

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S NOTICE)
OF CHANGES IN RATES AND TARIFFS FOR)
WHOLESALE ELECTRIC SERVICE AND OF A) CASE NO. 9613
FINANCIAL WORKOUT PLAN)

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 this Commission, with a copy to all parties of record, by October 13, 1986, or within 10 days after the date of this Order, whichever is later. Where a narrative discussion or explanation is requested, explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each calculation. Failure to provide clear, concise workpapers and other calculations where requested may necessitate further information requests. 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. If the information cannot be provided by the due date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 3

1. With reference to Exhibit 5, Entry 2, provide the following:

a. A schedule in the same format used in the response to Item 3b, response to the Commission's Information Request No. 2, showing the intersystem sales and revenues capitalized during the test year.

b. Workpapers and other calculations that clearly show how the amount of capitalized revenues were determined.

c. Workpapers and other calculations that clearly show the expenses associated with these revenues.

d. Include a narrative explanation of any allocations or assumptions utilized.

2. With reference to Exhibit 5, Entry 3, provide the following:

a. Documentary support for the pro forma power requirements used for lines 1, 7, 11 and 12.

b. Workpapers showing the calculation of the 97.5 percent load factor used for Alcan.

c. Explain why 320 MW rather than 345 MW should not be used in this calculation since Big Rivers has no support that NSA will not decrease demand.

d. Documentary support for the Green River Coal projections.

3. With reference to Exhibit 5, Entry 10, and the response to Item 9c of the Commission's Information Request No. 2, provide the following:

a. The amount of the test-year operating and maintenance expenses of Wilson that were capitalized.

b. An explanation of the manner in which these records were maintained prior to October 1985.

c. An explanation, and complete details, including any allocation methods used, of how the amount of operating and maintenance expenses capitalized during the test year was determined.

4. With reference to Exhibit 5, Entry 11, provide the workpapers showing the calculation of the \$82,603,535 interest charged to construction.

5. With reference to Exhibit 5, Entry 12, provide the following:

a. Has the 1986 property tax assessment been finalized with the Kentucky Department of Property Taxation? If not, when does Big Rivers expect this to occur?

b. Workpapers showing the calculation of the pro forma taxes of \$2,621,231 in the same format as pages 2 through 4.

c. Workpapers showing the calculation of the portion of the pro forma adjustment related to the Wilson facilities.

d. The 1986 property tax assessment in the same format as pages 2 through 4, as soon as available.

6. With reference to Exhibit 5, Entry 15, provide a schedule of the principal and interest payments in default and identify the specific loans on which Big Rivers is in default as of June 30, 1986.

7. With reference to Exhibit 5, Entry 18, provide an explanation of why the maximum contract base cost of \$11,300,000 was used to determine this adjustment. Supply a schedule showing the monthly tonnage disposed of to date.

8. With reference to Exhibit 5, Entry 22, and the debt restructuring agreement, provide the following:

a. A schedule detailing the interest savings associated with each item of the debt restructuring agreement. Reference the section of the agreement to which each savings pertains.

b. Is the \$46,902,733 based upon the debt restructuring agreement on the amount of interest Big Rivers needs to defer to have a margin of \$9,000,000?

9. With reference to Page 10, Section 24, of the Application, provide the following:

a. The amount of cost savings attributed to the alternative financing cited in paragraph b.

b. The cost savings resulting from the conversion of the Wilson scrubber cited in paragraph c.

c. The amount of savings due to the cost reduction measures detailed in Mr. Thorpe's testimony, Exhibit 12, in response to Question 17, pages 9, 10 and 11.

10. With reference to Item 35, response to the Commission's Information Request No. 2, provide a schedule, including the dollar amount, of the items related to the Wilson Plant included in Exhibit 5.

11. With reference to the debt restructuring agreement, provide the cost savings for each of the next 3 years, assuming Big Rivers meets but does not exceed the financial targets.

12. With reference to the sales to MEAM, provide the following:

a. A schedule showing the sales levels and revenue for each month of 1986.

b. The date on which the last sales occurred.

13. With reference to Item 40, response to Alcan Aluminum's First Request for Information, provide the calculations supporting the Wilson pro forma tax of \$1,495,778. Provide an explanation of how this determination was made since the 1986 assessments have not been rendered.

14. With reference to Item 23, response to NSA's Second Request for Information, provide the following:

a. An explanation of why Big Rivers does not maintain records for the cost of energy purchased by nonmembers.

b. An explanation of how Big Rivers analyzes the benefit of nonmember sales in the absence of such information.

15. With reference to Item No. 23, response to the Commission's Information Request No. 2, explain in detail, and provide calculations where necessary, all factors that were the basis for the determination that in Big Rivers' business judgment its margin requirement must be \$9 million.

16. Are Big Rivers' imports of power limited to the 150-175 MW only under the worst case of a 345 KV Wilson line outage?

17. Please run the SLANT program under the scenario of no contingency outages and provide the resulting import limitations.

18. Please provide a synopsis of representative frequencies on outages Big Rivers has experienced on lines similar to the Wilson 345 KV line over the last 2 years.

19. Has there ever been a case over the last 5 years where Big Rivers has failed to meet its demand? If yes, what were the circumstances?

20. Big Rivers has stated that its largest creditors would continue to defer debt if current sales projections are not met.

How long will they continue deferring this debt?

21. In Big Rivers' response to Item 337(b) in NSA's Second Request for Information, Mr. McCoy listed several other computerized reliability models.

a. Were any of these models used to test Big Rivers' system reliability? If yes, then identify the model and the results.

b. If not, why not?

Would different results have been possible?

22. Provide a detailed billing analysis of present rates annualized to actual usage. Analysis should show Fuel Adjustment Clause revenues at the actual revenues for test period.

23. In reference to Exhibit 17, FLM-2:

a. Page 3, please furnish a copy of the 1986 and 1996 ECAR Load Flows Base Case configurations mentioned here.

b. Page 2, please identify or describe the units, such as MW, MVA, MVAR, Voltages, etc., which are shown on the Load Flow Diagram in Table 1.

Done at Frankfort, Kentucky, this 3rd day of October, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Hemmick
For the Commission

ATTEST:

Executive Director