

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	
CLAUSE OF BIG RIVERS ELECTRIC)	Case No.
CORPORATION FROM)	2019-00007
NOVEMBER 1, 2016 THROUGH OCTOBER 31, 2018)	

DIRECT TESTIMONY

OF

**MARK J. EACRET
VICE PRESIDENT ENERGY SERVICES**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: February 25, 2019

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**DIRECT TESTIMONY
OF
MARK EACRET**

5 **Q. Please state your name, business address, and position.**

6 A. My name is Mark J. Eacret. I am employed by Big Rivers Electric
7 Corporation (“Big Rivers” or “the Company”), 201 Third Street, Henderson,
8 Kentucky 42420, as Vice President Energy Services. I report to Robert W.
9 Berry, President and Chief Executive Officer.

10

11 **Q. Please describe your job responsibilities.**

12 A. As Vice President Energy Services, I am responsible for long-term energy and
13 capacity marketing and short-term energy hedging activities at Big Rivers.
14 I am also responsible for coordination of daily Midcontinent Independent
15 System Operator, Inc. (“MISO”) market activities that include unit offer
16 strategy, interface with ACES Power Marketing, and oversight of the market
17 Awards Process. A staff of five professionals report to me. Other
18 responsibilities include scheduling Southeast Power Administration
19 (“SEPA”) energy and capacity, natural gas account management, contract
20 management, interface with the MISO Independent Market Monitor, and
21 performing a variety of official roles within the MISO structure.

22

23 **Q. Briefly describe your education and work experience.**

1 A. I graduated from Indiana University–Purdue University in Indianapolis
2 with a Bachelor of Science in Accounting and from Indiana University with
3 a Master of Business Administration with a concentration in Finance. I was
4 employed by CINErgy and its predecessor companies from 1980 to 1991 in
5 the accounting function and, beginning in 1991, in the wholesale power
6 function managing the analytical support for the company's wholesale
7 marketing and trading functions. From 1999 through 2013, I worked with
8 Ameren Corp where initially my team and I provided analytical support to
9 the company's marketing and trading functions. In 2007, I assumed the
10 additional responsibility of Controller for Ameren's merchant generation
11 operation, Ameren Energy Resources (“AER”). In 2011, I became AER’s
12 Controller and Vice President of Business Services. Following Ameren’s 2013
13 sale of its merchant generation function, I moved to Sunflower Electric Power
14 Corporation (“Sunflower”) in January 2014, as the Senior Manager of Market
15 Operations and Power Contracts. At Sunflower, I was part of the team that
16 transitioned Sunflower into the Southwest Power Pool’s (“SPP”) Integrated
17 Market. I assumed my current position with Big Rivers Electric Corporation
18 in April 2015.

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1 **Q. Have you previously testified before this Commission?**

2 A. Yes. I sponsored responses to information requests in Case No. 2016-00278¹
3 and in Case No. 2017-00384.²

4

5 **Q. What is the purpose of your testimony in this proceeding?**

6 A. The purpose of my testimony is to describe Big Rivers' fuel procurement
7 practices in relation to natural gas as this is my area of responsibility.

8

9 **Q. Discuss the reasonableness of Big Rivers' fuel procurement**
10 **practices during the review period.**

11 A. Big Rivers' currently has one natural gas fired generator. It is the Reid
12 Combustion Turbine ("Reid CT"). It is operated as a peaking unit and for
13 reliability needs within the MISO system. Big Rivers purchases gas on the
14 spot market when the combustion turbine is needed. Big Rivers' agent
15 (ACES) has gas traders on their staff that procure the gas for the turbine
16 when it is required. ACES gas traders keep a list of available gas supply
17 companies so they can have a variety of choices, if the need arises. Big Rivers
18 has a transmission agreement with Texas Gas to supply the gas to this
19 combustion turbine. This is an interruptible service that is appropriate for

¹ See *In the Matter of: Application of Big Rivers Electric Corporation for a Declaratory Order*, Case No. 2016-00278.

² See *In the Matter of: 2017 Integrated Resource Plan of Big Rivers Electric Corporation*, Case No. 2017-00384.

1 the level of use. The Reid CT does not operate on a daily basis and it does
2 not warrant the higher cost of a firm gas contract. The Company's gas
3 procurement efforts during the review period have been reasonable and
4 practical, and represent the least cost methodology of procuring gas for the
5 operation of this combustion turbine.

6
7 **Q. Discuss any changes in wholesale electric power market that**
8 **occurred during the review period or that Big Rivers expects to**
9 **occur within the next two years that have significantly affected or**
10 **will significantly affect Big Rivers' electric power procurement**
11 **practices.**

12 **A.** Natural gas pricing has proven to have a strong correlation with energy
13 prices. As previously discussed this has led to conservative and reasonably
14 consistent forward energy prices. Current forward energy prices should not
15 significantly alter Big Rivers' current electric power procurement practices.

16
17 **Q. Does this conclude your testimony?**

18 **A.** Yes.

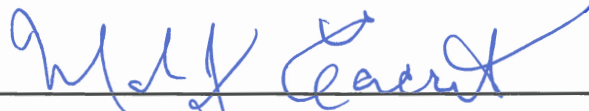
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BIG RIVERS ELECTRIC CORPORATION

**ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2016 THROUGH OCTOBER 31, 2018
CASE NO. 2019-00007**

VERIFICATION

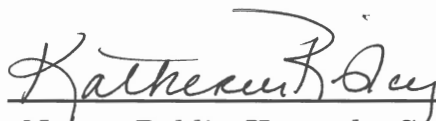
I, Mark J. Eacret, verify, state, and affirm that I prepared or supervised the preparation of the Direct Testimony filed with this Verification, and that Direct Testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry



Mark J. Eacret

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

20th SUBSCRIBED AND SWORN TO before me by Mark J. Eacret on this the
day of February, 2019.



Notary Public, Kentucky State at Large
My Commission Expires October 31, 2020