COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION FILING OF WHOLESALE CONTRACTS PURSUANT TO KRS 278.180 AND 807 KAR 5:0011 § 13	))))	CASE NO. 2014-00134

<u>ORDER</u>

On July 21, 2015, the Commission entered an Order granting Big Rivers Electric Corporation's ("Big Rivers") request to enter into three wholesale purchase power agreements. That Order, at page two, refers to Big Rivers' further-revised Member Rate Stability Mechanism tariff as filed on April 30, 2015, and states that the tariff is attached thereto as Appendix B. However, due to a clerical error, the document attached thereto as Appendix B was an earlier filed copy of that tariff, not the further-revised copy filed on April 30, 2015.

IT IS THEREFORE ORDERED, *nunc pro tunc*, that:

1. The tariff set forth as Appendix B to the July 21, 2015 Order is deleted and replaced with the tariff set forth in the Appendix to this Order.

2. All other provisions of the April 15, 2015 Order that are not in conflict with the terms of this Order shall remain in full force and effect.

By the Commission

ENTERED
AUG 05 2015
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00134 DATED AUG 05 2015

RECEIVED

APR 30 2015

PUBLIC SERVICE COMMISSION

MRSM – Member Rate Stability Mechanism

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under Standard Rate Schedule RDS and Standard Rate Schedule LIC, provided that this MRSM shall terminate on the ~~latter~~last to occur of (i) the first day of the month following the month in which the balance in the Rural Economic Reserve Fund (as described in the RER rider) equals zero, ~~or~~ (ii) the first month in which no additional transmission revenues from Century-Hawesville are forthcoming, and (iii) the first month in which no additional Nebraska Margin deposits are anticipated.

Definitions:

Please see Section 4 for definitions common to all tariffs.

Member Rate Stability Mechanism:

Big Rivers originally established an Economic Reserve of $157 million pursuant to the Commission's Order dated March 6, 2009, in Case No. 2007-00455. Pursuant to the Commission's Order dated April 25, 2014, in Case No. 2013-00199, Big Rivers shall also deposit the transmission revenues it receives from Century-Hawesville into the Economic Reserve. ~~The Economic Reserve is established as three~~ Pursuant to the Commission's Order dated ____________, 2015, in Case No. 2014-00134, Big Rivers shall also deposit margins from certain wholesale sales contracts ("Nebraska Margins") into the Economic Reserve, as described in the "Nebraska Margins" section of this schedule. The Economic Reserve is established as five stand-alone investment accounts, each accruing interest: the first account is for the original fund, the second is for transmission revenues allocated to the Rural class (customers served under Standard Rate Schedule RDS), ~~and~~ the third is for transmission revenues allocated to the Large Industrial class (customers served under Standard Rate Schedule LIC~~).~~), the fourth is for Nebraska Margins allocated to the Rural class, and the fifth is for Nebraska Margins allocated to the Large Industrial class. The transmission revenues are allocated 79.2% to the Rural class and 20.8% to the Large Industrial class. The Nebraska Margins are allocated between the Rural class and the Large Industrial class based upon the total revenues received from each class during the calendar year in which Big Rivers earns the margins.

The MRSM will draw on the Economic Reserve to mitigate the monthly impacts of the FAC, the ES, and the base rate increase awarded by the Commission in Case No. 2013-00199 on each non-Smelter Member's bill, net of the credits received under the Unwind Surcredit and Rebate Adjustment. Each month the MRSM will mitigate the dollar impact of billings under the FAC and ES *less* the total dollar amounts received under the Unwind Surcredit, *less* a monthly pro-rata portion of any lump sum rebates provided under the Rebate Adjustment, *less* the Expense Mitigation Adjustment ("EMA") which is defined below, *plus* the total dollar amounts of the base rate increase awarded by the Commission in Case No. 2013-00199.

Until the account containing the original fund is exhausted, the amount of the MRSM credit provided to each Member during a month will each equal

(i) the total amount of FAC charges billed to the Member during the month, *plus*

(ii) the total dollar amount of ES charges billed to the Member during the month, *less*

(iii) the total dollar amount of the Unwind Surcredits credited to the Member during the month, *less*

(iv) one-twelfth (1/12) of any rebates provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, *less*

(v) the total dollar amount of the EMA charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly MRSM adjustment would be zero, *plus*

(vi) the Member's share of the total dollar amount of the base rate increase awarded by the Commission in Case No. 2013-00199 applicable to the month.

After the account containing the original fund is exhausted, the MRSM credit will draw ~~on~~first from the account containing Nebraska Margins and then from the applicable account containing transmission revenues ~~allocated to the Rural class or the account containing transmission revenues allocated to the Large Industrial class~~, to provide a credit to each Member during a month that will equal

(i) the total amount of FAC charges associated with the applicable customer class and billed to the Member during the month, *plus*

(ii) the total dollar amount of ES charges associated with the applicable customer class and billed to the Member during the month, *less*

(iii) the total dollar amount of the Unwind Surcredits associated with the applicable customer class and credited to the Member during the month, *less*

(iv) one-twelfth (1/12) of any rebates associated with the applicable customer class and provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, *less*

(v) the total dollar amount of the EMA associated with the applicable customer class and charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly MRSM adjustment would be zero, *plus*

(vi) the Member's share of the total dollar amount of the base rate increase associated with the applicable customer class and awarded by the Commission in Case No. 2013-00199 applicable to the month.

Expense Mitigation Factor ("EMF") and Expense Mitigation Adjustment ("EMA"):

The EMF shall be the following:

I. $0.000 per kWh for the first twelve (12) months following July 17, 2009;

II. $0.002 per kWh for months 13 through 24 following July 17, 2009;

III. $0.004 per kWh for months 25 through 36 following July 17, 2009;

IV. $0.006 per kWh for months 37 through 48 following July 17, 2009;

V. $0.007 per kWh for months 49 through 60 following July 17, 2009; and

VI. $0.009 per kWh for months 61 through the termination of this MRSM tariff.

The EMA for the month shall be the EMF multiplied by the S (m) which is the jurisdictional sales for Standard Rate Schedule RDS and/or Standard Rate Schedule LIC to which this tariff applies for the current expense month. The EMF and EMA will expire after both the Economic Reserve and the

Rural Economic Reserve funds have been exhausted and no additional transmission revenues from Century-Hawesville or Nebraska Margins are forthcoming.

If any portion of FAC or ES costs is transferred to or from base rates after July 17, 2009, then the MRSM will account for any effect of such transfers so that the Members will not see any impact on their bills, either positive or negative, of such transfers.

The MRSM adjustment shall be no longer applicable once the Economic Reserve is exhausted and no additional transmission revenues from Century-Hawesville or Nebraska Margins are forthcoming, but the MRSM shall remain a schedule in this tariff until the Rural Economic Reserve Fund is depleted and no additional transmission revenues from Century-Hawesville or Nebraska Margins are forthcoming, as described in the "Availability" section of this schedule. During the last month of this MRSM, or in any month that the amount remaining in the Economic Reserve does not fully fund the MRSM credit for a customer class, the amount remaining in the Economic Reserve for that class will be prorated to each Member on the basis of the total FAC and ES charges applicable to that class' non-Smelter sales less credits under the Unwind Surcredits, less monthly prorated amounts under the Rebate Adjustment and less the EMA as applicable, ***plus*** the prorated base rate increase awarded by the Commission in Case No. 2013-00199.

Nebraska Margins:

The Nebraska Margins shall be the margins resulting from the wholesale contracts approved in Case No. 2014-00134. Pursuant to the Commission's Order in that case dated ________ 2015, each January, Big Rivers shall compare its margins for the previous year to the margins that would have provided the Times Interest Earned Ratio ("TIER") that the Commission used to establish the revenue requirement in Big Rivers' most recent general rate proceeding (the "Revenue Requirement TIER").

Big Rivers shall also compare its average daily balance of unrestricted cash and temporary investments for the last three calendar months of the previous calendar year (the "Average Cash Balance") to the Cash Balance Threshold, as defined below.

(1) If for the previous year:
    (a) Big Rivers' actual margins are greater than the margins at the Revenue Requirement TIER;
    (b) the Nebraska Margins are greater than zero; and
    (c) The Average Cash Balance greater than $60,000,000 (the "Cash Balance Threshold"),

    then Big Rivers shall deposit into the Economic Reserve each month for twelve (12) consecutive months one-twelfth (1/12) of the lesser of:
    (s) the portion of the Nebraska Margins from the previous calendar year that would reduce Big Rivers' actual TIER to the Revenue Requirement TIER; and
    (t) the positive difference between the Average Cash Balance and the Cash Balance Threshold.

(2) If one or more of a, b, and c above are not satisfied, then no Nebraska Margins for that year shall be deposited into the Economic Reserve.

(3) If Big Rivers is required by this schedule to deposit all or a portion of the Nebraska Margins for a year into the Economic Reserve, it shall do so no later than the last business day of each month, beginning in February of the following year.

~~(1)~~(4) Each such deposit of Nebraska Margins shall be expensed in the prior calendar year in which Big Rivers earned those margins.

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