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April 18, 2011

Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

APR 19 2011

PUBLIC SERVICE
COMMISSION

Re: An 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, 2011, and the Pass-Through Mechanism for its
Three Member Distribution Cooperatives, PSC Case No. 2011-00085

Dear Mr. DeRouen:

Enclosed for filing in the above referenced matter are an original and ten copies of Big Rivers Electric Corporation's response to the Commission Staff's first data requests and an original and ten copies of the direct testimony of Mark A. Davis in support of the reasonableness of the environmental surcharge mechanisms of Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp. and Meade County Rural Electric Cooperative Corporation. A copy of this letter, the testimony, and the data request responses have been served on all parties of record.

Sincerely,



Tyson Kamuf

TAK/ej
Enclosures

cc: Albert Yockey
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Kelly Nuckols
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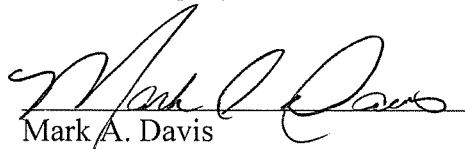
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BIG RIVERS ELECTRIC CORPORATION

**AN 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, 2011
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085**


VERIFICATION

I, Mark A. Davis, verify, state, and affirm that I prepared, or supervised the preparation of, the data request responses for which I am a witness and the testimony filed with this verification, and that those responses and that testimony are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Mark A. Davis

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Mark A. Davis on this the 18th day of April, 2011.

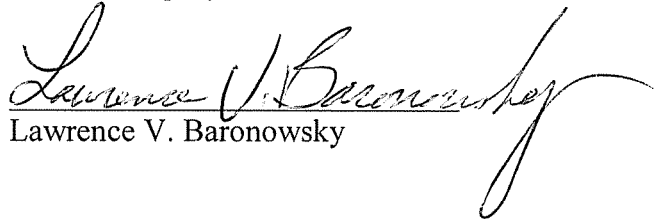

Notary Public, Ky. State at Large
My Commission Expires 1-12-13

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
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DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085**

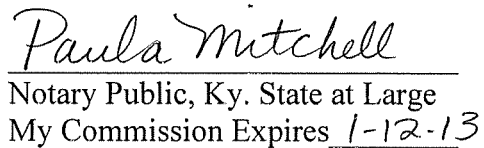
VERIFICATION

I, Lawrence V. Baronowsky, 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.


Lawrence V. Baronowsky

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

18th SUBSCRIBED AND SWORN TO before me by Lawrence V. Baronowsky on this the
day of April, 2011.


Notary Public, Ky. State at Large
My Commission Expires 1-12-13

1 COMMONWEALTH OF KENTUCKY
2 BEFORE THE PUBLIC SERVICE COMMISSION

3
4 In the Matter of:

5
6 AN EXAMINATION BY THE PUBLIC)
7 COMMISSION OF THE ENVIRONMENTAL)
8 SURCHARGE MECHANISM OF BIG RIVERS)
9 ELECTRIC CORPORATION FOR THE) CASE NO.
10 SIX-MONTH BILLING PERIOD ENDING) 2011-00085
11 JANUARY 31, 2011 AND THE PASS-THROUGH)
12 MECHANISM FOR ITS THREE MEMBER)
13 DISTRIBUTION COOPERATIVES)

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29 DIRECT TESTIMONY
30 OF
31 MARK A. DAVIS
32 ON BEHALF OF
33 BIG RIVERS ELECTRIC CORPORATION
34 AND
35 ITS THREE MEMBER DISTRIBUTION COOPERATIVES

1

2 A. As a Senior Accountant in the Accounting Department, my principal duties
3 primarily include preparing the monthly Fuel Adjustment Clause Form A and the
4 monthly Environmental Surcharge which are filed with the Public Service
5 Commission of Kentucky (“the Commission”). I also perform accounting duties
6 related to Big Rivers’ Member Rate Stability Mechanism, the Unwind Surcredit,
7 and the Non-Fuel Adjustment Clause Purchased Power Adjustment. I am also
8 responsible for calculating and preparing the monthly entries for Big River’s debt
9 obligations including Rural Utilities Service loans, Pollution Control Bonds, lines
10 of credit, and letters of credit. I also monitor the debt covenants and budget debt
11 expenses.

12

13 **Q. Have you previously testified before this Commission?**

14

15 A. Yes. I testified at the October 12, 2010 hearing in Big Rivers’ Six-Month FAC
16 review proceeding for the six-month period ending April 30, 2010 (Case No.
17 2010-00269). I also testified at the March 22, 2011 hearing in Big Rivers’ FAC
18 review proceeding for the period from July 17, 2009 through October 31, 2010
19 (Case No. 2010-00495). I also prepared and filed data responses in Big Rivers’
20 Environmental Surcharge Proceeding for the six-month billing period ending
21 January 31, 2010 in Case No. 2010-00368.

22

23 **Q. On whose behalf are you filing this testimony?**

1

2 A. I am filing this testimony on behalf of Big Rivers and its three member
3 distribution cooperatives, Jackson Purchase Energy Corporation (“JPEC”),
4 Kenergy Corp. (“Kenergy”), and Meade County Rural Electric Cooperative
5 Corporation (“Meade County”) (JPEC, Kenergy, and Meade County are
6 collectively referred to herein as the “Members”).

7

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

9

10 A. The purpose of my testimony is to describe the application of Big Rivers’
11 environmental surcharge mechanism as billed from August 1, 2010 through
12 January 31, 2011 (which corresponds to the expense months June 2010 through
13 November 2010 and service months July 2010 through December 2010).
14 Additionally, I have coordinated with Big Rivers’ Members in the preparation of
15 this testimony and prepared the responses to the Commission’s first data requests
16 (“Commission’s Initial Requests”) which accompany this testimony.

17

18 This testimony includes information the Members’ have provided me in support
19 of their pass-through mechanisms that are also under review in this proceeding
20 and that the Members use to pass through to their retail members the costs Big
21 Rivers charges to them under Big Rivers’ environmental surcharge mechanism.

22 As can be seen in my response to Item 2 of the Commission’s Initial Requests, the
23 review period for the Members’ pass-through mechanisms that corresponds to the

1 August 1, 2010 through January 31, 2011 billing period for Big Rivers'
2 environmental surcharge mechanism are the billing months of September 2010
3 through February 2011 for non-dedicated delivery point customers, and August
4 1, 2010 through January 31, 2011 for dedicated delivery point customers (*i.e.*,
5 there is no billing lag for dedicated delivery point customers).

6
7 **Q. Please provide a brief overview of Big Rivers' environmental surcharge**
8 **mechanism.**

9
10 A. Big Rivers' environmental surcharge mechanism was approved by the
11 Commission by Order dated June 25, 2008, in Case No. 2007-00460. Big Rivers'
12 environmental surcharge went into effect immediately following the July 16,
13 2009, closing of the Unwind Transaction for service commencing July 17, 2009.
14 The Commission approved the Unwind Transaction by its Order dated March 6,
15 2009, in Case No. 2007-00455.

16
17 Big Rivers issued an amendment to its Environmental Surcharge tariff on
18 December 17, 2010, to conform the tariff language with the Commission-
19 approved form for calculating the Environmental Surcharge. That amendment
20 was accepted by the Commission on January 18, 2011. The amendment does not
21 affect the operation of the Environmental Surcharge.

22

1 Big Rivers' environmental compliance plan approved by the Commission in Case
2 No. 2007-00460 consists of a program and the costs associated with controlling
3 each of sulfur dioxide ("SO₂"), nitrogen oxide ("NO_x"), and sulfur trioxide
4 ("SO₃"). The environmental surcharge costs Big Rivers may recover under KRS
5 278.183, and its environmental compliance plan, include reagent costs, sludge and
6 ash disposal costs, and allowance costs.

7
8 For the SO₂ program, Big Rivers recovers through its environmental surcharge
9 mechanism the costs of reagents, the costs for the disposal of coal combustion
10 byproducts (fly ash, bottom ash, and scrubber sludge), and the costs of purchasing
11 SO₂ emission allowances. For the NO_x program, Big Rivers recovers the costs of
12 reagents and the costs of purchasing additional NO_x emission allowances as
13 needed. For the SO₃ program, Big Rivers recovers the costs of a reagent. Due to
14 generating unit design and Big Rivers' compliance plan, no Big Rivers generating
15 unit utilizes all the same reagents. Depending on the unit facilities, various
16 reagents are used to treat the flue gas, thereby removing the three targeted
17 emissions. The SO₂ reagents are comprised of emulsified sulfur, lime, fixation
18 lime, limestone, dibasic acid, and sodium bisulfite. The NO_x reagents are
19 comprised of anhydrous ammonia and emulsified sulfur. The SO₃ reagent is
20 comprised of lime hydrate.

21
22 Big Rivers' environmental surcharge mechanism is comprised of the specific
23 environmental compliance operating expenses described above, less proceeds

1 from by-product and emission allowance sales, plus or minus an ongoing
2 cumulative over- or under-recovery adjustment.

3

4 **Q. Please provide a brief overview of the Members' pass-through mechanisms.**

5

6 A. The Members' pass-through mechanisms allow each Member to bill its retail
7 customers for the portion of Big Rivers' environmental surcharge that Big Rivers
8 bills each Member. JPEC's pass-through mechanism was approved by the
9 Commission in Case No. 2008-00010; Kenergy's mechanism was approved by
10 the Commission in Case No. 2008-00009; and Meade County's was approved by
11 the Commission in Case No. 2007- 00470.

12

13 **Q. Has Big Rivers sold any SO₂ or NO_x allowances during the expense months
14 of June 2010 through November 2010?**

15

16 A. No. Big Rivers has not sold any SO₂ or NO_x allowances during the expense
17 months of June 2010 through November 2010.

18

19 **Q. Please summarize how the Monthly Environmental Surcharge Factor
20 ("MESF") is calculated for Big Rivers' environmental surcharge
21 mechanism?**

22

1 A. The jurisdictional portion of Big Rivers' actual (booked) eligible environmental
2 surcharge cost of the second preceding billing month (*e.g.*, November 2010
3 expense month; December 2010 service; January 2011), as adjusted for any over-
4 or under- recovery carry-forward, is divided by the jurisdictional kWh sales of the
5 second preceding billing month to determine the MESF. The MESF is then
6 applied to the actual kWh service of the month following the expense month.

7

8 **Q. Has Big Rivers' environmental surcharge mechanism been accurately**
9 **compiled, and is it operating as intended?**

10

11 A. Yes.

12

13 **Q. Have the Members' pass-through mechanisms been accurately compiled, and**
14 **are they operating as intended?**

15

16 A. The Members believe their pass-through mechanisms have been accurately
17 compiled and are operating as intended.

18

19 **Q. Are the amounts charged under Big Rivers' environmental surcharge**
20 **mechanism during the review period just and reasonable?**

21

22 A. Yes.

23

1 **Q. Are the amounts charged under the Members' pass-through mechanisms**
2 **during the review period just and reasonable?**

3

4 A. The Members believe the amounts charged under their pass-through mechanisms
5 are just and reasonable.

6

7 **Q. Do Big Rivers and its Members have additional over- or under-recovery**
8 **amounts they believe need to be recognized?**

9

10 A. No. Big Rivers and its Members are not requesting any additional over- or under-
11 recovery amount. The normal over/under recovery carry-forward element of Big
12 Rivers' environmental surcharge mechanism is operating as intended.

13

14 **Q. Does Big Rivers recover any capital costs through its environmental**
15 **surcharge mechanism?**

16

17 A. No. Big Rivers only recovers those variable costs mentioned above (reagent,
18 disposal, and allowance costs).

19

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

21

22 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**AN 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, 2011
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085**

Response to Commission Staff's Data Requests dated March 22, 2011

April 19, 2011

1 **Item 1)** *Prepare a summary schedule showing the calculation of $E(m)$ and the*
2 *surcharge factor for the expense months covered by the billing periods under review.*
3 *Form 1.1 can be used as a model for this summary. Include the expense months for*
4 *the two expense months subsequent to the billing period in order to show the over- and*
5 *under-recovery adjustments for the months included for the billing period. Include a*
6 *calculation of any additional over- or under-recovery amount Big Rivers believes needs*
7 *to be recognized for the six-month review. Include all supporting calculations and*
8 *documentation for the additional over- or under-recovery.*

9
10 **Response)** Please see the attached four page schedule, in the format of Form 1.10,
11 covering each of the expense months of June 2010 through January 2011 (billed in
12 August 2010 through March 2011), the six months under review plus the immediately
13 following two months. Big Rivers is not seeking any additional over- or under-recovery.

14
15 **Witness)** Mark A. Davis
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BIG RIVERS ELECTRIC CORPORATION ENVIRONMENTAL SURCHARGE REPORT

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

For the Expense Months: June 2010 - January 2011

Calculation of Total E(m)

1	E(m) = OE - BAS, where			
2	OE	=	Pollution Control Operating Expenses	
3	BAS	=	Total Proceeds from By-Product and Allowance Sales	
4			June 2010	July 2010
5				
6			Environmental Compliance Plans	Environmental Compliance Plans
7				
8				
9	OE	= \$	2,522,594	= \$ 2,507,666
10	BAS	=	-	= -
11				
12	E(m)	= \$	2,522,594	= \$ 2,507,666
13				

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17				
18	Jurisdictional Allocation Ratio for Expense Month	=	89.983856%	= 89.913254%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,269,927	= \$ 2,254,724
20	Adjustment for Over/(Under) Recovery	=	104,207	= 101,193
21	Prior Period Adjustment (if necessary)	=	-	= -
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	2,165,720	= \$ 2,153,531
23				
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	895,434,778	= 936,132,880
26				
27				
28	Jurisdictional Environmental Surcharge Billing Factor:			
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002419	= \$0.002300

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Months: June 2010 - January 2011

Calculation of Total E(m)

1	E(m) = OE - BAS, where			
2	OE	=	Pollution Control Operating Expenses	
3	BAS	=	Total Proceeds from By-Product and Allowance Sales	
4			August 2010	September 2010
5				
6			Environmental Compliance Plans	Environmental Compliance Plans
7				
8				
9	OE	= \$	2,493,391	= \$ 2,227,386
10	BAS	=	-	= -
11				
12	E(m)	= \$	2,493,391	= \$ 2,227,386
13				

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17				
18	Jurisdictional Allocation Ratio for Expense Month	=	88.898875%	= 89.981106%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,216,597	= \$ 2,004,227
20	Adjustment for Over/(Under) Recovery	=	98,785	= 23,989
21	Prior Period Adjustment (if necessary)	=	-	= -
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	2,117,812	= \$ 1,980,238
23				
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	946,747,828	= 838,864,886
26				
27				
28	Jurisdictional Environmental Surcharge Billing Factor:			
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002237	= \$0.002361

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Months: June 2010 - January 2011

Calculation of Total E(m)

1	E(m) = OE - BAS, where			
2	OE	=	Pollution Control Operating Expenses	
3	BAS	=	Total Proceeds from By-Product and Allowance Sales	
4			October 2010	November 2010
5				
6			Environmental Compliance Plans	Environmental Compliance Plans
7				
8				
9	OE	= \$	2,233,385	= \$ 2,122,193
10	BAS	=	-	= -
11				
12	E(m)	= \$	2,233,385	= \$ 2,122,193
13				

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17				
18	Jurisdictional Allocation Ratio for Expense Month	=	90.786825%	= 88.027118%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,027,619	= \$ 1,868,105
20	Adjustment for Over/(Under) Recovery	=	(241,271)	= (51,094)
21	Prior Period Adjustment (if necessary)	=	-	= -
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	2,268,890	= \$ 1,919,199
23				
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	817,087,685	= 824,335,603
26				
27				
28	Jurisdictional Environmental Surcharge Billing Factor:			
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002777	= \$0.002328

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Months: June 2010 - January 2011

Calculation of Total E(m)

1 E(m) = OE - BAS, where
 2 OE = Pollution Control Operating Expenses
 3 BAS = Total Proceeds from By-Product and Allowance Sales **December 2010** **January 2011**

		Environmental Compliance Plans		Environmental Compliance Plans
9	OE	= \$ 2,341,126	=	\$ 2,451,684
10	BAS	= -	=	-
12	E(m)	= \$ 2,341,126	=	\$ 2,451,684

Calculation of Jurisdictional Environmental Surcharge Billing Factor

18	Jurisdictional Allocation Ratio for Expense Month	= 86.693548%	=	84.946610%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$ 2,029,605	=	\$ 2,082,622
20	Adjustment for Over/(Under) Recovery	= 20,290	=	286,368
21	Prior Period Adjustment (if necessary)	= (60,126)	=	34,414
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$ 1,949,189	=	\$ 1,830,668
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	= 947,408,384	=	961,948,971
28	Jurisdictional Environmental Surcharge Billing Factor: Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	= \$0.002057	=	\$0.001903

BIG RIVERS ELECTRIC CORPORATION

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AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085**

Response to Commission Staff's Data Requests dated March 22, 2011

April 19, 2011

1 **Item 2)** *For each of the three Member Cooperatives, prepare a summary*
2 *schedule showing the Member Cooperative's pass-through revenue requirement for the*
3 *months corresponding with the six-month review. Include the two months subsequent*
4 *to the billing period included in the review periods. Include a calculation of any*
5 *additional over- or under-recovery amount the Member Cooperative believes needs to*
6 *be recognized for the six-month review. Include all supporting calculations and*
7 *documentation for the additional over- or under-recovery.*

8
9 **Response)** The attached two schedules, one for non-dedicated delivery points and one
10 for dedicated delivery points, reflect Big Rivers' distribution cooperative members'
11 environmental surcharge pass-through for the months corresponding to Big Rivers' six
12 expense months of June 2010 through November 2010, service months of July 2010
13 through December 2010, which Big Rivers billed to its members August 2010 through
14 January 2011. There is no billing lag for dedicated delivery point customers.

15
16 As requested by the Commission, the attached schedules include the members' two
17 billing months immediately following the six-month Big Rivers' billing period under
18 review. The information on the attached schedules was provided by Big Rivers'
19 Members, except that, at this time April information for Kenergy's and JPEC's dedicated
20 delivery point customers is not available, and Kenergy's March information for its non-
21 dedicated delivery point customers is not available. Big Rivers will update these
22 schedules once the respective April and March information is available. Other than the
23 on-going cumulative over/under recovery mechanism, no additional over/under recovery
24 amount is requested.

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DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085

Response to Commission Staff's Data Requests dated March 22, 2011

April 19, 2011

1 Witness) Mark A. Davis
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BIG RIVERS ELECTRIC CORPORATION
Response to Commission Staff's Data Request dated
March 22, 2011

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KENERGY CORP-ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
NON-DEDICATED DELIVERY POINT CUSTOMERS

(a)	(b)	(c)	(d)	(e)	(f)
Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	Over/Under Recovery from column (f)	Total Recoverable column (b) + (c)	Month Billing Occurs to Retail Customer	Remaining Over/Under Recovery (Column (d) 2nd preceding month less column (e) current month)
July-10	\$ 311,711	\$ (52,576)	\$ 259,135	\$ 269,410	\$ (52,576)
Aug-10	297,403	(10,516)	286,887	251,153	(10,516)
Sept-10	214,535	(8,945)	205,590	268,080	(8,945)
Oct-10	179,028	38,924	217,952	247,963	38,924
Nov-10	246,574	22,494	269,068	183,096	22,494
Dec-10	306,397	(37,524)	268,873	255,476	(37,524)
Jan-11	268,235	(82,168)	186,067	351,236	(82,168)
Feb-11	193,924	4,672	198,596	264,201	4,672
Mar-11					
Apr-11					

JACKSON PURCHASE ENERGY CORPORATION
ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
NON-DEDICATED DELIVERY POINT CUSTOMERS

(a)	(b)	(c)	(d)	(e)	(f)
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	(Over)/Under Recovery from column (f)	Total Recoverable column (b) + (c)	Month Billing Occurs to Retail Customer	Remaining (Over)/Under Recovery (Column (d) 2nd preceding month less column (e) current month)
Jul-10	\$ 179,949	\$ (55,121)	\$ 124,828	\$ 166,482	\$ (48,940)
Aug-10	171,248	(48,940)	122,308	193,002	(22,992)
Sep-10	119,364	(22,992)	96,372	110,624	14,204
Oct-10	99,597	14,204	113,801	76,717	45,591
Nov-10	133,941	45,591	179,532	76,138	20,234
Dec-10	165,291	20,234	185,525	160,939	(47,138)
Jan-11	144,991	(47,138)	97,853	272,810	(93,278)
Feb-11	106,243	(93,278)	12,965	173,641	11,884
Mar-11				71,117	26,736
Apr-11					

MEADE COUNTY RECC - ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
NON-DEDICATED DELIVERY POINT CUSTOMERS

(a)	(b)	(c)	(d)	(e)	(f)
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	(Over)/Under Recovery from column (f)	Total Recoverable column (b) + (c)	Month Billing Occurs to Retail Customer	Remaining (Over)/Under Recovery (Column (d) 2nd preceding month less column (e) current month)
Jul-10	\$ 116,038	(3,671)	\$ 112,367	\$ 85,511	\$ (22,925)
Aug-10	109,272	(1,357)	107,916	79,100	(3,671)
Sep-10	79,023	23,882	102,905	113,723	(1,357)
Oct-10	69,354	16,990	86,344	84,034	23,882
Nov-10	101,359	(20,061)	81,298	85,915	16,990
Dec-10	138,048	(43,979)	94,069	106,405	(20,061)
Jan-11	120,297	962	121,259	125,277	(43,979)
Feb-11	83,975	23,150	107,125	93,107	962
Mar-11				98,109	23,150
Apr-11				87,608	19,517

BIG RIVERS ELECTRIC CORPORATION
Response to Commission Staff's Data Request dated
March 22, 2011

KENERGY CORP-ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
DEDICATED DELIVERY POINT CUSTOMERS

(a)	(b)	(c)	(d)
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	Service Month to Retail Consumer	Monthly Over/Under (Column (b) less column (c)
July-10	\$1,654,242	\$1,654,242	\$0
Aug-10	1,596,061	1,596,061	0
Sept-10	1,460,359	1,460,359	0
Oct-10	1,578,935	1,578,935	0
Nov-10	1,804,942	1,804,942 *	0
Dec-10	1,593,085	1,593,085	0
Jan-11	1,443,240	1,443,240	0
Feb-11	1,156,760	1,156,760	0

*Originally reported on the November schedule as \$1,804,859

JACKSON PURCHASE ENERGY CORPORATION
ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
DEDICATED DELIVERY POINT CUSTOMERS

(a)	(b)	(c)	(d)
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	Service Month To Retail Consumer	Monthly (Over)/Under Recovery (Column (b) Less column (c)
Jul-10	\$2,565	\$2,565	\$0
Aug-10	3,536	3,536	0
Sep-10	3,260	3,260	0
Oct-10	2,230	2,230	0
Nov-10	2,364	2,364	0
Dec-10	2,747	2,747	0
Jan-11	1,966	1,966	0
Feb-11	1,377	1,377	0

Meade County Rural Electric Cooperative Corporation has no dedicated delivery point customers.

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
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OF BIG RIVERS ELECTRIC CORPORATION
FOR THE SIX-MONTH BILLING PERIOD ENDING JANUARY 31, 2011
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2011-00085**

Response to Commission Staff's Data Requests dated March 22, 2011

April 19, 2011

1 **Item 3)** *Refer to Form 2.5, Operating and Maintenance Expenses, for each of*
2 *the expense months covered by each billing period under review. For each of the*
3 *expense line items listed on this schedule, explain the reason(s) for any change in the*
4 *expense levels from month to month if that change is greater than plus or minus 10*
5 *percent.*

6
7 **Response)** Please see the attached schedules, including the requested variance
8 explanations, for the expense months May, 2010 through November, 2010. Please note,
9 May 2010 is only being shown for purposes of calculating the variances in the first month
10 of the review period.

11
12
13 **Witnesses)** Mark A. Davis (Schedules of Operating and Maintenance Expenses)
14 Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)

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25
26 **Case No. 2011-00085**

27 **Witnesses: Mark A. Davis (Schedules of Operating and Maintenance Expenses) and**
28 **Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)**

29 **ES Item 3**

Page 1 of 1

BIG RIVERS ELECTRIC CORPORATION

**AN 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, 2011
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER DISTRIBUTION COOPERATIVES**
Case No. 2011-00085

Response to Commission Staff's Data Requests dated March 22, 2011

- 1 Big Rivers Electric Corporation
- 2 Environmental Surcharge Monthly Comparative Analysis
- 3 Operating and Maintenance Expenses
- 4 For Expense Months May 2010 - November 2010
- 5

Expense Month	MAY-10	JUN-10	% Change from prior period	JUL-10	% Change from prior period	AUG-10	% Change from prior period	SEP-10	% Change from prior period	OCT-10	% Change from prior period	NOV-10	% Change from prior period
Billing Month	JUL-10	AUG-10		SEP-10		OCT-10		NOV-10		DEC-10		JAN-11	
NOx Plan													
Anhydrous Ammonia	109,684	197,406	80%	91,271	-54%	145,959	60%	109,387	-25%	107,489	-2%	68,041	-37%
Emulsified Sulphur for NOx	6,198	5,550	-10%	5,508	-1%	5,499	0%	5,536	1%	6,040	9%	56,583	837%
Individual Expense Account Items	-	-		-		-		-		-		-	
Individual Expense Account Items	-	-		-		-		-		-		-	
Total NOx Plan O&M Expenses	\$ 115,882	\$ 202,956	75%	\$ 96,779	-52%	\$ 151,458	56%	\$ 114,923	-24%	\$ 113,529	-1%	\$ 124,624	10%

16 Anhydrous Ammonia:

May - June

June - July

July - August

August - September

October - November

Increase is due to 14% increase in generation and invoice payment timing at HMP&L.

Decrease is due to 7% less generation at HMP&L and invoice payment timing at HMP&L and Wilson.

Increase is due to 12% increase in generation at HMP&L, invoice payment timing at HMP&L and one additional delivery at Wilson.

Decrease is due to 11% less generation at HMP&L and invoice payment timing at Wilson.

Decrease is due to invoice payment timing at HMP&L.

23 Emulsified Sulfur for NOx:

May - June

October - November

Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.

Decrease is due to less chemical required at HMP&L in June.

Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.

Increase is due to more chemical required and invoice payment timing at HMP&L and Wilson in November.

BIG RIVERS ELECTRIC CORPORATION

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Expense Month	MAY-10		JUN-10		JUL-10		AUG-10		SEP-10		OCT-10		NOV-10		% Change from prior period
	JUL-10	AUG-10	AUG-10	SEP-10	SEP-10	OCT-10	OCT-10	NOV-10	NOV-10	DEC-10	JAN-11	JAN-11			
SO2 Plan															
Disposal-Flyash/Bottom Ash/Sludge (See note 2)	\$ 296,829	\$ 447,767	51%	\$ 487,159	9%	\$ 410,326	-16%	\$ 478,557	17%	\$ 461,356	-4%	\$ 381,091	-17%	See Note 1	
Emulsified Sulphur for SO2	-	9,736	See Note 1	9,379	-4%	-	-100%	-	-	-	-	9,187	See Note 1		
Fixation Lime	169,654	295,046	74%	200,453	-32%	209,950	5%	173,949	-17%	154,396	-11%	197,416	28%		
Off Spec Gypsum	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reagent-Calcium Oxide (landfill stabilization)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reagent-DiBasic Acid	83,430	125,403	50%	133,992	7%	116,231	-13%	147,201	27%	110,045	-25%	36,060	-67%		
Reagent-Lime	818,239	958,982	17%	1,035,982	8%	1,035,527	0%	871,041	-16%	1,022,647	17%	1,041,666	2%		
Reagent-Limestone	324,581	335,991	4%	324,331	-3%	382,358	18%	286,658	-25%	210,260	-27%	264,333	26%		
Reagent-Sodium Bisulfite for SO2	74,787	3,193	-96%	62,217	1849%	45,638	-27%	65,318	43%	34,699	-47%	4,837	-86%		
Total SO2 Plan O&M Expenses	\$ 1,767,520	\$ 2,176,118	23%	\$ 2,253,513	4%	\$ 2,200,030	-2%	\$ 2,022,724	-8%	\$ 1,993,403	-1%	\$ 1,934,590	-3%		

Note 1: Percentage change compared to prior month cannot be calculated because the cost in the prior month is \$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 consistency.

Disposal-Flyash/Bottom Ash/Sludge:

- 21
- 22
- 23 May - June Increase is due to increased generation at Reid, Green and HMP&L
- 24 July - August Decrease is due to reduction in tons of bottom ash hauled at Reid and Coleman and fewer tons of fly ash hauled at Coleman
- 25
- 26 August - September Increase is due to increase in tons of bottom ash hauled at Green, Coleman and HMP&L
- 27 October - November Decrease is due to reduction in tons of bottom ash hauled at Coleman, Wilson, and Green
- 28

BIG RIVERS ELECTRIC CORPORATION

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6 Reagent-Limestone:

- 7 July - August Increase is due to increased generation at Coleman and invoice payment timing at Wilson.
- 8 August - September Decrease is due to reduced generation at Coleman month and invoice payment timing at Wilson.
- 9 September - October Decrease is due to 28 day outage on Coleman Unit 2 and 14 day scrubber outage at Coleman during October.
- 10 October - November Increase is due to 28 day outage on Coleman Unit 2 and 14 day scrubber outage at Coleman during October.
- 11

12 Reagent-Sodium Bisulfite for SO₂:

- 13 May - June Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 14 Decrease is due to reduced deliveries at Green and data entry error at Wilson. June payment not posted to correct account.
- 15 June - July Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 16 Increase is due to correcting the data error at Wilson in July.
- 17 July - August Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 18 Decrease is due to delivery and payment timing at Wilson in August.
- 19 August - September Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 20 Increase is due to delivery and payment timing at Wilson in September.
- 21 September - October Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 22 Decrease is due to delivery and payment timing at Wilson in October.
- 23 October - November Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 24 Decrease is due to delivery and payment timing and data entry error at Wilson in November. Payment did not post to correct
- 25 account.

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Billing Month	JUL-10	AUG-10		SEP-10		OCT-10		NOV-10		DEC-10		JAN-11	
S03 Plan													
Reagent - Hydrated Lime - SO3	\$ 58,542	\$ 96,567	65%	\$ 95,205	-1%	\$ 92,329	-3%	\$ 61,483	-33%	\$ 46,453	-24%	\$ 36,362	-22%
Individual Expense Account Items	-	-		-		-		-		-		-	
Individual Expense Account Items	-	-		-		-		-		-		-	
Total S03 Plan O&M Expenses	\$ 58,542	\$ 96,567	65%	\$ 95,205	-1%	\$ 92,329	-3%	\$ 61,483	-33%	\$ 46,453	-24%	\$ 36,362	-22%

Reagent for SO₃:

- 14 May - June Increase is due to warmer weather requiring more chemical for SO3 control at Wilson.
- 15 August - September Decrease is due to less chemical required during cooler weather to control SO3 at Wilson in September.
- 16 September - October Decrease is due to less chemical required during cooler weather to control SO3 at Wilson in October.
- 17 October - November Decrease is due to less chemical required during cooler weather to control SO3 and 7 day outage at Wilson in November.
- 18
- 19