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September 30, 2022

**VIA ELECTRONIC Mail to PSCED@ky.gov**

RECEIVED

SEP 30 2022

Ms. Linda C. Bridwell  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

PUBLIC SERVICE  
COMMISSION

Re: *In the Matter of: Application of Big Rivers Electric Corporation for Authority to Transfer Functional Control of its Transmission System to Midwest Independent Transmission System Operator, Inc. - Case No. 2010-00043*

Dear Ms. Bridwell:

Finding No. 2 of the Public Service Commission's November 1, 2010, Order in the above-styled matter requires Big Rivers Electric Corporation to "file a report by September 30 of each year describing its current evaluation of available options for complying with NERC's contingency reserve requirement and its review of the short-term and long-term costs and benefits of continued membership in Midwest ISO." On September 28, 2018, Big Rivers filed a motion to be relieved of the obligation to file such annual reports. As that motion is still pending, Big Rivers is filing its next annual report with this letter. Big Rivers is also filing the attached Motion to Convert to an Electronic Filing.

I certify that on this date a copy of this letter and all its attachments were served on each party of record in the above -styled matter by electronic mail or first-class mail.



Ms. Linda C. Bridwell  
September 30, 2022  
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Please feel free to contact me should you have any questions regarding this filing.

Sincerely,

/s/ Senthia Santana

Senthia Santana  
Associate Attorney  
[senthia.santana@bigrivers.com](mailto:senthia.santana@bigrivers.com)

cc: Service List



**BIG RIVERS ELECTRIC CORPORATION**  
**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION**  
**TO TRANSFER FUNCTIONAL CONTROL**  
**OF ITS TRANSMISSION SYSTEM TO**  
**MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.**  
**CASE NO. 2010-00043**

**Service List**

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1 upon the following email addresses: [regulatory@bigrivers.com](mailto:regulatory@bigrivers.com) and  
2 [tyson.kamuf@bigrivers.com](mailto:tyson.kamuf@bigrivers.com).

3           **WHEREFORE**, Big Rivers respectively requests the Commission to  
4 convert the instant matter to an electronic filing.

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6 On this the 30th day of September, 2022

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Respectfully submitted,

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*/s/ Senthia Santana*

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Corporation

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**Big Rivers Electric Corporation**  
**Midcontinent Independent System Operator**  
**Annual Cost/Benefit Update**  
**for Kentucky Public Service Commission**  
**per Finding No. 2 of Commission's November 1, 2010 Order**  
**Case No. 2010-00043**  
**Prepared September 30, 2022**

**Background**

Big Rivers Electric Corporation ("Big Rivers") joined the Midcontinent Independent System Operator, Inc. ("MISO") on December 1, 2010, to meet the mandated Contingency Reserve requirements of the North American Electric Reliability Corporation ("NERC") as approved by the Federal Energy Regulatory Commission. In 2009, Big Rivers commissioned Charles River Associates ("CRA") to conduct an economic assessment of the options available to Big Rivers for the supply of Contingency Reserve. The CRA Analysis completed in 2010 concluded that Big Rivers had no viable options for meeting its Contingency Reserve requirement other than with a stand-alone self-supply plan or by joining MISO. Based on CRA's analysis, joining MISO was estimated to be at least \$32 million less costly to Big Rivers than stand-alone self-supply over the five-year period from 2011 to 2015. Big Rivers was approved by MISO for membership in December 2009 and, following approval by the Kentucky Public Service Commission, fully integrated into MISO on December 1, 2010.

**Today's Options**

Big Rivers believes that the options for meeting its Contingency Reserve requirement are virtually unchanged from what was described in the analysis

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completed by CRA in 2010 and as described in Big Rivers' update to the Commission in September 2021. The same obstacles which hindered or prevented participation in other reserve sharing groups exist today as were identified in the CRA Analysis. The same obstacles which hindered participation in the PJM Regional Transmission Organization ("RTO"), as those identified in the CRA Analysis, continue to exist today as well. Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU") were acquired in 2011 by PP&L Corporation ("PP&L"), and PP&L is a member of the PJM RTO. However, LG&E/KU have not changed from their Independent Transmission Operator/Reliability Coordinator ("ITO/RC") operational construct and thus are not members of any RTO.

Additionally, East Kentucky Power Cooperative's ("East Kentucky") membership in the PJM RTO does not afford Big Rivers a viable alternative. Big Rivers' transmission system is neither directly interconnected with East Kentucky, nor is Big Rivers indirectly connected to the East Kentucky system by virtue of significant firm transmission rights across another system. Therefore, there has been no change in the status of any options available to Big Rivers for possible participation in the PJM RTO from those described in its September 2019 update to the Commission. Thus, again in 2022, the only viable options for Big

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Rivers to continue to satisfy its NERC requirements are continued MISO membership and the stand-alone self-supply plan as described in the CRA Analysis which would require a withdrawal from MISO.

To meet its Contingency Reserve requirements on a stand-alone basis, Big Rivers still requires 417 MW of Contingency Reserve based on the loss of its largest single generating unit, the D.B. Wilson Unit 1. The stand-alone solution remains more expensive than MISO membership.

Under the Transmission Owners Agreement with MISO, Big Rivers was required to maintain membership for five years. Big Rivers met that obligation by remaining in MISO through the end of 2014. A one-year withdrawal notification is required prior to exit. Big Rivers would need to meet the requirements in Article 5 of the MISO Transmission Owners Agreement to withdraw from MISO. Those requirements are:

- Written notice, effective at the end of the calendar year *after* notice is received (Article Five, Section I);
- Availability of continued transmission service for existing customers for the term of the service agreement (Article V, Section II.A);
- Payment of all RTO financial obligations (Article Five, Section II.B);



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- Obligations to construct planned facilities shall be negotiated between MISO and Big Rivers Electric. (Article Five, Section II.C);
- Other obligations between MISO and Big Rivers shall be renegotiated. (Article Five, Section II.B); and
- Receipt of applicable federal and state regulatory approvals (Article Five, Section III).

**Big Rivers' MISO Experience To-Date**

Big Rivers has gained a better understanding of the costs of MISO membership. The only benefit of joining MISO recognized by Big Rivers has been the ability to meet its NERC Contingency Reserve requirement. Big Rivers' and its rate payers continue to incur significant increases in cost to be a member of MISO. The cost of being a MISO member has escalated to the point that Big Rivers is exploring other options to meet its NERC Contingency Reserve requirements that will allow it to exit the MISO system.

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**Conclusion**

As stated previously, continued MISO membership is currently the only option for meeting Big Rivers' NERC-mandated Contingency Reserve requirement. In the near-term, membership in MISO remains Big Rivers' only option, but Big Rivers will continue to explore other options to meet its NERC Contingency Reserve requirements that will be more cost effective for its Member/Owners.



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Christopher S. Bradley  
Vice President System Operations  
Big Rivers Electric Corporation