



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**AN ELECTRONIC EXAMINATION OF THE)
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE) Case No.
OF BIG RIVERS ELECTRIC CORPORATION) 2022-00041
FROM MAY 1, 2021 THROUGH OCTOBER 31, 2021)**

**Responses to Commission Staff's First Request for Information
in the Appendix of the Commission's Order
dated March 31, 2022**

Amended Responses to Items 5 and 21

FILED: May 19, 2022

BIG RIVERS ELECTRIC CORPORATION

**AN ELECTRONIC EXAMINATION OF
THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2021 THROUGH OCTOBER 31, 2021
CASE NO. 2022-00041**

VERIFICATION

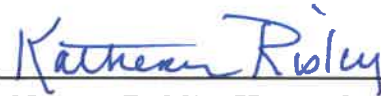
I, Vicky L. Payne, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Vicky L. Payne

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

19th SUBSCRIBED AND SWORN TO before me by Vicky L. Payne on this the
day of May, 2022.



Notary Public, Kentucky State at Large

Kentucky ID Number

KYNP16841

My Commission Expires

October 31, 2022

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April 14, 2022

Amended Response: May 19, 2022

1 **Item 5)** *List each oral coal supply solicitation issued during the period*
2 *under review.*

3 *a. For each solicitation, state why the solicitation was not written, the*
4 *date(s) of the solicitation, the quantities solicited, a general*
5 *description of the quality of coal solicited, the period over which*
6 *deliveries were requested, and the generating unit(s) for which the*
7 *coal was intended.*

8 *b. For each solicitation, identify all vendors solicited and the vendor*
9 *selected. Provide the tabulation sheet or other document that ranks*
10 *the proposals. (This document should identify all vendors who*
11 *made offers.) State the reasons for each selection. For each lowest-*
12 *cost bid not selected, explain why the bid was not selected.*

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1 **Response)**

2 E-Mails (Spot Solicitation)

3 a.

4 i. Date solicitation issued: October/November 2021.

5 ii. Type of solicitation: Spot.

6 iii. Quantities solicited: Inquire tonnage availability.

7 iv. Quality of coal and petroleum coke solicited: No specifics – inquiry for
8 availability only.

9 v. Time period over which deliveries were requested: November 2021-March
10 2022.

11 vi. Generating units for coal intended use: R.D. Green and/or D. B. Wilson.

12 b. Twelve (12) suppliers were contacted by email or oral solicitations. Of the
13 twelve, *six (6) suppliers with available coal or petcoke supplies* responded;
14 five with non-metallurgical coal were awarded contracts. Natural gas
15 prices were rising and coal was scarce. Coal fired units were running at

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1 high demand. The table on the following page details the results of the
2 solicitation.

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Big Rivers Electric Corporation Summary of E-Mail Inquiries May 1, 2021, through October 31, 2021				
Vendor	Tonnage	Price	Contract Number	Effective Date

| _____
| _____
| _____
| _____

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3 **Witness)** Vicky L. Payne

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1 Item 21) *Refer to KRS 278.277(1) which states that:*

2 *In any review by the commission of any fuel adjustment clause, for any*
3 *contracts entered into on or after July 1, 2021, the commission shall, in*
4 *determining the reasonableness of fuel costs in procurement contracts*
5 *and fuel procurement practices, evaluate the reasonableness of fuel*
6 *costs in contracts and competing bids based on the cost of the fuel less*
7 *any coal severance tax imposed by any jurisdiction.*

8 a. *Provide a listing of any new coal contracts entered into on or since July 1,*
9 *2021.*

10 b. *For each bid solicitation or potential spot purchase that resulted in a new*
11 *purchase contract on or after July 1, 2021, provide the bid evaluation*
12 *sheets that include:*

13 (1) *The coal severance tax rate being levied, if any;*

14 (2) *The coal severance tax rate per ton or MMBTU, as appropriate, being*
15 *levied;*

16 (3) *The cost per ton or MMBTU, as appropriate, including any severance*
17 *tax; and*

18 (4) *The cost per ton or MMBTU, as appropriate, excluding any severance*
19 *tax.*

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1 **Response)**

2 a.

Big Rivers Electric Corporation New Coal Contracts entered into on or since July 1, 2021				
Supplier	Contract	Effective Date	Type	Solicitation
Alliance Coal, LLC	BRE-22-002	1/1/2022	Long Term	Bid
American Consolidated Natural Resources, Inc.	BRE-22-001	1/1/2022	Long Term	Bid
Alliance Coal, LLC	BRE-21-009	11/3/2021	Spot	Email
Coal Network, LLC	BRE-21-007	11/2/2021	Spot	Email
Coal Network, LLC	BRE-21-006	11/2/2021	Spot	Email
Alliance Coal, LLC	BRE-21-005	8/9/2021	Spot	Bid
Foresight Coal Sales, LLC (Amendment)	BRE-21-001	11/4/2021	Spot	Email

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1 b. The bid evaluation sheets for the three contracts listed above that
2 were awarded under the bid solicitation were previously provided as the
3 confidential attachment to Big Rivers' response to Item 4(b)(iii) of the
4 Commission Staff's First Request for Information. An updated version of
5 that attachment, revised to show the cost per ton excluding severance tax.
6 is being provided as an attachment to this response.

7 The confidential table within Big Rivers' response to Item No. 5 of
8 the Commission Staff's First Request for Information ("PSC 1-5") provides
9 the evaluation of the responses to the email solicitation. No separate bid
10 evaluation sheets were prepared for the four contracts listed above that
11 were awarded under the email solicitation because, as discussed in Big
12 Rivers' response to PSC 1-5, Big Rivers awarded contracts to all
13 respondents that had non-metallurgical coal available.

14 The table below provides severance tax information related to the
15 contracts identified in subpart a to this response.

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Big Rivers Electric Corporation New Coal Contracts entered into on or since July 1, 2021 Severance Tax¹					
	American Consolidated Natural Resources, Inc. BRE-22-001				
Year	Source Mine	Severance Tax Being Levied	Severance Tax Rate (% of Value or Per Ton)	\$ / Ton <i>including</i> Severance Tax	\$ / Ton <i>excluding</i> Severance Tax
2022	Pride (KY)	Kentucky	4.5%	\$ 42.14	\$ 40.33
2023				\$ 42.54	\$ 40.71
2024				\$ 42.93	\$ 41.08
	Alliance Coal, LLC BRE-22-002				
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <i>including</i> Severance Tax	\$ / Ton <i>excluding</i> Severance Tax
2021	River View (KY)	Kentucky	4.5%	\$ 52.50	\$50.14
2022				\$ 42.00	\$ 40.19
2023				\$ 44.00	\$ 42.11
2024				\$ 46.00	\$ 44.02

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Alliance Coal, LLC BRE-21-009					
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <u>including</u> Severance Tax	\$ / Ton <u>excluding</u> Severance Tax
2021	River View (KY)	Kentucky	4.5%	\$180.00	\$172.25
Coal Network, LLC BRE-21-007					
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <u>including</u> Severance Tax	\$ / Ton <u>excluding</u> Severance Tax
2021	Shugart North or Schooley Hollow mine (OH)	Ohio	\$0.10 per ton plus \$0.012 per ton for surface mining	\$67.00	\$66.89

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¹ Big Rivers does not have information from its coal suppliers on the actual amount of severance tax included in the sales prices, and the actual severance tax paid could be less than stated if the severer incurred transportation costs that were excludable from the severance tax calculation.

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Coal Network, LLC BRE-21-006					
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <i>including</i> Severance Tax	\$ / Ton <i>excluding</i> Severance Tax
2021	Fossil Coal, LLC's Ridgeline No. 5 mine (KY) -or-	Kentucky	4.5%	\$58.00	\$55.50
	Investment Marketing Group, LLC's Point Lick mine (WV)	West Virginia	3%	\$56.50	\$54.85

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<i>Alliance Coal, LLC</i>					
<i>BRE-21-005</i>					
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <u>including</u> Severance Tax	\$ / Ton <u>excluding</u> Severance Tax
2021	River View (KY)	Kentucky	4.5%	\$52.50	\$50.24
<i>Foresight Coal Sales, LLC</i>					
<i>BRE-21-001</i>					
Year	Location	Severance Tax Being Levied	Severance Tax Rate Per Ton	\$ / Ton <u>including</u> Severance Tax	\$ / Ton <u>excluding</u> Severance Tax
2021	Deer Run or Mach # 1 Mine (IL)	None (IL does not have a coal severance tax)	None	\$85.00	Not Applicable

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3 **Witness)** Vicky L. Payne