



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC APPLICATION OF)	
BIG RIVERS ELECTRIC CORPORATION)	Case No.
FOR ANNUAL REVIEW OF ITS MRSM)	2023-00038
CHARGE FOR CALENDAR YEAR 2022)	

**Big Rivers Electric Corporation's
Response to the Commission Staff's
First Request for Information
dated March 22, 2023**

FILED: April 4, 2023

BIG RIVERS ELECTRIC CORPORATION
ELECTRONIC APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR ANNUAL REVIEW OF ITS MRSM CHARGE
FOR CALENDAR YEAR 2022
CASE NO. 2023-00038

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1 **Item 1)** *Refer to the Application, the Direct Testimony of Talina R.*
2 *Mathews (Mathews Direct Testimony), Exhibit Mathews-2, Exhibit Mathews-*
3 *3, Exhibit Mathews-4, and Exhibit Mathews-5. Provide these exhibits in Excel*
4 *spreadsheet format with all formulas, columns, and rows unprotected and*
5 *fully accessible.*

6

7 **Response)** Please see Exhibits Mathews-3, Mathews-4, and Mathews-5 in Excel
8 spreadsheet format attached to this response; and the confidential Exhibit
9 Mathews-2 in Excel spreadsheet format filed with Big Rivers' Motion for Confidential
10 Treatment.

11

12

13 **Witness)** Talina R. Mathews

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1 **Item 2)** *Refer to the Application, Mathews Direct Testimony, page 11.*

2 *Provide the estimated simple margins provided by Nucor Corporation in*

3 *2022.*

4

5 **Response)** Estimated simple margins provided by Nucor Corporation in 2022 were

6 \$1,068,000.

7

8 **Witness)** Talina R. Mathews

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1 **Item 3)** *Refer to the final Order in Case No. 2020-00064, page 18, where*
2 *the Commission established a regulatory liability to be only used to reduce*
3 *the smelter loss mitigation regulatory assets or help BREC to achieve a times*
4 *interest earned ratio of 1.30. The Commission found that BREC should retain*
5 *a minimum balance in this regulatory liability of \$9 million, but BREC may*
6 *request to reset this amount as interest expense changes. Explain and provide*
7 *support as to whether additional indebtedness or changes in BREC's credit*
8 *rating support a change in the \$9 million minimum balance.*

9

10 **Response)** Big Rivers is currently seeking Commission approval to issue certain
11 evidences of indebtedness in connection with two loan transactions.¹ One transaction
12 consists of amending and restating Big Rivers' existing revolving credit facility. Only
13 the second transaction (the "2023 Term Loan") involves additional indebtedness. The
14 annual interest charge on this \$135 million debt issuance equates to approximately

¹ See *In the Matter of: Electronic Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness*, Case No. 2023-00087.

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1 \$7.3 million, or an increase in net margins of approximately \$2.4 million, at a 1.30
2 TIER.

3 Additionally, the annual interest savings related to the credit rating
4 improvement is approximately \$0.3 million, or a decrease in net margins of
5 approximately \$0.1 million.

6 Big Rivers believes it would be appropriate to increase the minimum
7 regulatory liability account balance by this \$2.3 million net change in margins
8 resulting from the proposed additional indebtedness and the credit rating
9 improvement to provide additional protection for Big Rivers.

10

11

12 **Witness)** Talina R. Mathews

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VERIFICATION


I, Talina R. Mathews, 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.



Talina R. Mathews

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

SUBSCRIBED AND SWORN TO before me by Talina R. Mathews on this the
3rd day of April 2023.



Notary Public, Kentucky State at Large
Kentucky ID Number KYNPI6841
My Commission Expires October 31, 2024