

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BIG RIVERS)	
ELECTRIC CORPORATION FOR APPROVAL)	
TO MODIFY ITS MRSM TARIFF, CEASE)	CASE NO.
DEFERRING DEPRECIATION EXPENSES,)	2020-00064
ESTABLISH REGULATORY ASSETS,)	
AMORTIZE REGULATORY ASSETS, AND)	
OTHER APPROPRIATE RELIEF)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation (BREC), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on April 24, 2020. The Commission directs BREC to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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.

BREC shall make timely amendment to any prior response if it obtains 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 BREC fails or refuses to furnish all or part of the requested information, BREC 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, BREC 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 99, and the Direct Testimony of Paul G. Smith (Smith Testimony), Exhibit Smith-4, proposed PSC KY No. 27, Second Revised Sheet No. 66.

- a. Provide the approximate date that BREC expects to complete its year-end financial statements after the end of a calendar year.

b. Refer also to BREC's response to Commission Staff's First Request for Information (Staff's First Request), Item 10. Provide sample annual filing formats for BREC's proposed New Tier Credit that includes the amortization of the Smelter Loss Mitigation Regulatory Assets as an explicit component of the calculation.

2. Refer to the Smith Testimony at page 23, lines 1–4 and 19, and BREC's response to Staff's First Request, Item 25.

a. Explain whether any additional amortization of the Smelter Loss Mitigation Regulatory Asset would also be recorded in the current year, similar to any reduced amortization.

b. Confirm that BREC would record the entire increase or decrease in amortization in December of the current year. If not, explain how the increase or decrease in amortization would be reflected in BREC's financial statements.

3. Refer to BREC's response to Staff's First Request, Item 1.

a. State whether BREC plans to decommission the Coleman Station by retiring in place or demolishing to four feet below grade. State the reasoning behind this decision.

b. State whether BREC is able to or intends to sell the property on which the Coleman Station sits.

4. Refer to BREC's response to Staff's First Request, Item 1(c). BREC states that the expected filing date for the financing application is in June and the anticipated financing is expected to occur in July. Per KRS 278.300(2), the Commission has up to 60 days to process a financing application. Explain whether BREC will ask for expedited review of its application.

5. Refer to BREC's response to Staff's First Request, Items 8(a) and 9(a). Explain why the costs for the Coleman Station were decreasing for the same period that costs for the Reid Station 1 were increasing.

6. Refer to BREC's response to Staff's First Request, Item 29. Provide any updates with BREC's request with the Rural Utilities Service.

7. Refer to the Smith Testimony at page 18, lines 7 -9, wherein he discusses what he terms "Regulatory Exclusions," and their exclusion from BREC's proposed Net Margins calculation.

a. Provide an exhaustive list of proposed Regulatory Exclusion that Big Rivers intends to exclude from its Net Margins calculation.

b. For each Regulatory Exclusion listed in part a, above, provide the amount of the expense incurred for the past three (3) calendar years, and the anticipated amount of the expenses for the next three (3) calendar years.

8. Refer to the Smith Testimony at page 9, lines 17-20 and page 10, lines 1-4, wherein he requests the Commission to expedite review of this proceeding in order not to, "jeopardize Big Rivers' ability to take advantage of its potential investment grade credit ratings at the time it issues new debt as early as July 2020, which will benefit Big Rivers' Members. Further, refer to the Application at page 8, lines 1-5. If, for instance, the Commission's final order in this matter is not issued until August, instead of June as requested, explain and quantify the costs, including lost opportunity costs (e.g. savings) that would result. Stated differently, explain and quantify the lost savings that would result from issuing new debt in July with BREC's current credit rating instead of an anticipated "improved" rating.

9. Provide the average rural monthly bill, by month, by class, for each of BREC's three (3) members for the each of the calendar years 2015-2019. The information provided in this response should be sufficient to indicate whether customers of particular "rural" classes use more electricity in any given month relative to other months on a consistent basis across calendar years in order to inform the Commission as to whether or not the Monthly Bill Credit should be credited equally each month or should be focused primarily, or exclusively, on months in which customers ordinarily consume more electricity. Understanding the basis of the request, if BREC believes the Commission may require additional information beyond what is requested herein, it should provide as much in its response.

10. Refer to the Smith testimony at page 24, lines 16-18. Further, refer to BREC's response to Staff's First Request, item 26(b).

a. Provide the number of times over the past ten (10) calendar years in which BREC's Margins for Interest Ratio (MFIR) was different than BREC's TIER.

b. For any occurrence identified in response to part a, above, provide the TIER and MFIR for that calendar year.

c. Explain the circumstances in which BREC would incur income tax expense and provide the likelihood BREC will incur tax expense over the next ten (10) calendar years.

11. Refer to BREC's response to Staff First Request, Item 27. Explain whether BREC's response is an indication that the approximately \$16 million in amortization expense resulting from amortizing BREC's outstanding and proposed regulatory assets will not be fully recovered each year under its proposal, even assuming a consistent 1.30

TIER. If BREC's response is not an indication that is the case, explain why then if this application was treated like a base rate case, the application would require a \$4 million annual increase.



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cc: Parties of Record

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