

ORIGINAL



Your Touchstone Energy® Cooperative 

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

In the Matter of:

**ELECTRONIC APPLICATION OF)
BIG RIVERS ELECTRIC CORPORATION)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A A 345 KV TRANSMISSION)
LINE IN MEADE COUNTY, KENTUCKY)**

**Case No.
2019-00417**

**Response to Commission Staff's
Second Request for Information
dated March 18, 2020**

FILED: March 30, 2020

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BIG RIVERS ELECTRIC CORPORATION
ELECTRONIC APPLICATION OF
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CASE NO. 2019-00417

VERIFICATION

I, Michael W. (Mike) Chambliss, verify, state, and affirm that I prepared or supervised the preparation of the responses to the requests for information filed with this Verification, and those responses 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 March, 2020.



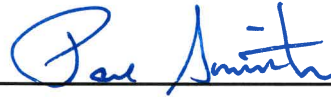
Notary Public, Kentucky State at Large

My Commission Expires October 31, 2020

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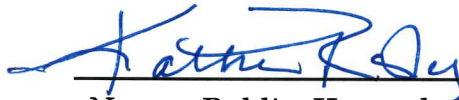
I, Paul G. Smith, verify, state, and affirm that I prepared or supervised the preparation of the responses to the requests for information filed with this Verification, and those responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry



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 March, 2020.



Notary Public, Kentucky State at Large

My Commission Expires October 30, 2020

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1 Item 1) *Refer to the application, page 2, lines 20–21, and page 6,*
2 *paragraph 15, which reference the proposed 345-kV transmission line*
3 *extending from the Redmon Road Switching Station to the Otter Creek*
4 *Substation as being 2.7 miles in length. Refer also to the application,*
5 *Exhibit C, 345 & 161 kV Transmission Lines Brandenburg Steel Mill*
6 *Routing Study (Routing Study), pages 4 and 48, which references the 345-*
7 *kV transmission line from the Redmon Road Switching Station to the Otter*
8 *Creek Substation as being 2.58 miles in length. Provide a detailed*
9 *explanation reconciling the differences in the length of the proposed 345-*
10 *kV transmission line from the Redmon Road Switching Station to the Otter*
11 *Creek Substation.*

12

13 **Response)** When the Routing Study was being developed, rough locations for both
14 Redmon Road and Otter Creek were estimated. The original location for Otter
15 Creek was on a parcel where topographical features were avoided by adjusting the

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1 substation location slightly to the east. This adjustment resulted in a slight
2 increase in the line length.

3 Also, the initial line route at Redmon Road Switching Station was expected
4 to exit to the north. Big Rivers later determined that it was advantageous to exit
5 to the west and make an immediate 90 degree turn toward the north. Doing so
6 allowed an easier crossing of an existing 138 kV transmission line just north of the
7 proposed switching station. This adjustment resulted in a slight increase in the
8 line length. The two adjustments together resulted in an approximate 0.12 mile
9 increase in the transmission line's length between the Route Study and Big Rivers'
10 Application.

11

12

13 **Witnesses)** Michael W. Chambliss

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1 Item 2) *Refer to Big Rivers' response to Commission Staff's First*
2 *Request for Information (Staff's First Request), Item 4(b).*

3 a. *Provide the rationale for Big Rivers agreeing to transfer*
4 *ownership of the Redmon Road Switching Station to Louisville*
5 *Gas and Electric Company (LG&E) that was agreed to as part of*
6 *the settlement agreement proposed and approved in Case No. 2019-*
7 *00370.³*

8 b. *If not answered in part a., explain why LG&E would not allow Big*
9 *Rivers to own the substation and simply provide an*
10 *interconnection to its line.*

11
12

³ Case No. 2019-00370, *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 to Modify 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 Buttermilk Falls Industrial Park in Meade County, Kentucky* (Ky. PSC Feb. 4, 2020)

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1 **Response)**

2 a. Big Rivers believes the settlement agreement, overall, was a reasonable
3 resolution of the disputes between the parties, and that the consideration
4 Big Rivers received was sufficient compensation for agreeing to make the
5 settlement payments and to transfer ownership of the switching station.

6 b. Big Rivers does not know why LG&E required transfer of ownership of
7 the switching station as a condition of the settlement agreement.

8

9

10 **Witness)** Michael W. Chambliss

11

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1 **Item 3)** *Refer to Big Rivers' response to Staff's First Request, Item 4(a),*
2 *regarding the \$6 million in incremental transmission revenues annually*
3 *that Big Rivers will receive under MISO's Open Access Transmission Tariff*
4 *resulting from the proposed transmission projects.*

5 **a.** *Confirm that the annual increase of \$6 million in transmission*
6 *revenues takes into account the transfer of ownership of the*
7 *Redmon Road Switching Station from Big Rivers to LG&E.*

8 **b.** *Explain whether any part of the \$6 million is accounted for in the*
9 *transmission revenues enumerated in Big Rivers' December 11,*
10 *2019 response to Staff's Initial Request for Information Item 4a in*
11 *Case No. 2019-00365.⁴*

12

13 **Response)**

14 **a.** Yes, confirmed.

⁴ Case No 2019-00365, *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 Tariff*, (Filed Oct. 18, 2019).

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1 b. Yes, the **CONFIDENTIAL** cost-benefit financial analysis filed in
2 response to Staff's Initial Request for Information Item 4a in Case No.
3 2019-00365 includes the estimated amount by which the allowed return
4 exceeds the cost of financing the transmission project investment.

5

6

7 **Witness)** Paul G. Smith

8

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1 **Item 4)** *Refer to Big Rivers' response to Staff's First Request, Items 2*
2 *and 4(a). Explain whether the approximate \$2.5 million offset referenced*
3 *in Item 2 is in part the result of the \$6 million referenced in Item 4.*

4

5 **Response)** Yes, the \$2.5 million represents the estimated amount to be credited
6 to Big Rivers' Member-Owners via its Member Rate Stability Mechanism ("MRSM")
7 rider.

8

9

10 **Witness)** Paul G. Smith

11

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1 Item 5) *Refer to the Routing Study, page 55, indicating the following*
2 *criteria and assigned weights with respect to the Expert Judgment Model:*
3 *Cost – 40 percent; Construction/Maintenance Accessibility – 30 percent;*
4 *Community Consideration – 20 percent; and Schedule Delay Risk – 10*
5 *percent. Refer also to the Routing Study, page 56, Figure 50, which shows*
6 *the following criteria and assigned weights for the Expert Judgment Model:*
7 *Cost – 35 percent; Construction/Maintenance Accessibility – 5 percent;*
8 *Community Issues – 30 percent; Schedule Delay Risk – 15 percent; Natural*
9 *Environment Considerations – 10 percent; and Reliability 5 percent.*
10 *Provide an explanation reconciling the differing criteria and assigned*
11 *weights for the Expert Judgment Model.*

12

13 **Response)** Big Rivers and its Route Study consultant, Team Spatial, has
14 confirmed that this is an error in the paragraph text on Page 55, not the table on
15 Page 56. The Expert Judgement Table on Page 56 contains the correct weights and
16 criteria.

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1

2 **Witness)** Michael W. Chambliss

3