

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC) CASE NO.
CORPORATION FOR AN ADJUSTMENT OF RATES) 2012-00535

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

Big Rivers Electric Corporation ("Big Rivers"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due not later than February 21, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered 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.

Big Rivers shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Big Rivers fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to page 3 of Big Rivers' response to Item 2 of Commission Staff's First Rehearing Request for Information ("Staff's First Rehearing Request"). Beginning at line 7, the response explains that taxes and insurance attributable to the Coleman Station are lower when the station is idled compared to when it is running, and that the difference is \$110,226 for the test period. The sentence starting at line 10 indicates that Big Rivers originally had no basis to assume that taxes and insurance would be lower when the station was idled. The last sentence in the response indicates that the incremental taxes and insurance were removed from the revenue requirement in Case No. 2013-00199.¹

a. Provide the approximate date during its budget/negotiation process with the Midcontinent Independent System Operator, Inc. and the Independent Market Monitor that Big Rivers became aware that the taxes and insurance attributable to the Coleman Station would be lower with the station idled compared to when it is running.

b. Identify the types of taxes and insurance to which the response refers.

¹ Case No. 2013-00199, Application of Big Rivers Electric Corporation for a General Adjustment in Rates Supported by a Fully Forecasted Test Period (filed June, 28, 2013).

c. Explain whether Big Rivers believes an adjustment should be made to reduce its revenue requirement in this proceeding by \$110,226.

d. Explain whether the last sentence was included in the response solely for information purposes.

e. Explain whether the last sentence was included in the response to indicate that there is no need to reflect the lower expense in this case since it has been recognized by Big Rivers in Case No. 2013-00199.

2. Refer to page 4 of Big Rivers' response to Item 2 of Staff's First Rehearing Request and pages 5-6 of the Direct Testimony of Robert W. Berry ("Berry Testimony") filed with the Federal Energy Regulatory Commission on November 1, 2013, and which was filed in this proceeding on November 22, 2013, in the updated response to Item 3 of the Commission Staff's Fourth Request for Information.

a. Under the System Support Resource ("SSR") Agreement filed with the Berry Testimony, Big Rivers is to receive \$715,643 annually as a 7.85 percent return on net rate base for carrying costs of fuel, reagent, and materials and supplies required to operate the Coleman Station during the term of the SSR Agreement. Given that Big Rivers' cost of capital is based on its debt cost, explain how the rate of 7.85 percent was derived.

b. In view of its status as a member-owned cooperative organization, explain why the amount Big Rivers receives as a "return" on net rate base, as budgeted for the same 12-month period as the test year in this case, should not be used to benefit its members by offsetting its revenue requirement by that amount.

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DATED _____

cc: Parties of Record

Case No. 2012-00535

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