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COMMONWEALTH OF KENTUCKY  
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC 2020 INTEGRATED ) Case No.  
RESOURCE PLAN OF BIG RIVERS ) 2020-00299  
ELECTRIC CORPORATION

**BIG RIVERS ELECTRIC CORPORATION’S RESPONSE TO COMMENTS**

Comes Big Rivers Electric Corporation (“*Big Rivers*”), by counsel, and respectfully files this response to the comments on Big Rivers’ 2020 Integrated Resource Plan (“*IRP*” or “*2020 IRP*”) filed by (i) the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention, (the “*Attorney General*”), and (ii) Sierra Club.

**I. The Attorney General’s Comments**

Big Rivers appreciates the Attorney General’s acknowledgement of both the months of work that were required to develop the 2020 IRP, and the fact that Big Rivers does not stop planning once an IRP is filed.<sup>1</sup> Big Rivers also appreciates the Attorney General acknowledging the benefits resulting from Big Rivers’ successful negotiation of three solar purchase power agreements, reiterating some of the real-world concerns involving intermittent resources,<sup>2</sup> and recognizing the potential for

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<sup>1</sup> See the Attorney General’s Comments at p. 2 (“Due to the IRP’s complexity and thorough analysis, it is readily apparent that the Company and its contractor...began the planning and analysis utilized in the preparation of the Plan began at least several months prior to the date of its filing”) (emphasis in original); *id.* (“BREC should be commended for continuing to identify and pursue least-cost resources for its member and end-use customers in the face of such rapidly changing federal regulatory mandates”).

<sup>2</sup> See *id.* at pp. 3-4.

19 more demand side management (“*DSM*”) programs in the future should they  
20 become cost-effective.<sup>3</sup>

21 Big Rivers’ mission is to “safely deliver competitive and reliable wholesale  
22 power and cost-effective shared services desired by our Member-Owners.” Big  
23 Rivers believes it has struck the appropriate balance for our Members to provide  
24 safe, reliable power at the lowest reasonable cost, taking into account the risks of  
25 intermittent resources pointed out by the Attorney General, and the regulatory  
26 risks of relying too heavily on coal-fired generation.

27 Big Rivers’ 2013 resource mix included an 87% reliance on coal, while Big  
28 Rivers’ portfolio in 2024 will include hydro, gas, solar, and only a 31% reliance on  
29 coal.<sup>4</sup> This change results from a thorough and unbiased evaluation of resource  
30 options and a determination that the least-cost, least-risk option for our Members  
31 included a diverse mix of resources. In a recent approval authorizing Big Rivers to  
32 enter into contracts to purchase power from three solar facilities, the Commission  
33 found that the solar contracts provided a number of benefits to Big Rivers, including  
34 filling a capacity shortfall, hedging price risks associated with a contract related to  
35 a new Nucor Corporation steel mill, and reducing credit risks associated with a  
36 heavy dependence on coal-fired generation.<sup>5</sup> In addition, the Commission found  
37 that “the Solar Contracts have a substantial net present value because the current

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<sup>3</sup> See *id.* at pp. 4-5.

<sup>4</sup> See Big Rivers’ Response to the Office of the Attorney General’s Initial Data Requests, Item 1 (Mar. 19, 2021).

<sup>5</sup> *In the Matter of: Electric Application of Big Rivers Electric Corporation for Approval of Solar Power Contracts*, P.S.C. Case No. 2020-00183, Order (Sept. 28, 2020), at p. 13.

38 and projected value of the energy, capacity, and other ancillary products BREC will  
39 receive pursuant to the Solar Contracts exceeds the firm contract prices BREC  
40 obtained from other generators,” and that “the Solar Contracts were the least cost  
41 alternative.”<sup>6</sup>

42 Similarly, in granting Big Rivers a certificate of public convenience and  
43 necessity to convert the Green generation station from coal-fired to natural-gas  
44 fired, the Commission found that Big Rivers had “provided sufficient evidence that  
45 it thoroughly reviewed the reasonable alternatives[,]...appropriately took into  
46 account the differences in resource capacity between the alternatives, and fully  
47 considered the costs, including the cost of the gas infrastructure construction and  
48 costs for purchasing gas for the converted Green Station.”<sup>7</sup> The Commission also  
49 found that Big Rivers appropriately weighed “the price and volatility risk associated  
50 with a large portion of BREC’s capacity requirements being satisfied with market  
51 purchases,” and the Commission agreed with Big Rivers’ selection of the conversion  
52 option to meet its short-term capacity needs.<sup>8</sup>

53 Big Rivers will continue to robustly evaluate the best ways to meet its  
54 Members’ resource needs. Big Rivers will continue to analyze all viable resource

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<sup>6</sup> *Id.* at pp. 13-14.

<sup>7</sup> *In the Matter of: Electronic Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity Authorizing the Conversion of the Green Station Units to Natural Gas-Fired Units and An Order Approving the Establishment of a Regulatory Asset*, P.S.C. Case No. 2021-00079, Order (June 11, 2021), at p. 11.

<sup>8</sup> *Id.* at pp. 11-12.

55 options, including any DSM programs that become cost-effective. And Big Rivers  
56 will continue to provide safe, low-cost, reliable power to its Members.

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## 58 **II. Sierra Club's Comments**

59 The “primary thrust of Sierra Club’s comments” is to “simply point out that it  
60 is incumbent on Big Rivers to reevaluate their needs and update their modeling  
61 inputs before moving forward with any of the” plans in the 2020 IRP.<sup>9</sup> Big Rivers  
62 will of course continue to evaluate the appropriate resources needed to provide safe,  
63 low-cost, reliable power to meet our Members’ long-term needs, and any decisions to  
64 add generating resources would be subject to the appropriate regulatory approval  
65 processes before implementation.

66 Sierra Club recommends that Big Rivers “conduct, and submit for review no  
67 later than their 2023 IRP, a fresh evaluation of when its D.B. Wilson Station  
68 [...]can be most economically replaced....” Big Rivers’ 2023 IRP will include an  
69 evaluation of Wilson Station, along with all other viable resource options. However,  
70 Big Rivers’ 2023 IRP will fully and fairly evaluate all viable resource options, rather  
71 than being guided by a pre-judged conclusion that Wilson should be retired or that a  
72 particular resource mix should replace Wilson.

73 Finally, Sierra Club suggests that Big Rivers discuss “the feasibility of re-  
74 attracting at least one of the two Century Aluminum smelters,” specifically noting,

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<sup>9</sup> Sierra Club’s Initial Comments on Big Rivers’ 2020 Integrated Resource Plan (“*Sierra Club’s Comments*”) at p. 2.

75 “Century’s publicly stated interest in lowering their carbon footprint.”<sup>10</sup> Big Rivers  
76 will continue to search out opportunities that are in our Members’ best interests.  
77 The smelters’ unilateral decision to depart the Big Rivers system resulted in  
78 substantial financial impacts to Big Rivers and its Members that Big Rivers has  
79 been working ever since to overcome. This included Big Rivers being immediately  
80 downgraded below investment grade upon the smelters’ announcing their contract  
81 terminations, and significant rate increases to all other retail customers on the Big  
82 Rivers system because all of those other customers were left paying for generation  
83 that was largely built to provide service to the smelters.<sup>11</sup>

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### III. Conclusion

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Big Rivers thanks the Attorney General and Sierra Club for their respective reviews of the 2020 IRP, and Big Rivers looks forward to receiving the Commission Staff’s report on its 2020 IRP.

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<sup>10</sup> Sierra Club’s Comments at pp. 3-4.

<sup>11</sup> The Commission approved the smelter-related rate increases in Case Nos. 2012-00535 and 2013-00199. Big Rivers has not had a base rate increase since that 2013 case.

90 On this the 30<sup>th</sup> day of September, 2021.

91 Respectfully submitted,

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*/s/ Tyson Kamuf*

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