COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION FOR APPROVAL OF) CASE NO. 2020-00183
SOLAR POWER CONTRACTS)

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION TO BIG RIVERS ELECTRIC CORPORATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), and submits his First Request for Information to Big Rivers Electric Corporation (hereinafter "BREC" or the "Company") to be answered by August 14, 2020, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.
- (6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.
- (7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.
- (8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.
- (9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.
- (10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing,

all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored

information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

- (11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.
- (12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.
- (13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.
- (14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
- (15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON ATTORNEY GENERAL

angela M. Avad

ANGELA M. GOAD
J. MICHAEL WEST
LAWRENCE W. COOK
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY 40601-8204

PHONE: (502) 696-5421 FAX: (502) 573-1005 Angela.Goad@ky.gov Michael.West@ky.gov Larry.Cook@ky.gov John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Order dated March 17, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the foregoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

Tyson Kamuf <u>Bigrivers.com</u>

Roger Hickman

Roger.Hickman@bigrivers.com

This 6th day of August, 2020.

Angela M. Avad

Assistant Attorney General

- 1. Refer to the Application, page 4, lines 17 21. BREC asserts that the solar contracts are necessary to allow BREC to fulfill its wholesale power obligations to its members, and to have the power available to satisfy the requirements of its native load and its existing contracts to supply power to Owensboro Municipal Utilities and Kentucky Municipal Energy Agency.
 - a. Explain in detail if BREC specifically has to obtain solar energy to satisfy the requirements of its native load, or if BREC could utilize any type of energy to provide energy to its native load. Explain the answer is full detail, including the names of all customers that are requiring BREC to obtain solar energy.
 - b. Explain in detail if BREC specifically has to obtain solar energy to satisfy the requirements of its existing contracts, or if BREC could utilize any type of energy to provide energy to its existing contracts. Explain the answer in full detail, including all contract customers that are requiring BREC to obtain solar energy.
 - c. If specific customers are requesting or demanding solar energy, will those customers be required to pay for 100% of the solar energy costs? If not, why not.
 - d. Compare and contrast the cost that BREC will incur purchasing energy pursuant to the solar contracts versus if BREC were instead to purchase energy from non-renewable sources.

- e. Explain in detail whether BREC currently has any solar energy on its system.
- 2. Refer to the Application, pages 4 6, and page 12, lines 5 6. BREC states that the solar contracts will further support BREC's obligations to make available to Meade County RECC the electrical power and energy required under the retail electric service agreement between Meade County Rural Electric Cooperative Corporation (RECC) and Nucor Corporation ("Nucor"), which is currently pending Commission approval. BREC further states that the solar contracts are needed to satisfy BREC's obligations under the Nucor Contract. Further refer to the Direct Testimony of Mark Eacret (Eacret Testimony), page 6, lines 4 6, wherein Mr. Eacret states that in order to comply with the Nucor agreement, BREC issued a request for proposals on June 3, 2019, to start the competitive bidding process for a solar power purchase agreement.
 - a. Explain in detail how the solar contracts will support the electric service agreement between Meade County RECC and Nucor.
 - b. What percentage of the solar power obtained from the solar contracts will be used to satisfy BREC's obligations under the Nucor Contract, if any, versus satisfying the requirements of its native load and existing contracts, if any.
 - c. Would BREC be entering into solar contracts if not for the above-referenced agreement with Nucor?

- d. Explain whether any portion of the power procured under the solar contracts would be dedicated exclusively to meeting the Nucor load. If not, will all power procured under the contracts be used to meet BREC's needs in general?
- 3. Refer to the Application, page 6, lines 18 20. BREC asserts that diversifying its power supply portfolio is important to reduce the risk of being heavily dependent on coal-fired generation, including the risk of future environmental regulations applicable to coal-fired generation. Explain in full detail whether BREC is aware of any pending environmental regulations that would cause more risk by using coal-fired generation.
- 4. Refer to the Application, page 6 7, in which BREC states that the solar contracts would enhance the Company's credit profile by reducing a risk factor often cited by the credit ratings agencies, and it supports BREC's economic development efforts by allowing the Company to market renewable power to economic development prospects.
 - a. Explain in detail what risk factor is often cited by credit ratings agencies with regard to BREC.
 - b. Provide copies of all requests that BREC has received in the past two years from companies interested in renewable power.
- 5. Refer to the Application, page 7, lines 15 18. BREC asserts that it is a founding member of the National Renewables Cooperative Organization (NRCO).

- a. Provide an explanation as to the purpose of the NRCO.
- b. Explain whether BREC pays dues to NRCO, and if so, provide the monetary amount of the same.
- c. If BREC does pay dues to NRCO, state whether it is included in customer rates.
- d. Provide a list of all members of NRCO.
- 6. Refer to the Application, page 8, in which BREC avers that it received 26 project proposals from 15 fifteen developers, but BREC found that the proposals submitted by Geronimo Energy, LLC (Geronimo) and Community Energy, Inc. (CES) were the lowest cost flat price per kWh and were reasonable in other terms.
 - a. Explain in full detail whether there were lower cost proposals submitted by other developers, and if so, why those specific proposals were not accepted.
 - b. Explain in detail what is meant by "reasonable in other terms."
- 7. Refer to the Application, page 8, in which BREC states that the solar contracts are subject to Commission approval, approval from RUS, and other conditions precedent. Explain in detail what "other conditions precedent" exist.
- 8. Refer to the Application, page 8, lines 12 13. BREC states that each facility is anticipated to enter commercial operation in 2023. Identify when each facility will begin construction, and how long construction will take to complete.
- 9. Refer to the Application, page 8, lines 13 14. BREC asserts that under the solar contracts, the counterparty will construct, own, and operate the facility. Explain in

full detail whether BREC performed any analysis as to the cost to build its own solar energy facility versus entering into three separate solar contracts. Provide copies of all analyses.

- 10. Refer to the Application, page 8. Lines 14 18. BREC contends that under the solar contracts it will receive the entire capacity value (MW), electrical output (MWh), ancillary services, and environmental attributes of the solar facilities, such as any renewable energy or carbon credits.
 - a. State the capacity value of each of the three solar contracts.
 - b. State the electrical output of each of the three solar contracts.
 - c. Explain what ancillary services BREC is alluding to in the above-referenced statement.
 - d. Identify the environmental attributes of the proposed solar facilities beyond renewable energy or carbon credits.
 - e. Explain in full detail whether carbon credits are currently being used at the state or federal level, or are expected to be used in the future.
- 11. Refer to the Application, page 8. Explain whether BREC or Geronimo have received any objections to the building of the Henderson Solar Facility in Henderson and Webster Counties, Kentucky. If objections have been received, provide copies of all written objections, and summaries of all verbal objections.
- 12. Refer to the Application, pages 8 9, titled "The Solar Facilities." BREC contends that during construction of the Henderson Solar Facility, the project will provide

a \$175,000 impact to the community through local spending, will produce \$200 million in capital infrastructure improvements, and will create approximately 150 construction jobs, and during the term of the contract, its facility will provide 5 full-time jobs with an annual payroll of approximately \$350,000.

- a. What is the estimated construction duration for the Henderson Solar Facility?
- b. Whom did Geronimo purchase the land from to be used for the Henderson Solar Facility?
- c. Provide a detailed breakdown and description of the \$175,000 local spending.
- d. Provide a detailed breakdown and description of the \$200 million in capital infrastructure improvements.
- e. Explain whether all 150 construction jobs will be awarded to local workers, or if labor from outside the area and/or state will be used.
- f. Provide a detailed explanation of the 5 full-time jobs that will be associated with the Henderson Solar Facility, including the estimated annual salary of each position.
- g. Explain in full detail whether the 5 full-time jobs associated with the Henderson Solar Facility will be awarded to people who already live in Henderson and Webster Counties, or if the jobs will be filled by already existing Geronimo employees, people who currently live out of state, etc.

- h. Provide the estimated annual property tax that the Henderson Solar Facility will be responsible to pay.
- Explain whether BREC will be paying for the property taxes associated with Henderson Solar Facility through the contracted rates.
- 13. Refer to the Application, pages 8 9, titled "The Solar Facilities." BREC asserts that the Meade Solar facility will generate 150 jobs during construction, with the entry-level positions being accessible to a wide range of local workers. Once operational, each solar farm will pay significant annual property taxes, dramatically increasing the current taxes on the property.
 - a. What is the estimated construction duration for the Meade Solar Facility?
 - b. Whom did CES purchase the land from to be used for the Meade Solar Facility?
 - c. Explain whether there will be local spending, as asserted for the Henderson Solar Facility. If so, provide an estimated amount of local spending, along with a breakdown of the same. If not, explain why not.
 - d. Advise whether there will be capital infrastructure improvements associated with the Meade Solar Facility, and if so provide the monetary amount of the same. If not, explain why not.
 - e. Explain why only entry-level positions will be accessible to local workers during the building of the Meade Solar Facility.

- f. Will the higher paid positions during the construction of the Meade Solar Facility be awarded to labor from outside the area and/or state?
- g. Explain in detail whether any full-time jobs will be associated with the Meade Solar Facility. If so, provide a detailed explanation of the full-time jobs, including the estimated annual salary of each position. If not, explain why not.
- h. If full-time jobs are associated with the Meade Solar Facility, explain in full detail whether the jobs will be awarded to people who already live in Meade County, or if the jobs will be filled by already existing CES employees, people who currently live out of state, etc.
- i. Provide the estimated annual property tax that the Meade Solar Facility will be responsible to pay.
- j. Explain whether BREC will be paying for the property taxes associated with the Meade Solar Facility through the contracted rates.
- 14. Refer to the Application, pages 8 9, titled "The Solar Facilities." BREC asserts that the McCracken Solar facility will generate 150 jobs during construction, with the entry-level positions being accessible to a wide range of local workers. Once operational, each solar farm will pay significant annual property taxes, dramatically increasing the current taxes on the property.
 - a. What is the estimated construction duration for the McCracken Solar Facility?

- b. Whom did CES purchase the land from to be used for the McCracken Solar Facility?
- c. Explain whether there will be local spending, as asserted for the Henderson Solar Facility. If so, provide an estimated amount of local spending, along with a breakdown of the same. If not, explain why not.
- d. Advise whether there will be capital infrastructure improvements associated with the McCracken Solar Facility, and if so provide the monetary amount of the same. If not, explain why not.
- e. Explain whether construction jobs will be open to local workers during the building of the McCracken Solar Facility.
- f. Will the higher paid positions during the construction of the McCracken Solar Facility be awarded to labor from outside the area and/or state?
- g. Explain in detail whether any full-time jobs will be associated with the McCracken Solar Facility. If so, provide a detailed explanation of the full-time jobs, including the estimated annual salary of each position. If not, explain why not.
- h. If full-time jobs are associated with the McCracken Solar Facility, explain in full detail whether the jobs will be awarded to people who already live in McCracken County, or if the jobs will be filled by already existing CES employees, people who currently live out of state, etc.

- i. Provide the estimated annual property tax that the McCracken Solar Facility will be responsible to pay.
- j. Explain whether BREC will be paying for the property taxes associated with the McCracken Solar Facility through the contracted rates.
- 15. Reference the Application, page 12, numerical paragraph 22, wherein BREC states, "The Solar Contracts will not result in excess capacity or an unreasonable investment." Provide the net gain (or loss) of load BREC has experienced in the large industrial class over the past year in terms of MWh, and identify the load by customer name. For each such customer identified as experiencing a loss of load, provide the expected duration of such loss.
- 16. Refer to the Application generally. Explain whether all the ratepayers will be forced to pay for the energy provided by the solar contracts, or if the cost will be borne only by those ratepayers who opt to pay for solar energy.
- 17. Refer to the Application generally. Explain in full detail how the proposed solar contracts comply with the Commission precedent of implementing a least-cost analysis when reviewing proposed construction or power purchase contracts.
- 18. Refer to the Direct Testimony of Mark Eacret (Eacret Testimony), page 10.
 - a. Explain what the BREC.BREC load node entails.
 - b. BREC asserts that most of the projects removed from consideration were at the high end of the price range. Explain in full detail whether BREC removed any project at the low end of the price range. If the answer is yes,

then provide a detailed list of the lower priced projects that were removed, and a detailed explanation as to why they were removed.

- 19. Refer to the Eacret Testimony, page 11, wherein he states that BREC initially proposed to purchase 100 MW from Geronimo, but when the Company found out that Geronimo intended to build a 160 MW solar facility, and offer the output for sale to others, BREC had multiple concerns with an unknown counterparty in connection to the same solar facility. Mr. Eacret further asserts that BREC then negotiated a lower price and exclusivity in exchange for increasing the size of the purchase.
 - a. Explain in detail the "multiple concerns" that BREC had with an unknown party purchasing energy from the same solar facility.
 - b. If BREC only intended to purchase 100 MW, then explain in detail how the additional 60 MW power purchase from this solar facility is not excessive.
- 20. Reference the Eacret Testimony, page 12, lines 17 19. Provide all cost-benefit analyses BREC performed with regard to each solar contract.
- 21. Refer to the Eacret Testimony, pages 16 17. Explain in detail the risks associated with solar generation.
- 22. Refer to the Eacret Testimony, page 17. Mr Eacret states that Geronimo has a vast pipeline of wind and solar projects in various stages of development throughout the United States. Provide a detailed list of all wind and solar projects that Geronimo has developed, or is in the process of developing, which state it is

- located in, the amount of power that is produced, and how long it has been operational.
- 23. Refer to the Eacret Testimony, page 18. Mr. Eacret asserts that under the terms of the Henderson Solar Contract, BREC will be responsible for 50% of network upgrade costs, which are expected to be less than one million dollars total.
 - a. Provide a detailed explanation as to what the network upgrade costs entail.
 - b. Explain in detail whether the expected cost of less than one million dollars is a onetime cost, annual cost, etc.
- 24. Refer to the Eacret Testimony, page 20, and provide the estimated amount of power that the Henderson Solar Facility will utilize as a Kenergy customer.
- 25. Refer to the Eacret Testimony, pages 20 and 25, and explain what is meant by "shadow-settle."
- 26. Refer to the Eacret Testimony, page 21.
 - a. Provide the name of the local education fund that will receive a \$32,000 annual contribution from Geronimo.
 - b. Confirm that Geronimo's shareholders will be making the \$32,000 annual contribution.
 - c. Provide the expected duration of the \$32,000 annual contribution from Geronimo to a local education fund, and explain whether this is a requirement in the solar contract.

- 27. Refer to the Eacret Testimony, page 22, lines 10 19. Mr. Eacret states that CES has developed and financed 2,000 MW of renewable energy projects across the country. Provide a detailed list of all renewable energy projects that CES has developed, or is in the process of developing, which state it is located in, the amount of power that is produced, and how long it has been operational.
- 28. Refer to the Eacret Testimony, page 23, lines 15 16. Mr. Eacret states that under the terms of the Meade and McCracken Solar Contract, BREC will be responsible for any interconnection costs above \$300,000, and that CES will be required to provide appropriate credit support.
 - a. Provide a detailed explanation as to whether BREC envisions there will be interconnection costs above \$300,000.
 - b. Confirm that if an interconnection cost is below \$300,000, then the cost will be borne by CES.
 - c. Explain in detail what is meant by the statement that CES will be required to provide appropriate credit support.
- 29. Refer to the Eacret Testimony, page 24.
 - a. Provide the estimated amount of power that the Meade Solar Facility will utilize as a Meade County RECC customer.
 - b. Provide the estimated amount of power that the McCracken Solar Facility will utilize as a Jackson Purchase Energy customer.

- 30. Refer to the Direct Testimony of Paul G. Smith (Smith Testimony), page 8, wherein Mr. Smith asserts that in the most recent credit report published, there was a reference to negative credit implications due to BREC's reliance upon coal. Mr. Smith further states that diversifying the portfolio with solar will be viewed positively by the credit agencies.
 - a. Provide copies of all credit reports containing a negative credit implication due to BREC's reliance upon coal.
 - b. Provide all documentation supporting the statement that diversifying BREC's portfolio with solar power will be viewed positively by credit agencies.
- 31. Refer to the Application generally. Provide the net gain (or loss) of load BREC has experienced in the Rural Class over the past year in terms of MWh.
- 32. Refer to the Application generally. Explain if any existing or prospective large industrial customer has expressed any interest in having any portion or all of its load served through renewable resources.
- 33. Refer to the Application generally. Provide the current economic order of dispatch of BREC's generating units. Explain where the solar resources will fall within that order.
- 34. Refer to the Application generally. Explain whether any of the three contracts would require BREC or the solar developers to construct any interconnections on transmission systems not owned by BREC. If so, explain what party will pay those

- costs, and explain further whether such costs were taken into consideration in BREC's least cost analysis.
- 35. Refer to the Application generally. Explain whether BREC would have to construct any transmission upgrades or improvements as a result of entering into the contracts. If so: (i) provide all cost estimates; and (ii) explain whether such costs were taken into consideration in developing BREC's least cost analysis.
- 36. Refer to the Application generally. Explain whether BREC will incur any transmission charges and/or costs as a result of entering the proposed contracts. If so: (i) provide all estimates of such charges and/or costs; and (ii) explain whether such charges and/or costs were taken into consideration in developing BREC's least cost analysis.
- 37. Refer to the Application generally.
 - a. Identify any backup power resources BREC intends to utilize to address the issue of intermittency arising from the use of solar power. For each such resource so identified, provide any and all applicable cost estimates, whether for purchase power agreements, self-build options, etc.
 - b. Explain whether the process BREC undertook to determine the least cost for the solar resources also considered: (i) the cost of any such backup power resources, and if not, why not; and (ii) any applicable transmission costs, both for the proposed solar contracts and any potential back up power sources, and if not, why not.

- c. Provide all workpapers associated with analyzing, reviewing, and determining the costs identified in subpart b. of this question.
- 38. Refer to the Application generally. Confirm that BREC retains all Renewable Energy Credits (RECs) under all three solar contracts.
- 39. Refer to the Application generally.
 - a. Provide all estimates of the projected revenues BREC is expected to receive from RECs, ancillary services and/or any potential carbon credits.
 - b. Provide a discussion regarding the potential for the development of a carbon credit market in the Midwest, in particular within the Midcontinent Independent System Operator (MISO) footprint.
- 40. Refer to the Application generally. Provide a discussion of how the additional revenues received under each of the three contracts will be accounted for in light of the Commission's Final Order dated June 25, 2020, in Case No. 2020-00064.
- 41. Refer to the Application generally. Explain the accounting treatment BREC will provide with regard to the RECs.
- 42. Refer to the Application generally. Explain whether entering into the proposed solar contracts will cause BREC to incur any additional MISO charges, or MISO revenues. If so, provide any applicable estimates.
- 43. Explain whether the basic terms of all three solar contracts are substantially similar. If not, identify all material differences between the solar contracts.