

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE	)	
COMMISSION OF THE ENVIRONMENTAL	)	
SURCHARGE MECHANISM OF BIG RIVERS	)	CASE NO.
ELECTRIC CORPORATION FOR THE SIX-	)	2016-00368
MONTH BILLING PERIOD ENDING JULY 31, 2016	)	
AND THE PASS THROUGH MECHANISM	)	
OF ITS THREE MEMBER DISTRIBUTION	)	
COOPERATIVES	)	

COMMISSION STAFF'S THIRD REQUEST FOR  
INFORMATION TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation ("Big Rivers") is to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due no later than May 23, 2017. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Rivers shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Big Rivers fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Big Rivers shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to page 13 of the Direct Testimony of Nicholas R. Castlen (“Castlen Testimony”), Big Rivers’ response to Commission question (a) in the last paragraph regarding why Big Rivers has not considered direct billing of environmental costs. The Castlen Testimony states: “KRS 278.183 states that the recovery of environmental costs ‘not already included in existing rates shall be by environmental surcharge to existing rates imposed as a positive or negative adjustment to customer bills in the second month following the month in which costs are incurred.’ Based on my interpretation of KRS 278.183, the direct billing of monthly environmental costs based on the wholesale sales to each Member Cooperative during that same month would not satisfy this requirement.” Explain in detail why Mr. Castlen believes direct billing of environmental costs would not satisfy the requirements of KRS 278.183.

2. Refer to the response to Commission Staff's Second Request for Information, Item 1.b., which stated that "Big Rivers assumed direct billing to mean that each month Big Rivers would bill its monthly environmental costs as a direct amount based on the monthly wholesale sales to each Member Cooperative during that same month." It was not the Commission's intent that the environmental costs for a given expense month should necessarily be allocated based on the wholesale revenues for the same month, or that implementing a direct billing approach would necessitate a change or delay in the billing routine of Big Rivers as was noted in the response. Under Big Rivers' current methodology, January expenses and revenues are used to calculate an environmental surcharge factor that is applied to February usage billed in March; under the direct billing approach, January expenses and revenues would be used to calculate a dollar amount of environmental costs for the February service month to be billed in March. The Commission was suggesting an alternative approach for consideration to eliminate over/under-recovery amounts and potentially mitigate volatility in Big Rivers' monthly environmental surcharge factors. Given this, describe whether Big Rivers and its Member Cooperatives would change their position on a direct billing methodology.



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DATED MAY 11 2017

cc: Parties of Record

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