

**ORIGINAL**



**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**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 )**

**Case No.  
2021-00079**

**Responses to Commission Staff's  
Third Request for Information  
dated  
May 4, 2021**

**FILED: May 10, 2021**

**ORIGINAL**

**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
BIG RIVERS ELECTRIC CORPORATION  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
AUTHORIZING THE CONVERSION OF THE GREEN STATION UNITS TO  
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APPROVING THE ESTABLISHMENT OF A REGULATORY ASSET  
CASE NO. 2021-00079**

**VERIFICATION**

I, Nathaniel A. ("Nathan") 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.

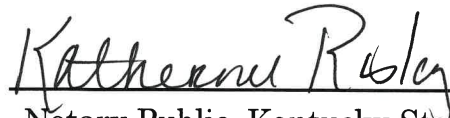


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Nathaniel A. ("Nathan") Berry

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Nathaniel A. ("Nathan") Berry on this the 10<sup>th</sup> day of May, 2021.



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Notary Public, Kentucky State at Large

Kentucky ID Number

KYNP 16841

My Commission Expires

October 31, 2024

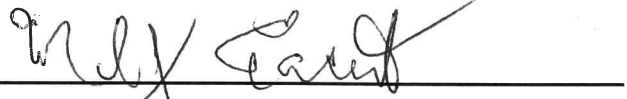


**BIG RIVERS ELECTRIC CORPORATION**

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**VERIFICATION**

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 )

10th SUBSCRIBED AND SWORN TO before me by Mark J. Eacret on this the  
day of May, 2021.

  
\_\_\_\_\_  
Notary Public, Kentucky State at Large

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**BIG RIVERS ELECTRIC CORPORATION**

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**VERIFICATION**

I, Michael T. ("Mike") Pullen, 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.



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Michael T. ("Mike") Pullen

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Michael T. ("Mike") Pullen on this the 10<sup>th</sup> day of May, 2021.



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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 Smith*

\_\_\_\_\_  
Paul G. Smith

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

10th SUBSCRIBED AND SWORN TO before me by Paul G. Smith on this the  
day of May, 2021.

*Katherine Raley*

\_\_\_\_\_  
Notary Public, Kentucky State at Large

Kentucky ID Number

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**BIG RIVERS ELECTRIC CORPORATION**  
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**May 10, 2021**

1 **Item 1)**     *Provide all schedules and workpapers filed in this proceeding in*  
2 *Excel spreadsheet format with all formulas, columns, and rows unprotected*  
3 *and fully accessible.*

4

5 **Response)** Please see the attached **PUBLIC** and **CONFIDENTIAL** files in Excel  
6 spreadsheet format.<sup>1</sup>

7

8 **Witnesses)** Michael T. Pullen,  
9                   Mark J. Eacret, and  
10                  Paul G. Smith

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<sup>1</sup> Pursuant to the Commission's Orders in Case No. 2020-00085, Big Rivers will file the Confidential Information with the Commission via email to [PSCED@ky.gov](mailto:PSCED@ky.gov) or provide the Commission a link to an encrypted file-share site from which the Confidential Information can be downloaded. Big Rivers will include the Excel spreadsheets on electronic media when filing the requisite paper copies of this electronic filing within thirty days after the current state of emergency is lifted, as required by the Commission's Orders in Case No. 2020-00085.

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1 **Item 2)**     *Refer to the Direct Testimony of Michael T. Pullen, Confidential*  
2 *Exhibit Pullen-2. Explain whether the differences in resource capacity were*  
3 *accounted for in BREC's evaluation, and if so, describe how the capacity*  
4 *differences were accounted for.*

5

6 **Response)** The differences in resource capacity were accounted for in Big Rivers'  
7 evaluation. Pages 3, 4, and 5 of **CONFIDENTIAL** Exhibit Pullen-2 indicate the firm  
8 capacity for each scenario considered including Green Coal, Green NG (Non-Firm),  
9 and Green NG (Firm). The firm capacity values for each scenario were used to  
10 determine the capacity revenue and associated energy revenue.

11

12

13 **Witness)**   Michael T. Pullen

14

15

**BIG RIVERS ELECTRIC CORPORATION**

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1 **Item 3)**      *Refer to BREC's response to Attorney General's First Request for*  
2 *Information, Items 5 and 6. Explain whether the costs attributed to the Texas*  
3 *Gas Transmission, LLC pipeline construction were accounted for in the*  
4 *estimated costs for the proposed conversion.*

5      *a. If the cost were accounted for, identify where in the record the costs*  
6      *were accounted for, how much the costs are, and what the costs*  
7      *include.*

8      *b. If the costs were not accounted for, explain why not and provide the*  
9      *amount of the costs and what the costs include.*

10

11 **Response)** Big Rivers did account for the costs of the Texas Gas pipeline  
12 construction in the estimated costs for the proposed conversion.

13      a. See **CONFIDENTIAL** Exhibit Pullen-2, the costs to install the Texas Gas  
14 pipeline are included in Capital Cost. Texas Gas is responsible for the



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1 construction and installation (at Big Rivers' cost), including the cost of  
2 materials, supplies, labor, overhead, and taxes totaling \$7.0 million<sup>1</sup>.

3 b. Not applicable. Please see Big Rivers' response to sub-part a.

4

5

6 **Witness)** Nathaniel A. Berry

7

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<sup>1</sup> See Exhibit A, Direct Testimony of Michael T. Pullen at page 18 of 21, "The estimated total project cost is \$45.3 million. This include \$18.5 million for the gas burner design and supply; \$19.8 million for the gas burner construction, and \$7.0 million for the installation of the gas pipeline infrastructure."

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1 **Item 4)** *Explain whether the costs of purchasing gas for a converted*  
2 *natural gas unit at Green Station were accounted for in the estimated costs*  
3 *for the proposed conversation (“sic”).*

4 **a.** *If the cost were accounted for, identify where in the record the costs*  
5 *were accounted for, how much the costs are, and what the costs*  
6 *include.*

7 **b.** *If the costs were not accounted for, explain why not and provide the*  
8 *amount of the costs and what the costs include.*

9

10 **Response)** Big Rivers did account for the costs of purchasing gas in the estimated  
11 costs for the proposed conversion.

12 **a.** See **CONFIDENTIAL** Exhibit Pullen-2 at pages 4 and 5 under “Fuel Cost”  
13 and **CONFIDENTIAL** Exhibit Eacret-5 for the costs of purchasing gas for  
14 the converted natural gas units at Green Station. **CONFIDENTIAL**  
15 Exhibit Eacret-5 is the spot natural gas prices from the Henry Hub, while

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1           the "Fuel Cost" on pages 4 and 5 of **CONFIDENTIAL** Exhibit Pullen-2  
2           shows the total costs to purchase natural gas for the converted natural gas  
3           units at Green Station.

4        b.   Not applicable. Please see Big Rivers' response to sub-part a.

5

6

7 **Witness)**   Nathanial A. Berry

8

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1 **Item 5)**      *Refer to Case No. 2020-00064,<sup>1</sup> Direct Testimony of Paul G. Smith,*  
2 *pages 25-26, BREC's response to Commission Staff's Request for Information*  
3 *from the Informal Conference of May 28, 2020, Item 1, and BREC's response*  
4 *to Commission Staff's Post-Hearing Request for Information, Item 2. Explain*  
5 *whether the proposed Green Station conversion will have an impact on the*  
6 *New TIER Credit and provide an updated annual TIER Credit Forecast for*  
7 *2021 through 2029.*

8

9 **Response)** The economics of the proposed Green Station conversion are very similar  
10 to the economics of retiring the Green Station; therefore, the conversion will not have  
11 a material impact on the New TIER Credit. The financial information provided in  
12 Case No. 2020-00064 was based on the Fall 2019 financial forecast which reflected  
13 the best information and assumptions at the time. See the **CONFIDENTIAL**

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<sup>1</sup> Case No. 2020-00064, *Electronic Application of Big Rivers Electric Corporation for Approval to Modify Its MRS M Tariff, Cease Deferring Depreciation Expenses, Establish Regulatory Assets, Amortize Regulatory Assets, and Other Appropriate Relief* (Ky. PSC June 30, 2020)

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1 attachment to this response for an updated annual TIER Credit Forecast for the years  
2 2021 through 2029.

3

4

5 **Witness)** Paul G. Smith

6

**Big Rivers Electric Corporation**  
**Forecasted Margins and TIER Credit**  
**2021-2029**  
**(\$ in Millions)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Net Margins</b>									
Pre-TIER Credit Net Margins									
- TIER Credit (Note)									
= Reported Net Margins									
<b>TIER</b>									
Pre-TIER Credit TIER									
Reported TIER									
<b>Note: TIER Credit Allocation</b>									
Reg Asset Amortization (60%)									
MRSB Bill Credit (40%)									
Total TIER Credit									