

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**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**

**Responses to Commission Staff's  
Initial Request for Information  
dated May 11, 2026**

**FILED: June 8, 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, Rebecca L. (Becky) Shelton, 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.



Rebecca L. Shelton

COMMONWEALTH OF KENTUCKY )  
COUNTY OF DAVIESS )

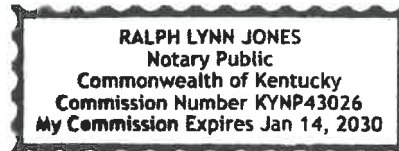
8 SUBSCRIBED AND SWORN TO before me by Rebecca L. Shelton on this the  
day of June 2026.



Notary Public, Kentucky State at Large

Notary ID KYNP 43026

My Commission Expires 1-14-2030



**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, Christopher 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 Warren

COMMONWEALTH OF KENTUCKY )  
COUNTY OF DAVIESS )

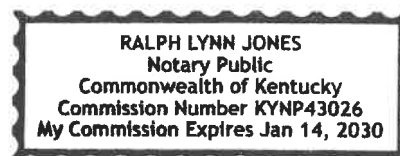
8 SUBSCRIBED AND SWORN TO before me by Christopher Warren on this the  
day of June 2026.



Notary Public, Kentucky State at Large

Notary ID **KYNP 43026**

My Commission Expires 1-14-2030

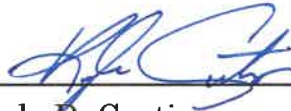


**BIG RIVERS ELECTRIC CORPORATION**

**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, Kyle D. Curtis, 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.



Kyle D. Curtis

COMMONWEALTH OF KENTUCKY )  
COUNTY OF DAVIESS )

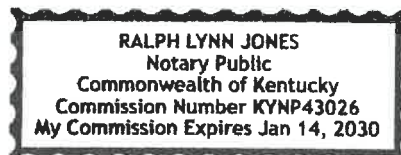
8 SUBSCRIBED AND SWORN TO before me by Kyle D. Curtis on this the  
day of June 2026.



Notary Public, Kentucky State at Large

Notary ID KYNP43026

My Commission Expires 1-14-2030



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, 2025  
CASE NO. 2026-00089

RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
STAFF'S FIRST REQUEST FOR INFORMATION DATED MAY 11, 2026

June 8, 2026

**Item 1)** *This request is addressed to BREC. Prepare a summary schedule showing the calculation of  $E(m)$  and the surcharge factor for the expense months under review. ES Form 1.10 can be used as a model for this summary. Include two expense months subsequent to the review period in order to show the over- and under-recovery adjustments for the months included for the billing periods. Include a calculation of any additional over- or under-recovery amount BREC believes needs to be recognized for the two-year review period. Provide all supporting calculations and documentation in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.*

**Response)** Please see the attached schedule, in the format of Form 1.10, covering each of the expense months from June 1, 2025 – January 31, 2026 (*i.e.*, the expense months covered by the billing periods under review plus the two expense months subsequent to the billing periods). The schedule and all supporting calculations and documentation are also provided in Excel spreadsheet format, with formulas intact

IN THE MATTER OF:  
AN ELECTRONIC EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
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JANUARY 31, 2025  
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RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
STAFF'S FIRST REQUEST FOR INFORMATION DATED MAY 11, 2026

June 8, 2026

and unprotected and all rows and columns fully accessible, in a separate Excel file as part of the electronic filing.

No additional over-or under-recovery is being requested by Big Rivers for the billing periods under review.

**Witness:** Rebecca L. (Becky) Shelton

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Calculation of Total E(m) and  
Calculation of Jurisdictional Environmental Surcharge Billing Factor**

**For the Expense Months: June 2025 to January 2026**

1	<b>Calculation of Total E(m)</b>			
2	E(m) = OE - BAS + RORB, where			
3	OE	=	Pollution Control Operating Expenses	
4	BAS	=	Total Proceeds from By-Product and Allowance Sales	
5	RORB	=	[ (RB/12) x (RORORB) ]	
6			<b>June 2025</b>	<b>July 2025</b>
7	OE	= \$	1,614,363	= \$ align="right">1,677,995
8	BAS	= \$	-	= \$ align="right">-
9	RORB	= \$	846,156	= \$ align="right">831,950
10	E(m)	= \$	2,460,519	= \$ align="right">2,509,945
11	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
12	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
13	Member System Allocation Ratio for the Month (Form 3.00)	=	77.044006%	= align="right">77.625624%
14	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	= \$	1,895,682	= \$ align="right">1,948,360
15	Adjustment for (Over)/Under Recovery, as applicable (Form 2.00)	= \$	(19,604)	= \$ align="right">(196,292)
16	Prior Period Adjustment	= \$	-	= \$ align="right">-
17	E(m) = Subtotal E(m) plus (Over)/Under Recovery plus Prior Period Adjustment	= \$	1,876,078	= \$ align="right">1,752,068
18	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.00)	= \$	25,123,417	= \$ align="right">25,469,921
19	CESF: E(m) / R(m); as a % of Revenue	=	7.467448%	= align="right">6.878969%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Calculation of Total E(m) and  
Calculation of Jurisdictional Environmental Surcharge Billing Factor**

**For the Expense Months: June 2025 to January 2026**

1	<b>Calculation of Total E(m)</b>			
2	E(m) = OE - BAS + RORB, where			
3	OE	=	Pollution Control Operating Expenses	
4	BAS	=	Total Proceeds from By-Product and Allowance Sales	
5	RORB	=	[ (RB/12) x (RORORB) ]	
6			<b>August 2025</b>	<b>September 2025</b>
7	OE	= \$	1,729,281	= \$ 1,840,169
8	BAS	= \$	-	= \$ 27,144
9	RORB	= \$	830,701	= \$ 842,934
10	E(m)	= \$	2,559,982	= \$ 2,655,959
11	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
12	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
13	Member System Allocation Ratio for the Month (Form 3.00)	=	79.259672%	= 73.132239%
14	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	= \$	2,029,033	= \$ 1,942,362
15	Adjustment for (Over)/Under Recovery, as applicable (Form 2.00)	= \$	(361,574)	= \$ (283,596)
16	Prior Period Adjustment	= \$	-	= \$ -
17	E(m) = Subtotal E(m) plus (Over)/Under Recovery plus Prior Period Adjustment	= \$	1,667,459	= \$ 1,658,766
18	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.00)	= \$	25,695,545	= \$ 25,882,465
19	CESF: E(m) / R(m); as a % of Revenue	=	6.489292%	= 6.408841%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Calculation of Total E(m) and  
Calculation of Jurisdictional Environmental Surcharge Billing Factor**

**For the Expense Months: June 2025 to January 2026**

1	<b>Calculation of Total E(m)</b>			
2	E(m) = OE - BAS + RORB, where			
3	OE	=	Pollution Control Operating Expenses	
4	BAS	=	Total Proceeds from By-Product and Allowance Sales	
5	RORB	=	[ (RB/12) x (RORORB) ]	
6			<b>October 2025</b>	<b>November 2025</b>
7	OE	= \$	2,057,219	= \$ align="right">1,476,519
8	BAS	= \$	38,990	= \$ align="right">19,196
9	RORB	= \$	828,536	= \$ align="right">837,313
10	E(m)	= \$	2,846,765	= \$ align="right">2,294,636
11	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
12	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
13	Member System Allocation Ratio for the Month (Form 3.00)	=	74.412070%	= align="right">78.182803%
14	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	= \$	2,118,337	= \$ align="right">1,794,011
15	Adjustment for (Over)/Under Recovery, as applicable (Form 2.00)	= \$	(74,775)	= \$ align="right">285,055
16	Prior Period Adjustment	= \$	-	= \$ align="center">-
17	E(m) = Subtotal E(m) plus (Over)/Under Recovery plus Prior Period Adjustment	= \$	2,043,562	= \$ align="right">2,079,066
18	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.00)	= \$	25,798,564	= \$ align="right">26,089,944
19	CESF: E(m) / R(m); as a % of Revenue	=	7.921224%	= align="right">7.968840%

**Big Rivers Electric Corporation  
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**Calculation of Total E(m) and  
Calculation of Jurisdictional Environmental Surcharge Billing Factor**

**For the Expense Months: June 2025 to January 2026**

1	<b>Calculation of Total E(m)</b>			
2	E(m) = OE - BAS + RORB, where			
3	OE	=	Pollution Control Operating Expenses	
4	BAS	=	Total Proceeds from By-Product and Allowance Sales	
5	RORB	=	[ (RB/12) x (RORORB) ]	
6			<b>December 2025</b>	<b>January 2026</b>
7	OE	= \$	2,847,628	= \$ align="right">1,638,156
8	BAS	= \$	10,561	= \$ align="right">9,525
9	RORB	= \$	820,060	= \$ align="right">811,621
10	E(m)	= \$	3,657,127	= \$ align="right">2,440,252
11	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
12	<b>Calculation of Jurisdictional Environmental Surcharge Billing Factor</b>			
13	Member System Allocation Ratio for the Month (Form 3.00)	=	84.100298%	= align="right">75.810204%
14	Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio	= \$	3,075,655	= \$ align="right">1,849,960
15	Adjustment for (Over)/Under Recovery, as applicable (Form 2.00)	= \$	73,775	= \$ align="right">(431,757)
16	Prior Period Adjustment	= \$	-	= \$ align="center">-
17	E(m) = Subtotal E(m) plus (Over)/Under Recovery plus Prior Period Adjustment	= \$	3,149,430	= \$ align="right">1,418,203
18	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.00)	= \$	26,546,382	= \$ align="right">26,751,832
19	CESF: E(m) / R(m); as a % of Revenue	=	11.863877%	= align="right">5.301330%

IN THE MATTER OF:  
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RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
STAFF'S FIRST REQUEST FOR INFORMATION DATED MAY 11, 2026

June 8, 2026

**Item 2)** *This request is addressed to the Member Cooperatives. For each of the Member Cooperatives, prepare a summary schedule showing the Member Cooperative's pass-through revenue requirement for the expense months under review. Include the two expense months subsequent to the review period. Include a calculation of any additional over- or under-recovery amount the Member Cooperative believes needs to be recognized for the two-year review. Provide all supporting calculations and documentation in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.*

**Response)** The following six schedules listed below, and attached to this response, reflect the Member Cooperatives' environmental surcharge pass-through revenue requirements for the months corresponding with Big Rivers' expense months from June 1, 2025 – January 31, 2026 (*i.e.*, the expense months covered in the review and 2 subsequent months), applied to Big Rivers' Members' invoices for the service months of July 2025 through February 2026, which Big Rivers billed to its Members

IN THE MATTER OF:  
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during the months of August 2025 through March 2026 (*i.e.*, the months corresponding with the review periods, plus the two subsequent months).

- Attachment 1 – Jackson Purchase Energy Corporation Non-Dedicated Delivery Point Customers;
- Attachment 2 – Kenergy Corp. Non-Dedicated Delivery Point Customers;
- Attachment 3 – Meade County Rural Electric Cooperative Corporation Non-Dedicated Delivery Point Customers;
- Attachment 4 – Jackson Purchase Energy Corporation Dedicated Delivery Point Customers;
- Attachment 5 – Kenergy Corp. Dedicated Delivery Point Customers; and
- Attachment 6 - Meade County Rural Electric Cooperative Corporation Dedicated Delivery Point Customers.

As illustrated in the attached schedules, there is a one-month billing lag for the Members' non-dedicated delivery point customers and no billing lag for the Members' dedicated delivery point customers.

IN THE MATTER OF:  
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CASE NO. 2026-00089

RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
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June 8, 2026

The information in the attached schedules was obtained from the Members' monthly Environmental Surcharge Schedules provide by Big Rivers' Members. Other than the on-going cumulative over-/under-recovery mechanism, no additional over-/under-recovery amounts are being requested by the Members for the billing periods under review.

All schedules, supporting calculations, and documentation are also being provided in Excel spreadsheet format, with all cells and formulas intact and unprotected, in a separate Excel file as part of the electronic filing.

**Witness:** Rebecca L. (Becky) Shelton

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 1 of 6)**

JACKSON PURCHASE ENERGY CORPORATION (JPEC) NON-DEDICATED DELIVERY POINT CUSTOMERS
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	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice ES Amount for the Service Month	Month Billed by JPEC	ES Amount Billed to JPEC's Customers (Line 11 per Filing)	JPEC's (Over)/Under Recovery [from (j)]	JPEC's Total Recoverable [(e) + (h)]	JPEC's (Over)/Under Recovery [(i) for 3rd preceding month less (g) for current month]
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ 488,362.01	Sep-25	\$ 411,870.28	\$ (65,925.50)	\$ 422,436.51	\$ (65,925.50)
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ 434,227.41	Oct-25	\$ 570,957.68	\$ (192,538.32)	\$ 241,689.09	\$ (192,538.32)
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ 358,520.83	Nov-25	\$ 583,872.47	\$ (67,154.57)	\$ 291,366.26	\$ (67,154.57)
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ 257,752.29	Dec-25	\$ 344,602.60	\$ 77,833.91	\$ 335,586.20	\$ 77,833.91
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ 359,742.52	Jan-26	\$ 192,041.24	\$ 49,647.85	\$ 409,390.37	\$ 49,647.85
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ 485,381.44	Feb-26	\$ 235,316.41	\$ 56,049.85	\$ 541,431.29	\$ 56,049.85
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ 765,025.62	Mar-26	\$ 396,618.66	\$ (61,032.46)	\$ 703,993.16	\$ (61,032.46)
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ 214,942.65	Apr-26	\$ 524,410.20	\$ (115,019.83)	\$ 99,922.82	\$ (115,019.83)

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 2 of 6)**

KENERGY CORP. NON-DEDICATED DELIVERY POINT CUSTOMERS										
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice + Kenergy (Schedule 43) Co-Gen ES Amount for the Service Month	Month Billed by Kenergy	ES Amount Billed to Kenergy's Customers (Line 11 per Filing)	Kenergy's (Over)/Under Recovery [from (j)]	Kenergy's Total Recoverable [(e) + (h)]	Kenergy's (Over)/Under Recovery [(i) for 2nd preceding month less (g) for current month]
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ 873,443.52	Sep-25	\$ 906,402.31	\$ (297,583.29)	\$ 575,860.23	\$ (297,583.29)
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ 770,723.71	Oct-25	\$ 965,407.08	\$ (150,635.05)	\$ 620,088.66	\$ (150,635.05)
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ 633,512.55	Nov-25	\$ 473,428.83	\$ 102,431.40	\$ 735,943.95	\$ 102,431.40
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ 477,816.24	Dec-25	\$ 506,516.59	\$ 113,572.07	\$ 591,388.31	\$ 113,572.07
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ 674,441.41	Jan-26	\$ 631,389.77	\$ 104,554.18	\$ 778,995.59	\$ 104,554.18
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ 917,946.06	Feb-26	\$ 706,604.74	\$ (115,216.43)	\$ 802,729.63	\$ (115,216.43)
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ 1,405,876.58	Mar-26	\$ 963,213.39	\$ (184,217.80)	\$ 1,221,658.78	\$ (184,217.80)
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ 400,926.29	Apr-26	\$ 938,269.73	\$ (135,540.10)	\$ 265,386.19	\$ (135,540.10)

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 3 of 6)**

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION (MCRECC) NON-DEDICATED DELIVERY POINT CUSTOMERS										
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice ES Amount for the Service Month	Month Billed by MCRECC	ES Amount Billed to MCRECC's Customers (Line 11 per Filing)	MCRECC's (Over)/Under Recovery [from (j)]	MCRECC's Total Recoverable [(e) + (h)]	MCRECC's (Over)/Under Recovery [(i) for 1st preceding month less (g) for current month]	
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ 337,457.44	Sep-25	\$ 334,692.63	\$ (55,116.19)	\$ 282,341.25	\$ (55,116.19)
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ 294,793.80	Oct-25	\$ 259,942.96	\$ 22,398.29	\$ 317,192.09	\$ 22,398.29
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ 229,416.46	Nov-25	\$ 269,258.30	\$ 47,933.79	\$ 277,350.25	\$ 47,933.79
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ 186,271.63	Dec-25	\$ 241,699.98	\$ 35,650.27	\$ 221,921.90	\$ 35,650.27
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ 308,762.47	Jan-26	\$ 267,169.73	\$ (45,247.83)	\$ 263,514.64	\$ (45,247.83)
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ 461,330.29	Feb-26	\$ 360,376.51	\$ (96,861.87)	\$ 364,468.42	\$ (96,861.87)
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ 715,161.44	Mar-26	\$ 386,180.71	\$ (21,712.29)	\$ 693,449.15	\$ (21,712.29)
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ 202,508.35	Apr-26	\$ 602,927.76	\$ 90,521.39	\$ 293,029.74	\$ 90,521.39

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 4 of 6)**

JACKSON PURCHASE ENERGY CORPORATION (JPEC) DEDICATED DELIVERY POINT CUSTOMERS
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	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice ES Amount for the Service Month	Month Billed by JPEC	ES Amount Billed to JPEC's Customers	JPEC's Monthly (Over)/Under Recovery [column (e) less column (g)]
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ 43,546.46	Aug-25	\$ 43,546.46	\$ -
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ 52,915.67	Sep-25	\$ 52,915.67	\$ -
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ 49,362.69	Oct-25	\$ 49,362.69	\$ -
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ 45,054.34	Nov-25	\$ 45,054.34	\$ -
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ 61,384.36	Dec-25	\$ 61,384.36	\$ -
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ 64,077.21	Jan-26	\$ 64,077.21	\$ -
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ 69,310.79	Feb-26	\$ 69,310.79	\$ -
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ 23,659.51	Mar-26	\$ 23,659.51	\$ -

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 5 of 6)**

KENERGY CORP. DEDICATED DELIVERY POINT CUSTOMERS								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice ES Amount for the Service Month	Month Billed by Kenergy	ES Amount Billed to Kenergy's Customers	Kenergy's Monthly (Over)/Under Recovery [column (e) less column (g)]
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ 493,943.63	Aug-25	\$ 493,943.63	\$ -
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ 481,988.10	Sep-25	\$ 481,988.10	\$ -
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ 470,522.31	Oct-25	\$ 470,522.31	\$ -
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ 405,702.12	Nov-25	\$ 405,702.12	\$ -
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ 563,719.88	Dec-25	\$ 563,719.88	\$ -
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ 579,444.11	Jan-26	\$ 579,444.11	\$ -
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ 791,848.41	Feb-26	\$ 791,848.41	\$ -
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ 289,607.96	Mar-26	\$ 289,607.96	\$ -

**BIG RIVERS ELECTRIC CORPORATION**  
**Six Month Environmental Surcharge Review (Case No. 2026-00089)**  
**Response to Commission Staff's First Request for Information dated May 11, 2026**  
**Item No. 2 (Attachment 6 of 6)**

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION (MCRECC)							
DEDICATED DELIVERY POINT CUSTOMERS							

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Big Rivers' Expense Month	Big Rivers' ES Factor Based on Expense Month	Big Rivers' Service Month	Month Billed by Big Rivers	Big Rivers' Invoice ES Amount for the Service Month	Month Billed by Meade County	ES Amount Billed to Meade County's Customers	Meade County's Monthly (Over)/Under Recovery [column (e) less column (g)]
1	Jun-25	7.467448%	Jul-25	Aug-25	\$ -	Aug-25	\$ -	\$ -
2	Jul-25	6.878969%	Aug-25	Sep-25	\$ -	Sep-25	\$ -	\$ -
3	Aug-25	6.489292%	Sep-25	Oct-25	\$ -	Oct-25	\$ -	\$ -
4	Sep-25	6.408841%	Oct-25	Nov-25	\$ -	Nov-25	\$ -	\$ -
5	Oct-25	7.921224%	Nov-25	Dec-25	\$ -	Dec-25	\$ -	\$ -
6	Nov-25	7.968840%	Dec-25	Jan-26	\$ -	Jan-26	\$ -	\$ -
7	Dec-25	11.863877%	Jan-26	Feb-26	\$ -	Feb-26	\$ -	\$ -
8	Jan-26	5.301330%	Feb-26	Mar-26	\$ -	Mar-26	\$ -	\$ -

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

RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
STAFF'S FIRST REQUEST FOR INFORMATION DATED MAY 11, 2026

June 8, 2026

**Item 3)** *This request is addressed to BREC. Refer to ES Form 2.50, Operating and Maintenance Expenses, for six-month review period. For each of the expense line items listed on this schedule, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.*

**Response)** Please see the attachment to this response for a schedule for the monthly Operating and Maintenance (“O&M”) expenses from Form 2.50 and the requested variance explanations for the review period.

**Witnesses:** Rebecca L. (Becky) Shelton (*Schedule of O&M Expenses*) and  
Kyle D. Curtis (*Reasons(s) for Changes in Expense Levels*)

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

**NOx Plan:**

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>NOx Plan</b>							
Anhydrous Ammonia	\$ 63,305	\$ 85,750	35%	\$ 19,012	-78%	\$ 62,265	228%
Emulsified Sulphur for NOx	-	-	Note 1	-	Note 1	-	Note 1
<b>Total NOx Plan O&amp;M Expenses</b>	<b>\$ 63,305</b>	<b>\$ 85,750</b>	<b>35%</b>	<b>\$ 19,012</b>	<b>-78%</b>	<b>\$ 62,265</b>	<b>228%</b>

**SO2 Plan:**

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>SO2 Plan Expenses:</b>							
Disposal-Flyash/Bottom Ash/Sludge (Note 2)	\$ 330,307	\$ 245,993	-26%	\$ 209,904	-15%	\$ 240,587	15%
Fixation Lime	-	-	Note 1	-	Note 1	-	Note 1
Reagent-Limestone	430,485	150,529	-65%	302,023	101%	255,676	-15%
Reagent-Lime	-	-	Note 1	-	Note 1	-	Note 1
Emulsified Sulphur for SO2	-	-	Note 1	-	Note 1	-	Note 1
Reagent-DiBasic Acid	-	-	Note 1	-	Note 1	-	Note 1
Reagent-Sodium BiSulfite for SO2	-	-	Note 1	-	Note 1	-	Note 1
<b>Total SO2 Plan O&amp;M Expenses</b>	<b>\$ 760,792</b>	<b>\$ 396,522</b>	<b>-48%</b>	<b>\$ 511,927</b>	<b>29%</b>	<b>\$ 496,263</b>	<b>-3%</b>

Note 1: Percentage change not calculated because the cost incurred during the prior expense month was \$0.

Note 2: The monthly totals for Disposal Bottom Ash, Disposal Flyash and Disposal Flyash/Bottom Ash/Sludge have been consolidated due to similarity to better facilitate comparability.

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

NOx Plan:

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<u>NOx Plan</u>						
Anhydrous Ammonia	\$ 69,980	12%	\$ 37,865	-46%	\$ 27,313	-28%
Emulsified Sulphur for NOx	-	Note 1	-	Note 1	-	Note 1
Total NOx Plan O&M Expenses	\$ 69,980	12%	\$ 37,865	-46%	\$ 27,313	-28%

SO2 Plan:

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<u>SO2 Plan Expenses:</u>						
Disposal-Flyash/Bottom Ash/Sludge (Note 2)	\$ 177,910	-26%	\$ 192,620	8%	\$ 191,897	0%
Fixation Lime	-	Note 1	-	Note 1	-	Note 1
Reagent-Limestone	268,313	5%	328,042	22%	61,472	-81%
Reagent-Lime	-	Note 1	-	Note 1	-	Note 1
Emulsified Sulphur for SO2	-	Note 1	-	Note 1	-	Note 1
Reagent-DiBasic Acid	-	Note 1	-	Note 1	-	Note 1
Reagent-Sodium BiSulfite for SO2	-	Note 1	-	Note 1	-	Note 1
Total SO2 Plan O&M Expenses	\$ 446,223	-10%	\$ 520,662	17%	\$ 253,369	-51%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

SO3 Plan:

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>SO3 Plan Expenses:</b>							
Hydrated Lime - SO3	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total SO3 Plan O&M Expenses	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1

2012 Plan:

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>2012 Plan Expenses:</b>							
Project 9 - Wilson Hg	\$ 114,444	\$ 54,609	-52%	\$ 83,136	52%	\$ 60,765	-27%
Project 10 - Green Hg	-	-	Note 1	-	Note 1	-	Note 1
Project 11 - HMP&L Hg	-	-	Note 1	-	Note 1	-	Note 1
Total 2012 Plan	\$ 114,444	\$ 54,609	-52%	\$ 83,136	52%	\$ 60,765	-27%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

SO3 Plan:

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<u>SO3 Plan Expenses:</u>						
Hydrated Lime - SO3	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total SO3 Plan O&M Expenses	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1

2012 Plan:

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<u>2012 Plan Expenses:</u>						
Project 9 - Wilson Hg	\$ 159,808	163%	\$ 127,886	-20%	\$ 87,151	-32%
Project 10 - Green Hg	-	Note 1	-	Note 1	-	Note 1
Project 11 - HMP&L Hg	-	Note 1	-	Note 1	-	Note 1
Total 2012 Plan	\$ 159,808	163%	\$ 127,886	-20%	\$ 87,151	-32%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

2020 Plan:

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>Project 12 Expenses:</b>							
Project 12 - Wilson FGD / WWT	\$ -	\$ 15,123	Note 1	\$ 1,167	-92%	\$ 7,386	533%
Total Project 12	\$ -	\$ 15,123	Note 1	\$ 1,167	-92%	\$ 7,386	533%

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>Project 13 Expenses:</b>							
Green Ash Pond Closure - Reg Asset Amort	\$ 410,274	\$ 414,190	1%	\$ 418,190	1%	\$ 418,706	0%
Green Ash Pond Closure - O&M	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Green Ash Pond Closure - WMB / WWT	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Coleman Ash Pond Closure - Reg Asset Amo	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Coleman Ash Pond Closure - O&M	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Station Two Ash Pond Closure - Reg Asset A	\$ 136,864	\$ 139,570	2%	\$ 142,334	2%	\$ 142,400	0%
Station Two Ash Pond Closure - O&M	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total Project 13	\$ 547,138	\$ 553,760	1%	\$ 560,524	1%	\$ 561,106	0%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

2020 Plan:

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<b>Project 12 Expenses:</b>						
Project 12 - Wilson FGD / WWT	\$ 5,265	-29%	\$ 793	-85%	\$ 2,536	220%
Total Project 12	\$ 5,265	-29%	\$ 793	-85%	\$ 2,536	220%

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<b>Project 13 Expenses:</b>						
Green Ash Pond Closure - Reg Asset Amort	\$ 418,915	0%	\$ 419,828	0%	\$ 420,726	0%
Green Ash Pond Closure - O&M	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Green Ash Pond Closure - WMB / WWT	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Coleman Ash Pond Closure - Reg Asset Amo	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Coleman Ash Pond Closure - O&M	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Station Two Ash Pond Closure - Reg Asset A	\$ 142,400	0%	\$ 142,400	0%	\$ 142,400	0%
Station Two Ash Pond Closure - O&M	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total Project 13	\$ 561,315	0%	\$ 562,228	0%	\$ 563,126	0%

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>Project 14 Expenses:</b>							
Project 14 - Wilson Phase 1 Landfill Cover	\$ 14,753	\$ 29,287	99%	\$ 43,553	49%	\$ 67,162	54%
Total Project 14	\$ 14,753	\$ 29,287	99%	\$ 43,553	49%	\$ 67,162	54%

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>Project 15 Expenses:</b>							
Green Landfill Drainage - Green Allocation	\$ 12,486	\$ 32,319	159%	\$ 10,701	-67%	\$ 27,174	154%
Green Landfill Drainage - Station Two Allocation	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total Project 15	\$ 12,486	\$ 32,319	159%	\$ 10,701	-67%	\$ 27,174	154%

Expense Month	May-25	Jun-25	Jun-25 vs. May-25 % Change	Jul-25	Jul-25 vs. Jun-25 % Change	Aug-25	Aug-25 vs. Jul-25 % Change
<b>Project 16 Expenses:</b>							
Green CCR Regulatory Asset Amortization	\$ 28,178	\$ 28,178	0%	\$ 28,178	0%	\$ 28,178	0%
Station Two CCR Regulatory Asset Amortization	\$ 10,832	\$ 10,832	0%	\$ 10,832	0%	\$ 10,832	0%
Wilson CCR Regulatory Asset Amortization	\$ 88,900	\$ 88,900	0%	\$ 88,900	0%	\$ 88,900	0%
Reid CCR Regulatory Asset Amortization	\$ -	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total Project 16	\$ 127,910	\$ 127,910	0%	\$ 127,910	0%	\$ 127,910	0%

<b>Total</b>	<b>\$ 1,640,828</b>	<b>\$ 1,295,280</b>		<b>\$ 1,357,930</b>		<b>\$ 1,410,031</b>
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**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<b>Project 14 Expenses:</b>						
Project 14 - Wilson Phase 1 Landfill Cover	\$ 112,447	67%	\$ 158,801	41%	\$ 42,809	-73%
Total Project 14	\$ 112,447	67%	\$ 158,801	41%	\$ 42,809	-73%

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<b>Project 15 Expenses:</b>						
Green Landfill Drainage - Green Allocation	\$ 31,708	17%	\$ 200,458	532%	\$ 56,527	-72%
Green Landfill Drainage - Station Two Allocation	\$ 4,896	Note 1	\$ -	-100%	\$ -	Note 1
Total Project 15	\$ 36,604	35%	\$ 200,458	448%	\$ 56,527	-72%

Expense Month	Sep-25	Sep-25 vs. Aug-25 % Change	Oct-25	Oct-25 vs. Sep-25 % Change	Nov-25	Nov-25 vs. Oct-25 % Change
<b>Project 16 Expenses:</b>						
Green CCR Regulatory Asset Amortization	\$ 28,178	0%	\$ 28,178	0%	\$ 28,178	0%
Station Two CCR Regulatory Asset Amortization	\$ 10,832	0%	\$ 10,832	0%	\$ 10,832	0%
Wilson CCR Regulatory Asset Amortization	\$ 88,900	0%	\$ 88,900	0%	\$ 88,900	0%
Reid CCR Regulatory Asset Amortization	\$ -	Note 1	\$ -	Note 1	\$ -	Note 1
Total Project 16	\$ 127,910	0%	\$ 127,910	0%	\$ 127,910	0%

**Total**

**\$ 1,519,552**

**\$ 1,736,603**

**\$ 1,160,741**

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

**Variance Explanations:**

**Anhydrous Ammonia:**

Jun-25 vs. May-25	35%	The increase is due to the timing of product delivery at Wilson Station.
Jul-25 vs. Jun-25	-78%	The decrease is due to the timing of product delivery at Wilson Station.
Aug-25 vs. Jul-25	228%	The increase is due to the timing of product delivery at Wilson Station and invoicing.
Sep-25 vs. Aug-25	12%	The increase is due to the timing of product delivery at Wilson Station.
Oct-25 vs. Sep-25	-46%	The decrease is due to the timing of product delivery at Wilson Station.
Nov-25 vs. Oct-25	-28%	The decrease is due to the timing of product delivery at Wilson Station.

**Disposal-Flyash/Bottom Ash/Sludge:**

Jun-25 vs. May-25	-26%	The decrease is due to lower generation in June due to June outage hours.
Jul-25 vs. Jun-25	-15%	The decrease is due to operational needs at the landfill.
Aug-25 vs. Jul-25	15%	The increase is due to operational needs at the landfill.
Sep-25 vs. Aug-25	-26%	The decrease is due to operational needs at the landfill.

**Reagent-Limestone:**

Jun-25 vs. May-25	-65%	The decrease is due to decrease in generation in June due to June outage hours.
Jul-25 vs. Jun-25	101%	The increase is due to increase in generation in July due to June outage hours and product delivery timing.
Aug-25 vs. Jul-25	-15%	The decrease is due to decrease in generation in August due to August outage hours.
Oct-25 vs. Sep-25	22%	The increase is due to product delivery timing.
Nov-25 vs. Oct-25	-81%	The decrease is due to decrease in generation in November due to November outage hours.

**Project 9 - Wilson Hg**

Jun-25 vs. May-25	-52%	The decrease is due to decrease in generation in June due to June outage hours.
Jul-25 vs. Jun-25	52%	The increase is due to increase in generation in July due to June outage hours.
Aug-25 vs. Jul-25	-27%	The decrease is due to decrease in generation in August due to August outage hours.
Sep-25 vs. Aug-25	163%	The increase is due to increase in generation in September due to August outage hours and product
Oct-25 vs. Sep-25	-20%	The decrease is due to decrease in generation in October due to October outage hours.
Nov-25 vs. Oct-25	-32%	The decrease is due to decrease in generation in November due to November outage hours.

**Case No. 2026-00089**

**Attachment for Response to Staff's First Request Item 3**

**Witnesses: Rebecca 'Becky' Shelton and Kyle Curtis**

**Page 9 of 10**

**Big Rivers Electric Corporation  
Case No. 2026-00089**

**Form 2.50 - Operating and Maintenance Expense Analysis**

**Variance Explanations:**

**Project 12 - Wilson FGD / WWT**

Jul-25 vs. Jun-25	-92%	The decrease is due to the timing of product delivery at Wilson Station.
Aug-25 vs. Jul-25	533%	The increase is due to the timing of product delivery at Wilson Station.
Sep-25 vs. Aug-25	-29%	The increase is due to the timing of product delivery at Wilson Station.
Oct-25 vs. Sep-25	-85%	The decrease is due to the timing of product delivery at Wilson Station.
Nov-25 vs. Oct-25	220%	The increase is due to the timing of product delivery at Wilson Station.

**Project 14 - Wilson Landfill Cover**

Jun-25 vs. May-25	99%	The increase is due to the timing of the annual state fee.
Jul-25 vs. Jun-25	49%	The increase is due to increase in engineering costs.
Aug-25 vs. Jul-25	54%	The increase is due to increase in engineering costs.
Sep-25 vs. Aug-25	67%	The increase is due to increase in engineering costs.
Oct-25 vs. Sep-25	41%	The increase is due to increase in engineering costs.
Nov-25 vs. Oct-25	-73%	The decrease is due to decrease in engineering costs.

**Project 15 - Green Landfill Drainage - Green Allocation**

Jun-25 vs. May-25	159%	The increase is due to the 2025 CCR Annual Fee KY State Treasurer in Jun-25.
Jul-25 vs. Jun-25	-67%	The decrease is due to the 2025 CCR Annual Fee KY State Treasurer in Jun-25.
Aug-25 vs. Jul-25	154%	The increase is due to an agreed upon procedure engagement KPMG.
Sep-25 vs. Aug-25	17%	The increase is due to timing of maintenance on the leachate system.
Oct-25 vs. Sep-25	532%	The increase is due to dam and road repairs around Sebree Landfill.
Nov-25 vs. Oct-25	-72%	The increase is due to dam and road repairs around Sebree Landfill.

**Project 15 - Green Landfill Drainage - Station Two Allocation**

Sep-25 vs. Aug-25	Note 1	N/A
Oct-25 vs. Sep-25	-100%	The decrease is due to timing of water sampling in September.

**Case No. 2026-00089**

**Attachment for Response to Staff's First Request Item 3**

**Witnesses: Rebecca 'Becky' Shelton and Kyle Curtis**

**Page 10 of 10**

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

RESPONSE OF BIG RIVERS ELECTRIC CORPORATION TO COMMISSION  
STAFF'S FIRST REQUEST FOR INFORMATION DATED MAY 11, 2026

June 8, 2026

**Item 4)** *This request is addressed to BREC. Refer to BREC's monthly environmental surcharge reports for six-month review period. Provide the calculations and supporting data for the rates of return included in each monthly environmental surcharge filing. Provide all supporting calculations and documentation in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.*

**Response)** Please see the attachment to this response for the calculations and supporting data for the rates of return included in each monthly environmental surcharge filing for the six-month review period. The attachment is also provided in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible, in a separate Excel file as part of the electronic filing.

**Witness:** Rebecca L. (Becky) Shelton

**BIG RIVERS ELECTRIC CORPORATION**  
**CASE NO. 2026-00089**  
**Calculations for Rates of Return on Environmental Surcharge Mechanism**  
**For the Expense Months: June 2025 through November 2025**

Calculations of Monthly Rates of Return on Environmental Compliance Rate Base:

Expense Month:	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>
<b>Monthly Interest Expense on Long-Term Debt (by Obligation):</b>						
CoBank 2012 Term Loan	\$ 399,480.66	\$ 400,789.37	\$ 400,789.37	\$ 387,860.70	\$ 388,639.48	\$ 376,102.72
CFC 2012 Refinance Notes (Loan No. 9003)	538,768.89	554,734.07	550,012.74	524,114.95	540,081.52	519,439.07
RUS Series B Note	-	-	-	-	-	-
RUS-FFB Loan-W8	37,392.62	37,513.61	37,513.61	36,303.50	36,383.38	35,209.72
RUS-FFB Loan-X8	35,912.42	36,731.20	36,731.20	35,546.32	36,353.08	35,180.39
RUS-FFB Loan-Y8 A	36,619.09	37,414.39	37,414.39	36,207.47	36,976.28	35,795.80
RUS-FFB Loan-Y8 B	318,969.25	326,374.95	326,374.94	315,846.71	323,151.19	312,726.97
RUS-FFB Loan-AA8	102,706.64	104,979.99	104,979.98	101,593.51	103,829.78	100,480.43
RUS-FFB Loan-Z8	51,314.64	52,434.59	52,434.59	51,169.47	51,997.96	50,320.61
RUS-FFB Loan-AC58	441,317.75	455,920.33	455,920.33	441,318.89	455,920.33	441,213.22
CFC 2020 Series B (Bond Refinance)	170,479.72	176,162.38	176,162.38	170,479.74	176,162.38	170,479.73
CFC Series 2022 Loan One	173,703.69	172,037.43	172,037.43	172,037.44	170,352.10	170,352.10
CFC Series 2022 Loan Two	184,931.59	183,234.13	183,234.13	183,234.12	181,516.21	181,516.21
CFC-Farmer Mac Loan Series 2022	165,551.99	163,932.58	163,932.58	163,932.59	162,295.47	162,295.47
CFC-Series 2023 Loan 1	150,868.80	149,649.31	149,649.31	149,649.31	148,413.21	148,413.21
CFC-Series 2023 Loan 2	107,763.43	106,892.36	106,892.36	106,892.38	106,009.44	106,009.44
CFC-Series 2023 Loan 3	329,027.71	326,482.26	326,482.26	326,482.25	323,902.05	323,902.05
<b>(a) Total Monthly Interest Expense on Long-Term Debt</b>	<b>\$ 3,244,808.89</b>	<b>\$ 3,285,282.95</b>	<b>\$ 3,280,561.60</b>	<b>\$ 3,202,669.35</b>	<b>\$ 3,241,983.86</b>	<b>\$ 3,169,437.14</b>
Total Outstanding Long-Term Debt (Beginning of Month)	\$ 954,955,988.06	\$ 946,684,424.61	\$ 946,684,424.61	\$ 942,595,119.00	\$ 934,255,643.66	\$ 934,255,643.66
Total Outstanding Long-Term Debt (End of Month)	946,684,424.61	946,684,424.61	942,595,119.00	934,255,643.66	934,255,643.66	930,119,822.20
<b>(b) Average Outstanding Long-Term Debt during Month</b>	<b>\$ 950,820,206.34</b>	<b>\$ 946,684,424.61</b>	<b>\$ 944,639,771.81</b>	<b>\$ 938,425,381.33</b>	<b>\$ 934,255,643.66</b>	<b>\$ 932,187,732.93</b>
(c) Number of Days During Year	365	365	365	365	365	365
(d) Number of Days During Month	30	31	31	30	31	30
(e) Average Cost of Debt $[(a) \div (b)] \times [(c) \div (d)]$	4.15%	4.09%	4.09%	4.15%	4.09%	4.14%
(f) Applicable TIER <sup>(1)</sup>	1.24	1.24	1.24	1.24	1.24	1.24
<b>(g) Rate of Return on Environmental Compliance Rate Base <math>[(e)</math></b>	<b>5.15%</b>	<b>5.07%</b>	<b>5.07%</b>	<b>5.15%</b>	<b>5.07%</b>	<b>5.13%</b>

**Notes:**  
<sup>(1)</sup> Applicable Times Interest Earned Ratio ("TIER") for calculating the Rate of Return on Environmental Compliance Rate Base per Big Rivers' Environmental Surcharge Tariff approved by Order of the Commission dated October 1, 2012 (Case No. 2012-00063).

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**Item 5) *This request is addressed to BREC and Meade Rural Electric Cooperative Corporation (Meade RECC). Refer to Case No. 2024-00149, generally.***<sup>7</sup>

**a. *Commensurate with the date that BREC and Meade RECC ceased assessing Nucor Corporation (Nucor) a Fuel Adjustment Clause assessment, confirm that BREC and Meade RECC also ceased assessing Nucor an environmental surcharge. If not, explain.***

**b. *Explain whether BREC and Meade RECC complied with KRS 278.183(1) or their tariffs to not charge Nucor an environmental surcharge.***

**c. *Explain whether BREC's Owner-Members' other customers have been paying environmental surcharge rates that are higher than they would have otherwise, but for BREC's contract with Nucor. If so, provide the calculations in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible showing what the environmental***

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<sup>7</sup> Case No. 2024-00149, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from May 1, 2023 through October 31, 2023 (filed Aug. 2, 2024).*

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*surcharge would have been had BREC been charging Nucor its share of environmental costs. Also include in the response the total amount that BREC's Owner-Members have been over charged due to Nucor not being charged an environmental surcharge.*

*d. Provide an estimate of the amount that Nucor would have paid if BREC had been assessing NUCOR an environmental surcharge assessment monthly. Provide the amount by month and annual totals.*

*e. Refer also to ES Forms 3.00 and 3.10. Explain whether the revenues presented on these forms include revenues from Nucor.*

**Response)**

a. Confirmed. The Agreement for Electric Service between Meade County RECC and Nucor Corporation ("Nucor") dated September 9, 2019, which was approved by the Commission on August 17, 2020 in Case No. 2019-00365 ("August 17, 2020 Order", exempts sales to Nucor from the Environmental Surcharge (ES) charge during the period from the Service Commencement Date (*i.e.*, December 1,

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2022) through [REDACTED]. During that same period, Nucor's service is also not eligible to receive bill credits under the Big Rivers Member Rate Stability Mechanism. Please see a copy of the August 17, 2020 Order attached to this response (Attachment PSC 1-5a).

Prior to the Service Commencement Date (*i.e.*, during construction and ramp-up phases), Nucor paid the ES charge on applicable sales. Nucor will also pay the ES charge on applicable sales after [REDACTED].

b. Big Rivers and Meade County RECC complied with KRS 278.183(1) and their applicable tariffs in not charging Nucor an Environmental Surcharge for service rendered since the Service Commencement Date. KRS 278.183(1) authorizes a utility to recover environmental compliance costs through an Environmental Surcharge, but it does not mandate or even allow a utility to charge a customer a rate that is different from a customer-specific rate in a Commission-approved special contract for that customer. In fact, KRS 278.160 requires Big Rivers and Meade County RECC to charge Nucor only the rates in the Commission-approved Agreement for Electric Service, and it therefore prohibits Big Rivers and Meade County RECC from charging Nucor the

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Environmental Surcharge because the Agreement for Electric Service excludes sales to Nucor from the Environmental Surcharge from the Service Commencement Date through [REDACTED].

c. Because revenues from Nucor are being excluded from the calculation of the ES factor, the remaining customers of Big Rivers' Members are paying the same ES charges they would have paid if the Nucor contract did not exist.

Nevertheless, if Nucor's revenue is included in the calculation of the ES, it would affect the Member Revenue on Form 3.00 and Form 3.10. The addition of this revenue would subsequently impact the Member System Allocation Ratio and the Average Monthly Member Revenue. Using the revised ES factor with Nucor revenues included in the calculation, the variance average factor from December 2022 through January 2026 is (0.370048%) or \$300,413. Please see the attachment to this response (Confidential Attachment PSC 1-5c) in Excel spreadsheet format illustrating the calculation.

d. Following are the hypothetical monthly and annual totals that would have resulted if Nucor were assessed the revised ES factor from December 2022 through

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January 2026. Nucor, however, takes service under a Commission-approved contract (Case No. 2019-00365), which expressly excludes application of the environmental surcharge during the period beginning December 1, 2022.

<b><u>2022</u></b>	
Dec-22	13,783.66

<b><u>2023</u></b>	
Jan-23	16,356.20
Feb-23	7,488.54
Mar-23	31,551.61
Apr-23	65,283.61
May-23	71,496.95
Jun-23	103,840.85
Jul-23	107,784.74
Aug-23	109,711.62
Sep-23	101,202.48
Oct-23	91,046.26
Nov-23	111,802.29
<u>Dec-23</u>	<u>121,839.24</u>
Total 2023	939,404.39

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<b><u>2024</u></b>	
Jan-24	130,218.10
Feb-24	110,576.80
Mar-24	89,546.90
Apr-24	119,846.34
May-24	122,696.44
Jun-24	121,577.29
Jul-24	141,786.03
Aug-24	141,636.28
Sep-24	122,625.16
Oct-24	135,302.54
Nov-24	129,046.85
<u>Dec-24</u>	<u>156,634.35</u>
Total 2024	1,521,493.08

<b><u>2025</u></b>	
Jan-25	148,309.37
Feb-25	146,090.54
Mar-25	97,810.92
Apr-25	128,333.97
May-25	140,089.62
Jun-25	200,099.08
Jul-25	168,184.95
Aug-25	158,135.43
Sep-25	134,066.16
Oct-25	145,178.45
Nov-25	185,888.31
<u>Dec-25</u>	<u>154,871.62</u>
Total 2025	1,807,058.42

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<b>2026</b>		
	Jan-26	247,794.10

Please note that KRS 278.160 does not allow Big Rivers or Meade County RECC to charge Nucor an ES charge during the period that the Commission-approved Agreement for Electric Service excludes sales to Nucor from the Environmental Surcharge. Please also note that the rates in the Commission-approved Agreement for Electric Service “were a necessary factor in the decision of [Nucor] to locate its operations in Kentucky,” which Nucor estimated would “involve a capital investment of approximately \$1.35 Billion, and employment of approximately 400 full-time persons.”<sup>8</sup>

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<sup>8</sup> Agreement for Electric Service dated September 9, 2019, between Meade County RECC and Nucor, Section 9.02(c).

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e. Revenues on ES Forms 3.00 and 3.10 previously filed for the six-month review period reflect sales to which the Environmental Surcharge applies. Consequently, Nucor revenues are excluded from these filings during the period from the Service Commencement Date through [REDACTED]

**Witness:** Christopher Warren

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS	)	
ELECTRIC CORPORATION AND MEADE	)	
COUNTY RURAL ELECTRIC COOPERATIVE	)	CASE NO.
CORPORATION FOR (1) APPROVAL OF	)	2019-00365
CONTRACTS FOR ELECTRIC SERVICE WITH	)	
NUCOR CORPORATION; AND (2) APPROVAL	)	
OF TARIFF	)	

ORDER

On October 18, 2019, Big Rivers Electric Corporation (BREC) and Meade County Rural Electric Cooperative Corporation (Meade County RECC) filed a joint application, pursuant to KRS 278.030, 278.040, 278.160, and 278.180; 807 KAR 5:001, Section 14; and 807 KAR 5:011, Sections 6, 9, and 13, seeking approval of a retail contract for electric service between Meade County RECC and Nucor Corporation (Nucor) and a wholesale letter agreement between BREC and Meade County RECC (collectively, Joint Applicants). Joint Applicants state that the retail and wholesale contracts are needed to facilitate the construction of a new Nucor facility in Brandenburg, Kentucky, that would significantly bolster the Commonwealth's economy. Lastly, BREC requests approval to establish a modified version of the Large Industrial Customer Expansion (LICX) tariff that was in effect from 2000 through 2014.

Pursuant to the Commission's October 30, 2019 Order, a procedural schedule was established for the processing of this matter. The procedural schedule provided for a deadline to file intervention requests, two rounds of discovery upon the joint application,

and a deadline for requesting a formal hearing or requesting that the matter be submitted for a decision based on the record. The only intervenor in this matter is Nucor. Joint Applicants responded to two rounds of discovery requests propounded by Commission Staff. On January 17, 2020, Joint Applicants filed a notice indicating that a hearing is not necessary in this matter and that the case may be submitted for adjudication based on the existing record. The Commission finds that a hearing is not necessary for the public interest or the protection of substantive rights and, therefore, the matter will be decided based upon the existing evidentiary record.

### BACKGROUND

According to the joint application, Nucor is the largest steel producer in the United States with facilities located throughout the country, including an existing facility in Ghent, Kentucky, served by East Kentucky Power Cooperative, Inc. Further, according to the joint application:

In January 2019, Nucor announced that it was considering investing approximately \$1.35 billion to build a state-of-the-art 1.5 million square foot plate mill on the Buttermilk Falls Site in Brandenburg, Kentucky, consisting of electric arc furnaces, continuous casters, rolling mills, air separation facilities, scrap and raw materials processing facilities, slag processing facilities, and other facilities incidental and necessary to the production of steel. The mill would produce cut-to-length, heat-treated and discrete steel plate in widths and thickness that are not currently offered by Nucor. The contemplated [f]acility, which Nucor aims to begin operating by 2022, is projected to have an annual capacity of approximately 1.2 million tons. Between the capital investment required to construct and operate the [f]acility and the costs associated with the planned of the existing Nucor facility in Ghent, Nucor intends to invest over \$2 billion in Kentucky in the coming years.<sup>1</sup>

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<sup>1</sup> Joint Application at paragraph 8.

Because Nucor's new facility would be highly energy intensive and because the assurance of long-term competitive power pricing is a critical factor in Nucor's decision to locate in Brandenburg, Kentucky, Joint Applicants state that they have engaged in extensive discussions with Nucor and have negotiated the proposed special contracts to ensure that Nucor proceeds with its intended investment in Kentucky. Completion of the Nucor facility would bring 400 direct jobs with an annual average wage of \$72,000, over 2,600 indirect jobs across Kentucky, \$189 million in annual labor income, \$14.3 million in annual state and local tax revenues, and approximately \$360 million in annual gross domestic product once the new mill is fully operational.<sup>2</sup> Specifically, an economic and fiscal impact analysis performed on behalf of BREC showed that of the statewide impact, about 2,800 direct and indirect jobs and \$176 million in labor income will be concentrated in Meade County and the nearby Kentucky counties of Breckinridge, Bullitt, Hardin, and Jefferson.<sup>3</sup> Lastly, during the two-year construction of the new mill, the Nucor project will create 2,349 jobs; increase incomes annually by \$151.1 million; and add approximately \$216 million to Kentucky's annual gross domestic product.<sup>4</sup>

With respect to the retail agreement, joint applicants state that this agreement sets forth the terms and conditions of Meade County RECC's electric service to the new Nucor facility.<sup>5</sup> Throughout the contract term, Meade County RECC would purchase all of the electric power and energy for resale to the new Nucor mill from BREC.<sup>6</sup> The retail

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<sup>2</sup> *Id.*, Direct Testimony of Robert W. Berry (Berry Testimony) at 3 of 9.

<sup>3</sup> Berry Testimony, Berry-Ex. 4 at 2-3.

<sup>4</sup> Berry Testimony at 3 of 9.

<sup>5</sup> *Id.* at 4 of 9.

<sup>6</sup> *Id.*

agreement is structured into three phases. In the first phase, once all required conditions are met, Nucor will begin taking service under BREC's Large Industrial Customer tariff, or its successor, including all applicable riders and taxes, but without any retail adder from Meade County RECC.<sup>7</sup>

Once the new Nucor mill begins commercial operation, a different electric pricing structure commences. Under this second phase, Nucor would pay Meade County RECC a monthly demand charge as specified in the retail agreement for a certain increment of billing demand. Should Nucor exceed the threshold billing demand, Nucor would pay the greater of (1) the demand charge set forth in BREC's Large Industrial Customer tariff, or its successor; or (2) BREC's out-of-pocket costs associated with each megawatt of excess demand.<sup>8</sup> Under this second pricing structure phase, Nucor would also pay on-peak and off-peak energy charges for all energy consumed in accordance with the retail agreement.<sup>9</sup>

In the third and final rate structure phase, which runs until the end of the retail agreement term, the terms and conditions have been afforded confidential treatment at the request of the joint applicants.

In the event the retail agreement is terminated for any reason, Nucor is obligated to pay Meade County RECC a termination charge as set forth in the agreement.<sup>10</sup>

Joint Applicants state that the wholesale agreement reflects the concurrence with the terms of the retail agreement. The wholesale agreement also sets forth additional

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<sup>7</sup> *Id.* at 4–5 of 9.

<sup>8</sup> *Id.* at 5 of 9.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 7 of 9.

rights and obligations of BREC and Meade County RECC, the division of any partial payments made by Nucor, and BREC's agreement to hold Meade County RECC harmless for any costs Meade County RECC incurs relating to the retail agreement.

Joint Applicants assert that the retail and wholesale agreements are reasonable and that the electric pricing agreed to by the parties is expected to cover the incremental costs associated with the Nucor facility and to result in Nucor contributing to fixed costs throughout the contract term. BREC also states that the Nucor facility would represent the culmination of its successful efforts to fulfill the risk mitigation plan it implemented in 2012 after receiving the termination notice from the first of its two large smelter customers.<sup>11</sup> BREC indicated that over the past seven years, it has worked diligently to offset the loss of the smelter load, entering into off-system sales agreements with Nebraska municipalities, Kentucky Municipal Power Agency, and Owensboro Municipal Utilities in order to reduce cost for its native load customers.<sup>12</sup> Should Nucor complete its expansion in Meade County RECC's service territory, BREC states that it could offset the remaining smelter load loss through increased native load sales rather than shorter-term off-system sales, achieving the ultimate goal of the mitigation plan.<sup>13</sup>

BREC also requests approval to reinstate a modified version of the Large Industrial Customer Expansion Tariff (LICX Tariff). BREC states that the initial LICX Tariff was approved in Case No. 99-360<sup>14</sup> as a three-year pilot to address BREC's concern that the

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<sup>11</sup> *Id.* at 8 of 9.

<sup>12</sup> *Id.* at 8–9 of 9.

<sup>13</sup> *Id.* at 9 of 9.

<sup>14</sup> Case No. 99-360, *The Tariff Filing of Big Rivers Electric Corporation to Revise the Large Industrial Customer Rate Schedule* (Ky. PSC Feb. 25, 2000).

unexpectedly robust native load growth forecasted on its system would eventually exceed its system capacity.<sup>15</sup> BREC notes that in 2000 it had just emerged from bankruptcy and was concerned that it did not have the financial ability to withstand the volatility of the wholesale power market needed to serve its forecasted load increases.<sup>16</sup> The initial LICX Tariff prevented BREC from financial harm by allowing certain large industrial customers the option to pay market-based rates for power plus a per kW-month adder.<sup>17</sup> BREC indicates that the LICX Tariff was extended over the years until 2014 when BREC requested in Case No. 2013-00199<sup>18</sup> that the LICX Tariff be discontinued as a result of the loss of the significant smelter loads from BREC's system.<sup>19</sup>

Unlike the prior LICX Tariff which applied to new or expanded loads of 5 MW to 10 MW, the proposed LICX Tariff requires new or expanded load of at least 50 MW to qualify for the tariff.<sup>20</sup> Similar to its earlier version, the qualifying load under the proposed LICX Tariff would be supplied at the actual market prices of power purchased by BREC from third-party suppliers, including all capacity and energy charges, charges to compensate for transmission losses on third-party transmission systems, all transmission and ancillary services charges on third-party transmission systems paid by BREC to

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<sup>15</sup> Joint Application, Direct Testimony of Paul G. Smith (Smith Testimony) at 4 of 6.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> Case No. 2013-00199, *Application of Big Rivers Electric Corporation for a General Adjustment of Rates Supported by Fully Forecasted Period* (Ky. PSC Apr. 25, 2014).

<sup>19</sup> Smith Testimony at 4 of 6.

<sup>20</sup> Smith Testimony at 5 of 6.

purchase the power and wheel it to BREC's transmission system, and all Midcontinent Independent System Operator expenses and costs.<sup>21</sup>

BREC states that the proposed LICX Tariff will also include an adder for all of the power purchased under the tariff.<sup>22</sup> BREC further states that the level of the adder would vary by customer on a case-by-case basis, which would allow BREC flexibility to propose a reasonable markup level associated with its market purchases based upon the individual circumstances surrounding the new or expanded load.<sup>23</sup>

BREC asserts that the proposed LICX Tariff is needed to facilitate Nucor's significant expansion into Kentucky.<sup>24</sup> BREC also asserts that the proposed LICX Tariff is structured to allow BREC to receive some compensation if load growth exceeds its available capacity.<sup>25</sup> In general, BREC states that the purpose of the proposed LICX Tariff is to provide a mechanism to offer reasonable rates to very large new or expanded load while protecting existing customers from potential cost risks associated with such new or expanded load.<sup>26</sup> BREC also points out that the modified LICX Tariff does not change the rates Nucor will pay, but does require customers that would be served via the LICX Tariff to negotiate a Special Contract Rate that is sufficient to ensure that the rate the new or expanded load pays provides a net benefit to existing customers.<sup>27</sup> Lastly,

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<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> Smith Testimony at 6 of 6.

<sup>25</sup> *Id.*

<sup>26</sup> BREC's response to Commission Staff's First Request for Information, Item 12.

<sup>27</sup> *Id.*

BREC maintains that reinstatement of the proposed LICX Tariff may help facilitate additional economic development in its service territory, noting that several companies have recently expressed interest in expanding in BREC's service territory.<sup>28</sup>

### DISCUSSION

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that the retail agreement and the wholesale agreement associated with the provision of electric service to the new Nucor steel plate mill in Brandenburg, Kentucky, is reasonable and should be approved. Based upon BREC's economic analysis, the contract rates to be paid by Nucor for the first ten years of the contract is expected to make a contribution to fixed costs and cover incremental costs associated with the special contracts. BREC states that it will use bilateral contracts and the energy associated with the solar purchase power agreements (PPAs) that are the subject of the pending Case No. 2020-00183 matter<sup>29</sup> as a hedge to mitigate against both price exposure and carbon exposure for BREC and Meade County RECC.<sup>30</sup> BREC further states that it will have a significant portion of the energy required by the Nucor plate mill facility under the retail contract hedged if the solar PPAs are approved in Case No. 2020-00183.<sup>31</sup> BREC also affirmatively states that it will seek hedges for the fixed pricing after

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<sup>28</sup> Smith Testimony at 6 of 6.

<sup>29</sup> Case No. 2020-00183, *Electronic Application of Big Rivers Electric Corporation for Approval of Solar Power Contracts* (application filed June 24, 2020). The Commission notes that the solar purchase power agreements (PPAs) will be needed to provide electric service to the new Nucor facility under the Nucor retail electric service agreement and thus Nucor will be obligated to pay the contract price of those solar PPAs.

<sup>30</sup> BREC's and Meade County RECC's response to Commission Staff's Third Request for Information, Item 2.

<sup>31</sup> *Id.*

all regulatory approvals have been obtained.<sup>32</sup> The remaining term of the special contract is structured to provide a significant contribution to fixed costs on the BREC system as well as recovery of the incremental costs associated with the expansion. Moreover, BREC's economic analysis of the terms of the special contract results in significant benefits to the BREC system overall. The special contract would also enable BREC to attract a substantial load to its system and contribute to further the economic development of BREC's footprint and the nearby region. While the contract contains a specific provision that would allow BREC to recover certain of its investment in upgrading its facilities to provide service to the new Nucor facility, the record does not reflect whether Nucor is obligated under the terms of the contract to pay all of the fixed costs incurred to serve the new plate mill facility, including those associated with the solar purchase power agreements, in the event Nucor is unable to expand its plate mill facility operations in Brandenburg. The Commission concludes, however, that the overall structure of the retail electric service agreement is reasonable and should provide benefits to BREC, Meade County RECC, and their customers.

In light of BREC's unique circumstances, the Commission also finds that the terms of the proposed LICX Tariff are reasonable and should be approved. We note that just over seven years ago BREC sustained a significant loss of its native load when two aluminum smelters exited the BREC system by terminating their respective power agreements with BREC.<sup>33</sup> The two smelter loads amounted to approximately 850 MW,

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<sup>32</sup> *Id.*

<sup>33</sup> See Case No. 2020-00064, *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* (Ky. PSC June 25, 2020) final Order at 3.

reflecting more than one half of BREC's then native load.<sup>34</sup> BREC has since worked diligently in mitigating the loss of the two smelter loads by marketing its power, pursuing off-system sales opportunities, and engaging in economic development activities. BREC's efforts have resulted in purchase power agreements with several entities that will generate revenues, provide benefits to BREC's members, and stem the effects of the loss of the smelter loads. BREC's economic development efforts have also resulted in securing the Nucor plate mill facility in Brandenburg which will significantly increase BREC's native load and will result in BREC being in a capacity deficit position for a short period of time in the near future. Thus, within the span of a decade, BREC will have completely reverse its situation from that of having significant excess capacity to increasing its load obligation to the point of being capacity deficit for several years until the expiration of its off-system sales contracts. The Commission commends BREC for its successful efforts in mitigating the loss of the smelter loads. It is under these extreme circumstances that the Commission finds the terms of the proposed LICX Tariff to be a reasonable accommodation to allow BREC the ability to be able to access the market-based power to maintain a capacity-to-load balance while also requiring that the rate paid by a customer taking power under the LICX Tariff will provide net benefit to existing customers.<sup>35</sup> The Commission notes that the addition of the Nucor load falls between BREC's most recent Integrated Resource Plan (IRP) filing and its next IRP filing. Given the increased demand obligation associated with Nucor load in conjunction with the

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<sup>34</sup> *Id.*

<sup>35</sup> The Commission notes that Kentucky Power Company's Tariff E.D.R. (Economic Development Rider) has a similar provision that allows Kentucky Power Company (Kentucky Power) to procure capacity on the Tariff E.D.R. customer's behalf during periods when Kentucky Power does not have sufficient generating capacity available. See Kentucky Power's Tariff E.D.R. (Economic Development Rider), P.S.C. Ky. No. 11, Original Sheet No. 37-1, Terms and Condition Section (1).

expected retirements of its Coleman Generating Station and its Reid Generating Station Unit 1, the Commission looks forward to reviewing BREC's upcoming IRP filing.

Although neither BREC nor Meade County RECC has an economic development rider (EDR) tariff, the retail electric service agreement provides for a fixed demand charge that amounts to a discounted rate during the second rate structure phase of the agreement. Given the nature of the discounted rate, the Commission will impose certain requirements that are typically associated with a contract developed pursuant to an EDR tariff. Accordingly, the Commission will require BREC and Meade County RECC to demonstrate as part of its cost of service studies filed in any subsequent matter during the period of time when the Nucor retail agreement is in effect that shows that BREC's or Meade County RECC's other ratepayers are not adversely affected by the contract rate paid by Nucor during the retail electric service agreement. BREC and Meade County RECC should also file annual reports detailing the financial impacts of the Nucor retail electric service agreement as well as the impact the Nucor load has on BREC's credit ratings.

IT IS HEREBY ORDERED that:

1. The retail contract for electric service between Meade County RECC and Nucor and the wholesale letter agreement between BREC and Meade County RECC as described in the application is approved.
2. The proposed LICX Tariff as described in the application is approved effective on and after the date of entry of this Order.

3. Within 20 days of the date of this Order, BREC and Meade County RECC shall file with the Commission, using the Commission's electronic Tariff Filing System, the retail contract for electric service and wholesale letter agreement approved herein.

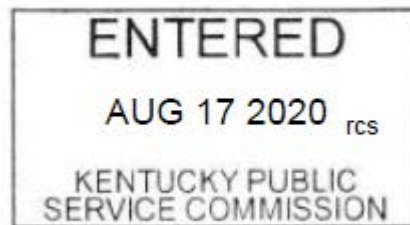
4. Within 20 days of the date of this Order, BREC shall file with the Commission, using the Commission's electronic Tariff Filing System, the LICX Tariff sheets approved herein reflecting their effective date and that they were approved pursuant to this Order.

5. During any rate proceedings by BREC or Meade County RECC filed subsequent to the effective date of the Nucor retail electric service agreement and the wholesale letter agreement and throughout the terms of these two agreements, BREC or Meade County RECC shall demonstrate through detailed cost of service analysis that its other ratepayers are not adversely affected by the contract rate paid by Nucor during the retail electric service agreement. This demonstration should also be made if either BREC or Meade County RECC file a cost of service study in any matter other than a rate proceeding.

6. BREC and Meade County RECC shall file as part of BREC's annual filing required by ordering paragraph 10 of the Commission's June 25, 2020 Order in Case No. 2020-00064 information detailing the financial impacts of the Nucor retail electric service agreement and the impact the Nucor load has had on BREC's credit ratings.

7. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:



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Acting Executive Director

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