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July 19, 2011

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PUBLIC SERVICE  
COMMISSION

Re: Big Rivers Electric Corporation  
Case No. 2011-00036

Lady and Gentlemen:

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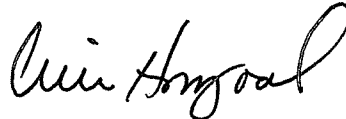
Jack Gaines has a minor correction to make to the exhibit attached to his rebuttal testimony. The corrected copy of the exhibit is enclosed, and the portion that is corrected is highlighted. I am going to submit this corrected version at the hearing when I ask Jack Gaines if he has any corrections to make to his previously filed testimony.

I am providing this to you to avoid surprise and delay at the hearing.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood  
Attorney for Kenergy Corp.

JCH/cds  
Encl.

BIG RIVERS ELECTRIC CORPORATION  
Case No. 2011-00036  
Cost of Summary per Big Rivers' 12-CP Methodology

	<u>Cost of Service Summary -- Pro-Forma</u>				
	a	b	c	d	e
	Rurals	Large Industrials	Smelters	Total System	
1 Operating Revenues	\$ 99,720,178	\$ 33,424,391	\$ 269,181,024	\$ 402,325,593	
2 Less: Smelter Contractual Adders (Sections 4.2 & 4.7)	\$ -	\$ -	\$ (16,053,576)	\$ (16,053,576)	
3 Reverse Section 4.11 & Unwind Surcredit	\$ 8,038,629	\$ 3,052,791	\$ (11,466,492)	\$ (375,072)	
4 Adjusted Pro-Forma Operating Revenue For COSS Purposes	\$ 107,758,807	\$ 36,477,182	\$ 241,660,956	\$ 385,896,945	
5					
6 Operating Expenses	\$ 105,035,005	\$ 31,787,544	\$ 239,696,360	\$ 376,518,908	
7					
8 Utility Operating Margins -- Pro-Forma	\$ 2,723,802	\$ 4,689,638	\$ 1,964,596	\$ 9,378,037	
9					
10 Net Cost Rate Base	\$ 359,504,551	\$ 99,270,357	\$ 711,566,594	\$ 1,170,341,502	
11					
12 <b>Return on Rate Base --</b>	<b>0.76%</b>	<b>4.72%</b>	<b>0.28%</b>	<b>0.80%</b>	
13					
14 Utility Operating Margins -- @ Equalized ROR of -0.15%	\$ 2,880,738	\$ 795,461	\$ 5,701,838	\$ 9,378,037	
15					
16 Subsidy / ( Excess) Under Current Rates	\$ 156,936	\$ (3,894,177)	\$ 3,737,242	\$ -	
17					
18					
19 <u>Cost of Service Summary -- Pro-Forma (Proposed Rate Increase)</u>					
20					
21 Operating Revenues	\$ 107,758,807	\$ 36,477,182	\$ 241,660,956	\$ 385,896,945	
22 Pro-Forma Adjustments per Big Rivers' proposed rates:	\$ 14,172,003	\$ 3,228,566	\$ 22,553,396	\$ 39,953,965	
23					
24 Operating Revenues after proposed rates	\$ 121,930,810	\$ 39,705,748	\$ 264,214,352	\$ 425,850,910	
25					
26 Operating Expenses	\$ 105,035,005	\$ 31,787,544	\$ 239,696,360	\$ 376,518,908	
27					
28 Utility Operating Margins -- Pro-Formed for Increase	\$ 16,895,805	\$ 7,918,204	\$ 24,517,992	\$ 49,332,002	
29					
30 Net Cost Rate Base	\$ 359,504,551	\$ 99,270,357	\$ 711,566,594	\$ 1,170,341,502	
31					
32 <b>Rate of Return</b>	<b>4.70%</b>	<b>7.98%</b>	<b>3.45%</b>	<b>4.22%</b>	
33					
34 Utility Operating Margins -- @ Equalized ROR of 3.27%	\$ 15,153,764	\$ 4,184,424	\$ 29,993,813	\$ 49,332,002	
35					
36 Remaining Subsidy / ( Excess)	\$ (1,742,041)	\$ (3,733,780)	\$ 5,475,821	\$ -	
37					
38 Incremental Percent Impact vs. present rates	-1.58%	-9.51%	1.94%	0.00%	
39					
40 Total Rate Change Allocated on Rate Base	\$ 12,273,026	\$ 3,388,963	\$ 24,291,975	\$ 39,953,965	
41 Shift for 25% Subsidy/Excess Reduction	\$ 39,234	\$ (973,544)	\$ 934,310	\$ 0	
42 Less: Est. Credits from non-FAC PPA	\$ (2,340,068)	\$ (896,009)	\$ -	\$ (3,236,077)	
43 Less: TIER Adjustment Decrease	\$ -	\$ -	\$ (7,114,653)	\$ (7,114,653)	
44 Increase with Base Rate and Non-FAC PPA Amortication	\$ 9,972,192	\$ 1,519,410	\$ 18,111,632	\$ 29,603,235	
45					
46 Percent Increase with Base Rate and Non-FAC PPA Amortication	9.02%	3.87%	6.41%	6.85%	
47					
48 Impact of Lowering the Non-FAC PPA Base	\$ (2,145,453)	\$ (813,705)	\$ -	\$ (2,959,158)	
49 Net Rate Change	\$ 7,826,739	\$ 705,705	\$ 18,111,632	\$ 26,644,077	
50					
51 Net Percent Impact vs. present rates	7.08%	1.80%	6.41%	6.17%	
52					
53 Present Rate Revenues	\$ 110,513,089	\$ 39,260,372	\$ 282,391,841	\$ 432,165,302	
* Contractual Adders					
Base Rate of \$0.00025 per kWh			\$ 1,824,270		
Test Year TIER Adjustment Revenue			\$ 14,229,306		
Surcharges			\$ 11,466,492		
Total			\$ 27,520,068		