

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 EXPENSE PERIODS ENDING)
JANUARY 31, 2020, JULY 31, 2020, JANUARY)
31, 2021, JANUARY 31, 2022, JULY 31, 2022,)
AND JANUARY 31, 2023, THE TWO-YEAR)
EXPENSE PERIODS ENDING JULY 31, 2021,)
AND JULY 31, 2023, AND THE PASS THROUGH)
MECHANISM OF ITS THREE MEMBER)
DISTRIBUTION COOPERATIVES)

CASE NO.
2023-00373

ORDER

On June 26, 2008, the Commission approved Big Rivers Electric Corporation's (BREC) environmental surcharge application and established a surcharge mechanism.¹ The Commission also approved a mechanism to pass through the environmental surcharge to BREC's member distribution cooperatives (Member Cooperatives).² Pursuant to KRS 278.183(3), at six-month intervals, the Commission must review the past operations of the environmental surcharge, disallow any surcharge amounts found not to

¹ Case No. 2007-00460, *Application of Big Rivers Electric Corporation for Approval of an Environmental Compliance Plan and Environmental Surcharge Tariff* (Ky. PSC June 26, 2008).

² The three Member Cooperatives were authorized to implement a pass-through mechanism in Case No. 2007-00470, *Application of Meade County Rural Electric Cooperative Corporation for Approval of Retail Tariff Riders, Revised Tariffs and New Tariff, and for Approval of Amendment of Wholesale Agreement* (Ky. PSC, Dec. 12, 2008); Case No. 2008-00009, *Application of Kenergy Corp. for Approval of Retail Tariff Riders and Revised Tariffs, Approval of Smelter Agreements, and Approval of Amendment to Wholesale Agreement* (Ky. PSC, Dec. 12, 2008); and Case No. 2008-00010, *Application of Jackson Purchase Energy Corporation for Approval of Retail Tariff Riders, Revised Tariffs, New Tariff, and Amendment of Wholesale Agreement* (Ky. PSC Dec. 12, 2008).

be just and reasonable, and reconcile past surcharges with actual costs recoverable pursuant to KRS 278.183(1). At two-year intervals, the Commission must review and evaluate the past operations of the environmental surcharge, disallow improper expenses, and to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

On its own motion, the Commission initiates (1) the six-month review of BREC's environmental surcharge for the expense months ending January 31, 2020, July 31, 2020, January 31, 2021, January 31, 2022, July 31, 2022, and January 31, 2023; (2) the two-year review of BREC's environmental surcharge for the expense months ending July 31, 2021, and July 31, 2023; (3) the corresponding reviews of the Member Cooperatives' pass-through mechanisms for the six-month review periods billed beginning September 1, 2019, March 1, 2020, September 1, 2020, September 1, 2021, March 1, 2022, and September 1, 2022 to their retail member customers, and billed beginning August 1, 2019, February 1, 2020, August 1, 2020, August 1, 2021, February 1, 2022, and August 1, 2022, for large commercial and industrial customers with dedicated delivery points;³ and (4) the corresponding reviews of the Member Cooperatives' pass-through mechanisms for the two-year review periods billed beginning September 1, 2019, and September 1, 2021, to their retail member customers and August 1, 2019, and August 1, 2021, for large commercial and industrial customers with dedicated delivery points.⁴

³ The Commission's Orders in Case Nos. 2007-00470, 2008-00009, and 2008-00010 allow the Member Cooperatives to pass through the environmental surcharge to all their retail customers, except large commercial and industrial customers with dedicated delivery points, on a one-month lag. Those customers with dedicated delivery points are billed without the one-month lag necessary for the retail customers, therefore their billing period covers the same period as BREC.

⁴ The Commission's Orders in Case Nos. 2007-00470, 2008-00009, and 2008-00010 allow the Member Cooperatives to pass through the environmental surcharge to all their retail customers, except large commercial and industrial customers with dedicated delivery points, on a one-month lag. Those

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. In accordance with that schedule, BREC is to file prepared direct testimony: (1) in support of the reasonableness of the application of its environmental surcharge mechanism during the period under review; and (2) in support of the reasonableness of the application of the pass-through mechanism during the period under review. Also, in accordance with that schedule, the three Member Cooperatives, or BREC on their behalf, are to file prepared direct testimony in support of the reasonableness of the application of the pass-through mechanism during the periods under review.

In addition, BREC and the Member Cooperatives are to file their responses to the information requested in Appendix B to this Order and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held in the Richard Raff Hearing Room at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

customers with dedicated delivery points are billed without the one-month lag necessary for the retail customers, therefore their billing period covers the same period as BREC.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to review BREC's environmental surcharge and the pass-through mechanism for BREC's Member Cooperatives for the expense periods set forth in this Order.

2. The procedural schedule set forth in Appendix A to this Order shall be followed.

3. BREC and each of its Member Cooperatives listed in footnote 2 in this Order shall be parties to this case.

4. On or before the date set forth in the procedural schedule, BREC and each of its Member Cooperatives shall file its responses to the information requested in Appendix B attached to this Order.

5. BREC and each of its Member Cooperatives shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

6. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to the service and electronic filing of papers shall be followed in this proceeding.

7. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁵ regarding filings with the Commission.

⁵ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after

8. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

9. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, BREC and each of its Member Cooperatives shall file a written statement that it waives any right to service of Commission Orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

10. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

11. Any motion to intervene filed after the dates established in the procedural schedule shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

12. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an Order of the Commission granting its intervention, file with the Commission a written statement that:

(1) It, or its authorized agent, possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

13. BREC and the Member Cooperatives shall, by the date set forth in Appendix A, file their prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism and the pass-through mechanism during the period under review and on a proposal to roll its environmental surcharge into existing base rates.

14. Within seven days of the Commission's granting intervention to a party, BREC shall provide the party with a copy of its monthly environmental surcharge reports as filed with the Commission for the review period.

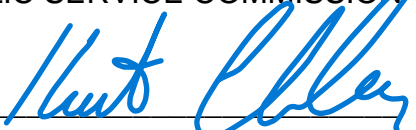
15. BREC's monthly environmental surcharge reports and supporting data for the review period shall be incorporated by reference into the record of this case.

16. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

17. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
DEC 08 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00373 DATED DEC 08 2023

BREC and the Member Cooperatives shall file their prepared direct testimony and responses to the information requested in Appendix B no later than..... 01/17/2024

A person interested in becoming a party to this proceeding shall file a motion to intervene with the Commission pursuant to 807 KAR 5:001, Section 4(11), no later than..... 01/13/2024

All additional requests for information to BREC and the Member Cooperatives shall be filed no later than 02/26/2024

BREC and the Member Cooperatives shall file responses to additional requests for information no later than 03/11/2024

Intervenor testimony, if any, in verified prepared form shall be filed no later than 03/18/2024

All requests for information to Intervenors shall be filed no later than 04/09/2024

Intervenors shall file responses to requests for information no later than..... 04/24/2024

Last day for BREC and its Member Cooperatives or Intervenors to request a hearing or submit this case for a decision based on the record..... 04/29/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00373 DATED DEC 08 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO BREC AND THE MEMBER COOPERATIVES

BREC and each of its member distribution cooperatives (Member Cooperatives),¹ pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on January 17, 2024. The Commission directs BREC and each of its Member Cooperatives to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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.

¹ The Member Cooperatives are Meade County Rural Electric Cooperative Corporation, Kenergy Corp., and Jackson Purchase Energy Corporation

² Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

BREC and each of its Member Cooperatives shall make timely amendment to any prior response if BREC and each of its Member Cooperatives obtain information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which BREC and each of its Member Cooperatives fail or refuse to furnish all or part of the requested information, BREC and each of its Member Cooperatives shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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 and each of its Member Cooperatives shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

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 six-month and two-year reviews. Provide all supporting calculations and documentation

in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

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 periods. Include a calculation of any additional over- or under-recovery amount the Member Cooperative believes needs to be recognized for the six-month and two-year reviews. Provide all supporting calculations and documentation in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

3. This request is addressed to BREC. Refer to ES Form 2.50, Operating and Maintenance Expenses, for the six-month review periods and the last six expense months in the two-year review periods. 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.

4. This request is addressed to BREC. Refer to BREC's monthly environmental surcharge reports for the six-month review periods and the last six expense months in the two-year review periods. 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.

5. This request is addressed to BREC. KRS 278.183(3) provides that during the two-year review the Commission shall, to the extent appropriate, incorporate

environmental surcharge amounts found just and reasonable into the existing base rates of the utility.

a. State whether BREC believes any surcharge amounts need to be incorporated into its base rates in conjunction with these two-year reviews. If so, provide the surcharge amount that BREC believes should be incorporated into its existing base rates.

b. For subpart a. above, explain how the surcharge amount should be incorporated into the base rates, including all supporting calculations, workpapers, and assumptions as well as any analysis that BREC believes supports its position. Provide all supporting schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

c. Provide the Base Environmental Surcharge Factor (BESF) that reflects all environmental surcharge amounts previously incorporated into existing base rates and the amount determined in subpart b. above. Include all supporting calculations, workpapers, and assumptions. Provide all supporting schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

d. State whether BREC believes that there will need to be modifications to either the surcharge mechanism or the monthly surcharge reports, other than a revision to BESF, as a result of incorporating environmental surcharge amounts into BREC's existing base rates. If so, provide a detailed explanation of the modifications and provide updated monthly surcharge reports

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