

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC )  
CORPORATION FOR A DECLARATORY ) CASE NO. 2016-00278  
ORDER )

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

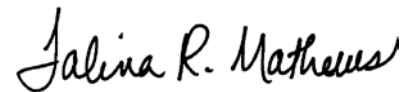
- The digital video recording of the evidentiary hearing conducted on February 7, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on February 7, 2017 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on February 7, 2017.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://www.psc.ky.gov/av\\_broadcast/2016-00278/2016-00278\\_07Feb17\\_Inter.aspx](http://www.psc.ky.gov/av_broadcast/2016-00278/2016-00278_07Feb17_Inter.aspx).

Parties wishing an annotated digital video recording may submit a written request by

electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of February 2017.

A handwritten signature in black ink that reads "Talina R. Mathews". The signature is written in a cursive style with a large initial 'T'.

---

Talina R. Mathews  
Executive Director  
Public Service Commission of Kentucky

Dawn Kelsey  
City Attorney  
City of Henderson  
222 First Street  
Henderson, KENTUCKY 42420

Honorable James M Miller  
Attorney at Law  
Sullivan, Mountjoy, Stainback  
& Miller, PSC  
100 St. Ann Street  
P.O. Box 727  
Owensboro, KENTUCKY 42302-0727

Honorable John N Hughes  
Attorney at Law  
124 West Todd Street  
Frankfort, KENTUCKY 40601

Big Rivers Electric Corporation  
201 Third Street  
P. O. Box 24  
Henderson, KY 42420

H. Randall Redding  
King, Deep & Branaman  
127 North Main Street  
P.O. Box 43  
Henderson, KENTUCKY 42419

Sharon W Farmer  
King, Deep & Branaman  
127 North Main Street  
P.O. Box 43  
Henderson, KENTUCKY 42419

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

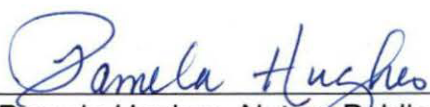
APPLICATION OF BIG RIVERS ELECTRIC ) CASE NO.  
CORPORATION FOR A DECLARATORY ) 2016-00278  
ORDER )

CERTIFICATE

I, Pamela Hughes, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on February 7, 2017. Hearing Log, Witness List, Exhibits (including confidential exhibits), and Exhibit List are included with the recording on February 7, 2017.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of February 7, 2017.
4. The "Exhibit List" attached to this Certificate correctly lists all exhibits introduced at the hearing of February 7, 2017.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of February 7, 2017, and the time at which each occurred.

Signed this 8<sup>th</sup> day of February, 2017.

  
\_\_\_\_\_  
Pamela Hughes, Notary Public  
State at Large  
My Commission Expires: April 22, 2019





Date:	Type:	Location:	Department:
2/7/2017	Other	Hearing Room 1	Hearing Room 1 (HR 1)

Judge: Bob Cicero; Dan Logsdon; Michael Schmitt  
 Witness: Lindsay Barren; Bob Berry; Mike Chambliss; Mark Eacret; Mike Pullen; Gary Quick  
 Clerk: Pam Hughes

Event Time	Log Event
9:08:24 AM	Session Started
9:08:26 AM	Session Paused
9:59:17 AM	Session Resumed
9:59:21 AM	Chairman Schmitt
	Note: Hughes, Pam Preliminary remarks
	Note: Hughes, Pam Introduction of Commissioner's
10:03:40 AM	Introductions
	Note: Hughes, Pam Big Rivers - Jim Miller, Tyson Kamuf and Mike Sullivan Henderson Municipal Power and Light - Randall Redding & Jack Hughes PSC - Quang Nguyen and Nancy Vinsel
10:04:52 AM	Chairman Schmitt asks for Confidential motions
	Note: Hughes, Pam Deposition of Witness Quick may have confidential material.
	Note: Hughes, Pam These will be ruled on at a later date.
10:06:51 AM	Atty Miller -Big Rivers - calls Bob Berry to the stand
	Note: Hughes, Pam Is sworn in by Chairman Schmitt
10:07:22 AM	Atty Miller -Big Rivers - direct exam of Witness Berry
	Note: Hughes, Pam CEO of Big Rivers Electric (Robert W. Berry) No corrections and adopts his testimony
10:08:25 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam How does the provision impact rates
10:09:27 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam How the provision impacts Big Rivers rates
	Note: Hughes, Pam Asks witness to be more specific as to how this flows to the ratepayers
10:12:25 AM	PSC Staff exhibit 1
	Note: Hughes, Pam Big Rivers monthly filing of its fuel adjustment clause of October 2016----PSC exhibit 1
10:13:50 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam Referring to Rivers response to Henderson's 1st DR, item 1. Page 2 of 2. Station two.
10:15:46 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam PSC exhibit 1 - Appendix A, schedule, page 1-8. Related adjustments from June 2016 to September 2016. (Made to the October expense month)
10:17:23 AM	PHDR
	Note: Hughes, Pam By month from June 2016 to date not taking excess energy FAC impact and total impact
10:18:48 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam 2016 Henderson's reserved capacity for station two. Henderson gets 115 MW of energy - Power Sales Contract
	Note: Hughes, Pam 2017 Henderson reserved capacity
10:21:34 AM	Atty Nguyen -PSC cross exam of Witness Berry
	Note: Hughes, Pam Will Henderson's reserve capacity change? Only allowed 5%

10:22:08 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	In Berry's direct testimony he states that Henderson will soon run out of fuel in station 2. Is Big Rivers using it's own stock piles to run station two for Henderson and how Henderson is being billed.
10:24:28 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	For actual cost of coal being used to the energy to Henderson, are costs being netted?
10:25:32 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	Rebuttal testimony of WiItness Berry, page 5. Adopted a different method after June 2016.
	Note: Hughes, Pam	Explain why Big Rivers made the change in exhibit A
	Note: Hughes, Pam	When the arbitration date was made and the time lapse
10:31:47 AM	Atty Miller addresses Chairman Schmitt as to dispute of arbitration	
10:32:18 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	Exhibits filed by Big Rivers to use in this hearing. Exhibit 1 of Big Rivers -as to how Big Rivers's calculates station two. Example 3 120 MW's generated, excess Henderson is 25MW
	Note: Hughes, Pam	Clarification of amounts under each of these examples, were they post June 2016 and the arbitration award.
10:37:34 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	Berry Rebuttal testimony, page 17-18. Has a conclusion been reached or is testing still being done. No changes to minimal operating units.
10:39:15 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	How is Big Rivers obligated to pay --contractual obligation
	Note: Hughes, Pam	Page 19, lines 19 - 23 of Berry Rebuttal testimony. 88.7 million net book value
10:41:14 AM	Atty Nguyen -PSC cross exam of Witness Berry Note: Hughes, Pam	88.7 million value, what capitol investments were made?
10:42:06 AM	Atty Miller - Big Rivers Note: Hughes, Pam	Big Rivers exhibit 1 with the correction.
10:43:04 AM	Atty Miller -Big Rivers - redirect exam of WItness Berry Note: Hughes, Pam	Big Rivers exhibit 2 - Station II Actual Generation vs. Generating Economically 2016
10:47:12 AM	Atty Miller -Big Rivers - redirect exam of WItness Berry Note: Hughes, Pam	Big Rivers exhibit 3 - Update to exhibit RWB-2 - Excess Henderson energy Calculation P&L comparison 2016 (This is a confidential exhibit)
10:50:01 AM	Atty Miller -Big Rivers - redirect exam of WItness Berry Note: Hughes, Pam	Referring to Fuel burn by Big Rivers since June 1, 2016. Exhibit A should not be used to Henderson's excess energy.
10:51:03 AM	Atty Miller -Big Rivers - redirectexam of WItness Berry Note: Hughes, Pam	Explanation of Focus on the issues in this case
10:52:13 AM	Atty Redding- Henderson- cross exam of Witness Berry Note: Hughes, Pam	Chart #3 and method of calculation to Henderson
	Note: Hughes, Pam	Profits to Henderson?
10:54:49 AM	Atty Nguyen _PSC- redirect to Witness Berry Note: Hughes, Pam	Big Rivers exhibit 2- 2nd column, does this represent total loss of operating for 2016 for station 2. Column 4, gain/loss for Henderson's native load. 7.41 million is sum of column 6 gain/loss station two for henderson EE
10:58:21 AM	PHDR Note: Hughes, Pam	Big Rivers exhibit 2 - totals
10:58:44 AM	VC Cicero cross exam of Witness Berry Note: Hughes, Pam	Prior to 2005, any dispute as to how this contract was calculated?

11:02:16 AM Note: Hughes, Pam How contract was defined after 2009.  
VC Cicero cross exam of Witness Berry  
Note: Hughes, Pam June 1st , 2016 Big Rivers changed the methods of calculations after the arbitration. Why did it take to June 1st to change the methods? (Aug. 2015 supreme court ruling)  
Note: Hughes, Pam Would Big Rivers extract itself from this contract with Henderson?  
Note: Hughes, Pam If market for energy priced higher, would BR still be using the old method or switch to the new method as of June 1.

11:05:25 AM Witness Berry excused

11:05:35 AM Atty Miller - Big Rivers- calls Witness Barren to the stand  
Note: Hughes, Pam Chairman swears Witness Berry in.

11:06:16 AM Atty Miller - Big Rivers- direct exam Witness Barren  
Note: Hughes, Pam Lindsay Barren CFO of Big Rivers. Swears to her DR's and adopts them with no changes.

11:07:12 AM Atty Nguyen - PSC - cross exam of Witness Barren  
Note: Hughes, Pam PSC exhibit 1 - adjustments to October expense months (June - September) were some related to excess Henderson energy? Some of these were errors and were corrected.

11:09:25 AM Atty Nguyen - PSC - cross exam of Witness Barren  
Note: Hughes, Pam Reason behind the error to the lower volume and when it was revised.

11:11:10 AM Witness Barren excused

11:11:19 AM Chairman excepts all other Witnesses testimony

11:12:27 AM Atty Miller - Big Rivers- calls Witness Pullen to stand  
Note: Hughes, Pam sworn in by Chairman Schmitt

11:12:57 AM Atty Miller - Big Rivers- calls Witness Pullen to stand  
Note: Hughes, Pam Swears to his reponses and adopts his responses into the record

11:13:34 AM Atty Miller - Big Rivers- hands out Big Rivers exhibit 4  
Note: Hughes, Pam Page 1 - Coal consumed by City of Henderson June 2016 - Dec 2016. Page 2 - City of Henderson Coal inventory summary (same dates). Page 3 - Coal supplied by Big Rivers to the City of Henderson (same dates) Page 4 - Lime consumed by Henderson (same dates) Page 5 - Henderson's Lime inventory summary (same dates) Page 6 - Lime supplied by Big Rivers to Henderson (same dates)  
Note: Hughes, Pam Witness Pullen explains this exhibit.

11:18:23 AM Atty Redding - Henderson- cross exam of Witness Pullen  
Note: Hughes, Pam Big Rivers exhibit 4 -Excess Energy of Henderson of June 2016. Total amount of coal used that was taken by Henderson

11:20:22 AM Atty Nguyen - PSC- cross exam of Witness Pullen  
Note: Hughes, Pam Big Rivers exhibit 4 - page 3, Coal supplied by Big Rivers to Henderson. How were cost calculated?  
Note: Hughes, Pam Did Big Rivers bill Henderson 2,749,985.70?

11:21:45 AM Atty Miller redirect of Witness Pullen  
Note: Hughes, Pam Did Henderson pay for amounts billed?

11:22:13 AM VC Cicero cross exam of Witness Pullen  
Note: Hughes, Pam Have there been shortages before? No longer to take excess Henderson energy when unprofitable

11:23:35 AM VC Cicero cross exam of Witness Pullen  
Note: Hughes, Pam Hire external contractors to do coal pile surveys. Inventory adjustments every year, station 2 pile is segregated.

11:24:38 AM Witness Pullen excused

11:24:55 AM Atty Redding - Henderson- calls Witness Quick to the stand  
Note: Hughes, Pam Chairman Schmitt swears in Witness Quick

11:25:50 AM Atty Redding - Henderson - direct exam of Witness Quick.  
Note: Hughes, Pam Has changes to testimony. Retired and is no longer the GM of Henderson Municipal. Responses to DR and testimony he adopts.

11:26:59 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Protocols of Big Rivers

11:28:01 AM Big Rivers exhibit 5 - Letter to Jim Miller from Randall Redding

11:28:52 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam BR exhibit 5- letter. 2nd paragraph two letter Mr Quick wrote to Big Rivers with scheduling protocols. Witness Quick reads last paragraph.

11:31:37 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Excess energy that costs more to produce than to market. Station 2 generates energy and that price is less than the marketable price.

11:33:00 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Big Rivers has excess Henderson energy - Witness Quicks testimony Section 3.8

11:35:05 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Section 3.8, if Henderson schedules sale to a third party, is that in contract?

11:36:23 AM Big Rivers exhibit 6 - Power Sales Contract, Section 3.8

11:37:04 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Any mention of sales to 3rd parties  
Note: Hughes, Pam BR exhibit 6 - subparagraph A of 3.8. Excess energy is not energy the city schedules or takes to utilize.

11:38:52 AM Big Rivers exhibit 7 - American Arbitration Association to parties.  
Note: Hughes, Pam Award by arbitration

11:39:44 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Referring to BG exhibit 7. Arbitration award in dispute between Big Rivers and Henderson over excess energy. Page 3, 1st sentence. Schedule and take the native load.

11:42:45 AM Big Rivers exhibit 8 - Confidential deposition of Witness Quick.  
Note: Hughes, Pam Taken at the Arbitration on June 13, 2011

11:43:37 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Page 173, Examples or scenarios of Hendersons 3rd party sales . Line 7. Section 3.8 100 MW, city only needs 90 MW, AEP takes 5 MW as third party, and 5 MW left for Big Rivers. Page 180, in regards to the 5 MW not used as native load or 3rd party sale. Mr. Quick reads his answer into the record starting at line 4. (3.8(c) of Power Sales Contract)

11:48:35 AM Atty Sullivan - Big Rivers- cross exam of Witness Quick  
Note: Hughes, Pam Big Rivers exhibit 8 - page 184. What happens to the 5 MW? Witness Quick reads his response. (Big Rivers takes it and pays 1.50) Mr. Quick reads response as to MW's that still flow .  
Note: Hughes, Pam Has Henderson submitted shedule of Native load to Big Rivers? Witness Quick reads his answer into the record. Who pays the variable cost?

11:53:08 AM Atty Nguyen -PSC- cross of Witness Quick  
Note: Hughes, Pam Meeting between Henderson and Big Rivers, October 2016. Staff's 1st request, item 5. Any subsequent meetings or phone calls related to this issue at a later date.

11:55:56 AM Atty Nguyen -PSC- cross of Witness Quick  
Note: Hughes, Pam Staff's 1st request, Henderson's response to item 7. Explain Big River's first proposal

11:58:34 AM Atty Sullivan - Big Rivers - objection  
Note: Hughes, Pam Chairman overrules

11:58:56 AM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam	Henderson's response to Big Rivers request for info, items 5.b and 8. Line 16 of item 5.b. Response to item 8, Henderson not aware of contractual cycle of the units.
12:07:42 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam	Referring to Big Rivers' operation of these two units, has there been any concern that Big Rivers is not able to correctly operate these units?
12:11:08 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam	Referring to Power Sales contract requiring stations to be ran continuously and excess Henderson energy.
12:18:48 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam Note: Hughes, Pam	Referring to Cycling units Henderson's response to BR information request, item 6. On page 13 of 26, lines 11-15. Big Rivers elects to use excess Henderson energy
12:23:17 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam Note: Hughes, Pam	If scheduled or taken by Henderson, Henderson's position would allow them to service that load or sale to a third party. Referring to Big Rivers exhibit 7, Arbitration decision. Page 3, last paragraph.
12:27:00 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam	Henderson's response to BG request, item 10. Page 22 of 26. Line 12, if BG does not wish to purchase excess Henderson energy, would Henderson want BG's to take that energy into the MISO market.?
12:31:03 PM	Atty Nguyen -PSC- cross of Witness Quick Note: Hughes, Pam Note: Hughes, Pam	Referring to Berry testimony this morning and extracting from the contracts. Is Henderson willing to extract from the contracts? Henderson owns 100% of station 2.
12:35:36 PM	Chairman Schmitt Note: Hughes, Pam	break
12:35:50 PM	Session Paused	
12:49:55 PM	Session Resumed	
12:50:08 PM	Atty Sullivan - Big Rivers- recross of Witness Quick Note: Hughes, Pam	Referring to Big Rivers documents provided to Henderson's attorneys
12:50:59 PM	VC Cicero cross exam of Witness Quick Note: Hughes, Pam Note: Hughes, Pam	Referring to reliability of Henderson ending contract with Big Rivers. If another party that was capable of running the plants would Henderson agree to extract
12:53:07 PM	VC Cicero cross exam of Witness Quick Note: Hughes, Pam	Big Rivers exhibit 7- Arbitration Award. Concerning scheduling and taking Of city of Henderson to service its native load.
12:55:12 PM	VC Cicero cross exam of Witness Quick Note: Hughes, Pam	If no one takes the native load, who is responsible for taking this? Henderson is responsible for the 5MW
12:56:49 PM	VC Cicero cross exam of Witness Quick Note: Hughes, Pam Note: Hughes, Pam	Referring to the sliver of excess energy that is left. Henderson was not a party to the agreement. Referring to economic standpoint of Big Rivers and Henderson.
1:02:44 PM	VC Cicero cross exam of Witness Quick Note: Hughes, Pam	Referring to losses being passed back to the ratepayers.
1:05:24 PM	Comm. Logsdon cross exam of Witness Quick Note: Hughes, Pam	Referring to the life of these plants.



1:05:57 PM	Atty Sullivan - Big Rivers - recross of Witness Quick Note: Hughes, Pam	Referring to Henderson not scheduling anything in regards to its native load.
1:07:02 PM	Atty Sullivan - Big Rivers - recross of Witness Quick Note: Hughes, Pam	Referring to Exhibit A to endiminification that is already in the record.
1:07:57 PM	Atty Sullivan - Big Rivers - recross of Witness Quick Note: Hughes, Pam	Referring to Big Rivers not making proposal to Henderson to not idle one of the units according to Witness Quick's testimony.
1:08:41 PM	Witness Quick excused	
1:08:54 PM	Chairman Schmitt asks for motions.	
1:09:13 PM	Post Hearing Data Requests Note: Hughes, Pam	Will be filed no later than Feb. 9th, Big Rivers to answer by the 15th. Parties to file briefs by Feb. 28th
1:10:18 PM	adjourned	
1:10:25 PM	Session Paused	
3:19:27 PM	Session Ended	



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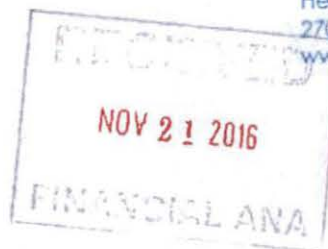
<b>Name:</b>	<b>Description:</b>
Big Rivers Exhibit 01	Big Rivers and Henderson Calculations. Examples 1-4
Big Rivers Exhibit 02	Station II Actual Generation vs. Generating Economically 2016
Big Rivers Exhibit 03	CONFIDENTIAL - Excess Henderson Energy "EHE" Calculation P&L Comparison 2016
Big Rivers Exhibit 04	pages 1-6 from June 2016-December 2016- Coal consumed by city of Henderson; city of Henderson coal inventory summary; Coal supplied by Big Rivers to the city; Lime consumed by the city of Henderson; City of Henderson Lime inventory summary; Lime su
Big Rivers Exhibit 05	Letter to Attorney Jim Miller from Attorney H. Randall Redding, dated 8/8/16
Big Rivers Exhibit 06	Power Sales Contract, Section 3.8
Big Rivers Exhibit 07	American Arbitration Association to parties dated May 31, 2012. Final Award and Concurrence in Award in Big Rivers v. City of Henderson and Henderson Municipal Power and Light
Big Rivers Exhibit 08	CONFIDENTIAL -Deposition of Gary Quick at the Arbitration on June13, 2011
PSC Exhibit 01	Big Rivers Electric Corporation Fuel Adjustment Clause (FAC) - Form A Filing and Appendix



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Henderson, KY 42419-0024  
270-827-2561  
www.bigrivers.com

November 18, 2016

Dr. Talina R. Mathews, Executive Director  
Kentucky Public Service Commission  
Attention: Chris Whelan  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602



RE: Big Rivers Electric Corporation  
Fuel Adjustment Clause ("FAC") – Form A Filing

Dear Dr. Mathews:

Enclosed is Big Rivers' monthly Form A filing for the October 2016 expense month. The FAC factor calculated in this filing is based on Big Rivers' actual kWh and cost data for October 2016, and is to be applied to invoices for service delivered during November 2016 which will be billed early December 2016.

Please note that this filing includes adjustments to amounts previously filed with the Commission in Big Rivers' Form A filings for the June 2016 through September 2016 expense months. The net impact of these adjustments is reflected in the Over/(Under) Recovery schedule (Page 4) of the enclosed Form A filing for the October 2016 expense month through the "Revised FAC Rate Billed, if prior period adjustment is needed", included on Line 7 of that schedule. Supporting calculations and detailed explanations of these adjustments are provided in Appendix A.

Pursuant to the Stipulation and Recommendation agreement dated May 26, 2015, approved by order of the Commission July 27, 2015 (Case No. 2014-00455), and later approved by the Rural Utilities Service ("RUS") October 23, 2015, the Fuel Cost Schedule (Page 2 of the attached Form A filing) includes an FAC Credit of \$311,111. The monthly FAC Credit was first included in Big Rivers' Form A filing for the October 2015 expense month and will continue being included in the filings for a total of up to fifteen months, based on the terms of the Stipulation and Recommendation agreement.

807 KAR 5:056 requires the monthly FAC factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

Please contact me if you have any questions regarding this filing.

Sincerely,

Nick Castlen, CPA  
Manager Finance, Big Rivers Electric Corporation

Enclosure

- c: Ms. Lindsay N. Barron, CPA, Chief Financial Officer
- Ms. Donna M. Windhaus, Director Accounting/Finance
- Ms. DeAnna M. Speed, CPA, Director Rates and Budgets
- Mr. Dennis Cannon, Jackson Purchase Energy Corporation
- Mr. Jeff Hohn, Kenergy Corp.
- Mr. Marty Littrel, Meade County RECC
- James Miller, Esq., General Counsel

PSC Exhibit 1



**BIG RIVERS ELECTRIC CORPORATION**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: October 2016

$$\frac{\text{Fuel "Fm" (Fuel Cost Schedule)}}{\text{Sales "Sm" (Sales Schedule)}} = \frac{\$5,399,113}{232,046,989 \text{ kWh}} = (+) \$ 0.023267 / \text{kWh}$$

Base Fuel Component = (-) 0.020932 / kWh

FAC Factor (1) = \$ 0.002335 / kWh

Note: (1) Six decimal places in dollars for normal rounding.

Effective Date for Billing: December 1, 2016

Submitted by:

Title: Manager Finance

Date Submitted: 11-18-16

**BIG RIVERS ELECTRIC CORPORATION  
FUEL COST SCHEDULE**

Expense Month: October 2016

<b>(A) Company Generation</b>		
Coal Burned	(+) \$	10,590,511
Pet Coke Burned	(+)	1,473,171
Oil Burned	(+)	253,489
Gas Burned	(+)	42,551
Propane Burned	(+)	-
MISO Make Whole Payments	(-)	9,680
Fuel (assigned cost during Forced Outage)	(+)	672,328
Fuel (substitute cost for Forced Outage)	(-)	424,638
Fuel (supplemental and back-up energy to Smelters)	(-)	-
Fuel (Domtar back-up / imbalance generation)	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>12,597,732</b>
<b>(B) Purchases</b>		
Net energy cost - economy purchases	(+) \$	291,930
Identifiable fuel cost - other purchases	(+)	4,968,818
Identifiable fuel cost - Forced Outage purchases	(+)	254,015
Identifiable fuel cost (substitute for Forced Outage)	(-)	254,015
Less Purchases for supplemental and back-up energy to Smelters	(-)	-
Less Purchases for Domtar back up	(-)	392,220
Less Purchases Above Highest Cost Units	(-)	-
<b>SUB-TOTAL</b>	<b>\$</b>	<b>4,868,528</b>
<b>(C) Inter-System Sales</b>		
Including Interchange-out	\$	12,723,452
<b>(D) Over or (Under) Recovery</b>		
From Page 4, Line 13	\$	(967,416)
<b>(E) FAC Credit</b>		
FAC Credit per Stipulation Agreement (Case No. 2014-00455) <sup>(1)</sup>	\$	311,111
<b>TOTAL FUEL RECOVERY [(A)+(B)-(C)-(D)-(E)] =</b>	<b>\$</b>	<b>5,399,113</b>

<sup>(1)</sup> Monthly FAC Credit of \$311,111 for each month beginning with the FAC filing for the October 2015 expense month, per Big Rivers' revised FAC tariff filed with the Commission on November 12, 2015, pursuant to the Stipulation and Recommendation Agreement approved by order of the Commission dated July 27, 2015, in Case No. 2014-00455.

**BIG RIVERS ELECTRIC CORPORATION**

**SALES SCHEDULE (kWh)**

Expense Month: October 2016

(A) Generation (Net)	(+)	519,683,401
Purchases including interchange-in	(+)	521,206,579
<u>SUB-TOTAL</u>		<u>1,040,889,980</u>
(B) Inter-system Sales including interchange-out	(+)	767,942,256
Supplemental Sales to Smelters	(+)	-
Backup Sales to Smelters	(+)	-
Back-up and Energy Imbalance Sales Domtar	(+)	13,806,822
System Losses	(+)	27,093,913
<u>SUB-TOTAL</u>		<u>808,842,991</u>
TOTAL SALES (A-B)		<u>232,046,989</u>

**BIG RIVERS ELECTRIC CORPORATION**  
**FUEL ADJUSTMENT CLAUSE**  
**OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: October 2016

1.	Last FAC Rate Billed		\$	(0.001737)
2.	kWh Billed at Above Rate			<u>232,046,989</u>
3.	FAC Revenue/(Refund)	(Line 1 x Line 2)	\$	<u>(403,066)</u>
4.	kWh Used to Determine Last FAC Rate			<u>270,671,678</u>
5.	Non-Jurisdictional kWh (Included in Line 4)			<u>-</u>
6.	Kentucky Jurisdictional kWh	(Line 4 - Line 5)		<u>270,671,678</u>
7.	Revised FAC Rate Billed, if prior period adjustment is needed	See Appendix A	\$	<u>0.002085</u>
8.	Recoverable FAC Revenue/(Refund)	(Line 7 x Line 6)	\$	<u>564,350</u>
9.	Over or (Under) Recovery	(Line 3 - Line 8)	\$	<u>(967,416)</u>
10.	Total Sales "Sm" (From Page 3 of 4)			<u>232,046,989</u>
11.	Kentucky Jurisdictional Sales			<u>232,046,989</u>
12.	Total Sales Divided by Kentucky Jurisdictional Sales	(Line 10 / Line 11)		<u>1.00000000</u>
13.	Total Company Over or (Under) Recovery	(Line 9 x Line 12)	\$	<u>(967,416)</u>
				To Page 2, Line D

Big Rivers Electric Corporation  
 FAC Form A Filings for the Expense Months of June 2016 through September 2016  
 As Revised November 18, 2016

— Revised Amounts (see Footnotes for explanations of changes)

Expense Month:

	Jun-16 As Revised	Jul-16 As Revised	Aug-16 As Revised	Sep-16 As Revised
<b>Page 1:</b>				
Fuel "Fm" (Fuel Cost Schedule)	\$ 6,331,488	\$ 7,212,482	\$ 7,302,577	\$ 6,229,998
Sales "Sm" (Sales Schedule)	289,686,270	308,650,870	309,712,016	270,671,678
Total Fuel Cost per kWh (F(m) / S(m))	\$ 0.021856	\$ 0.023368	\$ 0.023579	\$ 0.023017
Base Factor	\$ 0.020932	\$ 0.020932	\$ 0.020932	\$ 0.020932
FAC Factor	\$ 0.000924	\$ 0.002436	\$ 0.002647	\$ 0.002085
<b>Page 2:</b>				
<b>Company Generation:</b>				
(+) Coal Burned	\$ 9,430,914	\$ 12,644,283	\$ 12,219,760	\$ 11,230,655
(+) Pet Coke Burned	2,167,364	2,396,469	2,352,278	1,060,144 <sup>(1)</sup>
(+) Oil Burned	109,406	292,909	149,484	161,992
(+) Gas Burned	10,394	59,481	81,497	25,335
(+) Propane Burned	-	-	-	-
(-) MISO Make Whole Payments	-	10,056	8,555	19,659
(+) Fuel (Assigned Cost During Forced Outage)	1,020,723	921,692	1,117,612	43,488
(-) Fuel (Substitute Cost for Forced Outage)	433,858	469,737	546,963 <sup>(2)</sup>	-
(-) Fuel (Supplemental & Back-Up Energy to Smelters)	-	-	-	-
(-) Fuel (Domtar Back-Up/ Imbalance Generation)	-	-	-	-
(A) SUB-TOTAL Generation	\$ 12,304,943	\$ 15,835,041	\$ 15,365,113	\$ 12,501,955
<b>Purchases:</b>				
(+) Net energy cost - economy purchases	\$ 508,056	\$ 756,984	\$ 609,448	\$ 788,421
(+) Identifiable fuel cost - other purchases	2,979,437 <sup>(3)</sup>	5,274,060 <sup>(3)</sup>	5,182,274 <sup>(3)</sup>	4,622,195 <sup>(4)</sup>
(+) Identifiable fuel cost - Forced Outage purchases	742,049	470,003	672,779	115,435
(-) Identifiable fuel cost (substitute for Forced Outage)	742,049	470,003	672,779	115,435
(-) Less Purchases for Supplemental and Back-Up to Smelters	-	-	-	-
(-) Less Purchases for Domtar back up	198,484	210,333	187,965	243,756
(-) Less Purchases Above Highest Cost Units	-	28,018	6,947	8,441
(B) SUB-TOTAL Purchases	\$ 3,289,009	\$ 5,792,693	\$ 5,596,810	\$ 5,163,419
<b>Intersystem Sales:</b>				
(C) Including Interchange-out	\$ 8,989,543 <sup>(5)</sup>	\$ 14,328,291 <sup>(5)</sup>	\$ 13,750,754 <sup>(5)</sup>	\$ 11,787,083 <sup>(6)</sup>
(D) Over/(Under) Recovery (p. 4)	\$ (38,190)	\$ (224,150) <sup>(7)</sup>	\$ (402,519) <sup>(7)</sup>	\$ (662,818) <sup>(7)</sup>
(E) FAC Credit (CN 2014-00455)	\$ 311,111	\$ 311,111	\$ 311,111	\$ 311,111
<b>Total Fuel Cost [(A) + (B) - (C) - (D) - (E)]</b>	<b>\$ 6,331,488</b>	<b>\$ 7,212,482</b>	<b>\$ 7,302,577</b>	<b>\$ 6,229,998</b>

Big Rivers Electric Corporation  
 FAC Form A Filings for the Expense Months of June 2016 through September 2016  
 As Revised November 18, 2016

— Revised Amounts (see Footnotes for explanations of changes)

Expense Month:

	Jun-16 As Revised	Jul-16 As Revised	Aug-16 As Revised	Sep-16 As Revised
<b>Page 3:</b>				
Generation (Net)	502,155,812	621,551,507	617,731,309 <sup>(1)</sup>	546,239,383
Purchases including interchange-in	406,704,279	586,814,829	555,942,658	472,651,317
(A) SUB-TOTAL	908,860,091	1,208,366,336	1,173,673,967	1,018,890,700
Inter-system Sales including interchange-out	588,024,906 <sup>(7)</sup>	867,205,038 <sup>(7)</sup>	832,939,347 <sup>(7)</sup>	715,434,068
Supplemental Sales to Smelters	-	-	-	-
Backup Sales to Smelters	-	-	-	-
Back-up and Energy Imbalance Sales Downtar	7,493,308	6,947,563	5,732,501	8,326,070
System Losses	23,655,607 <sup>(7)</sup>	25,562,865 <sup>(7)</sup>	25,290,103 <sup>(7), (7)</sup>	24,458,884
(B) SUB-TOTAL	619,173,821	899,715,466	863,961,951	748,219,022
Total Sales (A - B)	289,686,270	308,650,870	309,712,016	270,671,678
<b>Page 4:</b>				
1. Last FAC Rate Billed (actual factor billed)	\$ (0.000636)	\$ 0.000141	\$ 0.001128	\$ 0.000580
2. kWh Billed at Above Rate	289,686,270	308,650,870	309,712,016	270,671,678
3. FAC Revenue/(Refund) (Line 1. x Line 2.)	\$ (184,240)	\$ 43,520	\$ 349,355	\$ 156,990
4. kWh Used to Determine Last FAC Rate	229,637,681	289,686,270	308,650,870	309,712,016
5. Non-Jurisdictional kWh (Included in Line 4)	-	-	-	-
6. Kentucky Jurisdictional kWh (Line 4. - Line 5.)	229,637,681	289,686,270	308,650,870	309,712,016
7. Revised FAC Rate, if prior period adjustment is needed	\$ -	\$ 0.000924 <sup>(7)</sup>	\$ 0.002436 <sup>(7)</sup>	\$ 0.002647 <sup>(7)</sup>
8. Recoverable FAC Revenue/(Refund) (Line 1. (or 7.) x Line 6.)	\$ (146,050)	\$ 267,670 <sup>(7)</sup>	\$ 751,874 <sup>(7)</sup>	\$ 819,808 <sup>(7)</sup>
9. Over or (Under) Recovery (Line 3. - Line 8.)	\$ (38,190)	\$ (224,150) <sup>(7)</sup>	\$ (402,519) <sup>(7)</sup>	\$ (662,818) <sup>(7)</sup>
10. Total Sales "Sm" (From Page 3 of 4)	289,686,270	308,650,870	309,712,016	270,671,678
11. Kentucky Jurisdictional Sales	289,686,270	308,650,870	309,712,016	270,671,678
12. Total Sales Divided by KY Juris. Sales (Line 10. / Line 11.)	1.0000000	1.0000000	1.0000000	1.0000000
13. Total Co. Over or (Under) Recovery (Line 9. x Line 12.)	\$ (38,190)	\$ (224,150) <sup>(7)</sup>	\$ (402,519) <sup>(7)</sup>	\$ (662,818) <sup>(7)</sup>



Big Rivers Electric Corporation  
 FAC Form A Filings for the Expense Months of June 2016 through September 2016  
 As Previously Filed

Expense Month:	Jun-16	Jul-16	Aug-16	Sep-16
	As Previously Filed <sup>(1)</sup>	As Previously Filed <sup>(1)</sup>	As Previously Filed <sup>(1)</sup>	As Previously Filed <sup>(1)</sup>
<b>Page 1:</b>				
Fuel "Fm" (Fuel Cost Schedule)	\$ 6,134,382	\$ 6,780,670	\$ 6,662,402	\$ 5,195,537
Sales "Sm" (Sales Schedule)	289,686,270	308,650,870	309,712,016	270,671,678
Total Fuel Cost per kWh (F(m) / S(m))	\$ 0.021176	\$ 0.021969	\$ 0.021512	\$ 0.019195
Base Factor	\$ 0.020932	\$ 0.020932	\$ 0.020932	\$ 0.020932
FAC Factor	\$ 0.000244	\$ 0.001037	\$ 0.000580	\$ (0.001737)
<b>Page 2:</b>				
<b>Company Generation:</b>				
(+) Coal Burned	\$ 9,430,914	\$ 12,644,283	\$ 12,219,760	\$ 11,230,655
(+) Pet Coke Burned	2,167,364	2,396,469	2,352,278	1,754,076
(+) Oil Burned	109,406	292,909	149,484	161,992
(+) Gas Burned	10,394	59,481	81,497	25,335
(+) Propane Burned	-	-	-	-
(-) MISO Make Whole Payments	-	10,056	8,555	19,659
(+) Fuel (Assigned Cost During Forced Outage)	1,020,723	921,692	1,117,612	43,488
(-) Fuel (Substitute Cost for Forced Outage)	433,858	469,737	546,720	-
(-) Fuel (Supplemental & Back-Up Energy to Smelters)	-	-	-	-
(-) Fuel (Domtar Back-Up/ Imbalance Generation)	-	-	-	-
(A) SUB-TOTAL Generation	\$ 12,304,943	\$ 15,835,041	\$ 15,365,356	\$ 13,195,887
<b>Purchases:</b>				
(+) Net energy cost - economy purchases	\$ 508,056	\$ 756,984	\$ 609,448	\$ 788,421
(+) Identifiable fuel cost - other purchases	2,882,170	5,080,654	5,010,460	4,863,225
(+) Identifiable fuel cost - Forced Outage purchases	742,049	470,003	672,779	115,435
(-) Identifiable fuel cost (substitute for Forced Outage)	742,049	470,003	672,779	115,435
(-) Less Purchases for Supplemental and Back-Up to Smelters	-	-	-	-
(-) Less Purchases for Domtar back up	198,484	210,333	187,965	243,756
(-) Less Purchases Above Highest Cost Units	-	28,018	6,947	8,441
(B) SUB-TOTAL Purchases	\$ 3,191,742	\$ 5,599,287	\$ 5,424,996	\$ 5,399,449
<b>Intersystem Sales:</b>				
(C) Including Interchange-out	\$ 9,089,382	\$ 14,369,710	\$ 13,787,555	\$ 13,111,331
(D) Over/(Under) Recovery (p. 4)	\$ (38,190)	\$ (27,163)	\$ 29,284	\$ (22,643)
(E) FAC Credit (CN 2014-00455)	\$ 311,111	\$ 311,111	\$ 311,111	\$ 311,111
Total Fuel Cost [(A) + (B) - (C) - (D) - (E)]	\$ 6,134,382	\$ 6,780,670	\$ 6,662,402	\$ 5,195,537

Big Rivers Electric Corporation  
 FAC Form A Filings for the Expense Months of June 2016 through September 2016  
 As Previously Filed

Expense Month:		Jun-16 As Previously Filed <sup>(1)(a)</sup>	Jul-16 As Previously Filed <sup>(1)(a)</sup>	Aug-16 As Previously Filed <sup>(1)(b)</sup>	Sep-16 As Previously Filed <sup>(1)(b)</sup>
<b>Page 3:</b>					
	Generation (Net)	502,155,812	621,551,507	617,937,401	546,239,383
	Purchases including interchange-in	406,704,279	586,814,829	555,942,658	472,651,317
(A)	<b>SUB-TOTAL</b>	<b>908,860,091</b>	<b>1,208,366,336</b>	<b>1,173,880,059</b>	<b>1,018,890,700</b>
	Inter-system Sales including interchange-out	606,164,906	891,194,038	854,224,347	715,434,068
	Supplemental Sales to Smelters	-	-	-	-
	Backup Sales to Smelters	-	-	-	-
	Back-up and Energy Imbalance Sales Domtar	7,493,308	6,947,563	5,732,501	8,326,070
	System Losses	5,515,607	1,573,865	4,211,195	24,458,884
(B)	<b>SUB-TOTAL</b>	<b>619,173,821</b>	<b>899,715,466</b>	<b>864,168,043</b>	<b>748,219,022</b>
	<b>Total Sales (A - B)</b>	<b>289,686,270</b>	<b>308,650,870</b>	<b>309,712,016</b>	<b>270,671,678</b>
<b>Page 4:</b>					
1.	Last FAC Rate Billed (actual factor billed)	\$ (0.000636)	\$ 0.000141	\$ 0.001128	\$ 0.000580
2.	kWh Billed at Above Rate	289,686,270	308,650,870	309,712,016	270,671,678
3.	FAC Revenue/(Refund) (Line 1. x Line 2.)	\$ (184,240)	\$ 43,520	\$ 349,355	\$ 156,990
4.	kWh Used to Determine Last FAC Rate	229,637,681	289,686,270	308,650,870	309,712,016
5.	Non-Jurisdictional kWh (Included in Line 4)	-	-	-	-
6.	Kentucky Jurisdictional kWh (Line 4. - Line 5.)	229,637,681	289,686,270	308,650,870	309,712,016
7.	Revised FAC Rate, if prior period adjustment is needed	\$ -	\$ 0.000244	\$ 0.001037	\$ -
8.	Recoverable FAC Revenue/(Refund) (Line 1. (or 7.) x Line 6.)	\$ (146,050)	\$ 70,683	\$ 320,071	\$ 179,633
9.	Over or (Under) Recovery (Line 3. - Line 8.)	\$ (38,190)	\$ (27,163)	\$ 29,284	\$ (22,643)
10.	Total Sales "Sm" (From Page 3 of 4)	289,686,270	308,650,870	309,712,016	270,671,678
11.	Kentucky Jurisdictional Sales	289,686,270	308,650,870	309,712,016	270,671,678
12.	Total Sales Divided by KY Juris. Sales (Line 10. / Line 11.)	1.0000000	1.0000000	1.0000000	1.0000000
13.	Total Co. Over or (Under) Recovery (Line 9. x Line 12.)	\$ (38,190)	\$ (27,163)	\$ 29,284	\$ (22,643)



Big Rivers Electric Corporation

FAC Form A Filings Adjustments for the Expense Months of June 2016 through September 2016 (Included in Form A Filing for the October 2016 Expense Month)

Summary of Changes

(See Footnotes for explanations of changes)

Expense Month:

Jun-16  
Change

Jul-16  
Change

Aug-16  
Change

Sep-16  
Change

	Jun-16 Change	Jul-16 Change	Aug-16 Change	Sep-16 Change
<b>Page 1:</b>				
Fuel "Fm" (Fuel Cost Schedule)	\$ 197,106	\$ 431,812	\$ 640,175	\$ 1,034,461
Sales "Sm" (Sales Schedule)	-	-	-	-
Total Fuel Cost per kWh (F(m) / S(m))	\$ 0.000680	\$ 0.001399	\$ 0.002067	\$ 0.003822
Base Factor	\$ -	\$ -	\$ -	\$ -
FAC Factor	\$ 0.000680	\$ 0.001399	\$ 0.002067	\$ 0.003822
<b>Page 2:</b>				
<b>Company Generation:</b>				
(+) Coal Burned	\$ -	\$ -	\$ -	\$ -
(+) Pet Coke Burned	-	-	-	(693,932) <sup>(13)</sup>
(+) Oil Burned	-	-	-	-
(+) Gas Burned	-	-	-	-
(+) Propane Burned	-	-	-	-
(-) MISO Make Whole Payments	-	-	-	-
(+) Fuel (Assigned Cost During Forced Outage)	-	-	-	-
(-) Fuel (Substitute Cost for Forced Outage)	-	-	243 <sup>(12)</sup>	-
(-) Fuel (Supplemental & Back-Up Energy to Smelters)	-	-	-	-
(-) Fuel (Domtar Back-Up/ Imbalance Generation)	-	-	-	-
(A) SUB-TOTAL Generation	\$ -	\$ -	\$ (243)	\$ (693,932)
<b>Purchases:</b>				
(+) Net energy cost - economy purchases	\$ -	\$ -	\$ -	\$ -
(+) Identifiable fuel cost - other purchases	97,267 <sup>(11)</sup>	193,406 <sup>(11)</sup>	171,814 <sup>(11)</sup>	(236,030) <sup>(14)</sup>
(+) Identifiable fuel cost - Forced Outage purchases	-	-	-	-
(-) Identifiable fuel cost (substitute for Forced Outage)	-	-	-	-
(-) Less Purchases for Supplemental and Back-Up to Smelters	-	-	-	-
(-) Less Purchases for Domtar back up	-	-	-	-
(-) Less Purchases Above Highest Cost Units	-	-	-	-
(B) SUB-TOTAL Purchases	\$ 97,267	\$ 193,406	\$ 171,814	\$ (236,030)
<b>Intersystem Sales:</b>				
(C) Including Interchange-out	\$ (99,839) <sup>(15)</sup>	\$ (41,419) <sup>(17)</sup>	\$ (36,801) <sup>(15)</sup>	\$ (1,324,248) <sup>(16)</sup>
(D) Over/(Under) Recovery (p. 4)	\$ -	\$ (196,987) <sup>(17)</sup>	\$ (431,803) <sup>(17)</sup>	\$ (640,173) <sup>(17)</sup>
(E) FAC Credit (CN 2014-00455)	\$ -	\$ -	\$ -	\$ -
Total Fuel Cost [(A) + (B) - (C) - (D) - (E)]	\$ 197,106	\$ 431,812	\$ 640,175	\$ 1,034,461

**Big Rivers Electric Corporation**

**FAC Form A Filings Adjustments for the Expense Months of June 2016 through September 2016 (Included in Form A Filing for the October 2016 Expense Month)**

**Summary of Changes**

(See Footnotes for explanations of changes)

Expense Month:

Jun-16  
Change

Jul-16  
Change

Aug-16  
Change

Sep-16  
Change

Page 3:		Jun-16 Change	Jul-16 Change	Aug-16 Change	Sep-16 Change
	Generation (Net)	-	-	(206,092) <sup>(7)</sup>	-
	Purchases including interchange-in	-	-	-	-
(A)	<b>SUB-TOTAL</b>	-	-	(206,092)	-
	Inter-system Sales including interchange-out	(18,140,000) <sup>(7)</sup>	(23,989,000) <sup>(7)</sup>	(21,285,000) <sup>(7)</sup>	-
	Supplemental Sales to Smelters	-	-	-	-
	Backup Sales to Smelters	-	-	-	-
	Back-up and Energy Imbalance Sales Domtar	-	-	-	-
	System Losses	18,140,000 <sup>(7)</sup>	23,989,000 <sup>(7)</sup>	21,078,908 <sup>(7), (8)</sup>	-
(B)	<b>SUB-TOTAL</b>	-	-	(206,092)	-
	<b>Total Sales (A - B)</b>	-	-	-	-
Page 4:					
1.	Last FAC Rate Billed (actual factor billed)	\$ -	\$ -	\$ -	\$ -
2.	kWh Billed at Above Rate	-	-	-	-
3.	FAC Revenue/(Refund) (Line 1. x Line 2.)	\$ -	\$ -	\$ -	\$ -
4.	kWh Used to Determine Last FAC Rate	-	-	-	-
5.	Non-Jurisdictional kWh (Included in Line 4)	-	-	-	-
6.	Kentucky Jurisdictional kWh (Line 4. - Line 5.)	-	-	-	-
7.	Revised FAC Rate, if prior period adjustment is needed	\$ -	\$ 0.000650 <sup>(7)</sup>	\$ 0.001399 <sup>(7)</sup>	\$ 0.002647 <sup>(7)</sup>
8.	Recoverable FAC Revenue/(Refund) (Line 1. (or 7.) x Line 6.)	\$ -	\$ 196,987 <sup>(7)</sup>	\$ 431,803 <sup>(7)</sup>	\$ 640,175 <sup>(7)</sup>
9.	Over or (Under) Recovery (Line 3. - Line 8.)	\$ -	\$ (196,987) <sup>(7)</sup>	\$ (431,803) <sup>(7)</sup>	\$ (640,175) <sup>(7)</sup>
10.	Total Sales "Sm" (From Page 3 of 4)	-	-	-	-
11.	Kentucky Jurisdictional Sales	-	-	-	-
12.	Total Sales Divided by KY Juris. Sales (Line 10. / Line 11.)	-	-	-	-
13.	Total Co. Over or (Under) Recovery (Line 9. x Line 12.)	\$ -	\$ (196,987) <sup>(7)</sup>	\$ (431,803) <sup>(7)</sup>	\$ (640,175) <sup>(7)</sup>

Footnotes

Big Rivers Electric Corporation - Adjustments to Form A Filings for June 2016 through September 2016 Expense Months Included in Form A Filing for October 2016 Expense Month

Footnotes:

<sup>(1)</sup> Sep-16 "Pet Coke Burned" decreased \$693,932. Pet Coke Burned expense originally reported in Big Rivers' Form A filing for the Sep-16 expense month was overstated \$693,932 due to an accounting adjustment made to the pet coke expense for Green Units 1 and 2 which was inadvertently excluded from the fuel burned expense report used to prepare the Form A Filing. To correct this error, a \$(693,932) adjustment was made to reduce the Sep-16 Pet Coke Burned expense.

<sup>(2)</sup> Aug-16 "Fuel (Substitute Cost for Forced Outage)" increased \$243. The adjustment to Aug-16 Green Unit 2 net generation (Note <sup>(1)</sup>) caused Green Unit 2's average fuel cost (\$/MWh) (used to calculate the Substitute Cost for Forced Outages) to increase from \$23.195/MWh to \$23.232/MWh, which caused the total Substitute Cost for Forced Outages to increase \$243.

<sup>(3)</sup> Jun-16, Jul-16, and Aug-16 "Identifiable fuel cost - other purchases": increased as a result of higher system average fuel costs (\$/MWh) (used to calculate fuel costs allocated to purchases for inter-system sales) due to the line loss adjustments for HMP&L's Station Two excess energy (Note <sup>(1)</sup>). See calculations below.

	(a)	(b)	(c) = [(a) - (b)]	(d)	(e) = [(c) x (d)]
Month	Revised System Average Fuel Cost (\$/MWh)	Original System Average Fuel Cost (\$/MWh)	Change in System Average Fuel Cost (\$/MWh)	Purchases for Inter-system Sales Volumes (MWh)	Change in Identifiable Fuel Cost - Other Purchases
Jun-16	\$ 24.489	\$ 23.595	\$ 0.894	108,800,000	\$ 97,267
Jul-16	\$ 25.828	\$ 24.829	\$ 0.999	193,600,000	\$ 193,406
Aug-16	\$ 24.986	\$ 24.120	\$ 0.866	198,400,000	\$ 171,814
Total				500,800,000	\$ 462,487

<sup>(4)</sup> Sep-16 "Identifiable fuel cost - other purchases" decreased \$236,030 as a result of lower system average fuel costs (\$/MWh) allocated to purchases for inter-system sales (included in "Identifiable fuel cost - other purchases") due to the \$(693,932) adjustment to Green's Sep-16 Pet Coke Burned expense (Note <sup>(1)</sup>). See calculation below.

	(a)	(b)	(c) = [(a) - (b)]	(d)	(e) = [(c) x (d)]
Month	Revised System Average Fuel Cost After Green Pet Coke Adjmts. (\$/MWh)	Original System Average Fuel Cost Before Green Pet Coke Adjmts. (\$/MWh)	Change in System Average Fuel Cost (\$/MWh)	Purchases for Inter-system Sales Volumes (MWh)	Change in Fuel Cost Allocated to Purchases for Inter-system Sales
Sep-16	\$ 23.915	\$ 25.244	\$ (1.329)	177,600,000	\$ (236,030)

<sup>(5)</sup> Jun-16, Jul-16, and Aug-16 "Inter-System Sales Including Interchange-out" (fuel costs allocated to inter-system sales): decreased as a result of the adjustments to inter-system sales volumes (used to calculate the cost of fuel recovered through inter-system sales) for HMP&L's Station Two excess energy, which was previously incorrectly in the inter-system sales volumes reported (Note <sup>(4)</sup>). The decreases in fuel costs allocated to inter-system sales (due to the lower inter-system sales volumes used in the calculations) were partially offset by higher system average fuel costs which resulted from (a) the adjustments to increase line losses for HMP&L's Station Two excess energy (previously included in the inter-system sales volumes reported) and (b) the (206,092) kWh adjustment to Aug-16 line losses related to the previous overstatement of Green Unit 2 net generation (Note <sup>(1)</sup>). Calculations of the adjustments to "Inter-System Sales Including Interchange-out" for Jun-16, Jul-16, and Aug-16 are provided below, with the impacts of the inter-system sales volume adjustments and the offsetting impacts of the system average fuel cost adjustments shown separately.

	(a)	(b)	(c) = [(a) x (b)]	(d)	(e)	(f) = [(d) x (e)]	(g) = [(c) + (f)]
Month	Adjustments to Inter-System Sales Volumes for HMP&L SH Excess Energy (MWh)	Original System Average Fuel Cost Before Line Loss Adjmts. (\$/MWh)	Change in Inter-System Sales due to HMP&L SH Excess Energy Volume Adjustment (\$)	Change in System Average Fuel Cost (Note <sup>(1)</sup> ) (\$/MWh)	Total Inter-System Sales Volumes (MWh)	Change in Inter-System Sales due to HMP&L SH Excess Energy Volume Adjustment (\$)	Total Change in Inter-System Sales (\$)
Jun-16	(18,140,000)	\$ 23.595	\$ (428,013)	\$ 0.894	367,084,906	\$ 328,174	\$ (99,839)
Jul-16	(23,989,000)	\$ 24.829	\$ (595,622)	\$ 0.999	554,758,038	\$ 554,203	\$ (41,419)
Aug-16	(21,285,000)	\$ 24.120	\$ (513,394)	\$ 0.866	550,338,347	\$ 476,593	\$ (36,801)
Total			\$ (1,537,029)			\$ 1,358,970	\$ (178,059)

<sup>44</sup> Sep-16 "Inter-System Sales Including Interchange-out" (fuel costs allocated to inter-system sales) decreased \$1,324,248. The decrease consisted of (a) \$(669,218) resulting from the adjustment to inter-system sales volumes used to calculate the cost of fuel allocated to inter-system sales and (b) \$(655,030) resulting from the decrease in system average fuel costs (\$/MWh) due to the Green Pet Coke Burned adjustment (Note <sup>41</sup>). See calculations below.

(a)		
Sep-16 Adjustment to Inter-system Sales Volumes (for HMP&L Excess Energy):		(26,510,000) MWh
Sep-16 System Avg. Fuel Cost per MWh (Before Adjustment to Green Pet Coke Expense):	\$	25.244 /MWh
Sep-16 Adjustment to Fuel Cost Allocated to Inter-System Sales (due to HMP&L Excess Energy Adjustment):	\$	(669,218)

(b)		
Sep-16 System Avg. Fuel Cost per MWh (After Adjustment to Green Pet Coke Expense):	\$	23.915 /MWh
Sep-16 System Avg. Fuel Cost per MWh (Before Adjustment to Green Pet Coke Expense):	\$	25.244 /MWh
Change in Sep-16 System Avg. Fuel Cost per MWh:	\$	(1.329) /MWh
Multiplied By: Sep-16 Inter-system Sales Volume (excluding interchange-out):		492,874,068 MWh
Sep-16 Adjustment to Fuel Cost Allocated to Inter-System Sales (due to Green Pet Coke Expense Adjustment):	\$	(655,030)

Sep-16 Total Adjustment to Fuel Cost Allocated to Inter-System Sales [(a) + (b)]	\$	(1,324,248)
--	----	-------------

<sup>45</sup> Revised FAC factors, based on the adjustments described herein for the June 2016 through August 2016 expense months, are included in the revised Form A filings for the July 2016 through September 2016 expense months on Line 7. "Revised FAC Rate, if prior period adjustment is needed" of the Over/(Under) Recovery schedules to properly account for the impact of the adjustments through the FAC's over/(under) recovery mechanism. The revised FAC factor calculated for the September 2016 expense month is included in Big Rivers' Form A filing for the October 2016 expense month, on Page 4, Line 7. "Revised FAC Rate, if prior period adjustment is needed" to incorporate the cumulative impact of these adjustments into the FAC factor which will be applied to Members' bills for service delivered during November 2016.

<sup>46</sup> Aug-16 "Generation (Net)" kWh was overstated 206,092 kWh. Overstatement related to error in net generation previously reported for Green Unit 2. Adjustment made for Aug-16 to decrease the previously reported Net Generation by 206,092 kWh and increase the previously reported line losses by 206,092 kWh. See Note <sup>47</sup> for detail of additional adjustment made to Aug-16 line losses.

<sup>48</sup> Jun-16, Jul-16, and Aug-16 HMP&L's excess energy volumes from Station Two (18,140,000 kWh in Jun-16; 23,989,000 kWh in Jul-16; and 21,285,000 in Aug-16) were incorrectly included in the inter-system sales volumes reported on Page 3 of Big Rivers' Form A filings for the respective months. As a result, previously reported inter-system sales volumes were overstated and line losses were understated by those amounts during the respective months. To correct these errors, the following adjustments were made:

Adjustments for HMP&L's Station Two Excess Energy Volumes Included in Inter-System Sales:

Month	Inter-system Sales Volume Adjustments (Page 3) (kWh)	Line Loss Adjustments (Page 3) (kWh)
Jun-16	(18,140,000)	18,140,000
Jul-16	(23,989,000)	23,989,000
Aug-16	(21,285,000)	21,285,000
Total	(63,414,000)	63,414,000

See Note <sup>47</sup> for detail of the additional 206,092 kWh adjustment to Aug-16 line losses

<sup>49</sup> June 2016 amounts as previously revised and reported in Appendix A to Big Rivers' Form A Filing for the July 2016 expense month filed with the Commission by letter dated August 19, 2016.

<sup>50</sup> July 2016 amounts as previously revised and reported in Appendix A to Big Rivers' Form A Filing for the August 2016 expense month filed with the Commission by letter dated September 20, 2016.

<sup>51</sup> August 2016 amounts as originally reported in Form A filing for the August 2016 expense month filed with the Commission by letter dated September 20, 2016.

<sup>52</sup> September 2016 amounts as originally reported in Big Rivers' Form A filing for the September 2016 expense month filed with the Commission by letter dated October 20, 2016.

# Big Rivers Exhibit 1

	Big Rivers Calculation	Henderson Calculation
<b>Example 1 – 312 MW Generated, Henderson Native Load of 90 MW and No Third Party Sale</b>		
Energy generated by Station Two	= 312 MW	= 312 MW
Henderson's Native Load	= 90 MW	= 90 MW
Excess Henderson Energy	= 25 MW	= 25 MW
Big Rivers' allotted capacity	= 197 MW	= 197 MW
<b>Example 2 – 115 MW Generated, Henderson Native Load of 90 MW and No Third Party Sale</b>		
Energy generated by Station Two	= 115 MW	= 115 MW
Henderson's Native Load	= 90 MW	= 90 MW
Excess Henderson Energy	= 25 MW	= 0 MW
Big Rivers' allotted capacity	= 0 MW	= 25 MW
<b>Example 3 – 120 MW Generated, Henderson Native Load of 90 MW and No Third Party Sale</b>		
Energy generated by Station Two	= 120 MW	= 120 MW
Henderson's Native Load	= 90 MW	= 90 MW
Excess Henderson Energy	= 30 MW	= 0 MW
Big Rivers' allotted capacity	= 0 MW	= 30 MW
<b>Example 4 – 235 MW Generated, Henderson Native Load of 90 MW and No Third Party Sale</b>		
Energy generated by Station Two	= 235 MW	= 235 MW
Henderson's Native Load	= 90 MW	= 90 MW
Excess Henderson Energy	= 25 MW	= 0 MW
Big Rivers' allotted capacity	= 120 MW	= 145 MW



Big Rivers  
Exhibit 2

Big Rivers Corporation  
Station II Actual Generation vs Generating Economically  
2016

	Total Station Two Generation	Gain/(Loss) on Total Station Two Generation	Station Two Generation for HMPL Load net of SEPA mWhs	Gain/(Loss) Station Two Generation for HMPL Load <sup>1</sup>	Station Two Generation for Henderson Excess (Resv - Load) mWhs	Gain/(Loss) Station Two Generation for Henderson Excess Energy (Resv-Load)	Station Two Generation - BREC Share	Gain/(Loss) Station Two Generation - BREC Share
<b>Market Higher than Variable Cost<sup>2</sup> -&gt; Generate Economically:</b>								
	245,148	\$620,925.51	71,140	\$188,667.21	36,500	(\$16,633.28)	137,508	\$448,891.58
January	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
February	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
March	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
April	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
May	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
June	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
July	62,548	\$68,233.97	18,474	\$19,171.53	9,126	(\$18,953.73)	34,948	\$68,016.17
August	19,268	\$111,735.16	5,881	\$31,859.05	2,399	\$4,156.35	10,988	\$75,719.77
September	82,851	\$306,159.31	23,811	\$100,535.67	12,069	(\$952.41)	46,971	\$206,576.05
October	16,277	(\$27,323.05)	4,908	(\$8,420.90)	3,372	(\$10,863.32)	7,997	(\$8,038.83)
November	-	\$0.00	-	\$0.00	-	\$0.00	-	\$0.00
December	64,204	\$162,120.11	18,066	\$45,521.86	9,534	\$9,979.83	36,604	\$106,618.42
<b>Market Lower than Variable Cost -&gt; Should Purchase at Market instead of Generating:</b>								
	1,566,121	(\$12,901,324.70)	538,438	(\$5,055,529.48)	344,974	(\$3,417,354.33)	696,633	(\$4,940,702.60)
January	133,250	(\$1,493,223.92)	52,202	(\$597,758.00)	31,133	(\$372,371.70)	49,915	(\$523,094.21)
February	158,774	(\$1,896,578.10)	47,816	(\$562,264.73)	32,224	(\$397,590.44)	78,734	(\$936,722.94)
March	171,105	(\$2,095,013.23)	48,452	(\$588,476.58)	36,993	(\$465,004.60)	85,660	(\$1,041,532.05)
April	165,305	(\$1,452,833.16)	46,534	(\$408,551.16)	36,252	(\$341,208.89)	82,519	(\$703,073.11)
May	83,537	(\$1,560,878.77)	48,288	(\$1,004,341.35)	32,111	(\$618,649.69)	8,483	(\$151,266.12)
June	89,766	(\$1,164,510.54)	56,067	(\$900,085.75)	20,393	(\$313,507.38)	20,875	(\$224,756.75)
July	117,739	(\$314,107.82)	37,052	(\$102,920.94)	20,493	(\$121,012.57)	60,218	(\$90,325.58)
August	138,633	(\$490,531.31)	52,554	(\$193,315.40)	24,385	(\$159,078.06)	62,178	(\$148,171.79)
September	95,306	(\$247,125.45)	28,604	(\$67,697.36)	18,316	(\$75,046.46)	48,386	(\$104,381.63)
October	110,204	(\$480,521.20)	43,639	(\$197,695.69)	29,029	(\$138,462.73)	38,038	(\$159,221.56)
November	173,619	(\$1,286,678.16)	45,078	(\$334,172.67)	37,837	(\$300,233.23)	90,704	(\$652,272.27)
December	128,883	(\$419,323.04)	32,152	(\$98,249.86)	25,808	(\$115,188.59)	70,923	(\$205,884.59)
<b>Grand Total</b>	<b>1,811,269</b>	<b>(\$12,280,399.19)</b>	<b>609,578</b>	<b>(\$4,866,862.27)</b>	<b>381,474</b>	<b>(\$3,433,987.61)</b>	<b>834,141</b>	<b>(\$4,491,811.02)</b>

Please Note:

<sup>1</sup> Load mWhrs are priced at Big Rivers variable cost since HMPL actual variable cost is unknown

**BREC EXHIBIT 3**  
**(CONFIDENTIAL)**

Maintained on the Confidential Materials DVD

Or

In the Confidential File Materials at PSC

# Coal Consumed by the City of Henderson

## June 2016 through December 2016

2016	Native Load (tons)	Excess Henderson Energy (tons)	Total (tons)
June	22,067.69	8,194.30	30,261.99
July	24,713.19	10,594.08	35,307.27
August	26,019.36	9,477.58	35,496.94
September	23,117.34	11,596.73	34,714.07
October	21,687.53	12,936.50	34,624.03
November	20,053.48	16,056.83	36,110.31
December	22,432.01	12,680.78	35,112.79
<b>Total</b>	<b>160,090.61</b>	<b>81,536.79</b>	<b>241,627.40</b>



# City of Henderson Coal Inventory Summary

## June through December 2016

2016	Beginning Inventory (tons)	Purchases (tons)	Consumed (tons)	Inventory Adjustment (tons)	Ending Inventory (tons)
June	28,684.95	25,030.39	30,261.99		23,453.35
July	23,453.35	25,144.89	35,307.27		13,290.97
August	13,290.97	24,439.51	35,496.94		2,233.54
September	2,233.54	25,050.14	34,714.07		(7,430.39)
October	(7,430.39)	25,046.49	34,624.03		(17,007.93)
November	(17,007.93)	24,963.46	36,110.31		(28,154.78)
December	(28,154.78)	25,047.87	35,112.79	(7,008.70)	(45,228.40)
<b>Total</b>		<b>174,722.75</b>	<b>241,627.40</b>		

# Coal Supplied by Big Rivers to the City

## June through December 2016

2016	Coal Supplied (tons)	Coal Cost (\$/ton)	Total Cost (\$)
June	0.00	0	0
July	0.00	0	0
August	0.00	0	0
September	7,430.39	\$ 60.5886	\$ 450,196.93
October	9,577.54	\$ 60.4231	\$ 578,704.66
November	11,146.85	\$ 60.3877	\$ 673,132.63
December	17,073.62	\$ 61.3784	\$ 1,047,951.48
<b>Total</b>	<b>45,228.40</b>		<b>\$ 2,749,985.70</b>

# Lime Consumed by the City of Henderson

## June 2016 through December 2016

2016	Native Load (tons)	Excess Henderson Energy (tons)	Total (tons)
June	1,396	519	1,915
July	1,650	707	2,357
August	1,689	615	2,304
September	1,502	754	2,256
October	1,397	834	2,231
November	1,292	1,034	2,326
December	1,498	847	2,345
<b>Total</b>	<b>10,424</b>	<b>5,310</b>	<b>15,734</b>



# City of Henderson Lime Inventory Summary

## June through December 2016

2016	Beginning Inventory (tons)	Purchases (tons)	Consumed (tons)	Inventory Adjustment (tons)	Ending Inventory (tons)
June	3,232	0	1,915		1,317
July	1,317	0	2,357		(1,040)
August	(1,040)	3,423	2,304		79
September	79	0	2,256	283	(1,894)
October	(1,894)	3,313	2,231		(812)
November	(812)	1,618	2,326		(1,520)
December	(1,520)	1,612	2,345	164	(2,089)
<b>Total</b>		<b>9,966</b>	<b>15,734</b>		

# Lime Supplied by Big Rivers to the City

## June through December 2016

2016	Lime Supplied (tons)	Lime Cost (\$/ton)	Total Cost (\$)
June	0	0	0
July	0	0	0
August	0	0	0
September	1,894	\$ 108.2006	\$ 204,931.94
October	0	0	0
November	0	0	0
December	195	\$ 108.1885	\$ 21,096.76
<b>Total</b>	<b>2,089</b>		<b>\$ 226,028.69</b>



COPY

Law Offices of  
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August 8, 2016

Jim Miller  
Sullivan, Mounjoy, Stainback & Miller, P.S.C.  
100 St. Ann Street  
P. O. Box 727  
Owensboro, Kentucky 42302-0727

Dear Jim:

My client is in receipt of the July 8, 2016, correspondence and attachment referenced in your email of July 12, 2016, and is compelled to point out that Big Rivers is simply incorrect when it asserts that Henderson has been unwilling to extend a proposal for scheduling sales of its energy. To the contrary, Henderson has provided detailed proposals both during and after the arbitration proceeding and the subsequent legal challenges to the Arbitration Award. Furthermore, Henderson paid the expense to bring representatives of The Energy Authority (TEA) from Jacksonville, Florida, to Henderson for a meeting with Big Rivers. The TEA representatives explained in detail how Henderson would schedule its energy. Subsequent to the meeting, TEA responded to additional questions Big Rivers presented. Unfortunately, after all of the expense and time Henderson put forward, Big Rivers merely rejected the proposal out of hand. Big Rivers' most recent rejection is consistent with its prior rejections of Henderson's proposals. Big Rivers has in fact been on notice since before the closing of the 2009 Unwind Transaction that Henderson wished to establish a procedure for scheduling its energy.

On July 13, 2012, Henderson submitted to Big Rivers a proposal detailing the process whereby Henderson would schedule its energy for sale to third parties. Big Rivers rejected the proposal, arguing in part that the proposal was based upon a flawed Arbitration Award that Big Rivers was seeking to vacate. On October 27, 2015, Henderson resubmitted the proposal. Big Rivers again rejected Henderson's proposal, this time raising numerous logistical and operational objections. Henderson pointed out that Big Rivers' position had been rejected by the courts, and that the objections it continued to raise are addressed in the parties' contracts, and in MISO procedural rules.

Henderson stands by the specific scheduling proposal it has now advanced on two separate occasions: in July 2012, shortly after the arbitration panel issued its award, and in October 2015, roughly two months after the Kentucky Supreme Court put to rest any further legal contest as to the validity of the Arbitration Award. Please respond at your earliest convenience with either an acceptance or a rejection of that proposal.

Sincerely,

  
H. RANDALL REDDING

CC: Hon. Dawn S. Kelsey  
Mr. Gary Quick



Henderson Ex. 1 000001

Power Sales Contract, Section 3.8

1  
2  
3 Big Rivers and City hereby agree that the following provisions shall apply to energy from capacity  
4 not utilized by City or from capacity in excess of the capacity calculated in accordance with Section 3.6 of this  
5 Agreement.

6 (a) In the event that at any time and from time to time City does not take the full amount of energy  
7 associated with its reserved capacity from Station Two (determined in accordance with this Agreement),  
8 Big Rivers may, at its discretion, take and utilize all such energy (or any portion thereof designated by Big  
9 Rivers) not scheduled or taken by City (the "Excess Henderson Energy"), in accordance with Section  
10 3.8(c).

11 (b) If at any time Station Two capacity is generated in excess of the Total Capacity of Station Two  
12 determined in accordance with Section 3.6 of this Agreement ("Excess Henderson Capacity"), Big Rivers  
13 shall take and utilize all energy associated with such Excess Henderson Capacity, unless otherwise agreed  
14 to by Big Rivers and City, in accordance with Section 3.8(c).

15 (c) Following the end of each calendar month, Big Rivers shall notify City of the amount of Excess  
16 Henderson Energy and energy associated with Excess Henderson Capacity, if any, taken by Big Rivers  
17 during the previous month, and Big Rivers shall pay City prior to the 25<sup>th</sup> day of the then current month for  
18 the amount of Excess Henderson Energy and energy associated with the Excess Henderson Capacity so  
19 taken by it at a rate equal to \$1.50 per mWh. In addition, Big Rivers shall provide, at its own cost, the full  
20 replacement of all fuels and reagents consumed from the Station Two fuel and reagent reserves for the  
21 production of the Excess Henderson Energy and energy associated with the Excess Henderson Capacity so  
22 taken by it. Further, Big Rivers shall pay the portion of sludge disposal costs attributable to the Excess  
23 Henderson Energy and energy associated with Excess Henderson Capacity, as calculated in accordance  
24 with Section 3.4 of the Joint Facilities Agreement.

25 (d) City agrees that Big Rivers, as operator, shall be allowed, but shall not be required, to operate  
26 Station Two to obtain capacity above the Total Capacity of Station Two determined in accordance with  
27 Section 3.6 of this Agreement. City further agrees that it shall not at any time be permitted to sell or  
28 commit to any person other than Big Rivers any Excess Henderson Energy without having first offered Big  
29 Rivers the opportunity to purchase such Excess Henderson Energy. Big Rivers shall have a reasonable  
30 period of time after submission of the City's scheduled energy requirements to decide whether to purchase  
31 any Excess Henderson Energy not scheduled by City. Big Rivers agrees to notify City thereafter if it does  
32 not intend to purchase such energy, and agrees to give City a response within a reasonable time so that City  
33 may take efforts to resell this power to third-parties. City agrees to compensate Big Rivers according to  
34 Big Rivers' Open Access Transmission Tariff to the extent City utilizes any transmission on Big Rivers'  
35 transmission system in marketing Excess Henderson Energy.

Big Rivers  
Exhibit 7



American Arbitration Association  
*Dispute Resolution Services Worldwide*

John Bishop, Vice President  
bishopj@adr.org

May 31, 2012

Southeast Case Management Center  
2200 Century Parkway, Suite 300, Atlanta, GA 30345  
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Louisville, KY 40202-2898

Re: 52 198 00173 10  
Big Rivers Electric Corporation  
vs  
City of Henderson, Kentucky  
and City of Henderson Utility Commission  
dba Henderson Municipal Power and Light (HMPL)

Dear Parties:

By direction of the Arbitrators we herewith transmit to you the duly executed Final Award and Concurrence in Award in the above matter. Original copies will follow via U.S. mail. This serves as a reminder that there is to be no direct communication with the Arbitrators. All communication shall be directed to the Association.

At this time we have verified with the arbitrators that they have submitted all requests for compensation and expenses in this matter. Accordingly, we have conducted a final reconciliation of the finances and are providing each party with a Financial History and Compensation Summary. If a party had any unused

EXHIBIT

9



compensation deposits, we have issued a refund check that should arrive in the mail shortly. If a party has an outstanding balance, that party will continue to receive cyclical invoices until the balance is paid.

Note that the financial reconciliation reflects costs as they were incurred during the course of the proceeding. Any apportionment of these costs by the arbitrator, pursuant to the Rules, will be addressed in the award and will be stated as one party's obligation to reimburse the other party for costs incurred. Any outstanding balances the parties may have with the AAA for the costs incurred during the arbitration proceedings remain due and payable to the AAA even after the final award is issued, and regardless of the arbitrator's apportionment of these costs between the parties in the award.

Please note that the physical case file will be destroyed fifteen (15) months after the date of this letter. In the normal course of our administration, the AAA may maintain certain documents in our electronic records system. Such electronic records are not routinely destroyed and do not constitute a complete case file.

We appreciate your selection of the AAA as your alternative dispute resolution provider in this matter. As always, please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Paris Earp

Paris N. Earp  
Manager of ADR Services  
800 388 6312  
EarpP@adr.org

Encl.

cc: W.J. Michael Cody, Esq.  
T. Maxfield Bahner, Esq.  
Richard L. Pemberton, Esq.

AMERICAN ARBITRATION ASSOCIATION

In the matter of the arbitration between:

Re: 52 198 00173 10

Big Rivers Electric Corporation (Claimant)

vs

City of Henderson, Kentucky

and City of Henderson Utility Commission

dba Henderson Municipal Power and Light (HMPL) (Respondents)

AWARD

We, The Undersigned Arbitrators, having been designated in accordance with the arbitration agreement entered into between the parties and having been duly sworn and having heard the proofs and allegations of the Parties, do hereby FIND and AWARD as follows:

Complainant, Big Rivers Electric Corporation, filed this arbitration for a declaration of rights under a certain Power Sales Contract between City of Henderson, Kentucky and Big River's Rural Electric Co-Operative Corporation, dated August 1, 1970, and later amendments to that agreement.

The demand for arbitration filed February 23, 2010 requested declaratory judgment regarding contract provisions and non-monetary declaratory relief with potential injunctive relief. Big River's demand concerned the amendments to the Power Sales Contract dated July 15, 1998, specifically new Section 3.8. Its demand at paragraph 24 recited:

"There is an actual controversy among Big River's and Henderson/HMPL regarding whether (a) Henderson/HMPL can sell Excess Henderson Energy directly to a third-party without first offering the energy to Big River's and (b) Henderson/HMPL is entitled to offer the Excess Henderson Energy to Big River's at a price higher than the explicit

contractual price of \$1.50MWh plus certain variable production costs. Respondents agree that the arbitration concerns the interpretation of Section 3.8 of the power sales contract. Respondents claim that Big River's interpretation of the agreement as amended is unreasonable and would be illegal."

In January, 2011, each party filed a position statement. Thereafter, the parties engaged in various discovery.

The panel held evidentiary hearings in Louisville, Kentucky, November 5-13, 2011. The hearing was kept open for the parties to submit post-hearing briefs and present oral argument. Final arguments occurred in Louisville on March 14, 2012, followed by questions by the panel to counsel for the parties.

In the July, 1998 amendments to the 1970 Power Sales Contract, new Section 3.8 deals with energy from capacity at Station Two not utilized by the City, including capacity in excess of the City's reserved capacity. Subsection (a) provides that Big Rivers has the discretion to take and utilize all of the energy which is not scheduled or taken by City in accordance with Section 3.8(c). Subsection (b) provides that if Station Two is operated to generate power in excess of its total capacity, Big Rivers will take and utilize all of that energy unless the parties otherwise agree as provided in Section 3.8(c). Subsection (c) provides that Big Rivers must each month notify City of the amount of Excess Henderson Energy and energy associated with Excess Henderson Capacity which Big Rivers was taking during the prior month and pay for it at a rate equal to \$1.50 per mWh plus the costs of production. Subsection (d) provides:

- Big Rivers may operate Station Two to obtain capacity above the Total Capacity of Station Two.
- City agrees that it will not be permitted to sell or commit to any person other than Big Rivers any Excess Henderson Energy without first offering Big Rivers the opportunity to purchase that energy.

- After submission of the City's scheduled energy requirements Big Rivers then has a reasonable time to decide whether or not to purchase the Excess Henderson Energy not scheduled by the City.
- If it does not intend to purchase such energy Big Rivers agrees to notify City within a reasonable time so that City can make efforts to resell that power to third parties.
- City also agrees to pay Big Rivers according to its open access transmission tariff to the extent any transmission on Big Rivers transmission system is used in marketing Excess Henderson Energy.

Complainant and Respondent say that the language of Section 3.8 is not ambiguous. Yet each reach diametrically opposite conclusions about what Subsection (d) means.

Subsection (d) is not clear about the price at which Big Rivers will purchase any Excess Henderson Energy offered to it by City. Big Rivers insists that the price provided in Subsection (c) applies to Subsection (d). Henderson disagrees. The plain language of Subsection (d) does not resolve the disagreement between the parties. The drafters could have made clear the definition of price Big Rivers was to pay Henderson for this energy, but did not. Thus, the panel concludes that Subsection (d) is ambiguous because the price Big Rivers is to pay City for the energy is not clear and the words of Section 3.8 can bear differing interpretations.

The panel concludes that under Section 3.8(d) the City shall schedule and take from Station Two such energy as it, in good faith, determines is needed to serve its native load. When City does not require all of the capacity it in good faith reserved to serve its native load, the excess energy shall be considered to belong to City which it may offer to third parties subject to Big Rivers first right to purchase such energy. The price at which the energy will be offered to Big Rivers shall be the price at which City has a firm offer from a third party. Big Rivers shall then notify City within a reasonable time if

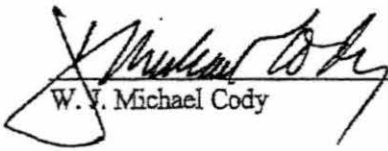
it does not intend to purchase such energy so that City can sell that power to third parties. Each party shall bear its pro rata share of the fixed and variable costs. Big Rivers shall continue to have the first right to take the energy generated by Station Two in excess of the City's reserved capacity as provided by Section 3.8(a)(b) and (c). As to Excess Henderson Energy within Henderson's reserved capacity which Henderson does not need to serve its native load which Big Rivers declines to purchase, after being notified by Henderson that the energy is available and the price at which Henderson has a bonafide offer, Henderson may sell to the third party from which it has the bonafide offer.

The panel does not find that the contracts entered into between Big Rivers and Henderson, as amended, are illegal.

The administrative fees and expenses of the American Arbitration Association totaling \$4,600.00 shall be borne equally by the parties and the fees and expenses of the Arbitrators totaling \$293,576.85 shall be borne equally by the parties. Therefore City of Henderson, Kentucky and City of Henderson Utility Commission dba Henderson Municipal Power and Light shall reimburse Big Rivers Electric Corporation the sum of \$2,300.04 representing that portion of said fees and expenses in excess of the apportioned costs previously incurred by Big Rivers Corporation.

This Award is in full settlement of all claims submitted to this Arbitration. All claims not expressly granted herein are hereby denied.

This Award may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument.

  
W. J. Michael Cody

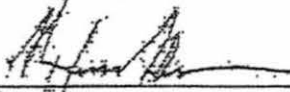
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T. Maxfield Bahner

Dated: May 30, 2012



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W. I. Michael Cody



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T. Maxfield Bahart

Dated: May 30, 2012

AMERICAN ARBITRATION ASSOCIATION

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In the Matter of the Arbitration between:

Case No. 52 198 00173 10

BIG RIVERS ELECTRIC CORPORATION,

Claimant,

vs.

CITY OF HENDERSON, KENTUCKY and  
CITY OF HENDERSON UTILITY COMMISSION D/B/A  
HENDERSON MUNICIPAL POWER AND LIGHT,

Respondents.

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CONCURRENCE IN AWARD

I concur in the result reached by my colleague arbitrators, Bahner and Cody. But, I believe more needs to be said. I strongly believe that the 40 year history presented by the evidentiary record shows multiple words and deeds of the parties which are both inconsistent with one another and result in ambiguity and need for arbitral construction, including, without limitation, the ambiguity focused upon by my colleague arbitrators by the silence of paragraph 3.8(d) to support Big Rivers' claim of right to take Station II generation thereunder at only \$1.50 per Mw/hr plus variable costs. My colleague arbitrators feel compelled to observe the language of that paragraph in issuing their award. I believe that language does not recognize the realities of central marketing of electric energy which exists today and therefore presents an award which is unworkable in practice.


Both parties have established of record that they are members of MISO (Midwest Independent Transmission System Operator, Inc.). As such they offer to MISO the energy that is generated by Station II. MISO has a load to satisfy, as do the parties, and MISO's load includes the loads of both parties. The parties chose not to present the panel with the processes of the centralized MISO market. Thus, my colleague arbitrators are left with the language of paragraph 3.8(d) which they iterate in the award to require that Henderson obtain a "price at which City has a firm offer from a third party", notify Big Rivers of that price and that "Big Rivers shall then notify City within a reasonable time if it does not intend to purchase such energy so that City can sell to third parties."

I believe it to be common knowledge from everyday experience which a jury is entitled to apply to the evidence presented to it and which arbitrators can apply in their award as well, that the MISO market changes in intervals of a few minutes and does not allow for the leisurely process my colleagues order.

I would order that the energy generated by Station II be offered to MISO at the price per megawatt hour that will allow recovery of fixed plus variable costs of generation plus whatever additional dollars per mw/hr the market will bear, so that MISO will take rather than reject the

offered energy. Then the parties will receive the highest price MISO pays for any part of the collective offering needed to fill its load, however much more than the parties' offering price that may be. The parties can take back the energy needed to fill their respective loads at the same price they received for their offerings and the excess megawatt hours of their offering over their take back has already been sold in the MISO market at the collective price. Hopefully, with the low cost of Station II's generation (which the panel has been repeatedly advised of on the hearing record) there will be a significant profit to share on what energy went to the third party market rather than was taken back by the parties. That profit can be calculated retrospectively and divided according to the parties' respective entitlements pursuant to this award.

I also observe that the panel has been presented with 40 years of history in the form of more than 2,000 pages of hearing testimony and argument plus more than 200 exhibits, but for the limited purpose of providing, by the award, guidance to the parties for the future, and not with any request or ability to otherwise address the many happenings of the past.



Richard L. Pemberton, Chair

Dated: May 30, 2012

**BREC EXHIBIT 8**  
**(CONFIDENTIAL)**

Maintained on the Confidential Materials DVD

Or

In the Confidential File Materials at PSC

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