

FEB 14 2018

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PUBLIC SERVICE
COMMISSION

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In the Matter of:

JOINT APPLICATION OF KENERGY CORP.)
AND BIG RIVERS ELECTRIC CORPORATION) CASE NO.
FOR APPROVAL OF CONTRACTS AND FOR) 2013-00221
A DECLARATORY ORDER)

and

JOINT APPLICATION OF KENERGY CORP.)
AND BIG RIVERS ELECTRIC CORPORATION) CASE NO.
FOR APPROVAL OF CONTRACTS AND FOR) 2013-00413
A DECLARATORY ORDER)

**MOTION OF BIG RIVERS ELECTRIC CORPORATION TO BE RELIEVED OF
REPORTING REQUIREMENT**

1. Big Rivers Electric Corporation (“Big Rivers”) respectfully moves the Kentucky Public Service Commission (“Commission”) for an order relieving Big Rivers of the obligation to file a quarterly report detailing the revenues and expenses incurred in connection with the transactions approved by the Commission in Case Nos. 2013-00221 and 2013-00413. In support of this motion, Big Rivers states as follows:

2. In Case No. 2013-00221, the Commission approved several agreements under which Kenergy Corp. (“Kenergy”) would provide retail electric service to the aluminum smelter owned by Century Aluminum of Kentucky General Partnership near Hawesville, Kentucky (the “Hawesville Agreements”). Similarly, in Case No. 2013-00413, the Commission approved several agreements under which Kenergy would provide retail electric service to the aluminum smelter owned by Century Aluminum Sebree LLC near Sebree, Kentucky (the “Sebree Agreements”). Under both sets of agreements, Big Rivers was the market participant, obtaining and providing wholesale power to Kenergy for retail service to the smelters. *See In the Matter*

1 *of: Joint Application of Kenergy Corp. and Big Rivers Electric Corporation for Approval of*
2 *Contracts and for a Declaratory Order*, P.S.C. Case No. 2013-00221, Order (August 14, 2013);
3 *In the Matter of: Joint Application of Kenergy Corp. and Big Rivers Electric Corporation for*
4 *Approval of Contracts and for a Declaratory Order*, P.S.C. Case No. 2013-00413, Order
5 (January 30, 2014).

6 3. Ordering Paragraph No. 5 in the final orders approving the Hawesville
7 Agreements and the Sebree Agreements directed Big Rivers and Kenergy to each file, within 45
8 days of the end of each calendar quarter, a report detailing the revenues and expenses incurred by
9 each in connection with each component of the smelter agreements. In considering the need for
10 this reporting requirement, the Commission found:

11 The reporting of revenues and expenses is reasonable and will ensure that the
12 Commission and the public are able to see the financial impacts of the Century
13 Transaction Agreements on two regulated utilities. In addition, the reporting will
14 enable the commission to have continuing oversight of the impacts of these
15 agreements on Big Rivers, its members, and their non-smelter customers.
16 However, we find that quarterly reporting is reasonable and will provide
17 meaningful financial information relating to the agreements. Therefore, we will
18 require Big Rivers and Kenergy to file financial reports on a quarterly basis
19 detailing their respective revenues and expenses for each component of the
20 Century Transaction Agreements.

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22 *In the Matter of: Joint Application of Kenergy Corp. and Big Rivers Electric Corporation for*
23 *Approval of Contracts and for a Declaratory Order*, PSC Case No. 2013-00221, Order (August
24 14, 2013), at Paragraph No. 19.

25 4. Toward the end of 2014, Big Rivers, Kenergy, and EDF Trading North America,
26 LLC (“EDF”) entered into a new arrangement for service to the smelters under which EDF
27 would replace Big Rivers as market participant and EDF would provide wholesale power to
28 Kenergy for retail service to the smelters. The Commission approved that new arrangement by

1 order dated November 25, 2014, in *In the Matter of: Joint Application of Kenergy Corp. and Big*
2 *Rivers Electric Corporation for Approval of Contracts*, P.S.C. Case No. 2014-00370.

3 5. During the time Big Rivers was market participant, Big Rivers' expenses
4 associated with the Hawesville Agreements generally ranged from around \$40 million to around
5 \$50 million per quarter, and Big Rivers' expenses associated with the Sebree Agreements were
6 generally around \$30 million per quarter. Since EDF took over as market participant, the
7 quarterly costs to Big Rivers associated with the smelter agreements have dropped dramatically,
8 averaging (\$219,973.88) for the Hawesville Agreements and \$32,375.48 for the Sebree
9 Agreements. Big Rivers' most recent quarterly reports, filed February 14, 2018, show costs to
10 Big Rivers of \$296.50 associated with the Hawesville Agreements and \$32,270.86 associated
11 with the Sebree Agreements.

12 6. Big Rivers believes that, since it is no longer the market participant under the
13 smelter agreements, the requirement that it report quarterly on its revenues and expenses
14 associated with those agreements is no longer meaningful. Kenergy continues to report on its
15 revenues and expenses associated with the smelter agreements, the vast majority of which are the
16 revenues and expenses associated with the power Kenergy purchases from EDF and sells to the
17 smelters. Thus, the Commission will continue to see the impact of the smelter agreements.
18 Moreover, as the Commission noted in its final order in Case No. 2013-00413, "[U]nder
19 KRS278.040(2), the Commission has 'exclusive jurisdiction over the regulation of rates and
20 service of utilities,' and under KRS 278.160(1), the Commission has 'original jurisdiction over
21 complaints as to the rates or service of any utility.'" Thus, the Commission will continue to have
22 oversight of the smelter agreements and their impacts on Big Rivers, its members, and their non-
23 smelter retail customer-members.

