

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC 2023 INTEGRATED RESOURCE) CASE NO.
PLAN OF BIG RIVERS ELECTRIC CORPORATION) 2023-00310

**BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO POST-HEARING COMMENTS**

Big Rivers Electric Corporation (“*Big Rivers*” or the “*Company*”), by counsel and consistent with the Commission’s post-hearing procedural schedule established by Order entered May 31, 2024, respectfully submits this response to the supplemental post-hearing comments regarding Big Rivers’ 2023 Integrated Resource Plan (“*IRP*” or “*2023 IRP*”) filed herein by (i) the Attorney General of the Commonwealth of Kentucky, by his Office of Rate Intervention (the “*Attorney General*”), (ii) Sierra Club, (iii) Kentucky Industrial Utility Customers, Inc. (*KIUC*), and (iv) Kentuckians for the Commonwealth and the Kentucky Resources Council (the “*Joint Intervenors*”).

I. Introduction

Beginning not long after the conclusion of its 2020 IRP proceeding, Big Rivers began examining and developing the assumptions and analyses that would form the basis for this 2023 IRP. The efforts Big Rivers undertook pre-filing, as well as the review conducted as part of this case, have resulted in a rigorous examination of nearly every component of Big Rivers’ system and operations vis-à-vis load and capacity resource planning. Ideally, this process has afforded all interested parties insight into the delicate balance of efficient generation, system resilience, and adaptability to a rapidly changing regulatory regime that Big Rivers must strike in order to bring

reliable, affordable power to the region. Throughout this process, Commission Staff's and the Intervenor's respective inquiries into Big Rivers' resource planning yielded thousands of pages of testimony, data request responses, and similar information, which illuminates the breadth and depth of the Company's ongoing evaluation of the energy challenges anticipated to impact Kentuckians and the utilities that serve them. Big Rivers hopes that all interested parties recognize Big Rivers' approach to resource planning as centering on pragmatism, reliability, and value for the Member-Owners and the customers they serve.

As with previous IRPs, the 2023 IRP is a snapshot in time, a recurring point on the circle of long-term resource planning that is both the culmination of extensive efforts and a building block for future efforts. The roughly ten (10) months since the IRP was filed have seen extensive developments in the energy policy environment, where regulation continues to rapidly evolve, new strategic priorities adopted by Big Rivers' Board of Directors, and changes in Big Rivers' leadership, which includes welcoming a new CEO in Don Gulley. Big Rivers intends to seize these developments as an opportunity to examine its system from fresh perspectives, continuing its track record of facing challenges thoughtfully and with its Member-Owners' best interests in mind. The Company believes this IRP process has been valuable and will be a useful tool moving forward, yielding long term benefits for the Company, its Member-Owners, and the Kentuckians they serve.

II. The Attorney General's Comments

Big Rivers appreciates the Attorney General's acknowledgement that the 2023 IRP is "the continuation of a process" and a glimpse into the ongoing analyses that Big Rivers conducts as

part of its strategic planning.¹ In particular, the Attorney General’s comments identified Big Rivers’ focus on reliable, cost-competitive, and readily-dispatchable generation as the bedrock of its energy mix, and the reality that, in Kentucky as much as anywhere, fossil fuels remain a valid and often prudent means of achieving these goals.² As Big Rivers continues to evaluate the opportunities and challenges presented by its generation fleet in the decades to come, it must chart a course that remains cognizant of the evolving (and oft-competing) influences of state and federal policymakers. Meeting Kentuckians’ need for reliable, affordable, and dispatchable energy will, however, remain the Company’s guiding purpose.

III. Sierra Club’s and Joint Intervenors’ Comments

As made apparent in its previous comments, data requests, and inquiry at the hearing in this matter, Sierra Club’s primary interest in this proceeding is achieving its institutional goal, which is to “close all coal plants in the U.S. and replace them entirely with sources of clean energy.”³ Likewise, Joint Intervenors’ primary grievances with Big Rivers’ IRP are based on the contention that it insufficiently accounts for new federal environmental regulations and does not reflect Joint Intervenors’ policy preferences against fossil fuels. Big Rivers’ IRP, responses to information requests and earlier comments, and hearing testimony refute Sierra Club’s and Joint Intervenors’ allegations.

Big Rivers cannot blindly pursue myopic policy goals without giving weight to the very real reliability and cost consequences its decisions have for its Member-Owners and their customers. For example, Sierra Club’s fixation at the hearing on a single year of GADS data for

¹ Attorney General’s Supplemental Post-Hearing Comments (“*Attorney General’s Comments*”) at 1.

² *Id.* at 2.

³ *Beyond Coal*, Sierra Club, (last accessed July 11, 2024).

the D.B. Wilson (“*Wilson*”) generating station reveals Sierra Club’s narrow-minded focus on eliminating fossil fuel resources regardless of the impact on reliability or cost. In reality, as Big Rivers’ Director of Production Services, Jason Burden, testified at the hearing, 2022 was atypical for Wilson, with many of the derates and outages resulting from Wilson’s old Flue Gas Desulfurization (“*FGD*”) system and the replacement of that system with a new FGD.⁴ Wilson continues to be a reliable generating resource, with a 10-year Energy Availability Factor (“*EAF*”) of roughly 85% (including 2022).⁵ Given that Wilson is expected to remain productive and, with the addition of the FGD and other modifications, capable of meeting regulatory requirements for years to come, the most realistic plan for Wilson at the time of the 2023 IRP was to maintain Wilson throughout the IRP study period. This is especially true in light of recent legislation, including KRS 278.264. Put simply, Big Rivers’ projections for Wilson, based on both the practical and legal considerations at the time of the 2023 IRP’s preparation and filing, reflect a wholly reasonable approach to resource planning.

Further, Big Rivers’ 2023 IRP is consistent with the purpose and parameters of the IRP under Kentucky law. Big Rivers continuously evaluates its resource plans to meet future load, including in IRPs. As part of its resource planning, Big Rivers is currently assessing recent rules adopted by the EPA,⁶ and its 2023 IRP appropriately took into account the uncertainties that existed when the IRP was being developed. As a glimpse into a utility’s strategic planning and future resource needs, IRPs are not expected to “model changes in environmental regulations

⁴ See 2023 IRP Hearing, Testimony of Jason Burden (May 22, 2024). 10:12:12 a.m. – 10:20:21 a.m.; Big Rivers’ Response to Sierra Club Request No. PH-1.

⁵ See Big Rivers’ response to Sierra Club’s Request No. PH-3.

⁶ See 2023 IRP Hearing, Testimony of Mike Mizell (May 22, 2024). 3:04:45 p.m. – 3:05:07 p.m.; Big Rivers’ Response to Sierra Club Request No. PH-5.

explicitly.”⁷ Rather, the Commission expects the modeling to grapple with the uncertainty created by future environmental regulations by building the costs of environmental compliance into its model in a manner that reasonably captures the potential regulatory scenarios that G&Ts may face going forward.⁸ Big Rivers’ use of carbon-pricing proxies in its modeling to deal with the regulatory uncertainties, was a reasonable approach at the time the IRP was being developed.

Big Rivers plans to begin preparing its 2026 IRP next year as part of the fresh look it is pursuing under its new leadership. That IRP will address known regulations at the time as well as regulatory uncertainty. Calls for short-circuiting the IRP process or having duplicative investigations into Big Rivers’ resource planning are both wasteful and unhelpful.

V. KIUC Comments

Big Rivers appreciates KIUC’s support for a natural gas combined cycle plant as identified in the 2023 IRP. The Company recognizes that large end-users of power represent an important class with unique service needs, and Big Rivers remains cognizant of its responsibility to its Members-Owners to ensure safe, reliable power is available at a reasonable rate. While Big Rivers’ ongoing strategic planning is not confined to past assumptions and emphasizes the testing of previous and alternative conclusions, Big Rivers will continue to emphasize system reliability and reasonable cost, thereby encouraging the retention and growth of large industrial firms in Big

⁷ Case No. 2018-00348, *Electronic 2018 Joint Integrated Resource Plan of Louisville Gas & Electric Company and Kentucky Utilities Company*, Order (July 20, 2020) at 12.

⁸ *Id.*; see also *id.* at 61-62 (acknowledging that, when it comes to environmental regulations, directly evaluating a regulation’s effects prior to full implementation may be unwise: “However, given the questions about the feasibility of CCS, it is unclear whether the EPA could regulate carbon through constraints on specific generating units and such regulation could be held up for some time in litigation if they did”).

Rivers' territory. Big Rivers does not believe an IRP proceeding is an appropriate forum for ordering Big Rivers how to comply with its obligations in MISO.

VI. CONCLUSION

Big Rivers' mission is to safely deliver competitive and reliable wholesale power and cost-effective shared service to its Member-Owners, and Big Rivers' focus on reliability and cost in its resource planning efforts helps fulfill its mission. These efforts have enabled Big Rivers to return millions of dollars to its Member-Owners and their retail customers over the last several years. This year alone, \$10.3 million will be returned to retail customers as bill credits.⁹ Big Rivers' efforts have also lead to economic development in western Kentucky, including Pratt Paper's new paper mill and corrugated box manufacturing plant in Henderson, with an estimated 320 full-time jobs, and Nucor's new steel mill in Brandenburg, with an estimated 400 full-time jobs. These achievements came at the same time Big Rivers was diversifying its generation resource mix and reducing overall carbon emissions. Since 2005, Big Rivers' total carbon emissions have been reduced by 70%. Big Rivers thanks the Attorney General, the Joint Intervenors, Sierra Club, and KIUC for their respective reviews of the 2023 IRP, and Big Rivers looks forward to receiving the Commission Staff's report on its 2023 IRP and to continuing its resource planning efforts.

On this 19th day of July, 2024.

⁹ See Case No. 2024-00031, *In the Matter of: Electronic Application of Big Rivers Electric Corporation for Annual Review of Its MRSB Charge for Calendar Year 2023*.

Respectfully submitted,

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Certification

I hereby certify that a copy of this filing has been served electronically on all parties of record through the use of the Commission's electronic filing system, and there are currently no parties that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission.

/s/ Edward T. Depp

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