

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

In the Matter of:

ELECTRONIC TARIFF FILING OF BIG RIVERS)	
ELECTRIC CORPORATION AND KENERGY)	Case No. 2023-00312
CORP. TO REVISE THE LARGE INDUSTRIAL)	
CUSTOMER STANDBY SERVICE TARIFF)	

**PETITION FOR REHEARING OF
DOMTAR PAPER COMPANY, LLC**

Pursuant to KRS 278.400, Domtar Paper Company, LLC (“Domtar”) petitions the Kentucky Public Service Commission (“Commission”) for rehearing of its June 28, 2024 Order (“Order”). Domtar requests that the Commission modify its findings with respect to the Maintenance Power Service charge within the Large Industrial Customer Standby Service (“LICSS”) tariff in order to provide an incentive for standby service customers to schedule their facility outages in advance with Big Rivers. A Memorandum in Support of this recommendation follows.

MEMORANDUM IN SUPPORT

In its Order, the Commission found that it is beneficial for standby service customers to plan, request, and schedule their maintenance outages in advance “*so that BREC can accurately plan for its future load requirements as well as satisfy MISO’s Planning Reserve Margin Requirements (PRMR).*”¹ The Commission explained that without such advance scheduling, “*BREC assumes the burden of trying to find energy to serve its Standby Customers at whatever the costs of energy on the MISO market, which could potentially result in costs that were*

¹ Order at 24.

*imprudently incurred and could have been prevented.*² Conversely, *with* such advance scheduling, *“BREC can properly plan for that outage and serve the Standby Customers load at an approximated known or estimated cost considering that energy would come from BREC’s own generation rather than the MISO market.”*³ At the hearing in this matter, the Commission noted the proposed LICSS tariff’s lack of incentives for standby service customers to provide advance notice of planned outages.⁴ And the Commission specifically addressed this issue in its Order, holding that it is reasonable to provide such an incentive in order to encourage advanced scheduling.⁵

However, the Order establishes a Maintenance Power charge that runs counter to the Commission’s findings. The problem stems from the cost of Maintenance Power established in the Order when compared to cost of Backup Power. The Order sets the Maintenance Power charge at 100% of the Large Industrial Customer (“LIC”) demand charge, prorated based on the number of outage days divided by the total days in the month in which the scheduled maintenance outage was to occur, without a specified energy component.⁶ In contrast, the Backup Power charge at the MISO Locational Marginal Price without a specified demand component.⁷ Backup Power is therefore less expensive than Maintenance Power under the Order. This pricing encourages standby service customers to engage in unscheduled outages rather than scheduling outages with Big Rivers in advance.

To help remedy this issue, the Commission should reduce the Maintenance Power demand charge to 50% of the LIC demand charge, prorated based on the number of outage days divided by the total days in the month in which the scheduled maintenance outage was to occur.

² Order at 25.

³ Order at 25.

⁴ Tr. (May 1, 2024) at 10:16.

⁵ Order at 25.

⁶ Order at 26.

⁷ Order at 27-28

Reducing the pricing gap between Maintenance Power and Backup Power within the LICSS tariff will increase the likelihood that a standby service customer will schedule its facility outages in advance with Big Rivers. Further, this approach would be similar to the pricing of Maintenance Power within the Duke Energy Kentucky Generation Support Service tariff, which is a methodology already approved by the Commission.

CONCLUSION

WHEREFORE, for the reasons discussed above, the Commission should incentivize standby service customers to schedule outages with Big Rivers in advance by setting the LICSS Maintenance Power charge at 50% of the LIC demand charge, prorated based on the number of outage days divided by the total days in the month in which the scheduled maintenance outage was to occur.

Respectfully submitted,

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July 18, 2024