

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION TO ADJUST ELECTRIC RATES) CASE NO. 97-204

O R D E R

IT IS ORDERED that the Big Rivers Electric Corporation ("Big Rivers") shall file an original and 15 copies of the following information with this Commission, with a copy to all parties of record. 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 ensure 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. The information requested herein is due no later than 14 days after the filing of Big Rivers' application.

1. Provide a copy of the current bylaws. Indicate any changes made to the bylaws since the year utilized as the test period in Big Rivers' last rate case.
2. Provide a copy of Big Rivers' equity management plan. Indicate when the current plan was adopted and identify any changes made in the plan during the test year.

3. Provide the capital structure at the end of each of the periods as shown in Format 3.

4. a. List all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 4a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 4a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 4a, Schedule 2.

b. Provide an analysis of end-of-period, short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 4b.

5. Provide the following:

a. A schedule of revenues for each active rate schedule reflecting test-year revenues per books, revenues at present rates annualized, and revenues at proposed rates annualized.

b. A schedule showing the amount and percent of any proposed increase or decrease in revenue distributed to each rate schedule. This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective rate schedules.

c. A schedule showing how the increase or decrease in (b) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

6. Provide, in comparative form, a total company income statement, a statement of changes in financial position, a statement of cash flows, a statement of changes in owner's equity, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

7. Provide a trial balance as of the last day of the test year showing account number, subaccount number, account title, subaccount title, and amount. The trial balance shall include all asset, liability, capital, income, and expense accounts used by Big Rivers. All income statement accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

8. Provide the balance in each current asset and each current liability account and subaccount included in Big Rivers' chart of accounts by months for the test year. Additionally, show total current assets, total current liabilities, and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities, and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.

9. List each common general office account (asset, reserve, and expense accounts) covering the 12 months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

10. Provide the following monthly account balances and a calculation of the average (13-month) account balances for the test year:

- a. Plant in service (Account No. 101).
- b. Plant purchased or sold (Account No. 102).
- c. Property held for future use (Account No. 105).
- d. Completed construction not classified (Account No. 106).
- e. Construction work in progress (Account No. 107). (Separate this balance into CWIP eligible for capitalized interest and other CWIP.)
- f. Depreciation reserve (Account No. 108).
- g. Plant acquisition adjustment (Account No. 114).
- h. Amortization of utility plant acquisition adjustment (Account No. 115).
- i. Materials and supplies (include all accounts and subaccounts).
- j. Balance in accounts payable applicable to amounts included in materials and supplies by account or subaccount. (If actual is indeterminable, give reasonable estimate.)
- k. Computation and development of minimum cash requirements.
- l. Balance in accounts payable applicable to amounts included in utility plant-in-service. (If actual is indeterminable, give reasonable estimate.)
- m. Balance in accounts payable applicable to prepayments by major category or subaccount.
- n. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)

11. Provide the cash account balances at the beginning of the test year and at the end of each month during the test year.

12. Provide the following information for each item of electric property or plant held for future use at the end of the test year:

- a. Description of property.
- b. Location.
- c. Date purchased.
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of intended use.
- g. Current status of each project.

13. Provide schedules, in comparative form, showing by months for the test year, and the year preceding the test year, the total company balance in each electric plant and reserve account or subaccount included in Big Rivers' chart of accounts as shown in Format 13.

14. Provide the journal entries relating to the purchase of electric utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Big Rivers' inception. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.

15. Provide a schedule showing a comparison of the balance in the total company and Kentucky revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in Big Rivers' chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 13.

16. a. Provide a schedule showing a comparison of the balance in the operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in Big Rivers' chart of accounts. See Format 13.

b. Provide a schedule, in comparative form, showing the operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccounts included in Big Rivers' annual report. (Electric - FERC Form No. 1, pages 320-323.) Show the percentage of increase of each year over the prior year.

c. Provide a schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year as shown in Format 16c to this request. Show for each time period the amount of overtime pay.

d. Provide a schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 5 preceding years.

17. Provide the following payroll information for each employee classification or category:

a. The actual regular hours worked during the test year.

b. The actual overtime hours worked during the test year.

c. The test-year-end wage rate for each employee classification or category and the date of the last increase.

d. A calculation of the percent of increase granted during the test year.

18. Provide the following tax data for the test year:

a. A schedule of franchise fees paid to cities, towns or municipalities during the test year, including the basis of these fees.

b. An analysis of other operating taxes imposed by Kentucky as shown in Format 18b attached.

19. Provide a schedule of electric department net income, per 1,000 KWH sold, per company books for the test year and the 5 calendar years preceding the test year. This data shall be provided as shown in Format 19 attached.

20. Provide the comparative operating statistics for the electric department as shown in Format 20 attached.

21. Provide a schedule of average electric plant in service, per 1,000 KWH sold by account, per company books for the test year and the 5 calendar years preceding the test year. This data shall be provided as shown in Format 21 attached.

22. Provide a statement of electric plant in service, per company books, for the test year. This data shall be presented as shown in Format 22 attached.

23. Provide the following information for Big Rivers. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis shall include a complete breakdown of Account 913 - Advertising Expenses, as shown in Format 23a attached, and further shall show any other advertising expenditures included in any other expense accounts. The analysis shall be specific as to the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account 930 - Miscellaneous General Expenses for the test period. This analysis shall show a complete breakdown of this account as shown in

Format 23b attached and further provide all detailed workpapers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 23b attached.

c. An analysis of Account 426 - Other Income Deductions for the test period. This analysis shall show a complete breakdown of this account as shown in Format 23c attached, and further provide all detailed workpapers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$250 provided the items are grouped by classes as shown in Format 23c attached.

24. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 24 attached, and all workpapers supporting the analysis. At a minimum, the workpapers shall show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

25. Provide a copy of Big Rivers' policies specifying the compensation of its attorneys, auditors, or other outside professional services. Include a schedule of fees, per diems, and other compensation in effect during the test year. Include copies of any agreements, contracts, memoranda of understanding, or other documentation which explain the nature and types of reimbursements paid for professional services. Indicate if

any changes occurred during the test year, the effective date of the changes, and the reason for the changes.

26. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 426. This analysis shall indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged. If amounts are allocated, show a calculation of the factor used to allocate each amount. Detailed analysis is not required for amounts of less than \$100, provided the items are grouped by classes.

27. Describe Big Rivers' lobbying activities and a schedule showing the name of the individual, salary, organizations, or trade associations involved in; all company-paid or reimbursed expenses or allowances; and the account charged for all personnel for whom a principal function is that of lobbying, on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

28. Provide a detailed analysis of the retained earnings account for the test period and the 12-month period immediately preceding the test period.

29. Provide a listing of all non-utility property, related property taxes, and the accounts where amounts are recorded. Include a description of the property, the date purchased, and the cost.

30. Provide the rates of return as indicated in Format 30 attached.

31. Provide the employee data as indicated in Format 31 attached.

32. Provide the studies for the test year, including all applicable workpapers, which are the basis of jurisdictional plant allocations and expense account allocations.

33. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Explain each component entering into the calculation of this rate.

34. Explain how the test year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate any changes proposed to the test-year capitalization and how the change was determined.

35. Provide the following information concerning depreciation expense:

a. Indicate whether the depreciation rates reflected in this filing are identical to the ones most recently approved by the Commission, either in Big Rivers' last general rate proceeding or by specific application.

(1) If so, identify the case in which this approval was obtained.

(2) If not, provide a copy of Big Rivers' depreciation study which supports the depreciation rates reflected in this filing.

b. Indicate whether Big Rivers follows the depreciation rates and procedures as described in REA Bulletin 183-1. If so, supply information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1, as shown in Format 35b, attached.

c. List test-year depreciation expenses, using Format 35c, attached.

36. Provide complete details of the financial reporting and rate-making treatment of Big Rivers' pension costs.

37. Provide complete details of Big Rivers' financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including:

- a. The date that Big Rivers adopted SFAS No. 106.
- b. All accounting entries made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded by Big Rivers.

38. Provide complete details of Big Rivers' financial reporting and rate-making treatment of SFAS No. 112, including:

- a. The date that Big Rivers adopted SFAS No. 112.
- b. All accounting entries made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Big Rivers.

39. Provide any information, as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurs after the test year and is not incorporated in the filed testimony and exhibits.

40. Provide a detailed monthly income statement for each month after the test period, including the month in which the hearing ends, as it becomes available.

41. List all present or proposed research efforts dealing with the pricing of electricity and the current status of such efforts.

42. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and the preceding 2 calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to

executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

43. Provide the following information relating to Big Rivers' board of directors:

a. The name and address of each member of Big Rivers' board of directors along with his or her personal mailing address.

b. Indicate the distribution cooperative each director represents. If during the course of these proceedings any changes occur in board membership, provide an update to this request.

c. A detailed analysis of the total compensation paid to each member of the board of directors during the test year including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member.

d. Identify any compensation paid by board members' distribution cooperatives for their service on Big Rivers' board of directors.

e. Identify any directors' expenses which include costs for spouses, listing those expenses separately.

f. A copy of Big Rivers' policies specifying the compensation of directors and a schedule of standard director's fees, per diems, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

44. Provide an analysis of Big Rivers' expenses for research and development activities for the test year and the 5 preceding calendar years. For the test year include the following details:

a. Basis of fees paid to research organizations and Big Rivers' portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided to the company by each organization during the test year and the previous calendar year.

d. Total expenditures of each organization during the test year including the basic nature of costs incurred by the organization.

e. Details of the expected benefits to the company.

45. Provide the average number of retail customers on the system, by rate schedule, (i.e., Schedule B, Schedule C, and Schedule E) for the 5 calendar years preceding the test period, the test period, and each month of the test period.

46. Provide all current labor contracts and the most recent contracts previously in effect.

47. Provide a schedule for the test year and the year preceding the test year, with each year shown separately, the following information regarding Big Rivers' investments in subsidiaries and joint ventures:

a. Name of subsidiary or joint venture.

b. Date of initial investment.

c. Amount and type of investment.

d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.

e. Show by separate schedule all dividends or income of any type received by Big Rivers from its subsidiaries or joint ventures for each of the report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.

f. Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with Big Rivers and the compensation received from Big Rivers.

48. Provide the date, time, and a general description of the activities at the most recent annual members' meeting. For the most recent meeting and the 5 previous annual members' meetings, provide the number of attendees, and the total cost of the annual meeting.

49. Provide a calculation showing the average (13-month) number of days' supply of coal on hand for the test year and each of the 5 years preceding the test year (include a copy of all workpapers). Explain in detail factors considered to determine an average day's supply of coal.

50. Provide a schedule of purchased power costs for the test year by vendor, separated into demand and energy components. Include KW and KWH purchased. Indicate any estimates used and explain their use in detail.

51. For the test year provide the following data:

- a. System peak demand for the summer and winter seasons.
- b. Coincident peak demand by rate schedule for each member cooperative at the time of the system's summer and winter peaks.

c. KWH sales and peak demand by rate schedule for each member cooperative during the months of the summer and winter peaks.

d. Non-coincident peak demands by rate schedule for each member cooperative during the summer and winter seasons.

52. Provide a detailed analysis of all benefits provided to the employees of Big Rivers. For each benefit include:

- a. The number of employees covered at test-year-end.
- b. The test-year actual cost.
- c. The amount of the test-year actual cost capitalized and expensed.
- d. The average annual cost per employee.

53. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the preparation of this case. Expenses shall be broken down into the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants;
- (5) Other Expenses (Identify separately).

For each category, the schedule shall include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices received, contracts or other documentation

which support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses shall be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

54. Describe in detail the actions which Big Rivers has taken during the test year to implement the recommendations of the general and focused management audits.

55. Identify all costs and benefits included in the test period that are attributable to the implementation of management audit recommendations. Specify the costs and benefits of implementation that are anticipated to recur annually over the next three years.

56. Explain in detail how any of the costs and benefits described in the previous two questions have been taken into consideration in the proposed revenue requirements in this case.

Done at Frankfort, Kentucky, this 27th day of June, 1997.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


For the Commission