

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

Ronald M Sullivan  
Jesse T. Mountjoy  
Frank Stainback  
James M. Miller  
Michael A. Fiorella  
Allen W. Holbrook  
R. Michael Sullivan  
Bryan R. Reynolds  
Tyson A. Kamuf  
Mark W. Starnes  
C. Ellsworth Mountjoy  
Susan Montalvo-Gesser

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JUN 30 2008

PUBLIC SERVICE  
COMMISSION

June 27, 2008

Stephanie L. Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

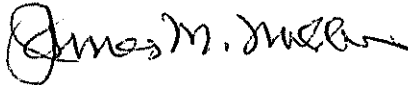
*VIA FEDERAL EXPRESS*

RE: Big Rivers Electric Corporation  
Case No. 2005-00275  
Periodic Report

Dear Ms. Stumbo:

Enclosed for filing are an original and ten copies of the "Pilot Program Assessment Report and Motion" in this matter. I certify that a copy of this letter and attachment has been served on the parties on the attached service list. Please feel free to contact me with any questions.

Sincerely yours,



James M. Miller

cc: David A. Spainhoward

Telephone (270) 926-4000  
Telecopier (270) 683-6694

100 St. Ann Building  
PO Box 727  
Owensboro, Kentucky  
42302-0727

**SERVICE LIST**  
**CASE NO. 2005-00275**

Frank N. King, Jr., Esq.  
Dorsey, King, Gary, Norment & Hopgood  
318 Second Street  
Henderson, KY 42420

**Counsel for Kenergy Corp. and Meade County RECC**

W. David Denton, Esq.  
Denton & Kueler  
P. O. Box 929  
Paducah, KY 42004-0929

**Counsel for Jackson Purchase Energy Corporation**

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JUN 30 2008

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF BIG RIVERS ELECTRIC )  
CORPORATION TO REVISE THE LARGE ) CASE NO. 2005-00275  
INDUSTRIAL CUSTOMER RATE SCHEDULE )

**PILOT PROGRAM ASSESSMENT REPORT AND MOTION**

Big Rivers Electric Corporation ("Big Rivers") files this periodic report on the operation of its Rate Schedule 10, as required by the order dated February 25, 2000, in this matter. It further moves that further reporting and reviews of this rate schedule be consolidated with the reporting and review requirements required of Big Rivers in Case No. 2007-00164.

**Background**

1. Big Rivers' large industrial customer rate schedule (Rate Schedule 10) was approved by the Public Service Commission ("Commission") in Case No. 99-360 on February 25, 2000 (the "Original Order"). Big Rivers also sought, and the Commission granted, changes in Big Rivers' tariffs that effectively closed its existing Rate Schedule 7 for certain new or expanded loads of direct serve large industrial customers. Rate Schedule 10 contemplates that new or expanded large industrial load will be served, in part, at market prices absent special, negotiated arrangements approved by the Commission. Big Rivers filed a report assessing the first two years of the pilot project on July 1, 2002, and moved the Commission to extend the pilot program for another three years. By order dated October 1, 2002, the Commission accepted the report, and ordered that the pilot program be extended through December 31, 2005, and that Big Rivers file another report on the operation of the program no later than June 30, 2005.



1 been concluded. Rate Schedule 10 continues to allow Big Rivers the flexibility in managing the  
2 business risk and potential adverse rate impact to its Members associated with a large load  
3 demanding service under Rate Schedule 7, as was contemplated by the Commission in its  
4 Original Order.

5 Since the last report on the Rate Schedule 10 pilot program, Big Rivers' Members have  
6 had several inquiries regarding service and rates. Those inquiries have ranged from a 16 MW  
7 load to a potential 240 MW load. A partial listing of those inquiries follows:

<u>Industry or Type</u>	<u>Max. Demand</u>	<u>Date</u>
Melissa Project	20 MW	October, 2005
Washington Project	100 MW	August, 2006
Kyle Project	50 MW	October, 2006
Ethanol Project	16 MW	October, 2006
Industrial Project	45 MW	November, 2006
Coal Processing	40 MW	January, 2007
Auto Project	25 MW	January, 2007
Steel Project	22 MW	July, 2007
Amber Project	65 MW	July, 2007
Gas Project	20 MW	October, 2007
Industrial Project	180-240 MW	October, 2007
Industrial Project	80 MW	October, 2005
Coal Project	120 MW	February, 2008

Tech Project	30 MW	February, 2008
Industrial Project	50 MW	February, 2008
Industrial Project	80 MW	April, 2008

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5. The use by Big Rivers and its member distribution cooperatives continues to follow the predicted procedure. In most cases (all cases, to date) negotiations will take place with a new or expanding load, and the pricing for its requirements will include some existing system power as well as market power. As the Commission knows from prior proceedings in this case, Big Rivers made the negotiated contract option a part of Rate Schedule 10 to give Big Rivers the opportunity to leverage its low cost system resources with market products, selected solely by Big Rivers, to ultimately deliver an attractive package for a large industrial consumer without adversely affecting the retail customers who have expectations that they will enjoy the benefits of the 1998 power supply arrangements negotiated by Big Rivers for an extended period into the future. Big Rivers has made proposals to its Members for those industries listed above using a combination of Base Power and market power. Without Rate Schedule 10, Big Rivers will not have sufficient leverage to negotiate with new or expanding industrial loads. Without this leverage, other rates charged by Big Rivers to its Members could be adversely affected.

6. Big Rivers 2007 load forecast indicates that Big Rivers has surplus power through 2015. See attached chart. Should one or two of the industries listed above decide to locate in Big Rivers' Members service territory the surplus could be eliminated.

1 **Motion**

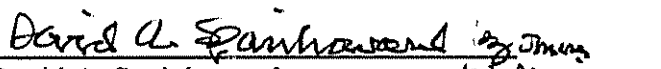
2 7. Big Rivers moves that the Commission enter an order (i) finding that the RTP Order has  
3 implicitly eliminated any need for Big Rivers to seek an extension of the Rate Schedule 10 pilot  
4 program, and (ii) merging the periodic (three-year) reporting requirements regarding Rate  
5 Schedule 10 with the annual reporting requirements imposed in connection with the RTP Order.  
6 In support of this motion, Big Rivers states that, as noted above in paragraph number 3, the RTP  
7 Order continues the existence of Rate Schedule 10 as amended by the RTP language until further  
8 orders of the Commission. As both a practical and legal matter, that directive in the RTP Order  
9 renders moot the December 31, 2008, expiration date for Rate Schedule 10 that was established  
10 in the August 11, 2005 order of the Commission in Case No. 2005-00275. Big Rivers  
11 accordingly proposes that the historic reporting requirements related to the Rate Schedule 10  
12 pilot program simply be added to the annual reporting requirements established in the RTP Order  
13 to be considered by the Commission, as and when it takes up continuation of the RTP pilot  
14 program.

15 WHEREFORE, Big Rivers requests (i) that its assessment report be accepted, (ii) that the  
16 Commission grant its motion for an order finding that the RTP Order has implicitly eliminated  
17 any need for Big Rivers to seek an extension of the Rate Schedule 10 pilot program, and merging  
18 the three-year reporting requirements regarding Rate Schedule 10 with the annual reporting  
19 requirements imposed in connection with the RTP Order, and (iii) all other relief to which it may  
20 appear entitled.

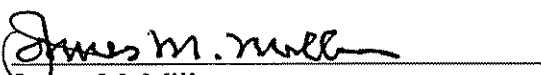
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Respectfully submitted, this the 27th day of June, 2008.

BIG RIVERS ELECTRIC CORPORATION

  
David A. Spainhoward  
Vice President, External Relations and Interim  
Chief Production Officer

SULLIVAN, MOUNTJOY, STAINBACK  
& MILLER, P.S.C.

  
James M. Miller  
100 St. Ann Street, P.O. Box 727  
Owensboro, Kentucky 42302-0727  
(270) 926-4000  
Counsel for Big Rivers Electric Corporation



Big Rivers Capacity vs Load (2007 Load Forecast)

