

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

DOMTAR PAPER COMPANY, LLC

Complainant

v.

BIG RIVERS ELECTRIC CORPORATION

KENERGY CORP.

Defendants.

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Case No. 2023-00017

**REPLY OF
DOMTAR PAPER COMPANY, LLC**

Domtar Paper Company, LLC (“Domtar”) respectfully submits this Reply to the Joint Response in Opposition filed by Kenergy Corp. (“Kenergy”) and Big Rivers Electric Corporation (“Big Rivers”) on February 23, 2023. In that Response, Kenergy/Big Rivers claim that Domtar has not provided evidence demonstrating that it should pay rates different than the Pilot LICSS rate.¹ This claim is simply incorrect.

Domtar has explained several times in this proceeding why the Pilot LICSS tariff results in unjust, unreasonable and non-cost-based rates as applied to it. First, the stranded cost risk underlying the Pilot LICSS rate proceeding does not apply to Domtar’s QF cogeneration facility since that facility has existed for over twenty years and has been incorporated into the revenue requirement in at least four Big Rivers rate cases. Second, immediately moving Domtar to the Pilot LICSS on April 1, 2023 would result in a rate increase to Domtar of approximately \$3.4 million, or 20.9%, for the same service it has received since 2001 without any cost-based justification supporting that rate increase. Domtar outlined these reasons in a verified

¹ Response at 2.

Complaint supported by an Affidavit that the Commission has already found was sufficient to establish a prima facie case under the Commission's regulations.²

Kenergy/Big Rivers also fail to address Domtar's argument that the statutory protections against unreasonable rates within KRS 278 protect customers of electric cooperatives the same as customers of investor-owned utilities. Indeed, KRS 279.210 provides that cooperatives formed under KRS 279.010 to 278.220 are subject to the general supervision of the Commission and to all the provisions of KRS 278.010 to KRS 278.450 and KRS 278.990. It is therefore unlawful to overcharge Domtar for standby service simply because the excess profits are recycled back to other cooperative members.

With respect to Domtar's Motion for Informal Conference, Kenergy/Big Rivers' refusal to entertain discussions of compromise at this juncture emphasizes how important it is that the Commission grant Domtar's motion to maintain the status quo by extending Domtar's current retail electric service contract until the Commission establishes a permanent standby service tariff in Big Rivers' service territory. In the absence of Commission action before April 1, 2023, Domtar will be subjected to an unjust, unreasonable, and non-cost-based rate increase of 20.9% in violation of state and federal law.

Respectfully submitted,

/s/ Michael L. Kurtz
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² 807 KAR 5:001, Section 20(4).