

**ORIGINAL**



Your Touchstone Energy® Cooperative 

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC APPLICATION OF )  
BIG RIVERS ELECTRIC CORPORATION )  
FOR APPROVAL TO MODIFY ITS MRSM TARIFF, )  
CEASE DEFERRING DEPRECIATION EXPENSES, )  
ESTABLISH REGULATORY ASSETS, )  
AMORTIZE REGULATORY ASSETS, AND )  
OTHER APPROPRIATE RELIEF )**

**Case No.  
2020-00064**

**Response to Commission Staff's  
Third Request for Information  
dated May 7, 2020**

**FILED: May 22, 2020**

**ORIGINAL**

**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
BIG RIVERS ELECTRIC CORPORATION  
FOR APPROVAL TO MODIFY ITS MRSM TARIFF,  
CEASE DEFERRING DEPRECIATION EXPENSES,  
ESTABLISH REGULATORY ASSETS,  
AMORTIZE REGULATORY ASSETS, AND  
OTHER APPROPRIATE RELIEF  
CASE NO. 2020-00064**

**VERIFICATION**

I, Robert W. ("Bob") Berry, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

*Robert W Berry*

Robert W. ("Bob") Berry

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Robert W. ("Bob") Berry on this  
the 22<sup>ND</sup> day of May, 2020.

*Joy P. Parsley*

Notary Public, Kentucky State at Large

My Commission Expires \_\_\_\_\_

Notary Public, Kentucky State-At-Large  
My Commission Expires: July 10, 2022  
ID: 604480

**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
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CASE NO. 2020-00064**

**VERIFICATION**

I, Lindsay N. Durbin, verify, state, and affirm that the supplemental data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

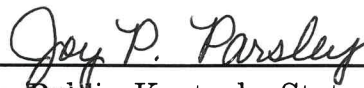


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Lindsay N. Durbin

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Lindsay N. Durbin on this the 22<sup>ND</sup> day of May, 2020.



---

Notary Public, Kentucky State at Large

My Commission Expires \_\_\_\_\_

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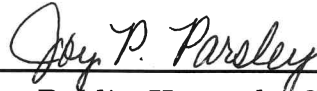
I, Michael T. ("Mike") Pullen, verify, state, and affirm that the supplemental data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Michael T. ("Mike") Pullen

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Michael T. ("Mike") Pullen on this the 22<sup>ND</sup> day of May, 2020.



Notary Public, Kentucky State at Large

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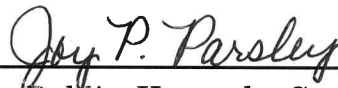
I, Paul G. Smith, verify, state, and affirm that the supplemental data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



\_\_\_\_\_  
Paul G. Smith

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

22<sup>ND</sup> SUBSCRIBED AND SWORN TO before me by Paul G. Smith on this the  
day of May, 2020.



\_\_\_\_\_  
Notary Public, Kentucky State at Large

My Commission Expires \_\_\_\_\_

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**Response to Commission Staff's  
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**May 22, 2020**

1 **Item 1)**      *Refer to BREC's Response to Commission Staff's Second Request*  
2 *for Information (Staff's Second Request), Attachment to Item 1(b). Provide*  
3 *more specific detail for the proposed annual filing formats of BREC's New*  
4 *TIER Credit that includes the calculation of the Times Interest Earned Ratio*  
5 *(TIER), amortization amounts, and the remaining regulatory asset balance.*

6

7 **Response)** Please see the attached.

8

9

10 **Witness)**      Paul G. Smith

**Big Rivers Electric Corporation**  
**Case No. 2020-00064**  
**Expanded Sample TIER Annual Filing Format**

| <u>Line</u> | <u>Description</u>                                 | <u>Net Margin</u><br>(000's) | <u>TIER</u><br>(Note 2) |
|-------------|--|------------------------------|-------------------------|
| 1           | Pre-Smelter Regulatory Asset Amortization          | \$ 25,600                    |                         |
| 2           | Add Back: Regulatory Exclusions                    | 400                          |                         |
| 3           | Less: Annual Smelter Regulatory Asset Amortization | (10,000)                     |                         |
| 4           | Pre-New TIER Credit                                | 16,000                       | 1.40                    |
| 5           | Less: New TIER Credit (Note 1)                     | (4,000)                      | (0.10)                  |
| 6           | Reported Net Margins                               | <u>\$ 12,000</u>             | <u>1.30</u>             |

**Note 1: New TIER Credit Allocation:**

|   |  |                   |
|---|--|-------------------|
| 7 | 50% Additional Regulatory Asset Amortization | \$ (2,000)        |
| 8 | 50% Member Bill Credits                      | (2,000)           |
| 9 | Total New TIER Credit Allocation             | <u>\$ (4,000)</u> |

**Note 2: TIER Calculations:**

|    | <u>Net Margin</u>             | <u>Long-term<br/>Debt Interest</u> | <u>TIER</u>           |
|----|-------------------------------|------------------------------------|-----------------------|
| 10 | Pre-New TIER Credit (Line 4)  | \$ 16,000                          | \$ 40,000 1.40        |
| 11 | New TIER Credit (Line 5)      | \$ (4,000)                         | \$ 40,000 0.10        |
| 12 | Reported Net Margins (Line 6) | <u>\$ 12,000</u>                   | <u>\$ 40,000 1.30</u> |

**Note 3: Smelter Loss Mitigation Regulatory Assets Amortization**

|    |  |                   |                   |
|----|--|-------------------|-------------------|
| 13 | Smelter Loss Mitigation Regulatory Asset Balance at 12/31/19       | \$ 371,900        |                   |
| 14 | Less: 2019 Station Two TIER Credit                                 | (27,700)          |                   |
| 15 | Less: 2020 Station Two TIER Credit                                 | (22,500)          |                   |
| 16 | Less: 2021 Member Equity Utilization                               | (91,000)          |                   |
| 17 | Less: 2019 DSM Regulatory Liability                                | (700)             |                   |
| 18 | Smelter Loss Mitigation Regulatory Asset to be Amortized           | <u>\$ 230,000</u> |                   |
| 19 | Amortization Period (2021 - 2043)                                  | 23                |                   |
| 20 | Annual Amortization Expense  | <u>\$ 10,000</u>  |                   |
| 21 | Smelter Loss Mitigation Regulatory Asset Balance Beginning of Year |                   | \$ 230,000        |
| 22 | Less: Annual Amortization (Line 3)                                 |                   | (10,000)          |
| 23 | Less: Additional Regulatory Asset Amortization (Line 7)            |                   | (2,000)           |
| 24 | Smelter Loss Mitigation Regulatory Asset Balance End of Year       |                   | <u>\$ 218,000</u> |

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1 **Item 2)**      *Refer to BREC's Response to Staff's Second Request, Item 2.*

2      *a. Provide BREC's response if, in lieu of annually adjusting the*  
3      *amortization of the Smelter Loss Mitigation Regulatory Assets, the*  
4      *Commission required BREC to defer excess margins to a regulatory*  
5      *liability account and reduce the regulatory liability in years that*  
6      *BREC does not achieve at least a 1.30 TIER.*

7      *b. Describe any difficulties that BREC foresees if a regulatory liability*  
8      *account is utilized.*

9      *c. Explain any advantage that annually adjusting the amortization of*  
10      *the Smelter Loss Mitigation Regulatory Assets would provide over*  
11      *utilizing a regulatory liability account.*

12

13 **Response)**

14      a. The establishment of a regulatory liability instead of annually adjusting  
15      the Smelter Loss Mitigation Regulatory Assets ("Regulatory Assets")



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1 amortization appears to result in similar net margins, TIER and MFIR;  
2 however, the establishment of a regulatory liability will result in a  
3 correspondingly higher Regulatory Assets balance. Please also see the  
4 additional comments discussed in subsection (c), below.

5 b. Big Rivers does not foresee any difficulties in recording a transaction that  
6 defers excess margins to a regulatory liability account; however, a key issue  
7 to be addressed is the commitment to utilize the regulatory liability, and  
8 the timing as to when such balance will be utilized, to reduce the Regulatory  
9 Assets.

10 c. Big Rivers' proposed annual adjustment of the Regulatory Assets  
11 amortization transparently demonstrates to the rating agencies the  
12 ongoing, and likely accelerated, reduction in the Regulatory Assets while  
13 consistently maintaining a desirable TIER of 1.30. Conversely, deferring  
14 excess margins to a regulatory liability could be perceived by the rating  
15 agencies as uncertainty as to the future utilization of the surplus to reduce

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1 the Regulatory Assets, as well as eliminating the ability to transparently  
2 and simplistically exhibit an accelerated reduction in the Regulatory  
3 Assets. Therefore, Big Rivers does not perceive a benefit to deferring excess  
4 margins to a regulatory liability account, nor does Big Rivers believe it is  
5 desirable to create a potential uncertainty of Regulatory Asset recovery, or  
6 to reduce the transparency of recovery, either of which could potentially  
7 undermine the improvements Big Rivers expects to see in its credit ratings  
8 as a result of the relief granted in this proceeding.

9 As an alternative, Big Rivers believes the rating agencies might be  
10 accepting of utilizing a regulatory liability account that is limited or capped  
11 as to amount (for example \$9 million), which would either a) be utilized to  
12 enhance net margins in any years during which Big Rivers might otherwise  
13 report net margins below a 1.30 TIER, or b) utilize any amount above the  
14 cap to reduce the Regulatory Assets balance. In this alternative, it would  
15 be important to expressly state a date upon which any remaining balance

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1           in the regulatory liability account would be required to reduce the  
2           Regulatory Assets balance (e.g. December 2030).

3

4

5 **Witness)**   Paul G. Smith

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1 **Item 3)**      *Refer to BREC's Response to Staff's Second Request, Item 3. State*  
2 *whether the existing infrastructure at the site of Coleman Station would*  
3 *make it ideal for potential future generation facilities.*

4

5 **Response)** The existing infrastructure at the Coleman site makes it a potentially  
6 valuable site for future generation facilities. The existing infrastructure includes  
7 high-voltage transmission lines; barging, mooring, unloading facilities on the Ohio  
8 River, and rail access; a natural gas supply; suitable land for development; and well  
9 water access. The value of these infrastructure assets may vary depending on the  
10 choice of generation technology. However, during the future planned demolition, the  
11 barging, mooring, and unloading facilities may be removed unless an alternative use  
12 is identified by Big Rivers.

13

14

15 **Witness)**      Michael T. Pullen

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1 **Item 4)** *Refer to BREC's Response to Staff's Second Request, Item 3.*

2 *Describe the estimated value of the site of Coleman Station after demolition.*

3

4 **Response)** Big Rivers estimates the value of the Coleman Station site after  
5 demolition to be approximately [REDACTED]. This is based on a third party's  
6 interviews with real estate brokers and appraisers familiar with the market and their  
7 representations of those interviews with Big Rivers.

8

9

10 **Witness)** Michael T. Pullen

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1 **Item 5)**     *Refer to BREC's Response to Staff's Second Request, Item 4.*  
2 *Describe the potential or anticipated impacts of the COVID-19 Crisis on the*  
3 *timing and conditions of refinancing planned in the instant case.*

4

5 **Response)** The pandemic has resulted in increased debt rates and additional  
6 volatility in the financial markets. Big Rivers continues to work towards preparing  
7 the offering circular and the financing application, but is concerned favorable terms  
8 and conditions for the long-term refinancing may not exist for several months.

9         Big Rivers is extremely grateful for the Commission's expedited approval of its  
10 secured credit facility financing application. As Commission Staff is aware, the  
11 facility was upsized in part in recognition of current market volatility and, in part, to  
12 potentially serve as a bridge loan on the planned refinancing, thereby achieving  
13 interest savings until the long-term debt can be issued at more attractive terms and  
14 conditions.

15

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1

2 **Witness)** Paul G. Smith

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- 1 **Item 6)**      *Refer to BREC's response to Staff's Second Request, Item 7(b).*
- 2 *Provide the amounts expended during the past three calendar years and the*
- 3 *anticipated expense for the next three calendar years for the following items:*
- 4      *a. Employer retirement contributions for employees participating in*
- 5      *more than one retirement benefit program;*
- 6      *b. Supplemental Executive Retirement Program expenses;*
- 7      *c. Life insurance premiums for coverage above the lesser of an*
- 8      *employee's annual salary or \$50,000;*
- 9      *d. All fuel adjustment clause (FAC) and environmental surcharge (ES)*
- 10      *revenue and expense;*
- 11      *e. Any nonregulated activities;*
- 12      *f. All nonutility property and related property taxes; and*
- 13      *g. For board of directors:*
- 14      *(1) Per diems for attending industry association meetings;*

Case No. 2020-00064  
Response to PSC 3-6

Witnesses: Lindsay N. Durbin (*a., b., and c. only*)  
Paul G. Smith (*d., e., and f. only*) and  
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- 1           ***(2) Costs of health insurance coverage;***  
2           ***(3) Costs of post-retirement benefits;***  
3           ***(4) Costs of Christmas gifts;***  
4           ***(5) Cost of insurance for spouses or dependents of deceased***  
5           ***directors; and***  
6           ***(6) Any costs for a director's spouse.***

7

8 **Response)**

- 9           a.   Big Rivers has thirty-one (31) participants in a defined benefit plan (the  
10           plan was closed to new participants in 2008) who are also eligible for the  
11           401k matching component of a defined contribution plan. The average cost  
12           per employee of this 401k match is roughly \$3,400 per year.

13

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1 The three year expense and projected cost of the 401k match for  
2 participants in the Defined Benefit Plan is as follows:

**Big Rivers Electric Corporation  
401k Match for Defined Benefit Plan Participants**

| <b>Actual</b>      |                    |                    | <b>Budgeted</b>    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> |
| \$ 129,729         | \$ 123,180         | \$ 106,614         |                    |                    |                    |

3

4 b. Big Rivers' executives receive the same retirement savings plan benefits  
5 offered to all employees hired after 2008. However, because Internal  
6 Revenue Service ("IRS") limitations keep executives from receiving their  
7 full benefit offered through Big Rivers' qualified Defined Contribution plan,  
8 executives are eligible to participate in a Non-qualified Deferred  
9 Compensation plan which allows them to be made whole and receive the  
10 contributions or make deferrals that they would have otherwise been able  
11 to receive or make under the Defined Contribution plan but for the IRS

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**Witnesses: Lindsay N. Durbin (a., b., and c. only),  
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1 limitations. There are no additional supplemental retirement plan costs to  
2 Big Rivers other than what the standard Defined Contribution plan calls  
3 for. The employer cost of the deferred compensation plan is as follows:

**Big Rivers Electric Corporation  
Deferred Compensation Program**

| <b>Actual</b>      |                    |                    | <b>Budgeted</b>    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> |
| \$ 122,260         | \$ 136,317         | \$ 156,340         |                    |                    |                    |

4 The increases shown over time in the Deferred Compensation Program  
5 reflect additional employees being added to the plan. Three additional  
6 employees have been added to the Non-Qualified plan over the past five  
7 years.

8 c. Big Rivers provides life insurance to employees equal to two times their  
9 annual salary. Life insurance premiums for coverage above the lesser of an  
10 employee's annual salary or \$50,000 are estimated as follows:

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**Witnesses: Lindsay N. Durbin (a., b., and c. only),  
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1

**Big Rivers Electric Corporation  
Estimated Life Insurance Premiums for Coverage Above \$50,000**

| <b>Actual</b>      |                    |                    | <b>Budgeted</b>    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> |
| \$ 183,344         | \$ 193,873         | \$ 173,294         |                    |                    |                    |

2

3

d. Please see the **CONFIDENTIAL** attached schedule for the fuel adjustment clause and environmental surcharge revenues and expenses.

4

5

e. Big Rivers does not have any non-regulated activities.

6

f. Big Rivers does not own any non-utility property.

7

g.

8

(1) Directors are eligible to receive a per diem of \$600 per day for attending board approved industry association meetings, which amounted to \$28,800, \$28,800 and \$30,600 in 2017, 2018 and 2019, respectively.

9

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**Case No. 2020-00064**

**Response to PSC 3-6**

**Witnesses: Lindsay N. Durbin (a., b., and c. only)**

**Paul G. Smith (d., e., and f. only) and**

**Robert W. Berry (g. only)**

**Page 5 of 6**

**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
BIG RIVERS ELECTRIC CORPORATION  
FOR APPROVAL TO MODIFY ITS MRSM TARIFF,  
CEASE DEFERRING DEPRECIATION EXPENSES,  
ESTABLISH REGULATORY ASSETS,  
AMORTIZE REGULATORY ASSETS, AND  
OTHER APPROPRIATE RELIEF  
CASE NO. 2020-00064**

**Response to Commission Staff's  
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**May 22, 2020**

- 1           (2) Big Rivers does not cover the cost of health insurance for its board of  
2           directors.
- 3           (3) No retirement benefits are provided to the Board of Directors.
- 4           (4) Cost of Christmas gifts to Big Rivers' Board of Directors are as follows:  
5           2017 - \$354; 2018 - \$350; and 2019 - \$310.
- 6           (5) No benefits are provided to spouses or dependents of deceased board  
7           members.
- 8           (6) Big Rivers does not pay any costs for a Director's spouse.

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11 **Witnesses)** Lindsay N. Durbin (*a., b., and c. only*)

12           Paul G. Smith (*d., e., and f. only*), and

13           Robert W. Berry (*g. only*)

**Case No. 2020-00064**

**Response to PSC 3-6**

**Witnesses: Lindsay N. Durbin (*a., b., and c. only*)**

**Paul G. Smith (*d., e., and f. only*) and**

**Robert W. Berry (*g. only*)**

**Page 6 of 6**

**Big Rivers Electric Corporation**  
**Case No. 2020-00064**  
**Base Fuel and Fuel Adjustment Clause (FAC) Revenue and Expense by Calendar Year**  
**2017-2019 Actuals and 2020-2022 Forecast**

| <b>Calendar Year</b> | <b>Actual/Forecast</b>  | <b>Base Fuel Revenue</b> | <b>FAC Revenue</b> | <b>Total Base Fuel &amp; FAC Revenue</b> | <b>FAC Expense<sup>(1)</sup></b> |
|----------------------|-------------------------|--------------------------|--------------------|--|----------------------------------|
| <i>(A)</i>           | <i>(B)</i>              | <i>(C)</i>               | <i>(D)</i>         | <i>(E)=[(C)+(D)]</i>                     | <i>(F)</i>                       |
| 2017                 | Actual                  | \$ 65,511,549            | \$ 3,916,146       | \$ 69,427,695                            | \$ 69,538,852                    |
| 2018                 | Actual                  | \$ 69,510,896            | \$ 4,521,255       | \$ 74,032,151                            | \$ 74,381,293                    |
| 2019                 | Actual                  | \$ 67,131,845            | \$ 2,819,359       | \$ 69,951,204                            | \$ 69,553,267                    |
| 2020                 | Forecast <sup>(2)</sup> |                          |                    |  |                                  |
| 2021                 | Forecast <sup>(2)</sup> |                          |                    |  |                                  |
| 2022                 | Forecast <sup>(2)</sup> |                          |                    |  |                                  |
| <b>Totals</b>        |                         |                          |                    |  |                                  |

**Notes:**

<sup>(1)</sup> Total generation fuel and purchased power expense recoverable through Big Rivers' FAC. Actuals are from Big Rivers' monthly Form A Filings (Page 2 of 4, Fuel Cost Schedule, "Total Fuel Recovery") for the respective periods.

<sup>(2)</sup> Forecast amounts per Big Rivers' 2019-2033 Financial Forecast approved by Big Rivers' Board of Directors on December 20, 2019.

*Note: Forecast does not account for regulatory lag (i.e., assumes expenses are recovered during the same month in which they were incurred, resulting in no temporary timing differences or period-to-period over-/under-recovery amounts).*

**Big Rivers Electric Corporation**  
**Case No. 2020-00064**  
**Environmental Surcharge (ES) Revenue and Expense by Calendar Year**  
**2017-2019 Actuals and 2020-2022 Forecast**

| Calendar Year | Actual/<br>Forecast     | ES Revenue    | ES Expense <sup>(1)</sup> |
|---------------|-------------------------|---------------|---------------------------|
| (A)           | (B)                     | (C)           | (D)                       |
| 2017          | Actual                  | \$ 19,236,453 | \$ 18,337,630             |
| 2018          | Actual                  | \$ 21,302,100 | \$ 21,407,270             |
| 2019          | Actual                  | \$ 19,407,263 | \$ 18,146,086             |
| 2020          | Forecast <sup>(2)</sup> |               |                           |
| 2021          | Forecast <sup>(2)</sup> |               |                           |
| 2022          | Forecast <sup>(2)</sup> |               |                           |
| <b>Totals</b> |                         |               |                           |

**Notes:**

<sup>(1)</sup> Total environmental compliance expenses incurred during the respective periods which are recoverable through Big Rivers' ES mechanism. Actuals are from Big Rivers' monthly ES Filings (Form 1.10, Line 11, "Subtotal E(m) plus (Over)/Under Recovery") for the respective periods.

<sup>(2)</sup> Forecast amounts per Big Rivers' 2019-2033 Financial Forecast approved by Big Rivers' Board of Directors on December 20, 2019.

*Note: Forecast does not account for regulatory lag (i.e. assumes expenses are recovered during the same month in which they were incurred, resulting in no temporary timing differences or period-to-period over-/under-recovery amounts).*

**BIG RIVERS ELECTRIC CORPORATION**

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CASE NO. 2020-00064**

**Response to Commission Staff's  
Third Request for Information  
dated May 7, 2020**

**May 22, 2020**

1 **Item 7)** *Provide the percent of annual employer and employee*  
2 *contributions for health insurance between 2014 and 2019, breaking out the*  
3 *contribution percentages between single and family policies.*

4

5 **Response)** Please see the table on the following page.



**BIG RIVERS ELECTRIC CORPORATION**

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**May 22, 2020**

1

**Big Rivers Electric Corporation  
Health Contribution Percentages<sup>1</sup>**

|      | <b>Non-<br/>Bargaining</b> | <b>Employer</b> | <b>Bargaining –<br/>Generation</b> | <b>Employer</b> | <b>Bargaining –<br/>Transmission</b> | <b>Employer</b> |
|------|----------------------------|-----------------|------------------------------------|-----------------|--------------------------------------|-----------------|
| 2014 | 9%                         | 91%             | 10%                                | 90%             | 9%                                   | 91%             |
| 2015 | 9%                         | 91%             | 10%                                | 90%             | 9%                                   | 91%             |
| 2016 | 9%                         | 91%             | 10%                                | 90%             | 9%                                   | 91%             |
| 2017 | 9%                         | 91%             | 10%                                | 90%             | 10%                                  | 90%             |
| 2018 | 9%                         | 91%             | 10%                                | 90%             | 10%                                  | 90%             |
| 2019 | 10%                        | 90%             | 12%                                | 88%             | 10%                                  | 90%             |
| 2020 | 12%                        | 88%             | 12.5%                              | 87.5%           | 10%                                  | 90%             |

2

3 Note: Bargaining Generation Contract expires in September 2024 and includes a .5%  
4 increase in employee share annually until they reach 14%. Bargaining Transmission  
5 Contract expires in October 2020 and we will negotiate regarding future employee  
6 share at that time.

7

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<sup>1</sup> Contribution Percentages are the same for both Single and Family Coverage.

**BIG RIVERS ELECTRIC CORPORATION**

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**May 22, 2020**

**1 Witness) Lindsay N. Durbin**

**BIG RIVERS ELECTRIC CORPORATION**

**ELECTRONIC APPLICATION OF  
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**Response to Commission Staff's  
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**May 22, 2020**

1 **Item 8)**     *Refer to BREC's Response to Staff's Second Request, Item 9.*  
2 *Explain whether BREC believes the New TIER Credit should be credited*  
3 *seasonally, either for the Member Cooperatives' residential customers or for*  
4 *all customers.*

5

6 **Response)** Big Rivers recognizes the desirability to support the residents and small  
7 businesses in our Member-Owners' service territories. For this reason, Big Rivers  
8 supports a seasonally weighted MRSM credit for residential and small commercial  
9 customers whereby high usage months such as July-September and December-  
10 February receive a proportionally higher level of the credit, or a per customer MRSM  
11 credit for all Rural customers.

12

13

14 **Witness)**   Paul G. Smith

**BIG RIVERS ELECTRIC CORPORATION**

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**May 22, 2020**

1 **Item 9)**      *Refer to BREC's Response to Staff's Second Request, Item 10(b).*  
2 *Explain whether BREC is aware of any circumstances that would result in*  
3 *BREC's Margins for Interest Ratio (MFIR) being lower than its TIER so that*  
4 *using TIER to calculate the New TIER Credit would result in BREC's MFIR*  
5 *being below its debt covenant requirements.*

6

7 **Response)** No, Big Rivers is not aware of any circumstances that would result in  
8 its reportable MFIR for debt covenant purposes being lower than its TIER.

9

10

11 **Witness)**    Paul G. Smith