



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

In the Matter of:

**AN ELECTRONIC EXAMINATION BY THE)
PUBLIC SERVICE COMMISSION OF THE)
ENVIRONMENTAL SURCHARGE MECHANISM)
OF BIG RIVERS ELECTRIC CORPORATION FOR)
THE SIX-MONTH BILLING PERIOD ENDING)
JANUARY 31, 2026)**

**Case No.
2026-00089**

DIRECT TESTIMONY

OF

**TALINA MATHEWS
CHIEF FINANCIAL OFFICER**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

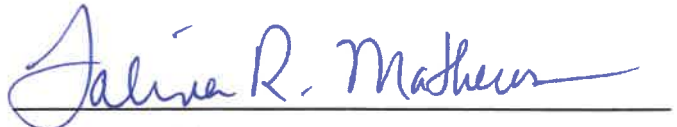
October 13, 2026

BIG RIVERS ELECTRIC CORPORATION

**ELECTRONIC EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF BIG RIVERS
ELECTRIC CORPORATION FOR THE SIX-MONTH
BILLING PERIOD ENDING JANUARY 31, 2026
CASE NO. 2026-00089**

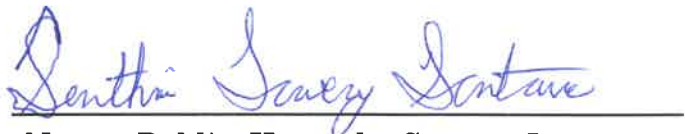
VERIFICATION

I, Talina R. Mathews verify, state, and affirm that I prepared or supervised the preparation of the Direct Testimony filed with this Verification, and that Direct Testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Talina R. Mathews

COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

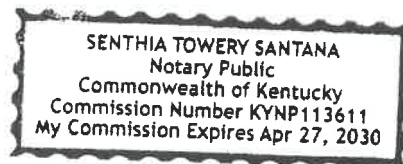
8th SUBSCRIBED AND SWORN TO before me by Talina R. Mathews on this the
day of October 2026.



Notary Public, Kentucky State at Large

Notary ID KYNP113611

My Commission Expires 4-27-2030



1 **DIRECT TESTIMONY**
2 **OF**
3 **TALINA MATHEWS**
4

5
6 **I. INTRODUCTION**

7 **Q. Please state your name, business address and occupation.**

8 A. My name is Talina Mathews, and my business address is 710 W. Second
9 Street, Owensboro, Kentucky 42301. I am the Chief Financial Officer
10 (“CFO”) for Big Rivers Electric Corporation (“*Big Rivers*” or the “*Company*”).
11

12 **Q. Please summarize your education and professional experience.**

13 A. I earned a doctorate and a master’s in economics from the University of
14 Kentucky and an undergraduate degree in economics and mathematics from
15 Berea College.

16 I served the Commonwealth of Kentucky for over twenty years
17 including as executive director and economist in the Kentucky Office of
18 Energy Policy and for the Kentucky Public Service Commission (“PSC”) as
19 Commissioner, executive director, policy advisor and staff economist. I was
20 appointed to serve on the PSC in 2017. In 2021, I took the position of Director
21 of State Regulatory Policy at Southwest Power Pool (“SPP”). I accepted my
22 current position of CFO for Big Rivers in August of 2022.

23 My professional experience is summarized in Exhibit Mathews-1.
24

1 **Q. Please summarize your duties at Big Rivers.**

2 A. As CFO, I am responsible for all financial, regulatory, strategic planning,
3 and risk management activities. Such activities include accounting and
4 financial reporting, payroll, budgets, finance, and tax, as well as the
5 company's governmental affairs.

6

7 **Q. Have you previously testified before the Kentucky Public Service**
8 **Commission (“Commission”)?**

9

10 A. Yes. I submitted written testimony and written responses to requests for
11 information on behalf of Big Rivers in Cases No. 2023-00038¹ and No. 2024-
12 00031,² in which Big Rivers submitted its applications for annual review of
13 its MRS M charge for the calendar years 2022 and 2023. I submitted written
14 testimony on behalf of Big Rivers in Case No. 2022-00433,³ in which the
15 Commission granted a Certificate of Public Convenience and Necessity to
16 construct Big Rivers' Transmission Operations Center. Additionally, I
17 submitted written responses to information requests and oral testimony in in

¹ *In the Matter of: Electronic Application of Big Rivers Electric Corporation for Annual Review of Its MRS M Charge for Calendar Year 2022*, P.S.C. Case No. 2023-00038.

² *In the Matter of: Electronic Application of Big Rivers Electric Corporation for Annual Review of Its MRS M Charge for Calendar Year 2023*, P.S.C. Case No. 2024-00031.

³ *In the Matter of: Electronic Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity Authorizing Construction of a New Transmission Operations Center and an Order Authorizing Big Rivers to Dispose of Property*, P.S.C. Case No. 2022-00433.

1 Case No. 2023-00310,⁴ in which Big Rivers presented its 2023 Integrated
2 Resource Plan.

3 **II. PURPOSE AND BACKGROUND**

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. My testimony explains the financial and ratemaking treatment of
6 environmental compliance costs recovered through Big Rivers'
7 Environmental Surcharge ("ES"), addresses issues raised by Commission
8 Staff concerning the treatment of Nucor Corporation ("Nucor"), discusses
9 the reasonableness of Big Rivers' ES calculations during the review period,
10 and places those calculations in the broader context of the significant
11 financial and economic benefits associated with the Nucor project.

12
13 **Q. What is the purpose of the Environmental Surcharge?**

14 A. The Environmental Surcharge provides a mechanism through which Big
15 Rivers recovers Commission-approved environmental compliance costs
16 associated with owning and operating its generating facilities.

17
18 **Q. How is Nucor currently treated under its Commission-approved**
19 **service agreement?**

20

⁴ *In the Matter of: Electronic 2023 Integrated Resource Plan of Big Rivers Electric Corporation, P.S.C. Case No. 2023-00310.*

1 A. Under the Commission-approved electric service agreement, sales to Nucor
2 are currently excluded from the Environmental Surcharge mechanism.
3 This will change after the initial stage of the contract. Big Rivers and
4 Meade County RECC have administered the agreement consistent with
5 those approved provisions.

6
7 **Q. Has Big Rivers applied that treatment consistently?**

8 A. Yes. Big Rivers has consistently reflected Nucor's contractual treatment in
9 its Environmental Surcharge calculations and filings since Nucor
10 commenced service.

11

12 **Q. Was that treatment developed for purposes of this review**
13 **proceeding?**

14 A. No. It has been treatment reflected in Big Rivers' administration of the
15 Commission-approved agreement since Nucor commenced service under the
16 agreement.

17 **III. REASONABLENESS OF THE ENVIRONMENTAL SURCHARGE**
18 **CALCULATIONS**

19 **Q. Before discussing the calculations themselves, what issue**
20 **concerning the Environmental Surcharge calculations has**
21 **Commission Staff asked Big Rivers to analyze?**

1 A. Commission Staff has requested that Big Rivers analyze how the
2 Environmental Surcharge calculations would differ if Nucor revenues were
3 treated differently within the Environmental Surcharge calculation and
4 what effect that would have on the resulting surcharge factor and allocation
5 of environmental compliance costs.

6

7 **Q. Did Big Rivers calculate the ES factor during the review period in**
8 **accordance with its Commission-approved tariff?**

9 A. Yes.

10

11 **Q. Did Big Rivers calculate the ES factor during the review period in**
12 **accordance with the Commission-approved Nucor contract?**

13 A. Yes.

14

15 **Q. Are you aware of any computational error in the ES calculations**
16 **filed by Big Rivers during the review period?**

17 A. No.

18

19 **Q. Did Commission Staff request analyses showing the results of**
20 **alternative calculations?**

21 A. Yes.

22

1 **Q. Did Big Rivers provide those analyses?**

2 A. Yes.

3

4 **Q. What do those analyses demonstrate?**

5 A. They demonstrate how the ES calculation would change if different
6 assumptions were used, including assumptions regarding the treatment of
7 Nucor revenues.

8

9 **Q. Do those analyses demonstrate that Big Rivers improperly**
10 **administered the Environmental Surcharge?**

11

12 A. No. They demonstrate alternative outcomes under alternative assumptions.
13 They do not demonstrate that Big Rivers incorrectly applied either the
14 Commission-approved tariff or the Commission-approved Nucor contract.

15

16 **Q. Why is that distinction important?**

17 A. Because showing that a different methodology produces a different result is
18 not the same as demonstrating that the methodology actually required by
19 the governing tariff and contract was unreasonable or incorrectly applied.

20

1 **IV. ALTERNATIVE CALCULATIONS REQUESTED BY THE**
2 **COMMISSION**

3 **Q. What do the alternative calculations requested by Commission Staff**
4 **demonstrate?**

5 A. They demonstrate that changing the methodology shifts costs to the
6 Members' consumers.

7

8 **Q. How is Big Rivers' administration of the Environmental Surcharge**
9 **different than the administration of the Fuel Adjustment Clause,**
10 **which the Commission found excluded Nucor sales from the FAC**
11 **calculation while including the fuel and purchased power costs**
12 **associated with serving Nucor was unreasonable.**

13

14 A. The FAC proceeding involved fuel and purchased power costs. This
15 proceeding involves environmental compliance costs. With regard to how
16 the FAC was calculated, Big Rivers incurred additional purchased power
17 costs because of Nucor that were passed through the FAC to other
18 customers because under the Commission approved contract, there is no
19 mechanism to recover those costs from Nucor until the end of the ten-year
20 contract period ending in 2031. Here, by contrast, there are no
21 incremental environmental compliance costs attributable to Nucor, and the
22 Environmental Surcharge has been administered consistent with both the
23 Commission-approved ES tariff and the Commission-approved Nucor

1 contract. For that reason, I do not believe the issues presented in this
2 proceeding are the same as those presented in the FAC review.

3 Additionally, the Commission previously concluded that customers were not
4 materially harmed because the Nucor project produced offsetting customer
5 benefits. Also, the Commission still allowed Big Rivers to recover the fuel
6 and purchased power costs attributable to Nucor, just through a new tariff
7 rider (the Interim Energy Adjustment charge) instead of the FAC.

8

9 V. **BROADER FINANCIAL AND ECONOMIC BENEFITS OF THE**
10 **NUCOR PROJECT**

11

12 **Q. Did the Commission find in the FAC proceeding that customers**
13 **were materially harmed by the Nucor agreement?**

14 A. No. The Commission concluded that customers were not materially harmed
15 because the Nucor project produced offsetting benefits, including economic
16 development and community benefits, increased Member Rate Stability
17 Mechanism credits and accelerated reductions of regulatory assets that
18 benefited Members and their consumers.

1 **Q. Is the question before the Commission whether the Nucor project**
2 **has been beneficial to Big Rivers and its Members?**

3 A. No. The question before the Commission is whether Big Rivers reasonably
4 applied its Environmental Surcharge during the review period.

5

6 **Q. Then why is it appropriate to discuss the broader effects of the**
7 **Nucor project?**

8 A. Because the calculations requested by Commission Staff relate to only one
9 aspect of the Nucor project. To understand the significance of those
10 calculations, it is important to recognize that Nucor has provided
11 substantial benefits to Big Rivers, its Members, and their consumers.

12

13 **Q. What benefits are you referring to?**

14 A. Nucor represents one of the largest economic development projects in
15 Kentucky and one of the most significant new loads in Big Rivers' history.
16 The project helped replace lost industrial load, strengthened Big Rivers'
17 financial position, contributed positive margins, improved credit quality,
18 and supported significant economic investment, employment, and economic
19 activity throughout western Kentucky.

1 **Q. Are you suggesting those benefits determine the outcome of the**
2 **Environmental Surcharge issues presented in this proceeding?**

3

4 A. No. My opinion that Big Rivers reasonably applied the Environmental
5 Surcharge is based on the approved tariff, the approved Nucor contract, and
6 the facts surrounding the ES calculation. I raise the broader benefits of the
7 Nucor project simply because the Commission asked Big Rivers to quantify
8 certain ES-related impacts associated with Nucor, and those impacts should
9 be understood within the context of the project's overall contribution to Big
10 Rivers, its Members, and the region

11

12 **VI. CONCLUSION**

13 **Q. Based on your review, were Big Rivers' ES calculations during the**
14 **review period reasonable?**

15 A. Yes.

16

17 **Q. Why?**

18 A. The ES calculations were reasonable because Big Rivers followed the
19 Commission-approved tariff, followed the Commission-approved Nucor
20 contract, recovered actual environmental compliance costs incurred by the
21 Company, and consistently applied the ES methodology throughout the
22 review period. In addition, the evidence demonstrates that Nucor does not

1 create incremental environmental compliance costs. The Members'
2 consumers are paying the same environmental surcharge costs they would
3 have paid if Nucor were not taking service. To summarize the calculations
4 contained in the data responses to date—Big Rivers is implementing the
5 Commission approved contract, and is following the ES tariff. To do
6 differently would increase Big Rivers' revenue collected through the ES
7 mechanism. That increase would necessarily come from members. As a
8 cooperative, the only recovery mechanism available to Big Rivers is through
9 the collection of riders, or through permanent rate increases.

10

11 **Q. What recommendation do you make to the Commission?**

12 A. I recommend that the Commission find that Big Rivers reasonably applied
13 its Environmental Surcharge during the review period and approve the
14 Company's environmental surcharge recoveries as filed.

15

16 **Q. Does Big Rivers recognize that the Commission ultimately
17 determines the proper interpretation and application of its
18 approved tariffs?**

19 A. Yes. Big Rivers fully recognizes that the Commission has jurisdiction over
20 the interpretation and administration of Commission-approved tariffs and
21 rates.

22

1 **Q. If the Commission provides additional guidance regarding the**
2 **administration of the Environmental Surcharge, what will Big**
3 **Rivers do?**

4 A. Big Rivers will implement the Commission's directives. Big Rivers is
5 committed to complying with the Commission's orders and implementing
6 whatever methodology the Commission ultimately determines should
7 govern the administration of the Environmental Surcharge. Based upon
8 the tariff and contract provisions applicable during the review period, Big
9 Rivers believes its Environmental Surcharge calculations were reasonable
10 and correctly performed.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes.