



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE)	Case No.
OF BIG RIVERS ELECTRIC CORPORATION FROM)	2024-00149
MAY 1, 2023 THROUGH OCTOBER 31, 2023)	

**Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025**

FILED: September 12, 2025

BIG RIVERS ELECTRIC CORPORATION

**AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149**

VERIFICATION

I, Donald L. Gulley, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Donald L. Gulley

Donald L. Gulley

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

11/14 SUBSCRIBED AND SWORN TO before me by Donald L. Gulley on this the
day of September 2025.



Amanda R. Jackson

Notary Public, Kentucky State at Large

Kentucky ID Number

KYNP671007

My Commission Expires

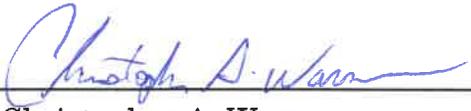
March 23, 2027

BIG RIVERS ELECTRIC CORPORATION

**AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL
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VERIFICATION

I, Christopher A. Warren, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

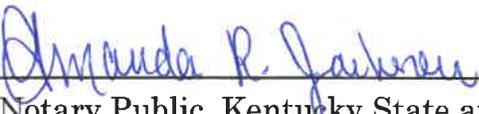


Christopher A. Warren

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

SUBSCRIBED AND SWORN TO before me by Christopher A. Warren on this
the 11th day of September 2025.





Notary Public, Kentucky State at Large
Kentucky ID Number KYNP 07607
My Commission Expires March 23, 2027

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 **Item 1)** *Provide the total dollar amount that was over collected from*
2 *retail ratepayers through the fuel adjustment clause (FAC) resulting from*
3 *sales to Nucor being excluded from the calculation of the FAC for the*
4 *review period. Provide the same dollar amount calculated from the end of*
5 *this review period to the date of the response to this request.*

6

7 **Response)** Please see the attached Excel file (“CN2024-00149 PSC 4-1 Attachment”)
8 This attachment provides the monthly total dollar amount variance from ratepayers
9 through the fuel adjustment clause including the incorporation of sales to Nucor, for
10 the time period of December 2022¹ through October 2023 as well as extending
11 through July 2025.

12

13

14

¹ The spreadsheet omitted November because Nucor was not being billed under the contract until December.

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 The breakdown of the variance is as follows:

2	Case 2024-00141 Review Period Nov. 22 - April 23 Variance:	(496,489)
3	Case 2024-00149 Review Period (May 23 - Oct 23) Variance:	(3,957,103)
4	<u>October 23 - July 25 Variance:</u>	<u>(22,639,851)</u>
5	Total Nov 22 through July 25 Variance	(27,093,443)

6

7 There variances presented above are different than the variances shown in the
8 Excel file attached to Big Rivers' response to Item No. 1 of the Commission Staff's
9 Third Request for Information ("CN 2024-00149 PSC 3-1(a)Attachment –
10 Recalculations"). This is because in the prior request the Staff requested only one
11 change in the recalculation (i.e. the Nucor Sales added). As previously explained in
12 Big Rivers' response to Item No. 1 of the Commission Staff's Third Request for
13 Information, "[b]y calculating the revised Form A's in this way, the calculation
14 assumes Nucor paid the FAC charge attributable to it (even though it did not), so
15 that Big Rivers would not recover that amount from other customers through the
16 over-under recovery mechanism."

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 Please see the following response to Item No. 2 for a detailed explanation of
2 the difference between merely including the Nucor sales volume and incorporating
3 the sales to Nucor.

4

5 **Witness)** Christopher A. Warren

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 **Item 2)** *Provide a recalculated FAC dollar amount for the review period*
2 *including the incorporation of sales to Nucor.*

3

4 **Response)** The Excel file attached to Big Rivers' response to No. 1, contains
5 spreadsheets showing the calculations for both the originally filed FAC Form A forms
6 and a second set of revised FAC Form A forms from December 2022 through July
7 2025 where the sales to Nucor were incorporated. The following Rows reflect the
8 differences between the revised and as filed forms:

9 (1) Row 58 – 'Non-Tariff Market Rate Sales to Member' does not include Nucor
10 volumes (so that Total Sales is not reduced by sales to Nucor, so in turn
11 incorporating Nucor sales in the calculation).

12 (2) Row 68 – 'kWh billed at Above Rate' is adjusted to reflect the appropriate kWh
13 actually billed per the contracts.

14 (3) Row 43 -Over/(Under) recovery is a result of each month adjustment in the
15 prior mentioned changes.

16

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AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1

2 **Witness)** Christopher A. Warren

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 **Item 3)** *Assuming, arguendo, that the Commission required BREC to*
2 *refund amounts over collected through the FAC due to Nucor sales'*
3 *exclusion from the calculation of the FAC. Provide a detailed explanation*
4 *on how a refund would be calculated, processed, and a reasonable time*
5 *frame over which BREC could issue the refund.*

6

7 **Response)** If the Commission were to order a refund, Big Rivers would request any
8 related refund amount (see Response to PSC 4-1) be amortized over a minimum of 36
9 months which corresponds approximately to the length of time the amount was
10 accumulated. The refund would be calculated as an equal monthly FAC Credit for
11 36 months. However, Big Rivers would be required to record the obligation on its
12 books of record, which would negatively impact its net margins by the entire amount
13 of the refund in the year that the obligation is ordered, likely resulting in a TIER and
14 Margin for Interest Ratio ("MFIR") that is below the 1.10 required by the debt
15 covenants, consequently forcing Big Rivers into an emergency rate case.

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 From a mechanics standpoint, the FAC Credit would be included in the
2 monthly FAC calculation on Page 2 Section E. Page 2 Section E would be added back
3 to the monthly filing. It was removed in 2017 after being utilized in 2015 and 2016.
4 The FAC Credit would lower the Total Fuel Recovery dollar amount on Page 2 and
5 essentially lower the FAC Factor being billed to the Members.

6 Big Rivers believes our Member-Owners have benefitted through the TIER
7 Credit that was approved and established in Case No. 2020-00064.² Any over
8 collected amount would be offset by the TIER Credit benefit because the over
9 collection contributed to the TIER Credit on a dollar-to-dollar basis. See the
10 attachment to PSC 4-4, which provides quantitative benefits received by our
11 Member-Owners from the TIER Credit since 2020 for both the regulatory asset
12 reductions and direct bill credits through the MRSM. The TIER Credit returns net
13 margins above a 1.30 TIER each year to the benefit of our Members. Sixty percent of
14 the TIER Credit is used as a reduction of the Smelter Loss Mitigation regulatory

² See *In the Matter of: Electronic Application of Big Rivers Electric Corporation for Approval to Modify Its MRSM Tariff, Cease Deferring Depreciation Expenses, Establish Regulatory Assets, Amortize Regulatory Assets, and Other Appropriate Relief*, P.S.C. Case No. 2020-0064, Order (June 25, 2020)

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 assets that are recoverable from our Member-Owners (which were a result of the
2 changes at Big Rivers from losing the two large, concentrated smelter loads in 2013
3 and 2014). Forty percent of the TIER Credit is returned to our Member-Owners as a
4 direct bill credit through the Member Rate Stability Mechanism ("MRSM") tariff.

5 Since the TIER Credit was implemented in 2020, net margins greater than a
6 1.30 TIER benefited our Member-Owners in the amounts of \$33.3 million, \$44.5
7 million, \$29.3 million, \$25.9 million and \$7.0 million for 2020 through 2024,
8 respectively. Nucor does not receive the TIER Credit.

9

10 **Witness)** Christopher A. Warren

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 **Item 4)** *Provide an estimate of the quantitative benefits that the*
2 *location of Nucor has provided to the community over time, including, but*
3 *not limited to, the quantified net benefits contained in the Member Rate*
4 *Stability Mechanism (MRSM). The response should include an estimate of*
5 *the historic (and forecast, if possible) direct and indirect jobs created, wage*
6 *and household growth, and the tax revenue to the local and state*
7 *authorities as a result of Nucor. If applicable, the response should include*
8 *any other qualitative community benefits resulting from Nucor's load.*

9

10 **Response)** Please see the attached Excel file ("CN 2024-00149 PSC 4-4 Attachment")
11 showing the quantitative benefits that the Member-Owners have received from the
12 TIER Credit as both reductions to certain regulatory assets and direct bill credits
13 through the MRSM. Big Rivers, having no shareholders, has only maintained the
14 required 1.30 TIER since the establishment of the TIER Credit in 2020. All net
15 margins above a 1.30 TIER (the TIER Credit) have been returned for the benefit of
16 the Member-Owners, as described in Big Rivers' response to PSC 4-3 in this case.

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 Since that time to the date of this response, \$137,062,728 has been returned to the
2 benefit of our Member-Owners. Even if Big Rivers deducted the amount of
3 \$27,093,443 that was calculated in PSC 4-1, a benefit of \$109,969,285 was still
4 provided to our Member-Owners ($\$137,062,728 - 27,093,443 = \$109,969,285$).

5 The location of Nucor has provided many quantifiable and ancillary benefits to
6 Big Rivers, its Member-Owners, the Commonwealth, the region, and the Meade
7 County community. Financially, Big Rivers - and by extension all its members - have
8 benefitted directly from the upgrade of Big Rivers' investment-grade credit ratings
9 by S&P, Moody's and Fitch in 2022, directly due to Nucor's operations. This reduced
10 Big Rivers' annual cost on the existing line of credit by \$225,000 and will significantly
11 lower costs of future capital projects through lower interest rates. In addition, Nucor
12 has increased gross margins (and resulting net margins) for Big Rivers by \$0.2
13 million in 2022, \$5.6 million in 2023 and \$12.0 million in 2024 which allowed for a
14 dollar-for-dollar amount (\$17.8 million) to be returned to the Member-Owners
15 through the TIER Credit.

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 When the Nucor plant was proposed and the contract was approved in Case
2 No. 2019-00365³ it was expected to have major positive impact on the community,
3 region and the Commonwealth. There was an expected investment of \$1.7 billion
4 yielding 460 jobs each earning \$72,000 per year and an estimated \$900 million in
5 annual sales. The economic benefits of such a large investment include indirect job
6 growth and increased local and state tax revenue.

7 In 2024 according to the Census Bureau, Meade County median household
8 income growth of 2.4% to \$70,163 from 2022. The population has increased 0.227%
9 from 2022. Currently Nucor employment at the Brandenburg facility is 540 people
10 at an average annual salary of \$88,000 (\$47,520,000 yearly).

11 JobsEQ, an analytics software by Chmura Economics & Analytics, LLC,
12 estimates that in the next five years 167 indirect jobs and 313 induced jobs (i.e. jobs
13 created due to spending of direct and indirect employment) will be created as a result
14 of Nucor's operations, which attributes to \$14.9 million compensation. In addition,

³ *In the Matter of: Joint Application of Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation for Approval of the Contracts for Electric Service with Nucor Corporation and Application of Big Rivers Electric Corporation for Approval of Tariff, P.S.C. Case No. 2019-00365.*

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 Meade County receives significant tax revenues.⁴ As of September 12, 2025, Nucor
2 approximates total state and local tax paid at [REDACTED]

3 According to Marty Littrell, the CEO of Meade County RECC, Nucor is proving
4 itself to be a valuable member of the community consistently supporting local
5 charities and organizations serving the area. Mr. Littrell says that without a doubt,
6 they are likely the strongest public supporter in Meade County and several of the
7 surrounding counties in this area. Nucor's decision to locate in Meade County has
8 been a significant boost to the local economy and surrounding areas. Three other
9 businesses located in Meade County because of Nucor's location.

10 The existence of Nucor in the Big Rivers' footprint has had direct and indirect
11 benefits to all Members. The additional TIER Credit, increased job opportunities in
12 the region, increased state and local tax revenue, as well as impacts on costs of
13 borrowing by Big Rivers are significant. The three Member-Owners CEOs recognize

⁴ The Meade County website at <https://www.meadeky.gov/234/Sheriffs-Office> provides annual tax bill information.

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 this and letters of support for the existing methodology were included in earlier
2 filings in this case.

3

4

5 **Witness)** Donald L. Gulley

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
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CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 **Item 5)** *Assuming, arguendo, that the Commission required BREC to*
2 *include Nucor sales in the calculation of the FAC (or exclude the costs to*
3 *serve Nucor from the calculation of the FAC), provide a detailed*
4 *explanation for how BREC would seek to recover the costs and the*
5 *approximate time it would take to prepare the recovery mechanism and*
6 *request Commission approval.*

7

8 **Response))** If the future costs or costs collected to date are not recovered, Big Rivers
9 will not attain a 1.10 TIER and Margins For Interest Ratio ("MFIR") as required by
10 our debt covenants and would need to file an emergency base rate case for an increase
11 in base rates to recover those costs. To avoid an emergency base rate case, Big Rivers
12 would propose a new billing line item in the form of a rider to recover these costs. The
13 calculation that was requested and provided in response to PSC 4-2 would be used to
14 calculate the amount to recover through the new rider. The new rider would be filed
15 in tandem each month with the FAC rider filing. When compared with Big Rivers'
16 current methodology for calculating the FAC, the FAC would decrease in an amount

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 equal to the amount that would flow through the new rider mechanism, resulting in
2 no dollar impact to the Members' overall bill. The recovery of the dollars would simply
3 move from the FAC to the new rider, the Interim Energy Adjustment tariff, which
4 would be more transparent and reflective of its short-term nature. Additionally, there
5 would be no impact to Big Rivers' net margins, which would ensure that Big Rivers
6 would not be forced to file for an emergency base rate increase.

7 Big Rivers believes the addition of a new rider would be less costly overall and
8 require fewer resources than the cost to file an emergency base rate case. Therefore,
9 Big Rivers, as a not-for-profit electric cooperative having no shareholders, believes
10 the best option for its Members is the implementation of the new bill rider that will
11 allow Big Rivers to recover dollar for dollar its portion of FAC costs attributed to its
12 large industrial Member, Nucor, such that there is no impact to Big Rivers' overall
13 effective rate or cost recovery.

14 Upon an order from the Commission to this effect, Big Rivers and its Members
15 would file the new rider tariff and respective flow-through tariffs, seeking
16 Commission approval. Big Rivers would request that no changes to its current

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
OF BIG RIVERS ELECTRIC CORPORATION
FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149

Responses to Commission Staff's Fourth Request for Information
dated August 6, 2025

September 12, 2025

1 methodology for recovery through the FAC be enacted until the new rider is approved
2 by the Commission and is in effect. This is crucial for two reasons. First, it would
3 allow Big Rivers reasonable and timely recovery of its prudently incurred costs.
4 Second, it would ensure that Big Rivers' net margins and thus our Members' TIER
5 Credit is not needlessly and negatively affected at year end, which would cause
6 damage to Big Rivers' year-end TIER and unnecessary confusion.

7 Regarding a timeline to implement the new rider, Big Rivers anticipates it
8 would take approximately ten (10) days to prepare and file a tariff with the
9 Commission, at which time the Commission can suspend the tariff for up to five
10 months. Once approved by the Commission, Big Rivers and its Members would need
11 a reasonable amount of time to program their billing systems and file the Members
12 flow-through tariffs, approximately, sixty (60) days.

13

14 **Witness)** Donald L. Gulley

15