

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

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July 17, 2012

Via Federal Express

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

RECEIVED

JUL 18 2012


PUBLIC SERVICE
COMMISSION

Re: *An Examination by the Public Service Commission
of the Environmental Surcharge Mechanism of
Big Rivers Electric Corporation for the Two-Year
Billing Period Ending July 31, 2011*

Dear Mr. DeRouen:

Enclosed for filing in the above-referenced matter are an original and ten copies of (i) Big Rivers Electric Corporation's response to the Commission Staff's First Request for Information and (ii) the Direct Testimony of Ralph A. Ashworth in support of the reasonableness of the application of the environmental surcharge mechanisms of Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation during the period under review.

Sincerely,


Tyson Kamuf

TK/ej
Enclosures

cc: Mark A. Bailey
Albert Yockey
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Gregory J. Starheim
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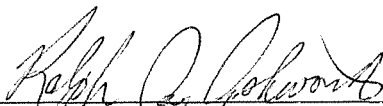
100 St. Ann Building
PO Box 727
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BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE
ENVIRONMENTAL SURCHARGE MECHANISM OF BIG RIVERS
ELECTRIC CORPORATION FOR THE TWO-YEAR
BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262**

VERIFICATION

I, Ralph A. Ashworth, verify, state, and affirm that the Direct Testimony and 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.



Ralph A. Ashworth

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Ralph A. Ashworth on this the
10th day of July, 2012.



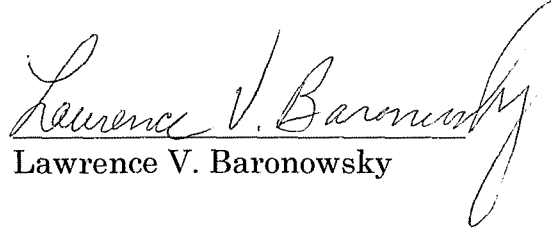
Notary Public, Ky. State at Large
My Commission Expires 1-12-13

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE
ENVIRONMENTAL SURCHARGE MECHANISM OF BIG RIVERS
ELECTRIC CORPORATION FOR THE TWO-YEAR
BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262**

VERIFICATION

I, Lawrence V. Baronowsky, verify, state, and affirm that the Direct Testimony and 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)

SUBSCRIBED AND SWORN TO before me by Lawrence V. Baronowsky on this the 17th day of July, 2012.


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

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

AN EXAMINATION BY THE PUBLIC)	
SERVICE COMMISSION OF THE)	
ENVIRONMENTAL SURCHARGE)	Case No.
MECHANISM OF BIG RIVERS ELECTRIC)	2012-00262
CORPORATION FOR THE TWO-YEAR)	
BILLING PERIOD ENDING JULY 31, 2011)	

**Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012**

FILED: July 18, 2012

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262**

**Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012**

July 18, 2012

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

11

12 **Response)** Please see the attached 13-page schedule, in the format of Form 1.10,
13 covering each of the expense months from June 2009 through July 2011, which
14 were billed August 2009 through September 2011 (i.e. the 24 months under review
15 plus the immediately following two months). No additional over/under recovery is
16 sought by Big Rivers Electric Corporation.

17

18

19 **Witness)** Ralph A. Ashworth

20

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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				<u>June 2009</u>	<u>July 2009</u>
5					
6			Environmental Compliance Plans	Environmental Compliance Plans	
7					
8					
9	OE	=	\$ 2,407,863	=	\$ 2,087,974
10	BAS	=	-	=	-
11					
12	E(m)	=	\$ 2,407,863	=	\$ 2,087,974
13					

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	88.005834%	=	89.300566%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 2,119,060	=	\$ 1,864,573
20	Adjustment for Over/(Under) Recovery	=	-	=	-
21	Prior Period Adjustment (if necessary)	=	-	=	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	=	\$ 2,119,060	=	\$ 1,864,573
23					
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	766,504,720	=	807,268,689
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002765	=	\$0.002310

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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			<u>August 2009</u>	<u>September 2009</u>	
5					
6			Environmental Compliance Plans	Environmental Compliance Plans	
7					
8					
9	OE	= \$	1,975,312	= \$	2,294,830
10	BAS	=	-	=	-
11					
12	E(m)	= \$	1,975,312	= \$	2,294,830
13					

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	94.604496%	=	90.386273%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,868,734	= \$	2,074,211
20	Adjustment for Over/(Under) Recovery	=	55,692	=	146,778
21	Prior Period Adjustment (if necessary)	=	-	=	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	= \$	1,813,042	= \$	1,927,433
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	870,714,832	=	819,961,855
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002082	=	\$0.002351

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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					
5			<u>October 2009</u>	<u>November 2009</u>	
6			Environmental Compliance Plans	Environmental Compliance Plans	
7					
8					
9	OE	= \$	1,688,255	= \$	1,924,876
10	BAS	=	-	=	-
11					
12	E(m)	= \$	1,688,255	= \$	1,924,876
13					

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	91.185887%	=	93.105639%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,539,450	= \$	1,792,168
20	Adjustment for Over/(Under) Recovery	=	(105,881)	=	30,342
21	Prior Period Adjustment (if necessary)	=	-	=	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	= \$	1,645,331	= \$	1,761,826
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	832,741,230	=	810,898,902
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001976	=	\$0.002173

Big Rivers Electric Corporation
Case No. 2012-00262

BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor

For the Expense Months: June 2009 - July 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

		<u>December 2009</u>		<u>January 2010</u>
		Environmental Compliance Plans		Environmental Compliance Plans
9 OE	= \$	1,883,244	= \$	2,163,463
10 BAS	=	-	=	-
12 E(m)	= \$	1,883,244	= \$	2,163,463

Calculation of Jurisdictional Environmental Surcharge Billing Factor

18 Jurisdictional Allocation Ratio for Expense Month	=	93.293554%	=	89.144672%
19 Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,756,945	= \$	1,928,612
20 Adjustment for Over/(Under) Recovery	=	(42,995)	=	221,087
21 Prior Period Adjustment (if necessary)	=	-	=	-
22 Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	1,799,940	= \$	1,707,525
25 Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	912,523,308	=	948,038,699
28 Jurisdictional Environmental Surcharge Billing Factor: 29 Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001972	=	\$0.001801

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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				<u>February 2010</u>	<u>March 2010</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	= \$	2,202,404	= \$	2,212,826
10	BAS	=	-	=	-
11					
12	E(m)	= \$	2,202,404	= \$	2,212,826
13					

Calculation of Jurisdictional Environmental Surcharge Billing Factor

14					
15					
16					
17					
18	Jurisdictional Allocation Ratio for Expense Month	=	84.509490%	=	84.776470%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,861,241	= \$	1,875,956
20	Adjustment for Over/(Under) Recovery	=	69,592	=	(158,248)
21	Prior Period Adjustment (if necessary)	=	-	=	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	1,791,649	= \$	2,034,204
23					
24	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	860,231,564	=	872,078,048
25					
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002083	=	\$0.002333

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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				<u>April 2010</u>	<u>May 2010</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	=	\$ 2,059,511	=	\$ 1,973,563
10	BAS	=	.	=	.
11					
12	E(m)	=	\$ 2,059,511	=	\$ 1,973,563
13					

Calculation of Jurisdictional Environmental Surcharge Billing Factor

14					
15					
16					
17					
18	Jurisdictional Allocation Ratio for Expense Month	=	87.858288%	=	88.254598%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 1,809,451	=	\$ 1,741,760
20	Adjustment for Over/(Under) Recovery	=	24,890	=	(160,135)
21	Prior Period Adjustment (if necessary)	=	.	=	.
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	=	\$ 1,784,561	=	\$ 1,901,895
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	803,287,177	=	850,030,579
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002222	=	\$0.002237

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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				<u>June 2010</u>	<u>July 2010</u>
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

14					
15					
16					
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
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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

		<u>August 2010</u>		<u>September 2010</u>
		Environmental Compliance Plans		Environmental Compliance Plans
9	OE	= \$ 2,493,391	= \$	2,227,386
10	BAS	= -	=	-
12	E(m)	= \$ 2,493,391	= \$	2,227,386

Calculation of Jurisdictional Environmental Surcharge Billing Factor

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
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	= 946,747,828	=	838,864,886
28	Jurisdictional Environmental Surcharge Billing Factor: Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	= \$0.002237	=	\$0.002361

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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				<u>October 2010</u>	<u>November 2010</u>
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
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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			<u>December 2010</u>	<u>January 2011</u>	
5					
6			Environmental Compliance Plans	Environmental Compliance Plans	
7					
8					
9	OE	= \$	2,341,126	= \$	2,451,684
10	BAS	=	-	=	-
11					
12	E(m)	= \$	2,341,126	= \$	2,451,684

Calculation of Jurisdictional Environmental Surcharge Billing Factor

16					
17					
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
23					
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	947,408,384	=	961,948,971
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002057	=	\$0.001903

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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			<u>February 2011</u>	<u>March 2011</u>	
5					
6			Environmental Compliance Plans	Environmental Compliance Plans	
7					
8					
9	OE	= \$	2,051,529	= \$	2,249,144
10	BAS	=	-	=	-
11					
12	E(m)	= \$	2,051,529	= \$	2,249,144

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	81.066930%	=	79.790198%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,663,112	= \$	1,794,596
20	Adjustment for Over/(Under) Recovery	=	29,540	=	(288,389)
21	Prior Period Adjustment (if necessary)	=	-	=	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	1,633,572	= \$	2,082,985
23					
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	810,446,264	=	879,152,796
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002016	=	\$0.002369

**Big Rivers Electric Corporation
Case No. 2012-00262**

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: June 2009 - July 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			<u>April 2011</u>	<u>May 2011</u>
5				
6			Environmental Compliance Plans	Environmental Compliance Plans
7				
8				
9	OE	= \$	2,068,701	= \$ 2,515,188
10	BAS	=	-	= -
11				
12	E(m)	= \$	2,068,701	= \$ 2,515,188
13				

Calculation of Jurisdictional Environmental Surcharge Billing Factor

14				
15				
16				
17				
18	Jurisdictional Allocation Ratio for Expense Month	=	76.065513%	= 71.923811%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,573,568	= \$ 1,809,019
20	Adjustment for Over/(Under) Recovery	=	138,800	= (144,791)
21	Prior Period Adjustment (if necessary)	=	-	= 19,500
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under) plus Prior Period Adjustment	= \$	1,434,768	= \$ 1,973,310
23				
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	820,604,367	= 864,021,595
26				
27				
28	Jurisdictional Environmental Surcharge Billing Factor:			
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001748	= \$0.002284

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262**

**Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012**

July 18, 2012

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

9
10 **Response)** The attached two sets of schedules (one set for non-dedicated delivery
11 points and one set for dedicated delivery points) reflect Big Rivers' Members'
12 environmental surcharge pass-through for the months corresponding to Big
13 Rivers' 24 expense months of June 2009 through May 2011, service months of July
14 2009 through June 2011, which Big Rivers billed to its Members August 2009
15 through July 2011. There is no billing lag for dedicated delivery point customers.

16 As requested by the Commission, the attached schedules include the
17 Members' two billing months immediately following the two year billing period
18 under review. The information on the attached schedules was provided by Big
19 Rivers' Members. Other than the on-going cumulative over/under recovery
20 mechanism, no additional over/under recovery amount is requested.

21

22 **Witness)** Ralph A. Ashworth

Big Rivers Electric Corporation
Case No. 2012-00262
Non-Dedicated Delivery Points

KENERGY CORP. ENVIRONMENTAL SURCHARGE: TWO YEAR 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)	
12	Jul-09	\$ 132,656		\$ 132,656		
13	Aug-09	\$ 253,472		\$ 253,472		
14	Sept-09	\$ 187,791	\$ (10,707)	\$ 177,084	\$ 143,363	\$ (10,707)
15	Oct-09	\$ 190,629	\$ 29,217	\$ 219,846	\$ 224,255	\$ 29,217
16	Nov-09	\$ 168,228	\$ 11,911	\$ 180,139	\$ 165,173	\$ 11,911
17	Dec-09	\$ 260,790	\$ (19,291)	\$ 241,499	\$ 239,137	\$ (19,291)
18	Jan-10	\$ 262,063	\$ (45,704)	\$ 216,359	\$ 225,843	\$ (45,704)
19	Feb-10	\$ 205,976	\$ (10,821)	\$ 195,155	\$ 252,320	\$ (10,821)
20	Mar-10	\$ 191,619	\$ 19,648	\$ 211,267	\$ 196,711	\$ 19,648
21	Apr-10	\$ 170,087	\$ 26,898	\$ 196,985	\$ 168,257	\$ 26,898
22	May-10	\$ 196,406	\$ 20,428	\$ 216,834	\$ 190,839	\$ 20,428
23	Jun-10	\$ 267,131	\$ (26,494)	\$ 240,637	\$ 223,479	\$ (26,494)
24	Jul-10	\$ 311,711	\$ (52,576)	\$ 259,135	\$ 269,410	\$ (52,576)
25	Aug-10	\$ 297,403	\$ (10,516)	\$ 286,887	\$ 251,153	\$ (10,516)
26	Sep-10	\$ 214,535	\$ (8,945)	\$ 205,590	\$ 268,080	\$ (8,945)
27	Oct-10	\$ 179,028	\$ 38,924	\$ 217,952	\$ 247,963	\$ 38,924
28	Nov-10	\$ 246,574	\$ 22,494	\$ 269,068	\$ 183,096	\$ 22,494
29	Dec-10	\$ 306,397	\$ (37,524)	\$ 268,873	\$ 255,476	\$ (37,524)
30	Jan-11	\$ 268,235	\$ (82,168)	\$ 186,067	\$ 351,236	\$ (82,168)
31	Feb-11	\$ 193,924	\$ 4,672	\$ 198,596	\$ 264,201	\$ 4,672
32	Mar-11	\$ 188,832	\$ 24,720	\$ 213,552	\$ 161,347	\$ 24,720
33	Apr-11	\$ 178,729	\$ 21,494	\$ 200,223	\$ 177,102	\$ 21,494
34	May-11	\$ 153,190	\$ 20,070	\$ 173,260	\$ 193,482	\$ 20,070
35	Jun-11	\$ 247,066	\$ (18,298)	\$ 228,768	\$ 218,521	\$ (18,298)
36	Jul-11	\$ 285,991	\$ (33,530)	\$ 252,461	\$ 206,790	\$ (33,530)
37	Aug-11	\$ 265,771	\$ (22,290)	\$ 243,481	\$ 251,058	\$ (22,290)
38	Sep-11	\$ 164,119	\$ 22,335	\$ 186,454	\$ 230,126	\$ 22,335
39	Oct-11	\$ 198,801	\$ 41,309	\$ 240,110	\$ 202,172	\$ 41,309

Big Rivers Electric Corporation
Case No. 2012-00262
Non-Dedicated Delivery Points

JACKSON PURCHASE ENERGY CORPORATION ENVIRONMENTAL SURCHARGE: TWO YEAR 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)	
12	Jul-09	\$ 76,268		\$ 76,268		
13	Aug-09	\$ 145,395		\$ 145,395		
14	Sep-09	\$ 106,638	\$ 3,309	\$ 109,947	\$ 72,959	\$ 3,309
15	Oct-09	\$ 103,076	\$ 35,246	\$ 138,322	\$ 110,149	\$ 35,246
16	Nov-09	\$ 90,752	\$ 25,678	\$ 116,430	\$ 84,269	\$ 25,678
17	Dec-09	\$ 143,372	\$ 3,412	\$ 146,784	\$ 134,910	\$ 3,412
18	Jan-10	\$ 140,679	\$ (83,022)	\$ 57,657	\$ 199,452	\$ (83,022)
19	Feb-10	\$ 107,542	\$ (8,886)	\$ 98,656	\$ 155,670	\$ (8,886)
20	Mar-10	\$ 102,962	\$ (31,730)	\$ 71,232	\$ 89,387	\$ (31,730)
21	Apr-10	\$ 94,101	\$ 72,198	\$ 166,299	\$ 26,458	\$ 72,198
22	May-10	\$ 109,912	\$ (23,768)	\$ 86,144	\$ 95,000	\$ (23,768)
23	Jun-10	\$ 151,977	\$ (5,690)	\$ 146,287	\$ 171,989	\$ (5,690)
24	Jul-10	\$ 179,949	\$ (80,338)	\$ 99,611	\$ 166,482	\$ (80,338)
25	Aug-10	\$ 171,248	\$ (46,715)	\$ 124,533	\$ 193,002	\$ (46,715)
26	Sep-10	\$ 119,364	\$ (11,013)	\$ 108,351	\$ 110,624	\$ (11,013)
27	Oct-10	\$ 99,597	\$ 47,816	\$ 147,413	\$ 76,717	\$ 47,816
28	Nov-10	\$ 133,941	\$ 32,213	\$ 166,154	\$ 76,138	\$ 32,213
29	Dec-10	\$ 165,291	\$ (13,526)	\$ 151,765	\$ 160,939	\$ (13,526)
30	Jan-11	\$ 144,991	\$ (106,656)	\$ 38,335	\$ 272,810	\$ (106,656)
31	Feb-11	\$ 106,243	\$ (21,876)	\$ 84,367	\$ 173,641	\$ (21,876)
32	Mar-11	\$ 104,279	\$ (32,782)	\$ 71,497	\$ 71,117	\$ (32,782)
33	Apr-11	\$ 99,503	\$ 74,097	\$ 173,600	\$ 10,270	\$ 74,097
34	May-11	\$ 84,395	\$ (30,233)	\$ 54,162	\$ 101,730	\$ (30,233)
35	Jun-11	\$ 144,106	\$ 551	\$ 144,657	\$ 173,049	\$ 551
36	Jul-11	\$ 161,441	\$ (64,564)	\$ 96,877	\$ 118,726	\$ (64,564)
37	Aug-11	\$ 150,142	\$ (53,130)	\$ 97,012	\$ 197,787	\$ (53,130)
38	Sep-11	\$ 91,106	\$ 12,221	\$ 103,327	\$ 84,656	\$ 12,221
39	Oct-11	\$ 108,148	\$ 20,031	\$ 128,179	\$ 76,981	\$ 20,031

Big Rivers Electric Corporation
Case No. 2012-00262
Non-Dedicated Delivery Points

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION ENVIRONMENTAL SURCHARGE: TWO YEAR 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)
12	Jul-09	\$ 47,307	\$ 47,307		
13	Aug-09	\$ 91,992	\$ 91,992		
14	Sep-09	\$ 67,075	\$ 63,115	\$ 51,267	\$ (3,960)
15	Oct-09	\$ 73,477	\$ 91,169	\$ 74,300	\$ 17,692
16	Nov-09	\$ 68,063	\$ 53,377	\$ 77,801	\$ (14,686)
17	Dec-09	\$ 112,332	\$ 120,209	\$ 83,292	\$ 7,877
18	Jan-10	\$ 116,417	\$ 80,360	\$ 89,434	\$ (36,057)
19	Feb-10	\$ 92,559	\$ 120,669	\$ 92,099	\$ 28,110
20	Mar-10	\$ 79,213	\$ 20,620	\$ 100,980	\$ (20,620)
21	Apr-10	\$ 65,510	\$ 47,490	\$ 73,180	\$ 47,490
22	May-10	\$ 72,893	\$ 21,565	\$ 80,158	\$ (21,565)
23	Jun-10	\$ 98,353	\$ 11,257	\$ 101,743	\$ 11,257
24	Jul-10	\$ 116,038	\$ 34,183	\$ 85,511	\$ (34,183)
25	Aug-10	\$ 109,272	\$ 30,510	\$ 79,100	\$ 30,510
26	Sep-10	\$ 79,023	\$ 31,868	\$ 113,723	\$ (31,868)
27	Oct-10	\$ 69,354	\$ 55,748	\$ 84,034	\$ 55,748
28	Nov-10	\$ 101,359	\$ 38,760	\$ 85,915	\$ (38,760)
29	Dec-10	\$ 138,048	\$ 18,697	\$ 106,405	\$ 18,697
30	Jan-11	\$ 120,297	\$ 62,678	\$ 125,277	\$ (62,678)
31	Feb-11	\$ 83,975	\$ 63,638	\$ 93,107	\$ 63,638
32	Mar-11	\$ 78,979	\$ 40,490	\$ 98,109	\$ (40,490)
33	Apr-11	\$ 69,631	\$ 60,006	\$ 87,608	\$ 60,006
34	May-11	\$ 57,737	\$ 52,498	\$ 90,987	\$ (52,498)
35	Jun-11	\$ 88,908	\$ 47,711	\$ 81,926	\$ 47,711
36	Jul-11	\$ 104,974	\$ 58,602	\$ 63,841	\$ (58,602)
37	Aug-11	\$ 96,473	\$ 42,092	\$ 94,527	\$ 42,092
38	Sep-11	\$ 60,123	\$ 28,953	\$ 75,324	\$ (28,953)
39	Oct-11	\$ 76,716	\$ 55,007	\$ 83,558	\$ 55,007

Big Rivers Electric Corporation
Case No. 2012-00262
Dedicated Delivery Points

KENERGY CORP-ENVIRONMENTAL SURCHARGE: TWO YEAR 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)	
11	Jul-09	\$ 857,385	\$ 857,385	\$ -
12	Aug-09	\$ 1,518,125	\$ 1,518,125	\$ -
13	Sep-09	\$ 1,343,562	\$ 1,343,562	\$ -
14	Oct-09	\$ 1,587,061	\$ 1,587,061	\$ -
15	Nov-09	\$ 1,272,585	\$ 1,272,585	\$ -
16	Dec-09	\$ 1,464,196	\$ 1,464,196	\$ -
17	Jan-10	\$ 1,347,962	\$ 1,347,962	\$ -
18	Feb-10	\$ 1,140,552	\$ 1,140,552	\$ -
19	Mar-10	\$ 1,440,039	\$ 1,440,039	\$ -
20	Apr-10	\$ 1,541,331	\$ 1,541,331	\$ -
21	May-10	\$ 1,506,722	\$ 1,506,722	\$ -
22	Jun-10	\$ 1,482,852	\$ 1,482,852	\$ -
23	Jul-10	\$ 1,654,242	\$ 1,654,242	\$ -
24	Aug-10	\$ 1,596,061	\$ 1,596,061	\$ -
25	Sep-10	\$ 1,460,359	\$ 1,460,359	\$ -
26	Oct-10	\$ 1,578,935	\$ 1,578,935	\$ -
27	Nov-10	\$ 1,804,942	\$ 1,804,942	\$ -
28	Dec-10	\$ 1,593,085	\$ 1,593,085	\$ -
29	Jan-11	\$ 1,443,240	\$ 1,443,240	\$ -
30	Feb-11	\$ 1,156,760	\$ 1,156,760	\$ -
31	Mar-11	\$ 1,398,782	\$ 1,398,782	\$ -
32	Apr-11	\$ 1,589,795	\$ 1,589,795	\$ -
33	May-11	\$ 1,217,867	\$ 1,217,867	\$ -
34	Jun-11	\$ 1,530,732	\$ 1,530,732	\$ -
35	Jul-11	\$ 1,462,904	\$ 1,462,904	\$ -
36	Aug-11	\$ 1,523,959	\$ 1,523,959	\$ -
37	Sep-11	\$ 1,294,421	\$ 1,294,421	\$ -
38	Oct-11	\$ 1,693,436	\$ 1,693,436	\$ -

Big Rivers Electric Corporation
Case No. 2012-00262
Dedicated Delivery Points

JACKSON PURCHASE ENERGY CORPORATION ENVIRONMENTAL SURCHARGE: TWO YEAR 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)	
12	Jul-09	\$ 1,606	\$ 1,606	\$ -
13	Aug-09	\$ 2,366	\$ 2,366	\$ -
14	Sep-09	\$ 2,094	\$ 2,094	\$ -
15	Oct-09	\$ 3,532	\$ 3,532	\$ -
16	Nov-09	\$ 2,708	\$ 2,708	\$ -
17	Dec-09	\$ 2,223	\$ 2,223	\$ -
18	Jan-10	\$ 2,411	\$ 2,411	\$ -
19	Feb-10	\$ 2,647	\$ 2,647	\$ -
20	Mar-10	\$ 2,706	\$ 2,706	\$ -
21	Apr-10	\$ 3,039	\$ 3,039	\$ -
22	May-10	\$ 2,835	\$ 2,835	\$ -
23	Jun-10	\$ 2,774	\$ 2,774	\$ -
24	Jul-10	\$ 2,565	\$ 2,565	\$ -
25	Aug-10	\$ 3,536	\$ 3,536	\$ -
26	Sep-10	\$ 3,260	\$ 3,260	\$ -
27	Oct-10	\$ 2,230	\$ 2,230	\$ -
28	Nov-10	\$ 2,364	\$ 2,364	\$ -
29	Dec-10	\$ 2,747	\$ 2,747	\$ -
30	Jan-11	\$ 1,966	\$ 1,966	\$ -
31	Feb-11	\$ 1,377	\$ 1,377	\$ -
32	Mar-11	\$ 1,500	\$ 1,500	\$ -
33	Apr-11	\$ 1,390	\$ 1,390	\$ -
34	May-11	\$ 1,413	\$ 1,413	\$ -
35	Jun-11	\$ 2,068	\$ 2,068	\$ -
36	Jul-11	\$ 1,673	\$ 1,673	\$ -
37	Aug-11	\$ 1,411	\$ 1,411	\$ -
38	Sep-11	\$ 787	\$ 787	\$ -
39	Oct-11	\$ 905	\$ 905	\$ -

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

BIG RIVERS ELECTRIC CORPORATION
AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262

Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012

July 18, 2012

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

6

7 **Response)** Please see the attached schedules of Operating and Maintenance
8 (“O&M”) expenses, including the requested variance explanations, for the expense
9 months November 2010 through May 2011. Please note, November 2010 is only
10 being shown for purposes of calculating the variances in the first month of the last
11 six months covered by the billing period under review.

12 Note: While preparing the response to this item, an error was
13 identified in the classifications of certain O&M expenses included in the original
14 filings. Specifically, certain Emulsified Sulphur for SO₂ expenses were incorrectly
15 classified as Emulsified Sulfur for NO_x, and Hydrated Lime for SO₃ expenses were
16 incorrectly classified as Reagent Lime for SO₂. These errors related to the
17 classification between recoverable O&M expense categories only and had no
18 impact on the ES factors calculated during the related expense months. The total
19 dollars included in the original filings were correct. Separate schedules (including
20 the original “As Filed” amounts and the corrected “As Revised” amounts) have
21 been prepared and included as attachments to this response.

22

Case No. 2012-00262
Response to PSC 1-3

Witnesses: Ralph A. Ashworth (Schedules of O&M Expenses) and
Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)

Page 1 of 2

BIG RIVERS ELECTRIC CORPORATION
AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262

Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012

July 18, 2012

1
2
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4

Witnesses) Ralph A. Ashworth (Schedules of O&M Expenses) and
Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)

Big Rivers Electric Corporation
Case No. 2012-00262
Operating and Maintenance Expenses
(As Originally Filed)

NOx Plan:

Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10 % Change	Jan-11	Jan-11 vs. Dec-10 % Change	Feb-11	Feb-11 vs. Jan-11 % Change	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
NOx Plan Expenses:													
Anhydrous Ammonia	\$ 68,041	\$ 263,255	287%	\$ 217,426	-17%	\$ 99,788	-54%	\$ 98,480	-1%	\$ 106,883	9%	\$ 88,949	-17%
Emulsified Sulphur for NOx (See note 3)	56,583	9,061	-84%	-	-100%	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Total NOx Plan O&M Expenses	\$ 124,624	\$ 272,316	119%	\$ 217,426	-20%	\$ 99,788	-54%	\$ 98,480	-1%	\$ 106,883	9%	\$ 88,949	-17%

SO2 Plan:

Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10 % Change	Jan-11	Jan-11 vs. Dec-10 % Change	Feb-11	Feb-11 vs. Jan-11 % Change	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
SO2 Plan Expenses:													
Disposal-Flyash/Bottom Ash/Sludge (See note 2)	\$ 381,091	\$ 385,827	1%	\$ 418,959	9%	\$ 417,820	0%	\$ 492,913	18%	\$ 343,912	-30%	\$ 426,416	24%
Off Spec Gypsum	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Fixation Lime	197,416	143,957	-27%	193,573	34%	170,126	-12%	178,873	5%	179,848	1%	253,487	41%
Reagent-Calcium Oxide (landfill stabilization)	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Reagent-Limestone	264,333	348,382	32%	364,407	5%	354,082	-3%	335,902	-5%	349,626	4%	442,068	26%
Reagent-Lime (See note 3)	1,041,666	953,275	-8%	1,069,028	12%	837,997	-22%	947,348	13%	918,664	-3%	1,011,769	10%
Emulsified Sulphur for SO2	9,187	-	-100%	7,622	See Note 1	-	-100%	14,678	See Note 1	-	-100%	-	See Note 1
Reagent-DiBasic Acid	36,060	150,132	316%	90,944	-39%	111,793	23%	90,552	-19%	129,163	43%	191,424	48%
Reagent-Sodium Bisulfite for SO2	4,837	29,233	504%	65,677	125%	39,934	-39%	73,858	85%	26,371	-64%	66,454	152%
Total SO2 Plan O&M Expenses	\$ 1,934,590	\$ 2,010,806	4%	\$ 2,210,210	10%	\$ 1,931,752	-13%	\$ 2,134,124	10%	\$ 1,947,584	-9%	\$ 2,391,618	23%

SO3 Plan:

Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10 % Change	Jan-11	Jan-11 vs. Dec-10 % Change	Feb-11	Feb-11 vs. Jan-11 % Change	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
SO3 Plan Expenses:													
Reagent - Hydrated Lime - SO3 (See note 3)	\$ 36,362	\$ 28,665	-21%	\$ -	-100%	\$ -	See Note 1	\$ -	See Note 1	\$ -	See Note 1	\$ 19,658	See Note 1
Total SO3 Plan O&M Expenses	\$ 36,362	\$ 28,665	-21%	\$ -	-100%	\$ -	See Note 1	\$ -	See Note 1	\$ -	See Note 1	\$ 19,658	See Note 1

Total

\$ 2,095,576 \$ 2,311,787

\$ 2,427,636

\$ 2,031,540

\$ 2,232,604

\$ 2,054,467

\$ 2,500,225

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 consistency.

Note 3: While preparing the response to this item, an error was identified in the original filings related to the classifications of certain O&M expenses associated with the D.B. Wilson generation plant. Specifically, Emulsified Sulphur for SO2 was incorrectly classified as Emulsified Sulfer for NOx, and Hydrated Lime for SO3 amounts were incorrectly classified as Reagent Lime for SO2 amounts. These errors related to the classification of the expenses between recoverable O&M expense categories only. The total dollars included in the original filings were correct and the errors had no impact on the calculations of the ES factors during the related expense months. Refer to the attached "AS REVISED" schedule for revised amounts and explanations for all variances greater than plus or minus 10%.

Big Rivers Electric Corporation
Case No. 2012-00262
Operating and Maintenance Expenses
(As Revised)

NOx Plan:													
Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10	Jan-11	Jan-11 vs. Dec-10	Feb-11	Feb-11 vs. Jan-11	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
NOx Plan Expenses:													
Anhydrous Ammonia	\$ 68,041	\$ 263,255	287%	\$ 217,426	-17%	\$ 99,788	-54%	\$ 98,480	-1%	\$ 106,883	9%	\$ 88,949	-17%
Emulsified Sulphur for NOx	23,017	9,061	-61%	-	-100%	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Total NOx Plan O&M Expenses	\$ 91,058	\$ 272,316	199%	\$ 217,426	-20%	\$ 99,788	-54%	\$ 98,480	-1%	\$ 106,883	9%	\$ 88,949	-17%

SO2 Plan:													
Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10 % Change	Jan-11	Jan-11 vs. Dec-10 % Change	Feb-11	Feb-11 vs. Jan-11 % Change	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
SO2 Plan Expenses:													
Disposal-Flyash/Bottom Ash/Sludge (See note 2)	\$ 381,091	\$ 385,827	1%	\$ 418,959	9%	\$ 417,820	0%	\$ 492,913	18%	\$ 343,912	-30%	\$ 426,416	24%
Off Spec Gypsum	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Fixation Lime	197,416	143,957	-27%	193,573	34%	170,126	-12%	178,873	5%	179,848	1%	253,487	41%
Reagent-Calcium Oxide (landfill stabilization)	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1
Reagent-Limestone	264,333	348,382	32%	364,407	5%	354,082	-3%	335,902	-5%	349,626	4%	442,068	26%
Reagent-Lime	1,041,666	953,275	-8%	1,054,501	11%	834,417	-21%	918,642	10%	898,629	-2%	981,213	9%
Emulsified Sulphur for SO2	42,753	-	-100%	7,622	See Note 1	-	-100%	14,678	See Note 1	-	-100%	-	See Note 1
Reagent-DiBasic Acid	36,060	150,132	316%	90,944	-39%	111,793	23%	90,552	-19%	129,163	43%	191,424	48%
Reagent-Sodium Bisulfite for SO2	4,837	29,233	504%	65,677	125%	39,934	-39%	73,858	85%	26,371	-64%	66,454	152%
Total SO2 Plan O&M Expenses	\$ 1,968,156	\$ 2,010,806	2%	\$ 2,195,683	9%	\$ 1,928,172	-12%	\$ 2,105,418	9%	\$ 1,927,549	-8%	\$ 2,361,062	22%

SO3 Plan:													
Expense Month	Nov-10	Dec-10	Dec-10 vs. Nov-10 % Change	Jan-11	Jan-11 vs. Dec-10 % Change	Feb-11	Feb-11 vs. Jan-11 % Change	Mar-11	Mar-11 vs. Feb-11 % Change	Apr-11	Apr-11 vs. Mar-11 % Change	May-11	May-11 vs. Apr-11 % Change
SO3 Plan Expenses:													
Reagent - Hydrated Lime - SO3	\$ 36,362	\$ 28,665	-21%	\$ 14,527	-49%	\$ 3,580	-75%	\$ 28,706	702%	\$ 20,035	-30%	\$ 50,214	151%
Total SO3 Plan O&M Expenses	\$ 36,362	\$ 28,665	-21%	\$ 14,527	-49%	\$ 3,580	-75%	\$ 28,706	702%	\$ 20,035	-30%	\$ 50,214	151%

Total	\$ 2,095,576	\$ 2,311,787		\$ 2,427,636		\$ 2,031,540		\$ 2,232,604		\$ 2,054,467		\$ 2,500,225
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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 consistency.

Big Rivers Electric Corporation
Case No. 2012-00262
Operating and Maintenance Expenses
(As Revised)

Variance Explanations:

Anhydrous Ammonia:	Dec-10 vs. Nov-10	This was an invoice timing issue at HMP&L due to the fact that Miles Farm Supply was purchased by Crop Production Service and they (CPS) got behind on invoicing BREC, and also at Wilson service hours and generation were lower in November due to a one week planned outage plus one forced outage.
	Jan-11 vs. Dec-10	This was an invoice timing issue at HMP&L due to the fact that Miles Farm Supply was purchased by Crop Production Service and they (CPS) got behind on invoicing BREC.
	Feb-11 vs. Jan-11	February's generation and fuel burn decreased at HMP&L by 35% as compared to January and there are still some invoice timing issues, and a 9% decrease in generation at Wilson.
	Mar-11 vs. Apr-11	Timing of deliveries and invoicing at Wilson.
Emulsified Sulphur NOx:	Dec-10 vs. Nov-10	Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber chemistry. Less chemical was added in December.
	Jan-11 vs. Dec-10	Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber chemistry. No chemical was added from January thru May.
Disposal - Flyash, Bottom Ash, Sludge:	Mar-11 vs. Feb-11	10,420 more tons of ash were hauled at Coleman due to weather conditions and contractor work load, and more tons were hauled at HMP&L due to March's generation and fuel burn increased by 25% as compared to February.
	Apr-11 vs. Mar-11	11,932 less tons of ash were hauled at Coleman in April due to contractor work load, and April's generation and fuel burn at HMP&L decreased by 35% as compared to March due to a 12 day planned outage.
	May-11 vs. Apr-11	5,596 more tons of ash were hauled at Coleman in May due to contractor work load, and May's generation and fuel burn at HMP&L increased by 23% as compared to April.
Fixation Lime:	Dec-10 vs. Nov-10	Timing of deliveries and invoicing at Green and HMP&L.
	Jan-11 vs. Dec-10	Timing of deliveries and invoicing at Wilson and HMP&L.
	Feb-11 vs. Jan-11	16% decrease in generation at Green and 35% decrease in generation at HMP&L.
	Mar-11 vs. Apr-11	May's generation increased by 23% at HMP&L as compared to April, and generation increased at Green by 3% over April.
Reagent-Limestone:	Dec-10 vs. Nov-10	Generation increased by 55,628 MW's at Coleman in December over November and 2,125 more tons of limestone was used due to higher load demand, and generation increased at Wilson in December due to a one week planned outage in November.
	Mar-11 vs. Apr-11	Generation increased by 14,683 MW's at Coleman in May over April and 830 more tons of limestone was used due to higher load demand, and timing of deliveries and invoicing at Wilson.
Reagent-Lime:	Jan-11 vs. Dec-10	January generation increased 6% over December at Green, and timing of deliveries and invoicing at HMP&L.
	Feb-11 vs. Jan-11	February's generation decreased by 16% at Green as compared to January, and timing of deliveries and invoicing at HMP&L.
Emulsified Sulfur for SO2:	Dec-10 vs. Nov-10	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Chemical was added at Wilson and HMP&L in November and none was added in December.
	Feb-11 vs. Jan-11	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Chemical was added at HMP&L in January and none was added in February.
	Apr-11 vs. Mar-11	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Chemical was added at HMP&L in March and none was added in April.
Reagent-DiBasic Acid:	Dec-10 vs. Nov-10	Service hours and generation increased at Wilson in December due to a 1 week planned outage and one forced outage in November, along with timing of deliveries and invoicing.
	Jan-11 vs. Dec-10	Timing of deliveries and invoicing at Wilson.
	Feb-11 vs. Jan-11	Timing of deliveries and invoicing at Wilson.
	Mar-11 vs. Feb-11	Service hours and generation decreased at Wilson in March due to a 1 week planned outage.
	Apr-11 vs. Mar-11	Timing of deliveries and invoicing at Wilson.
	May-11 vs. Apr-11	Timing of deliveries and invoicing at Wilson.
Reagent-Sodium Bisulfite for SO2:	Dec-10 vs. Nov-10	Service hours and generation increased at Wilson in December due to a 1 week planned outage and one forced outage in November, and SBS is added following an outage to help restore scrubber chemistry.
	Jan-11 vs. Dec-10	Added extra chemical at Wilson to enhance scrubber chemistry.
	Feb-11 vs. Jan-11	Less chemical needed at Wilson in February as scrubber chemistry improved.
	Mar-11 vs. Feb-11	Added extra chemical at Wilson to enhance scrubber chemistry following 1 week planned outage in March, and added chemical at HMP&L in March.
	Apr-11 vs. Mar-11	Less chemical needed at Wilson in April as scrubber chemistry improved.
	May-11 vs. Apr-11	Added extra chemical at Wilson to enhance scrubber chemistry.
Reagent-Hydrated Lime-SO3:	Dec-10 vs. Nov-10	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Colder temperatures in December required less chemical than in November.
	Jan-11 vs. Dec-10	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Colder temperatures in January required less chemical than in December.
	Feb-11 vs. Jan-11	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Colder temperatures in February required less chemical than in January.
	Mar-11 vs. Feb-11	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Ordered several tons of chemical in March to prepare for warmer weather.
	Apr-11 vs. Mar-11	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Due to the mild weather in April did not used as much chemical as anticipated.
	May-11 vs. Apr-11	Hydrated lime for SO3 mitigation is dependent on ambient conditions. Warmer weather in May required more chemical than in April.

Case No. 2012-00262

Attachment for Response to PSC 1-3

Witnesses: Ralph A. Ashworth Larry V. Baronowsky

Page 3 of 3

BIG RIVERS ELECTRIC CORPORATION
AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2011
CASE NO. 2012-00262

Response to Commission Staff's
Initial Request for Information
Dated July 2, 2012

July 18, 2012

- 1 **Item 4)** *KRS 278.183(3) provides that during the two-year review, the*
2 *Commission shall, to the extent appropriate, incorporate environmental*
3 *surcharge amounts, found just and reasonable, into the existing base*
4 *rates of the utility.*
5
6 *a. Does Big Rivers believe any surcharge amounts need to be*
7 *incorporated into its base rates in conjunction with this*
8 *two-year review?*
9 *b. If yes to part (a), provide the surcharge amount that Big*
10 *Rivers believes should be incorporated into its existing*
11 *base rates. Explain how the surcharge amount should be*
12 *incorporated into the base rates. Include all supporting*
13 *calculations, work papers, and assumptions, as well as,*
14 *any analysis that Big Rivers believes supports its position.*
15 *c. Provide the Base Environmental Surcharge Factor*
16 *("BESF") that reflects all environmental surcharge*
17 *amounts previously incorporated into existing base rates*
18 *and the amount determined in part (b). Include all*
19 *supporting calculations, work papers, and assumptions.*
20 *d. Does Big Rivers believe that there will need to be*
21 *modifications to either the surcharge mechanism or the*
22 *monthly surcharge reports, other than a revision to BESF,*
23 *as a result of incorporating environmental surcharge*

BIG RIVERS ELECTRIC CORPORATION
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July 18, 2012

1 *amounts into Big Rivers' existing base rates? If yes,*
2 *provide a detailed explanation of the modifications and*
3 *provide updated monthly surcharge reports.*
4

5 **Response)**

- 6 a. No. In Case No. 2012-00063, Big Rivers has proposed revisions
7 to its environmental surcharge tariff, including changes to the
8 methodology used for allocating costs under the tariff. Big
9 Rivers believes an environmental surcharge amount should not
10 be incorporated into its base rates until the Commission has
11 ruled on those proposed revisions.
- 12 b. Not Applicable.
- 13 c. No environmental surcharge amounts have been incorporated
14 into Big Rivers' base rates. As such, the current Base
15 Environmental Surcharge Factor ("BESF") of \$0.000000/kWh
16 reflects all environmental surcharge amounts previously
17 incorporated into existing base rates.
- 18 d. Not applicable.

19
20
21 **Witness)** Ralph A. Ashworth
22