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January 28, 2014

RECEIVED

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PUBLIC SERVICE
COMMISSION

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

Re: Case No. 2012-00535 – Letter Dated January 27, 2014 – Refund Calculations

Dear Mr. DeRouen:

Please refer to your letter to me of January 27, 2014, in which you explain Commission Staff's belief that Big Rivers Electric Corporation ("Big Rivers") may have made an error in its calculation of the refund amount owed to its member cooperatives in Case No. 2012-00535. The specific question raised is whether Big Rivers' calculations took into account that August 2013 was a partial month for purposes of the refund calculations.

We have reviewed Big Rivers' filing of January 13, 2014 (the "Refund Filing"), and believe the calculations in it are correct, although we concede that tracking the calculations through the exhibits in the Refund Filing is confusing. The difference between the Commission Staff's calculations and Big Rivers' calculations is the assumption by Commission Staff that Big Rivers calculated the energy charge variance in August 2013 based upon each member's energy usage during the calendar month of August 2013, rather than their energy usage only during the period from August 20 through August 31, 2013 (the "Partial Month"). In fact, Big Rivers did use real time energy usage meter readings for the Partial Month to calculate the energy charge variance.

Using Jackson Purchase Energy Corp. ("JPEC") as an example, JPEC's metered kWh usage during the Partial Month based upon real time meter readings is accurately shown as 26,822,923 in the Refund Filing, Exhibit 2, at page 1 of 15, on the "JACKSON PURCHASE RURALS" line, in the "Aug kWh*" column. The asterisk in the column title is intended to reference a footnote on page 6 of 15 of Exhibit 2 that states that this amount represents a partial month's usage. By comparison, JPEC's total Rural class kWh usage for August of 2013 was 61,508,892.

The attached exhibit, "Refund – Detail Exhibit 2," summarizes Big Rivers' calculation of the rate variance refunds to Big Rivers' members that are detailed in the Refund Filing. The column titled "Rate Variance*" on Page 4 of 15 reflects the rate variance based upon real time, metered kilowatt hour usage for the Partial Month.

Again using JPEC as an example, the calculations for the total rate variance refund for JPEC for August are as follows:

Refund related to Demand:

Column C: August kW (for the entire month)	= 137,192
Column D: Demand rate variance (\$16.95 - \$12.914 = \$4.036)	= \$553,706.91
Column E: 12/31 days in August Rate Variance (Refund)	= \$214,338.16 (Demand Refund)

Mr. Jeff DeRouen
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Page Two

Refund Offset related to Energy:

Column F: August 20 – 31, 2013 Actual kWh: 26,822,923

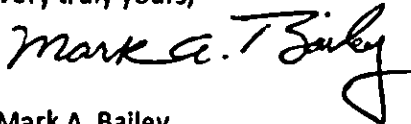
Energy Rate variance – an increase (.03 - .035 = -0.0050) =

Column G: Rate Variance (Refund Offset) for 12/31 days in August: = (\$134,114.62) (Energy Refund Offset)

The sum of the Energy Refund Offset amounts for the Partial Month for JPEC's Rural class (\$134,114.62), Kenergy Corp.'s Rural class (\$241,137.54) and Meade County RECC's Rural class (\$87,020.90) is \$(462,273.06), which is reflected in the "Rate Variance" column on the Refund Filing Exhibit 2, Page 4 of 15.

We hope this explanation addresses the Commission's questions regarding the calculation of these amounts, and regret any confusion we may have created in the Refund Filing that resulted in these questions. Please contact us with any further questions you may have.

Very truly yours,



Mark A. Bailey
President and CEO

Attachment
c: Service List

Service List
PSC Case No. 2012-00535

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Big Rivers Electric Corporation
PSC Order Case No. 2012-00535
Refund - Detail
Exhibit 2

Rural kW and kWh Rate Differential Exhibit 1
Industrial kW and kWh Rate Differential Exhibit 1

4 0380 -0 0050
1 8950 0 0000

	(C)	(D)	(E)	(F)	(G)		
	Aug kW		Rate Variance*12/31	Aug kWh(20-31)	Rate Variance	Power Factor Adj \$/Green Power Adj	Aug Refund - 8-20 thru 8-31
JACKSON PURCHASE RURALS	137,192 \$	553,706 91 \$	214,338.16	28,822,923 \$	(134,114 62)	0 97	80,224 51
KENERGY RURALS	247,008	996,928 32	385,807 74	48,227,607	(241,137 54)		144,770 20
MEADE CO RURALS	91,208	368,115 49	142,496 32	17,404,190	(87,020 90)		55 475 42
TOTAL RURALS	475,408 \$	1,918,750.72 \$	742,742.22	92,454,610 \$	(462,273.06)		\$ 280,470.13
KI-ACCURIDE	8,362	9,071 64	3,511 80	1,003,808	0 00		3,511 80
KI-ALCOA	113	191 54	74 14	29,928	0 00	101 70	175 64
KI-ALERIS	26,774	45,381 93	17,567 20	8,878,290	0 00		17,567 20
KI-AMG	2,001	3,391 70	1,312 92	242,347	0 00	33 46	1,346 38
KI-ARMSTRONG DOCK	9,596	16,263 53	6,295 56	1,540,972	0 00		6,295 56
KI-ARMSTRONG EQUALITY	3,087	5,232 47	2,025 47	668,220	0 00		2,025 47
KI-ARMSTRONG LEWIS CREEK	3,600	5,932 50	2,296 45	360,331	0 00		2,296 45
KI-ARMSTRONG MIDWAY	4,407	7,469 87	2,891 56	870,639	0 00		2,891 56
KI-DOMTAR	16,000	25,425 00	9,641 94	3,984,669	0 00		9,641 94
KI-DOTIKI	192	325 44	125 98	43,854	0 00	13.78	139 76
KI-ELK CREEK	750	1,271 25	492 10	186,468	0 00		492 10
KI-HOPKINS	100	169 50	65 61	19,062	0 00		65 61
KI-KIMBERLY CLARK	37,930	64,291 35	24 886 97	10,631,978	0 00		24 886 97
KI-PENNYRILE ENERGY	3,000	5,085 00	1,968 39	74,822	0 00		1,968 39
KI-PRECOAT	3,828	6,151 16	2,381 09	668,087	0 00	26.90	2,407 99
KI-SEBREE MINING - KMMC	100	169 50	65 61	11,204	0 00		65 61
KI-SEBREE MINING - STEAMPORT	8,050	10,254 75	3 969 58	938,014	0 00		3 969 58
KI-SOUTHWIRE	7,227	12,249 77	4,741 85	1,784,632	0 00		4,741 85
KI-TYSON	11,690	19 814 55	7,670 15	2,771,286	0 00		7,670 15
KI-VALLEY GRAIN	2,090	3 542 55	1,371 31	461,202	0 00	190 93	1 562 24
TOTAL KENERGY INDUSTRIALS	142,587	\$ 93,668.48	31,801,589 \$	- \$	366.77 \$		\$ 93,922.25
JP-SHELL	2,117	3,588.32	1,389.03	184,472	0.00		1,389.03
TOTAL INDUSTRIALS	144,704	\$ 94,944.51	31,986,061 \$	- \$	\$ 95,311.28		
TOTAL RURALS AND INDUSTRIALS REFUND	620,113		837,686.73	124,440,671	(462,273.06)		375,781.41
CENTURY - SEBREE		Smelter Rate Differential Exhibit 1		268,316,160	0 002369 12/31		246,054.57
TOTAL REFUND BEFORE INTEREST ADDED				392,756,631			\$ 621,835.98

August 2013 Partial Billing Month - 8-20 thru 8-31

Big Rivers Electric Corporation
PSC Order Case No. 2012-00535
Refund - Detail
Exhibit 2

Rural kW and kWh Rate Differential Exhibit 1
Industrial kW and kWh Rate Differential Exhibit 1

	Sep kW	Rate Variance	Sep kWh	Rate Variance	Power Factor Adj/Green Power Adj	Sep Refund	Total Aug 8-20 thru 8-31 and Sep Refund
JACKSON PURCHASE RURALS	131,292	\$ 529,894.51	82,701,500	\$ (263,507.50)	2.50	266,389.51	348,614.02
KENERGY RURALS	242,436	978,471.70	95,494,851	(477,474.26)		500,957.44	645,767.64
MEADE CO RURALS	88,230	356,096.28	33,756,720	(168,778.60)		187,317.68	242,793.10
TOTAL RURALS	461,958	\$ 1,864,462.49	181,952,071	\$ (908,760.36)		\$ 954,704.63	\$ 1,238,174.76
KI-ACCURIDE	5,390	9,136.05	2,168,870	0.00		9,136.05	12,647.65
KI-ALCOA	108	183.08	72,780	0.00	262.73	445.79	821.63
KI-ALERTS	28,486	44,893.77	14,968,640	0.00		44,893.77	62,460.97
KI-AMG	2,001	3,391.70	511,080	0.00	189.64	3,581.54	4,927.92
KI-ARMSTRONG DOCK	9,633	16,327.94	3,862,640	0.00		16,327.94	22,623.50
KI-ARMSTRONG EQUALITY	3,207	5,435.87	1,371,278	0.00		5,435.87	7,461.34
KI-ARMSTRONG LEWIS CREEK	3,500	5,932.50	938,720	0.00		5,932.50	8,228.98
KI-ARMSTRONG MIDWAY	4,846	7,874.97	2,078,700	0.00	88.14	7,963.11	10,884.67
KI-DOMTAR	18,000	25,425.00	10,800,000	0.00		25,425.00	35,266.94
KI-DOTIKI	183	310.19	82,780	0.00	38.99	349.18	488.94
KI-ELK CREEK	750	1,271.25	368,945	0.00		1,271.25	1,783.38
KI-HOPKINS	100	189.50	25,280	0.00		169.50	238.11
KI-KIMBERLY CLARK	37,973	64,364.24	25,563,310	0.00		64,364.24	89,251.21
KI-PENNYRILE ENERGY	3,000	5,065.00	167,080	0.00		5,065.00	7,053.39
KI-PRECOAT	3,583	6,073.19	1,381,290	0.00		6,073.19	8,481.18
KI-SEBREE MINING - KMMC	100	169.50	27,700	0.00		169.50	238.11
KI-SEBREE MINING - STEAMPORT	6,270	10,627.65	2,378,462	0.00		10,627.65	14,567.23
KI-SOUTHWIRE	7,235	12,263.33	4,420,560	0.00		12,263.33	17,006.18
KI-TYSON	11,833	20,056.94	5,974,180	0.00		20,056.94	27,727.09
KI-VALLEY GRAIN	2,233	3,784.94	963,600	0.00	583.06	4,368.02	5,930.26
TOTAL KENERGY INDUSTRIALS	143,231	\$ 242,776.69	78,143,777	\$ -	1,162.78	\$ 243,838.37	\$ 337,861.62
JP-SHELL	2,171	3,679.85	539,430	0.00		3,679.85	5,068.88
TOTAL INDUSTRIALS	145,402	\$ 246,456.44	78,683,207	\$ -		\$ 247,619.22	\$ 342,930.50
TOTAL RURALS AND INDUSTRIALS REFUND	607,360	2,110,918.93	260,635,278	(909,760.36)		1,202,323.85	1,578,105.26
CENTURY - SEBREE			259,660,800	0.002369		615,136.44	861,191.01
TOTAL REFUND BEFORE INTEREST ADDED			520,296,078			\$ 1,817,460.29	2,439,296.27

August 2013 Partial Billing Month - 8-20 thru 8-31