 2026-00089 Big Rivers Electric Corporation ESM

LOCATION: Virtual Attendees via Microsoft Teams

DATE: September 30, 2026 2:00 pm

NAME	COMPANY
Peter Bostrom	Public Service Commission
Mary Whitker	Public Service Commission
Ellen Fouser-Gormley	Public Service Commission
Noah Abner	Public Service Commission
Moriah Tussey	Public Service Commission
Brian Thomas	Public Service Commission
Caroline Engle	Public Service Commission
Chris Warren	Big Rivers Electric Corporation
Tyson Kamuf	Big Rivers Electric Corporation
Becky Shelton	Big Rivers Electric Corporation
Senthia Santana	Big Rivers Electric Corporation
Talina Mathews	Big Rivers Electric Corporation
Kyle Heavrin	Big Rivers Electric Corporation
Micah Bushnell	Big Rivers Electric Corporation
Jean Gormley	Vantage Energy Consulting
Mike Boismenu	Vantage Energy Consulting
Walt Drabinski	Vantage Energy Consulting
Charles Buechel	Vantage Energy Consulting



KPSC INFORMAL CONFERENCE

CN 2026-00089



KRS 278.183 (1)



Notwithstanding any other provision of this chapter, effective January 1, 1993, a utility shall be entitled to the current recovery of its costs of complying with the Federal Clean Air Act as amended and those federal, state, or local environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal in accordance with the utility's compliance plan as designated in subsection (2) of this section. These costs shall include a reasonable return on construction and other capital expenditures and reasonable operating expenses for any plant, equipment, property, facility, or other action to be used to comply with applicable environmental requirements set forth in this section. Operating expenses include all costs of operating and maintaining environmental facilities, income taxes, property taxes, other applicable taxes, and depreciation expenses as these expenses relate to compliance with the environmental requirements set forth in this section.

Big Rivers Electric Corporation
Case No. 2026-00089 - Exhibit PSC 4-2

Variable Costs Recovery

Project Number	Description	Operation & Maintenance Costs (June - November 2025 Monthly)						
		June	July	August	September	October	November	Total
1	SO2 Plan	396,522	511,927	496,263	446,223	520,662	253,369	2,624,966
2	NOx Plan	85,750	19,012	62,265	69,980	37,865	27,313	302,185
3	SO3 Plan	0	0	0	0	0	0	0
9	Wilson Hg	54,609	83,136	60,765	159,808	127,886	87,151	573,355
10	Green Hg	0	0	0	0	0	0	0
11	HMP&L Hg	0	0	0	0	0	0	0
12	Wilson FGD/WWT	15,123	1,167	7,386	5,265	793	2,536	32,270
13-1	Green Ash Pond Closure	414,190	418,190	418,706	418,915	419,828	420,726	2,510,555
13-3	Station Two Ash Pond Closure	139,570	142,334	142,400	142,400	142,400	142,400	851,504
14	Wilson Phase 1 Landfill Cover	29,287	43,553	67,162	112,447	158,801	42,809	454,059
15	Green Landfill Drainage	32,319	10,701	27,174	36,604	200,458	56,527	363,783
16	CCR Regulatory Asset	127,910	127,910	127,910	127,910	127,910	127,910	767,460
	Total	1,295,280	1,357,930	1,410,031	1,519,552	1,736,603	1,160,741	8,480,137

lime, limestone, di-basic acid, costs for the disposal of coal combustion by-products (flyash, bottom ash, and scrubber sludge), and cost of purchasing SO2emission allowances

sulfur, ammonia and cost of purchasing additional NOx emission allowances as needed

lime, limestone, di-basic acid, costs for the disposal of coal combustion by-products (flyash, bottom ash, and scrubber sludge), and cost of purchasing SO3emission allowances

MATS

N/A

N/A

Dewatering chemicals, Sodium Hydroxide

Depreciation Exp - ARO (Ash Pond)

Depreciation Exp - ARO (Ash Pond)

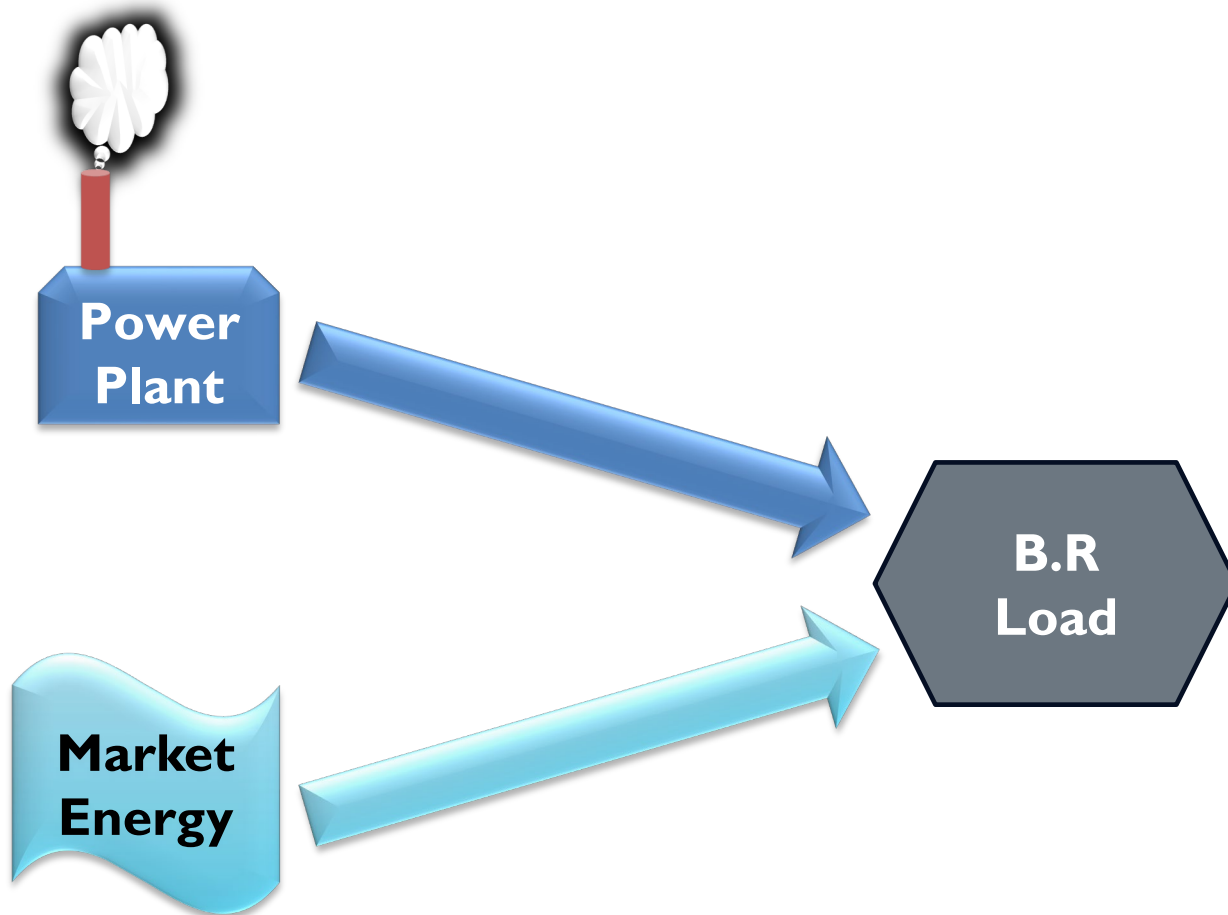
Incremental CCR

Incremental CCR

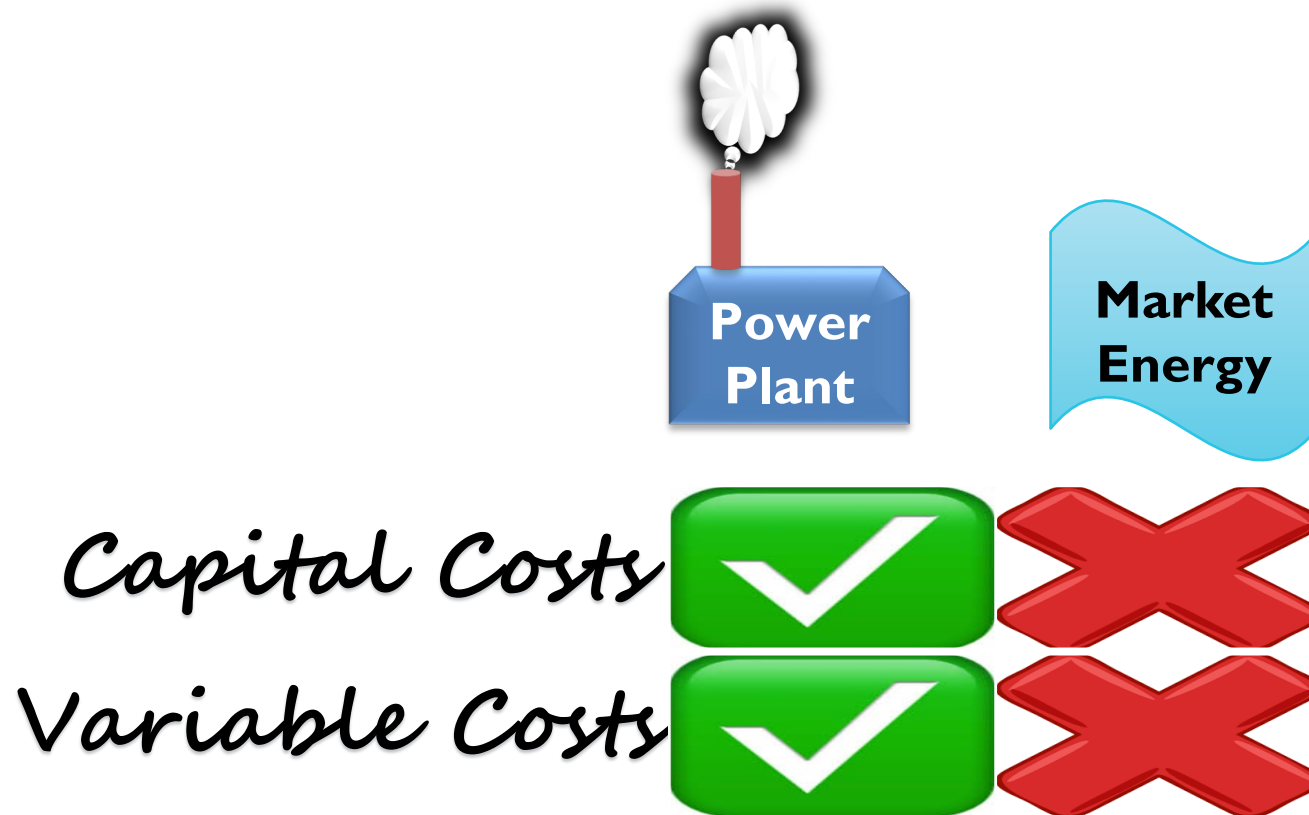
Amortization of CCR Reg Assets

Capital Costs Recovery

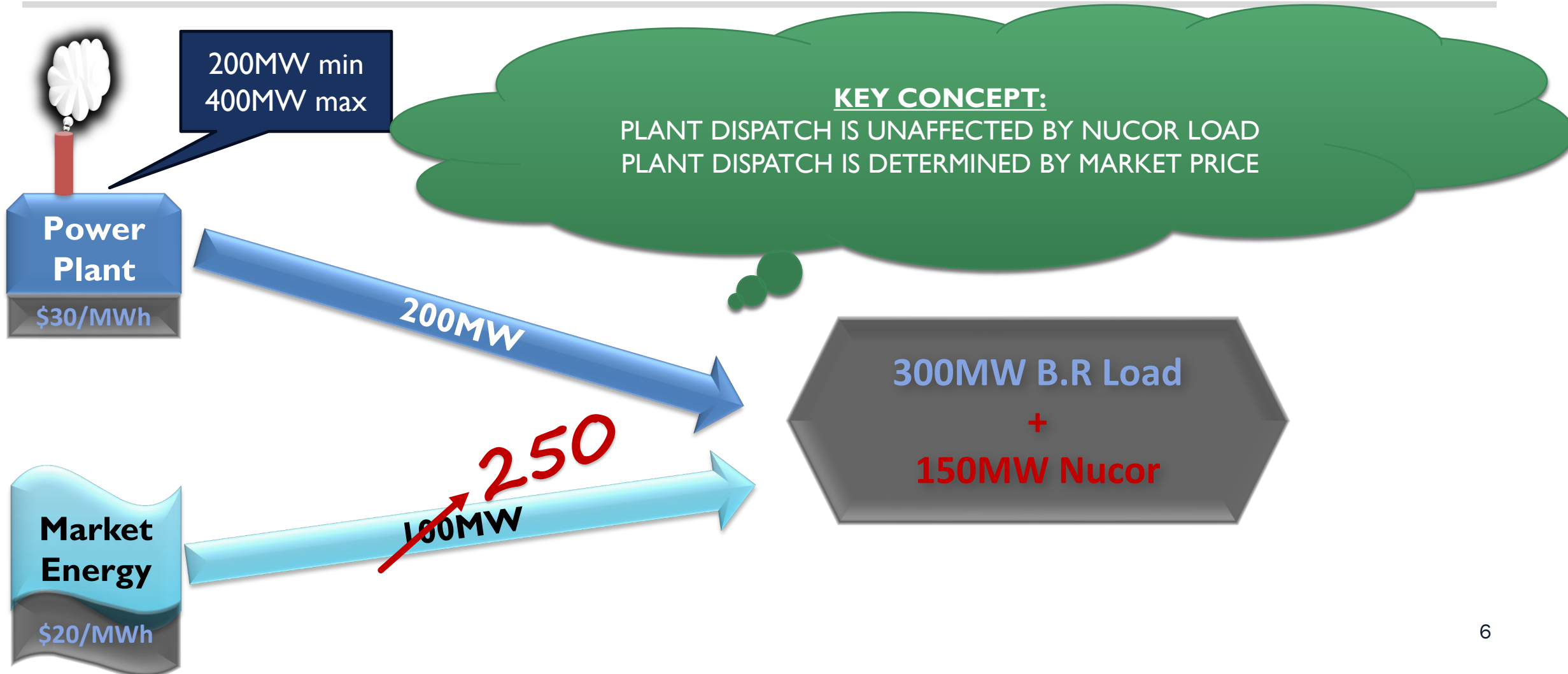
TWO OPTIONS TO SERVE LOAD



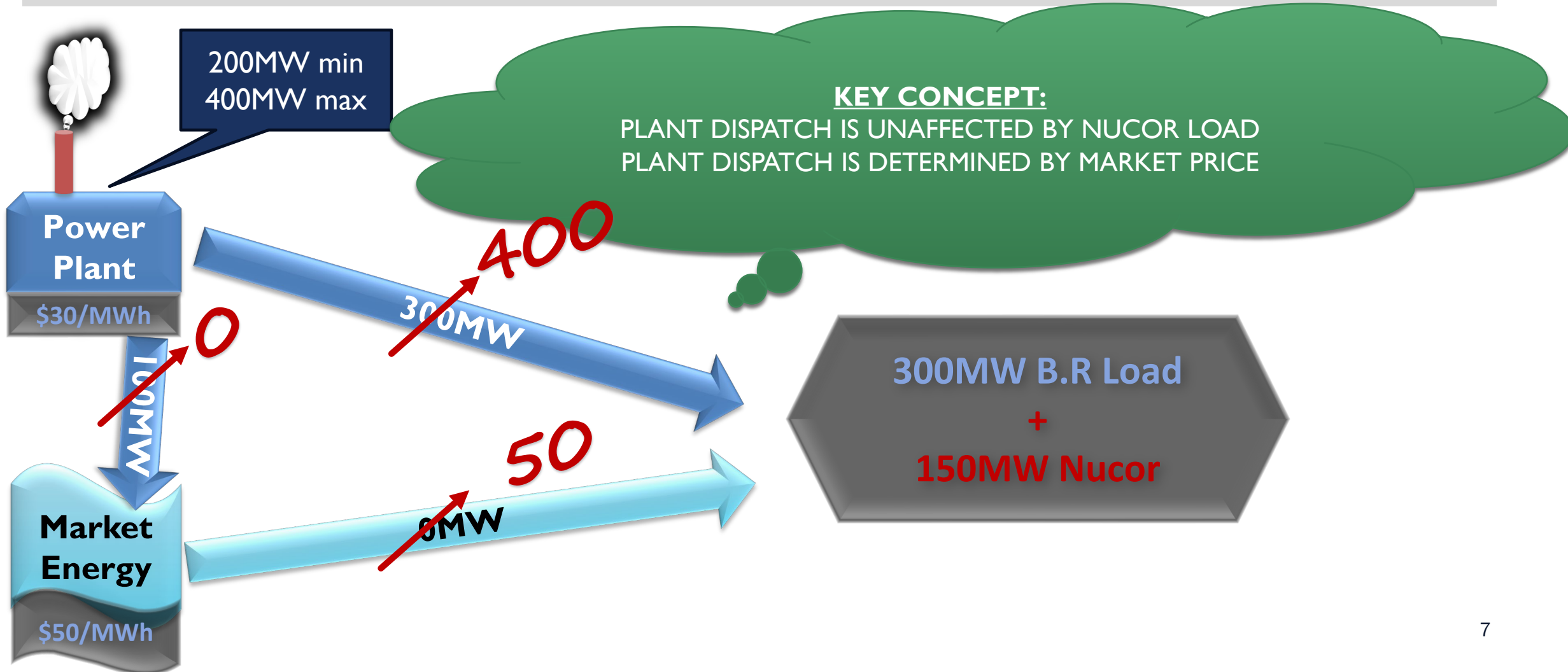
ENVIRONMENTAL COSTS



\$20 MARKET PRICE SCENARIO



\$50 MARKET PRICE SCENARIO



CAPITAL RECOVERY VS VARIABLE COSTS



- Variable Costs
 - Big Rivers does not increase power plant production based on Big Rivers' Electric Load
 - Big Rivers does increase power plant production in response to market prices
 - Variable Environmental Costs are a function of power plant output
 - Increasing Big Rivers' Electric Load does not increase power plant output, and thus, does not increase Variable Environmental Costs

- Capital Recovery
 - Big Rivers made no Generation Capital Investments as a result of the Nucor addition
 - Therefore, Big Rivers added no "Environmental Capital Recovery Costs" as a result of the Nucor addition
 - Thus, increasing Electric Load does

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sulfur, ammonia and cost of purchasing additional NOx emission allowances as needed

lime, limestone, di-basic acid, costs for the disposal of coal combustion by-products (flyash, bottom ash, and scrubber sludge), and cost of purchasing SO3 emission allowances

MATS

N/A

N/A

Dewatering chemicals, Sodium Hydroxide

Depreciation Exp - ARO (Ash Pond)

Depreciation Exp - ARO (Ash Pond)

Incremental CCR

Incremental CCR

Amortization of CCR Reg Assets

Capital Costs Recovery

Big Rivers
ELECTRIC CORPORATION



BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Monthly Average Revenue Computation of R(m)

Revenues from Member Systems								Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	Non-FAC PPA Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Off-System Sales	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jul-24	\$ 21,341,090	\$ 2,371,821	\$ 2,094,470	\$ 2,227,273	\$ 28,034,654	\$ 25,807,381	\$ 8,376,941	\$ 36,411,595	\$ 34,184,322
Aug-24	\$ 21,408,434	\$ 3,360,602	\$ 2,116,039	\$ 2,097,144	\$ 28,982,219	\$ 26,885,075	\$ 8,028,517	\$ 37,010,736	\$ 34,913,592
Sep-24	\$ 18,819,410	\$ 3,883,614	\$ 1,901,756	\$ 1,691,387	\$ 26,296,167	\$ 24,604,780	\$ 8,219,866	\$ 34,516,033	\$ 32,824,646
Oct-24	\$ 16,565,522	\$ 4,136,078	\$ 1,739,847	\$ 1,524,553	\$ 23,966,000	\$ 22,441,447	\$ 8,146,829	\$ 32,112,829	\$ 30,588,276
Nov-24	\$ 15,812,338	\$ 3,817,771	\$ 1,740,537	\$ 1,446,472	\$ 22,817,118	\$ 21,370,646	\$ 7,333,881	\$ 30,150,999	\$ 28,704,527
Dec-24	\$ 19,839,126	\$ 4,100,740	\$ 2,090,905	\$ 2,081,257	\$ 28,112,028	\$ 26,030,771	\$ 8,239,525	\$ 36,351,553	\$ 34,270,296
Jan-25	\$ 23,536,036	\$ 3,152,724	\$ 2,454,134	\$ 2,209,593	\$ 31,352,487	\$ 29,142,894	\$ 10,656,726	\$ 42,009,213	\$ 39,799,620
Feb-25	\$ 20,597,303	\$ 6,055,972	\$ 2,016,407	\$ 2,047,278	\$ 30,716,960	\$ 28,669,682	\$ 9,745,353	\$ 40,462,313	\$ 38,415,035
Mar-25	\$ 16,999,506	\$ 3,273,407	\$ 1,820,959	\$ 1,257,779	\$ 23,351,651	\$ 22,093,872	\$ 8,135,847	\$ 31,487,498	\$ 30,229,719
Apr-25	\$ 15,749,011	\$ 5,140,122	\$ 1,675,670	\$ 1,369,173	\$ 23,933,976	\$ 22,564,803	\$ 8,552,529	\$ 32,486,505	\$ 31,117,332
May-25	\$ 16,626,992	\$ 6,371,215	\$ 1,769,577	\$ 1,666,846	\$ 26,434,630	\$ 24,767,784	\$ 8,671,457	\$ 35,106,087	\$ 33,439,241
Jun-25	\$ 20,458,367	\$ 4,496,574	\$ 2,146,929	\$ 2,355,555	\$ 29,457,425	\$ 27,101,870	\$ 8,075,260	\$ 37,532,685	\$ 35,177,130
Totals	\$ 227,753,135	\$ 50,160,640	\$ 23,567,230	\$ 21,974,310	\$ 323,455,315	\$ 301,481,005	\$ 102,182,731	\$ 425,638,046	\$ 403,663,736
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 25,123,417			
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (7) / Column (10) =									77.044006%

Service List for Case 2026-00089

* Jackson Purchase Energy Corporation
Jackson Purchase Energy Corporation
6525 US Highway 60 W
Paducah, KY 42001

* 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
710 West 2nd Street
P. O. Box 20015
Owensboro, KY 42304