

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF BIG        )  
RIVERS ELECTRIC CORPORATION        )     CASE NO. 9006

and

THE APPLICATION OF BIG RIVERS        )  
ELECTRIC CORPORATION FOR AN        )     CASE NO. 7990  
ORDER AUTHORIZING IT TO BORROW        )

O R D E R

IT IS ORDERED that Big Rivers Electric Corporation ("Big Rivers") shall file an original and 12 copies of the following information with the Commission by June 20, 1984. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company

operations and jurisdictional operations, separately. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

Issue: Proposed Sale/Leaseback

1a. Section III (c) of the Executive Summary dated 5/14/84 indicates GECC will assume the Ohio County Pollution Control Bonds of \$141.3 million. Item 24, page 6 of 6, of the Response to the First Information Request of the Attorney General indicates Big Rivers will use the proceeds of the sale of Wilson No. 1 to pay off the 1982 and 1983 series bonds. Has a decision been made as to whether GECC will assume the Ohio County Pollution Control financing?

b. Will the decision of GECC to use the Pollution Control Bonds or some other form of debt to finance the purchase of Wilson No. 1 effect Big Rivers in any way other than to change the amount of the proposed lease payment?

2. At the formal conference of May 17 and 29, 1984, Mr. Ron Hollander indicated that Big Rivers and GECC were involved in negotiations to change the terms of the lease and allow Big Rivers to make a reduced lease payment for the first 10 years of the lease rather than 5 years as originally proposed. Provide the current status of these negotiations and, if applicable, quantify the resulting change in the amount of the lease payment.

3. Item 22 (i) of the Response to the Attorney General's First Request for Information indicates that the amount included in the sale-lease transaction could be as much as \$700 million. If a determination on the amount of the lease has been made, pro-

vide the related changes in the pro forma adjustments. If a determination has not been made, indicate the current status of any change in the amount of the lease and when a final determination is expected.

Issue: Pro Forma Adjustments

4a. The answer in Item 9 of the response to the Commission's May 16, 1984, Information Request explains why the nameplate ratings for the Green units were used as the basis for adjusting Entries 19 and 20 of Exhibit 5. Identify and explain the relationships between nameplate ratings and expense levels used as the basis for these adjustments.

b. Identify, describe, and quantify any miscellaneous operating expenses and maintenance expenses incurred at the Green units during the test year which would be lessened if there were one 484 MW unit rather than the two existing units.

c. Identify, describe, and quantify the scheduled maintenance on the Green units boiler plant and scrubber during the test year.

d. Identify, describe, and quantify the scheduled maintenance planned for Wilson No. 1 during its first year of operation.

5a. Provide the information originally requested in Item 10 of the Commission's May 16, 1984, Information Request.

b. Identify and quantify any wage or salary increases occurring after the test year which have been included in the pro forma adjustment reflected in Entry 21 of Exhibit 5.

6. Item 11 of the response to the Commission's May 16, 1984, Information Request lists the three requirements of Big Rivers Deferral Plan. Explain how these requirements were developed and how the one-year and five-year time periods were selected.

7. Item 15B of the Response to the Commission's May 16, 1984, Information Request details the reason for the increase in the test year expense for Outside Services Employed -- i.e. the cost of the hydroelectric feasibility study. The \$845,000 amount is equal to 200% of the average expense in this account for the past 5 years. Explain why no adjustment was proposed to reduce this expense level for rate-making purposes.

Issue: Fuel Cost Synchronization

8. Provide a reconciliation of the actual cost of fuel for the test year provided in Exhibit 5, Entry 2 (\$98,382,599) and the actual fuel revenues for the test year provided in Item 43, page 1 of 1 of the Commission's data request dated May 16, 1984 (\$97,014,343.48).

9. Refer to Item 14a, page 75 of 154 of the Commission's data request dated April 2, 1984. Why was Account No. 547, 130, Fuel-Oil-Gas Turbine, credited for \$24,368 in the tenth month during the test year?

Issue: Generating Capacity Requirements

10. In reference to the response to PSC data request of May 16, 1984, Item 22, page 2 of 2:

For 1984 through 1993, provide the percent reserve margin with Wilson Unit No. 1 for Big Rivers internal peak load only (excluding both HMP&L and firm power sales).

Issue: Cost of Service

11. In reference to the response to PSC data request of May 16, 1984, Item 33:

a. What is Big Rivers estimate of the fixed cost required to provide capacity for its own customers currently? Provide workpapers to support this estimate.

b. What will be Big Rivers' fixed cost required to provide capacity after Wilson Unit No. 1 is in service assuming the proposed sale/lease back is consummated? Provide workpapers to support this calculation.

c. What will be Big Rivers' fixed cost required to provide capacity after Wilson Unit No. 1 is in service, assuming no sale/lease back? Provide workpapers to support this calculation.

12. In reference to the response to PSC data request of May 16, 1984, Item 33:

a. How does the energy charge for the power sold to the City of Cleveland compare to Big Rivers' variable cost to provide energy to its own customers?

b. How does the energy charge for the power sold to the Municipal Energy Agency of Mississippi compare to Big Rivers' variable cost to provide energy to its own customers?

Issue: Normalized Revenue

13. In reference to Item 2c of the Commission's data request dated April 2, 1984, Big Rivers responded by referring to Exhibit

4 of the original filing. Due to all of the pro forma adjustments proposed in this case, normalized revenue and actual revenue will not be equal. Please document normalized revenue by providing detailed workpapers showing billing units, all charges included, etc. Also show the amount of fuel revenue included in normalized revenue and the amount in proposed revenue for each customer and detailed calculations of how it was determined.

14. Refer to Item 49 of the response to the Commission's data request dated May 16, 1984.

a. Provide detailed workpapers showing how the amounts in the actual revenue column were determined.

b. Also provide support for the estimate versus actual (adjustment) column.

c. Is the \$14,316,497.82 amount actual or normalized revenue?

d. Present detailed calculations for normalized revenue from Jackson Purchase.

14. Refer to page of Exhibit 5 in the original application. The amount shown as actual surcharge revenue is \$1,460,371. Provide detailed workpapers showing the derivation of this amount and provide an explanation as to why it would not equal the amount shown on Exhibit 4, pages 1 and 2, under the proposed rates .322 mills/kwh surcharge column.

15. Provide detailed workpapers tied directly to billing units to support the \$275,198,366 and \$265,714,300 amounts shown on line 10 of page 1 of Exhibit 5 and to support the \$312,758,085 and \$303,274,019 amounts shown on line 14 of page 1 of Exhibit 5.

16. Provide detailed workpapers supporting entries 24 and 31 as shown on page 1 of Exhibit 5 in the application. Show separately the amounts of these two adjustments that represent the proposed increase and the normalization adjustment.

17. Provide an explanation for the exclusion of the surcharge from the mills/kwh amount used in the calculation of entry 5 of Exhibit 5 in the original application.

Done at Frankfort, Kentucky, this 14th day of June, 1984.

PUBLIC SERVICE COMMISSION

  
For the Commission

**ATTEST:**

\_\_\_\_\_  
Secretary