

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC) CASE NO.
CORPORATION FOR AN ADJUSTMENT OF RATES) 2012-00535

COMMISSION STAFF'S REQUEST FOR INFORMATION
TO THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than June 7, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

The AG shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made, or though correct when made, is now incorrect in any material respect. For any request to which the AG fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to pages 23-43 and Exhibit BCO-2, Schedule A-3, of the Direct Testimony of Bion C. Ostrander ("Ostrander Testimony") regarding Mr. Ostrander's proposed adjustment to reduce "significant pay increases" granted by Big Rivers Electric Corporation ("Big Rivers").

a. The testimony references pay increases awarded since 2009. Explain in detail why historical amounts that were included in the revenue increase awarded by the Commission in Big Rivers' 2011 rate case should now be disallowed.

b. The second line of the box in the upper right portion of page 2 of 3 of the exhibit deducts what is identified as "Officer's FTP payroll above" in the amount of \$872,537. Provide an explanation, along with any relevant calculations, of what this amount represents and how it was derived.

c. Refer to the box in the upper right portion of page 2 of 3 and Note 5 on page 3 of 3 of the exhibit. The amount of pay increases that Mr. Ostrander proposes to remove is \$1,129,305. Note 5 indicates that the pay increases for this adjustment are "Management average pay increases of 6.40% in 2009 and 7.08% in 2011, and non-Management pay increases that were 4.56% in 2009." Provide a

breakdown of the \$1,129,395 which shows separately the amounts associated with each of these three pay increases.

2. Refer to pages 52-67 of the Ostrander Testimony and Exhibit BCO-2, Schedule A-6 regarding the proposed adjustment to reduce Big Rivers' estimated rate case expenses. Explain whether Mr. Ostrander is aware of the Commission's general policy to allow recovery by utilities of actual rate case expenses incurred through the month that the formal hearing is conducted.

3. Refer to page 6, lines 19-22, of the Ostrander Testimony. With the recommendation of no revenue increase, for how long would Big Rivers be able to continue paying all of its existing debt and its existing financial obligations?

4. Refer to page 20 of the Direct Testimony of Larry W. Holloway wherein Mr. Holloway discusses Big Rivers' proposed 74 percent increase in the Rural class demand charge. Mr. Holloway states that "[a]ssuming Big Rivers' members pass these costs along to the Rural residential and small commercial customers in the same fashion, this will result in a much larger rate impact for those customers with lower than average load factors." Refer also to page 21 of the testimony which states that should Big Rivers' member cooperatives "[p]ass through the same magnitude of demand charge increase Big Rivers is advocating for the Rural customer class, the net effect on small businesses, schools and churches among others would certainly not seem gradual." State whether Mr. Holloway is aware that all Big Rivers' members have proposed to pass through the wholesale increase on a proportional basis to each rate class and within each rate class, and therefore, retail demand charges would not increase by a magnitude comparable to the 74 percent demand charge increase.



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DATED MAY 31 2013

cc: Parties of Record

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