

ORIGINAL



Your Touchstone Energy® Cooperative 

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

In the Matter of:

ELECTRONIC APPLICATION OF)	
BIG RIVERS ELECTRIC CORPORATION)	Case No.
FOR ENFORCEMENT OF)	2019-00269
RATE AND SERVICE STANDARDS)	

**Responses to Commission Staff's
Second Request for Information
dated June 17, 2020**

FILED: June 29, 2020

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION
ELECTRONIC APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR ENFORCEMENT OF RATE AND SERVICE STANDARDS
CASE NO. 2019-00269

VERIFICATION

I, Robert W. ("Bob") Berry, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Robert W Berry

Robert W. ("Bob") Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. ("Bob") Berry on this
the 29th day of June, 2020.

Joy P. Parsley

Notary Public, Kentucky State at Large

My Commission Expires _____

Notary Public, Kentucky State-At-Large
My Commission Expires: July 10, 2022
ID: 604480



BIG RIVERS ELECTRIC CORPORATION
ELECTRONIC APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR ENFORCEMENT OF RATE AND SERVICE STANDARDS
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VERIFICATION

I, Michael W. ("Mike") Chambliss, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Michael W. Chambliss

Michael W. ("Mike") Chambliss

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Michael W. ("Mike") Chambliss on this the 29th day of June, 2020.

Joy P. Parsley

Notary Public, Kentucky State at Large

My Commission Expires _____

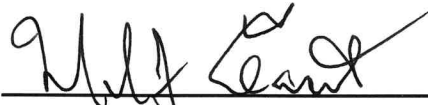
Notary Public, Kentucky State-At-Large
My Commission Expires: July 10, 2022
ID: 604480

BIG RIVERS ELECTRIC CORPORATION

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VERIFICATION

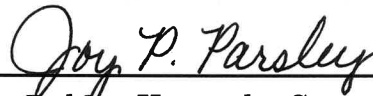
I, Mark J. Eacret, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Mark J. Eacret

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

29th SUBSCRIBED AND SWORN TO before me by Mark J. Eacret on this the
day of June, 2020.



Notary Public, Kentucky State at Large

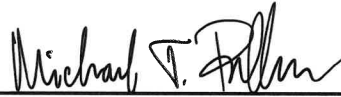
My Commission Expires _____

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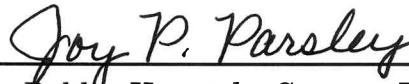
I, Michael T. ("Mike") Pullen, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Michael T. ("Mike") Pullen

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Michael T. ("Mike") Pullen on this the 29th day of June, 2020.



Notary Public, Kentucky State at Large

My Commission Expires _____

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VERIFICATION

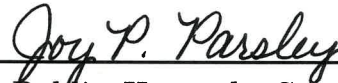
I, Paul G. Smith, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry,



Paul G. Smith

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Paul G. Smith on this the 29th day of June, 2020.



Notary Public, Kentucky State at Large

My Commission Expires _____

Notary Public, Kentucky State-At-Large
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1 Item 1) *Refer to BREC's response to Commission Staff's Initial Request*
2 *for Information (Staff's Initial Request), Item 1.a.*

3 a. *If known, provide how Henderson calculated the 18.87 percent share*
4 *of its costs for the long term remediation of the ash ponds.*

5 b. *To the extent Henderson's position regarding its obligation for the*
6 *ash pond costs remains as stated in the response, provide BREC's*
7 *position with respect to Henderson's calculation of the cost*
8 *allocation.*

9 c. *To the extent Henderson's position regarding BREC's continued use*
10 *of the joint facilities in accordance with the terms of the Station Two*
11 *contracts remains as stated in the response, state whether BREC*
12 *would agree that this issues has been resolved.*

13

14 **Response)**

15 a. Henderson calculated the 18.87 percent share based on the annual capacity
16 allocation of Station Two capacity between Big Rivers and Henderson and
17 the annual Reid 1 capacity. Please see the attached email, provided as

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1 Attachment 1, and spreadsheet, provided as Attachment 2, from Barbara
2 Moll, HMP&L's Chief Financial Officer. Henderson's current position
3 conspicuously ignores the specific contractual provisions in the Station Two
4 contracts relating to the allocation of plant decommissioning costs.

5 b. It is Big River's position that Henderson's current methodology for
6 calculating the allocation of the ash pond costs, as well as other
7 decommissioning costs should Station Two be decommissioned, is
8 inconsistent with the specific terms of the Station Two contracts as those
9 contracts relate to the treatment of such decommissioning costs.
10 Specifically, as noted in Big Rivers' response to Item 1a of Commission
11 Staff's Initial Request for Information, it is the position of Big Rivers that,
12 if Station Two is decommissioned, the allocation of ash pond costs is directly
13 controlled by Section 8 of the 1993 Amendments to the Station Two
14 contracts which provides that "the parties shall bear decommissioning costs
15 of Station Two in the proportion in which they shared capacity costs during
16 the life of Station Two." Per Section 8 of the 1993 Amendments to the

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1 Station Two contracts, the calculation of each party's obligation should be
2 77.24% Big Rivers and 22.76% Henderson.

3 c. Henderson' position regarding the cost sharing for Big River's continued
4 use of the city-owned joint-use facilities has been inconsistent. To the
5 extent that Henderson continues to maintain the position that it has no
6 objection to Big Rivers' continued use of joint use facilities in accordance
7 with the terms of the Station Two contracts, Big Rivers would agree that
8 this single issue has been resolved. However, Henderson's agreement with
9 Big Rivers' position should be memorialized in the Commission's final
10 Order in this case. Also, Henderson remains obligated to share in the
11 decommissioning of the joint-use facilities once those facilities are no
12 longer needed by Big Rivers to operate the Green Station. Henderson's
13 position related to decommissioning is that it is no longer responsible for
14 any decommissioning costs related to Station Two including the joint use
15 facilities. If this continues to be Henderson's position then Big Rivers does
16 not agree that this issue is resolved.

17

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1

2 **Witness)** Robert W. Berry

3

Subject: Capacity Split Calculation
Date: Monday, May 18, 2020 at 3:34:58 PM Central Daylight Time
From: Barbara Moll
To: Pullen, Mike
CC: Chris Heimgartner, Ken Brooks
Attachments: Station Two Capacity Splits-BREC HMPL REID.xlsx

Mike,

To assist in your discussion of our call this morning, I wanted to attach the spreadsheet we used to calculate the 18.87% split. Hopefully this helps.

Thank you,

Barbara Moll, CPA
Chief Financial Officer
Henderson Municipal Power & Light



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Big Rivers Electric Corporation

Case No. 2019-00269

Station Two Capacity Splits - HMPL CFO E-mail of May 18, 2020

STATION TWO							
CAPACITY RESERVATION							
Fiscal Year	Big Rivers' Share	City's Share	Total Station Two	Reid	BREC	City	Total
6/01/73 - 5/31/74	162	13	175	65	227	13	240
6/01/74 - 5/31/75	283	17	300	65	348	17	365
6/01/75 - 5/31/76	271	18	289	65	336	18	354
6/01/76 - 5/31/77	267	22	289	65	332	22	354
6/01/77 - 5/31/78	262	27	289	65	327	27	354
6/01/78 - 5/31/79	262	34	296	65	327	34	361
6/01/79 - 5/31/80	256	41	297	65	321	41	362
6/01/80 - 5/31/81	256	40	296	65	321	40	361
6/01/81 - 5/31/82	253	43	296	65	318	43	361
6/01/82 - 5/31/83	253	43	296	65	318	43	361
6/01/83 - 5/31/84	270	45	315	65	335	45	380
6/01/84 - 5/31/85	268	47	315	65	333	47	380
6/01/85 - 5/31/86	271	44	315	65	336	44	380
6/01/86 - 5/31/87	271	44	315	65	336	44	380
6/01/87 - 5/31/88	270	45	315	65	335	45	380
6/01/88 - 5/31/89	269	46	315	65	334	46	380
6/01/89 - 5/31/90	264	51	315	65	329	51	380
6/01/90 - 5/31/91	264	51	315	65	329	51	380
6/01/91 - 5/31/92	263	52	315	65	328	52	380
6/01/92 - 5/31/93	262	53	315	65	327	53	380
6/01/93 - 5/31/94	261	54	315	65	326	54	380
6/01/94 - 5/31/95	258	57	315	65	323	57	380
6/01/95 - 5/31/96	250	62	312	65	315	62	377
6/01/96 - 5/31/97	250	62	312	65	315	62	377
6/01/97 - 5/31/98	247	65	312	65	312	65	377
6/01/98 - 5/31/99	246	66	312	65	311	66	377
6/01/99 - 5/31/00	232	80	312	65	297	80	377
6/01/00 - 5/31/01	225	87	312	65	290	87	377
6/01/01 - 5/31/02	220	92	312	65	285	92	377
6/01/02 - 5/31/03	217	95	312	65	282	95	377
6/01/03 - 5/31/04	217	95	312	65	282	95	377
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6/01/05 - 5/31/06	217	95	312	65	282	95	377
6/01/06 - 5/31/07	217	95	312	65	282	95	377
6/01/07 - 5/31/08	217	95	312	65	282	95	377
6/01/08 - 5/31/09	217	95	312	65	282	95	377
6/01/09 - 5/31/10	212	100	312	65	277	100	377
6/01/10 - 5/31/11	207	105	312	65	272	105	377
6/01/11 - 5/31/12	202	110	312	65	267	110	377
6/01/12 - 5/31/13	197	115	312	65	262	115	377
6/01/13 - 5/31/14	197	115	312	65	262	115	377
6/01/14 - 5/31/15	197	115	312	65	262	115	377
6/01/15 - 5/31/16	197	115	312	65	262	115	377
6/01/16 - 5/31/17	197	115	312		197	115	312
6/01/17 - 5/31/18	197	115	312		197	115	312
6/01/18 - 5/31/19 ¹	197	115	312		197	115	312
Total	10,905	3,186	14,091	2,795	13,700	3,186	16,886
% Allocation	77.39%	22.61%			81.13%	18.87%	

¹If FY19 split was 187/125

77.32%	22.68%
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1 **Item 2)** *Refer to BREC's response to Staff's Initial Request, Item 4, pages*
2 *3-4 of 6, regarding the flue gas desulfurization (FGD) system at Station Two.*
3 *Explain in more detail how the joint use of the FGD system greatly reduced*
4 *the cost of that system at Station Two.*

5

6 **Response)** When the 1993 amendments were executed to provide for the FGD
7 system at Station Two, Big Rivers provided \$42,345,219.55¹ of its existing FGD
8 equipment that was installed at Green Station to be used as joint-use equipment for
9 the Station Two FGD. Therefore, the City did not need to install this equipment for
10 the Station Two FGD and thus greatly reduced the cost of that system at Station Two.

11 Following is the list of equipment provided by Big Rivers as joint-use
12 equipment for the Station Two FGD. These facilities are shown on the Sebree Plant
13 Site drawing which is Attachment 1 to this response.

14

¹ See Attachment 2 to this response, Annex 3.

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- 1 1. One (1) Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/Hour
- 2 Capacity for Lime, 1500 Net Ton/Hour Capacity for Coal;
- 3 2. One (1) Lime Conveyor L1;
- 4 3. One (1) Lime Transfer Tower Fed by L1 Conveyor;
- 5 4. Six (6) Lime Screw Conveyors;
- 6 5. Two (2) Lime Silos;
- 7 6. Four (4) Thickeners for Primary Dewatering of Bleed Slurry;
- 8 7. Three (3) Vacuum Filters;
- 9 8. One (1) Filter Feed System to Supply Three Vacuum Filters in Solid Waste
- 10 Building;
- 11 9. Two (2) Ash Silos and Feed Systems;
- 12 10. Eleven (11) Filter Cake Conveyors and Radial Stackers;
- 13 11. One (1) Sludge Stackout Area;
- 14 12. Three (3) Existing Slaker Water Pumps;
- 15 13. Two (2) Green Station River Water Clarifiers;
- 16 14. One (1) Green Station Bottom Ash Sluice Water System;
- 17 15. One (1) Sludge Haul Road and Two (2) Truck Scales; and

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1 16. Two (2) Slaker Buildings enclosing four (4) slakers and equipment.

2

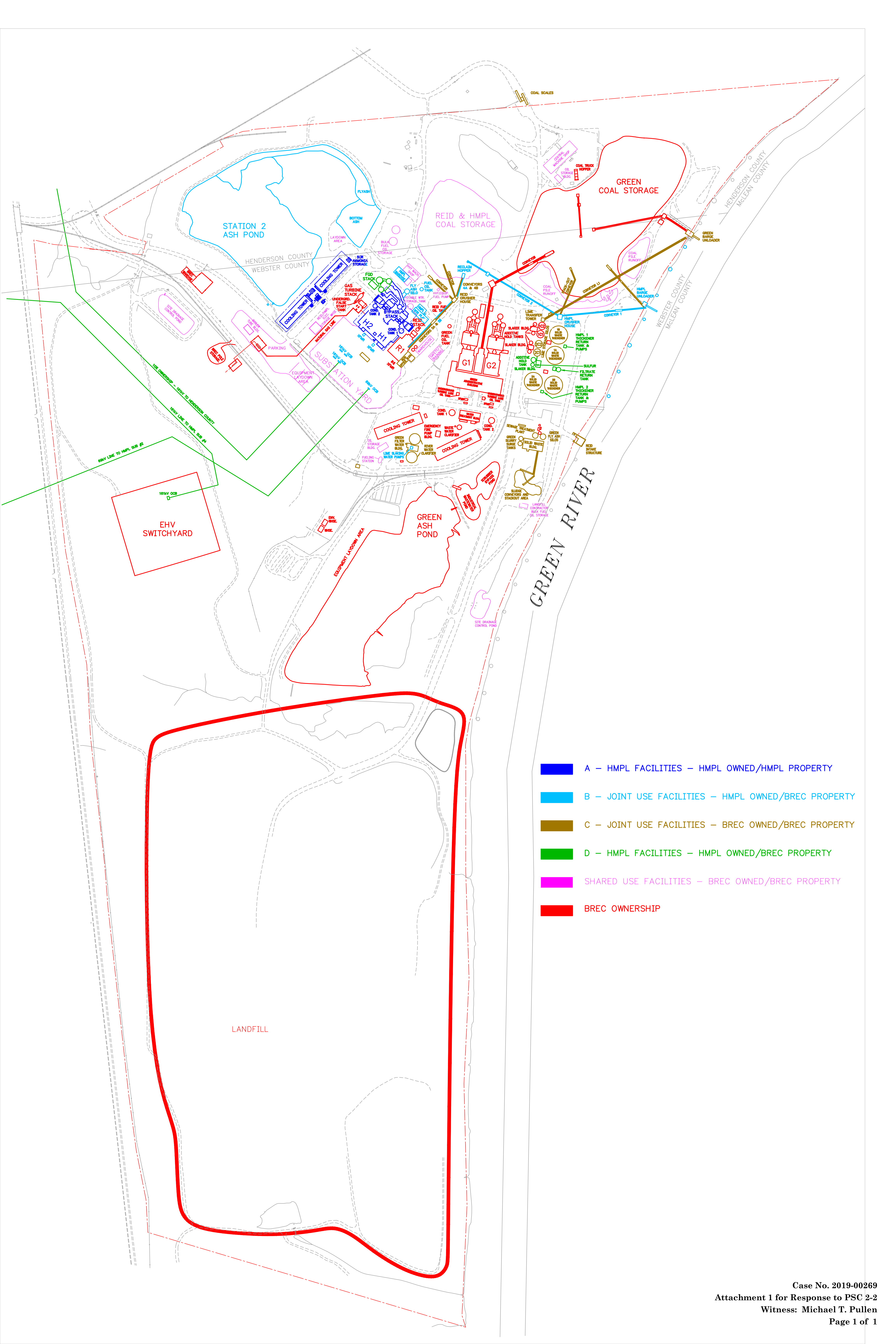
3 In addition to these capital cost savings, Henderson stored, and continues to
4 store, its Station Two scrubber sludge in Big Rivers' Green landfill. Big Rivers has
5 charged Henderson its cost of providing this service with no mark-up or margin. As
6 stated on page 49 of Mr. Berry's Direct Testimony, using the Green landfill at cost
7 has saved Henderson \$3.1 million from 2015-2018 compared to using a third-party,
8 for-profit landfill.

9

10

11 **Witness)** Michael T. Pullen

12



- A – HMPL FACILITIES – HMPL OWNED/HMPL PROPERTY
- B – JOINT USE FACILITIES – HMPL OWNED/BREC PROPERTY
- C – JOINT USE FACILITIES – BREC OWNED/BREC PROPERTY
- D – HMPL FACILITIES – HMPL OWNED/BREC PROPERTY
- SHARED USE FACILITIES – BREC OWNED/BREC PROPERTY
- BREC OWNERSHIP

BIG RIVERS ELECTRIC CORPORATION
INTEROFFICE CORRESPONDENCE

TO: Distribution List

FROM: Steve Jackson *SJ*

DATE: May 12, 1993

RE: HMP&L Station Two and Joint Use Facilities Description

The attached documents were generated to address REA concerns expressed in review of the proposed amendment to the Big Rivers agreement with the City of Henderson. The documents attempt to provide a description of the equipment and property at the Reid, Station Two and Green site that are solely or jointly owned by the City or that are joint use facilities which each party has a right to use for the operation of their respective generating units. In addition these documents address the equipment that will be added for and shared between the Station Two scrubber and the Green Station scrubber in the same manner. The attached documents are:

Exhibit 1 pages 1 to 3: written description of existing and proposed Station Two and joint use facilities.

Exhibit 2 : General Arrangement Site Plan drawing depicting the equipment described in Exhibit 1 when possible.

Annex 1,2 and 3 revised to match the information provided in Exhibit 1.

These documents have been provided to Mr. Morton Holbrook, Mr. Henry Neel and the REA. Please review them and provide me any comments or revisions required as soon as possible.

Distribution List

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BIG RIVERS ELECTRIC CORPORATION

May 14, 1993

Mr. Morton Holbrook
Holbrook, Wible, Sullivan & Mountjoy, P.S.C.
100 St. Ann Building
P.O. Box 727
Owensboro, KY 42302-0727

Dear Mr. Holbrook:

Enclosed is one copy of the Green/Station Two Shared Facilities Study report prepared by Burns and McDonnell. This report documents the adequacy of the existing Green Station FGD facilities and the equipment additions and modifications needed to handle the combined capacity for Green and Station Two FGD systems. This report is being provided in order to address the concern expressed by Mr. Steve Slovikosky of the REA. He felt this document would provide them the ability to answer any questions that might be raised concerning the ability to share the Green FGD facilities with Station Two.

There are two minor modifications to the Lime Slaking and Slurry Feed system arrangement outlined in the report. These changes are a result of review and approval of the system arrangement outlined by Wheelabrator in their proposal. The changes include:

1. A single drag chain conveyor will feed lime from two existing lime silos and their screw conveyors instead of a dual drag chain conveyor system feeding from all four silos as proposed in the study.
2. The system will include two slurry feed loops, but only one slurry hold tank. Instead of the additional tank, a crosstie system will be provided with the Green Station slurry hold tanks to allow additional capacity by transfer of slurry from the other tanks.

By copy of this letter, we are providing this report to Mr. Terry Brady and Mr. Steve Slovikosky.

Let us know if any additional information is required.

Sincerely,

James H. McIlwain
James H. McIlwain
Manager of Construction

cc: Terry Brady, Esq. - REA
Steve Slovikosky - REA

EXISTING HMP&L STATION TWO FACILITIES

All Station Two facilities located on City property are owned by the City of Henderson Utility Commission except the BTG control board for Big Rivers' Reid Unit 1. This property is indicated as areas A and B on Exhibit 2. The Reid control board is now located in the Station Two control room. The Station Two facilities are:

1. Two Cooling Towers, Ecodyne Model 670-2-71011, S/N E-70-12783 and E-70-12784
2. Four Circulating Water Pumps, Byron Jackson Model 57RXM S/N 711-C-1621, 711-C-1622, 711-C-1623, and 711-C-1624
3. One Turbine Building including Control Room, Switchgear, Fans, Pumps, Motors, Coal Pulverizers and Other Plant Auxiliary Equipment.
4. Two Steam Generators, Riley Stoker, National Board Nos. 2292 (repair no. 390) and 2379, S/N 3576 and 3675.
5. Two Turbine Generators, One General Electric S/N 178863, One Westinghouse S/N 13A43311/43321
6. Two Electrostatic Precipitators, Research Cottrell, Model No. B11LC52F9X30
7. One Chimney, 350 feet tall, concrete shell with brick liner, serving both units

Joint Use Facilities Provided By and Owned By the City But Located on Big Rivers' Property.

1. Barge Mooring Cells Nos. 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No. 04-3280-S3200
2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity
3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 2
4. One Reclaim Hopper which feeds coal conveyors 4A and 4B
5. One Crusher House fed by conveyor No. 1
6. One Tugboat - The "William Newman" 37 feet long, 21.27 gross tons, 14.0 net tons, coastguard capacity 350 HP
7. One Water Treatment Plant With Demineralizer Building and associated equipment
8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System
9. One Flyash Silo, Sump & System Components
10. One Prefab Metal Warehouse adjacent to Fly Ash Silo
11. One Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15 as defined by inventory control records
13. One Ash Pond and Effluent Lines
14. Circulating Water Lines as shown on attached Exhibit 2
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard.
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard.
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard.

19. One Excitation Transformer, General Electric , S/N D-597562, located in Plant Switchyard.
20. One Lot of Line Terminal Structures, Bus, Relay Panels, Etc., located in Plant Switchyard as shown on attached Exhibit 2

Joint Use Facilities Owned by Big Rivers and located on Big Rivers property

1. Reid Intake Structure, Two Pumps, and Circulating Water System to serve Reid Unit 1
2. Coal System Crusher Tower supplied by coal conveyors 4A and 4B
3. Coal Conveyors Number 5A and 6A as shown on attached Exhibit 2
4. Plant Entrance Roads from highways 2096 and 2097 and Two Concrete Block Guardhouses
5. Reid Office Building and Maintenance Shop
6. Reid Grounding Transformer Eastern S/N PMR427988
7. Sewage Treatment Facility for Reid, Green and HMP&L Station Two power plants
8. Fire Water System for Reid Station
9. Switchyard Control House for Breaker Controls as shown on attached Exhibit 2

Other Facilities Owned by the City of Henderson Utility Commission But Not Classified as Joint Use Facilities, a portion or all of which is located on Big Rivers property

1. One 161KV Line from Reid EHV Substation to City Substation No. 5.
2. One Line Terminal Bay and Associated Equipment in Reid EHV Substation for City 161KV Line to City Substation No. 5.
3. Fifty Percent (50%) Ownership of 161/69 KV Transformer G1, Westinghouse, S/N RLP 15941) at Henderson County Substation.
4. Ten Percent (10%) Ownership of Big Rivers 161KV Line from Station Two Switchyard to Henderson County Substation.
5. Forty Percent (40%) Ownership of Spare Step Up Transformer (General Electric S/N K 547026) & Railcar (No. BREX 242).
6. One 69KV Transmission Line from plant switchyard to City Substation No. 2

**PROPOSED HMP&L STATION TWO
FACILITIES FOR FGD SCRUBBER SYSTEM**

FGD Joint Facilities To Be Owned by City of Henderson on Big Rivers Property

1. FGD System Chimney, 350' Tall
2. Two Wheelabrator Absorber Modules, Building & Associated Equipment
3. Two Booster Fans
4. Auxiliary Building as shown on attached Exhibit 2 containing Controls and Electrical Equipment, Maintenance, Locker and Shower Facilities
5. One Station Two Slaker Building Enclosing Three Slaking Tanks & Equipment
6. One Station Two Additive Hold Tank
7. Two Lime Slaking Water Pumps and Lines to Slaking Building
8. Two Lime Feed Conveyors from Big Rivers' Green Station Lime Storage Silos 2C1 & 2C2
9. Two Additive Feed Systems; Station Two Scrubber System Includes Pipe & Pipe Rack
10. Two Bleed Slurry Systems to Big Rivers' Green Station Primary Dewatering System Including Pipe, Pipe Rack & Splitter Boxes
11. Two Pug Mill Mixer (Listed Manufacturer and Serial Nos. when known)
12. One Vacuum Filter and Associated Equipment Including Building Expansion as shown on attached Exhibit 2
13. Two New Thickener Underflow Lines and Two Flow Monitors
14. Two Control Systems on Big Rivers' Green Station Thickener Return Water Tanks
15. Two New Thickener Return Water Tanks & Controls
16. One New Filtrate Surge Tank and Controls
17. One Electrical Power Supply for FGD System, with redundant feeds including 161/4.16KV transformer, bus work, relay panels and metering equipment

Existing Facilities Owned By Big Rivers Electric For Green Station FGD System As Shown On Attached Exhibit 2 Which Will Be Jointly Used By Green Station and HMP&L Station Two And Which Are Located On Big Rivers Property

1. One Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/Hr Capacity For Lime, 1500 Net Ton/Hr Capacity For Coal
2. One Lime Conveyor L1, As Shown On Exhibit 2
3. One Lime Transfer Tower Fed By L1 Conveyor As Shown On Exhibit 2
4. Six Lime Screw Conveyors: 2CW-LFC, 2CE-LFC, 2C1-SC, 2C2-SC, 1CW-LFC, 1CE-LFC
5. Two Lime Silos 2C1 and 2C2 As Shown On Exhibit 2
6. Four Thickeners for Primary Dewatering of Bleed Slurry: 1A, 1B, 2A, 2B
7. Three Vacuum Filters: FL-1A, FL-1B, FL-1C
8. One Filter Feed System To Supply Three Vacuum Filters In Solid Waste Building As Shown On Exhibit 2
9. Two Ash Silos & Feed Systems
10. Eleven Filter Cake Conveyors & Radial Stackers: CO-1A, CO-1B, CO-1C, CO-2A, CO-2B, CO-3A, CO-3B, CO-6A, CO-6B, CO-7A, CO-7B
11. One Sludge Stackout Area As Shown On Exhibit 2
12. Three Existing Slaker Water Pumps: 1A, 1B and 2A
13. Two Green Station River Water Clarifiers: CL-101 and CL-102
14. One Green Station Bottom Ash Sluice Water System
15. One Sludge Haul Road and Two Truck Scales

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Attachment 2 for Response to PSC 2-2

Witness: Michael T. Pullen

Listing of Joint Use Facilities Owned by Big Rivers Electric Corporation
and Used in the Operation of Station Two and
Big Rivers' Reid and Green Power Plants and More
Particularly Described In Exhibit 1 and Located On Exhibit 2

1. Reid Intake Structure & Pumps
2. Coal System Crusher Tower
3. Conveyors Number 5A and 6A
4. Plant Entrance Roads and Guardhouses
5. Reid Office Building and Maintenance Shop
6. Reid Grounding Transformer
7. Site Sewage Treatment Facility
8. Fire Water System for Reid Station
9. Switchyard Control House for Breaker Controls

Listing of Joint Use Facilities Owned by City of Henderson Utility
Commission and Used in the Operation of Station Two
and Big Rivers' Reid and Green Power Plants and More
Particularly Described In Exhibit 1 and Located On Exhibit 2

1. Barge Mooring Cells Nos. 1N, 2N, 3N, 4N, 1S, 2S, 3S, and 4S
2. Coal Barge Unloader
3. Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B
4. Reclaim Hopper
5. Crusher House
6. Tugboat - The "William Newman"
7. Water Treatment & Demineralizer Building & Plant
8. Fuel Oil Storage Tank & Systems
9. Flyash Silo, Sump & System Components
10. Warehouse adjacent to Fly Ash Silo
11. Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15
13. Ash Pond and Effluent Lines
14. Circulating Water Lines
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208,
0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard.
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2,
located in Plant Switchyard.
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located
in Plant Switchyard.
19. One Excitation Transformer, General Electric , S/N D-597562, located in
plant switchyard.
20. One Lot of Structures, Bus, Relay Panels, Etc., located in Plant Switchyard

FGD JOINT FACILITIES OWNED BY BIG RIVERS

To Which 11.5% Annual Carrying Charge Is To Be Applied

Thickener equipment	\$ 889,534.61	Barge Unloader Cells; Foundations	\$1,066,270.00
Thickener equipment	\$ 1,145,429.00	Solid Waste Building Foundations	\$ 442,241.00
Lime Silo Equipment	\$ 2,423,640.00	Control House; Barge Unloader	\$ 20,360.00
Lime Silo Equipment	\$ 720,183.00	Electrical Building; Barge Unloader	\$ 20,360.00
Foundations, Misc.	\$ 8,418,755.91	G2 Clarifier Equip. Building	\$ 396,490.00
Foundations, Piping, Conveyors, Valves	\$13,769,110.40	Solid Waste Building; Structure	\$ 547,042.00
Air Dryer, IU	\$ 16,189.41	Air Conditioning System; IUCS Building	\$ 2,441.00
Lime Conveyor	\$ 5,725.40	Barge Unloader Cab; HVAC Unit	\$ 630.00
Barge Unloader	\$ 734,852.00	Access Bridge To Unloader Cells	\$ 333,449.00
Screw Conveyors	\$ 18,879.00	Yard Lighting; Solid Waste Area	\$ 6,838.00
Barge Crane	\$ 39,844.00	Sludge Haul Road, Both Gravel & Paved	\$2,499,207.29
Dust Collectors	\$ 385,716.00	Pneumatic Ash Transfer System	\$ 503,857.12
Barge Trolley	\$ 38,759.00	Improvements and Modifications	\$ 169,366.43
Barge, Bucket Elev.	\$ 211,047.00		
Hoist, Barge Unloader	\$ 66,390.00	Subtotal Column 2	\$6,008,551.84
Unloader & Cells	\$ 4,606,636.98		
Lime Conveyor	\$ 2,123,066.00		
Solid Waste Loader	\$ 323,633.00		
Clarifier	\$ 399,277.00		
Subtotal Column 1	\$36,336,667.71		

Installed Value \$42,345,219.55

Cost Split Ratio

Green 440 MW--Station Two 315 MW
Station Two Allocation: 315 MW divided by 755 MW = 41.72%

Depreciated Value As Of 12/31/94 \$21,675,601.32

Station Two portion is \$9,043,061 using the same ratio as determined above

Annual cost at 11.5% is \$1,039,952 which would be split between HMP&L and Big Rivers in the same ratio as each party's allocation of Station Two capacity

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dated June 17, 2020

June 29, 2020

1 **Item 3)** *Refer to BREC's response to Staff's Initial Request, Item 5, and*
2 *BREC's revised response to Staff's Initial Request, Item 7(d). State which*
3 *capacity values were used to allocated costs between BREC and Henderson.*

4

5 **Response)** The Station Two Excess Henderson Energy and Other Operating Cost
6 annual settlement and true-up reflect the following Henderson Municipal Power &
7 Light capacity values:

- 8 • Fiscal Years 2014/2015, 2015/2016, 2016/2017, and 2017/2018 = 115 MWs;
9 • Fiscal Year 2018/2019 = 125 MWs.

10

11

12 **Witness)** Paul G. Smith

13

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1 **Item 4)** *Refer to BREC's response to Staff's Initial Request, Item 7(a), and*
2 *BREC's revised response to Staff's Initial Request, Item 7(d). For the years in*
3 *which Henderson's capacity reservation was deficient by more than 5*
4 *megawatts (MW), explain whether and how the maximum change in*
5 *Henderson's capacity reservation affects the capacity amounts used to*
6 *allocate costs between BREC and Henderson.*

7

8 **Response)** Henderson's capacity reservation deficiency impacts several cost
9 allocations, including but not limited to:

- 10 1. An understatement of that particular fiscal year's allocation of Station Two
11 costs to Henderson (per the Settlement & True-up process),
12 2. An understatement of the Excess Henderson Energy for that particular
13 fiscal year, and
14 3. An understatement of Henderson's capacity share over Station Two's useful
15 life, which is the basis for allocating decommissioning costs.

16

17 **Witness)** Paul G. Smith

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1 **Item 5)** *Refer to BREC's response to Staff's Initial Request, Items 9(a) and*
2 *9(b). Explain when and how BREC communicated the severance package*
3 *availability to nonbargaining employees.*

4

5 **Response)** Following the announcement of the intent to retire Station Two, Big
6 Rivers discussed the potential severance plan during the CEO's quarterly employee
7 meetings. On October 1, 2018, Big Rivers met with union officials to discuss potential
8 severance options for bargaining employees. Big Rivers staff presented a proposed
9 severance plan for both bargaining and non-bargaining employees to its Board of
10 Directors on October 19, 2018. On November 1, Big Rivers sent a memo to all
11 employees letting them know that we were reducing headcount and would be offering
12 a severance plan to those in positions targeted for reduction. On November 6, 2018,
13 Big Rivers hand-delivered to their work locations a packet of information to both
14 bargaining and non-bargaining employees in the classifications targeted for
15 reduction. The packet included Voluntary Work Force Reduction Process
16 Information, Severance Plan Information, a List of Positions Targeted, Separation

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- 1 Agreement, Voluntary Severance Application Election Form, Calendar of Important
- 2 Dates, and a Questions and Answers document.
- 3
- 4
- 5 **Witness)** Robert W. Berry
- 6

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1 **Item 6)** *Refer to BREC's response to Staff's Initial Request, Item 12,*
2 *regarding the \$3.1 million in savings in 2015 resulting from the disposal and*
3 *storage of the Station Two coal combustion waste at the Green landfill. State*
4 *whether the \$3.1 million is attributable to the waste associated with*
5 *Henderson's allocation of capacity at Station Two or whether the \$3.1 million*
6 *is in connection with the entire waste generated by the Station Two in 2015.*

7

8 **Response)** The \$3.1 million savings is in connection with the waste from
9 Henderson's actual electricity generated from Station Two from 2015 to 2018. During
10 this time period, Henderson generated 523,855 tons of waste that was stored in the
11 Green Landfill. Big Rivers estimated that the cost to haul and store this waste in an
12 offsite landfill was \$6/ton *more costly than* expanding the Green Landfill and storing
13 the ash there. [523,855 tons of Henderson waste x \$6 / ton = \$3,143,130]

14

15

16 **Witness)** Robert W. Berry

17

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1 Item 7) *Refer to BREC's response to Staff's Initial Request, Item 15, in*
2 *which BREC states that "[t]he Green landfill is not a joint-use facility, even*
3 *though all of the Station Two ash pond dredgings stored at the Green landfill*
4 *are a joint use facility solely owned by Henderson."*

5 a. *Identify each provision in any relevant contract that supports this*
6 *contention.*

7 b. *Explain each basis for BREC's contention that the landfill is not a*
8 *joint-use facility but that the ash pond dredgings themselves are a*
9 *joint-use facility.*

10 c. *Describe how BREC's determined the amounts charged or allocated*
11 *to Henderson for transporting and depositing the waste from*
12 *Station Two in the Green landfill at the time the waste was*
13 *transported to and deposited in the landfill as distinguished from*
14 *any costs that were charged or allocated to Henderson for the*
15 *ongoing operation and maintenance of the landfill.*

16 d. *If, for the sake of this example only, neither the Green Landfill nor*
17 *the ash pond dredgings stored at the Green landfill were a joint-use*

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1 *facility as that term is used in the relevant contracts, state whether*
2 *there would be any basis under the existing contracts for requiring*
3 *Henderson to pay for ongoing operations and maintenance at the*
4 *Green Landfill, and, if so, explain why.*

5

6 **Response)**

7 a. The Joint Facilities Agreement as amended by the 1993 Amendments
8 added Section 3.1(a)¹ which documents the facilities that Big Rivers has
9 allocated for the continuing joint use of the parties listed on Exhibit 1, Page
10 2, Part C.² The Green Landfill is not listed on this Exhibit, therefore, it is
11 not a joint use facility.

12 b. The Joint Facilities Agreement as amended by the 1993 Amendments
13 revised Section 3.2³ which documents the auxiliary facilities that the City
14 has previously allocated for the continuing joint use of the parties in Exhibit

¹ See Application Exhibit 12, Page 11 of 19.

² See Application Exhibit 12, Page 17 of 19.

³ See Application Exhibit 12, Page 11 of 19.

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1 1, Pages 1 and 2, Part B.⁴ Part B lists the joint use facilities provided by
2 and owned by the City but located on Big Rivers' property. Item 15 of that
3 joint use facilities listing is the Station Two Ash Pond Dredgings in Green
4 Station Sludge Disposal Landfill adjacent to the Green River south of Green
5 Station. Therefore, the Station Two Ash Pond Dredgings are joint use
6 facilities owned by the City.

7 c. The amount allocated to Henderson for transporting and depositing
8 (hauling) the waste from Station Two to the Green landfill was charged
9 monthly based on the amount of waste produced for the given month. The
10 tonnage of waste produced was multiplied by the third party contractor's
11 rate to arrive at the total Station Two hauling cost. This amount was then
12 allocated to Henderson and Big Rivers based on the monthly split
13 memo. There are other charges that are incurred to operate and maintain
14 the landfill. These charges include, but are not limited to, the following:
15 capping, down drains, road maintenance, mowing, annual inspections,
16 *etc.* Green Station paid all expenses incurred for landfill down drains and

⁴ See Application Exhibit 12, Page 16 of 19.

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1 road maintenance. Other items such as capping, mowing and annual
2 inspections were split based on the current capacity splits for the given
3 fiscal year.

4 d. Yes, the City has an obligation to pay for its share of operations and
5 maintenance associated with the waste that it owns and is stored in the
6 Green Landfill. Henderson is continuing to make use of the landfill to store
7 its share of the Station Two waste. As the owner of the waste, the City has
8 responsibility for environmental compliance with the Federal Coal
9 Combustion Residual Rule and the Kentucky Division of Solid Waste
10 Management regulations and is responsible for its share of the costs
11 associated with that compliance. It is reasonable to expect a utility to pay
12 the costs associated with the disposal and compliance of waste generated to
13 benefit their respective rate payers.

14

15

16 **Witness)** Michael T. Pullen

17

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1 **Item 8)** *Refer to BREC's response to Staff's Initial Request, Item 17.*
2 *Explain how the interest charges will be calculated and when they will be*
3 *applied.*

4

5 **Response)** If Henderson promptly pays the amounts owed, Big Rivers may not
6 exercise its rights under the Station Two contracts to add interest to the past due
7 amounts. However, if Henderson continues to ignore the payment of the balance
8 owed, Big Rivers will accrue interest from the year each component of the balance
9 was incurred, calculated at Big Rivers' weighted average cost of debt for each year
10 the amount was outstanding, and add the cumulative interest to the amount(s)
11 approved for recovery in this proceeding.

12

13

14 **Witness)** Paul G. Smith

15