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RECEIVED

JAN 23 2013

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

January 22, 2013

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2012-00535

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the MOTION OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. FOR BIG RIVERS ELECTRIC CORPORATION TO FILE CORRECTED NOTICE for filing in the above-referenced matter.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

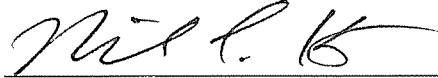
BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service
Quang Nyugen, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by mailing a true and correct copy by regular, U.S. Mail, unless other noted, this 22nd day of January 2013 to the following



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

Mark A Bailey
President CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419-0024

Jennifer B Hans
Lawrence W. Cook
Dennis G. Howard, II
Assistant Attorney General's Office
1024 Capital Center Drive, Ste 200
Frankfort, KENTUCKY 40601-8204

J. Christopher Hopgood
Dorsey, King, Gray, Norment & Hopgood
318 Second Street
Henderson, KENTUCKY 42420

Gregory Starheim
President and CEO
Kenergy Corp.
Post Office Box 18
Henderson, Kentucky 42419-0018

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

Albert Yockey
Vice President Government Relations
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419-0024

Burns Mercer
Meade County RECC
P.O. Box 489
Brandenburg, Kentucky 40108

Thomas C. Brite
Brite and Hopkins PLLC
P.O. Box 309
Hardinsburg, Kentucky 40143

David C. Brown, Esq.
Stites & Harbison, PLLC
400 W. Market Street, Suite 1800
Louisville, KY 40202

Donald P. Seberger, Esq.
Special Counsel
Rio Tinto Alcan
8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

Kelly Nuckols
President & CEO
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
Paducah, Kentucky 4200 1

Melissa Yates
Counsel for Jackson Purchase Energy Corporation
555 Jefferson Street, Suite 301
Paducah, Kentucky 4200

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 23 2013

IN THE MATTER OF: THE APPLICATION OF BIG RIVERS
ELECTRIC CORPORATION FOR AN ADJUSTMENT OF
RATES

Case No. 2012-00535

PUBLIC SERVICE
COMMISSION

**MOTION OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
FOR BIG RIVERS TO FILE CORRECTED NOTICE**

Tab No. 10 of Big Rivers' rate case filing (Attachment 1) contains its Notice to the public and to the three Member distribution cooperatives regarding the impact on consumers of its proposed rate increase. That Notice is incorrect as it significantly understates the percentage increases to the Rural and Large Industrial rate classes.

Big Rivers' Notice states that the percentage increase to the Rural Class will be 29.4%, and to the Large Industrial Class 17.9%. These percentages were calculated on Exhibit Wolfram-5, page 1 of 4, which is also attached to the Tab No. 10 Notice. The percentage increases calculated on this Exhibit significantly understate the actual percentage increase to each of these two customer classes. The miscalculation stems from completely ignoring the effect of the Member Rate Stability Mechanism (MRSM).

The MRSM is a bill credit funded from the Economic Reserve which serves to reduce the net effective rate actually paid by the Rural and Large Industrial Classes. Ignoring the effect of the MRSM incorrectly starts with a rate which is too high (and one that is not actually paid by consumers), which mathematically lowers the calculated percentage increase. In other words, the same dollar increase mathematically results in a lower percentage increase if the starting current rate is too high. Big Rivers' starting current rate is too high because it incorrectly ignores a very substantial bill credit.

The misleading nature of ignoring the MRSM can be seen from an examination of Exhibit Siewert-2, pages 1-2 (Attachment 2). This Exhibit shows the Rural and Large Industrial effective rates for 2013 including all

charges and credits (including the MRSM credit) before the proposed rate increase and after. For January-July 2013 the effective Rural rate averages \$45.22/mwh. For the four full months immediately after the proposed rate increase (September-December) the effective Rural rate averages \$62.57/MWh. August should be excluded since it is a bridge month that includes part of the old rates and part of the proposed. Exhibit Siewert-2 shows that the true rate increase that the Rural Class will experience is 38.4%, not 29.4% as stated in the Notice.¹ Using the same methodology, this Exhibit also shows that the true increase that the Large Industrial class will experience is 27.0%, not 17.9%.²

At page 35 of his Direct testimony Mr. Wolfram explained why the MRSM was excluded from his bill impact analysis. *“All of the calculations I have described so far are gross of the effects of the MRSM. In other words, the benefits of the MRSM to the Rurals and Large Industrials are not included in the calculations of the present rates and revenues, proposed rates and revenues, or percentage increases. This is because the Members receive the benefits of the MRSM today, and will continue to do so after the proposed rates become effective.”* This explanation is not logical and cannot justify a misleading Notice to the public. The Surcredit on the Rural and Large Industrial bills (which is funded by a surcharge on the Smelters) will also continue after the proposed rates become effective, and the Surcredit, unlike the MRSM, is correctly included on the Exhibit Wolfram-5 bill impact analysis. Moreover, the fact that the MRSM is currently effective and will continue under the proposed rates is a compelling reason to include it in the bill impact analysis, not exclude it.

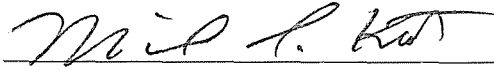
The public deserves to understand the actual percentage rate increase being proposed. And to provide that information accurately the starting point of the bill impact analysis must be the effective rates actually being paid by the Rural and Large Industrial classes. The effective rates that will actually be paid both before and after any rate increase includes the MRSM. The proposed rate increase to the Rural Class is approximately 38.4% and to the Large Industrial Class it is approximately 27.0%.

¹ \$62.57/MWh - \$45.22/MWh = \$17.35/MWh rate increase. $\$17.35/\text{MWh} / \$45.22 \text{ MWh} = 38.4\%$.

² \$47.99/MWh - \$37.79/MWh = \$10.20/MWh rate increase. $\$10.20/\text{MWh} / \$37.79/\text{MWh} = 27.0\%$.

WHEREFORE, KIUC respectfully requests that Big Rivers be required to file a corrected Notice that includes the effect of the MRSM.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-Mail: MKurtz@BKLawfirm.com

KBoehm@BKLawfirm.com

**COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.**

January 22, 2013

ATTACHMENT 1

Big Rivers Electric Corporation
Case No. 2012-00535
Forecasted Test Period Filing Requirements
(Forecasted Test Period 12ME 8/31/2014; Base Period 12ME 4/30/2013)

1

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Description of Filing Requirement:

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Statement that customer notice has been given in compliance with 807

10

KAR 5:001 Sections 3 and 4 with a copy of the notice.

11

Response:

12

Big Rivers has given customer notice in compliance with 807

13

KAR 5:001 Sections 10(3) and 10(4). Please see the attached

14

Certificate of Notice to customers, with a copy of the notice

15

attached thereto.

16

1 COMMONWEALTH OF KENTUCKY
2 BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
3
4

5 In the Matter of:

6
7 Application of Big Rivers Electric)
8 Corporation for a General) Case No. 2012-00535
9 Adjustment in Rates)
10

11 CERTIFICATE OF NOTICE

12 To the Public Service Commission, Frankfort, Ky.

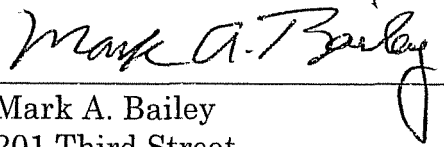
13 Pursuant to the Rules Governing Tariffs (effective June 2, 1982), I hereby
14 certify that I am President and Chief Executive Officer of Big Rivers Electric
15 Corporation, a utility furnishing wholesale electric service within the
16 Commonwealth of Kentucky, which on the 15th day of January, 2013, issued its
17 Tariff PSC No. 25, cancelling its Tariff PSC No. 24, to become effective February 18,
18 2013, and that notice to the public of the issuing of the same is being given in all
19 respects as required by Section 8 of said administrative regulation, as follows:

20 On the 15th day of January, 2013, the same was exhibited for public
21 inspection at the office and place of business of Big Rivers Electric Corporation in
22 the territory affected thereby, to wit, at 201 Third Street, Henderson, Kentucky,
23 and that the same will be kept open to public inspection at said office and place of
24 business in conformity with the requirements of Section 8 of said administrative
25 regulation.

26 On the 15th day of January, 2013, typewritten or printed notice of the
27 proposed rates or administrative regulations was mailed to each of the three

1 members/customers of Big Rivers Electric Corporation whose rates or charges will
2 be increased thereby, a copy of said notice is attached hereto and was posted for
3 public inspection at the aforesaid office and place of business of Big Rivers Electric
4 Corporation.

5 Given under my hand this 15th day of January, 2013.

6 
7

8 Mark A. Bailey
9 201 Third Street
10 P.O. Box 24
11 Henderson, Kentucky 42419-0024



201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

January 15, 2013

Mr. G. Kelly Nuckols
President and CEO
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
Paducah, KY 42002

Mr. Gregory J. Starheim
President and CEO
Kenergy Corp.
6402 Corydon Road
P.O. Box 18
Henderson, KY 42419-0018

Mr. Burns E. Mercer
President and CEO
Meade County Rural Electric Cooperative Corporation
1351 Hwy. 79
Brandenburg, KY 40108

**RE: *APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES,
P.S.C. Case No. 2012-00535***

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") gave notice to the Kentucky Public Service Commission ("Commission") on December 4, 2012, pursuant to 807 KAR 5:001 Section 10(2), of its intent to file a rate application no earlier than four (4) weeks from that date. On January 15, 2013, Big Rivers will file its notice of adjustments to its wholesale electric tariff to become effective February 18, 2013.

Attached to this letter you will find schedules showing (i) the amount of the rate change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply; (ii) the present rates and the proposed rates for each customer class to which the proposed rates would apply; and (iii) the effect upon the average bill for each

Mr. Kelly Nuckols
Mr. Gregory J. Starheim
Mr. Burns E. Mercer
January 15, 2013
Page 2

customer class to which the proposed rate change will apply. The proposed adjustments in Big Rivers' wholesale electric rates and tariffs are more fully described in the copy of the complete filing enclosed with this letter. The numbers and percentages used in this paragraph are affected by certain mechanisms or adjustments that have a temporary or limited effect, namely, the Member Rate Stability Mechanism, Rural Economic Reserve Rider, and Non-Smelter Non-FAC PPA, all of which are explained in the Direct Testimony of John Wolfram, Tab. 73 to the application.

The rates contained in this notice are the rates proposed by Big Rivers; however, the Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for members other than the rates proposed by Big Rivers and contained in this notice.

Any corporation, association, or person with a substantial interest in this matter may request to intervene, by written request or motion, within thirty (30) days after the date of mailing of this notice of the proposed rate changes, although the Public Service Commission may grant intervention beyond the thirty (30) day period for good cause shown. The request to intervene shall be submitted to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by Big Rivers by contacting Big Rivers at the address and telephone number shown above. Any person may examine the rate application, filed testimony and any other filings made by Big Rivers at the main offices of Big Rivers, located at the address shown above, or at the offices of the Commission, located at 211 Sower Boulevard, Frankfort, Kentucky, telephone number (502) 564-3490.

Sincerely yours,



Mark A Bailey
President and CEO

BIG RIVERS ELECTRIC CORPORATION

Schedule Showing the Amount of Rate Change Requested in Both Dollar Amounts and Percentage Change for Each Customer Classification for which the Proposed Rate Change will Apply

	Dollar Amount of Rate Change	Percentage Change
Rural Delivery Service RDS	\$ 40,676,278	29.4%
Large Industrial Customer LIC	\$ 8,247,929	17.9%
Smelters*	\$ 25,551,913	15.6%

*The rate for the Smelters is based upon the Large Industrial Customer LIC rate

BIG RIVERS ELECTRIC CORPORATION

**Schedule Showing the Present and Proposed Rates for Each Customer Classification for which
the Proposed Rate Change will Apply**

Rate Schedule	Present Rate	Proposed Rate
<u>Rural Delivery Service (RDS)</u>		
Demand Charge	\$ 9.5000 / kW / Month	\$ 16.9500 / kW / Month
Energy Charge	\$ 0.029736 / kWh	\$ 0.030000 / kWh
<u>Large Industrial Customer (LIC)</u>		
Demand Charge	\$ 10.5000 / kW / Month	\$ 12.4100 / kW / Month
Energy Charge	\$ 0.024505 / kWh	\$ 0.030000 / kWh
<u>Cogeneration/Small Power Production Sales – Over 100 KW (QFS)</u>		
Demand Charge – Weekly	\$ 2.192 / kW / Week	\$ 3.955 / kW / Week
Energy Charge	\$ 0.029736 / kWh	\$ 0.030000 / kWh

Note: There are no customers currently served under the Cogeneration / Small Power Production
Sales – Over 100 KW (QFS) tariff.

BIG RIVERS ELECTRIC CORPORATION

Schedule Showing the Effect Upon the Average Bill for Customer Classification for which the Proposed Rate Change will Apply

	Average Bill at Present Rates	Average Bill at Proposed Rates	Dollar Change	Percent Change
Rural Delivery Service (RDS)	\$ 3,836,697	\$ 4,966,593	\$ 1,129,897	29.4%
Large Industrial Customer (LIC)	\$ 191,934	\$ 226,300	\$ 34,366	17.9%
Smelters*	\$ 13,646,340	\$ 15,775,666	\$ 2,129,326	15.6%

Note: For the Rural Delivery Service (RDS) the average represents the average bill for the three members served under the rate, and for the Large Industrial Customer rate (LIC) the average represents the average bill for the twenty industrial customers served under the rate.

*For the Smelters, the average represents the annual estimated Smelter billing amounts, as derived from the Large Industrial Customer (LIC) rate, divided by 12.

BIG RIVERS ELEC CORPORATION
Cost of Service Study
Billing Determinants - Present and Proposed Rates

12 Months Ended
August 31, 2014

Rate	Billing Determinants		Current Rate		Proposed Rate		Variance
	Determinants	Charge	Charge	Billings	Charge	Billings	
<i>Rural Delivery Point Service</i>							
Demand Charge	CP	5,322,297 kW-Mo	9.50 /kW-Mo	\$ 50,561,820	16.95 /kW-Mo	\$ 90,190,052	\$ 39,628,232
Energy Charge		2,436,557,000 kWh	\$ 0.029736 /kWh	72,453,459	0.030000 /kWh	73,096,710	643,251
Total Demand and Energy Charges				<u>\$ 123,015,279</u>		<u>\$ 163,286,762</u>	<u>\$ 40,271,483</u>
Non-Smelter Non-FAC PPA			(0.000781)	(1,903,467)	(0.000781)	(1,903,467)	-
FAC			0.005141	12,526,275	0.005141	12,526,275	-
Environmental Surcharge			0.003578	8,718,352	0.003744	9,123,147	404,795
Surcredit			(0.001736)	(4,235,356)	(0.001736)	(4,235,356)	-
Total		<u>2,436,557,000 kWh</u>	0.056687	<u>\$ 138,121,080</u>	0.073381	<u>\$ 178,797,359</u>	<u>\$ 40,676,278</u>
Increase \$						<u>\$ 40,676,278</u>	
Increase %						29.4%	
<i>Large Industrial Customer Delivery Point Service</i>							
Demand Charge	NCP	1,674,594 kW-Mo	10.50 /kW-Mo	\$ 17,583,237	12.41 /kW-Mo	\$ 20,788,374	\$ 3,205,137
Energy Charge		943,698,679 kWh	\$ 0.024505 /kWh	23,125,336	0.030000 /kWh	\$ 28,310,960	\$ 5,185,624
Total Demand and Energy Charges				<u>\$ 40,708,573</u>		<u>\$ 49,099,334</u>	<u>\$ 8,390,761</u>
Non-Smelter Non-FAC PPA			(0.000781)	(737,229)	(0.000781)	(737,229)	-
FAC			0.005125	4,836,245	0.005125	4,836,245	-
Environmental Surcharge			0.003109	2,933,572	0.002957	2,790,740	(142,833)
Surcredit			(0.001777)	(1,677,110)	(0.001777)	(1,677,110)	-
Total		<u>943,698,679 kWh</u>	0.048812	<u>\$ 46,064,053</u>	0.057552	<u>\$ 54,311,981</u>	<u>\$ 8,247,929</u>
Increase \$						<u>\$ 8,247,929</u>	
Increase %						17.9%	

BIG RIVERS ELEC CORPORATION
Cost of Service Study
Billing Determinants - Present and Proposed Rates

12 Months Ended
 August 31, 2014

Rate	Billing Determinants		Current Rate		Proposed Rate		Variance
	Determinants	Charge	Billings	Charge	Billings	Billings	
<u>Smelter</u>							
Base Energy Charge							
Base Fixed Energy Charge	3,159,206,400 kWh	0.039432 /kWh	\$ 124,573,827	\$ 0.047603 /kWh	\$ 150,387,702	\$ 25,813,875	
Base Variable Energy Charge	- kWh	0.012470 /kWh	-	\$ 0.021806 /kWh	-	-	
Total Base Energy Charge	<u>3,159,206,400 kWh</u>	<u>0.039432</u>	<u>\$ 124,573,827</u>		<u>\$ 150,387,702</u>	<u>\$ 25,813,875</u>	
Other Charges or Credits							
TIER Adjustment Charge		0.002950	\$ 9,319,659	0.002950	\$ 9,319,659	\$ -	
Non-FAC PPA		(0.000369)	(1,165,347)	(0.000369)	(1,165,347)	\$ -	
FAC		0.005121	16,176,808	0.005121	16,176,808	\$ -	
Environmental Surcharge		0.002829	8,938,660	0.002746	8,676,698	(261,962)	
Surcharge		0.001872	5,912,468	0.001872	5,912,468	\$ -	
Total	3,159,206,400	0.051835	<u>\$ 163,756,075</u>	0.059923	<u>\$ 189,307,988</u>	<u>\$ 25,551,913</u>	
Increase \$						\$ 25,551,913	
Increase %						15.6%	
TOTAL	6,539,462,079	0.053206	\$ 347,941,208	0.064595	\$ 422,417,328	\$ 74,476,120	
INCREASE				0.011389	\$ 74,476,120	21.40%	

BIG RIVERS ELEC CORPORATION
Cost of Service Study
Billing Determinants - Present and Proposed Rates

12 Months Ended
August 31, 2014

Rate	Billing Determinants		12 Months Ended August 31, 2014		Variance												
	Current Rate	Proposed Rate	Charge	Billings													
Notes	<p>Note A: Base Rate is the rate resulting from the application of the Large Industrial Rate to a load with a 98% load factor, plus \$0.0025/kWh.</p>																
			<table border="0"> <tr> <td></td> <td align="center"><i>Current</i></td> <td align="center"><i>Proposed</i></td> </tr> <tr> <td></td> <td align="center">10.50</td> <td align="center">12.41</td> </tr> <tr> <td></td> <td align="center">715.4</td> <td align="center">715.4</td> </tr> </table>		<i>Current</i>	<i>Proposed</i>		10.50	12.41		715.4	715.4	Charge	Billings			
	<i>Current</i>	<i>Proposed</i>															
	10.50	12.41															
	715.4	715.4															
			<table border="0"> <tr> <td>Demand Charge per kWh</td> <td align="right">\$ 0.014677</td> <td align="right">\$ 0.017353</td> </tr> <tr> <td>Energy Charge</td> <td align="right">0.024505</td> <td align="right">0.030000</td> </tr> <tr> <td>Plus:</td> <td align="right">0.000250</td> <td align="right">0.000250</td> </tr> <tr> <td>Total</td> <td align="right"><u>\$ 0.039432</u></td> <td align="right"><u>\$ 0.047603</u></td> </tr> </table>	Demand Charge per kWh	\$ 0.014677	\$ 0.017353	Energy Charge	0.024505	0.030000	Plus:	0.000250	0.000250	Total	<u>\$ 0.039432</u>	<u>\$ 0.047603</u>	Charge	Billings
Demand Charge per kWh	\$ 0.014677	\$ 0.017353															
Energy Charge	0.024505	0.030000															
Plus:	0.000250	0.000250															
Total	<u>\$ 0.039432</u>	<u>\$ 0.047603</u>															
				Charge	Billings												
Notes	<p>Note B: Base Variable Energy Charge equals the total of the FAC Base, Environmental Surcharge Base, and Non-FAC PPA Base</p>																
			<table border="0"> <tr> <td>FAC Base</td> <td align="right">\$ 0.01072</td> <td align="right">\$ 0.0209</td> </tr> <tr> <td>Environmental Surcharge Base</td> <td align="right">-</td> <td align="right">-</td> </tr> <tr> <td>Non-FAC PPA Base</td> <td align="right">0.000874</td> <td align="right">0.000874</td> </tr> <tr> <td>Total Base Variable Energy Charge</td> <td align="right"><u>\$ 0.012470</u></td> <td align="right"><u>\$ 0.011594</u></td> </tr> </table>	FAC Base	\$ 0.01072	\$ 0.0209	Environmental Surcharge Base	-	-	Non-FAC PPA Base	0.000874	0.000874	Total Base Variable Energy Charge	<u>\$ 0.012470</u>	<u>\$ 0.011594</u>	Charge	Billings
FAC Base	\$ 0.01072	\$ 0.0209															
Environmental Surcharge Base	-	-															
Non-FAC PPA Base	0.000874	0.000874															
Total Base Variable Energy Charge	<u>\$ 0.012470</u>	<u>\$ 0.011594</u>															

BIG RIVERS ELEC CORPORATION
Cost of Service Study
Billing Determinants - Present and Proposed Rates

12 Months Ended
 August 31, 2014

Rate	Billing Determinants		Current Rate		Proposed Rate		Variance	
	Charge	Billings	Charge	Billings	Charge	Billings	Charge	Billings
ES Revenues	42%	R \$ 8,718,352	44%	R \$ 9,123,147		\$ 404,795		\$ 404,795
	14%	LI \$ 2,933,572	14%	LI \$ 2,790,740		\$(142,833)		\$(142,833)
	43%	S \$ 8,938,660	42%	S \$ 8,676,698		\$(261,962)		\$(261,962)
	100%	Total \$ 20,590,584	100%	Total \$ 20,590,584		\$ -		\$ -
Total Adj Revenue	42%	R \$ 133,638,087	44%	R \$ 173,909,570		\$ 40,271,483		\$ 40,271,483
	14%	LI \$ 44,807,590	14%	LI \$ 53,198,351		\$ 8,390,761		\$ 8,390,761
	44%	S \$ 139,585,288	42%	S \$ 165,399,163		\$ 25,813,875		\$ 25,813,875
	100%	Total \$ 318,030,964	100%	Total \$ 392,507,084		\$ 74,476,120		\$ 74,476,120

Note C: ES is calculated on the basis of Total Adjusted Revenues

Note D: Retail rate increases estimated using approximate distribution cost loader

RDS Distr Adder	0.03300			
LIC Dist Adder	0.00200			
RDS	0.089687	0.106381		0.016694
LIC	0.050812	0.059552		19%
				0.008740
				17%

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Summary of Proposed Increase

12 Months Ended
 August 31, 2014

Class	Total Revenue at Current Rates (\$)	Total Revenue at Proposed Rates (\$)	Increase (\$)	Increase (%)
Rural	138,121,080	178,797,359	40,676,278	29.4%
Large Industrial	46,064,053	54,311,981	8,247,929	17.9%
Smelter	163,756,075	189,307,988	25,551,913	15.6%
Total	347,941,208	422,417,328	74,476,120	21.4%

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Estimate of Retail Rate Increase

12 Months Ended
August 31, 2014

		<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
<u>Rural Delivery Service</u>					
Estimated Retail Rate (\$/kWh)					
	All-In Wholesale Rate	0.056687	0.073381	0.016694	29.4%
	Estimated Retail Distr Cost Adder	0.033000	0.033000		
	Total Retail Rate Estimate	0.089687	0.106381	0.016694	18.6%
Estimated Billings (\$/Month)					
Monthly Usage	100 kWh	\$ 8.97	\$ 10.64	\$ 1.67	18.6%
	200	\$ 17.94	\$ 21.28	\$ 3.34	18.6%
	300	\$ 26.91	\$ 31.91	\$ 5.00	18.6%
	400	\$ 35.87	\$ 42.55	\$ 6.68	18.6%
	500	\$ 44.84	\$ 53.19	\$ 8.35	18.6%
	600	\$ 53.81	\$ 63.83	\$ 10.02	18.6%
	700	\$ 62.78	\$ 74.47	\$ 11.69	18.6%
	800	\$ 71.75	\$ 85.10	\$ 13.35	18.6%
	900	\$ 80.72	\$ 95.74	\$ 15.02	18.6%
	1000	\$ 89.69	\$ 106.38	\$ 16.69	18.6%
	1100	\$ 98.66	\$ 117.02	\$ 18.36	18.6%
	1200	\$ 107.62	\$ 127.66	\$ 20.04	18.6%
	1300	\$ 116.59	\$ 138.30	\$ 21.71	18.6%
	1400	\$ 125.56	\$ 148.93	\$ 23.37	18.6%
	1500	\$ 134.53	\$ 159.57	\$ 25.04	18.6%

Large Industrial Customer Service

Estimated Retail Rate (\$/kWh)					
	All-In Wholesale Rate	0.048812	0.057552	0.008740	17.9%
	Estimated Retail Distribution Cost Adder	0.002000	0.002000		
	Total Retail Rate Estimate	0.050812	0.059552	0.008740	17.2%
Estimated Billings (\$/Month)					
Monthly Usage	500 kWh	\$ 25.41	\$ 29.78	\$ 4.37	17.2%
	600	\$ 30.49	\$ 35.73	\$ 5.24	17.2%
	700	\$ 35.57	\$ 41.69	\$ 6.12	17.2%
	800	\$ 40.65	\$ 47.64	\$ 6.99	17.2%
	900	\$ 45.73	\$ 53.60	\$ 7.87	17.2%
	1000	\$ 50.81	\$ 59.55	\$ 8.74	17.2%
	1100	\$ 55.89	\$ 65.51	\$ 9.61	17.2%
	1200	\$ 60.97	\$ 71.46	\$ 10.49	17.2%
	1300	\$ 66.06	\$ 77.42	\$ 11.36	17.2%
	1400	\$ 71.14	\$ 83.37	\$ 12.24	17.2%
	1500	\$ 76.22	\$ 89.33	\$ 13.11	17.2%
	1600	\$ 81.30	\$ 95.28	\$ 13.98	17.2%
	1700	\$ 86.38	\$ 101.24	\$ 14.86	17.2%
	1800	\$ 91.46	\$ 107.19	\$ 15.73	17.2%
	1900	\$ 96.54	\$ 113.15	\$ 16.61	17.2%
	2000	\$ 101.62	\$ 119.10	\$ 17.48	17.2%

ATTACHMENT 2

Big Rivers Electric Corporation Case No. 2012-00535 Big Rivers Financial Model

	2013 January	2013 February	2013 March	2013 April	2013 May	2013 June	2013 July	2013 August	2013 September	2013 October	2013 November	2013 December	2013 Total
I. Sales													
Energy (TWH)													
Rural	0.25	0.21	0.19	0.15	0.17	0.22	0.24	0.23	0.18	0.15	0.18	0.25	2.41
Large Industrial	0.08	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.94
Century	0.35	0.32	0.35	0.34	0.35	0.34	0.35	0.22	0.00	0.00	0.00	0.00	2.62
Alcan	0.28	0.25	0.28	0.27	0.28	0.27	0.27	0.27	0.26	0.27	0.26	0.27	3.20
Market													
Total Energy Sales	1.07	0.96	1.03	0.91	0.94	0.96	1.03	1.00	0.68	0.75	0.72	0.75	10.78
Demand (MW)													
Rural	540.18	482.11	418.81	328.15	374.55	472.17	493.51	533.48	416.26	336.41	377.17	494.38	5,267.19
Large Industrial	139.27	139.90	139.11	139.40	138.43	138.53	143.19	143.54	136.42	138.47	138.43	138.60	1,673.29
II. Rates, Accrual Based (\$ / MWH)													
Rural													
Load Factor (%)	62.01%	64.21%	60.23%	62.59%	59.28%	63.76%	66.25%	59.00%	59.69%	61.52%	66.01%	66.76%	62.67%
Demand (\$/KW-mo.)	9.50	9.50	9.50	9.50	9.50	9.50	9.50	12.14	16.95	16.95	16.95	16.95	12.10
Energy (\$/MWH)	29.74	29.74	29.74	29.74	29.74	29.74	29.74	29.83	30.00	30.00	30.00	30.00	29.83
Base Rate (\$/MWH)	50.33	51.75	50.94	50.82	51.28	50.43	49.01	57.49	69.44	67.03	65.66	64.12	56.20
Non-Smelter Non-FAC PPA	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(0.78)	(0.78)	(0.78)	(0.78)	(1.18)
FAC	3.79	3.93	3.92	3.96	3.96	4.11	4.63	4.21	4.70	4.48	4.61	4.67	4.25
Environmental Surcharge	3.17	3.25	3.29	3.07	3.21	3.19	3.03	3.67	4.35	4.13	3.72	3.42	3.43
Surcredit	(3.54)	(3.85)	(4.33)	(5.05)	(4.75)	(3.87)	(3.53)	(2.87)	(1.91)	(2.14)	(1.91)	(1.54)	(3.23)
Total	3.42	3.32	2.88	1.97	2.42	3.43	4.13	5.02	7.14	6.47	6.42	6.55	4.45
Economic Reserve	(7.64)	(7.54)	(7.09)	(6.19)	(6.63)	(7.64)	(7.34)	(8.23)	(10.35)	(9.68)	(9.63)	(9.76)	(8.15)
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate (\$/MWH)	44.76	46.18	45.37	45.25	45.71	44.86	44.44	52.93	65.45	63.04	61.67	60.13	51.32

Big Rivers Electric Corporation
Case No. 2012-00535
Big Rivers Financial Model

	2013 January	2013 February	2013 March	2013 April	2013 May	2013 June	2013 July	2013 August	2013 September	2013 October	2013 November	2013 December	2013 Total
34 Large Industrial													
35 Load Factor (%)	75.77%	79.04%	77.68%	76.94%	76.72%	77.06%	77.88%	76.94%	78.20%	76.55%	77.18%	76.59%	77.20%
36 Demand (\$/KW-mo.)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	11.18	12.41	12.41	12.41	12.41	11.19
37 Energy (\$/MWH)	24.51	24.51	24.51	24.51	24.51	24.51	24.51	26.45	30.00	30.00	30.00	30.00	26.49
38 Power Factor Penalty/ Demand Cr. (Lg. Ind.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39 Base Rate (\$/MWH)	43.13	44.27	42.67	43.46	42.90	43.43	42.63	45.98	52.04	51.79	52.33	51.78	46.34
40													
41 Non-Smelter Non-FAC PPA	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(0.78)	(0.78)	(0.78)	(0.78)	(1.17)
42 FAC	3.79	3.93	3.92	3.96	3.96	4.11	4.63	4.21	4.70	4.48	4.61	4.67	4.25
43 Environmental Surcharge	2.75	2.81	2.79	2.65	2.72	2.78	2.67	2.99	3.33	3.25	3.01	2.80	2.88
44 Surcredit	(3.54)	(3.85)	(4.33)	(5.05)	(4.75)	(3.87)	(3.53)	(2.87)	(1.91)	(2.14)	(1.91)	(1.54)	(3.27)
45 Total	3.00	2.89	2.38	1.56	1.93	3.02	3.77	4.33	6.12	5.59	5.71	5.94	3.86
46 Economic Reserve	(7.21)	(7.10)	(6.59)	(5.77)	(6.15)	(7.23)	(6.98)	(7.55)	(9.33)	(8.80)	(8.92)	(9.15)	(7.56)
47 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
48 Effective Rate (\$/MWH)	37.56	38.71	37.10	37.89	37.33	37.86	38.06	41.41	48.05	47.80	48.34	47.78	41.47
49													
50 Non-Smelter Member Blend													
51 Base Rate (\$/MWH)	48.60	49.78	48.46	48.29	48.57	48.60	47.39	54.50	64.21	61.87	61.66	61.12	53.43
52													
53 Non-Smelter Non-FAC PPA	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(1.36)	(0.78)	(0.78)	(0.78)	(0.78)	(1.17)
54 FAC	3.79	3.93	3.92	3.96	3.96	4.11	4.63	4.21	4.70	4.48	4.61	4.67	4.25
55 Environmental Surcharge	3.07	3.14	3.14	2.93	3.05	3.08	2.94	3.50	4.04	3.83	3.51	3.27	3.28
56 Surcredit	(3.54)	(3.85)	(4.33)	(5.05)	(4.75)	(3.87)	(3.53)	(2.87)	(1.91)	(2.14)	(1.91)	(1.54)	(3.24)
57 Total	3.32	3.21	2.73	1.83	2.26	3.32	4.04	4.84	6.83	6.17	6.21	6.40	4.29
58 Economic Reserve	(7.53)	(7.42)	(6.94)	(6.04)	(6.48)	(7.53)	(7.25)	(8.05)	(10.05)	(9.38)	(9.42)	(9.61)	(7.99)
59 Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
61 Effective Rate (\$/MWH)	43.03	44.22	42.89	42.72	43.00	43.03	42.82	49.94	60.22	57.88	57.67	57.13	48.55
62													