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November 9, 2010

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

RECEIVED

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PUBLIC SERVICE
COMMISSION

Re: An Examination by the Public Service Commission of the
Environmental Surcharge Mechanism of Big Rivers
Electric Corporation for the Six-Month Billing Period Ending
July 31, 2010 and the Pass-Through Mechanism for its
Three Member Distribution Cooperatives, PSC Case No. 2010-00368

Dear Mr. DeRouen:

Enclosed for filing in the above referenced matter are an original and ten copies of Big Rivers Electric Corporation's response to the Commission Staff's first data requests and an original and ten copies of the direct testimony of Mark A. Davis in support of the reasonableness of the environmental surcharge mechanisms of Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp. and Meade County Rural Electric Cooperative Corporation. A copy of this letter, the testimony, and the data request responses have been served on all parties of record.

Sincerely,



Tyson Kamuf

TAK/ej
Enclosures

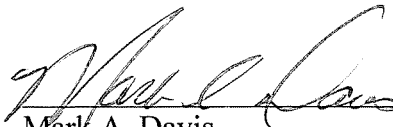
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VERIFICATION


I, Mark A. Davis, verify, state, and affirm that I prepared, or supervised the preparation of, the data request responses for which I am a witness and the testimony filed with this verification, and that those responses and that testimony are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Mark A. Davis

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

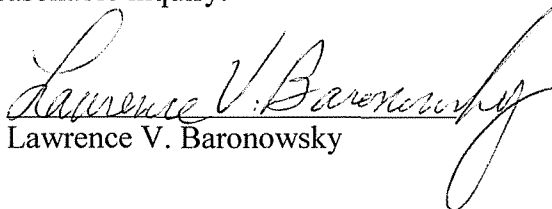
SUBSCRIBED AND SWORN TO before me by Mark A. Davis on this the 9th day of November, 2010.



Notary Public, Ky. State at Large
My Commission Expires 8-9-2014

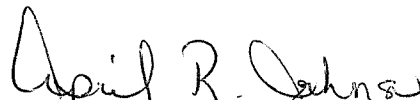
VERIFICATION

I, Lawrence V. Baronowsky, verify, state, and affirm that the 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 9th day of November, 2010.


Notary Public, Ky. State at Large
My Commission Expires 8-9-2014

1 COMMONWEALTH OF KENTUCKY
2 BEFORE THE PUBLIC SERVICE COMMISSION

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4 In the Matter of:

5
6 AN EXAMINATION BY THE PUBLIC SERVICE)
7 COMMISSION OF THE ENVIRONMENTAL)
8 SURCHARGE MECHANISM OF BIG RIVERS)
9 ELECTRIC CORPORATION FOR THE)
10 SIX-MONTH BILLING PERIOD ENDING)
11 JULY 31, 2010 AND THE PASS-THROUGH)
12 MECHANISM FOR ITS THREE MEMBER)
13 DISTRIBUTION COOPERATIVES)

CASE NO.
2010-00368

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29 DIRECT TESTIMONY
30 OF
31 MARK A. DAVIS
32 ON BEHALF OF
33 BIG RIVERS ELECTRIC CORPORATION
34 AND
35 ITS THREE MEMBER DISTRIBUTION COOPERATIVES

DIRECT TESTIMONY OF MARK A. DAVIS

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Q. Please state your name, business address and occupation.

A. My name is Mark A. Davis and my business address is Big Rivers Electric Corporation, 201 Third Street, Henderson, Kentucky, 42420. I am a Senior Accountant focused on regulatory and debt management accounting. I report to Big Rivers’ Director – Finance.

Q. Please summarize your education and professional experience.

A. I received a B.S. in Accounting in December 2004 from Murray State University (“Murray State”) in Murray, Kentucky. I became a Certified Public Accountant in April 2007. In January 2005, after graduating from Murray State, I was employed as an Accountant with Alford, Nance and Jones LLP (“Alford Nance”) in Madisonville, Kentucky. My duties at Alford Nance included preparing individual and corporate tax returns, conducting government audits and reviews, and preparing and analyzing clients’ financial statements. In July 2007, I was employed by Phoenix Coal Corp of Madisonville as a Senior Accountant focused on financial analysis and reporting. My duties there included preparing and filing severance, excise, and sales/use taxes; tracking coal tonnage and analyzing coal quality; preparing quarterly management and government reports; and creating

1 and establishing accounting processes and procedures. I started at Big Rivers in
2 November 2009 in my current position.

3

4 **Q. Please summarize your duties at Big Rivers.**

5

6 A. As a Senior Accountant with responsibilities for regulatory reporting and debt
7 management, my duties include monthly preparation of the Fuel Adjustment
8 Clause Form A, the Environmental Surcharge, the Unwind Surcredit the Member
9 Rate Stability Mechanism. These responsibilities also include filing them with
10 the Public Service Commission of Kentucky (“the Commission”). I also prepare
11 the Non-Fuel Adjustment Clause Purchased Power Adjustment. As part of my
12 debt management duties, I analyze and prepare payments, accruals, and entries for
13 debt obligations including Rural Utilities Service obligations, Pollution Control
14 Bonds, lines of credit, and letters of credit. I also monitor the debt covenants and
15 budget debt expenses.

16

17 **Q. Have you previously testified before this Commission?**

18

19 A. Yes. I testified at the October 12, 2010 hearing in Big Rivers’ FAC Review
20 Proceeding for the six-month period ending April 30, 2010 (Case No. 2010-
21 00269). I also prepared and filed data responses in Big Rivers’ Environmental
22 Surcharge Proceeding for the six-month billing period ending January 31, 2010
23 (Case No. 2010-00269).

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Q. On whose behalf are you filing this testimony?

A. I am filing this testimony on behalf of Big Rivers and its three member distribution cooperatives, Jackson Purchase Energy Corporation (“JPEC”), Kenergy Corp. (“Kenergy”), and Meade County Rural Electric Cooperative Corporation (“Meade County”) (JPEC, Kenergy, and Meade County are collectively referred to herein as the “Members”).

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe the application of Big Rivers’ environmental surcharge mechanism as billed from February 1, 2010 through July 31, 2010 (which corresponds to the expense months December 2009 through May 2010 and service months January 2010 through June 2010). Additionally, I have coordinated with Big Rivers’ Members in the preparation of this testimony and prepared the responses to the Commission’s first data requests (“Commission’s Initial Requests”) which accompany this testimony.

My testimony also includes information the Members’ have provided me in support of their pass-through mechanisms that are also under review in this proceeding and that the Members use to pass through to their retail members the costs Big Rivers charges to them under Big Rivers’ environmental surcharge

1 mechanism. As can be seen in my response to Item 2 of the Commission's Initial
2 Requests, the review period for the Members' pass-through mechanisms that
3 corresponds to the February 1, 2010 through July 31, 2010 billing period for Big
4 Rivers' environmental surcharge mechanism are the billing months of March
5 2010 through August 2010 for non-dedicated delivery point customers, and
6 February 1, 2010 through July 31, 2010 for dedicated delivery point customers
7 (*i.e.*, there is no billing lag for dedicated delivery point customers).

8
9 **Q. Please provide a brief overview of Big Rivers' environmental surcharge**
10 **mechanism.**

11
12 A. Big Rivers' environmental surcharge mechanism was approved by the
13 Commission by Order dated June 25, 2008, in Case No. 2007-00460. Big Rivers'
14 environmental surcharge went into effect immediately following the July 16,
15 2009, closing of the Unwind Transaction for service commencing July 17, 2009.
16 The Commission approved the Unwind Transaction by its Order dated March 6,
17 2009, in Case No. 2007-00455.

18
19 Big Rivers' environmental compliance plan approved by the Commission in Case
20 No. 2007-00460 consists of programs and the associated costs for controlling each
21 of sulfur dioxide ("SO₂"), nitrogen oxide ("NO_x"), and sulfur trioxide ("SO₃").
22 The environmental surcharge costs Big Rivers may recover under KRS 278.183,

1 and its environmental compliance plan, include reagent costs, sludge and ash
2 disposal costs, and allowance costs.

3

4 For the SO₂ program, Big Rivers recovers through its environmental surcharge
5 mechanism the costs of reagents, the costs for the disposal of coal combustion
6 byproducts (fly ash, bottom ash, and scrubber sludge), and the costs of purchasing
7 SO₂ emission allowances. For the NO_x program, Big Rivers recovers the costs of
8 reagents and the costs of purchasing additional NO_x emission allowances as
9 needed. For the SO₃ program, Big Rivers recovers the costs of a reagent. Due to
10 generating unit design and Big Rivers' compliance plan, no Big Rivers generating
11 unit utilizes all the same reagents. Depending on the unit facilities, various
12 reagents are used to treat the flue gas, thereby removing the three targeted
13 emissions. The SO₂ reagents are comprised of emulsified sulfur, lime, fixation
14 lime, limestone, dibasic acid, and sodium bisulfite. The NO_x reagents are
15 comprised of anhydrous ammonia and emulsified sulfur. The SO₃ reagent is
16 comprised of lime hydrate.

17

18 Big Rivers' environmental surcharge mechanism is comprised of the specific
19 environmental compliance operating expenses described above, less proceeds
20 from by-product and emission allowance sales, plus or minus an ongoing
21 cumulative over- or under-recovery adjustment.

22

23 **Q. Please provide a brief overview of the Members' pass-through mechanisms.**

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A. The Members' pass-through mechanisms allow each Member to bill its retail customers for the portion of Big Rivers' environmental surcharge that Big Rivers bills each Member. JPEC's pass-through mechanism was approved by the Commission in Case No. 2008-00010; Kenergy's mechanism was approved by the Commission in Case No. 2008-00009; and Meade County's was approved by the Commission in Case No. 2007- 00470.

Q. Big Rivers stated at the informal conference in the first six-month review (Case No. 2010-00194) that it was going to make changes to its environmental surcharge tariff. When does Big Rivers intend on filing its revised tariff?

A. Big Rivers has drafted a revised tariff, which is currently under review by interested stakeholders. The revised tariff will be filed when that review is complete. So as to not unduly complicate or delay this proceeding, Big Rivers intends on filing the revised tariff as a separate proceeding. The changes Big Rivers anticipates making to the tariff are for clarification and will not change how the tariff operates. These changes will conform the tariff language with the Commission-approved form for calculating the environmental surcharge.

Q. Has Big Rivers sold any SO₂ or NO_x allowances during the expense months of December 2009 through May 2010?

1 A. No. Big Rivers has not sold any SO₂ or NO_x allowances during the expense
2 months of December 2009 through May 2010.

3

4 **Q. Please summarize how the Monthly Environmental Surcharge Factor**
5 **(“MESF”) is calculated for Big Rivers’ environmental surcharge**
6 **mechanism?**

7

8 A. The jurisdictional portion of Big Rivers’ actual (booked) eligible environmental
9 surcharge cost of the second preceding billing month (*e.g.*, May 2010 expense
10 month; June 2010 service; July 2010 billing), as adjusted for any over- or under-
11 recovery carry-forward, is divided by the jurisdictional kWh sales of the second
12 preceding billing month to determine the MESF. The MESF is then applied to the
13 actual kWh service of the month following the expense month.

14

15 **Q. Has Big Rivers’ environmental surcharge mechanism been accurately**
16 **compiled, and is it operating as intended?**

17

18 A. Yes.

19

20 **Q. Have the Members’ pass-through mechanisms been accurately compiled, and**
21 **are they operating as intended?**

22

1 A. The Members believe their pass-through mechanisms have been accurately
2 compiled and are operating as intended.

3

4 **Q. Are the amounts charged under Big Rivers' environmental surcharge
5 mechanism during the review period just and reasonable?**

6

7 A. Yes.

8

9 **Q. Are the amounts charged under the Members' pass-through mechanisms
10 during the review period just and reasonable?**

11

12 A. The Members believe the amounts charged under their pass-through mechanisms
13 are just and reasonable.

14

15 **Q. Do Big Rivers and its Members have additional over- or under-recovery
16 amounts they believe need to be recognized?**

17

18 A. No. Big Rivers and its Members are not requesting any additional over- or under-
19 recovery amount. The normal over/under recovery carry-forward element of Big
20 Rivers' environmental surcharge mechanism is operating as intended.

21

22 **Q. Does Big Rivers recover any capital costs through its environmental
23 surcharge mechanism?**

1

2 A. No. Big Rivers only recovers those variable costs mentioned above (reagent,
3 disposal, and allowance costs).

4

5 **Q. Does this conclude your testimony?**

6

7 A. Yes.

BIG RIVERS ELECTRIC CORPORATION
AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE SIX-MONTH BILLING PERIOD ENDING JULY 31, 2010
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2010-00368

Response to Commission Staff's Data Requests dated October 14, 2010

November 10, 2010

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

9
10 **Response)** Please see the attached four page schedule, in the format of Form 1.10,
11 covering each of the expense months of December 2009 through July 2010 (billed in
12 February 2010 through September 2010), the six months under review plus the
13 immediately following two months. Big Rivers is not seeking any additional over- or
14 under-recovery.

15
16 **Witness)** Mark A. Davis

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

For the Expense Months: December 2009 - July 2010

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				
6			Environmental Compliance Plans	Environmental Compliance Plans
7				
8				
9	OE	= \$	1,883,244	= \$ 2,163,463
10	BAS	=	-	= -
11				
12	E(m)	= \$	1,883,244	= \$ 2,163,463

Calculation of Jurisdictional Environmental Surcharge Billing Factor

17				
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)			
23	plus Prior Period Adjustment	= \$	1,799,940	= \$ 1,707,525
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	912,523,308	= 948,038,699
26				
27				
28	Jurisdictional Environmental Surcharge Billing Factor:			
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001972	= \$0.001801

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

**Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: December 2009 - July 2010

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

February 2010

March 2010

		Environmental Compliance Plans		Environmental Compliance Plans
6				
7				
8				
9	OE	= \$ 2,202,404	= \$	2,212,826
10	BAS	= -	=	-
11				
12	E(m)	= \$ 2,202,404	= \$	2,212,826

Calculation of Jurisdictional Environmental Surcharge Billing Factor

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)			
23	plus Prior Period Adjustment	= \$ 1,791,649	= \$	2,034,204
24				
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	= 860,231,564	=	872,078,048
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
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: December 2009 - July 2010

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			April 2010	May 2010
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

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) plus Prior Period Adjustment	=	\$ 1,784,561	= \$ 1,901,895
23				
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
ENVIRONMENTAL SURCHARGE REPORT
Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Months: December 2009 - July 2010

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			June 2010	July 2010
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

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)			
23	plus Prior Period Adjustment	=	\$ 2,165,720	= \$ 2,153,531
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

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE SIX-MONTH BILLING PERIOD ENDING JULY 31, 2010
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2010-00368**

Response to Commission Staff's Data Requests dated October 14, 2010

November 10, 2010

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

8
9 **Response)** The attached two schedules, one for non-dedicated delivery points and one
10 for dedicated delivery points, reflect Big Rivers' distribution cooperative members'
11 environmental surcharge pass-through for the months corresponding to Big Rivers' six
12 expense months of December 2009 through May 2010, service months of January 2010
13 through June 2010, which Big Rivers billed to its members February 2010 through July
14 2010. There is no billing lag for dedicated delivery point customers. As requested by the
15 Commission, the attached schedules include the members' two billing months immediately
16 following the six-month Big Rivers' billing period under review. The information on the
17 attached schedules was provided by Big Rivers' Members. Other than the on-going
18 cumulative over/under recovery mechanism, no additional over/under recovery amount is
19 requested.

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22 **Witness)** Mark A. Davis
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BIG RIVERS ELECTRIC CORPORATION
Response to Commision Staff's Data Request dated
October 14, 2010

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KENERGY CORP. ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW NON-DEDICATED DELIVERY POINT CUSTOMERS
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(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)
Jan-10	\$ 262,063	\$ (45,704)	\$ 216,359	\$ 225,843	\$ (45,704)
Feb-10	205,976	(10,821)	195,155	252,320	(10,821)
Mar-10	191,619	19,648	211,267	196,711	19,648
Apr-10	170,087	26,898	196,985	168,257	26,898
May-10	196,406	20,428	216,834	190,839	20,428
June-10	267,131	(26,494)	240,637	223,479	(26,494)
July-10	311,711	(52,576)	259,135	269,410	(52,576)
Aug-10	297,403	(10,516)	286,887	251,153	(10,516)
Sept-10				268,080	(8,945)
Oct-10				247,963	38,924

JACKSON PURCHASE ENERGY CORPORATION ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW NON-DEDICATED DELIVERY POINT CUSTOMERS
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(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)
Jan-10	\$ 140,679	\$ (83,022)	\$ 57,657	\$ 199,452	\$ (83,022)
Feb-10	107,542	(8,886)	98,656	155,670	(8,886)
Mar-10	102,962	(31,730)	71,232	89,387	(31,730)
Apr-10	94,101	72,198	166,299	26,458	72,198
May-10	109,912	(23,768)	86,144	95,000	(23,768)
Jun-10	151,977	(5,690)	146,287	171,989	(5,690)
Jul-10	179,949	(80,338)	99,611	166,482	(80,338)
Aug-10	171,248	(46,715)	124,533	193,002	(46,715)
Sep-10				110,624	(11,013)
Oct-10				76,717	47,816

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION ENVIRONMENTAL SURCHARGE: SIX MONTH 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)
Jan-10	116,417	(36,057)	80,360	89,434	(36,057)
Feb-10	92,559	28,110	120,669	92,099	28,110
Mar-10	79,213	(20,620)	58,593	100,980	(20,620)
Apr-10	65,510	47,490	113,000	73,180	47,490
May-10	72,893	(21,565)	51,328	80,158	(21,565)
Jun-10	98,353	11,257	109,610	101,743	11,257
Jul-10	116,038	(34,184)	81,855	85,511	(34,184)
Aug-10	109,272	30,511	139,783	79,100	30,511
Sep-10				113,723	(31,868)
Oct-10				84,034	55,749

BIG RIVERS ELECTRIC CORPORATION
Response to Commission Staff's Data Request dated
October 14, 2010

KENERGY CORP.

1 KENERGY CORP-ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
2 DEDICATED DELIVERY POINT CUSTOMERS

3
4 (a) (b) (c) (d)
5

6 Service 7 Mo/Yr	8 Big Rivers Electric 9 Invoice 10 Amount 11 for Service 12 Month	13 Service Month 14 to 15 Retail 16 Consumer	17 Monthly 18 Over/Under 19 (Column (b) 20 less column (c))
21 Jan-10	\$1,347,962	\$1,347,962	\$0
22 Feb-10	1,140,552	1,140,552	0
23 Mar-10	1,440,039	1,440,039	0
24 Apr-10	1,541,331	1,541,331	0
25 May-10	1,506,722	1,506,722	0
26 June-10	1,482,852	1,482,852	0
27 July-10	1,654,242	1,654,242	0
28 Aug-10	1,596,061	1,596,061	0

29 JACKSON PURCHASE ENERGY CORPORATION

30 JACKSON PURCHASE ENERGY CORPORATION
31 ENVIRONMENTAL SURCHARGE: SIX MONTH REVIEW
32 DEDICATED DELIVERY POINT CUSTOMERS

33 (a) (b) (c) (d)
34

35 Service 36 Mo/Yr	37 Big Rivers Electric 38 Invoice 39 Amount 40 for Service 41 Month	42 Service Month 43 To 44 Retail 45 Consumer	46 Monthly 47 (Over)/Under Recovery 48 (Column (b) 49 Less column (c))
50 Jan-10	\$ 2,411	\$ 2,411	\$0
51 Feb-10	2,647	2,647	\$0
52 Mar-10	2,706	2,706	\$0
53 Apr-10	3,039	3,039	0
54 May-10	2,835	2,835	0
55 Jun-10	2,774	2,774	0
56 Jul-10	2,565	2,565	0
57 Aug-10	3,536	3,536	0

58 Meade County Rural Electric Cooperative Corporation has no dedicated delivery
59 point customers.
60

BIG RIVERS ELECTRIC CORPORATION

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OF THE ENVIRONMENTAL SURCHARGE MECHANISM
OF BIG RIVERS ELECTRIC CORPORATION
FOR THE SIX-MONTH BILLING PERIOD ENDING JULY 31, 2010
AND THE PASS-THROUGH MECHANISM FOR ITS THREE MEMBER
DISTRIBUTION COOPERATIVES
CASE NO. 2010-00368**

Response to Commission Staff's Data Requests dated October 14, 2010

November 10, 2010

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

5
6 **Response)** Please see the attached schedules, including the requested variance
7 explanations, for the expense months November 2009 through May 2010. Please note,
8 November 2009 is only being shown for purposes of calculating the variances in the first
9 month of the review period.

10
11
12 **Witness)** Mark A. Davis (Schedules of Operating and Maintenance Expenses)
13 Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)

BIG RIVERS ELECTRIC CORPORATION

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM
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Response to Commission Staff's Data Requests dated October 14, 2010

- 1 Big Rivers Electric Corporation
- 2 Environmental Surcharge Monthly Comparative Analysis
- 3 Operating and Maintenance Expenses
- 4 For Expense Months November 2009 - May 2010
- 5

Expense Month	NOV-09	DEC-09	JAN-10	FEB-10	MAR-10	APR-10	MAY-10	JUN-10	JUL-10	% Change from prior period	% Change from prior period	% Change from prior period
Billing Month	JAN-10	FEB-10	MAR-10	APR-10	MAY-10	JUN-10	JUL-10					
<u>Expense Line</u>												
<u>NOx Plan</u>												
Anhydrous Ammonia	\$ 51,982	\$ 89,817	\$ 109,231	\$ 112,045	\$ 123,432	\$ 92,476	\$ 109,684			22%	10%	-25%
Emulsified Sulphur for NOx	4,734	4,774	-	4,744	19,525	820	6,198			1%	See Note 1	-96%
Individual Expense Account Items	-	-	-	-	-	-	-					
Individual Expense Account Items	-	-	-	-	-	-	-					
Total NOx Plan O&M Expenses	\$ 56,716	\$ 94,591	\$ 109,231	\$ 116,789	\$ 142,957	\$ 93,296	\$ 115,882			15%	22%	-35%
										67%	7%	24%

Note 1: Percentage change compared to prior month cannot be calculated because the cost in the prior month is \$0.

Anhydrous Ammonia:

- November - December Increase is due to a scheduled maintenance outage at Wilson in November.
- December - January Increase is due to a scheduled maintenance outage at Wilson completed in December and generation increase over prior month
- March - April Decrease is due to a scheduled maintenance outage at HMP&L Unit 2 in April.
- April - May Increase is due to a scheduled maintenance outage completed at HMP&L in April and generation increased over prior month

Emulsified Sulfur for NOx:

- December - January Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency. Decrease is due to no chemical added in January.
- January - February Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency. Increase is due to more chemical required in February than in January.

BIG RIVERS ELECTRIC CORPORATION

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Emulsified Sulfur for NOx (continued):

- 6 February – March Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 7
- 8 Increase is due to more chemical required in March than in February.
- 9 March – April Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 10 Decrease is due to less chemical required in April than in March.
- 11 April - May Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
- 12 Increase is due to more chemical required in May than in April.

BIG RIVERS ELECTRIC CORPORATION

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Expense Month	NOV-09	DEC-09	% Change from prior period	JAN-10	% Change from prior period	FEB-10	% Change from prior period	MAR-10	% Change from prior period	APR-10	% Change from prior period	MAY-10	% Change from prior period	JUN-10	% Change from prior period	JUL-10	% Change from prior period
SO₂ Plan																	
Disposal-Flyash/Bottom Ash/Sludge (See note 2)	\$ 337,331	\$ 408,871	21%	\$ 294,210	-28%	\$ 326,720	11%	\$ 398,077	22%	\$ 330,100	-17%	\$ 296,829	-10%				
Emulsified Sulphur for SO ₂	-	7,789	See Note 1	8,040	3%	-	-100%	-	-	-	-	-	-	-	-	-	-
Fixation Lime	164,773	143,882	-13%	207,034	44%	215,486	4%	100,384	-53%	183,525	83%	169,654	-8%				
Off Spec Gypsum	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reagent-Calcium Oxide (landfill stabilization)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reagent-DiBasic Acid	50,709	-	-100%	114,533	See Note 1	115,864	1%	84,981	-27%	161,155	90%	83,430	-48%				
Reagent-Lime	1,172,944	884,140	-25%	1,033,929	17%	951,745	-8%	1,045,075	10%	867,146	-17%	818,239	-6%				
Reagent-Limestone	113,151	282,313	150%	322,172	14%	375,467	17%	300,944	-20%	291,853	-3%	324,581	11%				
Reagent-Sodium Bisulfite for SO ₂	22,514	52,658	134%	78,814	50%	34,524	-56%	65,368	89%	56,026	-14%	74,787	33%				
Total SO₂ Plan O&M Expenses	\$ 1,861,422	\$ 1,779,653	-4%	\$ 2,058,732	16%	\$ 2,019,806	-2%	\$ 1,994,829	-1%	\$ 1,889,805	-5%	\$ 1,767,520	-6%				

Note 1: Percentage change compared to prior month cannot be calculated because the cost in the prior month is \$0.

Note 2: The monthly totals for Disposal Bottom Ash, Disposal Flyash/Bottom Ash/Sludge have been consolidated due to similarity to better facilitate consistency.

Disposal-Flyash/Bottom Ash/Sludge:

November - December Increase is due to a scheduled maintenance outage at Wilson in November and increase in tons hauled at Coleman over prior month.

December - January Decrease is due to reduction in tons of bottom ash hauled at Green and HMP&L and fewer tons of fly ash and bottom ash hauled at Coleman over prior month.

January - February Increase is due to increase in tons of bottom ash hauled at Green, Coleman and HMP&L over prior month.

February - March Increase is due to increase in tons of bottom ash hauled at Coleman and Wilson over prior month.

March - April Decrease is due to reduction in tons of fly ash and bottom ash hauled at Coleman, Wilson, and Green over prior month and less fly ash was hauled at HMP&L due to a scheduled maintenance outage

BIG RIVERS ELECTRIC CORPORATION

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Emulsified Sulphur for SO₂

November - December

Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Increase is due to a schedule maintenance outage at Wilson in November.

January - February

Emulsified sulfur expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Decrease is due to no chemical added at Wilson in February.

Fixation Lime:

November - December

Decrease is due to reduced generation caused by two forced outages at Green.

December - January

Increase is due to increased generation at Wilson and Green.

February - March

Decrease is due to four forced outages at HMP&L in March and invoice payment timing at Wilson and HMP&L.

March - April

Increase is due to invoice payment timing at Wilson and HMP&L.

Reagent-DiBasic Acid:

November - December

Decrease is due to chemical purchased in November for December start up at Wilson.

December - January

Increase is due to scheduled maintenance outage at Wilson completed in early December and generation increased over prior month.

February - March

Decrease is due to scheduled delivery and invoice payment timing at Wilson.

March - April

Increase is due to scheduled delivery and invoice payment timing at Wilson.

April - May

Decrease is due to scheduled delivery and invoice payment timing at Wilson.

Reagent-Lime:

November - December

Decrease is due to lime inventory adjustment at Green and Station Two in December.

December - January

Increase is due to lime inventory adjustment at Green and Station Two in December.

March - April

Decrease is due to scheduled maintenance outage at HMP&L Unit 2 in April.

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Reagent-Limestone:

- 6 November - December
- 7 Increase is due to a scheduled maintenance outage at Wilson in November and increased generation at Coleman over prior month.
- 8 December - January
- 9 Increase is due to increased generation at Wilson over prior month.
- 10 January - February
- 11 Increase is due to limestone delivery and invoice payment timing at Wilson.
- 12 February - March
- 13 Decrease is due to limestone delivery and invoice payment timing at Wilson and reduced generation at Coleman from prior month.
- 14 April - May
- 15 Increase is due to increased generation at Wilson over prior month.

Reagent-Sodium Bisulfite for SO₂

- 16 November - December
- 17 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Increase is due to a scheduled maintenance outage at Wilson in November and increased deliveries at Green.
- 18 December - January
- 19 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Increase is due to the scheduled maintenance outage at Wilson completed in early December and additional deliveries were required in January.
- 20 January - February
- 21 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Decrease is due to reduced deliveries at Green and Wilson in February.
- 22 February - March
- 23 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Increase due to additional deliveries required at Wilson and HMP&L in March.
- 24 March - April
- 25 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Decrease is due to reduced deliveries at HMP&L and Wilson in April.
- 26 April - May
- 27 Sodium Bisulfite expense varies month to month because the chemical is added in batch as needed to enhance scrubber efficiency.
Increase is due to increased deliveries at Green in May.

BIG RIVERS ELECTRIC CORPORATION

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Expense Month	NOV-09 JAN-10	DEC-09 FEB-10	% Change from prior period	JAN-10 MAR-10	% Change from prior period	FEB-10 APR-10	% Change from prior period	MAR-10 MAY-10	% Change from prior period	APR-10 JUN-10	% Change from prior period	MAY-10 JUL-10	% Change from prior period
S0₃ Plan													
Reagent for SO ₃	\$ 6,738	\$ 9,000	34%	\$ (4,500)	-150%	\$ 10,427	-332%	\$ 32,753	214%	\$ 42,968	31%	\$ 58,542	36%
Individual Expense Account Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual Expense Account Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total S0₃ Plan O&M Expenses	\$ 6,738	\$ 9,000	34%	\$ (4,500)	-150%	\$ 10,427	-332%	\$ 32,753	214%	\$ 42,968	31%	\$ 58,542	36%

Reagent for SO₃:

- 14 November - December
Increase is due to a scheduled maintenance outage at Wilson in November.
- 15 December - January
Decrease is due to a credit received from our reagent supplier per contract for tank lease, and less chemical is required during cold weather to control SO₃.
- 16
- 17
- 18 January - February
Increase is due to increased generation requiring more chemical for SO₃ control than previous month at Wilson.
- 19 February - March
Increase is due to warmer weather requiring more chemical for SO₃ control than previous month at Wilson.
- 20 March - April
Increase is due to warmer weather requiring more chemical for SO₃ control than previous month at Wilson.
- 21 April - May
Increase is due to warmer weather and increased generation requiring more chemical for SO₃ control than previous month at Wilson.