

1 **COMMONWEALTH OF KENTUCKY**
 2 **BEFORE THE PUBLIC SERVICE COMMISSION**
 3

4 **In the Matter of:**
 5

KIMBERLY-CLARK CORPORATION)	
Complainant)	
v.)	
BIG RIVERS ELECTRIC CORPORATION and)	Case No.
KENERGY CORP.)	2023-00063
Defendants)	

6
 7 **JOINT ANSWER OF BIG RIVERS ELECTRIC CORPORATION**
 8 **AND KENERGY CORP.**
 9

10 In response to the Kentucky Public Service Commission’s (“*Commission*”)
 11 March 7, 2023, Order in the above-captioned proceeding, Big Rivers Electric
 12 Corporation (“*Big Rivers*”) and Kenergy Corp. (“*Kenergy*”) respectfully submit this
 13 Joint Answer.

14 **INTRODUCTION**

15 Kenergy is a not-for-profit rural electric cooperative providing electric
 16 service to over 57,000 homes and businesses in Breckenridge, Caldwell,
 17 Crittenden, Daviess, Hancock, Henderson Hopkins, Livingston, Lyon, McLean,
 18 Muhlenberg, Ohio, Union and Webster counties. Kenergy currently supplies
 19 retail electric service to Kimberly-Clark Corporation’s (“*Kimberly-Clark*”) paper
 20 mill in Owensboro, Kentucky, under the retail electric service agreement
 21 between Kimberly-Clark and Kenergy and under Kenergy’s applicable tariff
 22 rates, including the pilot Standby Service (“*LICSS*”) tariff that became effective

1 March 3, 2022. Kenergy is one of the three distribution cooperative member-
2 owners of Big Rivers. Big Rivers provides the wholesale power to Kenergy
3 necessary for Kenergy to serve Kimberly-Clark.

4 **BIG RIVERS AND KENERGY AND WORKING ON DEVELOPING A**
5 **PROXY METHODOLOGY TO ACCOMPLISH WHAT KIMBERLY-CLARK**
6 **REQUESTS**

7 Following the Commission’s Order approving the LICSS tariffs on an
8 interim basis, Big Rivers billed Kenergy, and Kenergy billed Kimberly-Clark,
9 under the LICSS tariff. Kimberly-Clark’s total bill includes not only the Energy
10 Charge for Maintenance/Backup Power Service, but also separate charges for: (i)
11 the Customer, Demand, and Energy Charges for Supplemental Power, (ii) the
12 Demand Charges for Maintenance Power Service and Backup Power Service, (iii)
13 the Big Rivers Administrative Charge, (iv) Kenergy’s Retail Adder, and (v) all
14 applicable riders, which includes the FAC, PPA, Environmental Surcharge,
15 MRSM credit, etc.

16 To calculate the Energy Charge for Maintenance Power and Backup Power
17 services, in each hour of the month, Big Rivers compared (i) the LIC energy
18 charge (currently \$0.038050 per kWh), and (ii) the market price (including
19 transmission charges, MISO fees, and other costs). Whichever was higher (the
20 LIC energy charge or the market price) was then multiplied by the amount of
21 Maintenance/Backup Power Kimberly-Clark consumed in that hour, and the
22 charges for each hour of the month were then summed to determine the
23 Maintenance/Backup Power service Energy Charge for the month.

1 The LIC energy charge does not include riders such as the FAC, PPA, and
2 MRSM credit. The applicable riders are a separate charge that has been applied
3 to all energy sold to Kimberly-Clark.

4 Kimberly-Clark states in its Complaint that the FAC and PPA riders
5 should not be applied to Maintenance Power Service and Backup Power Service
6 in hours when the LICSS Energy Charge is based on the market price. Big
7 Rivers believes its calculation of the bill has been consistent with the language of
8 the tariff;¹ however, Big Rivers and Kenergy understand Kimberly-Clark's
9 position. Since receiving the Complaint, Big Rivers has been working on a
10 methodology to calculate the energy charge for Maintenance/Backup Power
11 Service where the tariff riders are only applied in hours where the energy charge
12 is based on the LIC energy rate. Performing an exact calculation is not feasible
13 because, in each hour of a month, Big Rivers would need to calculate what the
14 riders would be in that hour in order to compare the LIC energy price plus riders
15 to the market price in that hour. But if the riders do not apply to all energy sold
16 to Kimberly-Clark in a month, then the riders would change depending on which
17 hours are billed at LIC and which at market. If more hours are shifted to
18 market, then the riders would change, which could then affect the comparison.
19 The calculation becomes a circular reference. Thus, Big Rivers cannot feasibly

¹ For example, the LICSS tariff states that “[t]he provisions of the Standard Rate Schedule LIC-Large Industrial Customer tariff schedule **and** all applicable adjustment clauses and riders shall apply to Supplemental Power Service, Maintenance Power Service and Backup Power Service except where noted otherwise” (emphasis added). Big Rivers’ LICSS tariff, Second Revised Sheet No. 69.01.

1 calculate what the riders would be on an hour-by-hour basis and apply the riders
2 only in some hours and not in others.

3 Big Rivers is attempting to develop a feasible proxy for the riders that
4 could be used to perform, on an hourly basis, the comparison of the LIC energy
5 rate plus riders vs. market price; and anticipate proposing the proxy to
6 Kimberly-Clark once it is developed.

7 REFUND

8 In its Complaint, Kimberly-Clark requests a refund of over-billed amounts.
9 Big Rivers and Kenergy are amenable to a refund; however, they do not agree
10 with Kimberly-Clark's calculation. For one, Kimberly-Clark assumes that all
11 Maintenance/Backup energy is billed at market rates. However, this is not
12 accurate. As noted above, Big Rivers performs an hour-by-hour comparison of
13 the LIC energy charge and the market price to determine the
14 Maintenance/Backup energy charge for that hour. So, some hours have been
15 billed at the LIC energy charge and others at the market price. The FAC and
16 PPA charges should only be removed from the hours that were charged at
17 market.

18 Also, Kimberly-Clark does not account for the MRSMS credit it received.
19 The MRSMS credit is not applied to "sales to which Big Rivers' Fuel Adjustment
20 Clause is inapplicable."²

² Big Rivers' MRSMS tariff, Second Revised Sheet No. 66.

1 Big Rivers and Kenergy deny all allegations in the Complaint's unnumbered
2 paragraphs that are not expressly addressed in the following paragraphs of this
3 Joint Answer.

4 **Response to the Complaint's Numbered Paragraphs**

5 In response to the averments and allegations contained in each of the
6 numbered paragraphs of the Complaint, Big Rivers and Kenergy answer as
7 follows:

8 1. Big Rivers and Kenergy admit Paragraphs 1-5, 8, and 12 of the
9 Complaint.

10 2. With regard to Paragraph 6 of the Complaint, Big Rivers and Kenergy
11 admit the Commission approved the proposed LICSS Tariff on March 3, 2022 in
12 Case No. 2021-00289 and state that the LICSS tariff speaks for itself and deny all
13 averments contrary to that tariff.

14 3. With regard to Paragraph 7 of the Complaint, Big Rivers and Kenergy
15 admit Kimberly-Clark purchases approximately 20 MW of firm power from
16 Kenergy and Big Rivers and operates an approximately 14 MW natural gas turbine
17 cogeneration unit, and state that they are without knowledge or information
18 sufficient to form a belief as to the truth of the remaining averments.

19 4. With regard to Paragraphs 9-11 and 23 of the Complaint, Big Rivers
20 and Kenergy state that the LICSS tariff speaks for itself and deny all averments
21 contrary to that tariff.

1 5. Big Rivers and Kenergy deny the headings on pages 8 and 9 of the
2 Complaint.

3 6. With regard to Paragraph 16 of the Complaint, Big Rivers and
4 Kenergy state that the Commission’s March 3, 2022, Order speaks for itself and
5 deny all averments contrary to that Order.

6 7. With regard to Paragraph 24 of the Complaint, Big Rivers and
7 Kenergy assert that KRS 278.030 speaks for itself and specifically deny any
8 averment inconsistent with KRS 278.030.

9 8. With regard to Paragraph 25 of the Complaint, Big Rivers and
10 Kenergy assert that 18 C.F.R. 292.305 speaks for itself and specifically deny any
11 averment inconsistent with 18 C.F.R. 292.305.

12 9. With regard to Paragraph 26 of the Complaint, Big Rivers and
13 Kenergy assert that 807 KAR 5:054 speaks for itself and specifically deny any
14 averment inconsistent with 807 KAR 5:054.

15 10. Big Rivers and Kenergy deny Paragraphs 13-15 and 17-22 of the
16 Complaint.

17 11. Big Rivers and Kenergy deny all allegations in the Complaint which
18 are not expressly addressed in the foregoing paragraphs of this Joint Answer.

19 WHEREFORE, for all of the reasons set forth above, Big Rivers and Kenergy
20 respectfully request:

21 (1) for additional time to work with Kimberly-Clark on developing a proxy
22 calculation method and calculating an appropriate refund; and

1 (2) that the Commission award Big Rivers and Kenergy any and all other
2 relief to which they may appear entitled.

3 On this the 20th day of March, 2023

4 Respectfully submitted,

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