

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

**In the Matter of:** )  
**THE ELECTRONIC FILING OF BIG** )  
**RIVERS ELECTRIC CORPORATION AND** ) **CASE NO. 2023-00312**  
**KENERGY CORP. TO REVISE THE LARGE** )  
**INDUSTRIAL CUSTOMER STANDBY** )  
**SERVICE TARIFF** )

**SURREBUTTAL TESTIMONY**  
  
**OF**  
  
**STEVE CASSADY**  
  
**ON BEHALF OF**  
  
**KIMBERLY-CLARK CORPORATION**

**MARCH 18, 2024**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

2 A. My name is Steven Cassady. My business address is 1400 Holcomb Bridge Road; Roswell,  
3 Georgia, 30076.

4 **Q. ARE YOU THE SAME STEVEN CASSADY WHO PREVIOUSLY SUBMITTED**  
5 **DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF KIMBERLY-**  
6 **CLARK CORPORATION?**

7 A. Yes.

8 **Q. WHAT ISSUES ARE YOU ADDRESSING IN YOUR SURREBUTTAL**  
9 **TESTIMONY?**

10 A. I am addressing issues raised by Witness Terry Wright, Jr., in his Rebuttal Testimony and  
11 the Joint Responses of Big Rivers Electric Corporation and Kenergy Corp. (collectively,  
12 the “Applicants”) to Intervenors’ Joint Requests for Information on Rebuttal about  
13 Applicants’ proposal for Kimberly-Clark to participate in MISO markets as a Load  
14 Modifying Resource (“LMR”).

15 **Q. IS KIMBERLY-CLARK’S COMBINED HEAT AND POWER (“CHP”) UNIT**  
16 **REGISTERED AS A BEHIND-THE-METER GENERATOR IN MISO?**

17 A. No.

18 **Q. DOES KIMBERLY-CLARK HAVE AN AGREEMENT WITH EITHER**  
19 **APPLICANT THAT WOULD ALLOW BREC TO UTILIZE KIMBERLY-**  
20 **CLARK’S GENERATION AS AN EMERGENCY RESOURCE?**

21 A. No.

22 **Q. HAS KIMBERLY-CLARK VOLUNTEERED ITS GENERATION TO BE**  
23 **UTILIZED AS AN LMR?**

1 A. No.

2 **Q. THE PROPOSED TARIFF WOULD REQUIRE KIMBERLY-CLARK TO**  
3 **REGISTER AND BECOME ACCREDITED AS AN LMR IN MISO. DOES**  
4 **KIMBERLY-CLARK HAVE RESERVATIONS ABOUT BECOMING A MISO**  
5 **LMR AS PROPOSED BY THE APPLICANTS?**

6 Yes. Kimberly-Clark strongly objects to being forced to be a MISO LMR as a condition  
7 of receiving standby service from its utility providers. Kimberly-Clark installed its CHP  
8 system to support its own business operations and to position the Owensboro facility to  
9 be more economic and competitive than under then-existing utility rates. Kimberly-Clark  
10 designed its CHP to operate behind the Owensboro facility's retail customer meter to  
11 realize efficiencies in its manufacturing operations, including anticipated cost savings to  
12 support the competitiveness of the Owensboro facility. The Owensboro facility uses both  
13 the electricity and the steam heat generated by the CHP in its manufacturing process.  
14 As a manufacturer focused on producing essential everyday products for consumers—not  
15 electricity generation—Kimberly-Clark views any utility requirement that effectively  
16 forces a Kimberly-Clark asset to participate as a MISO LMR not only to add complexity  
17 and costs to our overall manufacturing operation, negating the efficiencies sought from  
18 the CHP system, but also as outside of the core business purpose underlying Kimberly-  
19 Clark's decision to invest in the Owensboro facility by installing cogeneration to support  
20 our manufacturing operations.

21 **Q. THE PROPOSED TARIFF WOULD NOT REQUIRE KIMBERLY-CLARK**  
22 **ITSELF TO BECOME A MISO MEMBER. DOES THAT ALLEVIATE YOUR**  
23 **CONCERNS?**

1 A. No, it does not alleviate our concerns because Kimberly-Clark would still be required to  
2 be a MISO LMR under the Applicants' proposal. Applicants would enter Kimberly-  
3 Clark's CHP unit into MISO on Kimberly-Clark's behalf. This requirement would  
4 effectively result in Kimberly-Clark's CHP being operated in a way that is outside of  
5 Kimberly-Clark's control as a condition of receiving standby service and jeopardize  
6 Kimberly-Clark's ability to produce its products based on externalities, such as a force  
7 majeure call on the CHP by MISO. Given that our assets are scheduled operate 24/7/365  
8 to meet customer demand, excluding planned maintenance, short-notice interruptions  
9 would cause significant cost to be incurred by Kimberly-Clark that cannot be recaptured.  
10 More importantly, Kimberly-Clark could miss deliveries and, as a result, lose market  
11 share to direct competitors that are not subject to this provision, which is very difficult to  
12 recover. In addition, the Proposed Tariff provides that any of Applicants' costs to manage  
13 Kimberly-Clark's MISO participation would be passed through to Kimberly-Clark with  
14 little transparency or opportunity to challenge the reasonableness of the costs. See, for  
15 example, Proposed LICSS Tariff, Terms and Conditions, Sections 4 and 12.

16 **Q. PLEASE ADDRESS YOUR CONCERNS ABOUT KIMBERLY-CLARK BEING**  
17 **TREATED AS AN INTERRUPTIBLE CUSTOMER OR OTHERWISE HAVING**  
18 **TO PROVIDE ELECTRICITY TO THE MISO GRID AS AN LMR?**

19 The CHP system operates behind Kimberly-Clark's retail meter, displacing energy  
20 purchases by Kimberly-Clark from Kenergy for electricity and displacing fuel purchases  
21 for generating steam heat. Kimberly-Clark's CHP system was engineered to be integrated  
22 with its manufacturing operations and optimized with K-C's manufacturing facility,  
23 incorporating the steam produced by the cogeneration facility directly into K-C's

1 manufacturing assets. The CHP system was not designed to be dispatched by MISO for  
2 purposes of supporting the regional electrical grid.

3 Any requirement that Kimberly-Clark become an LMR in order to receive standby  
4 service effectively compels K-C to dedicate the operation of its generation facility and  
5 interrupt its manufacturing process for the electrical grid upon MISO direction. As a  
6 point of reference, the existing CHP system offsets roughly 35-40% of the Owensboro  
7 Facility's electric usage. Accordingly, Kimberly-Clark rarely has excess power to offer  
8 to the grid. Any mandatory deployment of Kimberly-Clark as a MISO LMR would  
9 require Kimberly-Clark to shut down its manufacturing production with little notice,  
10 resulting in lost production and forcing K-C to vent steam, which is highly inefficient.  
11 The concern goes far deeper than just unplanned interruptions, however, because LMR  
12 obligations would jeopardize Kimberly-Clark's ability to serve its own paper products  
13 customers and could result in stranded assets at the Owensboro facility.

14 **Q. THE APPLICANTS REFERENCE IN THEIR RESPONSE TO JOINT REQUEST**  
15 **NO. 3-4(C) THAT SIMULTANEOUS FORCED OUTAGES ARE COMMON**  
16 **DURING EXTREME WEATHER. WHAT IS YOUR RESPONSE?**

17 A. To support its manufacturing operations, Kimberly-Clark requires dependable firm  
18 energy supply, both for electricity and natural gas, regardless of weather. The need for  
19 firm energy supply and at a cost effective rate were the primary drivers for Kimberly-  
20 Clark to install the natural gas-fired CHP at Owensboro. To support the CHP's  
21 operations, Kimberly-Clark contracts for continuous firm natural gas supply through  
22 long- and short-range planning, as well as focused attention to natural gas supply on a

1 day-ahead and real-time basis, including regular communications with its natural gas  
2 supplier about the status of natural gas supply.

3 The combination of Kimberly-Clark's firm natural gas supply, asset planning, and  
4 dependability of its cogeneration means that extreme weather is a variable that rarely  
5 affects Owensboro operations. However, if Kimberly-Clark did face a shortage of natural  
6 gas, Kimberly-Clark would not be able to produce our products using only BREC  
7 supplied electricity because we would still be without steam. Kimberly-Clark's only  
8 backup to produce steam is a natural gas fired boiler which cannot operate without  
9 natural gas. In other words, in the case of interruptions to natural gas supply, it is  
10 incorrect to assume that Kimberly-Clark would "make up" for its lost electricity  
11 generation from its CHP by purchasing electricity from the Applicants. In short, if  
12 natural gas becomes unavailable, Kimberly-Clark would not operate and, therefore,  
13 would not place additional load on the Applicants' system. As such, the risk of  
14 correlated outages during extreme weather cannot be used as justification for an approach  
15 that assumes Kimberly-Clark's cogeneration system does not exist.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

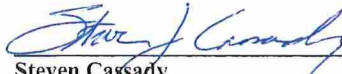
17 **A.** Yes.

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

In the Matter of: )  
 )  
ELECTRONIC TARIFF FILING OF BIG RIVERS ) CASE NO.  
ELECTRIC CORPORATION AND KENERGY ) 2023-00312  
CORP. TO REVISE THE LARGE INDUSTRIAL )  
CUSTOMER STANDBY SERVICE TARIFF )

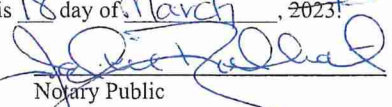
**VERIFICATION OF KIMBERLY-CLARK CORPORATION'S  
INTERVENOR TESTIMONY BY STEVEN CASSADY**

The undersigned, Steven Cassady, being duly sworn, deposes and says that he is a Senior Director of Procurement in the firm of Kimberly-Clark Corporation, that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
Steven Cassady  
Senior Director of Procurement  
Kimberly-Clark Corporation

STATE OF Georgia )  
 ) ss.  
COUNTY OF Fulton )

Subscribed and sworn to before me on this 18 day of March, <sup>2024 gk</sup>~~2023~~

  
Notary Public  
My commission expires: 4/25/2026

