



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 Second Request for Information
dated September 9, 2024**

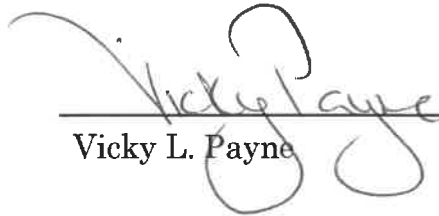
FILED: September 23, 2024

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, Vicky L. Payne, 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.



Vicky L. Payne

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

18th SUBSCRIBED AND SWORN TO before me by Vicky L. Payne on this the
day of September, 2024.



Notary Public, Kentucky State at Large
Kentucky ID Number KYNP16841
My Commission Expires October 31, 2024

BIG RIVERS ELECTRIC CORPORATION

**AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF BIG RIVERS ELECTRIC CORPORATION
FROM NOVEMBER 1, 2022 THROUGH APRIL 30, 2023
CASE NO. 2024-00141**

VERIFICATION

I, Jeffrey S. Brown, 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.



Jeffrey S. Brown

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

18th SUBSCRIBED AND SWORN TO before me by Jeffrey S. Brown on this the
day of September 2024.



Notary Public, Kentucky State at Large

Kentucky ID Number

KYN P16841

My Commission Expires

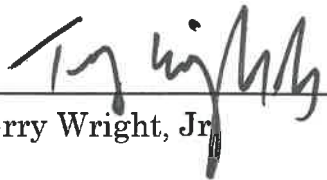
October 31, 2024

BIG RIVERS ELECTRIC CORPORATION

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FROM NOVEMBER 1, 2022 THROUGH APRIL 30, 2023
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VERIFICATION


I, Terry Wright, Jr., 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.



Terry Wright, Jr.

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

18th SUBSCRIBED AND SWORN TO before me by Terry Wright, Jr. on this the
day of September 2024.



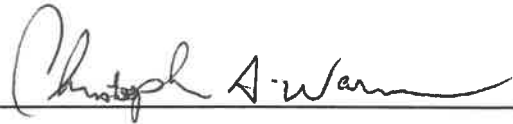
Notary Public, Kentucky State at Large
Kentucky ID Number KYNPI6841
My Commission Expires October 31, 2024

BIG RIVERS ELECTRIC CORPORATION

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FROM MAY 1, 2023 THROUGH OCTOBER 31, 2023
CASE NO. 2024-00149**

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 17th day of September 2024.



Notary Public, Kentucky State at Large

Kentucky ID Number

KYNP16841

My Commission Expires

October 31, 2024

BIG RIVERS ELECTRIC CORPORATION
AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE
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dated September 9, 2024

September 23, 2024

1 **Item 1)** *Refer to BREC's response to Commission Staff's First Request for*
2 *Information (Staff's First Request), Item 2, page 2 of 4. Explain the meaning*
3 *of the option coal purchases versus the contract purchases.*

4

5 **Response)** Under the contract agreement between American Consolidated Natural
6 Resources ("ACNR") and Big Rivers, ACNR agreed to sell and Big Rivers agreed to
7 purchase a Base Quantity Tonnage ranging from a minimum of 300,000 tons to a
8 maximum of 400,000 per year. The category of "contract purchases" in Big Rivers'
9 response to PSC 1-2 refers to fuel purchased under that Base Quantity Tonnage.
10 Also, within the contract was an option for additional tonnage, Option Quantity
11 Tonnage, if needed and available. The category of "option coal purchases" in the
12 response refers to fuel purchased under the Option Quantity Tonnage.

13 Under the contract, Big Rivers had the option not to receive, nominate, any
14 Option Tonnage. However, the Base Tonnage required at least the minimum and not
15 more than the maximum (300k-400k) each year set forth within the contract terms.
16 ACNR had an obligation to provide Base Tonnage and had discretion to accommodate
17 Big Rivers' request for Option Tonnage.

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September 23, 2024

1

2 **Witness)** Vicky L. Payne

3

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- 1 **Item 2)** *Refer to BREC's response to Staff's First Request, Item 3.*
- 2 *a. Explain how the Duration (In Days) category is calculated*
- 3 *b. Explain why the Number of Days' Supply far exceeds the target*
- 4 *inventory levels.*

5

6 **Response)**

7 a) The Duration (In Days) is calculated by taking the total number of In-

8 Service hours for the unit during the review period, May 1, 2023 through

9 October 31, 2023, which totaled 4,078.5 hours. That number is then divided by

10 24 hours to calculate to days. $(4,078.5 / 24 = 169.94 \text{ days})$ This rounded to the

11 nearest hour equals 170 duration days.

12 b) Big Rivers continues to nominate maximum tonnage on all contracts to

13 utilize full advantage of the lower priced contracts, while market prices

14 continue to be much higher. The Number of Days' Supply above the target

15 helps to avoid the risk of purchasing replacement tons on the open market

16 when the pricing would be much higher than the contracts in place.

17

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2 **Witness)** Vicky L. Payne

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1 **Item 3)** *Refer to BREC's response to Staff's First Request, Item 7. Explain*
2 *the cause of the Boardwalk Pipelines (Texas Gas Transportation) station*
3 *outage and any actions that were taken to prevent future failures.*

4

5 **Response)** Boardwalk Pipelines (Texas Gas Transportation) notified customers of
6 a planned service outage for maintenance on the Slaughters Montezuma Lateral
7 ("SML"), limiting pipeline capacity to 0 MMBtu. The notification did not provide the
8 nature of the pipeline maintenance, but in general, routine maintenance helps to
9 prevent future failures.

10

11 **Witness)** Vicky L. Payne

12

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1 **Item 4)** *Refer to BREC's Response to Staff's First Request, Item 12.*
2 *Explain whether the power purchase hedging activity for BREC Load is*
3 *associated with the Kentucky Municipal Energy Agency and Owensboro*
4 *Municipal Utilities contracts. If not, explain the reasons for the hedging*
5 *activity.*

6
7 **Response)** During the period under review, "BREC Load" referenced in Big Rivers'
8 Response to Staff's First Request, Item 12, page 2 of 5 is not associated with the
9 Owensboro Municipal Utilities or Kentucky Municipal Energy Agency contract. The
10 "Hedge Off System Sales" category is associated with the OMU contract. There were
11 no hedging transactions in the review period associated with KYMEA. "Hedge BREC
12 Load" refers to hedging transactions for shortfalls in our native energy position.

13

14 **Witness)** Terry Wright, Jr.

15

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1
2 **Item 5)** *Refer to BREC's response to Staff's First Request, Item 13, page 1.*

3 *a. Explain how lines 16 and 33 are related.*

4 *b. Explain how lines 27, 28, and 33 are related.*

5
6 **Response)**

7 a) Lines 16 and 33 on the attachment to Big Rivers' response to Staff's
8 First Request, Item 13, page 1, are not related apart from both provide
9 billing information related to the different Large Industrial customers.

10 Lines 16 and 34 provide billing information [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

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1 b) Lines 27, 28, and 33 on Staff's First Request, Item 13, page 1, provide
2 billing information [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 Each of the customers in parts a and b above receive one retail bill from their
13 respective distribution cooperative. The attachment provided in Staff's First Request,
14 Item 13, page 1, is an internal document prepared by Big Rivers staff. For visibility
15 in its internal use, each of the customers discussed above are separated into line
16 items that reflect the specific billing details of their individual special contracts in
17 this internal document.

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1

2 **Witness)** Christopher A. ("Chris") Warren

3

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1 Item 6) *Refer to BREC's response to Staff's First Request, Item 13 and*
2 *Item 23. For the industrial customer listed on line 29 for the months May 2023*
3 *through October 2023, there are no revenues listed under the Fuel*
4 *Adjustment Clause (FAC) or Environmental Surcharge (ES) categories*
5 *despite energy being consumed.*

6 a. *Explain why there are no revenues billed to that industrial*
7 *customer.*

8 b. *Explain how the FAC and ES revenues associated with the energy*
9 *consumed by that industrial customer were recovered.*

10

11 **Response)**

12 a)

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

[REDACTED]

16 b) The FAC revenues associated with energy consumed by that industrial

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1 customer were recovered from the Members paying the FAC during
2 each month. For the ES calculation, the revenue from this industrial
3 customer is excluded from the Member and Non-Member revenue in the
4 allocation percentage.

5

6 **Witness)** Christopher A. ("Chris") Warren

7

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1 **Item 7)** *Refer to BREC's response to Staff's First Request, Item 7 and Item*
2 *15, pages 2-3. Explain how BREC can have a scheduled maintenance outage*
3 *at the exact same time Boardwalk Pipelines had a station outage.*

4

5 **Response)** Boardwalk Pipelines sent out a notification informing all customers that
6 a planned service outage for maintenance on the Slaughters Montezuma Lateral
7 ("SML") would be taking place and the maintenance would limit capacity to 0
8 MMBtu. The SML is the sole route from the main gas line into the Sebree Station.
9 With the SML maintenance outage, Big Rivers could not receive the natural gas
10 needed to generate and had no choice but to schedule an outage of the units.

11

12 **Witness)** Jeffrey S. ("Jeff") Brown

13

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1 Item 8) *Refer to BREC's response to Staff's First Request, Item 15 and*
2 *Item 17. For each month that the two Green Station units have a zero percent*
3 *gross capacity factor, provide the actual number of hours each unit*
4 *generated power.*

5

6 **Response)** During the months that Green Station Unit #2 had a zero percent
7 gross capacity factor (May, June and October of 2023), the unit operated zero (0)
8 service hours.

9

10 **Witness)** Jeffrey S. ("Jeff") Brown

11

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1 **Item 9)** *Explain whether BREC was subject to any MISO or FERC*
2 *Performance penalties during the review period. If so, include an*
3 *explanation as to why for each instance and the amount(s) of the penalties.*

4

5 **Response)** During the period under review, May 1, 2023 through October 31, 2023,
6 Big Rivers was subjected to MISO penalties related to deviations from 141 Failure to
7 Follow Dispatch Flags (FFDF) and 19 Failed Mileage Performance Test Flags
8 (FMPTF). An FFDF occurs when a unit operated outside of MISO's dispatch
9 thresholds for at least four consecutive 5-minute intervals within the given hour
10 (Dispatch Interval), causing Excessive Energy (EXE) or Deficient Energy (DFE).¹ If
11 the FFDF does not fall into an exemption, then MISO applies the MISO Revenue
12 Sufficiency Guarantee (RSG) Rate to the EXE or DFE and applies the MISO RT
13 Excessive Deficient Deployment Rate to the total Real-Time Billable meter (the
14 actual meter volume).

¹ See MISO FERC Electric Tariff at <https://www.misoenergy.org/legal/tariff/>.

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1 An FMPTF is similar to a FFDF, but relates to ancillary services. A FMPTF
2 occurs when the unit fails the regulation mileage performance test by deviating from
3 MISO Regulation Deployment Instructions for a given hour. When an FMPTF occurs
4 then MISO imposes a “clawback” or a return of all regulation revenue for that hour.

5 The MISO charges related to FFDF and FMPTF as described in above totaled
6 \$5,751.13 during the Review Period. The charges were not passed to Big Rivers’ rate
7 payers through the FAC or the Non-FAC PPA, and were not recorded as an offset to
8 revenues. The penalties were recorded as purchased power cost that is not
9 recoverable from ratepayers.

10 Big Rivers was not subject to any FERC performance penalties during the
11 Review Period. However, on September 5, 2024, FERC approved a settlement
12 agreement with Big Rivers in connection with allegations that outages on Green Unit
13 2 from June 29, 2023, through July 6, 2023, were an extension of a planned outage
14 rather than forced outages, and that Green Unit 2 should have been derated from
15 July 6, 2023, through July 25, 2023. In the settlement agreement, Big Rivers agreed
16 to pay a total of approximately \$645,000 for a disgorgement payment and a penalty.

17

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2 **Witness)** Terry Wright, Jr.

3