

**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)	

SUPPLEMENTAL TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENT

OF

TERRY WRIGHT, JR.

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: DECEMBER 27, 2024

1 SUPPLEMENTAL TESTIMONY

2 OF

3 TERRY WRIGHT, JR.

4 I. INTRODUCTION/BACKGROUND

4 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.

5 A. My name is Terry Wright, Jr. My business address is 710 West 2nd Street, Owensboro,
6 Kentucky. I am Vice President of Energy Services for Big Rivers Electric Corporation
7 (“*Big Rivers*”).

8 Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS PROCEEDING?

9 A. Yes. I sponsored rebuttal testimony filed in this case on January 9, 2024, and I testified at
10 the hearing in this matter on May 1, 2024. I also sponsored responses to data requests
11 propounded by Commission Staff and the Intervenors.

12 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

13 A. The purpose of this supplemental testimony is to support the December 10, 2024
14 Settlement Agreement, Stipulation, and Recommendation (the “*Settlement Agreement*”) by
15 and between joint applicants Big Rivers and Kenergy Corp. (“*Kenergy*”) (together, the
16 “*Joint Applicants*”) and standby service power customers Domtar Paper Company, LLC
17 (“*Domtar*”) and Kimberly-Clark Corporation (“*Kimberly-Clark*”) (together, the
18 “*Intervenors*,” and together with the Joint Applicants, the “*Parties*”). I will summarize the
19 events preceding the Settlement Agreement and describe certain of its provisions,
20 particularly as those provisions seek to conform to the expectations of the Commission as
21 set forth in its Order entered in this matter on June 28, 2024 (the “*June Order*”).

1 **Q. ARE YOU FAMILIAR WITH THE PARTIES' EFFORTS TO RESOLVE THE**
2 **ISSUES IN THIS CASE?**

3 A. Yes. Although discussions among the Parties with respect to the provision of standby
4 service have continued for several years, the Commission's June Order, as well as its Order
5 on Rehearing entered in this matter on August 7, 2024 (the "*Rehearing Order*"), redoubled
6 efforts to reach a reasonable and workable solution for the Parties. The Agreement is a
7 product of extensive discussions between the Parties and attempts to balance the different
8 (sometimes opposing) interests at play in a complex environment. After reviewing the June
9 Order and Rehearing Order, as well as the extensive record developed as part of this
10 proceeding, the Parties believe they have reached a settlement that is reasoned and
11 consistent with the direction of the Commission.

12 **Q. DO YOU BELIEVE THE AGREEMENT REPRESENTS A REASONABLE AND**
13 **APPROPRIATE RESOLUTION OF THE ISSUES IN THIS CASE, AND THAT**
14 **THE UPDATED PROPOSED TARIFFS AND CONTRACTS ARE FAIR, JUST**
15 **AND REASONABLE?**

16 A. Yes. At this time, the Agreement, relevant tariffs and updated contracts are expected to
17 achieve the goal of ensuring Big Rivers and Kenergy may continue to provide reliable, safe
18 service on terms that are fair, just and reasonable.

II. OVERVIEW OF THE AGREEMENT

19 **Q. PLEASE EXPLAIN HOW THE AGREEMENT INCORPORATES THE**
20 **EXPECTATIONS SET FORTH IN THE COMMISSION'S JUNE ORDER.**

21 A. The changes reflected in the updated proposed tariffs are directly responsive to the
22 Commission's concerns expressed in its June Order. The updated proposed tariffs attempt

1 to blend certain aspects of the LICSS tariffs originally proposed by Big Rivers/Kenergy
2 with those proposed by Domtar and Kimberly-Clark, respectively. The specific findings
3 in the June Order and the corresponding changes implemented in the updated proposed
4 tariffs are set forth in the chart on the following page:

<u>June Order Page(s)</u>	<u>June Order Provision</u>	<u>BREC Tariff Sheet(s)</u>	<u>Tariff Provision</u>
24	Unbundle Maintenance and Backup Power Service	69-69.01	The tariffs were revised to separate and define Maintenance and Backup Power Service in compliance with the language of the June Order
33 (Ordering Paragraphs 2-3); 25	<p>Maintenance Outages should be scheduled during off-peak times of the year when possible</p> <p>Standby Customers shall provide notice of any scheduled maintenance outage at least 60, but no more than 120 days, prior to January 1st of each calendar year</p> <p>To reschedule outage, Standby Customer will send notice 60 days notice prior to the outage</p>	69.04	<p>Standby Customers must submit Maintenance Power requirements at least sixty (60) days prior to beginning of calendar year</p> <p>During peak seasons, Standby Customers may only schedule outages during off-peak periods and for no longer than two (2) consecutive days (allowing a minimal amount of scheduled outages during off-peak periods allows the customer flexibility without imposing material risks on BREC or Kenergy)</p> <p>The parties negotiated a detailed process for how Standby Customers reschedule outages</p>
25	If Standby Customer fails to meet notice requirements for scheduled outages, the power delivered will be charged at the Backup Power Rate	69.02	The definition of “Scheduled Outage” requires Scheduled Outages to comply with the notice requirements; an outage not complying with the notice requirements would be an “Unscheduled Outage,” which is billed at Backup Power rates
33 (Ordering Paragraph 2); 26	Maintenance demand charge should be the full LIC demand charge prorated based on number of outage days divided by total days in the month; Commission does not agree that Maintenance	69.05	The Maintenance Demand charge follows this formula, except that the parties negotiated that it would be billed at 40% of LIC demand rate; without a discount, there would not be an incentive for Standby Customers to schedule

	demand charge should be prorated at 50% of LIC demand charge		outages; the discount is similar to the discount in Duke Energy's similar GSS tariff
33 (Ordering Paragraph 4); 28	Supplemental Power Service shall be set at the standard LIC rates	69.03	All Supplemental Power demand and energy is billed under BREC's standard LIC tariff demand and energy rates
33 (Ordering Paragraph 6); 29	Monthly Standby Reservation Charge shall be LIC demand charge times Generator Outage Rate	69.01-.02	The proposed tariffs adopt this formula The parties negotiated additional details around the definitions of Self-Supply Capacity, Generator Outage Rate, and Unscheduled Outage to avoid potential confusion or disagreements in the future on what an Unscheduled Outage is and how it impacts the Self-Supply Capacity and Generator Outage Rate
33 (Ordering Paragraph 7) 27	Forced and Unscheduled Outages shall be charged an energy rate equal to BREC's variable cost of generation OR Backup Energy will be charged at the MISO LMP	69.06	Under the proposed tariffs, all energy (Supplemental, Maintenance, and Backup) is billed at BREC's standard LIC tariff energy rate (including FAC, MRSM, and other applicable riders); this resolves substantial complexity in billing some energy in an hour at one rate and other energy in the same hour at another rate; it is also transparent for the Standby Customer Under the proposed tariffs, Backup demand is billed at BREC's standard LIC tariff demand rate, prorated based on the number of Unscheduled Outage days in a month; having a demand charge for Backup Power service ensures that the Standby Customer is properly incentivized to schedule outages

33 (Ordering Paragraphs 5, 8-10); 28; 30-31	<p>Joint Applicants' requirement for capacity accreditation through MISO is denied as moot</p> <p>Joint Applicants' proposal to make Standby Customers responsible for cost of meeting and maintaining MISO eligibility, including non-performance costs and failure to generate costs, is denied as moot</p> <p>Other proposed revisions that were to be consistent with proposed QF tariff are denied as moot</p>		The proposed tariffs removed the language that the June Order denied as moot
31	Standby Customer should pay interconnection costs required because of Standby Customer's generator	69.06	Standby Customers must pay all interconnection costs required because of the Standby Customer's generator
32	Re-insert special contract language into tariffs	69	The proposed tariffs require entering into a special contract with a Member Cooperative to receive Standby Service
33 (Ordering Paragraph 11)	Additional tariff language not rejected or determined to be moot is approved	69.06-.07	The proposed tariffs include this language

- 1
- 2 **Q. DOES THE AGREEMENT PROVIDE FOR A REFUND TO KIMBERLY-CLARK?**
- 3 A. Yes, the Agreement at numerical paragraph 4 contemplates Kimberly-Clark will receive a
- 4 refund equal to the difference between the amount Kimberly-Clark actually paid at existing

1 Pilot LICSS Tariff rates¹ from and after July 1, 2024 (the first day of the month following
2 the June Order) and the amount Kimberly-Clark would have paid had the updated proposed
3 tariffs gone into effect as of July 1, 2024. Through November 30, 2024, Big Rivers
4 estimates the refund totaled [REDACTED]. The ultimate amount of the refund will depend
5 on when the Agreement and updated LICSS tariffs are approved by the Commission, and
6 Big Rivers intends to submit the final refund amount (following Kimberly-Clark’s review
7 and agreement) to the Commission in a post-case filing. The Agreement does not
8 contemplate a refund to Domtar, as it has been consistently served under a special contract
9 and not under the Pilot LICSS Tariff rates.

10 **Q. WHY IS THE REFUND AN APPROPRIATE COMPONENT OF THE**
11 **AGREEMENT RESOLVING THIS MATTER?**

12 A. The rates reflected in the Agreement comport with the Commission’s June Order and, in
13 fact, are the result contemplated by the Rehearing Order.² The Parties have been in
14 alignment since the Rehearing Order that the ultimate rates approved following rehearing
15 would be applied from and after the June Order because, among other reasons, the
16 Commission made clear that the existing Pilot LICSS tariff rates were no longer
17 appropriate.³ Further, the availability of a refund to Kimberly-Clark from the date of the
18 Commission’s June Order was instrumental in affording the parties the time necessary to

¹ The existing Pilot LICSS Tariff rates were approved by Order entered March 3, 2022, in Case No. 2021-00289, *In the Matter of: Electronic Tariff Filing of Big Rivers Electric Corporation and Energy Corp. to Implement a New Standby Service Tariff*.

² See Rehearing Order, at 4 (“The parties in this matter acknowledge that they are negotiating in an attempt to reach a resolution based on the Commission’s final Order. Consequently, the Commission finds it appropriate to gain additional information related to the requests and believes that the negotiations could impact its decision. The Commission also finds that the outcome of the negotiations may be relevant to any additional Orders related to the LICSS tariff’s material issues.”).

³ While the Rehearing Order granted each party’s motion for rehearing and Joint Applicants’ request to delay the filing of tariff sheets until the conclusion of the rehearing, it also held that, “[t]he remainder of the June 28, 2024 Order not in conflict with this Order remains in effect.” See Rehearing Order, at 5.

1 craft a balanced settlement agreement. Therefore, the Agreement, which effectively
2 embodies the terms of standby service contemplated by the June Order, provides for a
3 refund to Kimberly-Clark of the amounts charged under the Pilot LICSS tariff's terms
4 (which were rendered inappropriate by the June Order) in favor of the Agreement's terms
5 (which align with the June Order). Consistent with the Commission's authority to "make
6 and enter such order as it deems necessary" in connection with a rehearing, coupled with
7 the overarching principle that rates for service must be "fair, just and reasonable," the
8 refund prescribed within the Agreement should be approved.⁴ This is particularly true
9 because the only customers to which the pertinent terms of service presently apply—
10 Domtar and Kimberly-Clark—are parties to this case and the Agreement.

11 **Q. DOES BIG RIVERS BELIEVE THE AGREEMENT IS IN THE BEST INTEREST**
12 **OF ITS MEMBER-OWNERS?**

13 A. Yes.

14 **Q. DOES BIG RIVERS REQUEST THAT THE COMMISSION APPROVE THE**
15 **AGREEMENT, ACCOMPANYING CHANGES TO THE LICSS TARIFFS, AND**
16 **PROPOSED CONTRACTS WITHOUT MODIFICATION?**

17 A. Yes.

18 **III. SUMMARY**

18 **Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL TESTIMONY.**

19 A. Big Rivers, Kenergy, Domtar, and Kimberly-Clark entered into the Agreement on or about
20 December 10, 2024. As part of the Agreement, the Parties have agreed upon updated tariff
21 and contract language, all of which is consistent with the substantive expectations

⁴ See KRS 278,400; KRS 278.030(1).

1 expressed by the Commission in its June Order. The Agreement represents a fair, just and
2 reasonable resolution of all issues in this proceeding, and Big Rivers requests the
3 Commission accept and approve the Agreement, updated tariffs, and updated contracts.

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

5 A. Yes.

