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RECEIVED
MAR 04 2014
PUBLIC SERVICE COMMISSION

<u>**VIA HAND DELIVERY**</u>

March 4, 2014

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

Re: <u>Case No. 2012-00535</u>

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the COMMENTS ON REHEARING AND REQUEST FOR HEARING BY KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC., ATTORNEY GENERAL, BEN TAYLOR, AND SIERRA CLUB for filing in the above-referenced docket.

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

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, 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 regular U.S. mail, unless other noted, this 4th day of March, 2014 to the following:

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of: The Application of Big Rivers Electric Corporation for an Adjustment of Rates. : : Case No. 2012-00535

RECEIVED
MAR 04 2014
PUBLIC SERVICE COMMISSION

COMMENTS ON REHEARING AND REQUEST FOR HEARING
BY
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC., ATTORNEY GENERAL, BEN TAYLOR, AND SIERRA CLUB

Kentucky Industrial Utility Customers, Inc., the Attorney General of the Commonwealth of Kentucky, Ben Taylor, and Sierra Club ("Joint Intervenors") submit the following Comments on Rehearing. Also, we request that this matter be set for hearing.

I. INTRODUCTION

Big Rivers Electric Corporation ("Big Rivers" or "Company") has failed to minimize the revenue requirement and resulting rate increase in this proceeding while it earns and retains excessive profit margins. Big Rivers needs approximately $10.5 million in margins to earn its Kentucky Public Service Commission ("Commission") authorized TIER of 1.20. Yet as shown on the attached monthly financial reports filed with the Commission, for the first eleven months of 2013, it earned $24.254 million. This was 24 times its budgeted profits for the same period. For the full year 2013, the Company earned $21.2 million if the extraordinary December administrative and general ("A&G") expense is normalized. In the single month of January 2014, it earned $7.240 million.

This Rehearing is especially important given the historic rate increases sought by Big Rivers in its *"pancaked"* rate cases (Case Nos. 2012-00535 and 2013-00199), which ask that the non-smelter customers absorb increases of 69% (at retail) for Rural customers and 107% for Large Industrial customers. Although Big Rivers claims that it is doing everything it can to minimize the rate increases caused by the smelters transitioning to market-based rates, Big Rivers has failed to notify the Commission of double cost recovery, and high actual margins on off-system power sales from Coleman that would do just that—minimize rate increases.

Big Rivers is being reimbursed for certain costs twice - once by customers through rates and again through System Support Resource ("SSR") payments that it receives from the Midcontinent Independent System Operator ("MISO") and Century Aluminum. Further, the temporary increase in wholesale power prices in January and February 2014 resulting from extremely cold weather this winter may have allowed Big Rivers to receive revenue from off-system sales out of the Coleman Plant in excess of its SSR costs for at least those two months. Any such profits from off-system sales are being retained by Big Rivers rather than being credited back to customers despite the fact that customers are continuing to pay for all of the fixed costs of the Coleman station other than depreciation, which is currently deferred per the Commission's Order in this case.

Joint Intervenors recommend that the Commission: 1) reduce Big Rivers' revenue requirement by $2.63 million in order to eliminate the double recovery and credit the refund to the Economic Reserve for the rate effective period, August 20, 2013 through January 31, 2014; and 2) direct Big Rivers to disclose any off-system sales profits from Coleman and credit all revenues in excess of the SSR costs to the Economic Reserve Fund in order to give customers the benefit of these sales.

II. ARGUMENT

1. Big Rivers Is Double Recovering $2.63 Million In Costs From Its Customers And From MISO/Century SSR Payments.

The Commission's October 29, 2013 Order does not reflect the fact that certain of the Coleman plant fixed costs included in the revenue requirement are also recovered from MISO and Century pursuant to the SSR Agreement between MISO and Big Rivers and the Direct Agreement between Century and Big Rivers. While this case was pending before the Commission, Big Rivers successfully negotiated the recovery of certain SSR costs from MISO and Century that were also included, and eventually approved, in Big Rivers' proposed revenue requirement in this case.[1] The Company was negotiating the SSR Agreement while this proceeding was pending and was well aware that the parties had reached agreement on the specific costs that it would recover in SSR payments by early October 2013.[2] Yet the Company never sought to reduce the revenue requirement for this

[1] The Federal Energy Regulatory Commission ("FERC") approved the SSR Agreement and the related Rate Schedule 43F on December 30, 2013. *See* Response to Joint Intervenors' Initial Rehearing, Item 10.
[2] The quantification of the costs was not finalized until October 31, 2013; however, the specific costs that would be recovered were listed and quantified in multiple earlier versions of the Excel spreadsheet developed for this purpose.

additional recovery of the same costs. The Commission should not allow the Company to double recover the same costs from its customers in the revenue requirement that it also recovers from MISO and Century.

There are at least three categories of costs that are recovered through both the revenue requirement and through the SSR Agreement:

a) The Company is reimbursed by MISO and Century for $1.804 million in A&G headquarters expenses for the Coleman plant. The Company now admits that at least a portion of this expense is recovered from both MISO/Century and in the revenue requirement.

b) The Company is reimbursed by MISO and Century for $0.716 million for a 7.85% return on fuel and materials and supplies ("M&S") inventories. This revenue should be included in the Company's revenue requirement to offset the interest expense and TIER margin on the debt used to finance this investment.

c) The Company is reimbursed by MISO and Century for $0.110 million in property tax and insurance expense for the Coleman plant. The Company admits that this expense is recovered from both MISO/Century and in the revenue requirement. As further support for removing the double recovery in this proceeding, the Company agreed to reduce the revenue requirement for this same double recovery in Case No. 2013-00199.

The Commission should not allow Big Rivers to further increase its income by double recovering these costs, which amount to $2.63 million, instead of using these SSR revenues to reduce the burden on its ratepayers. The double recovery of these costs is explained in more detail below.

a) MISO And Century's Reimbursement Of $1.804 Million In A&G Headquarters Expenses For The Coleman Plant Should Be Removed From Big Rivers' Revenue Requirement.

Big Rivers has recovered $1.804 million in A&G headquarters expenses on an estimated annual basis from MISO and Century since August 2013.[3] This payment reflects the fact that MISO and Century agreed to reimburse Big Rivers for the cost of 15 A&G *headquarters* employee positions, such as human resources, accounting, etc. The A&G headquarters positions are separate and distinct from the A&G *plant* employee positions directly assigned to the Coleman plant, which the Company specifically removed from the revenue requirement.[4] The expenses for these 15 A&G *headquarters* employees also were included in the revenue requirement recovered from customers since August 20, 2013. Because MISO and Century are required to pay for these 15 employees, the same costs should not be recovered a second time from customers.

[3] Response to Staff Initial Rehearing, Item 4(b). *See also* Confidential Attachment 2.
[4] Response to Joint Intervenors' Supplemental Rehearing, Item 5(b); Exhibit Wolfram-2 Reference Schedule 1.10.

The Company provided no evidence that it removed the costs of the 15 employees from the revenue requirement, despite Joint Intervenors' request that it prove up its claim.[5] Joint Intervenors asked the Company if the A&G headquarters expense for the 15 positions was excluded or removed from the revenue requirement, and if so, to demonstrate that it was.[6] In its response, the Company stated that it removed the expense associated with the A&G plant positions, but provided no evidence that it excluded the expense for the A&G headquarters positions. It provided only an unsupported and irrelevant claim that it had excluded the expense associated with 14 *"open positions,"* although it made no attempt to identify these as A&G positions, let alone positions related to the shutdown of the Coleman plant.[7]

Despite its initial denials in response to Joint Intervenors' Request for Rehearing and in Joint Intervenors and Staff discovery, the Company now admits that it recovers the A&G headquarters expenses for 9 of these 15 employee positions in both the SSR payments and in the revenue requirement.[8] Although the Company reflected no reduction in A&G headquarters expenses for the shutdown of the Coleman plant in the revenue requirement and consequently, did not identify and could not have identified which of the positions would have been terminated if and when the Coleman plant was shut down, the Company now claims that it can identify each of the 15 positions and can tell the Commission which of the positions were in the revenue requirement and which were not.[9] This is an unlikely proposition. In fact, in response to discovery during the case-in-chief, the Company claimed that it could not separate A&G by plant.[10] Although Big Rivers removed the A&G *plant* expense from the test year, there is no evidence that the Company removed any A&G *headquarters* expense from the test year.[11] Thus, the Commission should reduce the revenue requirement by $1.804 million to reflect recovery from MISO and Century for all 15 positions; however, even if it believes the Company's response to discovery that it now can identify and actually did exclude the expense of 6 A&G headquarters positions, then

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[5] Response to Joint Intervenors' Supplemental Rehearing, Item 5(b).
[6] *Id.*
[7] *Id.*
[8] *Id.*
[9] Response to Joint Intervenor's Supplemental Rehearing, Item 8.
[10] Response to KIUC 1-43.
[11] Response to SC 2-2 (Corporate Financial Model); *Id.* The O&M expense tab provides the labor expense by RUS O&M and A&G expense account. There is very little change in the monthly labor expense for account 920 administrative and general salaries on average from the beginning of 2012 through the end of 2014. This suggests that the "open positions" the Company implies are attributable to the shutdown of the Coleman plant are in fact open positions that existed prior to and after the assumed shutdown of the plant and thus, are unrelated to the shutdown of the plant.

the Commission should at least remove the costs of the 9 A&G headquarters positions that the Company admits were included in the revenue requirement.

b. The Commission Should Reduce The Revenue Requirement To Reflect The Reimbursement Of A Return On Fuel And M&S Inventories By MISO And Century.

Big Rivers has recovered $0.716 million for a 7.85% return on fuel and M&S inventory on an estimated annual basis from MISO and Century since August 2013.[12] The Company also included the interest and TIER on the debt incurred to finance these inventories in the revenue requirement recovered from customers. This is a form of double recovery.

The Company claimed in response to discovery during the case-in-chief that it did not maintain inventory records by plant in its financial model and could not separate these costs by plant for the test year.[13] There is no evidence that Big Rivers removed any debt, interest expense, or TIER margin to reflect the shutdown of the Coleman plant from the *per books* amounts in the test year.[14] Nor did the Company make any specific *pro forma* ratemaking adjustment to remove any debt, interest expense, or TIER margin from the test year due to the Coleman plant shut down.[15] Nor did Big Rivers' quantification of the savings from the shutdown of Coleman include any savings in interest expense or TIER margin.[16]

In any event, even if Big Rivers had reduced the fuel and M&S inventories in the test year, these reductions were not reflected in reductions in outstanding debt, but would have been reflected in reductions in the short-term investments. This distinction is important because even if the Company can verify such reductions in the inventories, the effect on the revenue requirement was minimal because the interest rate on short-term investments was nearly 0%. Thus, the $716,000 return on these fuel and M&S inventories represents incremental income that should be returned to customers, not retained by the Company.

[12] Response to Staff Initial Rehearing Item 4(b); *See also* Confidential Attachment 2.
[13] Response to KIUC 1-41.
[14] Response to SC 2-2 (Corporate Financial Model).
[15] Exhibit Wolfram-2.3.
[16] Exhibit Berry-4.

c. The Commission Should Reduce The Revenue Requirement To Reflect The Reimbursement Of Property Tax And Insurance Expense By MISO And Century.

Big Rivers has recovered $0.110 million in avoidable property tax and insurance expenses on an estimated annual basis through the SSR since August 2013.[17] The Company acknowledged in response to discovery that it had reflected no reductions in property tax or insurance expense to reflect the Coleman shutdown.[18] Despite these responses to discovery, Big Rivers actually did make inquiries and was informed by the Kentucky Department of Revenue and the insurance broker that these expenses could be reduced if Coleman was shut down.[19] On this basis, the Company successfully negotiated to include these two expenses in the SSR Costs; however, it failed to notify the Commission in this proceeding that the revenue requirement should be reduced to reflect these facts. As further support for removing the double recovery in this proceeding, the Company agreed to reduce the revenue requirement for this same double recovery in Case No. 2013-00199.

2. The Commission Should Credit Customers For Profits On Off-System Sales From Coleman Through The Economic Reserve Fund.

The test year in this rate case assumed that Coleman would be effectively shut down beginning August 20, 2013. Therefore, the test year assumes that Coleman would produce no off-system sales profits which would otherwise be used to reduce the rate increase. This assumption is erroneous.

In months in which Big Rivers' off-system sales revenue exceeds SSR costs, MISO and Century are not required to reimburse Big Rivers for its SSR costs and the Company retains all of its profits from off-system sales. Although Joint Intervenors do not have access to Big Rivers' off-system sales data by plant for recent months, there was a significant weather-related increase in wholesale power prices, at least in January and February 2014. Thus, it is likely that the Company's off-system sales revenues from Coleman exceeded its SSR costs during those months.

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[17] Response to Staff Initial Rehearing, Item 4(b); *See also* Confidential Attachment 2.
[18] Responses to KIUC 1-24 and KIUC 1-26 from Case No. 2013-00199.
[19] Response to Staff Initial Rehearing, Item 2.

If that is the case, Big Rivers has been selling the output of Coleman into the MISO markets and including these profits in its income, rather than using the profits to offset the fixed costs included in the revenue requirement and to reduce the extraordinary rate increases in this proceeding and in Case No. 2013-00199. This is unfair, unjust, and unreasonable to the customers who pay for the fixed costs of the plant through the revenue requirement. In its *"pancaked"* rate cases, Big Rivers has made extraordinary demands on its customers and the Commission. Big Rivers proposes rate hikes ranging from 68% to 107%. The Commission should credit customers for any profits from off-system sales that Big Rivers receives as a result of running its excess capacity, which its customers continue to pay for, in order to minimize the historic increases proposed in the *"pancaked"* rate cases. If Big Rivers wants to retain profits from selling the output of Coleman or Wilson off-system, then customers should not pay for any of the costs of servicing Coleman or Wilson debt.

Joint Intervenors recommend that Big Rivers provide an accounting of its off-system sales revenues from Coleman since August 20, 2013. In any month that off-system sales revenues exceed its SSR costs, the Commission should credit all revenues above Big Rivers' SSR costs to the Economic Reserve Fund for the benefit of Big River's customers.

The issues addressed in this pleading highlight the unreliability of setting rates based upon two pancaked future test years for a utility undergoing an unprecedented transition. The rate plan advocated by Joint Intervenors which relies on actual monthly financial results and use of the Reserve Funds to precisely achieve a Commission approved TIER avoids these problems.

III. REQUEST FOR HEARING.

WHEREFORE, for the foregoing reasons, Joint Intervenors respectfully request that the Commission hold a hearing on the issues raised herein.

Respectfully submitted,

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March 4, 2014

ATTACHMENTS

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL

BORROWER DESIGNATION
KY0062

PERIOD ENDED
Nov-13

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	YEAR-TO-DATE BUDGET (c)	THIS MONTH (d)
1. Electric Energy Revenues	515,459,383.23	516,601,650.53	499,478,545.00	37,555,275.12
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	4,596,020.01	6,564,112.00	3,388,837.00	1,110,463.92
4. **Total Operation Revenues & Patronage Capital** *(1 thru 3)*	**520,055,403.24**	**523,165,762.53**	**502,867,382.00**	**38,665,739.04**
5. Operating Expense - Production - Excluding Fuel	44,111,403.21	44,396,532.17	48,015,195.00	3,401,896.03
6. Operating Expense - Production - Fuel	205,119,841.29	196,877,357.03	212,296,554.00	10,452,710.18
7. Operating Expense - Other Power Supply	102,819,695.91	108,991,611.10	81,584,141.00	9,894,326.89
8. Operating Expense - Transmission	9,084,376.64	9,846,974.85	8,280,762.00	750,778.23
9. Operating Expense - RTO/ISO	2,069,307.83	2,084,278.93	1,912,944.00	120,789.09
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	209,047.62	0.00	0.00
12. Operating Expense - Customer Service & Information	630,359.03	1,246,332.16	1,317,052.00	200,011.95
13. Operating Expense - Sales	146,208.41	111,001.86	121,254.00	9,479.17
14. Operating Expense - Administrative & General	23,806,699.57	23,787,096.62	26,057,958.00	1,991,516.30
15. **Total Operation Expense** *(5 thru 14)*	**387,787,891.89**	**387,550,232.34**	**379,585,860.00**	**26,821,507.84**
16. Maintenance Expense - Production	37,885,035.04	33,915,006.91	39,699,127.00	4,189,010.11
17. Maintenance Expense - Transmission	4,306,153.23	4,109,630.27	4,620,737.00	277,870.94
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	152,862.02	229,264.27	196,683.00	14,980.58
21. **Total Maintenance Expense** *(16 thru 20)*	**42,344,050.29**	**38,253,901.45**	**44,516,547.00**	**4,481,861.63**
22. Depreciation and Amortization Expense	37,664,804.87	36,371,239.56	38,652,197.00	2,969,655.97
23. Taxes	3,810.88	2,336.04	885.00	<56.88>
24. Interest on Long-Term Debt	41,234,198.88	39,696,457.55	42,340,666.00	3,317,506.24
25. Interest Charged to Construction - Credit	<722,093.00>	<216,206.00>	<595,972.00>	<4,590.00>
26. Other Interest Expense	100,826.11	172.64	0.00	14.00
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	424,927.67	1,054,007.64	510,564.00	11,843.97
29. **Total Cost Of Electric Service** *(15 + 21 thru 28)*	**508,838,417.59**	**502,712,141.22**	**505,010,747.00**	**37,597,742.77**
30. **Operating Margins** *(4 less 29)*	**11,216,985.65**	**20,453,621.31**	**<2,143,365.00>**	**1,067,996.27**
31. Interest Income	749,654.48	1,759,560.89	1,854,540.00	152,483.46
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	0.00	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	58,674.04	2,041,282.33	1,271,325.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
38. **Net Patronage Capital Or Margins** *(30 thru 37)*	**12,025,314.17**	**24,254,464.53**	**982,500.00**	**1,220,479.73**

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED Dec-13
INSTRUCTIONS - See help in the online application.	

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
1. Electric Energy Revenues	563,385,131.72	554,834,850.49	541,736,238.00	38,233,199.96
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	4,957,104.01	7,612,407.78	3,696,500.00	1,048,295.78
4. **Total Operation Revenues & Patronage Capital***(1 thru 3)*	568,342,235.73	562,447,258.27	545,432,738.00	39,281,495.74
5. Operating Expense - Production - Excluding Fuel	48,054,670.68	47,985,339.22	51,283,392.00	3,588,807.05
6. Operating Expense - Production - Fuel	226,368,922.34	210,115,018.13	227,211,172.00	13,237,661.10
7. Operating Expense - Other Power Supply	111,465,356.58	120,770,050.58	88,837,871.00	11,778,439.48
8. Operating Expense - Transmission	10,118,765.89	10,687,506.25	9,003,645.00	840,531.40
9. Operating Expense - RTO/ISO	2,262,434.76	2,210,763.25	2,053,239.00	126,484.32
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	297,191.47	268,709.82	0.00	59,662.20
12. Operating Expense - Customer Service & Information	886,167.75	1,721,420.28	1,533,477.00	475,088.12
13. Operating Expense - Sales	191,205.48	151,056.38	142,706.00	40,054.52
14. Operating Expense - Administrative & General	26,428,744.85	39,014,414.15	28,332,053.00	15,227,317.53
15. **Total Operation Expense** *(5 thru 14)*	426,073,459.80	432,924,278.06	408,397,555.00	45,374,045.72
16. Maintenance Expense - Production	41,169,861.77	36,788,552.80	41,727,579.00	2,873,545.89
17. Maintenance Expense - Transmission	4,607,997.64	4,521,866.30	5,012,442.00	412,236.03
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	184,301.57	253,949.20	214,494.00	24,684.93
21. **Total Maintenance Expense** *(16 thru 20)*	45,962,160.98	41,564,368.30	46,954,515.00	3,310,466.85
22. Depreciation and Amortization Expense	41,090,390.70	39,424,690.00	42,314,179.00	3,053,450.44
23. Taxes	3,810.88	2,336.04	885.00	0.00
24. Interest on Long-Term Debt	45,032,787.47	43,048,802.11	46,305,686.00	3,352,344.56
25. Interest Charged to Construction - Credit	<766,677.00>	<226,243.00>	<772,744.00>	<10,037.00>
26. Other Interest Expense	147,499.02	187.24	0.00	14.60
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	546,328.23	1,053,330.44	576,918.00	<677.20>
29. **Total Cost Of Electric Service** *(15 + 21 thru 28)*	558,089,760.08	557,791,749.19	543,776,994.00	55,079,607.97
30. **Operating Margins** *(4 less 29)*	10,252,475.65	4,655,509.08	1,655,744.00	<15,798,112.23>
31. Interest Income	963,130.32	1,939,371.19	2,019,000.00	179,810.30
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	0.00	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	61,485.01	2,044,610.71	1,271,325.00	3,328.38
37. Extraordinary Items	0.00	0.00	0.00	0.00
38. **Net Patronage Capital Or Margins** *(30 thru 37)*	11,277,090.98	8,639,490.98	4,946,069.00	<15,614,973.55>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED Jan-14
INSTRUCTIONS - See help in the online application.	

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	YEAR-TO-DATE BUDGET (c)	THIS MONTH (d)
1. Electric Energy Revenues	50,637,532.97	50,955,093.49	41,682,201.00	50,955,093.49
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	361,735.27	996,140.08	930,670.00	996,140.08
4. **Total Operation Revenues & Patronage Capital***(1 thru 3)*	50,999,268.24	51,951,233.57	42,612,871.00	51,951,233.57
5. Operating Expense - Production - Excluding Fuel	4,374,814.94	3,483,470.27	3,672,655.00	3,483,470.27
6. Operating Expense - Production - Fuel	21,530,735.67	13,789,895.02	14,502,491.00	13,789,895.02
7. Operating Expense - Other Power Supply	9,327,766.57	15,234,539.24	6,993,959.00	15,234,539.24
8. Operating Expense - Transmission	771,222.43	854,277.16	737,031.00	854,277.16
9. Operating Expense - RTO/ISO	238,285.13	111,120.36	86,065.00	111,120.36
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	48,058.06	27,651.17	50,300.00	27,651.17
13. Operating Expense - Sales	0.00	4,906.25	10,569.00	4,906.25
14. Operating Expense - Administrative & General	1,750,852.41	1,955,549.16	2,613,114.00	1,955,549.16
15. **Total Operation Expense** *(5 thru 14)*	38,041,735.21	35,461,408.63	28,666,184.00	35,461,408.63
16. Maintenance Expense - Production	3,304,250.72	2,603,372.78	1,806,192.00	2,603,372.78
17. Maintenance Expense - Transmission	278,635.78	262,825.58	323,966.00	262,825.58
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	22,681.93	15,053.44	18,589.00	15,053.44
21. **Total Maintenance Expense** *(16 thru 20)*	3,605,568.43	2,881,251.80	2,148,747.00	2,881,251.80
22. Depreciation and Amortization Expense	3,414,040.31	3,005,950.25	3,184,260.00	3,005,950.25
23. Taxes	0.00	<3,052.00>	0.00	<3,052.00>
24. Interest on Long-Term Debt	3,804,033.29	3,530,666.30	3,589,575.00	3,530,666.30
25. Interest Charged to Construction - Credit	<33,562.00>	<16,578.00>	<4,288.00>	<16,578.00>
26. Other Interest Expense	12.07	12.33	0.00	12.33
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	35,139.67	3,075.70	33,810.00	3,075.70
29. **Total Cost Of Electric Service** *(15 + 21 thru 28)*	48,866,966.98	44,862,735.01	37,618,288.00	44,862,735.01
30. **Operating Margins** *(4 less 29)*	2,132,301.26	7,088,498.56	4,994,583.00	7,088,498.56
31. Interest Income	169,429.37	151,537.13	154,707.00	151,537.13
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	0.00	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
38. **Net Patronage Capital Or Margins** *(30 thru 37)*	2,301,730.63	7,240,035.69	5,149,290.00	7,240,035.69