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JUN 05 2018

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT MAIL

June 4, 2018

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

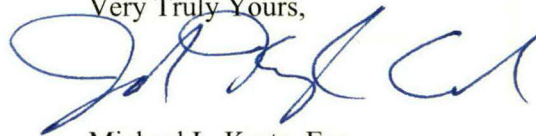
Re: Case Nos. 2018-00146

Dear Ms. Pinson:

Please find enclosed the original and ten (10) copies of the REPLY OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. 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 this 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

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) or by regular, U.S. mail, unless otherwise noted, this 4th day of June, 2018 to the following:



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JUN 05 2018

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

In The Matter Of: Notice of Termination of Contracts and : Case No. 2018-00146
Application of Big Rivers Electric Corporation for a Declaratory :
Order and for Authority to Establish a Regulatory Asset. :

REPLY OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC") submits this Reply to the Response filed by Big Rivers Electric Corporation ("Big Rivers" or "Company") on May 31, 2018. In that Response, Big Rivers attempts to block KIUC from participating in this proceeding. That attempt should be rejected.

Big Rivers requests approval of two important rate-related matters. First, Big Rivers seeks a Declaratory Order that the Station Two Contracts with the City of Henderson, Kentucky and the City of Henderson Utility Commission ("Henderson") are no longer economic and can be terminated pursuant to the Contract terms.¹ Associated with this request, Big Rivers seeks permission to continue operating the uneconomic Station Two units for up to 13 months to allow Henderson time to make alternative arrangements. Second, pursuant to KRS 278.220, Big Rivers seeks Commission approval to establish a regulatory asset of approximately \$89.6 million related to the value of the Contracts, which the Company intends to recover from customers in its next base rate case.² The Company proposes a new rate adjustment to offset the \$89.6 million regulatory asset with the Station Two depreciation expense currently built into base rates.

As discussed below, it is this second request that could result in substantial adverse financial impacts to KIUC members as well as all other ratepayers³ KIUC therefore has a special interest in preventing undue financial harm to its members that is not adequately represented by the current parties to this proceeding.

¹ Application at 2.

² Application at 3.

³ The two members of KIUC involved in this case (Kimberly Clark Corporation and Domtar Paper) purchase approximately 10% of the retail energy sold by the three distribution cooperative Members that own Big Rivers.

Moreover, KIUC has both the ability and intent to help develop the record without unduly complicating or disrupting this matter. Accordingly, KIUC satisfies the requirements of 807 KAR 5:001, Section 4(11)(b) and should be granted intervention. The Commission has already expressed an interest in additional perspectives to this matter, establishing a procedural schedule on June 1, 2018 that provides opportunities for intervention as well as intervenor testimony. Hence, there is no valid reason to preclude KIUC's participation at this time.

I. Contrary To Big Rivers' Assertions, KIUC Has A Special Interest In This Proceeding That Is Not Otherwise Adequately Represented.

Big Rivers argues that KIUC should be excluded from participating in this proceeding based upon its claim that this is merely a private contract dispute between the Company and Henderson and that KIUC has no interest in that dispute.⁴ This is a mischaracterization that ignores the affect of this case on base rates, the fuel adjustment charge ("FAC"), and the environmental surcharge.

Big Rivers' share of all Station Two fixed and variable costs are currently being recovered in base rates, the FAC, and the environmental surcharge. The Company's testimony from its last rate case states:

"Q. How are the expenses that are split between Big Rivers and the City of Henderson addressed in the Big Rivers' financial model?"

A. All costs included in the Big Rivers financial model are net of the City of Henderson's share of Station Two. Variable costs (derived from the production cost model) are allocated based on energy usage. Non-variable costs (derived from the budget and forecast) are allocated based on budgeted capacity take from Station Two."⁵

These base rate costs include variable O&M, fixed O&M including labor, Administrative and General, property taxes, insurance, depreciation, and debt service plus a 1.30 TIER. Big Rivers' share of Station Two Continuous Emission Monitors are part of the Company's approved environmental compliance plan as Project 11 and are currently being recovered in the environmental surcharge.⁶ And the difference between Station Two fuel costs included in base rates versus actual fuel costs are trued up monthly in the FAC. Accordingly, the outcome

⁴ Big Rivers' Response at 2 ("*KIUC makes no allegation of any interest, let alone a special interest, in the contract dispute between Big Rivers and Henderson or the Station Two Contracts.*").

⁵ Warren Testimony at 8-9, Tab 69, Case No. 2013-00199, Attachment 1.

⁶ Attachment 2.

of this case will directly affect *all* aspects of Big Rivers' rates. And the effect on the FAC and environmental surcharge will be immediate. This is not a mere private contract dispute.

The Company alleges that KIUC's status as a representative of two large industrial customers is no different than the status of any of its other 116,000 retail customers and is not sufficient to justify full intervention.⁷ If this were true, then no customer or group of customers could ever intervene.⁸ Big Rivers' argument is contrary to decades of Commission precedent where KIUC has routinely been granted intervenor status in Big Rivers' cases. Our Motion to Intervene lists 18 such precedents.

Additionally, the case law cited by Big Rivers to support its contention that being a ratepayer is not a sufficient special interest to warrant full intervention is strikingly inapplicable to the facts of this matter. Each of the cases cited by the Company involved either an individual residential customer or a politician seeking full intervention status in a proceeding. And in one particularly egregious case, the residential ratepayer had a proven track record of unduly disrupting and complicating the proceedings in which he participated.⁹ Unlike those potential interveners, KIUC has a special interest in this proceeding that cannot be adequately represented by the Attorney General (who has not yet moved to intervene). Nor can KIUC's interest be represented by any current party to this proceeding since no customer representative has sought intervention thus far. Further, KIUC has substantial experience in Commission proceedings, in addition to professional and technical expertise, and has repeatedly proven itself to be a helpful participant in those proceedings. The cited cases therefore do not provide a basis for barring KIUC's participation in this case.

KIUC would also note that in the original Commission proceeding to approve the Station Two Contract amendments as part of Big Rivers' exit from bankruptcy and lease of its generating units for twenty five years to

⁷ Big Rivers' Response at 2. (*"The interest of these two customers and its representative in this proceeding is no different than that of any of the other more than 116,000 retail customers of Big Rivers' distribution cooperative member-owners."*)

⁸ Big Rivers' blanket prohibition would apply to all typical interveners, including KIUC, Walmart, Kroger, Fayette County, the Kentucky League of Cities, the School Board Association, Kentucky Commercial Utility Customers, the Sierra Club as well as all of the low income groups.

⁹ Order, Case No. 2007-337 (September 14, 2007) at 3 (*"LG&E further notes Mr. Madison's practice of filing inflammatory and irrelevant testimony in previous cases in which he has been granted full intervention."*) and at 4 (*"The AG notes that, based on prior cases, Mr. Madison has proved that his presence serves to unduly disrupt or complicate the proceedings in which he participates."*).

the unregulated LG&E Parties¹⁰, the Commission permitted twelve parties to intervene. The twelve parties involved in the original Station Two Contract proceeding included the Office of the Attorney General (“AG”), Southwire Company and NSA, Inc., Alcan Aluminum Corporation, Green River Electric Corporation, Henderson Union Electric Cooperative Corporation, Jackson Purchase Electric Cooperative Corporation, Meade County Rural Electric Cooperative Corporation, Chase Manhattan Bank, Bank of New York, Commonwealth Industries Inc., Willamette Industries Inc., PacifiCorp Power Marketing Inc, and the Kentucky Association of Plumbing, Heating and Cooling Contractors, Inc.¹¹ The undersigned counsel for KIUC represented three of those parties (the two aluminum smelters plus Commonwealth Industries).

If Big Rivers is correct that the Station Two Contracts are no longer economic, then, depending on the rate treatment, it is likely that KIUC would support the Company’s request to declare the Contracts terminated. But no matter how the Commission rules, the outcome of this case will directly affect base rates, and will directly and immediately affect the FAC and environmental surcharge rates.

II. Big Rivers Errs in Alleging That KIUC Will Not Present Issues or Develop Facts That Will Assist the Commission in Fully Considering this Matter Without Unduly Complicating or Disrupting the Proceedings.

Big Rivers claims that because the Company is not requesting immediate recovery from customers of the \$89.6 million in Station Two contract costs that it seeks to defer as a regulatory asset, KIUC should be barred from intervening.¹² The Commission should disregard this claim since important ratemaking issues are being decided now.

Big Rivers’ argument is contrary to Commission precedent. Indeed, as recently as 2016, KIUC was permitted to intervene in a Commission proceeding addressing Kentucky Power’s request to establish a \$4.69

¹⁰ The unregulated LG&E Parties included LG&E Energy Corp., Western Kentucky Energy Corp., LG&E Energy Marketing and WKE Station Two.

¹¹ Order, Case No. 98-267 (July 14, 1998) at 2 (noting that all parties to Case No. 97-204 were made party to the case).

¹² Response at 5. (“While Big Rivers is asking for a regulatory asset to defer the costs related to the contract termination, recovery of those costs through rates is not a subject of this case and will instead be addressed in Big Rivers’ next rate case.”)

million regulatory asset related to two major storm events in its service territory.¹³ And the potential rate implications of Big Rivers' request for ratepayers in its service territory are of a far greater magnitude than those at issue in the Kentucky Power case.

Under the Financial Accounting Standards Board ("FASB") Accounting Standards, Commission approval of a regulatory asset renders future recovery of that asset from customers "*probable*."¹⁴ The Commission has previously explained this policy before, noting that "[a] utility, pursuant to FASB 71, is entitled to accrue a "*regulatory asset*" (an expense carried on the books as an asset) **if it is probable that the cost will be allowed in rates and the revenue allowed is to recover the previously incurred cost rather than to provide for expected levels for similar future costs.**"¹⁵ (Emphasis added). Hence, if the Commission approves the Company's request, Big Rivers will use any approval order as the legal basis for a request to require customers to pay the \$89.6 million deferral. Therefore, the interest of KIUC is directly impacted now.

Beyond approval of the \$89.6 million regulatory asset for later recovery, Big Rivers has injected current ratemaking into this case. Big Rivers proposes to offset the \$89.6 million regulatory asset with the Station Two depreciation expense currently being recovered in base rates. Big Rivers has not identified the amount of the proposed depreciation offset. As discussed below, KIUC is not likely to support a deferral, but if a deferral is approved, then the offset should be all non-variable Station Two costs (except debt service and TIER) currently being recovered in base rates and the environmental surcharge, not just depreciation. If the Station Two contract is declared over, then Station Two fixed costs would no longer be incurred by the Company and all of those avoided fixed costs should be used to offset any deferral. This is a current ratemaking issue, not one for the next rate case.

¹³ *In the Matter of the Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with Two 2015 Major Storm Events*, Order, Case No. 2016-00180 (November 3, 2016).

¹⁴ ACS-980-340-25-1.

¹⁵ Order, Case No. 2000-120 (November 27, 2000) at 22 (emphasis added).

With respect to Big Rivers' claim that KIUC has failed to point to any specific issues or facts that it will help develop in this proceeding¹⁶, KIUC can elaborate further on this claim. Specifically, it is very likely that a write-off of the \$89.6 million from Member-Equity is more reasonable than a deferral with later recovery in Member Rates.

In 2008, immediately before the Unwind from the long-term LG&E Energy lease, Big Rivers' equity balance was a negative \$154.602 million. By 2009, its equity balance had quickly grown by \$553.994 million, to a positive \$379.392 million. This immediate increase in Member-Equity was one of the primary benefits of the Unwind, and it was received in exchange for consumers giving up a long-term largely fixed power supply arrangement from the unregulated LG&E entities. With the exit of the two aluminum smelters for market pricing, the Unwind has turned out poorly for the remaining ratepayers. Since the Unwind, rates for the Large Industrial customers have approximately doubled. The cash rate increases for the Rural and Large Industrial customers would have been higher were it not for the deferral of depreciation expense related to plants Wilson (approximately \$20 million per year) and Coleman (approximately \$6 million per year).

As of April 2018, the Wilson and Coleman depreciation deferral balance stood at approximately \$125 million.¹⁷ The Wilson/Coleman deferral balance grows at \$26 million per year. If the Station Two deferral of \$89.6 million is approved, then the total deferred amount that is "*probable*" (but not guaranteed) for recovery from ratepayers would be \$214.6 million (and growing). That is not sustainable for a small system that has already experienced significant rate increases.

Big Rivers' current Member-Equity balance is \$498.1 million. This is 36% of capitalization. By contrast, the equity capitalization of East Kentucky Power Cooperative is under 20%. Under its Indenture and 2015 Senior Secured Credit Agreement, Big Rivers' minimum equity balance is required to be \$375 million, plus

¹⁶ Response at 3-4. ("In order to meet the other permissible ground for intervention under 807 KAR 5:001 Section 4(11)(b), KIUC must demonstrate the likelihood of presenting issues or developing facts that 'assist the [C]omission in fully considering the matter without unduly complicating or disrupting the proceedings.' KIUC has failed to make such a showing.")

¹⁷ Attachment 3 (Regulatory Assets on the balance sheet are listed at \$125,007,900).

50% of its cumulative positive net margins for the fiscal years after 2015.¹⁸ This means that the Company's minimum equity balance is approximately \$400 million. Therefore, all or most of the \$89.6 million Station Two expense can be written off without violating this debt covenant.

Big Rivers' debt agreements also require that it achieve a minimum Margins For Interest Ratio ("MFIR") of 1.10. A write-off would not violate this covenant since the calculation of MFIR excludes non-recurring charges to income, including the non-recoverability of assets or expenses.¹⁹ For example, in 2014, Big Rivers paid \$19.5 million to settle coal company litigation and this non-recurring expense was excluded from the MFIR calculation.²⁰ Similarly, the \$6.25 million that Big Rivers recently paid to the City of Henderson to settle its "excess energy" contract litigation will also be excluded from its MFIR as non-recurring.

Instead of making a future rate increase probable through the establishment of a new deferral, it may be more reasonable to write-off the \$89.6 million Station Two expense out of Member-Equity. That would utilize one of the primary benefits of the Unwind (increased Member-Equity) for the real and tangible benefit of the Members. It is Member money either way, but a write-off of equity would be less damaging to consumers and the economy than a cash rate increase. The unlikely promise of some future distribution of Patronage Capital to the Member-Owners would provide little comfort to those residential consumers struggling to pay their bills and those businesses struggling to compete.

If granted intervention, KIUC would likely further develop this issue for the Commission. Consequently, Big Rivers' claims regarding a lack of specificity by KIUC have been addressed.

¹⁸ Big Rivers 2016 Annual Report, fn 4(f) Covenants ("*Big Rivers must maintain a Minimum Equities balance of "\$375,000 plus 50% of the Company's cumulative positive net margins for each of the preceding fiscal years."*).

¹⁹Big Rivers May 27, 2010 County of Ohio, Kentucky Pollution Control Bond Prospectus at E-5. ("*Our net margins (which represent our revenues subject to refund at a later date but exclude provisions for (i) non-recurring charges to income, including the non-recoverability of assets or expenses...*")

²⁰ Big Rivers' 2014 Annual Report at fn 3(f) Covenants ("*Big Rivers' MFIR for the fiscal year ended December 31, 2014 was 2.25, as adjusted to exclude a \$19,500 non-recurring charge to income.*").

WHEREFORE, KIUC requests that it be granted full intervenor status in the above-captioned proceedings.

Respectfully submitted,



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

June 4, 2018

ATTACHMENT 1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES)))	Case No. 2013-00199
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DIRECT TESTIMONY

OF

CHRISTOPHER A. WARREN
SENIOR FORECAST/FINANCIAL ANALYST

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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**DIRECT TESTIMONY
OF
CHRISTOPHER A. WARREN**

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DIRECT TESTIMONY
OF
CHRISTOPHER A. WARREN

5 **I. INTRODUCTION**

6
7 **Q. Please state your name, business address, and position.**

8 A. My name is Christopher A. Warren. I am employed by Big Rivers Electric Corporation
9 (“Big Rivers”), 201 Third Street, Henderson, Kentucky 42420, as a Senior
10 Forecast/Financial Analyst.

11 **Q. Please describe your job responsibilities.**

12 A. I report to the Director of Finance. My responsibilities include maintaining Big Rivers’
13 financial model, performing economic analysis, and analyzing financials.

14 **Q. Briefly describe your education and work experience.**

15 A. I have held my current position since January 2013. From 2009-2012 I held the
16 position of Senior Budget Analyst upon the closing of the transaction that unwound Big
17 Rivers’ 1998 lease with E.ON U.S., LLC and its affiliates (the “Unwind Transaction”),
18 described in Case No. 2007-00455. Prior to the closing of the Unwind Transaction, I
19 was employed by Western Kentucky Energy Corporation (“WKE”) for 8 years as a
20 Budget Analyst. I earned a Bachelor of Science in Accounting degree from Kentucky
21 Wesleyan College. A summary of my education and work experience is attached as
22 Exhibit Warren-1.

23 **Q. Have you previously testified before the Kentucky Public Service Commission**
24 **(“Commission”)?**

1 A. Yes. I provided testimony and sponsored responses to data requests in Case No. 2012-
2 00535. I also sponsored responses to data requests in the fuel adjustment cost review in
3 Case No. 2012-00323.

4

5 **II. PURPOSE OF TESTIMONY**

6

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is: (i) to describe the Big Rivers financial model, which is
9 part of the Big Rivers budgeting and forecasting process, (ii) to describe the results of
10 the Big Rivers financial model, and (iii) to sponsor certain filing requirements from 807
11 KAR 5:001.

12 **Q. Are you sponsoring any exhibits?**

13 A. Yes. I have prepared the following exhibits to my prepared testimony:

14 Exhibit Warren-1 Qualifications of Christopher A. Warren

15 Exhibit Warren-2 Big Rivers Financial Model

16 Exhibit Warren-3 Financial Results With and Without Rate Increase

17

18 **III. BIG RIVERS FINANCIAL MODEL**

19

20 **Q. Please provide a general description of the Big Rivers financial model.**

21 A. The Big Rivers financial model is an in-house developed spreadsheet model which
22 calculates revenues and generates financial statements and financial metrics based on

1 data provided by the budget and financial forecast, the production cost model, the load
2 forecast, and rate design from the cost of service study.

3 **Q. How does the Big Rivers financial model fit into the budget and forecast**
4 **development process?**

5 A. Big Rivers' forecasted expenditures are input into the financial model, along with
6 production cost model output data and load data to generate a full set of financial
7 statements.

8 **Q. What are the inputs to the Big Rivers financial model?**

9 A. Inputs to the Big Rivers financial model include member base rates, demand and
10 energy forecasts for billing purposes, production cost model outputs, debt payment
11 schedules, depreciation and amortization, capital expenditures, and all expense items
12 captured by the budget and forecast (including fixed departmental expenses and
13 departmental labor forecasts).

14 **Q. What are the outputs of the Big Rivers financial model?**

15 A. Outputs of the Big Rivers financial model include total revenues, expenses, margins,
16 Times Interest Earned Ratio ("TIER"), and information included in the statement of
17 operations, balance sheet, and cash flow statement.

18 **Q. How is the revenue forecast developed in the Big Rivers financial model?**

19 A. The revenue forecast is developed by applying the appropriate rates to the projected
20 consumption for each rate class. For the Rural and Large Industrial classes, the
21 demand and energy rates are applied to the projected demand and energy volumes
22 respectively. For Alcan Primary Products Corporation ("Alcan") and Century
23 Aluminum of Kentucky General Partnership ("Century") (collectively, the "Smelters"),

1 the Big Rivers financial model mirrors the terms of the agreements relating to electric
2 service provided to the Smelters (the “Smelter Agreements”) to determine the total
3 revenue, for any months in which the Smelters are served by Big Rivers. In the test
4 period used in this filing, the Big Rivers financial model reflects that Big Rivers is not
5 providing service to the Smelters, pursuant to their respective Notices of Contract
6 Termination.

7 **Q. Does the Big Rivers financial model determine the appropriate charges for the**
8 **Fuel Adjustment Clause (“FAC”), Environmental Surcharge (“ES”), and Non-**
9 **FAC Purchase Power Adjustment (“Non-FAC PPA”) for each of the rate classes?**

10 A. Yes. The financial model assumes that these rate component mechanisms recover the
11 costs that are appropriate for inclusion in the mechanisms. The financial model does
12 not simulate the regulatory lag associated with each – in other words, the financial
13 model assumes perfect rate treatment for the costs that qualify for inclusion in the FAC,
14 ES, and Non-FAC PPA. The effects of this assumption over time for budgeting and
15 ratemaking purposes should be negligible given the over/under recovery mechanisms
16 built into Big Rivers’ riders.

17 **Q. How does the Big Rivers financial model apply the Economic Reserve and Rural**
18 **Economic Reserve funds that Big Rivers established as part of the transaction that**
19 **the Commission approved in Case No. 2007-00455 (the “Unwind Transaction”)?**

20 A. The Big Rivers financial model tracks the Economic Reserve (“ER”) and the Rural
21 Economic Reserve (“RER”). The ER and RER are both rate mitigation funds and are
22 modeled to mirror two tariff riders: the Member Rate Stability Mechanism (“MRSM”)
23 and the Rural Economic Reserve Rider, respectively. They are currently used to

1 cushion the effect of future rate increases for fuel and environmental expenses on Big
2 Rivers' rates to its Rural and Large Industrial classes, and amounts drawn from the
3 funds are recorded as revenue. Big Rivers is proposing changes to the MRSM and
4 Rural Economic Reserve Rider in this case to accelerate the use of the reserve funds to
5 also fully offset the increase proposed in this case until the reserve funds are depleted.
6 Those changes are described in the Direct Testimony of Ms. Billie J. Richert.

7 **Q. Does the Big Rivers financial model reflect the terms and conditions of the Smelter**
8 **Agreements?**

9 A. Yes. The financial model retains the functionality to properly model the terms and
10 conditions of the Smelter Agreements, including treatment of Base Monthly Energy,
11 Base Fixed Energy, FAC, ES, Non-FAC PPA, Rebate, TIER Adjustment Charge, and
12 Surcharge. However, while the functionality to model these terms remains in the
13 model, the values for these items are zero in the proposed forecasted test period,
14 because Big Rivers is not serving the Smelters under these contracts in that time period
15 and beyond.

16 **Q. Does the Big Rivers financial model determine the appropriate expenses related to**
17 **the FAC, ES, and Non-FAC PPA for each of the rate classes?**

18 A. Yes. The Big Rivers financial model determines the costs that qualify for inclusion in
19 these rate mechanisms.

20 **Q. How does the Big Rivers financial model address revenue from off-system sales?**

21 A. Off-system sales revenues in the Big Rivers financial model are derived by applying
22 the off-system sales prices to the off-system sales volumes determined from the
23 production cost model output.

1 **Q. Does the Big Rivers financial model include any other non-member revenues?**

2 A. Yes, the Big Rivers financial model includes transmission revenue, rental income,
3 interest income, and patronage allocations. All of these non-member revenues serve to
4 offset expenses and improve TIER, thereby reducing the revenue required from Big
5 Rivers' members.

6 **Q. How are the outputs of the production cost model incorporated into the Big Rivers
7 financial model?**

8 A. A worksheet in the Big Rivers financial model captures data from the production cost
9 model output file, net of the City of Henderson's share of the Station Two generating
10 station. This worksheet captures MWh sales volumes, fuel purchased, off system sales
11 price, purchased power volumes and prices, variable environmental compliance costs,
12 and allowances allocated and consumed.

13 **Q. How are capital expenditures incorporated into the Big Rivers financial model?**

14 A. A worksheet in the Big Rivers financial model captures the capital expenditures
15 contained in the capital budget and financial forecast. Capital expenditures are then
16 reflected in the cash flow statement and on the balance sheet. Capital expenditures for
17 compliance with the Mercury and Air Toxics Standards ("MATS") rule are also tracked
18 on a separate sheet for inclusion in the environmental compliance rate base once the
19 assets are placed into service.

20 **Q. How are the expenses that are split between Big Rivers and the City of Henderson
21 addressed in the Big Rivers financial model?**

22 A. All costs included in the Big Rivers financial model are net of the City of Henderson's
23 share of Station Two. Variable costs (derived from the production cost model) are

1 allocated based on energy usage. Non-variable costs (derived from the budget and
2 forecast) are allocated based on budgeted capacity take from Station Two.

3 **Q. How is existing debt addressed in the Big Rivers financial model?**

4 A. Information related to existing debt issues (beginning balances, principal payments,
5 interest payments, and amortization of upfront costs) is input to the Big Rivers financial
6 model from existing debt amortization schedules. Existing debt issues include the RUS
7 Series A Note, the RUS Series B Note, the County of Ohio Pollution Control Bonds,
8 the CoBank Term Loan, the CFC Term Loan, and the CFC Equity Loan.

9 **Q. What are the assumptions regarding future debt issues?**

10 A. There is one new debt issue planned in the 2014-2016 period: a debt issue for
11 environmental compliance assets. The environmental compliance borrowing is
12 assumed to occur under a short-term (3 year) revolver while Big Rivers seeks long-term
13 financing with RUS. Borrowings for environmental compliance occur as funds are
14 needed during construction and bear an interest rate of 3%. Debt issuance costs of \$0.4
15 million are amortized over the 3-year life of the short-term borrowing.

16
17 **IV. FINANCIAL MODEL RESULTS**

18
19 **Q. Does the Big Rivers financial model calculate Big Rivers' projected margins and
20 TIER?**

21 A. Yes. The model determines Big Rivers' projected margins and TIER for 2014, 2015,
22 and the fully forecasted test period (February 2014 to January 2015). These can be
23 calculated both with and without the proposed rate increase.

1 **Q. What are Big Rivers' projected margins with and without the proposed rate**
2 **increase?**

3 A. Projected margins for the following periods with and without the proposed increase are
4 tabulated in the following Table 1.

5 **Table 1. Margins Forecast**

Period	Margins Without Proposed Rate Increase (Millions of \$)	Margins With Proposed Rate Increase (Millions of \$)
2014	(59.4)	4.5
Fully Forecasted Test Period	(65.4)	5.0
2015	(61.1)	9.5

6

7 **Q. What is Big Rivers' projected TIER with and without the proposed rate increase?**

8 A. Projected TIER for the following periods with and without the proposed increase is
9 tabulated in the following Table 2.

10

1

Table 2. TIER Forecast

Period	TIER Without Proposed Rate Increase	TIER With Proposed Rate Increase
2014	(0.36)	1.10
Fully Forecasted Test Period	(0.49)	1.11
2015	(0.40)	1.22

2

3 **Q. Is the proposed rate increase necessary to allow Big Rivers to achieve the**
4 **necessary margins and corresponding TIER outlined in the Direct Testimony of**
5 **Ms. Billie J. Richert?**

6 **A.** Yes. A comparison of Big Rivers’ financial results with and without the proposed rate
7 increase is provided in Exhibit Warren-3. As that exhibit and the data in Tables 1 and 2
8 above plainly show, Big Rivers’ financial situation absent the proposed rate increase is
9 dire. The proposed rate increase allows Big Rivers to meet the minimum Margins For
10 Interest Ratio (“MFIR”) requirement of 1.10 in 2014, and also permits Big Rivers to
11 secure a TIER of 1.22 in 2015 and TIER of 1.11 in the fully forecasted test period.

12

13 **V. FILING REQUIREMENTS**

14

15 **Q. Are you sponsoring any of the answers provided in Tabs 1-59 which address Big**
16 **Rivers’ compliance with the fully forecasted test period filing requirements under**
17 **807 KAR 5:001 and its various subsections?**

1 A. Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
2 identified as the sponsoring witness.

3 **Q. Are you sponsoring any of the pro forma adjustments included in the revenue**
4 **requirement tabulation in Exhibit Wolfram-2?**

5 A. Yes. I am sponsoring Schedule 1.01 for the removal of revenues and expenses included
6 in the FAC, Schedule 1.02 for the removal of revenues and expenses included in the
7 ES, Schedule 1.03 for the removal of revenues and expenses included in the Non-FAC
8 PPA, and Schedule 1.09 for the removal of revenue credits from the Surcredit
9 associated with the Smelter Surcharge. These are the adjustments allowed by standard
10 Commission practice and reflect the removal of the amounts for these rate mechanisms
11 as calculated in the Big Rivers financial model.

12

13 **VI. CONCLUSION**

14

15 **Q. What are your conclusions and recommendations to the Commission in this**
16 **proceeding?**

17 A. The fully forecasted test period in this case relies on a financial model and
18 corresponding financial forecast projection that is reasonable, reliable, made in good
19 faith, and based on assumptions that are justified. The fully forecasted test period in
20 this rate filing relies on the same financial model, assumptions, and results that are used
21 by Big Rivers' management in the ordinary course of business. The financial model
22 demonstrates that for 2014 and beyond, Big Rivers requires the proposed rate increase

1 in order to meet its financial obligations. The Commission should approve the
2 proposed rates as filed by Big Rivers in this proceeding.

3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

ATTACHMENT 2



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

April 19, 2018

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

RECEIVED

APR 20 2018

**PUBLIC SERVICE
COMMISSION**

RE: Big Rivers Electric Corporation
Environmental Surcharge

Dear Ms. Pinson:

Enclosed is Big Rivers' Environmental Surcharge (ES) filing for the March 2018 expense month. The ES Factor calculated in this filing is based on Big Rivers' actual revenue and expense data for March 2018 and is to be applied to invoices for service delivered during April 2018, which will be billed early May 2018.

KRS 278.183(3) requires the monthly ES Factor be filed with the Commission ten (10) days before it is scheduled to go into effect. Accordingly, this filing is in compliance therewith.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Castlen".

Nick Castlen, CPA
Manager Finance, Big Rivers Electric Corporation

Enclosure

c: Paul G. Smith, Chief Financial Officer
Donna M. Windhaus, Director Accounting
DeAnna M. Speed, CPA, Director Finance and Budgets
Mr. Dennis Cannon, Jackson Purchase Energy Corporation
Jeff Hohn, Kenergy Corp.
Marty Littrel, Meade County RECC
Tyson Kamuf, Corporate Attorney

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

**Calculation of Monthly Billed Environmental Surcharge Factor - MESF
For the Expense Month Ending: March 31, 2018**

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor

Calculation of MESF:

CESF, from ES Form 1.10	=	8.530789%
BESF	=	0.000000%
MESF	=	8.530789%

Effective Date for Billing: May 1, 2018

Submitted by: _____

Title: Manager Finance

Date Submitted: _____

4-19-2018

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor

For the Expense Month Ending: March 31, 2018

Calculation of Total E(m)

E(m) = OE + BAS + RORB, where	\$	2,493,175
OE = Pollution Control Operating Expenses	\$	2,347,351
BAS = Total Proceeds from By-Product and Allowance Sales	\$	-
RORB = [(RB/12) x (RORORB)]	\$	145,824

(1) Rate Base (RB) (Form 2.00)	=	\$	28,178,561
(2) Rate Base / 12	=	\$	2,348,213
(3) Rate of Return on Environmental Compliance Rate Base (RORORB)	=		6.21%
(4) Return on Rate Base (RORB) (2) x (3)	=	\$	145,824
(5) Operating Expenses (Form 2.00)	=	\$	2,347,351
(6) By-Product and Emission Allowance Sales (BAS) (Form 2.00)	=	\$	-
(7) Sub-Total E(m) (4) + (5) - (6)	=	\$	2,493,175

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8) Member System Allocation Ratio for the Month (Form 3.00)	=		67.029119%
(9) Subtotal E(m) = Subtotal E(m) x Member System Allocation Ratio (7) x (8)	=	\$	1,671,153
(10) Adjustment for (Over)/Under Recovery, as applicable (Form 2.00)	=	\$	(5,151)
(10a) Prior Period Adjustment	=	\$	-
(11) E(m) = Subtotal E(m) plus (Over)/Under Recovery plus Prior Period Adjustment (9) + (10) + (10a)	=	\$	1,666,002
(12) R(m) = Average Monthly Member System Revenue for the 12 Months Ending with the Current Expense Month (Form 3.00)	=	\$	19,529,283
(13) CESF: E(m) / R(m); as a % of Revenue (11) + (12)	=		8.530789%

BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs

For the Expense Month Ending: March 31, 2018

RB**Determination of Environmental Compliance Rate Base**

Eligible Pollution Control Plant (Gross Plant) (Form 2.10)	\$ 28,278,023
Eligible Pollution Control CWIP (Form 2.10)	\$ -
<hr/> Subtotal	<hr/> \$ 28,278,023
 <i>Additions:</i>	
Inventory - Spare Parts (Form 2.20)	\$ 142,631
Inventory - Limestone (Form 2.20)	\$ 158,378
Inventory - Emission Allowances (Forms 2.31, 2.32, 2.33, and 2.34)	\$ 79,037
Cash Working Capital Allowance (Form 2.40)	\$ 837,539
<hr/> Subtotal	<hr/> \$ 1,217,585
 <i>Deductions:</i>	
Accumulated Depreciation on Eligible Pollution Control Plant (Form 2.10)	\$ 1,317,047
<hr/> Subtotal	<hr/> \$ 1,317,047
<hr/> Environmental Compliance Rate Base	<hr/> \$ 28,178,561

OE**Determination of Pollution Control Operating Expenses:**

Monthly Operation & Maintenance Expense (Form 2.50)	\$ 2,284,084
Monthly Depreciation and Amortization Expense (Form 2.10)	\$ 57,264
Monthly Taxes Other Than Income Taxes (Form 2.10)	\$ 5,699
Monthly Insurance Expense ⁽¹⁾	\$ -
Monthly Emission Allowance Expense (Forms 2.31, 2.32, 2.33, and 2.34)	\$ 304
Amortization of Regulatory Asset	\$ -
<hr/> Total Pollution Control Operation Expense	<hr/> \$ 2,347,351

BAS**Proceeds From By-Product and Allowance Sales:**

Allowance Sales	\$ -
Scrubber By-Products Sales	\$ -
<hr/> Total Proceeds from Sales	<hr/> \$ -

True-up Adjustment: Over/(Under) Recovery of Monthly Surcharge

B. Net Jurisdictional E(m) for January 2018 Expense Month	\$ 1,723,347
D. E(m) recovered from February 2018 Sales (Billed in March 2018)	\$ 1,728,498
E. Over/(Under) Recovery	\$ 5,151
Over recovery will be deducted from Jurisdictional E(m); (Under) recovery will be added to Jurisdictional E(m)	

⁽¹⁾ Monthly Insurance Expense is included with the Monthly Taxes Other Than Income Taxes amount above.

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Plant, CWIP, Depreciation, & Taxes and Insurance Expenses**

For the Expense Month Ending: March 31, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Project No.	Description	Eligible Gross Plant in Service	Eligible Accumulated Depreciation	CWIP Amount	Eligible Net Plant (2) - (3) + (4)	Monthly Depreciation Expense	Monthly Taxes and Insurance Expense
2012 Plan:							
Project 9	Wilson-Dry Sorbent Injection	\$ 6,555,370	\$ 305,315	\$ -	\$ 6,250,055	\$ 13,275	\$ 1,385
Project 10	Green-Dry Sorbent Injection	\$ 21,472,399	\$ 1,000,077	\$ -	\$ 20,472,321	\$ 43,482	\$ 4,229
Project 11	HMPL SII-Continuous Emission Monitors	\$ 250,254	\$ 11,655	\$ -	\$ 238,598	\$ 507	\$ 85
					\$ -		
	Total	\$ 28,278,023	\$ 1,317,047	\$ -	\$ 26,960,975	\$ 57,264	\$ 5,699

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

Inventories of Spare Parts and Limestone

For the Expense Month Ending: March 31, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Description	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory (2)+(3)+(4)-(5)	Reason(s) for Adjustment
<u>Spare Parts:</u>						
Wilson - 2012 Plan Project 9 Spare Parts	\$ 38,320	\$ -	\$ -	\$ -	\$ 38,320	
Green - 2012 Plan Project 10 Spare Parts	\$ 88,445	\$ 22,443	\$ -	\$ 16,126	\$ 94,762	
HMPL SII - 2012 Plan Project 11 Spare Parts	\$ 9,935	\$ -	\$ -	\$ 386	\$ 9,549	
					\$ -	
					\$ -	
Sub-total (Spare Parts)	\$ 136,700	\$ 22,443	\$ -	\$ 16,512	\$ 142,631	
<u>Limestone:</u>						
Wilson - Limestone Inventory	\$ 177,298	\$ 153,569	\$ -	\$ 172,489	\$ 158,378	
					\$ -	
Sub-total (Limestone)	\$ 177,298	\$ 153,569	\$ -	\$ 172,489	\$ 158,378	
Total	\$ 313,998	\$ 176,012	\$ -	\$ 189,001	\$ 301,009	

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

Inventory and Expense of Emission Allowances

For the Expense Month Ending: March 31, 2018

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year					Comments and Explanations
	SO ₂ ARP	NOx Ozone Season CSAPR	NOx Annual CSAPR	SO ₂ CSAPR	SO ₂ ARP	NOx Ozone Season CSAPR	NOx Annual CSAPR	SO ₂ CSAPR	
2013	3,893	-	-	-	\$ 1,479.58	\$ -	\$ -	\$ -	The emission allowances reported on this form represent Big Rivers' remaining emission allowances under the Environmental Protection Agency's ("EPA") Cross State Air Pollution Rule ("CSAPR") and Acid Rain Program ("ARP").
2014	40,862	-	-	-	\$ 15,530.14	\$ -	\$ -	\$ -	
2015	40,616	-	-	-	\$ 15,436.64	\$ -	\$ -	\$ -	
2016	40,862	-	4,987	14,695	\$ 15,530.14	\$ -	\$ -	\$ -	
2017	40,862	1,832	8,437	11,671	\$ 15,530.14	\$ -	\$ -	\$ -	
2018	40,862	2,165	8,282	11,103	\$ 15,530.14	\$ -	\$ -	\$ -	
2019	40,862		8,282	11,103					
2020	40,862		5,701	7,577					2020 NOx Annual CSAPR Allowances allocated to Big Rivers:
2021	40,862								Coleman: 0
2022	40,862								Reid: 166
2023	40,862								Green: 2,890
2024	40,862								Wilson: 2,645
2025	40,862								Total 2020 Allocations: 5,701
2026	40,862								
2027	40,862								2020 SO ₂ CSAPR Allowances allocated to Big Rivers:
2028	40,862								Coleman: 0
2029	40,862								Wilson: 3,614
2030	40,862								Green: 3,735
2031	40,862								Reid: 228
2032	40,862								Total 2020 Allocations: 7,577
2033	40,862								
2034	40,862								
2035	40,862								
2036	40,862								
2037	40,862								
2038	40,862								
2039	40,862								
2040	40,862								

Other than the assignment of allowances by EPA, inventory adjustments include, but are not limited to, purchases, allowances acquired as part of other purchases, and the sale of allowances.

BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
O&M Expenses and Determination of Cash Working Capital Allowance

For the Expense Month Ending: March 31, 2018

Eligible O&M Expenses	
Apr-17	\$ 463,530
May-17	\$ 508,211
Jun-17	\$ 548,004
Jul-17	\$ 482,551
Aug-17	\$ 582,987
Sep-17	\$ 633,682
Oct-17	\$ 506,422
Nov-17	\$ 506,077
Dec-17	\$ 568,496
Jan-18	\$ 691,603
Feb-18	\$ 620,529
Mar-18	\$ 588,221
Total 12 Month O&M	\$ 6,700,313
Average Monthly O&M	\$ 558,359

Determination of Working Capital Allowance	
12 Months O&M Expense	\$ 6,700,313
One-Eighth (1/8) of 12 Month O&M Expenses	\$ 837,539

BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Pollution Control - Operations & Maintenance Expenses

For the Expense Month Ending: March 31, 2018

O&M Expense Account	COLEMAN Station	GREEN Station	HMPL SH Station	WILSON Station	REID Station	TOTAL All Stations
2007 Plan:						
NOx Plan						
Anhydrous Ammonia	\$ -	\$ -	\$ -	\$ 45,354	\$ -	\$ 45,354
Emulsified Sulphur for NOx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Individual Expense Account Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Individual Expense Account Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total NOx Plan O&M Expenses	\$ -	\$ -	\$ -	\$ 45,354	\$ -	\$ 45,354
SO2 Plan						
Disposal-Bottom Ash	\$ -	\$ 2,280	\$ 1,973	\$ 4,301	\$ 651	\$ 9,205
Disposal-Fly Ash	\$ -	\$ 272,815	\$ 70,309	\$ 125,558	\$ -	\$ 468,682
Off Spec Gypsum	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixation Lime	\$ -	\$ 102,676	\$ 220	\$ 21,591	\$ -	\$ 124,487
Disposal-Flyash/Bottom Ash/Sludge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reagent-Calcium Oxide (landfill stab.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reagent-Limestone	\$ -	\$ -	\$ -	\$ 172,489	\$ -	\$ 172,489
Reagent-Lime	\$ -	\$ 611,510	\$ 1,264	\$ -	\$ -	\$ 612,774
Emulsified Sulphur for SO2	\$ -	\$ 10,014	\$ -	\$ 3,610	\$ -	\$ 13,624
Reagent-DiBasic Acid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reagent-Sodium BiSulfite for SO2	\$ -	\$ 91,114	\$ -	\$ 40,953	\$ -	\$ 132,067
Reagent-Hydroxy Basic Acid	\$ -	\$ -	\$ -	\$ 117,181	\$ -	\$ 117,181
Total SO2 Plan O&M Expenses	\$ -	\$ 1,090,409	\$ 73,766	\$ 485,683	\$ 651	\$ 1,650,509
SO3 Plan						
Hydrated Lime - SO3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Activated Carbon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Individual Expense Account Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total SO3 Plan O&M Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Pollution Control - Operations & Maintenance Expenses**

For the Expense Month Ending: March 31, 2018

O&M Expense Account	COLEMAN Station	GREEN Station	HMPL SH Station	WILSON Station	REID Station	TOTAL All Stations
2012 Plan:						
Project 9 - Wilson Hg						
	\$ -	\$ -	\$ -	\$ 86,943	\$ -	\$ 86,943
Total Project 9 O&M Expenses	\$ -	\$ -	\$ -	\$ 86,943	\$ -	\$ 86,943
Project 10 - Green Hg						
	\$ -	\$ 493,685	\$ -	\$ -	\$ -	\$ 493,685
Total Project 10 O&M Expenses	\$ -	\$ 493,685	\$ -	\$ -	\$ -	\$ 493,685
Project 11 - HMPL SH Hg						
	\$ -	\$ -	\$ 7,593	\$ -	\$ -	\$ 7,593
Total Project 11 O&M Expenses	\$ -	\$ -	\$ 7,593	\$ -	\$ -	\$ 7,593
Current Month O&M Expense for All Plans	\$ -	\$ 1,584,094	\$ 81,359	\$ 617,980	\$ 651	\$ 2,284,084

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R(m)

For the Expense Month Ending: March 31, 2018

Revenues from Member Systems							Total Company Revenues			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Month	Base Rate Revenues	Fuel Clause Revenues	Non-FAC PPA Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Off-System Sales	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)	
Apr-17	\$ 14,920,826	\$ 199,325	\$ 291,674	\$ 1,114,330	\$ 16,526,155	\$ 15,411,825	\$ 8,949,020	\$ 25,475,175	\$ 24,360,845	
May-17	\$ 16,728,446	\$ 118,129	\$ 322,740	\$ 1,314,743	\$ 18,484,058	\$ 17,169,315	\$ 10,190,817	\$ 28,674,875	\$ 27,360,132	
Jun-17	\$ 19,364,447	\$ 91,104	\$ 360,103	\$ 1,983,345	\$ 21,798,999	\$ 19,815,654	\$ 7,280,715	\$ 29,079,714	\$ 27,096,369	
Jul-17	\$ 21,693,339	\$ 449,175	\$ 408,508	\$ 2,452,445	\$ 25,003,467	\$ 22,551,022	\$ 10,230,580	\$ 35,234,047	\$ 32,781,602	
Aug-17	\$ 19,770,602	\$ 534,674	\$ 372,626	\$ 1,778,566	\$ 22,456,468	\$ 20,677,902	\$ 8,267,147	\$ 30,723,615	\$ 28,945,049	
Sep-17	\$ 18,228,076	\$ 442,621	\$ 337,402	\$ 872,142	\$ 19,880,241	\$ 19,008,099	\$ 7,877,328	\$ 27,757,569	\$ 26,885,427	
Oct-17	\$ 16,293,570	\$ 493,092	\$ 321,272	\$ 1,393,849	\$ 18,501,783	\$ 17,107,934	\$ 11,074,384	\$ 29,576,167	\$ 28,182,318	
Nov-17	\$ 17,126,829	\$ 499,202	\$ 335,285	\$ 1,507,351	\$ 19,468,667	\$ 17,961,316	\$ 9,818,103	\$ 29,286,770	\$ 27,779,419	
Dec-17	\$ 21,032,356	\$ 151,355	\$ 407,031	\$ 2,017,921	\$ 23,608,663	\$ 21,590,742	\$ 10,132,481	\$ 33,741,144	\$ 31,723,223	
Jan-18	\$ 23,793,428	\$ 236,413	\$ 453,350	\$ 2,126,330	\$ 26,609,521	\$ 24,483,191	\$ 10,118,282	\$ 36,727,803	\$ 34,601,473	
Feb-18	\$ 18,552,550	\$ 501,712	\$ 339,675	\$ 1,728,498	\$ 21,122,435	\$ 19,393,937	\$ 7,011,286	\$ 28,133,721	\$ 26,405,223	
Mar-18	\$ 17,825,091	\$ 1,002,473	\$ 352,892	\$ 1,233,514	\$ 20,413,970	\$ 19,180,456	\$ 9,434,654	\$ 29,848,624	\$ 28,615,110	
Totals	\$ 225,329,560	\$ 4,719,275	\$ 4,302,558	\$ 19,523,034	\$ 253,874,427	\$ 234,351,393	\$ 110,384,797	\$ 364,259,224	\$ 344,736,190	
Average Monthly Member System Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 19,529,283				
Member System Allocation Percentage for Current Month (Environmental Surcharge excluded from Calculations): Column (7) / Column (10) =									67.029119%	

**BIG RIVERS ELECTRIC CORPORATION
ENVIRONMENTAL SURCHARGE REPORT
Monthly Revenue Detail for Average Revenue Computation of R(m)**

For the Expense Month Ending: March 31, 2018

Class	Revenue							Total
	Demand	Energy	Base Rates	FAC	Non-FAC PPA	ES		
Rural	\$ 5,122,939	\$ 8,180,498	\$ 13,303,437	\$ 697,160	\$ 245,415	\$ 916,175	\$ 15,162,187	
Large Industrial	\$ 1,492,406	\$ 3,029,248	\$ 4,521,654	\$ 305,313	\$ 107,477	\$ 317,339	\$ 5,251,783	
Subtotal	\$ 6,615,345	\$ 11,209,746	\$ 17,825,091	\$ 1,002,473	\$ 352,892	\$ 1,233,514	\$ 20,413,970	

Smelter	Base Monthly Energy (KWH)	Premium (\$0.00025 / kWh)	Base Monthly Energy	Revenue				Total
				Base Monthly Energy Less Premium	FAC	Non-FAC PPA	ES	
Alcan	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Century	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total				\$ 17,825,091	\$ 1,002,473	\$ 352,892	\$ 1,233,514	\$ 20,413,970
--------------	--	--	--	---------------	--------------	------------	--------------	---------------

ATTACHMENT 3



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

April 27, 2018

Big Rivers' Board of Directors

RE: RUS Financial and Operating Report Electric Power Supply

Gentlemen:

For your information, enclosed are the RUS Financial and Operating Reports, Parts A, B, C, D, F and I for month ending March 31, 2018.

These Operating Reports Part A have been submitted to the RUS electronically. If you have any questions, please contact Donna Windhaus, Director of Accounting.
(270) 844-6167.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

A handwritten signature in black ink, appearing to read "Paul G. Smith".

Paul G. Smith
Chief Financial Officer

PGS/msa
Enclosures

April 27, 2018

Page 2 of 2

C: Mr. Jeff Hohn – Kenergy
Mr. Marty Littrel – Meade County R.E.C.C.
Mr. Dennis Cannon – Jackson Purchase Energy Corporation
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Mr. Tom Hall - NRUCFC
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Mr. Mike Rehmer – CoBank, ACB
Mr. Fil Agusti – Steptoe & Johnson, LLP
Mr. Ryan Baynes – Midwest ISO
Mr. Doug Nelson – Waddell & Reed
Email: Jason John – jajohn@kpmg.com (Operating Report)
Email: Karen Corrigan – kmcorrigan@kmpg.com (Operating Report)
Email: PSC.Reports@ky.gov (RUS Form 12 only)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 21 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0062
	PERIOD ENDED March -2018

INSTRUCTIONS - See help in the online application	BORROWER NAME
This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552).	Big Rivers Electric Corporation

CERTIFICATION

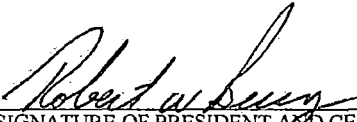
We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII
(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.


SIGNATURE OF PRESIDENT AND CEO

4-30-18
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL

BORROWER DESIGNATION
KY0062

PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	100,501,362.90	94,759,248.69	112,105,927.00	29,882,485.61
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	3,019,740.69	3,459,924.51	3,221,059.00	1,216,294.63
4. Total Operation Revenues & Patronage Capital(1 thru 3)	103,521,103.59	98,219,173.20	115,326,986.00	31,098,780.24
5. Operating Expense - Production - Excluding Fuel	10,045,246.57	11,798,284.10	12,892,046.00	3,945,857.72
6. Operating Expense - Production - Fuel	28,255,730.21	34,017,207.07	41,836,075.00	11,017,046.14
7. Operating Expense - Other Power Supply	30,617,742.69	13,330,700.14	17,712,616.00	4,362,014.38
8. Operating Expense - Transmission	2,086,664.13	2,095,590.91	2,277,938.00	706,972.12
9. Operating Expense - RTO/ISO	292,937.29	305,468.72	261,989.00	128,050.17
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	59,050.51	69,477.41	69,477.00	69,477.41
12. Operating Expense - Customer Service & Information	323,495.69	299,188.37	233,716.00	170,050.39
13. Operating Expense - Sales	0.00	0.00	54,402.00	0.00
14. Operating Expense - Administrative & General	6,995,610.68	5,416,646.53	6,254,845.00	1,748,017.35
15. Total Operation Expense (5 thru 14)	78,676,477.77	67,332,563.25	81,593,104.00	22,147,485.68
16. Maintenance Expense - Production	7,463,511.97	8,729,603.45	7,475,168.00	2,434,158.46
17. Maintenance Expense - Transmission	1,204,043.39	1,703,349.75	1,366,403.00	380,522.70
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	54,978.82	53,990.41	64,034.00	20,688.09
21. Total Maintenance Expense (16 thru 20)	8,722,534.18	10,486,943.61	8,905,605.00	2,835,369.25
22. Depreciation and Amortization Expense	5,003,228.54	5,146,989.68	5,156,301.00	1,711,756.92
23. Taxes	<92.00>	<11,620.00>	315.00	<11,620.00>
24. Interest on Long-Term Debt	10,108,327.16	9,952,153.83	10,332,128.00	3,400,337.61
25. Interest Charged to Construction - Credit	<64,405.00>	<3,727.00>	<28,046.00>	<2,148.00>
26. Other Interest Expense	60,424.73	57,477.78	0.00	0.00
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	249,528.24	258,326.40	131,445.00	63,233.38
29. Total Cost Of Electric Service (15 + 21 thru 28)	102,756,023.62	93,219,107.55	106,090,852.00	30,144,414.84
30. Operating Margins (4 less 29)	765,079.97	5,000,065.65	9,236,134.00	954,365.40
31. Interest Income	436,274.45	571,348.99	407,419.00	196,824.38
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	466.04	0.00	145.58
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	1,684,117.25	1,645,123.78	1,609,733.00	1,645,123.78
37. Extraordinary Items	0.00	0.00	0.00	0.00
38. Net Patronage Capital Or Margins (30 thru 37)	2,885,471.67	7,217,004.46	11,253,286.00	2,796,459.14

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Mar-18	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	2,158,132,656.94	33. Memberships	75.00
2. Construction Work in Progress	23,671,768.44	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,181,804,425.38	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	1,151,109,174.81	b. Retired This year	
5. Net Utility Plant (3 - 4)	1,030,695,250.57	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. Net Patronage Capital (a-b-c)	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<162,125,190.62>
8. Invest. in Assoc. Org. - Patronage Capital	9,298,058.93	36. Operating Margin - Current Year	6,645,189.43
9. Invest. in Assoc. Org. - Other - General Funds	34,982,866.03	37. Non-Operating Margins	649,500,018.36
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	4,084,145.20
11. Investments in Economic Development Projects	10,000.00	39. Total Margins & Equities (33 + 34d thru 38)	498,104,237.37
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	241,586,567.65
13. Special Funds	7,518,961.25	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	51,815,220.06	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	2,621,080.05	43. Long-Term Debt - Other (Net)	532,873,238.49
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	3,265,432.05	45. Payments - Unapplied	0.00
18. Temporary Investments	67,555,354.36	46. Total Long-Term Debt (40 thru 44-45)	774,459,806.14
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	33,242,616.63	48. Accumulated Operating Provisions and Asset Retirement Obligations	46,427,934.19
21. Accounts Receivable - Other (Net)	2,936,609.63	49. Total Other NonCurrent Liabilities (47 +48)	46,427,934.19
22. Fuel Stock	31,024,481.03	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	19,191,594.15
24. Materials and Supplies - Other	24,433,663.53	52. Current Maturities Long-Term Debt	25,226,725.98
25. Prepayments	2,888,934.15	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	793,784.62	54. Current Maturities Capital Leases	0.00
27. Total Current And Accrued Assets (15 thru 26)	168,761,956.05	55. Taxes Accrued	1,027,550.17
28. Unamortized Debt Discount & Extraor. Prop. Losses	3,196,862.26	56. Interest Accrued	3,118,844.63
29. Regulatory Assets	125,007,900.73	57. Other Current and Accrued Liabilities	7,465,002.64
30. Other Deferred Debits	2,370,576.41	58. Total Current & Accrued Liabilities (50 thru 57)	56,029,717.57
31. Accumulated Deferred Income Taxes	2,213,460.00	59. Deferred Credits	9,039,530.81
32. Total Assets And Other Debits (5+14+27 thru 31)	1,384,061,226.08	60. Accumulated Deferred Income Taxes	0.00
		61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,384,061,226.08

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0062

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

Part B SE - Sales of Electricity

Sale No.	Name of Company or Public Authority (a)	RUS Borrower Designation (b)	Statistical Classification (c)	Renewable Energy Program Name (d)	Primary Renewable Fuel Type (e)	Average Monthly Billing Demand (MW) (f)	Actual Average Monthly NCP Demand (g)	Actual Average Monthly CP Demand (h)
	Ultimate Consumer(s)							
	Distribution Borrowers							
1	Jackson Purchase Energy Corp.	KY0020	RQ			123	136	119
2	Kenergy Corporation	KY0065	IF					
3	Kenergy Corporation	KY0065	RQ			370	376	358
4	Meade County Rural ECC	KY0018	RQ			112	115	107
	G&T Borrowers							
5	Hoosier Energy Rural Electric Coop-Capacity	IN0106	OS					
6	Southern Illinois Power Cooperative	IL0050	OS					
7	Southern Illinois Power Cooperative-Capacity	IL0050	OS					
8	Wabash Valley Power Assoc., Inc-Capacity	IN0107	OS					
	Others							
9	ADM Investor Services		OS					
10	AEP Energy Partners-Contra		OS					
11	BP Energy		OS					
12	BP Energy-Capacity		OS					
13	City of California, MO-Capacity		OS					
14	City of Centralia, MO-Capacity		OS					
15	City of Hannibal, MO-Capacity		OS					
16	City of Kahoka, MO-Capacity		OS					
17	City of Marceline, MO-Capacity		OS					
18	DTE Energy		OS					
19	DTE Energy-Capacity		OS					
20	EDF Trading North America		OS					
21	EDF Trading North America-Contra		OS					
22	Henderson Municipal Power & Light		OS					
23	Indiana Municipal Power Agency		OS					
24	Midcontinent Independent Sys. Op.		OS					
25	Midcontinent Independent Sys. Op.-Capacity		OS					
26	Midcontinent Independent Sys. Op.-Contra		OS					
27	Morgan Stanley Capital Group		OS					
28	Morgan Stanley Capital Group-Capacity		OS					
29	NextEra Energy Power Marketing		OS					
30	NextEra Energy Power Marketing-Capacity		OS					
31	Northeast Power		OS					
32	Shell Energy North America (US) LP		OS					
Total for Ultimate Consumer(s)						0	0	0
Total for Distribution Borrowers						605	627	584
Total for G&T Borrowers						0	0	0
Total for Others						0	0	0
Grand Total						605	627	584

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

INSTRUCTIONS - See help in the online application.

Part B SE - Sales of Electricity

Sale No.	Electricity Sold (MWh) (l)	Revenue Demand Charges (j)	Revenue Energy Charges (k)	Revenue Other Charges (l)	Revenue Total (j + k + l) (m)
1	169,811.548	5,054,995.07	9,280,193.11		14,335,188.18
2	32,401.840		1,007,102.93		1,007,102.93
3	539,864.755	13,932,172.41	27,653,688.34		41,585,860.75
4	139,150.762	4,628,084.84	7,645,892.46		12,273,977.30
5	0.000		1,110,000.00		1,110,000.00
6	3,780.000		99,602.36		99,602.36
7	0.000		3,900.00		3,900.00
8			5,250.00		5,250.00
9			<109,834.00>		<109,834.00>
10			0.00	<1,850,880.00>	<1,850,880.00>
11			480,000.00		480,000.00
12			225,792.00		225,792.00
13			88,500.00		88,500.00
14			72,750.00		72,750.00
15			256,500.00		256,500.00
16			42,750.00		42,750.00
17			23,250.00		23,250.00
18			1,701,000.00		1,701,000.00
19			750,000.00		750,000.00
20			3,502,080.00		3,502,080.00
21			0.00	<5,552,640.00>	<5,552,640.00>
22	91,398.000		3,441,316.60		3,441,316.60
23			0.00		
24	650,290.256		19,377,838.10		19,377,838.10
25			<918.00>		<918.00>
26			0.00	<15,139,612.56>	<15,139,612.56>
27			3,194,840.00		3,194,840.00
28			0.00		
29			12,214,360.00		12,214,360.00
30			825,000.00		825,000.00
31			421,275.03		421,275.03
32			375,000.00		375,000.00
	0	0	0	0	0
	881,228.905	23,615,252.32	45,586,876.84	0.00	69,202,129.16
	3,780.000	0.00	1,218,752.36	0.00	1,218,752.36
	741,688.256	0.00	46,881,499.73	<22,543,132.56>	24,338,367.17
	1,626,697.161	23,615,252.32	93,687,128.93	<22,543,132.56>	94,759,248.69

884.4
77.03
88.26

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	PERIOD NAME Mar-18
INSTRUCTIONS - See help in the online application.	

PART B PP - Purchased Power

Purchase No.	Name of Company or Public Authority (a)	RUS Borrower Designation (b)	Statistical Classification (c)	Renewable Energy Program Name (d)	Primary Renewable Energy Type (e)	Average Monthly Billing Demand (MW) (f)	Average Monthly NCP Demand (g)	Average Monthly CP Demand (h)
	Distribution Borrowers							
	G&T Borrowers							
1	Southern Illinois Power Cooperative	IL0050	OS					
	Others							
2	EDF Trading North America		OS					
3	Henderson Municipal Power & Light		RQ					
4	Midcontinent Independent Sys. Op.		OS					
5	Southeastern Power Admin.		LF					
Total for Distribution Borrowers						0	0	0
Total for G&T Borrowers						0	0	0
Total for Others						0	0	0
Grand Total						0	0	0

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0062

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

PERIOD NAME
Mar-18

INSTRUCTIONS - See help in the online application.

PART B PP - Purchased Power

Purchase No.	Electricity Purchased (MWh) (i)	Electricity Received (MWh) (j)	Electricity Delivered (MWh) (k)	Demand Charges (l)	Energy Charges (m)	Other Charges (n)	Total (l + m + n) (o)
1	168,908.000				4,228,258.66		4,228,258.66
2					0.00		
3	9,458.750				4,569,035.36		4,569,035.36
4	67,969.636				1,674,271.80		1,674,271.80
5	57,793.000				2,240,880.26		2,240,880.26
	0.000				0.00		0.00
	168,908.000				4,228,258.66		4,228,258.66
	135,221.386				8,484,187.42		8,484,187.42
	304,129.386				12,712,446.08		12,712,446.08

RUS Financial and Operating Report Electric Power Supply

Revision Date 2013

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062		
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART C - SOURCES AND DISTRIBUTION OF ENERGY		PERIOD ENDED Mar-18		
INSTRUCTIONS - See help in the online application.				
SOURCES OF ENERGY (a)	NO. OF PLANTS (b)	CAPACITY (kW) (c)	NET ENERGY RECEIVED BY SYSTEM (MWh) (d)	COST (\$) (e)
Generated in Own Plant (Details on Parts D and F IC)				
1. Fossil Steam	4	1,489,000	1,322,200.663	65,158,076.09
2. Nuclear				
3. Hydro				
4. Combined Cycle				
5. Internal Combustion	1	70,000	960.480	328,623.64
6. Other				
7. Total in Own Plant (1 thru 6)	5	1,559,000	1,323,161.143	65,486,699.73
Purchased Power				
8. Total Purchased Power			304,129.386	12,712,446.08
Interchanged Power				
9. Received Into System (Gross)			1,005,536.126	
10. Delivered Out of System (Gross)			975,765.000	
11. Net Interchange (9 minus 10)			29,771.126	
Transmission For or By Others - (Wheeling)				
12. Received Into System			0.000	
13. Delivered Out of System			0.000	
14. Net Energy Wheeled (12 minus 13)			0.000	
15. Total Energy Available for Sale (7 + 8 + 11 + 14)			1,657,061.655	
Distribution of Energy				
16. Total Sales			1,626,697.161	
17. Energy Furnished to Others Without Charge				
18. Energy Used by Borrower (Excluding Station Use)				
19. Total Energy Accounted For (16 thru 18)			1,626,697.161	
Losses				
20. Energy Losses - MWh (15 minus 19)			30,364.494	
21. Energy Losses - Percentage ((20 divided by 15) * 100)			1.83 %	

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART D - STEAM PLANT

BORROWER DESIGNATION
KY0062
PLANT
COLEMAN
PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS/TURBINES

NO.	UNIT NO. (a)	TIMES STARTED (b)	FUEL CONSUMPTION				OPERATING HOURS				
			COAL (1000 Lbs.) (c)	OIL (1000 Gals.) (d)	GAS (1000 C.F.) (e)	OTHER (f)	TOTAL (g)	IN SERVICE (h)	ON STANDBY (i)	Scheduled (j)	Unsched (k)
1.	1	0	0.0	0.000	0.0			0.0	0.0	2,159.0	0.0
2.	2	0	0.0	0.000	0.0			0.0	0.0	2,159.0	0.0
3.	3	0	0.0	0.000	0.0			0.0	0.0	2,159.0	0.0
4.											
5.											
6.	Total	0	0.0	0.000	0.0			0.0	0.0	6,477.0	0.0
7.	Average BTU		0	0	0						
8.	Total BTU(10 ⁶)		0	0	0		0				
9.	Total Del. Cost (\$)		0.00	0.00	0.00						

SECTION A. BOILERS/TURBINES (CONT.)

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAX. DEMAND

NO.	UNIT NO. (1)	SIZE (kW) (m)	GROSS GEN. (MWh) (n)	BTU PER kWh (o)	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	1	160,000	0.000		1	No. Employees Full-Time (Inc. Superintendent)	15	1.	Load Factor (%)	0.00
2.	2	160,000	0.000		2.	No. Employees Part-Time		2.	Plant Factor (%)	0.00
3.	3	165,000	0.000		3.	Total Empl. - Hrs. Worked		3.	Running Plant Capacity Factor (%)	0.00
4.					4.	Oper. Plant Payroll (\$)		4.	15 Minute Gross Maximum Demand (kW)	0
5.					5.	Maint. Plant Payroll (\$)		5.	Indicated Gross Maximum Demand (kW)	
6.	Total	485,000	0.000	0	6.	Other Accts. Plant Payroll (\$)				
7.	Station Service (MWh)		2,877.480		7.	Total Plant Payroll (\$)				
8.	Net Generation (MWh)		<2,877.480>	0						
9.	Station Service (%)		0							

SECTION D. COST OF NET ENERGY GENERATED

NO	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500	0.00		
2.	Fuel, Coal	501.1	5,628.57		
3.	Fuel, Oil	501.2	0.00		
4.	Fuel, Gas	501.3	1,303.92		
5.	Fuel, Other	501.4			
6.	Fuel Sub Total (2 thru 5)	501	6,932.49		0.00
7.	Steam Expenses	502	370,954.10		
8.	Electric Expenses	505	227,725.01		
9.	Miscellaneous Steam Power Expenses	506	60,397.02		
10.	Allowances	509	0.00		
11.	Rents	507	0.00		
12.	Non-Fuel Sub Total (1 + 7 thru 11)		659,076.13		
13.	Operation Expense (6 + 12)		666,008.62		
14.	Maintenance, Supervision and Engineering	510	46,493.05		
15.	Maintenance of Structures	511	30,491.43		
16.	Maintenance of Boiler Plant	512	119,304.23		
17.	Maintenance of Electric Plant	513	21,487.41		
18.	Maintenance of Miscellaneous Plant	514	17,561.11		
19.	Maintenance Expense (14 thru 18)		235,337.23		
20.	Total Production Expense (13 + 19)		901,345.85		
21.	Depreciation	403.1, 411.10	0.00		
22.	Interest	427	1,369,416.64		
23.	Total Fixed Cost (21 + 22)		1,369,416.64		
24.	Power Cost (20 + 23)		2,270,762.49		

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PLANT D - STEAM PLANT

BORROWER DESIGNATION
KY0062
PLANT
REID
PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS/TURBINES

NO.	UNIT NO. (a)	TIMES STARTED (b)	FUEL CONSUMPTION					OPERATING HOURS			
			COAL (1000 Lbs.) (c)	OIL (1000 Gals.) (d)	GAS (1000 C.F.) (e)	OTHER (f)	TOTAL (g)	IN SERVICE (h)	ON STANDBY (i)	OUT OF SERVICE	
										Scheduled (j)	Unsched (k)
1.		0	.0	.000	.0			.0	.0	2,159.0	.0
2.											
3.											
4.											
5.											
6.	Total	0	.0	.000	.0			.0	.0	2,159.0	.0
7.	Average BTU		0	0	0						
8.	Total BTU(10 ⁶)		0	0	0		0				
9.	Total Del. Cost (\$)		0.00	0.00	0.00						

SECTION A. BOILERS/TURBINES (CONT.)

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAX. DEMAND

NO.	UNIT NO. (1)	SIZE (kW) (m)	GROSS GEN. (MWh) (n)	BTU PER kWh (o)	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	1	72,000	.000		1	No. Employees Full-Time (Inc. Superintendent)	.0	1.	Load Factor (%)	.00
2.					2.	No. Employees Part-Time		2.	Plant Factor (%)	.00
3.					3.	Total Empl. - Hrs. Worked		3.	Running Plant Capacity Factor (%)	.00
4.					4.	Oper. Plant Payroll (\$)		4.	15 Minute Gross Maximum Demand (kW)	0
5.					5.	Maint. Plant Payroll (\$)		5.	Indicated Gross Maximum Demand (kW)	
6.	Total	72,000	.000	0	6.	Other Accts. Plant Payroll (\$)				
7.	Station Service (MWh)		4,733.750		7.	Total Plant Payroll (\$)				
8.	Net Generation (MWh)		<4,733.750>	0						
9.	Station Service (%)		0							

SECTION D. COST OF NET ENERGY GENERATED

NO	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500	72,164.30		
2.	Fuel, Coal	501.1	46,515.86		0
3.	Fuel, Oil	501.2	0.00		0
4.	Fuel, Gas	501.3	0.00		0
5.	Fuel, Other	501.4			0
6.	Fuel Sub Total (2 thru 5)	501	46,515.86		0
7.	Steam Expenses	502	134,464.88		
8.	Electric Expenses	505	60,406.95		
9.	Miscellaneous Steam Power Expenses	506	26,012.67		
10.	Allowances	509	0.23		
11.	Rents	507	0.00		
12.	Non-Fuel Sub Total (1 + 7 thru 11)		293,049.03		
13.	Operation Expense (6 + 12)		339,564.89		
14.	Maintenance, Supervision and Engineering	510	62,173.09		
15.	Maintenance of Structures	511	21,411.77		
16.	Maintenance of Boiler Plant	512	38,893.86		
17.	Maintenance of Electric Plant	513	23,051.81		
18.	Maintenance of Miscellaneous Plant	514	26,292.19		
19.	Maintenance Expense (14 thru 18)		171,822.72		
20.	Total Production Expense (13 + 19)		511,387.61		
21.	Depreciation	403.1, 411.10	112,119.46		
22.	Interest	427	111,961.73		
23.	Total Fixed Cost (21 + 22)		224,081.19		0
24.	Power Cost (20 + 23)		735,468.80		

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PLANT D - STEAM PLANT

BORROWER DESIGNATION
KY0062
PLANT
GREEN
PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS/TURBINES

NO.	UNIT NO. (a)	TIMES STARTED (b)	FUEL CONSUMPTION					OPERATING HOURS			
			COAL (1000 Lbs.) (c)	OIL (1000 Gals.) (d)	GAS (1000 C.F.) (e)	OTHER (f)	TOTAL (g)	IN SERVICE (h)	ON STANDBY (i)	OUT OF SERVICE	
										Scheduled (j)	Unsched (k)
1.	1	5	279,899.2	239,000	.0			1,747.1	51.9	.0	360.0
2.	2	1	376,664.2	83,727	.0			2,155.5	.0	.0	3.5
3.											
4.											
5.											
6.	Total	6	656,563.4	322,727	.0			3,902.6	51.9	.0	363.5
7.	Average BTU		11,247	138,000	0						
8.	Total BTU(10 ⁶)		7,384,369	44,536	0		7,428,905				
9.	Total Del..Cost (\$)		14,912,058.46	641,459.73	0.00						

SECTION A. BOILERS/TURBINES (CONT.)

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAX. DEMAND

NO.	UNIT NO. (1)	SIZE (kW) (m)	GROSS GEN. (MWh) (n)	BTU PER kWh (o)	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1.	1	250,000	311,423.900		1			1.		
2.	2	242,000	414,408.750			No. Employees Full-Time (Inc. Superintendent)	117	2.	Load Factor (%)	66.48
3.					2.	No. Employees Part-Time		3.	Plant Factor (%)	68.33
4.					3.	Total Empl. - Hrs. Worked		4.	Running Plant Capacity Factor (%)	75.73
5.					4.	Oper. Plant Payroll (\$)				
6.	Total	492,000	725,832.650	10,235	5.	Maint. Plant Payroll (\$)				
7.	Station Service (MWh)		78,936.607		6.	Other Accts. Plant Payroll (\$)		4.	15 Minute Gross Maximum Demand (kW)	505,722
8.	Net Generation (MWh)		646,896.043	11,484	7.	Total Plant Payroll (\$)		5.	Indicated Gross Maximum Demand (kW)	
9.	Station Service (%)		10.88							

SECTION D. COST OF NET ENERGY GENERATED

NO	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500	484,135.30		
2.	Fuel, Coal	501.1	16,082,494.39		2.18
3.	Fuel, Oil	501.2	641,459.73		14.40
4.	Fuel, Gas	501.3	0.00		0
5.	Fuel, Other	501.4			
6.	Fuel Sub Total (2 thru 5)	501	16,723,954.12	25.85	2.25
7.	Steam Expenses	502	5,187,092.26		
8.	Electric Expenses	505	495,040.14		
9.	Miscellaneous Steam Power Expenses	506	464,286.33		
10.	Allowances	509	400.97		
11.	Rents	507	0.00		
12.	Non-Fuel Sub Total (1 + 7 thru 11)		6,630,955.00	10.25	
13.	Operation Expense (6 + 12)		23,354,909.12	36.10	
14.	Maintenance, Supervision and Engineering	510	368,969.68		
15.	Maintenance of Structures	511	388,311.30		
16.	Maintenance of Boiler Plant	512	3,226,562.78		
17.	Maintenance of Electric Plant	513	232,028.30		
18.	Maintenance of Miscellaneous Plant	514	310,665.99		
19.	Maintenance Expense (14 thru 18)		4,526,538.05	7.00	
20.	Total Production Expense (13 + 19)		27,881,447.17	43.10	
21.	Depreciation	403.1, 411.10	2,425,067.97		
22.	Interest	427	2,149,233.26		
23.	Total Fixed Cost (21 + 22)		4,574,301.23	7.07	
24.	Power Cost (20 + 23)		32,455,748.40	50.17	

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PLANT D - STEAM PLANT

BORROWER DESIGNATION
KY0062
PLANT
WILSON
PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. BOILERS/TURBINES

NO.	UNIT NO. (a)	TIMES STARTED (b)	FUEL CONSUMPTION					OPERATING HOURS			
			COAL (1000 Lbs.) (c)	OIL (1000 Gals.) (d)	GAS (1000 C.F.) (e)	OTHER (f)	TOTAL (g)	IN SERVICE (h)	ON STANDBY (i)	OUT OF SERVICE	
										Scheduled (j)	Unsched (k)
1.		3	644,493.4	145.588	0			1,825.2	102.6	0	231.2
2.											
3.											
4.											
5.											
6.	Total	3	644,493.4	145.588	0			1,825.2	102.6	0	231.2
7.	Average BTU		11,415	138,000	0						
8.	Total BTU(10 ⁶)		7,356,892	20,091	0		7,376,983				
9.	Total Del. Cost (\$)		15,964,417.57	273,006.28	0.00						

SECTION A. BOILERS/TURBINES (CONT.)

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAX. DEMAND

NO.	UNIT NO. (1)	SIZE (kW) (m)	GROSS GEN. (MWh) (n)	BTU PER kWh (o)	NO.	ITEM	VALUE	NO.	ITEM	VALUE
2.					2.	No. Employees Part-Time		2.	Plant Factor (%)	77.58
3.					3.	Total Empl. - Hrs. Worked		3.	Running Plant Capacity Factor (%)	91.77
4.					4.	Oper. Plant Payroll (\$)		4.	15 Minute Gross Maximum Demand (kW)	449,593
5.					5.	Maint. Plant Payroll (\$)		5.	Indicated Gross Maximum Demand (kW)	
6.	Total	440,000	736,975.820	10,010	6.	Other Accts. Plant Payroll (\$)				
7.	Station Service (MWh)		54,059.970		7.	Total Plant Payroll (\$)				
8.	Net Generation (MWh)		682,915.850	10,802						
9.	Station Service (%)		7.34							

SECTION D. COST OF NET ENERGY GENERATED

NO.	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	500	509,750.93		
2.	Fuel, Coal	501.1	16,837,957.78		2.29
3.	Fuel, Oil	501.2	273,006.28		13.59
4.	Fuel, Gas	501.3	0.00		0
5.	Fuel, Other	501.4			0
6.	Fuel Sub-Total (2 thru 5)	501	17,110,964.06	25.06	2.32
7.	Steam Expenses	502	2,561,775.43		
8.	Electric Expenses	505	389,344.74		
9.	Miscellaneous Steam Power Expenses	506	727,247.94		
10.	Allowances	509	586.02		
11.	Rents	507	0.00		
12.	Non-Fuel Sub-Total (1 + 7 thru 11)		4,188,705.06	6.13	
13.	Operation Expense (6 + 12)		21,299,669.12	31.19	
14.	Maintenance, Supervision and Engineering	510	377,835.78		
15.	Maintenance of Structures	511	266,512.33		
16.	Maintenance of Boiler Plant	512	2,724,667.98		
17.	Maintenance of Electric Plant	513	232,429.49		
18.	Maintenance of Miscellaneous Plant	514	164,159.83		
19.	Maintenance Expense (14 thru 18)		3,765,605.41	5.51	
20.	Total Production Expense (13 + 19)		25,065,274.53	36.70	
21.	Depreciation	403.1, 411.10	39,823.98		
22.	Interest	427	4,590,997.89		
23.	Total Fixed Cost (21 + 22)		4,630,821.87	6.78	
24.	Power Cost (20 + 23)		29,696,096.40	43.48	

RUS Financial and Operating Report Electric Power Supply - Part D - Steam Plant

Revision Date 2013

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART F IC - INTERNAL COMBUSTION PLANT

BORROWER DESIGNATION
KY0062
PLANT
REID
PERIOD ENDED
Mar-18

INSTRUCTIONS - See help in the online application.

SECTION A. INTERNAL COMBUSTION GENERATING UNITS

NO.	UNIT NO. (a)	SIZE (kW) (b)	FUEL CONSUMPTION				OPERATING HOURS					GROSS GENERATION (MWh) (k)	BTU PER kWh (1)
			OIL (1000 Gals.) (c)	GAS (1000 C.F.) (d)	OTHER (e)	TOTAL (f)	IN SERVICE (g)	ON STANDBY (h)	OUT OF SERVICE				
									Sche. (i)	Unsched (j)			
1.	1	70,000	.000	21,012			39.4	2,114.8	.0	4.8	1,146.130		
2.													
3.													
4.													
5.													
6.	Total	70,000	.000	21,012			39.4	2,114.8	.0	4.8	1,146.130	18,333	
7.	Average BTU		0	1,000			Station Service (MWh)				185.650		
8.	Total BTU(10 ⁶)		0	21,012		21,012	Net Generation (MWh)				960.480	21,877	
9.	Total Del..Cost (\$)		0.00	128,840.54			Station Service % of Gross				16.20		

SECTION B. LABOR REPORT

SECTION C. FACTORS & MAXIMUM DEMAND

NO.	ITEM	VALUE	NO.	ITEM	VALUE	NO.	ITEM	VALUE
1	No. Employees Full-Time (Inc. Superintendent)	0	5.	Maint. Plant Payroll (\$)		1.	Load Factor (%)	.79
2.	No. Employees Part-Time					2.	Plant Factor (%)	.76
3.	Total Empl. - Hrs. Worked		6.	Other Accounts. Plant Payroll (\$)		3.	Running Plant Capacity Factor (%)	41.56
4.	Oper. Plant Payroll (\$)		7.	Total Plant Payroll (\$)		4.	15 Minute Gross Maximum Demand (kW)	67,534
						5.	Indicated Gross Maximum Demand (kW)	

SECTION D. COST OF NET ENERGY GENERATED

NO	PRODUCTION EXPENSE	ACCOUNT NUMBER	AMOUNT (\$) (a)	MILLS/NET kWh (b)	\$/10 ⁶ BTU (c)
1.	Operation, Supervision and Engineering	546	13,496.25		
2.	Fuel, Oil	547.1	0.00		
3.	Fuel, Gas	547.2	128,840.54		6.13
4.	Fuel, Other	547.3			
5.	Energy for Compressed Air	547.4			
6.	Fuel Sub-Total (2 thru 5)	547	128,840.54	134.14	6.13
7.	Generation Expenses	548	7,461.00		
8.	Miscellaneous Other Power Generation Expenses	549	5,541.63		
9.	Rents	550	0.00		
10.	Non-Fuel Sub-Total (1 + 7 thru 9)		26,498.88	27.59	
11.	Operation Expense (6+ 10)		155,339.42	161.73	
12.	Maintenance, Supervision and Engineering	551	15,285.09		
13.	Maintenance of Structures	552	1,689.17		
14.	Maintenance of Generating and Electric Plant	553	10,394.23		
15.	Maintenance of Miscellaneous Other Power Generating Plant	554	2,931.55		
16.	Maintenance Expense (12 thru 15)		30,300.04	31.55	
17.	Total Production Expense (11 + 16)		185,639.46	193.28	
18.	Depreciation	403.4, 411.10	90,834.89		
19.	Interest	427	52,149.29		
20.	Total Fixed Cost (18+ 19)		142,984.18	148.87	
21.	Power Cost (17 + 20)		328,623.64	342.15	

REMARKS (including Unscheduled Outages)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART I - LINES AND STATIONS				BORROWER DESIGNATION KY0062 PERIOD ENDED Mar-18			
INSTRUCTIONS - See help in the online application.							
SECTION A. EXPENSE AND COSTS							
ITEM		ACCOUNT NUMBER	LINES (a)	STATIONS (b)			
Transmission Operation							
1. Supervision and Engineering		560	74,616.48	91,507.97			
2. Load Dispatching		561	613,150.25				
3. Station Expenses		562		158,848.00			
4. Overhead Line Expenses		563	279,224.50				
5. Underground Line Expenses		564	0.00				
6. Miscellaneous Expenses		566	63,984.35	125,431.41			
7. Subtotal (1 thru 6)			1,030,975.58	375,787.38			
8. Transmission of Electricity by Others		565	682,923.32				
9. Rents		567	0.00	5,904.63			
10. Total Transmission Operation (7 thru 9)			1,713,898.90	381,692.01			
Transmission Maintenance							
11. Supervision and Engineering		568	52,637.53	73,218.38			
12. Structures		569		10,561.34			
13. Station Equipment		570		681,658.08			
14. Overhead Lines		571	345,119.03				
15. Underground Lines		572	0.00				
16. Miscellaneous Transmission Plant		573	316,454.00	223,701.39			
17. Total Transmission Maintenance (11 thru 16)			714,210.56	989,139.19			
18. Total Transmission Expense (10 + 17)			2,428,109.46	1,370,831.20			
19. RTO/ISO Expense - Operation		575.1-575.8	305,468.72				
20. RTO/ISO Expense - Maintenance		576.1-576.8	0.00				
21. Total RTO/ISO Expense (19 + 20)			305,468.72				
22. Distribution Expense - Operation		580-589	0.00	0.00			
23. Distribution Expense - Maintenance		590-598	0.00	0.00			
24. Total Distribution Expense (22 + 23)			0.00	0.00			
25. Total Operation And Maintenance (18 + 21 + 24)			2,733,578.18	1,370,831.20			
Fixed Costs							
26. Depreciation - Transmission		403.5	521,736.27	868,975.38			
27. Depreciation - Distribution		403.6	0.00	0.00			
28. Interest - Transmission		427	659,656.36	753,143.45			
29. Interest - Distribution		427	0.00	0.00			
30. Total Transmission (18 + 26 + 28)			3,609,502.09	2,992,950.03			
31. Total Distribution (24 + 27 + 29)			0.00	0.00			
32. Total Lines And Stations (21 + 30 + 31)			3,914,970.81	2,992,950.03			
SECTION B. FACILITIES IN SERVICE				SECTION C. LABOR AND MATERIAL SUMMARY			
TRANSMISSION LINES		SUBSTATIONS		1. Number of Employees		52	
VOLTAGE (kV)	MILES	TYPE	CAPACITY (kVA)	ITEM	LINES	STATIONS	
1.69 kV	849.10	13. Distr. Lines	0	2. Oper. Labor	413,783.27	150,644.59	
2.345 kV	68.40			3. Maint. Labor	375,039.19	526,813.62	
3.138 kV	14.40			4. Oper. Material	1,605,584.35	231,047.42	
4.161 kV	367.50	14. Total (12 + 13)	1,299.40	5. Maint. Material	339,171.37	462,325.57	
5.		15. Step up at Generating Plants	0	SECTION D. OUTAGES			
6.				16. Transmission	1,879,800	1. Total	
7.		17. Distribution	3,840,000	2. Avg. No. Dist. Cons. Served			117,232.00
8.				18. Total (15 thru 17)	5,719,800	3. Avg. No. Hours Out Per Cons.	
9.							
10.							
11.							
12. Total (1 thru 11)	1,299.40						