

ORIGINAL

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)
LOUISVILLE GAS AND ELECTRIC COMPANY,)
MEADE COUNTY RURAL ELECTRIC)
COOPERATIVE CORPORATION, AND)
BIG RIVERS ELECTRIC CORPORATION)
FOR (1) APPROVAL OF AN AGREEMENT)
MODIFYING AN EXISTING)
TERRITORIAL BOUNDARY MAP AND)
(2) ESTABLISHING MEADE COUNTY RURAL)
ELECTRIC COOPERATIVE CORPORATION AS)
THE RETAIL ELECTRIC SUPPLIER FOR NUCOR)
CORPORATION'S PROPOSED STEEL PLATE)
MILL IN BUTIERMILK FALLS INDUSTRIAL)
PARK IN MEADE COUNTY, KENTUCKY)

Case No.
2019-00370

Responses to Commission Staff's
Second Request for Information
dated
December 19, 2019

FILED: December 30, 2019


ORIGINAL

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

ELECTRONIC JOINT APPLICATION OF LOUISVILLE GAS AND
ELECTRIC COMPANY, MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION, AND BIG RIVERS ELECTRIC
CORPORATION FOR (1) APPROVAL OF AN AGREEMENT MODIFYING
AN EXISTING TERRITORIAL BOUNDARY MAP AND (2) ESTABLISHING
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION AS
THE RETAIL ELECTRIC SUPPLIER FOR NUCOR CORPORATION'S
PROPOSED STEEL PLATE MILL IN BUTIERMILK FALLS INDUSTRIAL
PARK IN MEADE COUNTY, KENTUCKY
CASE NO. 2019-00370

VERIFICATION

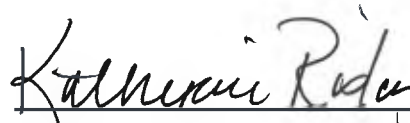
I, Robert W. ("Bob") Berry, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Robert W. ("Bob") Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. ("Bob") Berry on this
the 70th day of December, 2019.




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

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

ELECTRONIC JOINT APPLICATION OF LOUISVILLE GAS AND
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PARK IN MEADE COUNTY, KENTUCKY
CASE NO. 2019-00370

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 30th day of December, 2019.



Notary Public, Kentucky State at Large

My Commission Expires

October 30 2020

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

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VERIFICATION

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

Martin W. Littrel

Martin W. ("Marty") Littrel

COMMONWEALTH OF KENTUCKY)
COUNTY OF MEADE)

SUBSCRIBED AND SWORN TO before me by Martin W. ("Marty") Littrel on this the 30th day of December, 2019.

Melanie S. Raley

Notary Public, Kentucky State at Large

My Commission Expires 3-18-20

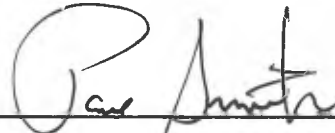


LOUISVILLE GAS AND ELECTRIC COMPANY
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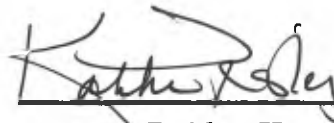
I, Paul G. Smith, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Paul G. Smith

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

30th SUBSCRIBED AND SWORN TO before me by Paul G. Smith on this the
day of December, 2019.



Notary Public, Kentucky State at Large

My Commission Expires

October 31, 2020

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

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Response to Commission Staff's
Second Request for Information
dated December 19, 2019

December 30, 2019

1 Item 1) *Refer to BREC's response to Staff's Initial Request for*
2 *Information (Staff's Initial Request), Item 2.*

3 a. *Provide all workpapers, inputs, and documents supporting each*
4 *entry in the cost-benefit analysis. The workpapers should be in*
5 *Excel spreadsheet format with all formulas intact, and the response*
6 *should include a discussion of the basis for the assumptions*
7 *supporting each line on the cost-benefit analysis.*

8 b. *Provide all documents that were prepared by or for BREC to present*
9 *or explain the cost-benefit analysis to any of its own employees, its*
10 *board members, its member cooperatives, or the board members of*
11 *member cooperatives.*

12 c. *If not answered in a. above, explain how the revenues shown in the*
13 *cost-benefit analysis are calculated from the information contained*
14 *in Exhibit C of the Direct Testimony of Robert W. Berry in Case No.*
15 *2019-00365, Joint Application of Big Rivers Electric Corporation*
16 *and Meade County Rural Electric Cooperative Corporation for*
17 *Approval of Contracts for Electric Service with Nucor Corporation*

LOUISVILLE GAS AND ELECTRIC COMPANY
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1 *and Application of Big Rivers Electric Corporation for Approval of*
2 *Tariff.*

3

4 **Response)**

5 a. Please see the **CONFIDENTIAL** Excel file files provided on the
6 **CONFIDENTIAL** CD accompanying these responses for the workpapers
7 supporting the cost-benefit analysis. The Excel file 'PSC 1-2 (MJE CNF) -
8 Nucor Pricing Sheet,' which was also attached to Big Rivers' response to
9 Item 1 of Commission Staff's Initial Request for Information in Case No.
10 2019-00365,¹ discusses the basis for the assumptions used to calculate the
11 annual revenues for the first ten years of the Nucor agreement. The
12 **CONFIDENTIAL** Excel file 'PSC 2-1a (PGS CNF) Nucor – Att O Impact',
13 supports the transmission revenue assumptions.

¹ 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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1 b. Please see attached presentation to the Big Rivers Board of Directors
2 during the April 2019 board meeting relating to the cost-benefit analysis of
3 the Nucor contract. This presentation is **CONFIDENTIAL** and, therefore,
4 filed with a Petition for Confidential Treatment. Big Rivers did not prepare
5 a separate presentation relating to the cost-benefit analysis of the
6 settlement agreement with LG&E. However, Big Rivers did discuss with
7 its Board of Directors the settlement agreement and the impact of the
8 settlement agreement on the benefits of the Nucor contract, and Big Rivers'
9 Board approved the settlement agreement.

10 c. Please see the response to Item 1a. above.

11

12

13 **Witnesses)** Robert W. Berry (*b. only*) and

14 Paul G. Smith (*a. and c. only*)

15

16

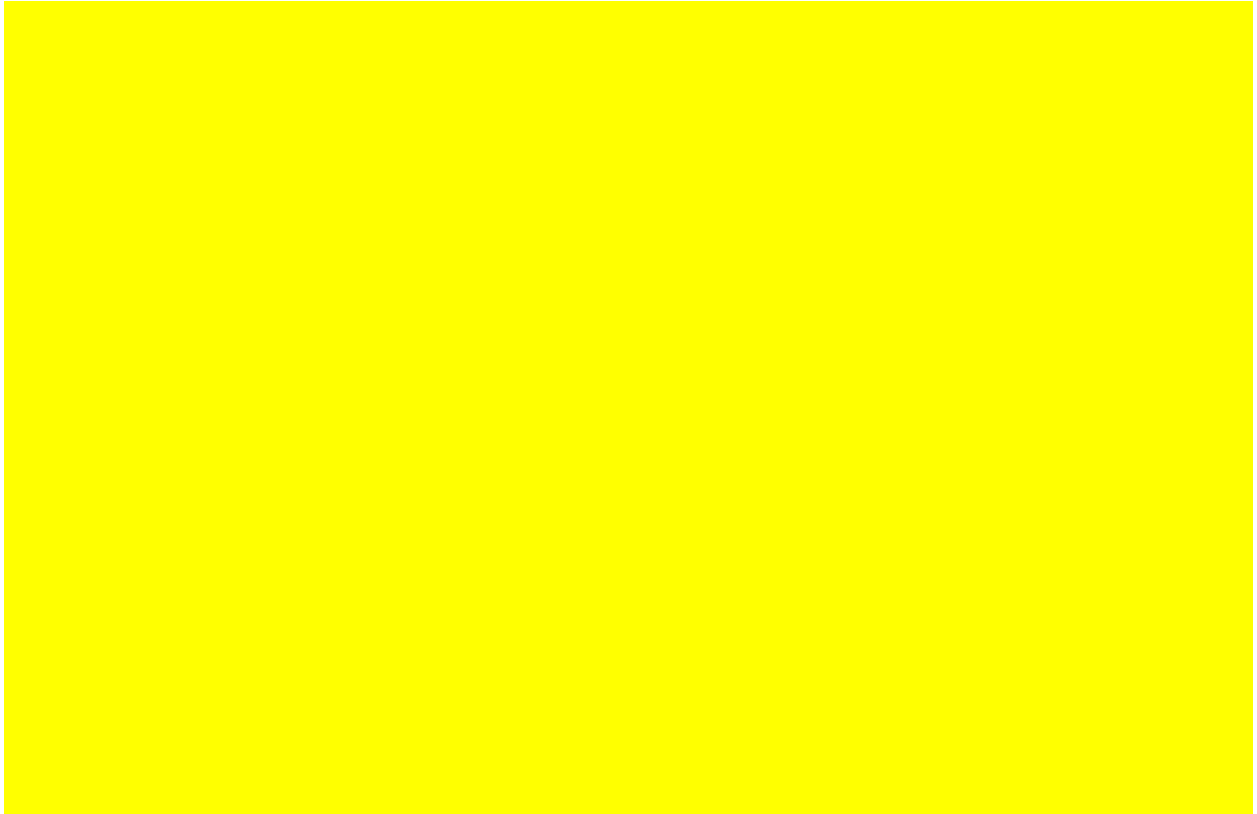
In the Matter of:

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ELECTRIC COOPERATIVE CORPORATION AS THE)
RETAIL ELECTRIC SUPPLIER FOR NUCOR)
CORPORATION'S PROPOSED STEEL PLATE MILL)
IN BUTIERMILK FALLS INDUSTRIAL PARK IN)
MEADE COUNTY, KENTUCKY)

Case No.
2019-00370

CONFIDENTIAL RESPONSE

to PSC 2-1a (Three (3) *Attachments on CD*) of Commission Staff's
Second Request for Information
dated December 19, 2019
FILED: December 30, 2019



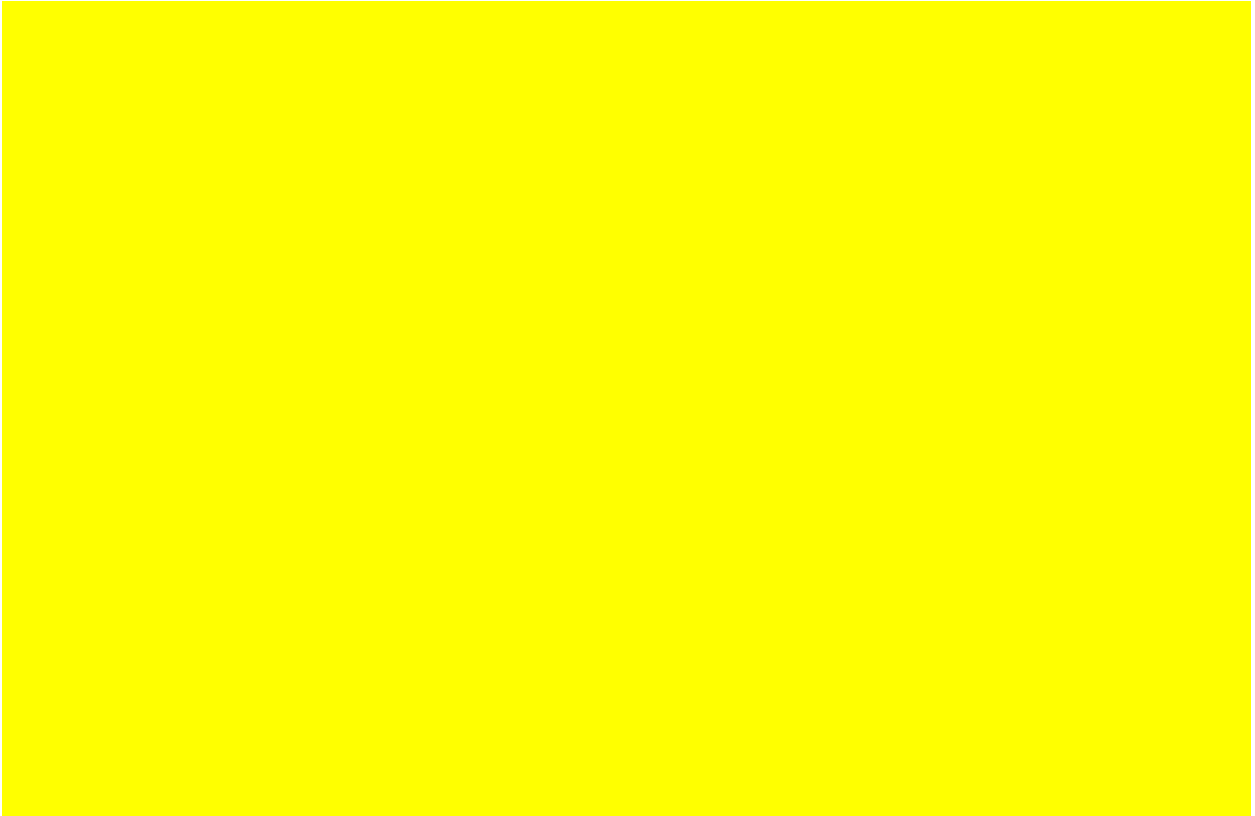
In the Matter of:

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IN BUTIERMILK FALLS INDUSTRIAL PARK IN)
MEADE COUNTY, KENTUCKY)

Case No.
2019-00370

CONFIDENTIAL RESPONSE

to PSC 2-1b (*Attachment*) of Commission Staff's
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dated December 19, 2019
FILED: December 30, 2019



LOUISVILLE GAS AND ELECTRIC COMPANY
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1 Item 2) *Refer to the joint application, Exhibit 3.*

2 a. *Provide a list of substations other than the Otter Creek Substation*
3 *that are planned to be tied to the Redmon Road switching station*
4 *and the planned interconnection date.*

5 b. *Provide a map showing the LG&E/KU 345 kV transmission lines and*
6 *substations that will tie to the Redmon Road switching substation.*

7

8 **Response)**

9 a. The proposed Redmon Road switching station will cut into the existing 345
10 kV transmission line running between Louisville Gas and Electric
11 Company's ("LG&E") Mill Creek substation and Kentucky Utilities
12 Company's ("KU") Hardin County substation. As such, the Redmon Road
13 switching station will be tied to these two substations, and to Big Rivers
14 Otter Creek substation.

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1 b. The attached map, filed electronically and provided in 11 x 17 format in the
2 paper copy, was created for Case No. 2019-00417,² and will be filed with Big
3 Rivers' application in that case. It illustrates the proposed LG&E/KU 345
4 kV transmission line sections to be built and identifies the stations to which
5 they will interconnect. These two proposed sections are approximately 700
6 ft. each in length. This map also illustrates the complete route for the
7 LG&E/KU Redmon Road to Big Rivers Otter Creek 345 kV transmission
8 line.

9

10

11 **Witness)** Michael W. Chambliss

12

² In the Matter of: *Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity to Construct and Acquire a 345 kV Transmission Line in Meade County, Kentucky.*

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
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- 1 Item 3) *Refer to the Settlement Agreement and Contract (Settlement*
2 *Agreement), which is attached as Exhibit 1 to the Joint Application.*
- 3 a. *Provide the accounting entries to be made on the books of BREC to*
4 *reflect the payment to be made to LG&E pursuant to Section 1.2(A)*
5 *and explain how BREC will treat that payment for ratemaking*
6 *purposes.*
- 7 b. *Provide the accounting entries to be made on the books of Big Rivers*
8 *to reflect the payments to be made to LG&E pursuant to Section*
9 *1.2(B) and explain how BREC will treat those payments for*
10 *ratemaking purposes.*
- 11 c. *Provide the accounting entries to be made on the books of LG&E to*
12 *reflect the payment to be received from BREC to pursuant to Section*
13 *1.2(A) and explain how LG&E will treat that payment for*
14 *ratemaking purposes. If LG&E does not intend to record this*
15 *payment as a deferred liability, explain in detail the reasons why.*

Case No. 2019-00370
Response to PSC 2-3

Witnesses: Paul G. Smith (*Big Rivers, a. and b. only*) and
Martin W. Littrel (*Meade County RECC, e. only*)

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BIG RIVERS ELECTRIC CORPORATION
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- 1 *d. Provide the accounting entries to be made on the books of LG&E to*
2 *reflect the payments to be received from BRECC to pursuant to Section*
3 *1.2(B) and explain how LG&E will treat those payments for*
4 *ratemaking purposes.*
- 5 *e. State whether any accounting entries will be recorded on the books*
6 *of Meade RECC to reflect the payments to LG&E.*

7

8 **Response)**

- 9 a. Big Rivers believes the liability/payment should be appropriately recorded
10 as Miscellaneous Intangible Plant per the journal entry below. Big Rivers
11 does not anticipate amortizing the intangible plant balance or including
12 such payments in its cost-of-service for ratemaking purposes.

13	Account 303	Miscellaneous Intangible Plant	XXX
14	Account 131	Cash	XXX

- 15 b. Please see the response to Item 3a. above.
- 16 c. Not Applicable to Big Rivers or Meade County RECC.

Case No. 2019-00370
Response to PSC 2-3

Witnesses: Paul G. Smith (*Big Rivers, a. and b. only*) and
Martin W. Littrel (*Meade County RECC, e. only*)

LOUISVILLE GAS AND ELECTRIC COMPANY
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- 1 d. Not Applicable to Big Rivers or Meade County RECC.
2 e. No accounting entry will be recorded on the books of Meade County RECC
3 as a result of a settlement payment directly to LG&E by Big Rivers.
4
5

6 **Witnesses)** Paul G. Smith (*Big Rivers, a. and b. only*) and
7 Martin W. Littrel (*Meade County RECC, e. only*)
8

LOUISVILLE GAS AND ELECTRIC COMPANY
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1 Item 4) *KRS 278.018(6) authorizes the Commission to approve a contract*
2 *between retail electric suppliers to allocate service territories. State whether*
3 *BREC is a retail electric supplier as that term is defined in KRS 278.010(4).*
4 *If this cannot be stated in the affirmative, explain in detail why BREC is a*
5 *party to the Settlement Agreement and why BREC will be making payments*
6 *to LG&E.*

7

8 **Response)** Big Rivers is not a retail electric supplier as that term is defined in KRS
9 278.010(4). Big Rivers is a party to the Settlement Agreement because the
10 Settlement Agreement involves subjects in addition to the agreement between LG&E
11 and Meade County RECC relating to the allocation of service territory. If the
12 Commission approves the Settlement Agreement, the retail electric service
13 agreement between Meade County RECC and Nucor (the "Retail Agreement"), and
14 the related letter agreement amending the wholesale power contract between Big
15 Rivers and Meade County RECC (the "Wholesale Amendment"), Big Rivers will be
16 obligated to provide wholesale power to Meade County RECC sufficient to allow

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1 Meade County RECC to fulfill its obligations under the Retail Agreement. Due to the
2 power requirements of Nucor, Big Rivers must complete the transmission system
3 upgrades referenced in the Retail Agreement and discussed in Case No. 2019-00270³
4 to fulfill its obligations to Meade County RECC under the Wholesale Amendment.
5 These upgrades include a new interconnection with LG&E/KU. Article II of the
6 Settlement Agreement contains agreements between Big Rivers and LG&E with
7 respect to this interconnection.

8 Big Rivers is making the settlement payments directly to LG&E for the
9 territorial change out of simplicity. Big Rivers supports the economic development
10 efforts of its Members, including Meade County RECC's efforts to attract Nucor. As
11 part of its support for the Members' economic development efforts, and because of the
12 benefits Nucor provides to the retail customers of all three of Big Rivers' Members,
13 Big Rivers agreed to fund the settlement payments. [REDACTED]

³ In the Matter of: *Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity to Construct a 161 kV Transmission Line, and a 345 kV Transmission Line in Meade County, Kentucky.*

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PROPOSED STEEL PLATE MILL IN BUTIERMILK FALLS INDUSTRIAL
PARK IN MEADE COUNTY, KENTUCKY
CASE NO. 2019-00370**

**Response to Commission Staff's
Second Request for Information
dated December 19, 2019**

December 30, 2019

1 [REDACTED]
2 [REDACTED]. Big Rivers could have
3 provided the funds to Meade County RECC and Meade County RECC could have
4 made the payment to LG&E, but such an indirect payment introduces complexities
5 and risks. For example, in the indirect payment scenario, in the event of a refund
6 under the terms of the Settlement Agreement, the refund would have to go to Meade
7 County RECC and then from Meade County RECC to Big Rivers. This adds
8 additional credit risk to the refund and would necessitate the negotiation of
9 additional contractual provisions to protect Big Rivers.

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13

Witness) Robert W. Berry

LOUISVILLE GAS AND ELECTRIC COMPANY
BIG RIVERS ELECTRIC CORPORATION
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

ELECTRONIC JOINT APPLICATION OF LOUISVILLE GAS AND
ELECTRIC COMPANY, MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION, AND BIG RIVERS ELECTRIC
CORPORATION FOR (1) APPROVAL OF AN AGREEMENT MODIFYING
AN EXISTING TERRITORIAL BOUNDARY MAP AND (2) ESTABLISHING
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION AS
THE RETAIL ELECTRIC SUPPLIER FOR NUCOR CORPORATION'S
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1 Item 5) *Refer to BREC's response to Staff's Initial Request, Item 3.*

2 a. *State whether BREC intends to amortize the intangible asset*
3 *recorded to reflect the initial payment to LG&E. If yes, provide the*
4 *date that BREC intends to begin amortizing the intangible asset*
5 *and the period of time over which the intangible asset will be*
6 *amortized.*

7 b. *State whether BREC intends to record as an intangible asset each*
8 *future annual payment to be made to LG&E. If yes, provide the date*
9 *that BREC intends to begin amortizing the intangible asset*
10 *recorded for each future annual payment and the period of time*
11 *over which the intangible asset will be amortized.*

12

13 **Response)**

14 a. Big Rivers does not intend to amortize the indefinite-lived intangible asset
15 recorded to reflect the payment to LG&E.

16 b. Yes, Big Rivers intends to record the liability/payment to LG&E as an
17 intangible asset (Please see Big Rivers' response to Item 3a. of these

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1 information requests). Big Rivers does not intend to amortize the
2 indefinite-lived intangible asset.

3

4

5 **Witness)** Robert W. Berry

6