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November 12, 2013

Via FedEx Overnight Delivery

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

RECEIVED

NOV 13 2013

PUBLIC SERVICE  
COMMISSION

\*Also Licensed in Indiana

*In the Matter of:*

*An Examination by the Public Service Commission of the Environmental  
Surcharge Mechanism of Big Rivers Electric Corporation for the Two-Year  
Billing Period Ending July 31, 2013 and the Pass Through Mechanism of its  
Three Member Distribution Cooperatives –  
Case No. 2013-00347*

Dear Mr. Derouen:

Enclosed for filing in the above referenced matter are an original and seven (7) copies of Big Rivers Electric Corporation's responses to the Public Service Commission Staffs' First Request for Information and an original and seven (7) copies of the Direct Testimony of Nicholas R. Castlen 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. I certify that on this date, copies of this letter, the testimony, and the responses were served on all parties of record by first class mail, postage prepaid.

Please confirm the Commission's receipt of this information by having the Commission's date stamp placed on the enclosed additional copy and returning to Big Rivers in the self-addressed, postage paid envelop provided.

Should you have any questions about this matter, please contact me.

Sincerely yours,

  
Tyson A. Kamuf

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PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

**AN EXAMINATION BY THE PUBLIC )  
SERVICE COMMISSION OF THE )  
ENVIRONMENTAL SURCHARGE )  
MECHANISM OF BIG RIVERS ELECTRIC )  
CORPORATION FOR THE TWO-YEAR )  
BILLING PERIOD ENDING JULY 31, 2013 )  
AND THE PASS THROUGH MECHANISM )  
OF ITS THREE MEMBER DISTRIBUTION )  
COOPERATIVES )**

**Case No. 2013-00347**

**Responses to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**FILED: November 13, 2013**

**ORIGINAL**

**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM  
OF BIG RIVERS ELECTRIC CORPORATION  
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2013  
AND THE PASS THROUGH MECHANISM  
OF ITS THREE MEMBER DISTRIBUTION COOPERATIVES  
CASE NO. 2013-00347**

**Response to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**November 13, 2013**

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

11

12 **Response) Please see the attached schedule, in the format of Form 1.10,**  
13 **covering each of the expense months from June 2011 through July 2013 (i.e., the**  
14 **expense months covered by the billing periods under review plus the two expense**  
15 **months subsequent to the billing period). No additional over- or under-recovery is**  
16 **sought by Big Rivers Electric Corporation.**

17

18

19 **Witness) Nicholas R. Castlen**

20

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>June 2011</u>	<u>July 2011</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	=	\$ 2,420,131	=	\$ 2,659,704
10	BAS	=	\$ -	=	\$ -
11					
12	E(m)	=	\$ 2,420,131	=	\$ 2,659,704
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	80.100218%	=	80.578072%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 1,938,530	=	\$ 2,143,138
20	Adjustment for Over/(Under) Recovery	=	\$ 79,834	=	\$ 39,570
21	Prior Period Adjustment (if necessary)	=	\$ -	=	\$ 1,455
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	=	\$ 1,858,696	=	\$ 2,105,023
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	881,295,826	=	956,369,264
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002109	=	\$0.002201

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>August 2011</u>	<u>September 2011</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	=	\$ 2,406,272	=	\$ 2,530,984
10	BAS	=	\$ -	=	\$ -
11					
12	E(m)	=	\$ 2,406,272	=	\$ 2,530,984
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	80.598111%	=	77.472540%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 1,939,410	=	\$ 1,960,818
20	Adjustment for Over/(Under) Recovery	=	\$ 158,287	=	\$ (67,266)
21	Prior Period Adjustment (if necessary)	=	\$ -	=	\$ -
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	=	\$ 1,781,123	=	\$ 2,028,084
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	925,832,222	=	837,087,680
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001924	=	\$0.002423

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>October 2011</u>	<u>November 2011</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	= \$	2,784,016	= \$	2,412,062
10	BAS	= \$	-	= \$	-
11					
12	E(m)	= \$	2,784,016	= \$	2,412,062
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	79.224543%	=	82.179667%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,205,624	= \$	1,982,225
20	Adjustment for Over/(Under) Recovery	= \$	(170,566)	= \$	49,922
21	Prior Period Adjustment (if necessary)	= \$	-	= \$	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	= \$	2,376,190	= \$	1,932,303
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	857,617,102	=	846,592,875
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002771	=	\$0.002282

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>December 2011</u>	<u>January 2012</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	=	\$ 2,551,793	=	\$ 2,098,557
10	BAS	=	\$ -	=	\$ -
11					
12	E(m)	=	\$ 2,551,793	=	\$ 2,098,557
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

18	Jurisdictional Allocation Ratio for Expense Month	=	82.469837%	=	91.151956%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 2,104,460	=	\$ 1,912,876
20	Adjustment for Over/(Under) Recovery	=	\$ (30,281)	=	\$ 155,752
21	Prior Period Adjustment (if necessary)	=	\$ -	=	\$ 35,632
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	=	\$ 2,134,741	=	\$ 1,792,756
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	915,011,009	=	930,110,760
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002333	=	\$0.001927

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>February 2012</u>	<u>March 2012</u>		
5							
6				Environmental Compliance Plans	Environmental Compliance Plans		
7							
8							
9	OE	=	\$	1,841,907	=	\$	2,129,639
10	BAS	=	\$	-	=	\$	-
11							
12	E(m)	=	\$	1,841,907	=	\$	2,129,639
13							

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17							
18	Jurisdictional Allocation Ratio for Expense Month	=		93.544609%	=		87.541398%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$	1,723,005	=	\$	1,864,316
20	Adjustment for Over/(Under) Recovery	=	\$	35,207	=	\$	(142,533)
21	Prior Period Adjustment (if necessary)	=	\$	-	=	\$	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)						
23	plus Prior Period Adjustment	=	\$	1,687,798	=	\$	2,006,849
24							
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=		856,369,280	=		871,854,578
26							
27							
28	Jurisdictional Environmental Surcharge Billing Factor:						
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=		\$0.001971	=		\$0.002302



**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>April 2012</u>	<u>May 2012</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	= \$	1,865,211	= \$	2,260,070
10	BAS	= \$	-	= \$	-
11					
12	E(m)	= \$	1,865,211	= \$	2,260,070
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	87.947998%	=	84.892343%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	1,640,416	= \$	1,918,626
20	Adjustment for Over/(Under) Recovery	= \$	30,627	= \$	(77,445)
21	Prior Period Adjustment (if necessary)	= \$	-	= \$	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	= \$	1,609,789	= \$	1,996,071
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	838,142,312	=	897,592,232
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.001921	=	\$0.002224

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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				<u>June 2012</u>	<u>July 2012</u>
5					
6				Environmental Compliance Plans	Environmental Compliance Plans
7					
8					
9	OE	=	\$ 2,182,005	=	\$ 2,440,704
10	BAS	=	\$ .	=	\$ .
11					
12	E(m)	=	\$ 2,182,005	=	\$ 2,440,704
13					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17					
18	Jurisdictional Allocation Ratio for Expense Month	=	89.358343%	=	89.836556%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 1,949,804	=	\$ 2,192,644
20	Adjustment for Over/(Under) Recovery	=	\$ 114,486	=	\$ (9,462)
21	Prior Period Adjustment (if necessary)	=	\$ .	=	\$ .
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)				
23	plus Prior Period Adjustment	=	\$ 1,835,318	=	\$ 2,202,106
24					
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	893,259,338	=	974,156,163
26					
27					
28	Jurisdictional Environmental Surcharge Billing Factor:				
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	\$0.002055	=	\$0.002261

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**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			<u>August 2012</u>
5			
6			Environmental Compliance Plans
7			
8			
9	OE	= \$	2,288,269
10	BAS	= \$	-
11			
12	E(m)	= \$	2,288,269
13			

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

17			
18	Jurisdictional Allocation Ratio for Expense Month	=	91.324492%
19	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,089,750
20	Adjustment for Over/(Under) Recovery	= \$	166,573
21	Prior Period Adjustment (if necessary)	= \$	-
22	Net Jurisdictional E(m) = Jurisdictional E(m) plus Adjustment for Over/(Under)		
23	plus Prior Period Adjustment	= \$	1,923,177
24			
25	Jurisdictional S(m) = Monthly Jurisdictional Kwh Sales for the Month	=	926,097,349
26			
27			
28	Jurisdictional Environmental Surcharge Billing Factor:		
29	Net Jurisdictional E(m) / Jurisdictional S(m) ; Per Kwh	=	<b>\$0.002077</b>

Note 1: Pursuant to the Commission's Order dated October 1, 2012 in Case No. 2012-00063, Big Rivers implemented changes to its Environmental Surcharge ("ES") filing beginning with the September 2012 expense month (which calculated the ES factor applied to invoices for service delivered during October 2012 that were billed in early November 2012). These changes included allocating environmental surcharge costs based on a rolling 12-month average of Total Adjusted Revenues, instead of a kWh basis, and the inclusion of a rate of return on capital expenditures associated with the 2012 Environmental Compliance Plan for purposes of calculating the monthly ES factor. The following schedules, for the expense months of September 2012 through January 2013, reflect these changes.

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1	E(m) = OE - BAS + RORB, where				
2	OE	=	Pollution Control Operating Expenses		
3	BAS	=	Total Proceeds from By-Product and Allowance Sales		
4	RORB	=	[ (RB/12) x (RORORB) ]		
5				<u>September 2012</u>	<u>October 2012</u>
6					
7				Environmental Compliance Plans	Environmental Compliance Plans
8					
9					
10	OE	= \$	2,259,265	= \$	1,933,202
11	BAS	= \$	-	= \$	-
12	RORB	= \$	-	= \$	-
13					
14	E(m)	= \$	2,259,265	= \$	1,933,202

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

19					
20	Jurisdictional Allocation Ratio for the Month	=	90.526996%	=	90.764581%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$	2,045,245	= \$	1,754,663
22	Adjustment for (Over)/Under Recovery	= \$	108,200	= \$	154,377
23	Prior Period Adjustment (if necessary)	= \$	-	= \$	-
24					
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	= \$	2,153,445	= \$	1,909,040
26					
27					
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	= \$	38,860,321	= \$	39,070,620
29					
30					
31	Jurisdictional Environmental Surcharge Billing Factor:				
32	CESF: E(m) / R(m); as a % of Revenue	=	5.541500%	=	4.886127%

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1 E(m) = OE - BAS + RORB, where  
 2 OE = Pollution Control Operating Expenses  
 3 BAS = Total Proceeds from By-Product and Allowance Sales  
 4 RORB = [ (RB/12) x (RORORB) ]

		<u>November 2012</u>		<u>December 2012</u>
		Environmental Compliance Plans		Environmental Compliance Plans
10	OE	= \$ 2,385,696	= \$	2,466,165
11	BAS	= \$ -	= \$	-
12	RORB	= \$ -	= \$	-
14	E(m)	= \$ 2,385,696	= \$	2,466,165

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

20	Jurisdictional Allocation Ratio for the Month	= 85.200207%	=	87.232120%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$ 2,032,618	= \$	2,151,288
22	Adjustment for (Over)/Under Recovery	= \$ 50,264	= \$	(20,870)
23	Prior Period Adjustment (if necessary)	= \$ -	= \$	-
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	= \$ 2,082,882	= \$	2,130,418
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	= \$ 39,474,882	= \$	39,542,214
31	Jurisdictional Environmental Surcharge Billing Factor: CESF: E(m) / R(m); as a % of Revenue	= 5.276475%	=	5.387706%

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1 E(m) = OE - BAS + RORB, where  
 2 OE = Pollution Control Operating Expenses  
 3 BAS = Total Proceeds from By-Product and Allowance Sales  
 4 RORB = [ (RB/12) x (RORORB) ]

		<u>January 2013</u>		<u>February 2013</u>
		Environmental Compliance Plans		Environmental Compliance Plans
10	OE	= \$ 2,484,215	= \$	2,300,082
11	BAS	= \$ -	= \$	-
12	RORB	= \$ -	= \$	-
14	E(m)	= \$ 2,484,215	= \$	2,300,082

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

20	Jurisdictional Allocation Ratio for the Month	= 89.090888%	=	88.219671%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$ 2,213,209	= \$	2,029,125
22	Adjustment for (Over)/Under Recovery	= \$ (6,199)	= \$	(102,853)
23	Prior Period Adjustment (if necessary)	= \$ (57,831)	=	
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	= \$ 2,149,179	= \$	1,926,272
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	= \$ 39,654,353	= \$	39,756,900
31	Jurisdictional Environmental Surcharge Billing Factor: CESF: E(m) / R(m); as a % of Revenue	= 5.419781%	=	4.845126%

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1	E(m) = OE - BAS + RORB, where				
2	OE	=	Pollution Control Operating Expenses		
3	BAS	=	Total Proceeds from By-Product and Allowance Sales		
4	RORB	=	[ (RB/12) x (RORORB) ]		
5				<u>March 2013</u>	<u>April 2013</u>
6					
7				Environmental Compliance Plans	Environmental Compliance Plans
8					
9					
10	OE	=	\$ 2,265,358	=	\$ 2,395,116
11	BAS	=	\$ -	=	\$ -
12	RORB	=	\$ -	=	\$ -
13					
14	E(m)	=	\$ 2,265,358	=	\$ 2,395,116
15					

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

19					
20	Jurisdictional Allocation Ratio for the Month	=	89.431323%	=	85.460228%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	=	\$ 2,025,940	=	\$ 2,046,872
22	Adjustment for (Over)/Under Recovery	=	\$ 57,902	=	\$ (71,980)
23	Prior Period Adjustment (if necessary)	=	\$ -	=	\$ -
24					
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	=	\$ 2,083,842	=	\$ 1,974,892
26					
27					
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	=	\$ 39,991,863	=	\$ 39,979,241
29					
30					
31	Jurisdictional Environmental Surcharge Billing Factor:				
32	CESF: E(m) / R(m); as a % of Revenue	=	5.210664%	=	4.939794%

**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1 E(m) = OE - BAS + RORB, where  
 2 OE = Pollution Control Operating Expenses  
 3 BAS = Total Proceeds from By-Product and Allowance Sales  
 4 RORB = [ (RB/12) x (RORORB) ]

		<u>May 2013</u>		<u>June 2013</u>
		Environmental Compliance Plans		Environmental Compliance Plans
10	OE	= \$ 2,299,829	= \$	2,303,304
11	BAS	= \$ -	= \$	-
12	RORB	= \$ -	= \$	-
14	E(m)	= \$ 2,299,829	= \$	2,303,304

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

20	Jurisdictional Allocation Ratio for the Month	= 86.165926%	=	90.400755%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$ 1,981,669	= \$	2,082,204
22	Adjustment for (Over)/Under Recovery	= \$ 140,605	= \$	15,011
23	Prior Period Adjustment (if necessary)	= \$ -	= \$	-
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	= \$ 2,122,274	= \$	2,097,215
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	= \$ 39,939,573	= \$	39,960,440
31	Jurisdictional Environmental Surcharge Billing Factor: CESF: E(m) / R(m); as a % of Revenue	= 5.313712%	=	5.248228%



**Big Rivers Electric Corporation  
Case No. 2013-00347**

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

**For the Expense Months: June 2011 to July 2013**

**Calculation of Total E(m)**

1 E(m) = OE - BAS + RORB, where  
 2 OE = Pollution Control Operating Expenses  
 3 BAS = Total Proceeds from By-Product and Allowance Sales  
 4 RORB = [ (RB/12) x (RORORB) ]

July 2013

		Environmental Compliance Plans
10	OE	= \$ 2,633,009
11	BAS	= \$ -
12	RORB	= \$ -
14	E(m)	= \$ 2,633,009

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

20	Jurisdictional Allocation Ratio for the Month	= 84.093298%
21	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	= \$ 2,214,184
22	Adjustment for (Over)/Under Recovery	= \$ (28,399)
23	Prior Period Adjustment (if necessary)	= \$ -
25	Net Jurisdictional E(m) = Jurisdictional E(m) plus (Over)/Under plus Prior Period Adjustment(s)	= \$ 2,185,785
28	R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month	= \$ 39,809,898
31	Jurisdictional Environmental Surcharge Billing Factor: CESF: E(m) / R(m); as a % of Revenue	= 5.490557%

**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM  
OF BIG RIVERS ELECTRIC CORPORATION  
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2013  
AND THE PASS THROUGH MECHANISM  
OF ITS THREE MEMBER DISTRIBUTION COOPERATIVES  
CASE NO. 2013-00347**

**Response to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**November 13, 2013**

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

9

10 **Response)** The attached two sets of schedules (Attachment 1 for non-dedicated  
11 delivery point customers and Attachment 2 for dedicated delivery point customers)  
12 reflect Big Rivers' Members environmental surcharge pass-through for the months  
13 corresponding to Big Rivers' expense months of June 2011 through May 2013,  
14 applied to Members' invoices for the service months of July 2011 through June  
15 2013, which Big Rivers billed to its Members during the months of August 2011  
16 through July 2013. As illustrated in the attached schedules, there is no billing lag  
17 for dedicated delivery point customers.

18 As requested by the Commission, the attached schedules include the  
19 Members' two billing months immediately following the review period. The  
20 information in the attached schedules was obtained from the Members' monthly  
21 Environmental Surcharge Schedules provided by Big Rivers' Members. Other

**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM  
OF BIG RIVERS ELECTRIC CORPORATION  
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2013  
AND THE PASS THROUGH MECHANISM  
OF ITS THREE MEMBER DISTRIBUTION COOPERATIVES  
CASE NO. 2013-00347**

**Response to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**November 13, 2013**

1 than the on-going cumulative over/under recovery mechanism, no additional  
2 over/under recovery amount is being requested.

3

4

5 **Witness)** Nicholas R. Castlen

6

**Big Rivers Electric Corporation  
Case No. 2013-00347**

**Response to Item No. 2 (Attachment 1 of 2)**

**Witness: Nicholas R. Castlen**

KENERGY CORP. ENVIRONMENTAL SURCHARGE REVIEW NON-DEDICATED DELIVERY POINT CUSTOMERS						
(a)	(b)	(c)	(d)	(e)	(f)	
Service Mo/Yr	Big Rivers' Invoice ES Amount for Service Month	(Over)/Under Recovery [from (f)]	Total Recoverable [(b) + (c)]	ES Amount Billed to Kenergy's Customers (Line 11 per Filing)	(Over)/Under Recovery [(d) for 2nd preceding month less (e) for current month]	
12	Jul-11	\$ 285,991	\$ (33,530)	\$ 252,461	\$ 206,790	\$ (33,530)
13	Aug-11	\$ 265,771	\$ (22,290)	\$ 243,481	\$ 251,058	\$ (22,290)
14	Sep-11	\$ 164,119	\$ 22,335	\$ 186,454	\$ 230,126	\$ 22,335
15	Oct-11	\$ 198,801	\$ 41,309	\$ 240,110	\$ 202,172	\$ 41,309
16	Nov-11	\$ 239,207	\$ 6,383	\$ 245,590	\$ 180,071	\$ 6,383
17	Dec-11	\$ 245,405	\$ (18,012)	\$ 227,393	\$ 258,122	\$ (18,012)
18	Jan-12	\$ 265,490	\$ (35,770)	\$ 229,720	\$ 281,360	\$ (35,770)
19	Feb-12	\$ 188,210	\$ (660)	\$ 187,550	\$ 228,053	\$ (660)
20	Mar-12	\$ 160,757	\$ 24,108	\$ 184,865	\$ 205,612	\$ 24,108
21	Apr-12	\$ 175,208	\$ 24,959	\$ 200,167	\$ 162,591	\$ 24,959
22	May-12	\$ 185,378	\$ 8,491	\$ 193,869	\$ 176,374	\$ 8,491
23	Jun-12	\$ 239,299	\$ (25,007)	\$ 214,292	\$ 225,174	\$ (25,007)
24	Jul-12	\$ 279,677	\$ (16,746)	\$ 262,931	\$ 210,615	\$ (16,746)
25	Aug-12	\$ 261,409	\$ (38,289)	\$ 223,120	\$ 252,581	\$ (38,289)
26	Sep-12	\$ 184,234	\$ 26,539	\$ 210,773	\$ 236,392	\$ 26,539
27	Oct-12	\$ 229,117	\$ 26,214	\$ 255,331	\$ 196,906	\$ 26,214
28	Nov-12	\$ 237,057	\$ 16,277	\$ 253,334	\$ 194,496	\$ 16,277
29	Dec-12	\$ 276,306	\$ (31,680)	\$ 244,626	\$ 287,011	\$ (31,680)
30	Jan-13	\$ 319,799	\$ (19,338)	\$ 300,461	\$ 272,672	\$ (19,338)
31	Feb-13	\$ 305,424	\$ (24,174)	\$ 281,250	\$ 268,800	\$ (24,174)
32	Mar-13	\$ 267,577	\$ 17,576	\$ 285,153	\$ 282,885	\$ 17,576
33	Apr-13	\$ 214,751	\$ 1,607	\$ 216,358	\$ 279,643	\$ 1,607
34	May-13	\$ 228,597	\$ 44,135	\$ 272,732	\$ 241,018	\$ 44,135
35	Jun-13	\$ 295,957	\$ (12,599)	\$ 283,358	\$ 228,957	\$ (12,599)
36	Jul-13	\$ 307,454	\$ (38,273)	\$ 269,181	\$ 311,005	\$ (38,273)
37	Aug-13	\$ 355,641	\$ (13,850)	\$ 341,791	\$ 297,208	\$ (13,850)

**Big Rivers Electric Corporation  
Case No. 2013-00347**

**Response to Item No. 2 (Attachment 1 of 2)**

**Witness: Nicholas R. Castlen**

JACKSON PURCHASE ENERGY CORPORATION ENVIRONMENTAL SURCHARGE REVIEW NON-DEDICATED DELIVERY POINT CUSTOMERS						
(a)	(b)	(c)	(d)	(e)	(f)	
Service Mo/Yr	Big Rivers' Invoice ES Amount for Service Month	(Over)/Under Recovery [from (f)]	Total Recoverable [(b) + (c)]	ES Amount Billed to JPEC's Customers (Line 11 per Filing)	(Over)/Under Recovery [(d) for 3rd preceding month less (e) for current month]	
12	Jul-11	\$ 161,441	\$ (46,811)	\$ 114,630	\$ 173,049	\$ (46,811)
13	Aug-11	\$ 150,142	\$ (31,635)	\$ 118,507	\$ 118,726	\$ (31,635)
14	Sep-11	\$ 91,106	\$ (39,248)	\$ 51,858	\$ 197,787	\$ (39,248)
15	Oct-11	\$ 108,148	\$ 29,974	\$ 138,122	\$ 84,656	\$ 29,974
16	Nov-11	\$ 133,425	\$ 41,526	\$ 174,951	\$ 76,981	\$ 41,526
17	Dec-11	\$ 136,326	\$ 5,497	\$ 141,823	\$ 46,361	\$ 5,497
18	Jan-12	\$ 141,807	\$ (26,544)	\$ 115,263	\$ 164,666	\$ (26,544)
19	Feb-12	\$ 100,203	\$ (60,167)	\$ 40,036	\$ 235,118	\$ (60,167)
20	Mar-12	\$ 87,448	\$ 13,260	\$ 100,708	\$ 128,563	\$ 13,260
21	Apr-12	\$ 98,801	\$ 22,614	\$ 121,415	\$ 92,649	\$ 22,614
22	May-12	\$ 107,604	\$ 6,074	\$ 113,678	\$ 33,962	\$ 6,074
23	Jun-12	\$ 137,485	\$ (8,118)	\$ 129,367	\$ 108,826	\$ (8,118)
24	Jul-12	\$ 159,783	\$ (41,043)	\$ 118,740	\$ 162,458	\$ (41,043)
25	Aug-12	\$ 149,078	\$ (39,874)	\$ 109,204	\$ 153,552	\$ (39,874)
26	Sep-12	\$ 102,979	\$ (25,321)	\$ 77,658	\$ 154,688	\$ (25,321)
27	Oct-12	\$ 124,094	\$ 30,011	\$ 154,105	\$ 88,729	\$ 30,011
28	Nov-12	\$ 130,063	\$ 38,219	\$ 168,282	\$ 70,985	\$ 38,219
29	Dec-12	\$ 149,679	\$ 5,908	\$ 155,587	\$ 71,750	\$ 5,908
30	Jan-13	\$ 171,746	\$ (29,184)	\$ 142,562	\$ 183,289	\$ (29,184)
31	Feb-13	\$ 160,815	\$ (51,248)	\$ 109,567	\$ 219,530	\$ (51,248)
32	Mar-13	\$ 142,065	\$ (14,417)	\$ 127,648	\$ 170,004	\$ (14,417)
33	Apr-13	\$ 118,373	\$ 19,754	\$ 138,127	\$ 122,808	\$ 19,754
34	May-13	\$ 128,779	\$ 6,477	\$ 135,256	\$ 103,090	\$ 6,477
35	Jun-13	\$ 168,912	\$ 22,999	\$ 191,911	\$ 104,649	\$ 22,999
36	Jul-13	\$ 174,263	\$ (21,318)	\$ 152,945	\$ 159,445	\$ (21,318)
37	Aug-13	\$ 192,807	\$ (34,089)	\$ 158,718	\$ 169,345	\$ (34,089)

**Big Rivers Electric Corporation  
Case No. 2013-00347**

**Response to Item No. 2 (Attachment 1 of 2)**

**Witness: Nicholas R. Castlen**

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION ENVIRONMENTAL SURCHARGE REVIEW NON-DEDICATED DELIVERY POINT CUSTOMERS						
(a)	(b)	(c)	(d)	(e)	(f)	
Service Mo/Yr	Big Rivers' Invoice ES Amount for Service Month	(Over)/Under Recovery [from (f)]	Total Recoverable [(b) + (c)]	ES Amount Billed to MCRECC's Customers (Line 11 per Filing)	(Over)/Under Recovery [(d) for 1st preceding month less (e) for current month]	
12	Jul-11	\$ 104,974	\$ (16,512)	\$ 88,462	\$ 94,527	\$ (16,512)
13	Aug-11	\$ 96,473	\$ 13,138	\$ 109,611	\$ 75,324	\$ 13,138
14	Sep-11	\$ 60,123	\$ 26,053	\$ 86,176	\$ 83,558	\$ 26,053
15	Oct-11	\$ 76,716	\$ 2,321	\$ 79,037	\$ 83,855	\$ 2,321
16	Nov-11	\$ 97,263	\$ (8,659)	\$ 88,604	\$ 87,696	\$ (8,659)
17	Dec-11	\$ 103,832	\$ (22,888)	\$ 80,944	\$ 111,492	\$ (22,888)
18	Jan-12	\$ 116,024	\$ (5,252)	\$ 110,772	\$ 86,196	\$ (5,252)
19	Feb-12	\$ 81,574	\$ 11,072	\$ 92,646	\$ 99,700	\$ 11,072
20	Mar-12	\$ 63,360	\$ 22,776	\$ 86,136	\$ 69,870	\$ 22,776
21	Apr-12	\$ 67,443	\$ 7,056	\$ 74,499	\$ 79,080	\$ 7,056
22	May-12	\$ 67,261	\$ (8,468)	\$ 58,793	\$ 82,967	\$ (8,468)
23	Jun-12	\$ 85,423	\$ (6,928)	\$ 78,495	\$ 65,721	\$ (6,928)
24	Jul-12	\$ 101,201	\$ (18,683)	\$ 82,518	\$ 97,178	\$ (18,683)
25	Aug-12	\$ 93,643	\$ 11,111	\$ 104,754	\$ 71,407	\$ 11,111
26	Sep-12	\$ 66,693	\$ 18,493	\$ 85,186	\$ 86,261	\$ 18,493
27	Oct-12	\$ 92,678	\$ 3,928	\$ 96,606	\$ 81,258	\$ 3,928
28	Nov-12	\$ 102,974	\$ (21,109)	\$ 81,865	\$ 117,715	\$ (21,109)
29	Dec-12	\$ 117,434	\$ (8,831)	\$ 108,603	\$ 90,696	\$ (8,831)
30	Jan-13	\$ 143,930	\$ (28,793)	\$ 115,137	\$ 137,396	\$ (28,793)
31	Feb-13	\$ 138,671	\$ 18,668	\$ 157,339	\$ 96,469	\$ 18,668
32	Mar-13	\$ 118,125	\$ 4,176	\$ 122,301	\$ 153,163	\$ 4,176
33	Apr-13	\$ 91,530	\$ 34,818	\$ 126,348	\$ 87,483	\$ 34,818
34	May-13	\$ 83,803	\$ 4,146	\$ 87,949	\$ 122,202	\$ 4,146
35	Jun-13	\$ 105,632	\$ (14,477)	\$ 91,155	\$ 102,426	\$ (14,477)
36	Jul-13	\$ 110,864	\$ (9,192)	\$ 101,672	\$ 100,347	\$ (9,192)
37	Aug-13	\$ 129,177	\$ 2,977	\$ 132,154	\$ 98,695	\$ 2,977

**Big Rivers Electric Corporation  
Case No. 2013-00347**

**Response to Item No. 2 (Attachment 2 of 2)**

**Witness: Nicholas R. Castlen**

KENERGY CORP-ENVIRONMENTAL SURCHARGE REVIEW DEDICATED DELIVERY POINT CUSTOMERS				
(a)	(b)	(c)	(d)	
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	Service Month to Retail Consumer	Monthly Over/Under (Column (b) less column (c))	
11	Jul-11	\$ 1,462,904	\$ 1,462,904	\$ -
12	Aug-11	\$ 1,523,959	\$ 1,523,959	\$ -
13	Sep-11	\$ 1,294,421	\$ 1,294,421	\$ -
14	Oct-11	\$ 1,693,436	\$ 1,693,436	\$ -
15	Nov-11	\$ 1,875,153	\$ 1,875,153	\$ -
16	Dec-11	\$ 1,601,460	\$ 1,601,460	\$ -
17	Jan-12	\$ 1,645,740	\$ 1,645,740	\$ -
18	Feb-12	\$ 1,279,677	\$ 1,279,677	\$ -
19	Mar-12	\$ 1,406,362	\$ 1,406,362	\$ -
20	Apr-12	\$ 1,586,599	\$ 1,586,599	\$ -
21	May-12	\$ 1,362,914	\$ 1,362,914	\$ -
22	Jun-12	\$ 1,523,700	\$ 1,523,700	\$ -
23	Jul-12	\$ 1,460,830	\$ 1,460,830	\$ -
24	Aug-12	\$ 1,588,815	\$ 1,588,815	\$ -
25	Sep-12	\$ 1,413,790	\$ 1,413,790	\$ -
26	Oct-12	\$ 1,655,330	\$ 1,655,330	\$ -
27	Nov-12	\$ 1,458,159	\$ 1,458,159	\$ -
28	Dec-12	\$ 1,543,807	\$ 1,543,807	\$ -
29	Jan-13	\$ 1,596,109	\$ 1,596,109	\$ -
30	Feb-13	\$ 1,484,856	\$ 1,484,856	\$ -
31	Mar-13	\$ 1,468,926	\$ 1,468,926	\$ -
32	Apr-13	\$ 1,516,935	\$ 1,516,935	\$ -
33	May-13	\$ 1,516,859	\$ 1,516,859	\$ -
34	Jun-13	\$ 1,578,190	\$ 1,578,190	\$ -
35	Jul-13	\$ 1,580,128	\$ 1,580,128	\$ -
36	Aug-13	\$ 1,370,776	\$ 1,370,776	\$ -

**Big Rivers Electric Corporation  
Case No. 2013-00347**

**Response to Item No. 2 (Attachment 2 of 2)**

**Witness: Nicholas R. Castlen**

JACKSON PURCHASE ENERGY CORPORATION ENVIRONMENTAL SURCHARGE REVIEW DEDICATED DELIVERY POINT CUSTOMERS				
(a)	(b)	(c)	(d)	
Service Mo/Yr	Big Rivers Electric Invoice Amount for Service Month	Service Month To Retail Consumer	Monthly (Over)/Under Recovery (Column (b) Less column (c))	
Jul-11	\$ 1,673	\$ 1,673	\$	-
Aug-11	\$ 1,411	\$ 1,411	\$	-
Sep-11	\$ 787	\$ 787	\$	-
Oct-11	\$ 905	\$ 905	\$	-
Nov-11	\$ 862	\$ 862	\$	-
Dec-11	\$ 1,032	\$ 1,032	\$	-
Jan-12	\$ 887	\$ 887	\$	-
Feb-12	\$ 559	\$ 559	\$	-
Mar-12	\$ 499	\$ 499	\$	-
Apr-12	\$ 1,352	\$ 1,352	\$	-
May-12	\$ 1,117	\$ 1,117	\$	-
Jun-12	\$ 702	\$ 702	\$	-
Jul-12	\$ 400	\$ 400	\$	-
Aug-12	\$ 962	\$ 962	\$	-
Sep-12	\$ 1,104	\$ 1,104	\$	-
Oct-12	\$ 1,962	\$ 1,962	\$	-
Nov-12	\$ 1,658	\$ 1,658	\$	-
Dec-12	\$ 1,855	\$ 1,855	\$	-
Jan-13	\$ 1,687	\$ 1,687	\$	-
Feb-13	\$ 1,511	\$ 1,511	\$	-
Mar-13	\$ 1,560	\$ 1,560	\$	-
Apr-13	\$ 1,648	\$ 1,648	\$	-
May-13	\$ 1,844	\$ 1,844	\$	-
Jun-13	\$ 1,983	\$ 1,983	\$	-
Jul-13	\$ 1,864	\$ 1,864	\$	-
Aug-13	\$ 2,106	\$ 2,106	\$	-

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



**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM  
OF BIG RIVERS ELECTRIC CORPORATION  
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2013  
AND THE PASS THROUGH MECHANISM  
OF ITS THREE MEMBER DISTRIBUTION COOPERATIVES  
CASE NO. 2013-00347**

**Response to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**November 13, 2013**

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

6

7 **Response)** Please see the attached schedules of Operating and Maintenance  
8 ("O&M") expenses, including the requested variance explanations, for the last six  
9 expense months covered by the billing period under review.

10

11

12 **Witnesses)** Nicholas R. Castlen (Schedules of O&M Expenses) and  
13 Lawrence V. Baronowsky (Reason(s) for Changes in Expense Levels)

14

**Big Rivers Electric Corporation**  
**Case No. 2013-00347**  
**Form 2.5 - Operating and Maintenance Expenses Analysis**

NOx Plan:		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
Expense Month		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
NOx Plan													
Anhydrous Ammonia	\$	203,377	180,349	-11%	165,744	-8%	139,427	-16%	177,671	27%	173,156	-3%	170,821
Emulsified Sulphur for NOx	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Individual Expense Account Items	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Individual Expense Account Items	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Total NOx Plan O&M Expenses	\$	203,377	180,349	-11%	165,744	-8%	139,427	-16%	177,671	27%	173,156	-3%	170,821

SO2 Plan:		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
Expense Month		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
SO2 Plan Expenses:													
Disposal-Flyash/Bottom Ash/Sludge	\$	410,943	405,561	-1%	321,701	-21%	294,029	-9%	304,482	4%	347,711	14%	353,081
Off Spec Gypsum	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Fixation Lime	141,524	138,446	-2%	122,230	-12%	171,039	40%	189,836	11%	194,093	2%	171,629	
Reagent-Calcium Oxide (landfill stat)	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Reagent-Limestone	361,954	354,499	-2%	409,426	15%	359,923	-12%	406,860	13%	416,886	2%	417,267	
Reagent-Lime	1,077,084	1,154,247	7%	1,304,212	13%	1,182,214	-9%	970,371	-18%	1,013,246	4%	879,536	
Emulsified Sulphur for SO2	6,888	-	-100%	6,941	See Note 1	6,912	0%	6,992	1%	19,112	173%	11,587	
Reagent-DiBasic Acid	123,306	119,182	-3%	120,884	1%	120,146	-1%	181,146	51%	160,261	-12%	218,504	
Reagent-Sodium Bisulfite for SO2	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Reagent-Hydroxy Basic Acid	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Total SO2 Plan O&M Expenses	\$	2,121,699	2,171,935	2%	2,285,394	5%	2,134,263	-7%	2,059,687	-3%	2,168,396	5%	2,072,966

SO3 Plan:		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
Expense Month		Nov-12	Dec-12	Dec-12 vs. Nov-12 % Change	Jan-13	Jan-13 vs. Dec-12 % Change	Feb-13	Feb-13 vs. Jan-13 % Change	Mar-13	Mar-13 vs. Feb-13 % Change	Apr-13	Apr-13 vs. Mar-13 % Change	May-13 vs. Apr-13 % Change
SO3 Plan Expenses:													
Hydrated Lime - SO3	\$	29,578	16,319	-45%	4,500	-72%	-	-100%	-	See Note 1	24,410	See Note 1	25,254
Individual Expense Account Items	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Individual Expense Account Items	-	-	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-	See Note 1	-
Total SO3 Plan O&M Expenses	\$	29,578	16,319	-45%	4,500	-72%	-	-100%	-	See Note 1	24,410	See Note 1	25,254
<b>Total</b>	<b>\$</b>	<b>2,354,654</b>	<b>2,368,603</b>		<b>2,455,638</b>		<b>2,273,690</b>		<b>2,237,358</b>		<b>2,365,962</b>		<b>2,269,071</b>

Note 1: Percentage change not calculated because the cost incurred during the prior expense month was \$0.

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

**Big Rivers Electric Corporation**  
**Case No. 2013-00347**  
**Form 2.5 - Operating and Maintenance Expenses Analysis**

**Variance Explanations:**

<b>Anhydrous Ammonia:</b>	
Dec-12 vs Nov-12	The decrease was due to reduced generation at Wilson.
Feb-13 vs Jan-13	The decrease was due to reduced generation at HMP&L and timing of product delivery and invoicing at Wilson and HMP&L.
Mar-13 vs Feb-13	The increase was due to increased generation at Wilson and HMP&L and timing of product delivery and invoicing at HMP&L.

**Disposal-Flyash/Bottom Ash/ Sludge:**

Jan-13 vs Dec-12	The decrease was due to fewer tons were hauled at Coleman in January due to contractor preference & scheduling as well as new contract prices took effect at Coleman.
Apr-13 vs Mar-13	The increase was due to invoice timing at Coleman and Green.

**Fixation Lime:**

Jan-13 vs Dec-12	The decrease was due to reduced generation at HMP&L and operational needs at the Wilson landfill.
Feb-13 vs Jan-13	The increase was due to timing of product delivery and invoicing at Wilson, Green and HMP&L.
Mar-13 vs Feb-13	The increase was due to increased generation at Wilson and HMP&L and operational needs at the Wilson landfill.
May-13 vs Apr-13	The decrease was due to reduced generation at Wilson and operational needs at the Wilson landfill.

**Reagent Limestone:**

Jan-13 vs Dec-12	The increase was due to increased generation at Wilson.
Feb-13 vs Jan-13	The decrease was due to reduced generation at Wilson.
Mar-13 vs Feb-13	The increase was due to increased generation at Wilson.

**Reagent-Lime:**

Jan-13 vs Dec-12	The increase was due to increased generation at HMP&L and timing of product delivery and invoicing at HMP&L and Green.
Mar-13 vs Feb-13	The decrease was due to reduced generation at HMP&L.
May-13 vs Apr-13	There was an inventory adjustment made to the May reagent lime usage to reconcile the book to physical inventory for the end of the HMP&L fiscal year which resulted in the May usage being reduced.

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Emulsified Sulfur for SO <sub>2</sub> :	
Dec-12 vs Nov-12	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Chemical was added at HMP&L in November and none was added in December.
Apr-13 vs Mar-13	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Chemical was added at Wilson in April and none was added in March.
May-13 vs Apr-13	Emulsified sulfur is ordered on an as needed basis and added in batch based on scrubber chemistry. Less chemical was needed at Wilson in May than was added in April.

Reagent-Dibasic Acid:	
Mar-13 vs Feb-13	The increase was due to increased generation and timing of deliveries and invoicing at Wilson.
Apr-13 vs Mar-13	The decrease was due to timing of deliveries and invoicing at Wilson.
May-13 vs Apr-13	The increase was due to operational issues caused by a fuel change at Wilson.

Reagent-Sodium Bisulfite for SO <sub>2</sub> :	
May-13 vs Apr-13	Sodium Bisulfite is ordered on an as needed basis and added in batch based on scrubber chemistry. Added chemical at HMP&L in April and May due to cleaning the scrubber thickeners during the HMP&L Unit Two outage.

Hydrated Lime - SO <sub>3</sub> :	
Dec-12 vs Nov-12	The decrease was due to reduced generation at Wilson.
Jan-13 vs Dec-12	No chemical was required in January at Wilson due to lower ambient temperature. Paid quarterly equipment rental fee.
Feb-13 vs Jan-13	No chemical was required at Wilson in February due to lower ambient temperature.

**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM  
OF BIG RIVERS ELECTRIC CORPORATION  
FOR THE TWO-YEAR BILLING PERIOD ENDING JULY 31, 2013  
AND THE PASS THROUGH MECHANISM  
OF ITS THREE MEMBER DISTRIBUTION COOPERATIVES  
CASE NO. 2013-00347**

**Response to Commission Staff's  
Initial Request for Information  
dated October 3, 2013**

**November 13, 2013**

- 1 Item 4) *KRS 278.183(3) provides that during the two-year review, the*  
2 *Commission shall, to the extent appropriate, incorporate environmental*  
3 *surcharge amounts found just and reasonable into the existing base rates*  
4 *of the utility.*  
5  
6 a. *Does Big Rivers believe any surcharge amounts need to be*  
7 *incorporated into its base rates in conjunction with this*  
8 *two-year review?*  
9 b. *If the response to part (a) is yes, provide the surcharge*  
10 *amount that Big Rivers believes should be incorporated*  
11 *into its existing base rates. Explain how the surcharge*  
12 *amount should be incorporated into the base rates.*  
13 *Include all supporting calculations, work papers, and*  
14 *assumptions, as well as any analysis that Big Rivers*  
15 *believes supports its position.*  
16 c. *Provide the Base Environmental Surcharge Factor*  
17 *("BESF") that reflects all environmental surcharge*  
18 *amounts previously incorporated into existing base rates*  
19 *and the amount determined in part (b). Include all*  
20 *supporting calculations, work papers, and assumptions.*  
21 d. *Does Big Rivers believe that there will need to be*  
22 *modifications to either the surcharge mechanism or the*

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1                    *monthly surcharge reports, other than a revision to BESF,*  
2                    *as a result of incorporating environmental surcharge*  
3                    *amounts into Big Rivers' existing base rates? If so, provide*  
4                    *a detailed explanation of the modifications and provide*  
5                    *updated monthly surcharge reports.*

6

7    **Response)**

- 8                    a.    At this time Big Rivers does not believe that any surcharge  
9                    amounts need to be incorporated into its base rates.  
10                  b.    Not Applicable.  
11                  c.    Not Applicable.  
12                  d.    Not Applicable.

13

14

15    **Witness:**    Nicholas R. Castlen

16

**BIG RIVERS ELECTRIC CORPORATION**

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1 **Item 5)** *Provide the current status of Big Rivers' 2012 compliance plan*  
2 *project activity and the current timeline for completion of the projects.*

3

4 **Response)** Big Rivers has engaged Burns and McDonnell to serve as the  
5 architect and engineer for the Mercury and Air Toxics Standards ("MATS")  
6 projects. Their scope includes development of the equipment specifications,  
7 foundation specifications and equipment installation specifications.

8 Bids for MATS equipment for Green station were received on October  
9 7, 2013 and are currently being evaluated. The contract for the Green station  
10 MATS equipment is expected to be awarded in November 2013.

11 Big Rivers began construction of foundations at Green, Wilson, and  
12 Coleman stations during September 2013. Foundation work is expected to  
13 continue at Green Station in the first quarter of 2014. All equipment for the  
14 Green and HMP&L Station Two units will be installed, and the systems will be  
15 commissioned and operational, by April 2015.

16

17

18 **Witness)** Lawrence V. Baronowsky

19

**BIG RIVERS ELECTRIC CORPORATION**

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1 **Item 6)** *Describe the impact idling of the Coleman and Wilson*  
2 *generating stations will have on the 2012 compliance plan projects*  
3 *associated with these units.*

4

5 **Response)** At this time Big Rivers does not anticipate proceeding with the  
6 installation of MATS equipment at the Coleman and Wilson stations due to the  
7 pending idling of these units.

8

9

10 **Witness)** Lawrence V. Baronowsky

11