

**ORIGINAL**



Your Touchstone Energy® Cooperative 

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

**In the Matter of:**

**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**

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**Case No.  
2019-00365**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**FILED: December 11, 2019**

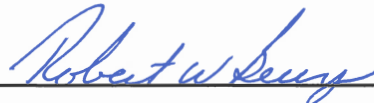
**ORIGINAL**

**BIG RIVERS ELECTRIC CORPORATION**

**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**

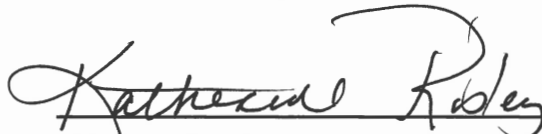
I, Robert W. ("Bob") Berry, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Robert W. ("Bob") Berry

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Robert W. ("Bob") Berry on this  
the 17<sup>th</sup> day of December, 2019.



Notary Public, Kentucky State at Large

My Commission Expires

October 31, 2020

**BIG RIVERS ELECTRIC CORPORATION**

**JOINT APPLICATION OF  
BIG RIVERS ELECTRIC CORPORATION AND  
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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. ("Mike") Chambliss

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Michael W. ("Mike") Chambliss on this the 1<sup>st</sup> day of December, 2019.



Notary Public, Kentucky State at Large

My Commission Expires

October 31, 2020

**BIG RIVERS ELECTRIC CORPORATION**

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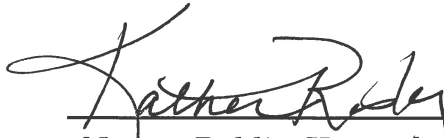
I, Mark J. Eacret, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry,



Mark J. Eacret

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

10<sup>th</sup> SUBSCRIBED AND SWORN TO before me by Mark J. Eacret on this the  
day of December, 2019.



Notary Public, Kentucky State at Large

My Commission Expires

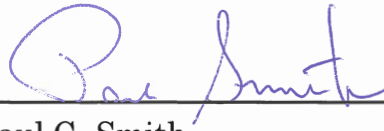
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**VERIFICATION**

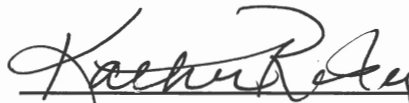
I, Paul G. Smith, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry,



Paul G. Smith

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

11 SUBSCRIBED AND SWORN TO before me by Paul G. Smith on this the  
day of December, 2019.



Notary Public, Kentucky State at Large

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**December 11, 2019**

1 **Item 1)** *Refer to the Application, paragraph 2. Provide the date by which*  
2 *Joint Applicants request a final Order in this proceeding.*

3

4 **Response)** Nucor has an aggressive construction schedule, with testing of key  
5 components of their facility expected in the summer of 2021 and full operation of the  
6 facility no later than January 1, 2022. In order to meet that schedule, Big Rivers has  
7 already begun work on the transmission infrastructure required. Much of the high-  
8 dollar equipment required (*e.g.*, Statcom, SVCs, and transformers) has lead times of  
9 twelve to fifteen months, which will require that orders be placed very soon.

10 Big Rivers and Nucor have a Reimbursement Agreement in place under which  
11 Nucor agrees to reimburse Big Rivers for up to \$3.5 million in expenditures if  
12 regulatory approval for the contract is not received. An expedited Order would allow  
13 Big Rivers to maintain the construction schedule required by Nucor without  
14 amending the Reimbursement Agreement.

15 Therefore, Big Rivers requests a final Order by January 31, 2020.

16

17

18 **Witness)** Robert W. Berry

19

**BIG RIVERS ELECTRIC CORPORATION**

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1 **Item 2)** *Refer to the application, paragraph 19. Provide the quantitative*  
2 *support that shows the rates under the proposed special contracts are*  
3 *expected to cover the incremental costs associated with the special contracts*  
4 *and make a contribution to BREC's fixed costs. Also, explain why BREC*  
5 *would need to hedge its future energy production and procurement to ensure*  
6 *these expectations and how it intends to carry out this hedging strategy.*

7

8 **Response)** Please see the **CONFIDENTIAL** Excel file "PSC 1-2 (MJE CNF) –  
9 Nucor Pricing Sheet" for the quantitative support for the Nucor contract rates. This  
10 Excel file is provided on the **CONFIDENTIAL** electronic media accompanying these  
11 responses. Based upon this analysis, as shown on line 77 of the sheet 'Calculations,'  
12 for the first ten years the Nucor contract should make a contribution to fixed costs of  
13 about [REDACTED] above what would have been realized in the MISO  
14 capacity and energy markets. The attached *2019 Q4 MISO Capacity Update* from  
15 ACES, which is also **CONFIDENTIAL**, further supports the assumption on line 42  
16 of the sheet labelled 'Index' in this Excel file.

17 Capacity for the Nucor contract can be sourced from Big Rivers' current  
18 portfolio of generating assets and [REDACTED] Please see  
19 the spreadsheet attached to this response for details. Portions of the attachment are  
20 **CONFIDENTIAL**. During the 2022 and 2023 Planning Years, there is a [REDACTED]

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1 [REDACTED] described in the attached spreadsheet [REDACTED]

2 [REDACTED].

3 Under the Nucor agreement, the price for the [REDACTED]

4 [REDACTED]

5 [REDACTED]. From an

6 energy perspective, [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13

14

15 **Witness:** Mark J. Eacret

16



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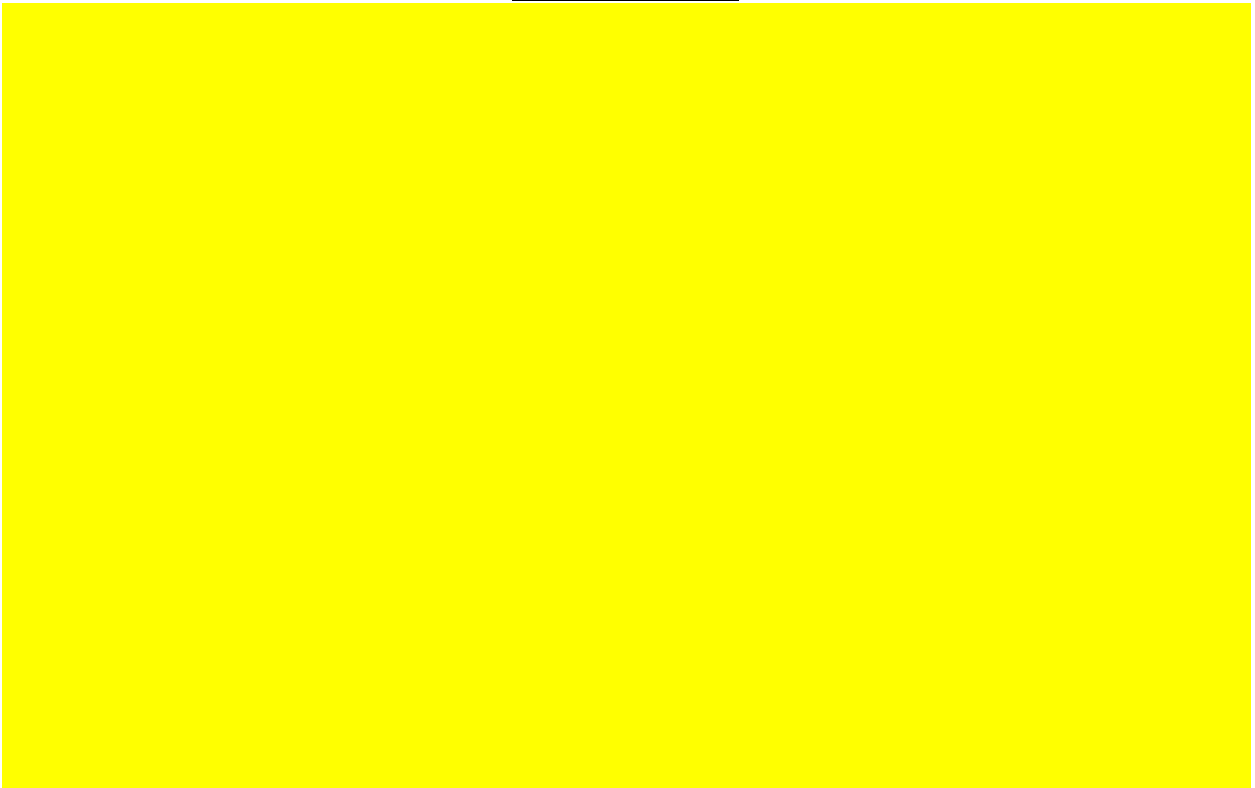
**December 11, 2019**

**CONFIDENTIAL RESPONSE**

**to Item 2 of the  
Commission Staff's Initial Request for Information  
dated November 22, 2019  
FILED: December 11, 2019**

**Document:** Excel file "*PSC 1-2 (MJE CNF) – Nucor Pricing Sheet*"

**INFORMATION SUBMITTED UNDER PETITION FOR CONFIDENTIAL  
TREATMENT**



**BIG RIVERS ELECTRIC CORPORATION**

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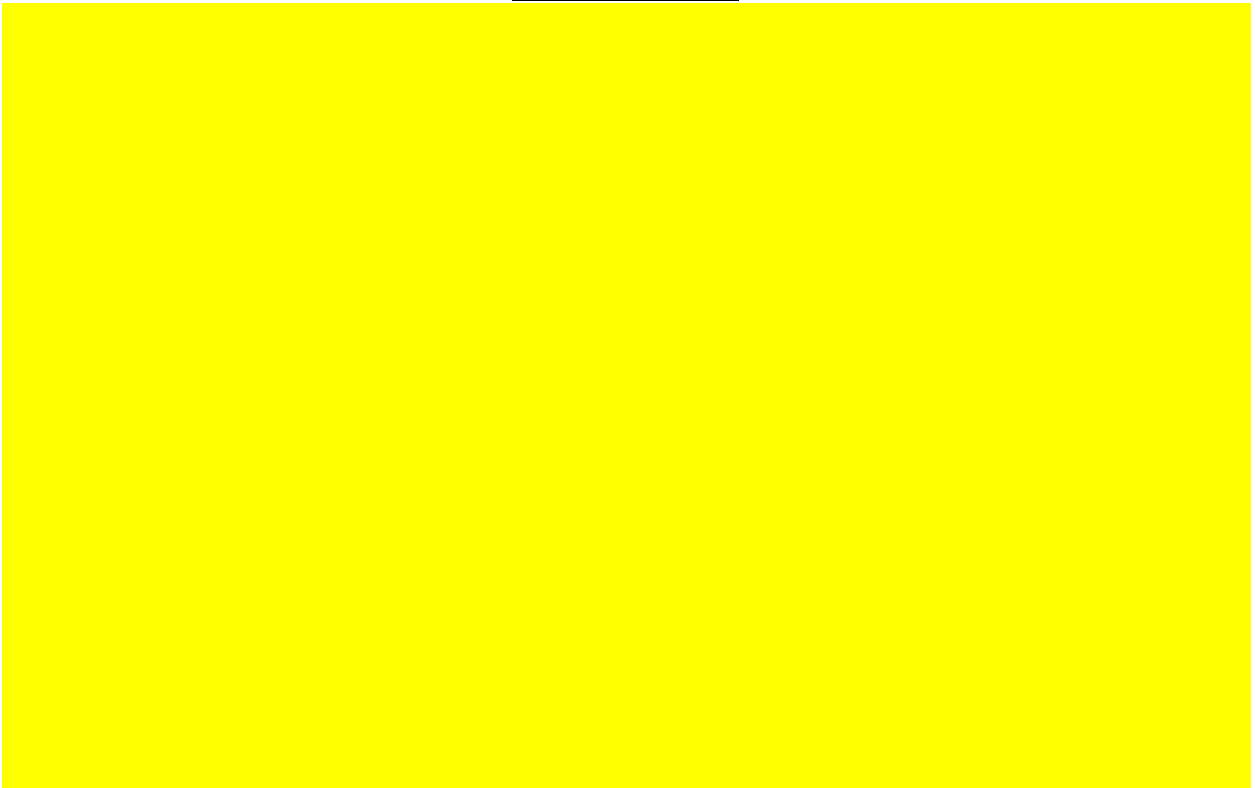
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**CONFIDENTIAL RESPONSE**

**to Item 2 of the  
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**Document: ACES' 2019 Q4 MISO Capacity Update**

**INFORMATION SUBMITTED UNDER PETITION FOR CONFIDENTIAL  
TREATMENT**



**Big Rivers Electric Corporation  
Case No. 2019-00365  
Capacity Position**

Planning Year	Planning Year											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Coleman 1												
Coleman 2												
Coleman 3												
Reid 1												
Green 1												
Green 2												
Reid CT												
Wilson												
HMPL PPA												
SEPA												
Solar												
Assets												
Native Load												
OMU												
KyMEA												
Obligations												
Net Resources in Excess of Long Term Obligations												

**Big Rivers Electric Corporation  
Case No. 2019-00365  
Capacity Position**

Planning Year	Planning Year										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
NextEra											
Missouri Cities											
PRA											
Short Term (1-Year) Bilaterals or PRA											
Total Bilateral (Sales) or Purchases											
Net Capacity Long or (Short)											

**Footnote(s):**

- 1.- Planning Year 2025 and beyond held constant.
  - 2.- Does not include Nebraska load. SPP Capacity requirements are being purchased.
  - 3.- Big Rivers' UCAP Share of HMP&L Station Two included as a PPA resource.
- 
- 5.- Assumes SEPA Force Majeure issue is resolved in 2020. In 2014 MISO denied use of SEPA, then reinstated at 154 MWs in 2015 pending resolution of Force Majeure, which is expected to occur in 2020.
- 
- 7.- Big Rivers is obligated to provide reserves to OMU and KYMEA should LG&E/KU change resource adequacy requirements.

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1 **Item 3) Refer to the application, Exhibits C and F of the Retail**  
2 **Agreement.**

3 **a. Confirm that for the first designated period of the contract, Nucor**  
4 **will pay the applicable charges from the Adjustment Clauses listed**  
5 **in the large industrial customer tariff in Exhibit F.**

6 **b. Assuming that the large industrial customer tariff in Exhibit F does**  
7 **not change, confirm that for the third designated period of the**  
8 **contract, Nucor will pay the demand, energy, and applicable**  
9 **adjustment clauses listed in the tariff for the first designated MW**  
10 **block of power.**

11 **c. For the third designated period of the contract and the second**  
12 **designated MW block of power, explain in detail from where the**  
13 **power will be sourced if the designated generation technology**  
14 **facility is insufficient to supply all of Nucor's needs. Will BREC**  
15 **make up the difference with its own generation?**

16 **d. For the third designated period of the contract and the second**  
17 **designated MW block of power, explain the circumstances under**  
18 **which Nucor would be subject to paying applicable adjustment**  
19 **clauses listed in the large industrial customer tariff in Exhibit F.**

20

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1 **Response)**

2 a. Confirmed.

3 b. Confirmed.

4 c. [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 d. [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

**BIG RIVERS ELECTRIC CORPORATION**

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**December 11, 2019**

1

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3 **Witness)** Mark J. Eacret

4

**BIG RIVERS ELECTRIC CORPORATION**

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1 **Item 4)**      *Refer to the application, paragraph 19, and the Direct Testimony*  
2 *of Robert W. Berry (Berry Testimony), pages 7 and 8 of 9.*

3      *a. State whether BREC or Meade RECC has conducted a detailed*  
4 *cost/benefit analysis related to the financial impacts of the proposed*  
5 *contracts. If yes, provide a copy of such analysis.*

6      *b. State whether BREC or Meade RECC has conducted a net present*  
7 *value (NPV) analysis related to the impacts of the proposed*  
8 *contracts. If yes, provide a copy of the NPV analysis.*

9      *c. If the answer to items a. and b. above are negative, provide a*  
10 *schedule showing the anticipated revenues, expenses, and capital*  
11 *expenditures for BREC and Meade RECC for each year over the term*  
12 *of the contracts.*

13

14 **Response)**

15      a. Please see the **CONFIDENTIAL** cost-benefit financial analysis filed with  
16 this response.

17      b. Please see the response to Item 4a. of these information requests.

18      c. Not Applicable.

19

20 **Witness)**      Paul G. Smith



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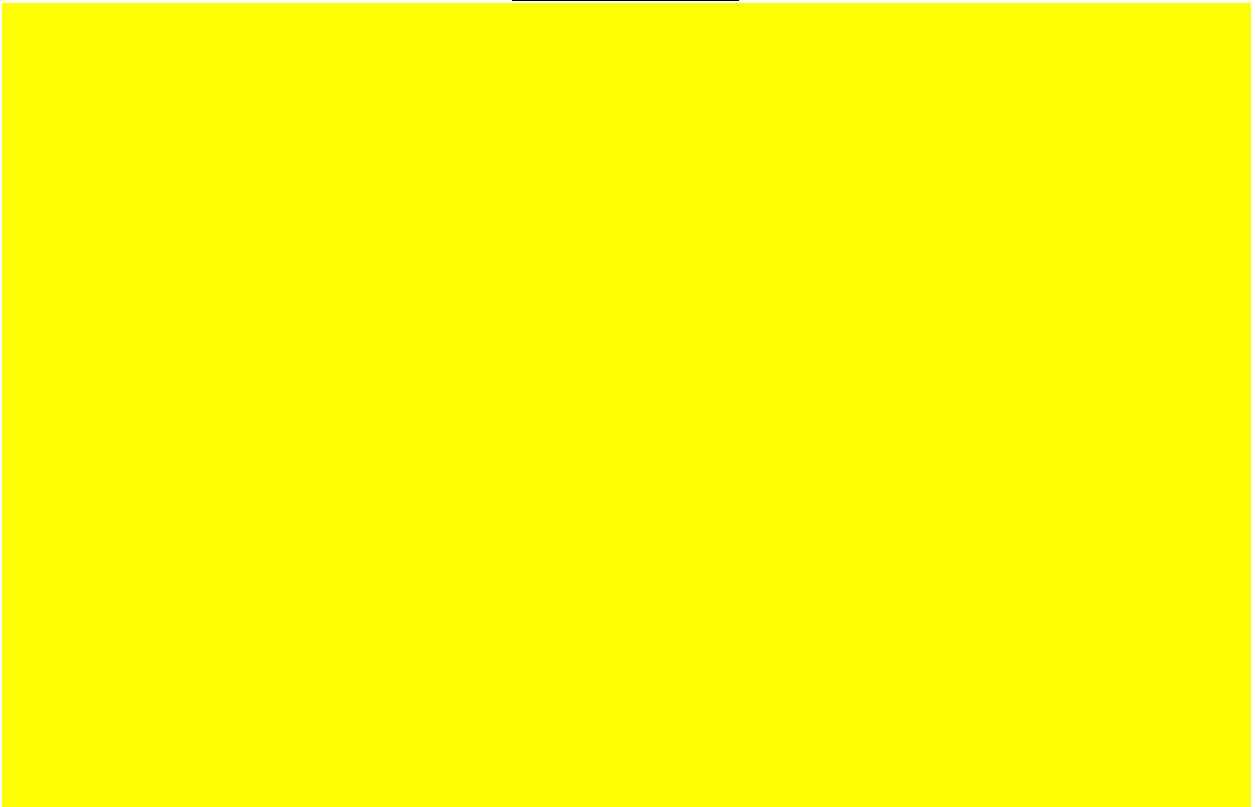
**December 11, 2019**

**CONFIDENTIAL RESPONSE**

**to Item 4a. of the  
Commission Staff's Initial Request for Information  
dated November 22, 2019  
FILED: December 11, 2019**

**Document: Cost/Benefit Financial Analysis**

**INFORMATION SUBMITTED UNDER PETITION FOR CONFIDENTIAL  
TREATMENT**



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1 **Item 5)** *Refer to the application, paragraph 24. Provide an update to the*  
2 *discussions BREC has had with other companies interested in expanding in*  
3 *its service territory and consider this an ongoing response throughout these*  
4 *proceedings.*

5

6 **Response)** When companies go through the Kentucky Cabinet for Economic  
7 Development (“KCED”) when looking for a Kentucky site, the KCED does not always  
8 provide Big Rivers with the company name when requesting energy cost information  
9 for the prospect. In some cases, Big Rivers will only receive a project name assigned  
10 by the KCED. Estimates of potential loads are often incomplete. If Big Rivers has  
11 the name of the prospect, it is provided below. Otherwise, the KCED project name is  
12 used.

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1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED].  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED].  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED].

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1        These are the most recent companies with which Big Rivers has had  
2 discussions, but Big Rivers or its Members routinely receive requests for energy cost  
3 information for a dozen or more opportunities each year. For example, [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7

8

9 **Witness)**    Mark J. Eacret

10

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1 **Item 6)** *Refer to the Berry Testimony, page 4, beginning at line 21.*  
2 *Identify and explain all other approvals, other than those specifically*  
3 *mentioned in the application that would be required for both the Wholesale*  
4 *and Retail Arrangement to be effective.*

5

6 **Response)** Per Section 12.01(a) of the Retail Agreement, the approvals required for  
7 the Retail Agreement to become effective are (i) the boards of directors of Nucor,  
8 Meade County RECC, and Big Rivers; (ii) the Public Service Commission  
9 (“Commission”); and (iii) the Rural Utilities Service (“RUS”). Per section 7 of the  
10 Wholesale Agreement, the approvals required for the Wholesale Agreement to  
11 become effective are (i) the Commission; and (ii) Big Rivers’ creditors. The only Big  
12 Rivers creditor whose approval is required for the Wholesale Agreement to become  
13 effective is the RUS.

14 The Meade County RECC and Big Rivers boards of directors have approved  
15 the Retail Agreement. The contingency that Nucor’s board approve the Retail  
16 Agreement has been waived, as Nucor’s board approved the project and a separate  
17 approval specifically of the Retail Agreement is not required to bind Nucor. RUS  
18 approved both the Wholesale and Retail Agreements on November 20, 2019. Thus,  
19 the only approval remaining is that of the Commission.

20

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1

2 **Witness)** Robert W. Berry

3

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1 **Item 7)**      *Refer to the Berry Testimony pages 5-6, regarding the third rate*  
2 *structure, which will continue until the end of the Retail Agreement term.*  
3 *Explain the rationale behind the components of this rate structure.*

4

5 **Response)** [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

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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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]



**BIG RIVERS ELECTRIC CORPORATION**

**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  
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**December 11, 2019**

1 [REDACTED]  
2 [REDACTED].  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12  
13  
14 Witness) Mark J. Eacret  
15

**BIG RIVERS ELECTRIC CORPORATION**

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**December 11, 2019**

1 **Item 8)** *Refer to the Berry Testimony, pages 8-9. Explain how costs for*  
2 *native load customers have been reduced as BREC has offset the loss of the*  
3 *smelter load over the past seven years.*

4

5 **Response)** On page 9 of his testimony, Mr. Berry refers to several long-term power  
6 sales that Big Rivers has executed over the past seven years.

7 In 2018, Big Rivers began service to the Northeast Nebraska Public Power  
8 District. In 2019, Big Rivers began service to the cities of Wayne and Wakefield,  
9 Nebraska (Case Number 2014-00134). Because of the notice provisions of their  
10 contracts with their incumbent supplier, Nebraska Public Power District, Big Rivers  
11 will not supply all of the load of these entities until 2022. However, Big Rivers earned  
12 approximately [REDACTED] in 2018 that was used to reduce the effective rate paid by  
13 its Members<sup>1</sup> through Big Rivers' Member Rate Stability Mechanism ("MRSM") in  
14 2019. Big Rivers expects to earn approximately [REDACTED] in 2019 and a total of  
15 nearly [REDACTED] through the end of 2026, when the contracts terminate. Under the  
16 current Commission order regarding the Nebraska contracts, those margins will  
17 either flow back directly to Big Rivers' Members through the MRSM, or be used to  
18 reduce the Members' costs by offsetting revenues that would otherwise be required.

---

<sup>1</sup> Big Rivers' Members include Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation.

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1 Big Rivers began service to the Kentucky Municipal Energy Agency (“KyMEA”)  
2 in May of 2019 (Case Number 2016-00306). Under this agreement, Big Rivers  
3 provides [REDACTED]  
4 [REDACTED]  
5 [REDACTED]. This will reduce  
6 Members’ costs by offsetting revenues that would otherwise be required.

7 Big Rivers will begin service to Owensboro Municipal Utilities in June of 2020  
8 (TFS 2018-00318). Annual margins from this transaction will reduce Members’ costs  
9 by offsetting revenues that would otherwise be required.

10 In addition to the long-term transactions which Mr. Berry specifically  
11 mentioned in his testimony, Big Rivers has been executing short-term capacity and  
12 energy contracts to protect its Members from the volatility of the hourly MISO energy  
13 markets and the annual MISO Planning Resource Auction.

14 While executing a strategy to increase revenues, Big Rivers also has been  
15 reducing costs. The Coleman and Reid 1 units have been idled to reduce fixed costs.  
16 A final decision on those assets will be made in 2020.

17 In 2019, Big Rivers exited the uneconomical contract with Henderson  
18 Municipal Power and Light to purchase capacity and energy from HMPL’s Station  
19 Two (CN 2018-00146). Big Rivers’ share of losses from operating Station Two was  
20 approximately \$13 million in 2018. Over twelve months, beginning in March of 2019,

**BIG RIVERS ELECTRIC CORPORATION**

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**December 11, 2019**

1 Members will receive a \$6.5 million benefit through the MRSM related to reduced  
2 depreciation expense. Beyond that, this exit will reduce Members' costs by  
3 eliminating losses which Members' rates would need to support otherwise.

4 These changes to the Big Rivers supply portfolio have involved some hard  
5 decisions. Employment at Big Rivers has been reduced from 617 employees at the  
6 end of 2012 to a projected headcount of 391 at the end of 2019.

7 While the detail of all of these demand- and supply-side activities is important,  
8 the bottom line is controlling Big Rivers' Members' effective rates. Based upon  
9 current projections, including the enhanced revenues and reduced costs described  
10 above, Big Rivers expects to be able to continue to provide safe, reliable energy to its  
11 Members while amortizing the full cost of retired assets without a rate increase from  
12 2014 through at least 2026.

13

14

15 **Witness)** Mark J Eacret

16

**BIG RIVERS ELECTRIC CORPORATION**

**JOINT APPLICATION OF  
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Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 **Item 9)**      *Refer to the Berry Testimony, Exhibit 2, page 1. Provide a copy of*  
2 *the Wholesale Contract dated June 8, 1962, between BREC and Meade RECC.*

3

4 **Response)** Attached is the June 8, 1962, Wholesale Contract and the following  
5 amendments and supplements to that agreement:

6

7     1. "Supplemental Agreement" dated June 8, 1962;

8     2. "Amendment to Wholesale Power Contract" dated December 15, 1975;

9     3. "Amendment 2 to Wholesale Power Contract" dated May 9, 1980;

10    4. "Amendment No. 3" dated July 6, 2009; and

11    5. "Amendment No. 4" dated August 1, 2009.

12

13

14 **Witness)**     Robert W. Berry

15

**Meade County RECC Wholesale Power Contract w/ Big Rivers**

**Dated: June 8, 1962**

U. S. DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Kentucky 18 Meade

THE WITHIN Wholesale Power Contract with the Big

Rivers Rural Electric Cooperative Corporation

(Kentucky 62 Big Rivers)

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE  
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE  
PURPOSES OF SUCH CONTRACT.

DATED

June 13 1932

  
FOR THE ADMINISTRATOR

Coleman Exhibit No. 4

P.S.C. Ky. Case 4097

WHOLESALE POWER CONTRACT - FEDERATED COOPERATIVE

AGREEMENT made as of June 11, 1962 between

Big Rivers Rural Electric Cooperative Corporation

(hereinafter called the "Seller"), a corporation organized and existing under the laws of the State of

Kentucky and Meade County Rural Electric Coop. Corp.  
(hereinafter called the "Member"), a corporation organized and existing under the laws of the State of

Kentucky

WHEREAS, the Seller proposes to construct an electric generating plant or transmission system or both, and may purchase or otherwise obtain electric power and energy for the purpose, among others, of supplying electric power and energy to borrowers from the Rural Electrification Administration which are or may become members of the Seller; and

WHEREAS, the Seller has heretofore entered into or is about to enter into agreements for the sale of electric power and energy similar in form to this agreement with all of the borrowers which are members of the Seller, and may enter into similar contracts with other such borrowers who may become members, and

WHEREAS, the Member desires to purchase electric power and energy from the Seller on the terms and conditions herein set forth;

NOW THEREFORE, in consideration of the mutual undertakings herein contained the parties hereto agree as follows:

1. General. The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which the Member shall require for the operation of the Member's system to the extent that the Seller shall have such power and energy and facilities available; provided, however, that the Member shall have the right to continue to purchase electric power and energy under any existing contract or contracts with a supplier other than the Seller during the remainder of the term thereof. The Member shall terminate, if the Seller shall, with the approval or at the direction of the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"), so request, any such existing contract or contracts with a supplier other than the Seller at such times as it may legally do so, provided the Seller shall have sufficient electric power and energy and facilities available for the Member.

2. Electric Characteristics and Delivery Point(s). Electric power and energy to be furnished hereunder

shall be alternating current, three phase, four wire, sixty cycle. The Seller shall make and pay for all final connections between the systems of the Seller and the Member at the point(s) of delivery. The

~~parties will specify the~~  
~~initial points of delivery, delivery voltages~~  
~~and capacity prior to the commencement of service hereunder.~~  
(See attached) initial points of delivery, delivery voltages

and capacity prior to the commencement of service hereunder.

*R.R.C.  
K.C.C.  
D.P.A., W.  
W.R.M.*

~~Additional points shall be agreed upon by the Seller and the~~  
~~Member from time to time.~~  
Additional points shall be agreed upon by the Seller and the  
Member from time to time.



3. **Substation.** The Member shall install, own, and maintain the necessary substation equipment at the point(s) of connection. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller. Meters and metering equipment shall be furnished, maintained and read by the Seller and shall be located at the point of delivery on the low voltage side of such transforming equipment.

4. **Rate.** (a) The Member shall pay the Seller for all electric power and energy furnished hereunder at the rates and on the terms and conditions set forth in Rate Schedule A, attached hereto and made a part hereof.

(b) The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and under similar agreements with other Members and, if necessary shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, with the revenues of the Seller from all other sources, to meet the cost of the operation and maintenance (including without limitation, replacements, insurance, taxes and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member and other members of the Seller and the Administrator which shall set out all the proposed revisions of the rate with the effective date thereof, which shall be not less than thirty (30) nor more than forty-five (45) days after the date of the notice, and shall set forth the basis upon which the rate is proposed to be adjusted and established. The Member agrees that the rate from time to time established by the Board of Directors of the Seller shall be deemed to be substituted for the rate herein provided and agrees to pay for electric power and energy furnished by the Seller to it hereunder after the effective date of any such revisions at such revised rates; provided, however, that no such revision shall be effective unless approved in writing by the Administrator.

5. **Meter Readings and Payment of Bills.** The Seller shall read meters monthly. Electric power and energy furnished hereunder shall be paid for at the office of the Seller in Seller's designated office monthly within fifteen (15) days after the bill therefore is mailed to the Member. If the Member shall fail to pay any such bill within such fifteen-day period, the Seller may discontinue delivery of electric power and energy hereunder upon fifteen (15) days' written notice to the Member of its intention so to do.

6. **Meter Testing and Billing Adjustment.** The Seller shall test and calibrate meters by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test make at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period the Member and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefor.

7. **Notice of Meter Reading or Test.** The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.

8. **Right of Access.** Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions hereof.

9. **Continuity of Service.** The Seller shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective through act of God or of the public enemy, or because of accident, labor troubles, or any other cause beyond the control of the Seller, the Seller shall not be liable therefor or for damages caused thereby.

10. Term. This Agreement shall become effective only upon approval in writing by the Administrator

and shall remain in effect until January 1, 2005

, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the Member to pay therefor shall commence upon completion of the facilities necessary to provide service.

EXECUTED THE day and year first above mentioned.

Big Rivers Rural Elec. Coop. Corp.

SELLER

By Kenneth C. Coleman  
PRESIDENT

ATTEST:

Robert Green  
SECRETARY

Meade County Rural Elec. Coop. Corp.

MEMBER

By WR Moorman  
PRESIDENT

ATTEST:

D. B. Wilson  
SECRETARY

## *Rate Schedule A*

*It is understood that the rates, terms and conditions of this Rate Schedule A will be determined prior to commencement of service in accordance with Article 4 (b) of the Agreement to which this Rate Schedule A is attached.*

# **Supplemental Agreement**

**Dated: June 8, 1962**

SUPPLEMENTAL AGREEMENT

AGREEMENT made as of June 8, 1962, between

~~Big Rivers Rural Electric Generating and Transmission Cooperative Corp~~  
the "Seller") Meade County Rural Electric Cooperative Corp  
(hereinafter called the "Member"), and the United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator")

WHEREAS, the Seller and the Member have entered into a contract for the purchase and sale of electric power and energy, which contract is attached hereto and is hereinafter called the "Power Contract"; and

WHEREAS, the execution of the Power Contract between the Member and the Seller is subject to the approval of the Administrator under the terms of the loan contracts entered into with the Administrator by the Seller and the Member respectively;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and the approval by the Administrator of the Power Contract, the parties hereto agree as follows:

1. The Seller, the Member and the Administrator agree that if the Member, upon being requested to do so by the Seller with the approval or at the direction of the Administrator, shall fail to terminate any contract with a power supplier other than the Seller, as provided by Section 1 of the Power Contract, the Seller, or the Administrator if he shall so elect, shall have the right to enforce the obligations of the Member under the provisions of said Section 1 of the Contract by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above mentioned.

Big Rivers Rural Elec. Coop. Corp.  
SELLER

By Kenneth Coleman  
PRESIDENT

ATTEST:

Robert Green  
SECRETARY

Meade County Rural Elec. Coop. Corp.  
MEMBER

WR Moorman  
PRESIDENT

ATTEST:

D. B. Wilson  
SECRETARY

UNITED STATES OF AMERICA

By \_\_\_\_\_  
ADMINISTRATOR  
OF  
RURAL ELECTRIFICATION ADMINISTRATION

TAKEN FROM THE MINUTE BOOK OF THE  
BOARD OF DIRECTORS MEETING OF THE  
MEADE COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION  
JUNE 8, 1962

---

A special meeting of the board of directors of the Meade County Rural Electric Cooperative Corporation was held on June 8, 1962, at the Headquarters Building in Brandenburg State of Kentucky, at 7:30 O'clock P.M., Eastern Standard Time. Pursuant to waiver of notice signed by all the directors of the Cooperative for the purpose of executing wholesale power contracts between Big Rivers Generating and Transmission Cooperative Corporation and Meade County Rural Electric Cooperative Corporation.

Mr. W.R. Moorman, President, of the board of directors presided.

Upon call of the roll, the following directors answered present: C.E. Miller, L.B. Moremen, D.B. Wilson, Hayward Phillips, R.A. Burnett, Ray Barton, Kenneth C. Coleman, W.E. Pike, and W.R. Moorman, being all of the directors.

At this time the president stated that the cooperative had been requested to execute new power contracts for Big Rivers Generating and Transmission Cooperative Corporation, using the standard R.E.A. form and supplemental agreement. After a complete discussion on a motion duly made and seconded, the following resolution was unanimously adopted.

Now be it therefore resolved that the action taken at the January 25th, 1962, regular meeting be rescinded and the power contracts executed at said meeting be null and void. And, that the President and Secretary be hereby authorized to execute new Power Contracts between the Meade County Rural Electric Cooperative Corporation and

the Big Rivers Generating and Transmission Cooperative Corporation  
and that the new contracts supersede all previous contracts executed.

/s/ D.B. Wilson  
Secretary

APPROVED:

/s/ W.R. MOORMAN  
President

EXCERPT FROM MINUTES OF SPECIAL MEETING OF BOARD OF  
DIRECTORS OF BIG RIVERS RURAL ELECTRIC COOPERATIVE  
CORPORATION, HELD ON JUNE 7, 1962 at 12:00 NOON  
IN OWENSBORO, KENTUCKY

On motion by J. R. Hardin, seconded by Robert Reid, the following resolution was unanimously adopted:

"Resolved, that wholesale power contract executed between member cooperatives of Big Rivers R.E.C.C. be and are hereby rescinded and rendered null and void.

Be it further resolved, that the REA standard form of wholesale power contract be adopted and each Cooperative be requested to sign the new form for a period terminating January 1, 2005. The President and Secretary are hereby authorized to execute wholesale power contracts with member cooperatives.



# **Amendment to Wholesale Power Contract**

**Dated: December 15, 1975**

Am. 1

U. S. DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Kentucky 18 Meade

THE WITHIN December 15, 1975 Amendment to Wholesale Power

Contract dated June 11, 1962 with Big Rivers Electric

Corporation

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE  
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE  
PURPOSES OF SUCH CONTRACT.



FOR THE ADMINISTRATOR

David A. Kern  
Administrator

DATED

Dec 15 1975

AMENDMENT TO WHOLESALE POWER CONTRACT

AGREEMENT made as of December 15, 1975, between Big Rivers Electric Corporation (hereinafter called "Seller") and Meade County Rural Electric Cooperative Corporation (hereinafter called "Member"), both corporations organized and existing under the laws of the State of Kentucky.

WHEREAS, Seller and Member entered into a Wholesale Power Contract (hereinafter called the "Contract") dated June 11, 1962, to provide for the furnishing of electric service to Member, said Contract to remain in effect until January 1, 2005;

WHEREAS, it is deemed mutually advantageous to the parties that the Contract be amended to further extend the term;

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, the parties hereto agree as follows:

SECTION 1. The Contract is hereby amended by deleting from Section 10, relating to term, the following:

"TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2005, and thereafter until terminated by either party's giving to the other not less than six months' notice of its intention to terminate," and substituting in lieu thereof the following:

"TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1,

2017, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate."

SECTION 2. Except as expressly herein amended, the Contract shall remain in full force and effect.

SECTION 3. This Amendment shall become effective only after the approval thereof in writing by the Administrator of the Rural Electrification Administration.

IN WITNESS WHEREOF, Seller and Member have caused this Agreement to be signed in their respective corporate names and their respective seals to be hereto affixed and attested by their duly authorized officers, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION  
Seller

By

Walter Henshaw  
President

ATTEST:

Legal Brooks  
Secretary

MEADE COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION  
Member

By

B. B. Wilson  
President

ATTEST:

Ray Barton  
Secretary

BE IT RESOLVED by the Board of Directors of Big Rivers Electric Corporation that the President of the said Corporation be and is hereby authorized and directed to execute an "Amendment To Wholesale Power Contract" with each of its three-member cooperative corporations, dated as of December 15, 1975, amending the Wholesale Power Contracts which Big Rivers has with the said three-member cooperatives, each of said contracts being dated June 11, 1962, to comply with the request from the Rural Electrification Administration, as evidenced by letter from Donald L. Olsen, Power Planning Officer, Southeast Area-Electric, to B. Scott Reed, Acting Manager, Big Rivers Electric Corporation, dated December 1, 1975, the said amendment extending the primary term of the said wholesale power contracts to January 1, 2017.

I certify that the foregoing is a true and correct copy of the resolution approved by the Board of Directors of Big Rivers Electric Corporation on December 15, 1975.

  
Texal Brooks, Secretary

BE IT RESOLVED by the Board of Directors of Meade County Rural Electric Cooperative Corporation that the President of the said Corporation be and is hereby authorized and directed to execute an "Amendment To Wholesale Power Contract" with Big Rivers Electric Corporation, dated as of December 15, 1975, amending the Wholesale Power Contract between Big Rivers and each of its three cooperative members, each of the said Wholesale Power Contracts being dated June 11, 1962, the purpose of the said amendment being to extend the primary term of the said Wholesale Power Contract between Big Rivers and Meade County to January 1, 2017.

I, Ray Barton, do hereby certify that:

I am secretary of the Meade County Rural Electric Cooperative Corporation, that the above is a true and correct copy of an excerpt of a resolution adopted by the Board of Directors of the Cooperative at a regular meeting held on December 18, 1975.

Ray Barton

Secretary

# **Amendment 2 to Wholesale Power Contract**

**Dated: May 9, 1980**

AMENDMENT 2 TO WHOLESALE POWER CONTRACT

AGREEMENT made as of May 9, 1980, between Big Rivers Electric Corporation (hereinafter called "Seller") and Meade County Rural Electric Cooperative Corporation (hereinafter called "Member"), both corporations organized and existing under the laws of the State of Kentucky.

WHEREAS, Seller and Member entered into a Wholesale Power Contract (hereinafter called the "Contract") dated June 11, 1962, which was amended on December 15, 1975, to provide for the furnishing of electric service to Member, said Contract to remain in effect until January 1, 2017;

WHEREAS, it is deemed mutually advantageous to the parties that the Contract be amended to further extend the term;

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contained, the parties hereto agree as follows:

SECTION 1. The Contract is hereby amended by deleting from Section 10, relating to term, the following:

"TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2017, and thereafter until terminated by



either party's giving to the other not less than six months' notice of its intention to terminate", and substituting in lieu thereof the following:

"TERM. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2023, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate."

SECTION 2. Except as expressly herein amended, the Contract as supplemented and amended shall remain in full force and effect.

SECTION 3. This Amendment shall become effective only after the approval thereof in writing by the Administrator of the Rural Electrification Administration and the acceptance or approval in writing by the Kentucky Energy Regulatory Commission as may be necessary under 807 KAR 50:025 Section 11.

IN WITNESS WHEREOF, Seller and Member have caused this Contract amendment to be signed in their respective corporate names and their respective seals to be hereto affixed and attested by their duly authorized officials, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION  
Seller

By: J. W. Henshaw  
President

ATTEST:

David L. ...  
Secretary

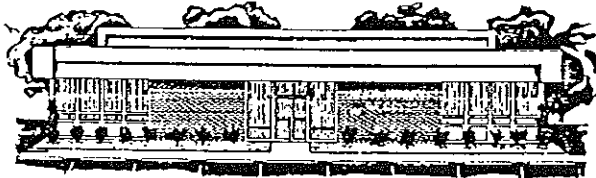
MEADE COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION  
Member

By: D. B. Wilson  
President

ATTEST:

John C. Burnett  
Secretary

Meade



County

Rural Electric Cooperative Corporation

P.O. Box 367 - Brandenburg, Kentucky - 40100

EXCERPT FROM MINUTES DATED APRIL 24, 1980

BE IT RESOLVED by the Board of Directors of Meade County Rural Electric Cooperative Corporation that the President be and is hereby authorized and directed to execute an "Amendment to Wholesale Power Contract" with Big Rivers Electric Corporation, dated as of May 9, 1980, amending the Wholesale Power Contract between the corporation and Big Rivers dated June 11, 1962, as supplemented and amended on December 15, 1975, the purpose of the said amendment being to extend the primary term of the said Wholesale Power Contract between Big Rivers and Meade County to January 1, 2023.

I, John C. Burnett, Secretary of Meade County Rural Electric Cooperative Corporation, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Meade County Rural Electric Cooperative Corporation, held on the twenty-fourth day of April, 1980, at which meeting a quorum was present.

*John C. Burnett*

**Amendment No. 3**

**Dated: July 6, 2009**

AMENDMENT NO. 3

dated as of July 6, 2009

to

WHOLESALE POWER CONTRACT

dated June 11, 1962

between

BIG RIVERS ELECTRIC CORPORATION

and

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/17/2009  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By



Executive Director

AMENDMENT NO. 3 TO WHOLESALE POWER CONTRACT

AMENDMENT No. 3, dated as of July 6, 2009, (this "Amendment") to WHOLESALE POWER CONTRACT, between Big Rivers Electric Corporation, a Kentucky rural electric cooperative corporation, ("Seller") and MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION ("Member"), a Kentucky rural electric cooperative corporation.

WHEREAS, Seller and Member entered into a Wholesale Power Contract, dated June 11, 1962 to provide for the furnishing of electric service by Seller to Member, as supplemented and amended by a Supplemental Agreement dated as of June 8, 1962, an Amendment to Wholesale Power Contract, made as of December 15, 1975, and Amendment 2 to Wholesale Power Contract, made as of May 9, 1980 (such June 11, 1962 Wholesale Power Contract, as heretofore supplemented and amended, the "Contract").

WHEREAS, the Seller and the Member now deem it mutually advantageous to amend the Contract to extend its term and to add certain provisions limiting the ability of the Member to reorganize, consolidate, merge or sell all or a substantial portion of its assets.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contracted, the Seller and the Member agree as follows:

SECTION 1. Amendment of Term.

Section 10 of the Contract is hereby amended in its entirety to read as follows:


"TERM. This Agreement remain in effect until December 31, 2043, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate."

SECTION 2. Consolidations, Mergers, Sales of Assets by Member.

The Contract is amended by adding a new Section 11 reading in its entirety as follows:

"11. CONSOLIDATION, MERGER, SALE OF ASSETS.

(a) The Member agrees that, for so long as any of the notes or other obligations of the Seller incurred by the Seller in connection with the Seller's agreement to sell and deliver electric power and energy to its members (the "Seller's Obligations") are outstanding, the Member will not, without the approval in writing of the Seller and the Administrator, take or suffer to be taken any steps for reorganization or dissolution or to consolidate with or merge into any corporation, or to sell, lease, or transfer (or make any agreement therefore) all or a substantial portion of its assets,

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SECTION 9(1)  
By   
Executive Director

whether now owned or hereafter acquired. The Seller will not unreasonably withhold or condition its consent to any such reorganization, dissolution, consolidation, or merger, or to any such sale, lease or transfer (or any agreement therefore) of assets. The Seller will not withhold or condition its consent except in cases where to do otherwise would result in rate increases for the other members of the Seller or impair the ability of the Seller to repay the Seller's obligations in accordance with their terms, or adversely affect system performance in a material way.

(b) Notwithstanding paragraph (a) of this Section 11, the Member may take or suffer to be taken any steps for reorganization or dissolution or to consolidate with or merge into any corporation or to sell, lease or transfer (or make any agreement therefore) all or a substantial portion of its assets, whether now owned or hereafter acquired, without the Seller's consent, so long as the Member shall pay such portion of the outstanding indebtedness on the Seller's Obligations as shall be reasonably determined by the Seller with the prior written consent of the Administrator and shall otherwise comply with such reasonable terms and conditions as the Administrator and Seller may require, either:


- (1) to eliminate any adverse effect that such action seems likely to have on the rates of the other members of the Seller; or
- (2) to assure that the Seller's ability to repay the Seller's Obligations in accordance with their terms is not impaired.

(c) The Administrator may require, among other things, that any payment owed under clause (b)(2) of this Section 11 that represents a portion of the Seller's Obligations shall be paid by the Member in the manner necessary to accomplish a defeasance of those Obligations in accordance with the loan or security documents relating thereto, or be paid directly to the holders of the Seller's Obligations for application by them as prepayments in accordance with the provisions of such documents, or be paid to the Seller and held and invested in a manner satisfactory to the Administrator."

SECTION 3. Conditions to Effectiveness of this Amendment.

This Amendment to the Contract shall become effective only after satisfaction of each of the following conditions:

- (a) Approval in writing of this Amendment by the Administrator;
- (b) Acceptance or approval in writing of this Amendment by the Kentucky Public Service Commission; and

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Executive Director

(c) The occurrence of the "Closing" as defined in the Transaction Termination Agreement dated as of March 26, 2007 among the Seller, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp.

SECTION 4. Contract to Remain in Full Force and Effect.

Except as expressly herein amended, the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Member have caused this Amendment to be signed in their respective corporate names and their respective seals to be hereto affixed and attested by their duly authorized officers, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. T. Sailley

ATTEST:

\_\_\_\_\_

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: Bernie E. Mauer

ATTEST:

Melanie Baly

PUBLIC SERVICE COMMISSION  
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SECTION 9 (1)  
By: Jeff D. Brown  
Executive Director



**Amendment No. 4**

**Dated: August 1, 2009**

**RECEIVED**

**SEP 25 2009**

**PUBLIC SERVICE  
COMMISSION**

AMENDMENT NO. 4

dated as of August 1, 2009

to

WHOLESALE POWER CONTRACT

dated June 11, 1962

between

BIG RIVERS ELECTRIC CORPORATION

and

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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10/25/2009  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)**

By



Executive Director

AMENDMENT NO. 4 TO WHOLESALE POWER CONTRACT

AMENDMENT No. 4, dated as of August 1, 2009, (this "Amendment") to WHOLESALE POWER CONTRACT, between Big Rivers Electric Corporation, a Kentucky rural electric cooperative corporation, ("Seller") and MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION ("Member"), a Kentucky rural electric cooperative corporation.

WHEREAS, Seller and Member entered into a Wholesale Power Contract, dated June 11, 1962 to provide for the furnishing of electric service by Seller to Member, as supplemented and amended by a Supplemental Agreement dated as of June 8, 1962, an Amendment to Wholesale Power Contract, made as of December 15, 1975, Amendment 2 to Wholesale Power Contract, made as of May 9, 1980, and Amendment 3 to Wholesale Power Contract dated as of July 6, 2009 (such June 11, 1962 Wholesale Power Contract, as heretofore supplemented and amended, the "Power Contract").

WHEREAS, the Seller and the Member now deem it mutually advantageous to amend the Power Contract consistent with the request of the Rural Utilities Service of the United States Department of Agriculture ("RUS") to add certain provisions regarding enforcement by RUS of the obligations of a party.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein contracted, the Seller and the Member agree as follows:


SECTION 1. Addition of New Section

The Power Contract is amended by adding a new Section 12 reading in its entirety as follows:

"SECTION 12. Specific Performance Available.

The Seller, the Member and the Administrator agree that (i) if the Member shall fail to comply with any provision of the Power Contract, the Seller, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Member under the provisions of the Power Contract and (ii) if the Seller shall fail to comply with any provision of the Power Contract, the Member, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Seller under the provisions of the Power Contract. Such enforcement may be instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance. Such rights of the Administrator to enforce the provisions of the Power Contract are in addition to and shall not limit the rights which the Administrator shall otherwise have as third party beneficiary of the Power Contract or pursuant to the assignment and pledge of the Power Contract and the payments required to be made thereunder as provided in the "Mortgage" referred to in the Power Contract. The Government shall not, under any circumstances, assume or be bound by the obligations of the Seller or Member under the Power Contract except to the extent

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By   
Executive Director

the Government shall agree in writing to accept and be bound by any such obligations in whole or in part.”

SECTION 2. Conditions to Effectiveness of this Amendment.

This Amendment to the Power Contract shall become effective only after satisfaction of each of the following conditions:

(a) Approval in writing of this Amendment by the Administrator of the RUS; and

(b) Acceptance or approval in writing of this Amendment by the Kentucky Public Service Commission.

SECTION 3. Power Contract to Remain in Full Force and Effect.

Except as expressly herein amended, the Power Contract shall remain in full force and effect.

IN WITNESS WHEREOF, Seller and Member have caused this Amendment to be signed in their respective corporate names by their duly authorized officers, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. Bailey  
Mark A. Bailey  
President and CEO

MEADE COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

By: Burns E. Mercer  
Burns E. Mercer  
President and CEO

PUBLIC SERVICE COMMISSION  
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EFFECTIVE  
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PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By: [Signature]  
Executive Director

**BIG RIVERS ELECTRIC CORPORATION**

**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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 **Item 10)** *Refer to the Berry Testimony, Exhibit 2, Article 2.11, and Exhibit*  
2 *A. State when the study is expected to be completed and provide the estimated*  
3 *cost of each of the facilities identified in Exhibit A*

4

5 **Response)** Big Rivers is waiting for final load data from Nucor, but currently  
6 projects to have the study completed in early January, 2020. The costs of each of the  
7 facilities identified in Exhibit A are shown in the table below. This information,  
8 confidential in Big Rivers' October 18, 2019, filing, is being filed with a Petition for  
9 Confidential Treatment.

10

<b>Big Rivers Electric Corporation Case No. 2019-00365 Facilities listed in Exhibit A of Berry Testimony, Exhibit2</b>		
<b>Quantity</b>	<b>Facilities</b>	<b>Costs</b>

11

12

13 **Witness)** Michael W. Chambliss

**BIG RIVERS ELECTRIC CORPORATION**

**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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 **Item 11)** *Refer to the Berry Testimony, Exhibit 2, Exhibit B, regarding the*  
2 *termination charge. State whether the estimated Transmission Facilities*  
3 *Costs has increased since July 3, 2019. If so, provide the updated estimated*  
4 *amount of the Transmission Facilities Costs and state whether the Retail*  
5 *Agreement will be revised to include the updated amount.*

6  
7 **Response)** The estimate has not changed since July 3, 2019. If the estimate  
8 changes, the Retail Agreement will be revised to include an updated amount.

9  
10

11 **Witness)** Michael W. Chambliss

12

**BIG RIVERS ELECTRIC CORPORATION**

**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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 **Item 12)** *Refer to the Berry Testimony, Exhibit 2, Exhibit E. With the Large*  
2 *Industrial Customer Expansion (LICX) tariff as it existed when it was*  
3 *eliminated in Case No. 2013-00199 as the starting point, provide a copy of the*  
4 *LICX tariff indicating proposed additions by italicized inserts or*  
5 *underscoring and striking over proposed deletions.*

6

7 **Response)** As discussed in Big Rivers' response to Item 13 of these information  
8 requests, the purpose of reinstating the LICX tariff is to provide a mechanism to  
9 offer reasonable rates to very large new or expanded load while protecting existing  
10 customers from potential cost risks associated with such new or expanded load. Big  
11 Rivers believes that certain changes to the LICX tariff attached as Exhibit E to the  
12 Nucor retail agreement would better accomplish these goals. The modified LICX  
13 tariff does not change the rates Nucor will pay, but does require customers that would  
14 be served via the LICX tariff to negotiate a Special Contract Rate that is sufficient to  
15 ensure that the rate the new or expanded load pays provides a net benefit to existing  
16 customers.

17 Attached hereto is a clean version of the modified, proposed LICX tariff. Also  
18 attached is a redline printout showing the changes between the LICX tariff  
19 eliminated in Case No. 2013-00199 ("the prior LICX tariff") and the modified LICX  
20 tariff ("the proposed LICX tariff"). For clarity and legibility, the respective tariff

**BIG RIVERS ELECTRIC CORPORATION**

**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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 sheets' headers and footers are not shown. Only the specific tariff language from the  
2 prior LICX tariff and the proposed LICX tariff is shown. Proposed insertions are in  
3 red and underlined and deletions are stricken through.

4

5

6 **Witness)** Robert W. Berry

7



**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion**

**Applicability:**

In all territory served by Big Rivers' transmission system.

**Availability:**

This schedule is available to any of the Member Cooperatives of Big Rivers for service to certain large industrial or commercial loads as follows:

- (1) To purchases made by a Member Cooperative for service to any New Customer initiating service after \_\_\_\_\_, 2019, including New Customers with a QF as defined in Rate Schedule QFP, that either initially contracts for fifty (50) MWs or more of capacity or whose aggregate peak load at any time amounts to fifty (50) MWs or greater (including any later increases to such load) in which case the entire load shall be thereafter subject to this rate schedule.
- (2) To purchases made by a Member Cooperative for expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule QFP, where:
  - (i) the customer was in existence and served under the then-effective Big Rivers Rate Schedule LIC any time during the Base Year *and*,
  - (ii) the expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least fifty (50) MWs greater than the customer's Base Year peak demand.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Availability (continued):**

- (3) To purchases made by a Member Cooperative for the expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule QFP, where:
- (i) the customer's load was in existence and served under the then-effective Big Rivers Rate Schedule RDS;
  - (ii) the expanded load requirements are increases in peak load which in aggregate result in a peak demand which is at least fifty (50) MWs greater than the customer's Base Year peak demand; *and*
  - (iii) the customer requires service through a dedicated delivery point.

For all loads meeting the availability criteria above, no other Big Rivers tariff rate will be available. To receive service hereunder, the Member Cooperative must:

- (1) Obtain from the customer an executed written contract or amend an existing contract, for electric service hereunder with terms acceptable to Big Rivers.
- (2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding power supply for the customer.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Rates and Charges:**

Each month, each Member Cooperative shall be required to pay separately for each of its customers taking service under this tariff, in each case using that individual customer's contract demand (if any) or metered demand, as applicable.

For all delivery points served under this tariff, the Member Cooperative shall negotiate a “Special Contract Rate” with Big Rivers on a case-by-case basis. The Special Contract Rate shall provide a net benefit to the existing load served by the Member Cooperatives, and may consist of *one or more of the following*:

- (1) the Standard Rate – LIC – Large Industrial Customer rate,
- (2) market-based rates,
- (3) fixed rates,
- (4) time-of-use rates, or
- (5) other negotiated rate.

For example, a Special Contract Rate based on market prices could consist of the sum of the following:

(1) Expansion Demand and Expansion Energy Rates:

The Expansion Demand rates, Expansion Energy rates, or both shall be established to correspond to the actual costs of power purchased by Big Rivers from Third-Party Suppliers selected by Big Rivers from which Big Rivers procures the supply and delivery of the type and quantity of service required by the Member Cooperative for resale to its customer. Such monthly costs shall include the sum of all Third-Party Supplier charges, including –

- (i) capacity and energy charges, charges to compensate for transmission losses on Third-Party transmission systems,

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Rates and Charges (continued):**

- (ii) all transmission and ancillary services charges on Third-Party transmission systems paid by Big Rivers to purchase such Expansion Demand and Expansion Energy and have it delivered to Big Rivers' transmission system, *and*
- (iii) all MISO expenses and costs.

(2) Expansion Demand Transmission Rate:

Big Rivers shall assess unbundled charges for network transmission service on the Big Rivers Transmission System according to the rates in the OATT applied to each kW taken as Expansion Demand.

(3) Ancillary Services Rates for Expansion Demand and Expansion Energy:

Big Rivers shall assess unbundled rates for all ancillary services required to serve load served under this schedule. Big Rivers shall supply the following six ancillary services as defined and set forth in the OATT –

- (i) Scheduling System Control and Dispatch;
- (ii) Reactive Supply and Voltage Control from Generation Sources Services;
- (iii) Regulation and Frequency Response Service;
- (iv) Energy Imbalance Service;
- (v) Operating Reserve - Spinning Reserve Service; *and*
- (vi) Operating Reserve - Supplemental Reserve Service.

(4) Big Rivers Adder:

In addition to the charges contained in Items (1), (2), and (3) of this Rates and Charges section, Big Rivers shall charge an adder determined on a case by case basis.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Metering:**

Big Rivers shall provide an appropriate meter to all delivery points of Large Industrial Customer delivery point customers served under this rate schedule.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Definitions:**

Please see Section 4 for definitions common to all tariffs.

Definitions specific to this rate schedule are:

- (1) "Base Year" shall mean the twelve (12) calendar months from \_\_\_\_\_ 2018 through \_\_\_\_\_ 2019.
- (2) "Existing Customer" shall mean any customer of a Member Cooperative served as of \_\_\_\_\_, 2019.
- (3) "New Customer" shall mean any customer of a Member Cooperative commencing service on or after \_\_\_\_\_, 2019.
- (4) "Special Contract Rate" shall mean a rate negotiated with a Member Cooperative to serve the load requirements of a New Customer or an Existing Customer.
- (5) "Expansion Demand" and "Expansion Energy" *for the load requirements of a New Customer* shall be the Member Cooperative's total demand and energy requirements for the New Customer, including amounts sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers' response to Item 12 of Staff's Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' *Modified*, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Definitions (continued):**

- (6) “Expansion Demand” *for the expanded local requirements of an Existing Customer* shall be the amount in kW by which the customer’s Billing Demand *exceeds* the customer’s Base Year peak demand, *plus* an additional amount of demand sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT. *In those months in which there is Expansion Demand*, “Expansion Energy” shall be the amount in kWh by which the customer’s kWh usage for the current month *exceeds* the customer’s actual kWh usage for the corresponding month of the Base Year, *plus* an additional amount of kWh sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT.

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers’ response to Item 12 of Staff’s Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Big Rivers' Modified, Proposed LICX Tariff <sup>1</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion  
Billing Form**

BIG RIVERS ELECTRIC CORP.	INVOICE P. O. BOX 24 MONTH ENDING mm/dd/yy	HENDERSON, KY 42419-0024							
TO: LARGE INDUSTRIAL CUSTOMER EXPANSION	ACCOUNT SERVICE FROM	mm/dd/yy THRU mm/dd/yy							
DELIVERY POINTS	USAGE:								
USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND			
		00:00 A (or P)	mm/dd		1000	00,000			
POWER FACTOR	BASE	PEAK		AVERAGE		KW DEMAND BILLED			
EXPANSION DEMAND	00.00%	00.00%		00.00%		000,000			
ENERGY	PREVIOUS	PRESENT		DIFFERENCE	MULT.	KWH USED			
EXPANSION ENERGY	00000.000	00000.000		0000.000	1000	00,000,000			
<u>EXPANSION DEMAND &amp; EXPANSION ENERGY</u>									
	EXPANSION DEMAND, INCLUDING LOSSES			kW	TIMES	\$ _____	EQUALS	\$ _____	
	POWER FACTOR PENALTY			kW	TIMES	\$ _____	EQUALS	\$ _____	
	EXPANSION ENERGY, INCLUDING LOSSES			kWh	TIMES	\$ _____	EQUALS	\$ _____	
	OTHER EXPANSION SERVICE CHARGES					\$ _____	EQUALS	\$ _____	
	SUBTOTAL					\$ _____			
<u>EXPANSION DEMAND TRANSMISSION</u>									
	LOAD RATIO SHARE OF NETWORK LOAD					\$ _____			
<u>EXPANSION DEMAND &amp; EXPANSION ENERGY ANCILLARY SERVICES</u>									
	SCHEDULING SYSTEM CONTROL & DISPATCH SERVICE					\$ _____			
	REACTIVE SUPPLY & VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE					\$ _____			
	REGULATION & FREQUENCY RESPONSIVE SERVICE					\$ _____			
	ENERGY IMBALANCE SERVICE					\$ _____			
	OPERATING RESERVE – SPINNING RESERVE SERVICE					\$ _____			
	OPERATING RESERVE – SUPPLEMENTAL RESERVE SERVICE					\$ _____			
	SUBTOTAL					\$ _____			
<u>BIG RIVERS ADDER</u>									
	EXPANSION DEMAND			kW	TIMES	\$ _____	EQUALS	\$ _____	
							TOTAL AMOUNT DUE	\$ _____	
----- LOAD FACTOR -----									
	ACTUAL	BILLED					MILLS PER KWH		
	00.00%	00.00%					00.00		
DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24 <sup>TH</sup> OF THE MONTH									

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365, and modified in Big Rivers’ response to Item 12 of Staff’s Initial Information Requests. Modified, proposed LICX would become Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.



**Big Rivers Electric Corporation**  
**Case No. 2019-00365**  
**Redline of Big Rivers' Prior LICX Tariff <sup>1</sup> versus**  
**Big Rivers' Proposed LICX Tariff <sup>2</sup>**

**STANDARD RATE – LICX – Large Industrial Customer Expansion**

**Applicability:**

~~In all territory served by Big Rivers' transmission system. This schedule shall be applicable as follows:~~

**Availability:**

~~This schedule is available to any of the Member Cooperatives of Big Rivers for service to certain large industrial or commercial loads as follows: specified in the Applicability section of this Standard Rate Schedule LICX. For all loads meeting the applicability criteria below, no other Big Rivers' tariff rate will be available. As an alternative to this rate schedule, the Member Cooperative may negotiate a "Special Contract Rate" with Big Rivers for application on a case by case basis for loads meeting the applicability criteria above.~~

- ~~(1) To purchases made by a Member Cooperative for service to any New Customer initiating service after August 31, 1999, 2019, including New Customers with a QF as defined in Rate Schedule QFP ~~and QFS~~, that either initially contracts for fifty (50) MWs ~~ten (10) MWs~~ or more of capacity or whose aggregate peak load at any time amounts to fifty (50) MWs ~~ten (10) MWs~~ or greater (including any later increases to such load) in which case the entire load shall be thereafter subject to this rate schedule.~~
- ~~(2) To purchases made by a Member Cooperative for expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule QFP ~~and QFS~~, where:
  - ~~(i) the customer was in existence and served under the then-effective Big Rivers Rate Schedule LIC any time during the Base Year and,~~
  - ~~(ii) the expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least fifty (50) MWs ~~ten (10) MWs~~ greater than the customer's Base Year peak demand.~~~~

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion prior to its elimination in Case No. 2013-00199. Prior LICX was Original Sheet Nos. 45 through 49 in P.S.C. KY. No. 25.

<sup>2</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365. Proposed LICX would be Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Availability (continued):**

(3) To purchases made by a Member Cooperative for the expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule QFP ~~and QFS~~, where:

- (i) the customer's load was in existence and served ~~through a rural delivery point as defined in Standard Rate Schedule RDS~~ under the then-effective Big Rivers Rate Schedule RDS;
- (ii) the expanded load requirements are increases in peak load which in aggregate result in a peak demand which is at least fifty (50) MWs ~~ten (10) MWs~~ greater than the customer's Base Year peak demand; and
- (iii) the customer requires service through a dedicated delivery point ~~as defined in Standard Rate Schedule LIC.~~

For all loads meeting the availability criteria above, no other Big Rivers tariff rate will be available. To receive service hereunder, the Member Cooperative must:

- (1) Obtain from the customer an executed written contract or amend an existing contract, for electric service hereunder with terms acceptable to Big Rivers.
- (2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding power supply for the customer.

**Conditions of Service:**

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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Rates and Charges:**

Each month, each Member Cooperative shall be required to pay separately for each of its customers taking service under this tariff, in each case using that individual customer's contract demand (if any) or metered demand, as applicable.

For all delivery points served under this tariff, the Member Cooperative shall negotiate a “Special Contract Rate” with Big Rivers on a case-by-case basis. The Special Contract Rate shall provide a net benefit to the existing load served by the Member Cooperatives, and may consist of one or more of the following:

- (1) the Standard Rate – LIC – Large Industrial Customer rate,
- (2) market-based rates,
- (3) fixed rates,
- (4) time-of-use rates, or
- (5) other negotiated rate.

For example, a Special Contract Rate based on market prices could consist of the sum of the following:

(1) Expansion Demand and Expansion Energy Rates:

The Expansion Demand rates, Expansion Energy rates, or both shall be established to correspond to the actual costs of power purchased by Big Rivers from Third-Party Suppliers selected by Big Rivers from which Big Rivers procures the supply and delivery of the type and quantity of service required by the Member Cooperative for resale to its customer. Such monthly costs shall include the sum of all Third-Party Supplier charges, including –

- (i) capacity and energy charges, charges to compensate for transmission losses on Third-Party transmission systems,

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**Big Rivers Electric Corporation**  
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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Rates and Charges (continued):**

- (ii) all transmission and ancillary services charges on Third-Party transmission systems paid by Big Rivers to purchase such Expansion Demand and Expansion Energy and have it delivered to Big Rivers' transmission system, and
- (iii) all MISO expenses and costs.
- (2) Expansion Demand Transmission Rate:  
Big Rivers shall assess unbundled charges for network transmission service on the Big Rivers Transmission System according to the rates in the OATT applied to each kW taken as Expansion Demand.
- (3) Ancillary Services Rates for Expansion Demand and Expansion Energy:  
Big Rivers shall assess unbundled rates for all ancillary services required to serve load served under this ~~rate~~ schedule. Big Rivers shall supply the following six ancillary services as defined and set forth in the OATT –

  - (i) Scheduling System Control and Dispatch;
  - (ii) Reactive Supply and Voltage Control from Generation Sources Services;
  - (iii) Regulation and Frequency Response Service;
  - (iv) Energy Imbalance Service;
  - (v) Operating Reserve - Spinning Reserve Service; ~~and~~and
  - (vi) Operating Reserve - Supplemental Reserve Service.
- (4) Big Rivers Adder:  
In addition to the charges ~~described above~~ contained in Items (1), (2), and (3) of this Rates and Charges section, Big Rivers shall charge an adder determined on a case by case basis \$0.38 per kW/month for each kW billed to the Member Cooperative under this tariff for resale by the Member Cooperative to the qualifying customer.

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**Big Rivers Electric Corporation**  
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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Metering:**

Big Rivers shall provide an appropriate meter to all delivery points of Large Industrial Customer delivery point customers served under this rate schedule.

**Definitions:**

~~Please see Section 4 for definitions common to all tariffs.~~

~~Base Year—September 1998 through August 1999.~~

~~Existing Customer—August 31, 1999.~~

~~New Customer—September 1, 1999.~~

~~Special Contract Rate— which will include, upon request by the Member Cooperative, rates based on Real Time Pricing.~~

~~Third Party Suppliers—“Third Party Suppliers” means any supplier of wholesale electric service to Big Rivers other than SEPA and Henderson Municipal Power and Light.~~

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<sup>2</sup> Standard Rate LICX – Large Industrial Customer Expansion as proposed in Case No. 2019-00365. Proposed LICX would be Original Sheet Nos. 30.01 through 30.06 in P.S.C. KY. No. 27.

**Big Rivers Electric Corporation**  
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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Definitions:**

Please see Section 4 for definitions common to all tariffs.

Definitions specific to this rate schedule are:

- (1) "Base Year" shall mean the twelve (12) calendar months from 2018 through 2019.
- (2) "Existing Customer" shall mean any customer of a Member Cooperative served as of                     , 2019.
- (3) "New Customer" shall mean any customer of a Member Cooperative commencing service on or after                     , 2019.
- (4) "Special Contract Rate" shall mean a rate negotiated with a Member Cooperative to serve the load requirements of a New Customer or an Existing Customer.
- (5) "Expansion Demand" and "Expansion Energy" *for the load requirements of a New Customer* shall be the Member Cooperative's total demand and energy requirements for the New Customer, including amounts sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT.

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**Big Rivers Electric Corporation**  
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**STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)**

**Definitions (continued):**

~~(4)~~(6) “Expansion Demand” *for the expanded local requirements of an Existing Customer* shall be the amount in kW by which the customer’s Billing Demand *exceeds* the customer’s Base Year peak demand, *plus* an additional amount of demand sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT. *In those months in which there is Expansion Demand*, “Expansion Energy” shall be the amount in kWh by which the customer’s kWh usage for the current month *exceeds* the customer’s actual kWh usage for the corresponding month of the Base Year, *plus* an additional amount of kWh sufficient to compensate for losses on the Big Rivers transmission system as set forth in the OATT.

**~~Expansion Demand and Expansion Energy:~~**

**~~Rates and Charges:~~**

~~Expansion rate and charges shall be the sum of the following, including but not limited to Real Time pricing:~~

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# Big Rivers Electric Corporation

## Case No. 2019-00365

### Redline of Big Rivers' Prior LICX Tariff <sup>1</sup> versus Big Rivers' Proposed LICX Tariff <sup>2</sup>

**STANDARD RATE – LICX – Large Industrial Customer Expansion  
Billing Form**

	INVOICE P. O. BOX 24	HENDERSON, KY 42419-0024
	BIG RIVERS ELECTRIC CORP.	MONTH ENDING mm/dd/yy
TO: LARGE INDUSTRIAL CUSTOMER EXPANSION	ACCOUNT SERVICE FROM	mm/dd/yy THRU mm/dd/yy
DELIVERY POINTS	USAGE:	
USAGE	DEMAND	TIME DAY METER MULT KW DEMAND
		00:00 A (or P) mm/dd 1000 00,000
POWER FACTOR	BASE	PEAK AVERAGE KW DEMAND BILLED
EXPANSION DEMAND	00.00%	00.00% 00.00% 000,000
ENERGY	PREVIOUS	PRESENT DIFFERENCE MULT. KWH USED
EXPANSION ENERGY	00000.000	00000.000 0000.000 1000 00,000,000
<u>EXPANSION DEMAND &amp; EXPANSION ENERGY</u>		
	EXPANSION DEMAND, INCLUDING LOSSES	kW TIMES \$ EQUALS \$
	<del>POWER FACTOR PENALTY</del>	<del>kW TIMES \$ EQUALS \$</del>
	EXPANSION ENERGY, INCLUDING LOSSES	kWh TIMES \$ EQUALS \$
	OTHER EXPANSION SERVICE CHARGES	EQUALS \$
	SUBTOTAL	\$
<u>EXPANSION DEMAND TRANSMISSION</u>		
	LOAD RATIO SHARE OF NETWORK LOAD	\$
<u>EXPANSION DEMAND &amp; EXPANSION ENERGY ANCILLARY SERVICES</u>		
	SCHEDULING SYSTEM CONTROL & DISPATCH SERVICE	\$
	REACTIVE SUPPLY & VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE	\$
	REGULATION & FREQUENCY RESPONSIVE SERVICE	\$
	ENERGY IMBALANCE SERVICE	\$
	OPERATING RESERVE – SPINNING RESERVE SERVICE	\$
	OPERATING RESERVE – SUPPLEMENTAL RESERVE SERVICE	\$
	SUBTOTAL	\$
<u>BIG RIVERS ADDER</u>		
	EXPANSION DEMAND	kW TIMES \$ EQUALS \$
	FUEL ADJUSTMENT CLAUSE	0,000,000 kWh – TIMES \$0.0000000 EQUALS \$
	NSNFP	0,000,000 kWh – TIMES \$0.0000000 EQUALS \$
		SUBTOTAL \$
	ENVIRONMENTAL SURCHARGE	\$00,000.00 TIMES 00.00% EQUALS \$
	<del>EXPANSION DEMAND ENERGY – POWER FACTOR PENALTY</del>	<del>kW – TIMES \$0.0000000 EQUALS \$</del>
	UNWIND SURCREDIT	0,000,000 kWh – TIMES \$0.0000000 EQUALS \$
	MEMBER RATE STABILITY MECHANISM	0,000,000 AMOUNT \$

**Case No. 2019-00365**  
**Attachment for Response to PSC 1-12**  
**Witness: Robert W. Berry**  
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<del>CSR</del>	0,000,000	AMOUNT			\$
<del>RRRES</del>	0,000,000	kWh — TIMES	\$0.0000000	EQUALS	\$
<del>REBATE ADJUSTMENT</del>	0,000,000	AMOUNT			\$
					TOTAL AMOUNT DUE
					\$

----- LOAD FACTOR -----		
ACTUAL	BILLED	
00.00%	00.00%	MILLS PER KWH
		00.00

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24<sup>TH</sup> OF THE MONTH

<sup>1</sup> Standard Rate LICX – Large Industrial Customer Expansion prior to its elimination in Case No. 2013-00199. Prior LICX was Original Sheet Nos. 45 through 49 in P.S.C. KY. No. 25.  
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**BIG RIVERS ELECTRIC CORPORATION**

**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**

**Response to Commission Staff's  
Initial Request for Information  
dated November 22, 2019**

**December 11, 2019**

1 **Item 13)** *Refer to the Direct Testimony of Paul G. Smith, page 6, lines 2-19,*  
2 *regarding the justification for the proposed reinstatement of the LICX tariff,*  
3 *as modified.*

4 *a. Explain whether the unique situation that BREC faced in 2000,*  
5 *which justified the initial establishment of the LICX tariff, will be*  
6 *the situation that BREC will encounter in the future with the Nucor*  
7 *load to justify the reinstatement of a modified LICX tariff.*

8 *b. Identify the companies that are considering expanding their*  
9 *operations in BREC's service territory and the associated load*  
10 *expansion of each of those companies.*

11 *c. State why reliance on the reinstatement of a modified LICX tariff*  
12 *would be the most reasonable alternative of addressing future load*  
13 *increases.*

14

15 **Response)**

16 a. Due to Big Rivers' load mitigation efforts following the departure of the  
17 smelter load, Big Rivers is once again in an essentially balanced  
18 capacity/load position, just as it was in 2000. Accordingly, additional  
19 significant load could require the construction of new base load capacity,  
20 which could unnecessarily create a financial/rate burden for Big Rivers'

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- 1 existing Members until such time as the new capacity is fully utilized. The  
2 reinstatement of the LICX tariff will allow Big Rivers the timing necessary  
3 to phase out the long term contracts and replace them with full requirement  
4 Member contacts without the need to build new resources that may not be  
5 fully needed in the future. Therefore, the situation is somewhat similar to  
6 that which Big Rivers faced in 2000, but since that time, Big Rivers has  
7 joined the Midcontinent Independent System Operator, Inc. ("MISO").  
8 Being a MISO Market Participant enables Big Rivers to serve additional  
9 large industrial loads while still limiting risks to the existing retail  
10 customers of Big Rivers' Members. However, it is still valuable to have a  
11 mechanism to market competitive prices to very large potential loads (in  
12 excess of 50 MWs) while protecting existing Members against the potential  
13 cost risks if such a load were to locate in one of the Member's territories.  
14 Thus, reinstating the LICX tariff is an important marketing tool and  
15 safety valve, but in this instance, Big Rivers is limiting the eligibility to new  
16 load in excess of 50 MWs, whereas the previous LICX tariff limited new  
17 load eligibility to load in excess of 10 MWs.
- 18 b. Please see Big Rivers' response to Item 5 of these information requests.  
19 c. Please see Big Rivers' response to Item 13a. of these information requests  
20 with emphasis placed on the modification to increase the eligibility require-

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1           ment from 10 MWs to 50 MWs. Recent examples of the potential risks of  
2           new, very large loads are [REDACTED]  
3           [REDACTED] discussed in Big Rivers'  
4           response to Item 5 of these information requests. If such loads were to  
5           materialize, Big Rivers might build new generation or enter into a long-  
6           term contract to serve those loads. However, both customers present the  
7           substantial risk that, even though very large, their operations could be  
8           short-lived, in which case, the existing retail customers on the Big Rivers  
9           system could be forced to bear the associated stranded costs. The proposed  
10          LICX tariff (as modified in Big Rivers' response to Item 12 of these  
11          information requests) requires these customers to negotiate a Special  
12          Contract Rate, through which Big Rivers can provide a reasonable rate to  
13          the customer that adequately addresses the stranded cost and other risks  
14          that the customer poses.

15

16

17 **Witness)**   Robert W. Berry

18