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June 1, 2009

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RECEIVED

JUN 02 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Notice and Application of Big Rivers Electric Corporation
for a General Adjustment in Rates P.S.C. Case No. 2009-00040

Dear Mr. DeRouen:

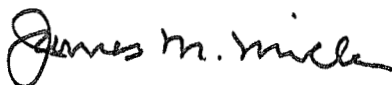
An original and seven copies of the responses of Big Rivers Electric Corporation ("Big Rivers") to the Commission Staff's Fourth Data Request and the KIUC Third Data Request is being hand-delivered to the Public Service Commission today. This morning Big Rivers discovered two errors in the filing, which are being corrected by this letter and attachments.

First, please refer to Big Rivers' response to Commission Staff's Fourth Data request, Item 6, page 2, line 24. The correct total of the numbers in the column titled "Inflation-Adjusted Transmission and A&G Capital Expenditures" is \$90,688,534. A revised page two is attached for substitution in that Item 6.

Second, the attachments to Big Rivers' response to KIUC's Third Data Request, Item 16 were inadvertently not included in the binder with the response. An original and seven copies of those attachments are enclosed with this letter.

We apologize for these errors. I certify that copies of this letter and these responses have been served on all parties of record.

Sincerely yours,



James M. Miller
Counsel for Big Rivers Electric Corporation

Enclosures

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SERVICE LIST
BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040

Hon. Dennis Howard
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BIG RIVERS ELECTRIC CORPORATION'S
 RESPONSE TO THE COMMISSION STAFF'S FOURTH DATA REQUEST
 TO BIG RIVERS ELECTRIC CORPORATION
 PSC CASE NO. 2009-00040
 June 1, 2009

1 \$5,784,477. The revised 10-year Transmission and General Plant total is \$68,154,586,
 2 and the 10-year average Transmission and General Plant expenditure equals \$6,815,459.

3 b. Using the historical 10-year average is inappropriate for several
 4 reasons. First, the 10-year average does not take into account cost increases over that
 5 period. The Handy-Whitman Index of Public Utility Construction Costs, Bulletin No.
 6 169, reflects that costs for Total Transmission Plant have escalated significantly over the
 7 past 10 years. Big Rivers' inflation-adjusted transmission and A&G capital expenditures
 8 are shown in the following chart:

YEAR	PERCENTAGE INCREASE IN TOTAL TRANSMISSION PLANT COSTS FROM JANUARY 1 OF THE APPLICABLE YEAR TO JANUARY 1, 2009	UNADJUSTED TRANSMISSION AND A&G CAPITAL EXPENDITURES	INFLATION- ADJUSTED TRANSMISSION AND A&G CAPITAL EXPENDITURES
1999	67.2	\$2,924,966	\$4,890,543
2000	68.7	\$2,944,772	\$4,967,830
2001	56.4	\$5,761,755	\$9,011,385
2002	52.2	\$5,235,629	\$7,968,627
2003	53.1	\$5,744,901	\$8,795,443
2004	50.3	\$5,020,977	\$7,546,528
2005	36.1	\$5,997,776	\$8,162,973
2006	26.0	\$6,764,463	\$8,523,223
2007	16.1	\$12,130,235	\$14,083,202
2008	7.1	\$15,629,112	\$16,738,779
10-Year Total		\$68,154,586	\$90,688,534
10-Year Average		\$6,815,459	\$9,068,853

26
 27 Thus, the 10-year inflation-adjusted average is \$9,068,853, and using a 10-year average
 28 without such an adjustment would yield a result that is significantly less than what would
 29 actually be representative of a normal year.

BIG RIVERS ELECTRIC CORPORATION
Employee Bonus Payments by RUS Expense Accounts
KIUC 3-16 b.

<u>Account Number</u>	<u>Historic Test Year and Proforma TestYear</u>
56010000	15,295.71
56020000	13,669.42
56110000	36,919.23
56210000	4,431.95
56610000	5,299.18
56620000	3,853.07
56810000	11,683.39
56820000	12,367.37
57010000	10,739.76
57110000	2,461.53
57310000	61.62
57320000	92.43
90810000	20,622.93
92010000	214,658.85
92010100	37,199.12
92010200	34,400.81
92010300	58,045.76
TOTAL	<u><u>481,802.13</u></u>

Lump-Sum Merit Awards

Employees are eligible for lump-sum merit awards when exceptional individual performance has been demonstrated, provided the recommendation for the award is approved by the President and CEO.

- The lump-sum payment should not exceed 5% of W-2 earnings.
- The availability of lump-sum merit awards replaces the historical merit increase that increased base pay above the employee's assigned midpoint rate.

Incentive Program

Eligibility

- All employees who have been employed for at least six months during the plan year will be eligible provided their performance is considered "overall" fully satisfactory.
- The plan year is defined as the calendar year.

Incentive Program (cont'd)

Basis of Award

- Incentive awards will be contingent on the attainment of key corporate performance results.
- For each performance measure, a threshold (3%), target (6%), and maximum (10%) award level will be established and approved by the Board of Directors annually.
- The threshold will be the minimum result level of attainment that will warrant incentive payment.
- The target will be established at a challenging, but obtainable level.
- The maximum will be established at a level that represents truly outstanding results.

Incentive Program (cont'd)

Amount of Award

- The incentive award will be expressed as a percentage to be applied to W-2 earnings for the plan year. It will be a uniform percentage for all eligible employees.
- For each performance measure, the actual results will be expressed as an award percentage, based on the measure's threshold, target, and maximum award levels, and its relative weight.
- The incentive award will be the sum of all the performance measure award percentages.

W-2 Earnings

- W-2 earnings, for the purposes of this incentive program, will include cafeteria plan contributions and 401(k) deferrals.
- In addition to base pay, it will include overtime and shift premium, merit awards, compensation for time off, and compensation for vacation and personal days not taken; but it will not include any amounts paid while on long-term disability.
- W-2 earnings will also not include taxable group term life, vehicle, or accident protection coverage amounts included in W-2 compensation; nor will it include expense reimbursements such as education, moving expense, meals, travel, or per diem; nor will it include severance, Christmas bonus, or incentive awards.

Funding for Incentive Awards

- Funding at threshold levels will be provided by funds redirected from base compensation.
- Performance measures will be established at levels that will provide sufficient economic gain for Big Rivers to fund an incentive award in excess of threshold.

Separation From Service

Termination of Employment

Employees who terminate during the plan year, whether voluntarily or involuntarily, will not be eligible for an incentive award for that year.

Death, Disability or Retirement

In the event an employee dies, becomes permanently disabled or retires, that employee, or his beneficiary, will be eligible for an award based on W-2 earnings for the plan year.

Changes to the Program

The incentive award program will be reviewed periodically and may be changed or terminated subject to approval of the Board of Directors.



2007 Incentive Pay Award

Measurement	Weighting	Actual	0%		6%	Incentive Rate	Incentive Pay*
			Minimum	Maximum			
Power Supply:							
Net Arbitrage (Including Transmission)	16.67%	\$45,155,196	\$36,343,109	\$43,612,000	1.00%	\$64,719.23	
Utilization of Power Available 5 X 16	16.66%	96.00%	87.50%	90.00%	1.00%	\$64,719.23	
	33.33%						
Corporate:							
Revised "Cushion" Status, Adjusted for Excess Net Arbitrage	33.33%	\$148,321,661	\$146,294,739	\$149,221,000	1.39%	\$89,959.72	
Transmission System Reliability:							
SAIDI Hrs/Yr - Jackson Purchase	2.78%	0.172	0.151	0.121	0.00%	\$0.00	
SAIDI Hrs/Yr - Meade County	2.78%	0.073	1.213	0.970	0.17%	\$11,002.27	
SAIDI Hrs/Yr - Kenergy East	2.78%	0.217	0.705	0.564	0.17%	\$11,002.27	
SAIDI Hrs/Yr - Kenergy West	2.78%	0.106	1.126	0.901	0.17%	\$11,002.27	
SAIDI Hrs/Yr - System Wide	2.78%	0.149	1.213	0.970	0.17%	\$11,002.27	
CAIDI Hrs/Yr - Jackson Purchase	2.78%	0.522	0.334	0.267	0.00%	\$0.00	
CAIDI Hrs/Yr - Meade County	2.78%	0.076	1.095	0.876	0.17%	\$11,002.27	
CAIDI Hrs/Yr - Kenergy East	2.78%	0.332	1.095	0.876	0.17%	\$11,002.27	
CAIDI Hrs/Yr - Kenergy West	2.78%	0.267	1.095	0.876	0.17%	\$11,002.27	
CAIDI Hrs/Yr - System Wide	2.78%	0.248	1.095	0.876	0.17%	\$11,002.27	
MWH Sales Lost	2.77%	79.7	239.3	191.4	0.17%	\$11,002.27	
Percent Load Served	2.77%	99.998	99.998	99.999	0.00%	\$0.00	
	33.34%				1.53%	\$99,020.43	
	100.00%				4.92%	\$318,418.61	

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base earnings for the 84 eligible employees for the 12-month period ended December 31, 2007, are \$6,471,922.52. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
JANUARY 18, 2008**

After an explanation by Bill Blackburn of the incentive pay goals and achievements and questions posed by the Board were answered, Director Elder moved, seconded by Director Elliott, that the 2007 incentive pay award be approved as presented. The motion was unanimously adopted.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 1-18-08.

Paula Mitchell

**EXCERPT FROM THE MINUTES OF EXECUTIVE SESSION
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
DECEMBER 17, 2004**

Director Myers moved, seconded by Director Sills, that the president be authorized to award raises of up to 10 percent for the merit portion of the salary plan. The motion was unanimously adopted.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of Executive Session of the Board of Directors of said Corporation held on 12-17-04.

Paula Mitchell