

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
BIG RIVERS ELECTRIC CORPORATION AND)	
MEADE COUNTY RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR)	Case No.
APPROVAL OF CONTRACTS FOR ELECTRIC)	2019-00365
SERVICE WITH NUCOR CORPORATION and)	
APPLICATION OF BIG RIVERS ELECTRIC)	
CORPORATION FOR APPROVAL OF TARIFF)	

**Responses to Commission’s Third Request for Information
dated
August 11, 2020**

FILED: August 13, 2020

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION
ELECTRONIC JOINT APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION AND
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
FOR APPROVAL OF CONTRACTS FOR ELECTRIC SERVICE WITH
NUCOR CORPORATION and APPLICATION OF BIG RIVERS ELECTRIC
CORPORATION FOR APPROVAL OF TARIFF
CASE NO. 2019-00365

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 13th day of August, 2020.

Joy P. Passley

Notary Public, Kentucky State at Large

My Commission Expires _____

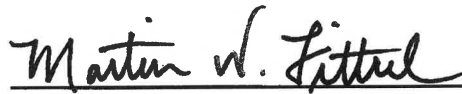
Notary Public, Kentucky State-At-Large
My Commission Expires: July 10, 2022
ID: 604480



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VERIFICATION

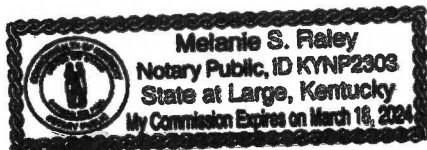
I, Martin W. ("Marty") Littrel, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Martin W. ("Marty") Littrel

COMMONWEALTH OF KENTUCKY)
COUNTY OF MEADE)

SUBSCRIBED AND SWORN TO before me by Martin W. ("Marty") Littrel on this the 10th day of August, 2020.





Notary Public, Kentucky State at Large

My Commission Expires

3-18-2024


COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

**In the Matter of: Electronic Joint Application of Big)
Rivers Electric Corporation and Meade County Rural)
Electric Cooperative Corporation for (1) Approval of) Case No. 2019-00365
Contracts for Electric Service with Nucor Corporation;)
and (2) Approval of Tariff)**

CERTIFICATION

This is to certify that I have supervised the preparation of Nucor Corporation's ("Nucor") response to Item 1 of the Commission Staff's Third Request for Information and that the responses are true and accurate to the best of my knowledge, information, and belief after reasonable inquiry.

Date: 8-13-2020



Johnny Jacobs
Vice President and General Manager
of Nucor

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF)

Subscribed and sworn to before me by Johnny Jacobs on this the 13th day of August, 2020.



NOTARY PUBLIC, KENTUCKY STATE AT LARGE

My Commission Expires: 6-15-2024

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1 Item 1) *Refer to the Direct Testimony of Robert W. Berry, Berry-Ex. 2*
2 *(Nucor Retail Electric Service Agreement).*

3 a. *State whether the Nucor Retail Electric Service Agreement provides*
4 *for the re-opening of the agreement or a current provision to address*
5 *the On-Peak Energy Charge and Off-Peak Energy Charge that are*
6 *set forth in Exhibit C to the Nucor Retail Electric Service Agreement*
7 *in the event of the implementation of a carbon price or tax at the*
8 *national, regional, or state level.*

9 i. *If the Nucor Retail Electric Service Agreement contains such a*
10 *provision, identify where in the agreement this provision is*
11 *located.*

12 ii. *If the Nucor Retail Electric Service Agreement does not contain*
13 *such provision(s), state whether the Parties would be agreeable*
14 *to amending that agreement to include a provision that would*
15 *allow for the re-opening of the agreement to address the On-*

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1 *Peak Energy Charge and Off-Peak Energy Charge that are set*
2 *forth in Exhibit C to the Nucor Retail Electric Service*
3 *Agreement in the event a carbon price or tax is implemented at*
4 *the national, regional or state level.*

5

6 **Response)**

7 a. The Nucor agreement does not provide for the re-opening of the agreement or
8 a current provision to address the On-Peak Energy Charge and Off-Peak
9 Energy Charge that are set forth in Exhibit C to the Nucor Retail Electric
10 Service Agreement in the event of the implementation of a carbon price or tax
11 at the national, regional, or state level.

12 i. Not applicable

13 ii. The parties do not believe that such an amendment is necessary. Big
14 Rivers, Meade County RECC and Nucor all conducted good faith
15 negotiations that produced a long term contract that benefits all parties

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1 involved. Big Rivers and Meade County fully understood the risk
2 associated with this transaction and we intentionally structured the
3 Nucor contract in a manner where we can mitigate this risk once all of
4 the regulatory approvals have been received, as explained in the
5 responses to Items 2 and 3 of the Commission Staff's Third Request for
6 Information.

7

8 **Witnesses)** Robert W Berry (*Big Rivers*),

9 Martin W. Littrel (*Meade County RECC*), and

10 Johnny Jacobs (*Nucor Corporation*)

11

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1 **Item 2) *Explain the impact to BREC and Meade County RECC's members***
2 ***under the terms of the Nucor Retail Electric Service Agreement should a***
3 ***carbon price or tax be implemented at the national, regional or state level at***
4 ***any time during the term of the Nucor Retail Electric Service Agreement and***
5 ***state whether BREC and/or Meade County RECC's members will be exposed***
6 ***to any risk under the agreement if a national, regional or state carbon price***
7 ***or tax is imposed. Responses should differentiate between the contract***
8 ***phases of the Nucor Retail Electric Service Agreement.***

9

10 **Response)** There should be no impact to Big Rivers or Meade County RECC's
11 members under the terms of the Nucor Retail Electric Service Agreement if a carbon
12 price or tax is implemented at the national, regional or state level.

13

14

15 beginning, it has been Big Rivers' plan to hedge the Phase One portion of the Nucor

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1 contract. Once all of the required regulatory approvals are received, Big Rivers will
2 hedge the Phase One portion of the Nucor contracts with a combination of bilateral
3 agreements and the solar PPA's which are pending Commission approval in Case No.,
4 2020-00183. This hedge plan will mitigate both the price exposure and carbon
5 exposure for Big Rivers and Meade County RECC.

6 During the second ten years of the Nucor contract, Big Rivers and Meade
7 County RECC have little or no exposure. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]. See the Confidential

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1 attachment to this response for calculations of the percentage of the Nucor energy
2 requirement that is hedged annually and in total, along with an estimate of the
3 amount that remains unhedged.

4 It is worth noting that Meade County RECC and the other Big Rivers Member-
5 Owners are in a much better position with the Nucor agreement than without it. The
6 Nucor contract was a significant achievement in the Load Mitigation Plan that
7 eliminated the need for a projected 8-12% rate increase in the next few years. The
8 Nucor agreement was also the first step in the solar contracting process, which will
9 diversify the Big Rivers generation portfolio while bringing below-market energy to
10 our Member-Owners.

11

12

13 **Witnesses)** Robert W. Berry (*Big Rivers*) and

14 Martin W. Littrel (*Meade County RECC*)

15

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1 **Item 3)** *If, for instance, in the event a \$15 per ton price on carbon*
2 *emissions was placed on BREC's generation units, explain how that would*
3 *affect the economics of the Nucor Retail Electric Service Agreement with*
4 *Nucor in each of the contract phases.*

5

6 **Response)** A \$15 per ton price of carbon placed on Big Rivers' generation units
7 should not impact the economics of the Nucor Retail Electric Service Agreement. It
8 is the intention of Big Rivers to hedge its price exposure during the first ten years of
9 the agreement, as described in Big Rivers' response to Item 2 of the Commission
10 Staff's Initial Request for Information and Item 1 of the Commission Staff's Second
11 Request for Information. Once those hedges are in place, the economics of the Nucor
12 transaction will be protected from any market price increases.

13 A per ton tax on carbon emissions will have no effect on the second ten years
14 of the Nucor agreement either. [REDACTED]

15 [REDACTED]

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Witness) Robert W. Berry