

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT 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	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO BIG RIVERS ELECTRIC CORPORATION AND  
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Big Rivers Electric Corporation (BREC) and Meade County Rural Electric Cooperative Corporation (Meade RECC) (jointly, Joint Applicants), pursuant to 807 KAR 5:001, are to file with the Commission the original and an electronic version of the following information. The information requested herein is due on December 11, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if Joint Applicants obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, paragraph 2. Provide the date by which Joint Applicants request a final Order in this proceeding.

2. Refer to the application, paragraph 19. Provide the quantitative support that shows the rates under the proposed special contracts are expected to cover the incremental costs associated with the special contracts and make a contribution to BREC's fixed costs. Also, explain why BREC would need to hedge its future energy

production and procurement to ensure these expectations and how it intends to carry out this hedging strategy.

3. Refer to the application, Exhibits C and F of the Retail Agreement.

a. Confirm that for the first designated period of the contract, Nucor will pay the applicable charges from the Adjustment Clauses listed in the large industrial customer tariff in Exhibit F.

b. Assuming that the large industrial customer tariff in Exhibit F does not change, confirm that for the third designated period of the contract, Nucor will pay the demand, energy, and applicable adjustment clauses listed in the tariff for the first designated MW block of power.

c. For the third designated period of the contract and the second designated MW block of power, explain in detail from where the power will be sourced if the designated generation technology facility is insufficient to supply all of Nucor's needs. Will BREC make up the difference with its own generation?

d. For the third designated period of the contract and the second designated MW block of power, explain the circumstances under which Nucor would be subject to paying applicable adjustment clauses listed in the large industrial customer tariff in Exhibit F.

4. Refer to the application, paragraph 19, and the Direct Testimony of Robert W. Berry (Berry Testimony), pages 7 and 8 of 9.

a. State whether BREC or Meade RECC has conducted a detailed cost/benefit analysis related to the financial impacts of the proposed contracts. If yes, provide a copy of such analysis.

b. State whether BREC or Meade RECC has conducted a net present value (NPV) analysis related to the impacts of the proposed contracts. If yes, provide a copy of the NPV analysis.

c. If the answer to items a. and b. above are negative, provide a schedule showing the anticipated revenues, expenses, and capital expenditures for BREC and Meade RECC for each year over the term of the contracts.

5. Refer to the application, paragraph 24. Provide an update to the discussions BREC has had with other companies interested in expanding in its service territory and consider this an ongoing request throughout these proceedings.

6. Refer to the Berry Testimony, page 4, beginning at line 21. Identify and explain all other approvals, other than those specifically mentioned in the application that would be required for both the Wholesale and Retail Arrangement to be effective.

7. Refer to the Berry Testimony, pages 5–6, regarding the third rate structure, which will continue until the end of the Retail Agreement term. Explain the rationale behind the components of this rate structure.

8. Refer to the Berry Testimony, pages 8–9. Explain how costs for native load customers have been reduced as BREC has offset the loss of the smelter load over the last seven years.

9. Refer to the Berry Testimony, Exhibit 2, page 1. Provide a copy of the Wholesale Contract dated June 8, 1962, between BREC and Meade RECC.

10. Refer to the Berry Testimony, Exhibit 2, Article 2.11, and Exhibit A. State when the study is expected to be completed and provide the estimated cost of each of the facilities identified in Exhibit A

11. Refer to the Berry Testimony, Exhibit 2, Exhibit B, regarding the termination charge. State whether the estimated Transmission Facilities Costs has increased since July 3, 2019. If so, provide the updated estimated amount of the Transmission Facilities Costs and state whether the Retail Agreement will be revised to include the updated amount.

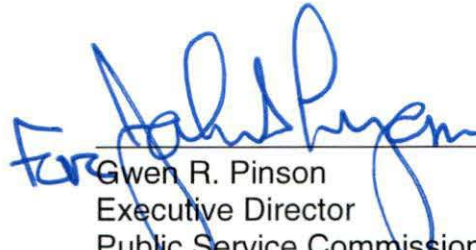
12. Refer to the Berry Testimony, Exhibit 2, Exhibit E. With the Large Industrial Customer Expansion (LICX) tariff as it existed when it was eliminated in Case No. 2013-00199 as the starting point, provide a copy of the LICX tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

13. Refer to the Direct Testimony of Paul G. Smith, page 6, lines 2–19, regarding the justification for the proposed reinstatement of the LICX tariff, as modified.

a. Explain whether the unique situation that BREC faced in 2000, which justified the initial establishment of the LICX tariff, will be the situation that BREC will encounter in the future with the Nucor load to justify the reinstatement of a modified LICX tariff.

b. Identify the companies that are considering expanding their operations in BREC's service territory and the associated load expansion of each of those companies.

c. State why reliance on the reinstatement of a modified LICX tariff would be the most reasonable alternative of addressing future load increases.

  
Gwen R. Pinson  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED NOV 22 2019

cc: Parties of Record

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