COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES	)))	CASE NO. 2011-00036

SECOND INFORMATION REQUEST OF COMMISSION STAFF TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation ("Big Rivers"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 15, 2011. 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 response 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 the Application, Exhibit 8.

a. Refer to proposed PSC No. 24, Original Sheet No. 1, Rural Delivery Service, and PSC No. 24, Original Sheet No. 6, Large Industrial Customer. As proposed, the "Term" section of each of these tariffs states, "[t]his rate schedule shall take effect at 12:01 a.m." Explain the meaning of and reason for this language.

b. Refer to proposed PSC No. 24, Original Sheet No. 3, Rural Delivery Service. In the billing form, Big Rivers is proposing to add an "Adjustment" line item below "NSNFP." Given that an "Adjustment" line item appears between "Actual Demand" and "Energy" on the billing form, explain the reason for this addition.

c. Refer to proposed PSC No. 24, Original Sheet No. 24, Cogeneration/Small Power Production Sales Tariff – Over 100 kW. The second paragraph states, "[o]ff-peak usage is defined as all power requirements not included in paragraph (i) or (ii)." Given that Big Rivers is proposing to delete the "(i)" and "(ii)" as designators for the previous paragraphs, provide proposed new language for the second paragraph on this page.

d. Refer to proposed PSC No. 24, Original Sheet No. 56. In the formula at the top of the page, explain whether the sign that follows "US" should be an "=" sign rather than a "-" sign.

e. Refer to proposed PSC No. 24, Original Sheet No. 57. In the last line on this page, explain whether the reference should be to the "Environmental Surcharge" rather than to the "Unwind Surcharge."

f. Refer to PSC No. 23, Original Sheet No. 7, and PSC No. 24, Original Sheet No. 68. Explain the reason for the language deletion in the Localized Emergency section.

2. Refer to page 11 of the Direct Testimony of Mark A. Bailey ("Bailey Testimony"), lines 8-11. Provide a detailed description of "[t]he information we have about the period immediately following the date on which new rates are anticipated to go into effect . . ." which leads Big Rivers to "[r]easonably expect the proposed rates to produce at least a 1.10 MFIR for 2011."

3. Refer to page 20 of the Bailey Testimony, lines 15-19.

a. Explain how $1 million was chosen as the amount Big Rivers is committing to spend annually on energy efficiency and Demand-Side Management programs.

b. Explain whether Big Rivers expects to eventually increase this spending commitment to an annual level greater than $1 million.

4. Refer to page 8 of the Direct Testimony of C. William Blackburn ("Blackburn Testimony "), lines 15-19, which refer to lower prices for power in the

wholesale market in 2010. Provide a comparison of Big Rivers' off-system wholesale sales, in dollars and MWh, for the test year and calendar years 2006-2010.

5. Refer to page 30 of the Blackburn Testimony, lines 14-16.

a. Describe the specific nature of the $37 million improvement Alcan recently announced for its Sebree complex.

b. The testimony indicates that Century was restarting its fifth potline in March of 2010. For Alcan and Century each, provide a schedule of their annual MWh purchases for the years 2006-2010 which also includes a timeline of all changes in the number of potlines each smelter was operating during this period.

6. Refer to pages 31-32 of the Blackburn Testimony and Exhibit Wolfram-2, Reference Schedule 2.25, to the Direct Testimony of John Wolfram ("Wolfram Testimony").

a. Provide a breakdown, by month, of the $2,712,026 in Outside Professional Services expenses incurred during the test year.

b. Provide the amount of Outside Professional Services expenses incurred by Big Rivers each year from 2005 through 2009.

c. Excluding the costs associated with this rate case and cases involving Big Rivers' membership in the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"), provide Big Rivers' Outside Professional Services expenses incurred since the end of the test year on a monthly basis. Consider this an ongoing request to be updated by the 15th of the month, to report the prior month's expense, for each month up to an including the month of the hearing in this case.

7. Refer to Exhibit Wolfram-2, page 1 of 2, to the Wolfram Testimony. Provide a breakdown of Operating Revenues shown as $522,923,675 into categories such as sales to each member system by rate class, off-system sales, cable television attachment revenue, etc.

8. Explain how Big Rivers accounts for cash drawn from the Economic Reserve to offset the fuel adjustment clause ("FAC") and Environmental Surcharge.

9. Refer to pages 8-9 of the Wolfram Testimony and Exhibit Wolfram-2, Reference Schedule 2.01.

a. Provide the test-year monthly sales volumes and revenues for the new industrial customer, Equality Mine.

b. Provide the monthly sales volumes and revenues for Equality Mine for each month since it began receiving service in March of 2010.

10. Refer to Exhibit Wolfram-2, Reference Schedule 2.05, column 3, and Exhibit Seelye-6, page 3 of 3. Explain why the $7,785,109 total of column 3 differs from the $6,337,959 shown on page 3 of Exhibit Seelye-6 as the amount of Non-FAC Purchased Power Adjustment ("NFPPA") for the smelters.

11. Refer to Exhibit Wolfram-2, Reference Schedule 2.05. State whether the amounts in columns 2 and 3 represent the difference between the amount billed by Big Rivers through the $.00175 NFPPA included in Big Rivers' base rate and the expense incurred by Big Rivers for Non-FAC purchased power. If not, explain how the amounts in columns 2 and 3 were calculated.

12. Describe the circumstances in which Big Rivers incurs purchased power expense that is not passed through the FAC.

13. Refer to pages 12-14 of the Wolfram Testimony, Exhibit Wolfram-2, Reference Schedule 2.14, and page 73 of 216 of the attachment to the response to Item 54 of the Commission Staff's Initial Request for Information ("Staff's First Request").

a. For the months of 2011 for which actual information is available, provide Big Rivers' billing statements from the Midwest ISO which produce the amounts shown on page 73 of 216 of the data response. Include a narrative description of the charges which explains how the specific amounts were derived.

b. Provide a detailed description of how Big Rivers derived the costs of Midwest ISO membership shown in the data response for the months of 2011 that were estimated at the time it filed its application.

14. Refer to pages 15-16 of the Wolfram Testimony and Exhibit Wolfram-2, Reference Schedule 2.18.

a. The fees that form the basis for the proposed ACES Power Marketing, Inc. ("APM") adjustment are as of January 1, 2011. Provide the annualized amount based on the fees as of the end of the test year.

b. The proposed adjustment reflects an 11.4 percent increase over the test-year expense level. Describe how Big Rivers evaluates the efficiency and reasonableness of the costs it incurs in exchange for the services it receives from APM.

c. Page 16 of the Wolfram Testimony indicates that some of the APM costs were not incurred during the test year. Identify those costs.

15. Refer to page 6 of the Direct Testimony of Robert W. Berry ("Berry Testimony"). Provide the names of the utilities whose generating units are included in the Big Rivers peer group.

16. Refer to pages 7-11 of the Berry Testimony.

a. Provide the same level of detail in describing the work to be performed during the planned maintenance outages identified on page 10, lines 5-14, as provided on page 7 for the maintenance outages that took place during the test year.

b. Page 9, lines 5-7, refers to planned outage hours in both the year 2010 and the year 2011 in the past tense. Clarify whether the 2011 reference is correct or whether the phrasing should not have referred to 2011 in the past tense.

c. The sentence starting on page 10, line 25, and continuing to page 11, line 1, states that the "[n]ormal planned outage intervals are every three years for the Coleman units and every two years for the other units." These intervals are shorter than those of the Commission's other jurisdictional electric generating utilities. Provide a timeline, including a description of the work performed, of the planned maintenance outages for the Coleman, Green and Wilson units over the six-year period 2004-2009.

17. Refer to Exhibit Wolfram-2, Reference Schedule 2.10, of the Wolfram Testimony, pages 11-12 of the Berry Testimony, and Exhibit Berry-3.

a. By generating station and year, provide the historical levels of non-outage operations and maintenance expenses for 2005 through 2009, broken down by account in the same manner as shown in Exhibit Berry-3.

b. Explain how the amounts identified on Exhibit Berry-3 as "Inflation adjustment" were derived.

c. Explain why the annual amounts at individual stations are projected to vary by as much as $1.4 million from year-to-year.

d. Explain why a four-year period, from 2011 through 2014, has been used to derive the proposed adjustment.

18. Refer to Exhibit Wolfram-2, Reference Schedule 2.11 of the Wolfram Testimony, pages 11-12 of the Berry Testimony, and Exhibit Berry-2.

a. Provide a revised version of Exhibit Berry-2 which includes the titles of each of the accounts shown in the first column of the exhibit and the test-year planned outage expense of $11,710,548 broken down by account.

b. For each of the years 2011 through 2014, provide the amount of the projected planned outage expense broken down by generating station.

c. Explain why a four-year period, from 2011 through 2014, has been used to derive the proposed adjustment.

19. Refer to Exhibit Wolfram-2, Reference Schedule 2.06, of the Wolfram Testimony, pages 9-15 of the Direct Testimony of Ted J. Kelly ("Kelly Testimony"), Exhibit Kelly-1, and Exhibit Kelly-2.

a. Provide, in the same format as used in Exhibit Kelly-1 to reflect the impact of Mr. Kelly's depreciation rate study as of April 30, 2010, a schedule as of October 31, 2010 which shows the derivation of the pro forma depreciation expense of $42,532,089 shown in Reference Schedule 2.06.

b. The "Facilities Review" section of the Kelly Testimony identifies the five-year average heat rates of most of the Big Rivers generating facilities, but not for the Wilson and Coleman plants. Provide the five-year average heat rates for the Wilson and Coleman plants.

c. Exhibit Kelly-2 shows the years in service and estimated remaining lives of Big Rivers' generating units. Using each generating station's newest unit for measurement purposes, the total useful lives are as follows:

1) Coleman – 62 years;

2) Green – 60 years;

3) HMP&L 2 – 70 years; and

4) Wilson – 64 years.

Identify and describe the characteristics of each generating station that give rise to these different useful lives.

20. Refer to pages 15-16 of the Direct Testimony of Mark A. Hite ("Hite Testimony") concerning the discussions between Big Rivers and the aluminum smelters concerning NFPPA. The testimony reflects that, while complete agreement on a resolution of the differences between Big Rivers and the smelters on the NFPPA had not been reached at the time of the application, Big Rivers "[b]elieved that a resolution was imminent" and that "Big Rivers and the smelters continue to meet on this issue." Provide the current status of these meetings.

21. Refer to Exhibit Wolfram-2, Reference Schedule 2.07, of the Wolfram Testimony and pages 21-22 of the Hite Testimony.

a. Provide a breakdown of the pro forma and historical year amounts between labor costs and labor overhead. Provide a further breakdown of the labor costs by regular hours labor, overtime hours labor, and "other" labor (i.e. unused sick leave, unused annual leave, etc.) Provide the labor overhead cost by category type (i.e. payroll taxes, workers compensation, retirement costs, insurance, medical, etc.)

b. The description states that the labor and labor overhead pro forma amount of $68,708,897 includes employees of record as of December 31, 2010. Confirm whether the $68,084,003 historical amount represents the test year or another period.

c. Provide the normalized test year-end labor and labor overhead cost based on employees of record as of October 31, 2010 and the resulting adjustment.

22. Refer to Exhibit Wolfram-2, Reference Schedule 2.07, of the Wolfram Testimony, and page 16 of 216 of the attachment to the response to Item 54 of the Staff's First Request.

a. Confirm whether the Grand Total amount of $68,084,003 on page 16, which is $75,560,586 less the $7,476,583 Unwind post-retirement medical true-up, includes the retention amount of $2,470,052 and incentive amount of $94,650 shown on the schedule.

b. Provide a description of Big Rivers' retention and incentive pay programs.

c. Provide an explanation why the retention and incentive bonus amounts should be included in the determining Big Rivers' revenue requirement.

23. Refer to Exhibit Wolfram-2, Reference Schedule 2.08, of the Wolfram Testimony and page 22 of the Hite Testimony. Provide the calculations supporting the $515,767 historical interest expense on construction work in progress.

24. Refer to Exhibit Wolfram-2, Reference Schedule 2.15, of the Wolfram Testimony, page 24 of the Hite Testimony, and the response to Staff's First Request.

a. Provide the calculations that support the amounts of pro forma and historical interest expense on long-term debt shown on the reference schedule.

b. Provide a reconciliation of the different amounts shown as pro forma and historical expense on long-term debt in Wolfram Reference Schedule 2.15 and in the response to Staff's First Request, Item 13, page 2 of 3, Statement of Operations-Interest Expense, and Item 17, Schedule 2-Schedule of Outstanding Long-Term Debt for the Test Year Ended October 31, 2010, columns J and K.

25. Refer to Exhibit Wolfram-2, Reference Schedule 2.12, of the Wolfram Testimony, and pages 23-24 of the Hite Testimony.

a. Describe in detail the process Big Rivers undertook to choose an IT services provider that ultimately resulted in it contracting with Hewlett-Packard for such services, including the implementation of Oracle R 12.

b. The proposed adjustment is based on the contract cost for the 12 months ending August 31, 2012. Provide the contract cost for the first 12 months of the contract, the twelve months ending October 31, 2011.

26. Refer to Exhibit Wolfram-2, Reference Schedule 2.21, page 26 of the Hite Testimony, and pages 86 and 87 of 216 of the attachment to the response to Item 54 of Staff's First Request.

a. The Hite Testimony indicates the total cost incurred in connection with Case No. 2010-00043[1] was $1,602,777. Provide a breakdown of this amount

[1] Case No. 2010-00043, Application of Big Rivers Electric Corporation for Approval to Transfer Functional Control of its Transmission System to Midwest Independent Transmission System Operator, Inc. (Ky. PSC Nov. 1, 2010).

showing the amounts of in-house costs and outside costs. For all outside costs, provide a further breakdown by service provider/vendor.

b. The Commission's practice of allowing a three-year amortization of the costs incurred by a utility in conjunction with a general rate case is based on the premise that, on average, utilities file general rate applications once every three years. Explain why Big Rivers believes that a similar amortization of the costs associated with the case in which it sought Commission approval to join the Midwest ISO is appropriate.

27. Refer to the Direct Testimony of William S. Seelye ("Seelye Testimony") at page 6. On lines 7-12, Mr. Seelye discusses Big Rivers' proposal to bill for demand on the basis of coincident peak rather than non-coincident peak for Rural Delivery customers. Provide the rates that would have been proposed for Rural Delivery customers if the basis continued to be non-coincident peak.

28. Refer to the Seelye Testimony, page 15, lines 18 and 19, which state that "the Smelters receive billing credits reflecting the net proceeds from certain off-system sales." Identify the off-system sales to which this refers.

29. Refer to the Seelye Testimony, page 19. Explain whether line 14 should refer to the increase to the Large Industrial customers as $3,228,566.

30. Refer to the Seelye Testimony, page 29. State whether the last word on the page should be "increased" instead of "decreased." If not, explain.

31. Refer to the Seelye Testimony, page 33, which discusses Big Rivers' pending FAC review, Case No. 2010-00495.[2] It states that Big Rivers will incorporate

[2] Case No. 2010-00495, An Examination of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from July 17, 2009 through October 31, 2010, filed Jan. 26, 2011.

the effect of the roll-in to the rates filed with the Commission pursuant to an order in this case. If an order is issued in Case No. 2010-00495 prior to the issuance of an order in this case, explain whether Big Rivers is prepared to file an update to the billing analysis and any other schedules in this case that would be affected.

32. Refer to the Seelye Testimony at the bottom of page 35, which cites the Commission requirement in Case No. 2007-00455[3] that the Rural Economic Reserve be used to credit bills to the Rural Delivery customers over a period of 24 months. Page 36 of the testimony discusses proposed changes to the Rural Economic Reserve that would extinguish the fund over time, but not over a 24-month period. Explain why a change should be made to the 24-month requirement.

33. Refer to the Seelye Testimony at page 37.

a. Lines 5-6 indicate that, as of October 31, 2010, the regulatory liability balance for the Non-smelter NFPPA was $4,364,060. Explain why this amount differs from the $3,802,908 in Exhibit Wolfram-2, Reference Schedule 2.05, column 2.

b. State whether the June 30, 2010 reference at the end of line 16 should be June 30, 2011.

c. Lines 18-21 indicate that, as proposed, the NFPPA Regulatory Liability as of June 30, 2011 will be amortized over 24 months. Explain why Big Rivers

[3] Case No. 2007-00455, The Applications of Big Rivers Electric Corporation for: (1) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (2) Approval of Transactions, (3) Approval to Issue Evidences of Indebtedness, and (4) Approval of Amendments to Contracts; and of E.On U.S., LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions (Ky. PSC Mar. 6, 2009).

is proposing to amortize this balance over 24 months instead of 12 months as it proposes for future years' amortization of the regulatory account.

34. Refer to page 44 of the Seelye Testimony, which indicates that adoption of the Midwest ISO Attachment O transmission formula will not affect base rates. Explain how the Midwest ISO tariff charges will be accounted for.

35. Refer to Exhibit Wolfram-2, Reference Schedule 2.04, of the Wolfram Testimony, pages 44-53 of the Seelye Testimony, and Exhibit Seelye-10.

a. Provide a list of all instances, by utility name, case number and jurisdiction, in which Mr. Seelye proposed and a commission accepted the exact method of analysis proposed in this case to develop a temperature normalization adjustment for an electric utility.

b. Provide the most recent order of a commission which approved the temperature normalization method proposed in this case.

c. Provide a list of all instances, by utility name, case number and jurisdiction, in which Mr. Seelye proposed and a commission rejected the exact method of analysis proposed in this case to develop a temperature normalization adjustment for an electric utility.

d. Provide the most recent order of a commission which rejected the temperature normalization method proposed in this case.

e. Refer to Exhibit Seelye-10, page 3. Explain how the monthly coefficient value is derived and its use in the outcomes presented in the table.

f. Explain whether the test-year cooling degree days ("CDD") and heating degree days ("HDD") shown in the Exhibit Seelye-10 reflect calendar month or billing cycle CDD and HDD and provide the source of the CDD and HDD levels.

g. Explain in detail why the proposed temperature normalization adjustment should be based on degree day variations for individual months rather than degree day variations for a full season, i.e., the cooling season or the heating season.

36. Refer to Exhibit Seelye-2, pages 3 and 4. Provide the rationale for using the functional vector Profix to allocate expenses marked as such on these pages.

37. Refer to Exhibit Seelye-3, page 4 of 15. Explain the adjustments to the rate classes labeled as "Production Demand Reallocation of Purchased Power."

38. Refer to Exhibit Seelye-3, page 11 of 15. Explain why the Total Operating Expenses after adjustments of $376,008,202 differs from the $418,915,195 in Exhibit Wolfram-2, page 1 of 2, column 4, line 42. Provide a reconciliation of the two amounts.

39. Refer to Exhibit Seeyle-6.

a. Provide this exhibit in electronic format with the formulas intact and unprotected.

b. Explain why the Member Rate Stability Mechanism is not shown in the billing analysis.

40. Refer to Exhibit Seelye-6, page 2 of 3.

a. Refer to the Rural Delivery Service section. In the last column on the page, explain whether the Temperature Normalization Adjustment should have been calculated using an energy rate of $.019524 per kWh instead of $.020400 per kWh.

b. Refer to the Large Industrial Customer Delivery Point section. Explain whether the Current Industrial Customer Adjustment – Energy in the last column on the page should have been calculated using an energy rate of $.014885 per kWh instead of $.015761 per kWh.

c. Refer to the Rural Delivery Service and Large Industrial Customer Delivery Point sections and page 38 of the Seelye Testimony. Given that the testimony indicates that the Rural and Large Industrial customers would receive a credit of $.000963 per kWh related to the NFPPA, explain why, on page 2 of 3 of Exhibit Seelye-6, the line items "Estimated Credits from Amort of NFPPA Balance" for the Rural and Industrial sections do not equal ($.000963) times the kWh shown for each section.

41. State whether Big Rivers has conducted a physical inventory of its coal supply since closing the unwind transaction. If yes, provide the results of the inventory, including a comparison of the expected inventory to the physical inventory for each coal stockpile. Also provide any adjustments made as a result of the physical inventory.

42. Refer to the response to Staff's First Request, Item 15, which shows the calculation of Big Rivers' Times Interest Earned Ratio ("TIER") and Debt Service Coverage Ratio ("DSC") for the test year and three prior calendar years. Provide Big Rivers' TIER and DSC for calendar year 2010 in the same format.

43. Refer to the response to Staff's First Request, Item 17, Schedule 2, the schedule of Big Rivers' outstanding long-term debt. Provide an update of the schedule that reflects Big Rivers' current (as of March 31, 2011) interest rates for long-term debt applied to its test year-end long-term debt balances.

44. Refer to the response to Staff's First Request, Item 19.b.

a. Page 22 of 25, line 459, shows the account 920183 "Admin and General Salaries-Oracle."

1) Provide a description of this account which includes the type of activities recorded therein.

2) The account balance increased from $2.4 million in the 12 months preceding the test year to $5.3 million in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

b. Page 22 of 25, line 460, shows the account 921100 "Office Supplies and Expenses." The account balance increased from $1.7 million in the 12 months preceding the test year to $4.4 million in the test year. Provide a detailed explanation for why this expense increased by this magnitude.

c. Page 23 of 25, lines 465 through 470, shows accounts used to record outside services which total $3.3 million. Provide a reconciliation of this amount to the historical year amount of $2,712,026 referred to in Exhibit Wolfram-2, Reference Schedule 2.25, of the Wolfram Testimony.

45. Refer to the response to Item 21 of Staff's First Request, which indicates that land was purchased in 2008 for use as a combustion turbine site, but the current status is shown as suspended.

a. Describe Big Rivers' plans for the site when purchased, including the timeframe envisioned for construction.

b. Explain what factors influenced the apparent decreased need for the combustion turbine.

c. Provide Big Rivers' current and future plans for the property.

46. Refer to the response to Item 24 of Staff's First Request. Power purchases of 4,166,916,001 kWh were made in 2009 and 2,220,994,590 in 2010. Explain the decrease in purchased power requirements.

47. Refer to the response to Staff's First Request, Item 28.

a. Provide an explanation of why the regular hours worked column for every employee is less than 2,080 hours, the standard number for a work year.

b. Using the same format, identify each hourly employee as either bargaining or non-bargaining.

c. Provide an explanation of all increases granted in the test year that were greater than 10 percent.

d. For the following employee numbers, provide the number of hours per week that make up their normal work schedule and why, where applicable, they are compensated for overtime hours.

Employee #	Employee #	Employee #
3	4	10
14	16	30
31	46	66
70	71	75
91	94	98
99	105	116
121	135	151
164	186	237
249	260	275
413	456	472
476	518	527
528	624	

48. Refer to the response to Staff's First Request, Item 29, the schedule of employee payroll taxes. Provide an explanation for the 5.4 percent credit for Federal Unemployment Tax.

49. Refer to the response to Staff's First Request, Item 30, the schedule of employee benefits. Provide an explanation for the benefits included as "Other" in column (f).

50. Refer to the response to Staff's First Request, Item 51, which shows Big Rivers' lobbying expenses as $40,591 in account 426410. However, the response to Item 44 of Staff's First Request, page 8 of 8, shows account 426.410-Civic, Political and Related Activities amount of $13,094 being deducted from the test-year expenses. Explain why the National Rural Electric Cooperative Association amount shown in the response to Item 51 should not also be deducted for ratemaking purposes.

51. Refer to the attachment to the response to Item 54 of Staff's First Request, page 9 of 216. Explain what is represented by the rates in the column "Expense Mo. Rate."

52. Refer to the response to Item 57.b. of Staff's First Request, which shows the costs of Big Rivers' CFL distribution program during 2008, 2009, and 2010. Explain whether the costs for the program are being recovered through base rates, or if Big Rivers plans to recover these costs through base rates.

Stephanie Bell for Jeff Derouen
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