

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION FOR A) **Case No. 2013-00199**
GENERAL ADJUSTMENT IN RATES)

VOLUME 5 of 5

DIRECT TESTIMONY
[Application Tabs 60 through 70]

FILED: June 28, 2013

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Forecasted Test Year

(Forecast Yest Year 12ME January 15, 2015; Base Period TME September 30, 2013)

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1	1	807 KAR 5:001 Section 16(1)(b)1	<i>Reason the adjustment</i>	Mr. Bailey
1	2	807 KAR 5:001 Section 16(1)(b)2	<i>Certificate of good standing or certificate of authorization</i>	Ms. Richert
1	3	807 KAR 5:001 Section 16(1)(b)3	<i>Certificate of assumed name</i>	Ms. Richert
1	4	807 KAR 5:001 Section 16(1)(b)4	<i>Proposed tariff</i>	Ms. Speed
1	5	807 KAR 5:001 Section 16(1)(b)5	<i>Utility's proposed tariff changes - Current Tariff v. Proposed Tariff [Side-by-Side]</i>	Ms. Speed
1	6	807 KAR 5:001 Section 16(1)(b)6	<i>Customer notice complies with subsections (3) and (4); copy of notice</i>	Ms. Speed
1	7	807 KAR 5:001 Section 16(2)	<i>Notice of Intent</i>	Ms. Speed
1	8	807 KAR 5:001 Section 16(3)(a)	<i>Manner of Notification (<= 20 Customers)</i>	Ms. Speed
1	9	807 KAR 5:001 Section 16(3)(b)	<i>Manner of Notification (> 20 Customers)</i>	Ms. Speed
1	10	807 KAR 5:001 Section 16(3)(c)	<i>Service in Multiple Counties</i>	Ms. Speed
1	11	807 KAR 5:001 Section 16(4)	<i>Notice Requirements</i>	Ms. Speed
1	12	807 KAR 5:001 Section 16(5)	<i>Proff of Notice</i>	Ms. Speed
1	13	807 KAR 5:001 Section 16(6)	<i>Additional Notice Requirements</i>	Ms. Speed
1	14	807 KAR 5:001 Section 16(7)	<i>Abbreviated Form of Notice</i>	Ms. Speed
1	15	807 KAR 5:001 Section 16(8)	<i>Notice of hearing scheduled by the commission in compliance with KRS 424.300</i>	Ms. Speed
1	16	807 KAR 5:001 Section 16(11)(a)	<i>Financial date for Forecasted Period presented in form of pro forma adjustments to Base Period</i>	Mr. Wolfram and Mr. Williams
1	17	807 KAR 5:001 Section 16(11)(b)	<i>Forecasted adjustments limited to twelve (12) months immediately following suspension period.</i>	Mr. Williams
1	18	807 KAR 5:001 Section 16(11)(c)	<i>Capitalization and Net Investment Rate Base</i>	Mr. Warren

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1	19	807 KAR 5:001 Section 16(11)(d) and 807 KAR 5:001 Section 16(11)(e)	<i>No revisions to Forecasted Test Period except for mathematical errors or changes in regulatory or statutory enactments; Commission may require Alternative Forecast</i>	Ms. Speed
1	20	807 KAR 5:001 Section 16(11)(f)	<i>Reconciliation of Rate Base and Capital used to determine Revenue requirements</i>	Mr. Warren
1	21	807 KAR 5:001 Section 16(12)(a)	<i>Prepared testimony of each witness including utility's chief officer in Kentucky addressing programs to achieve improvements, efficiency, and productivity.</i>	Mr. Bailey
1	22	807 KAR 5:001 Section 16(12)(b)	<i>Most recent capital construction budget with minimum of three (3) year forecast of construction expenditures.</i>	Mr. Berry and Mr. Crockett
1	23	807 KAR 5:001 Section 16(12)(c)	<i>Description of all factors used in preparing forecast period, including econometric models, variables, assumptions, escalation factors, etc.</i>	Mr. Williams
1	24	807 KAR 5:001 Section 16(12)(d)	<i>Utility's annual and monthly budget for twelve (12) months preceding filing date, base period, and forecasted period.</i>	Ms. Richert
1	25	807 KAR 5:001 Section 16(12)(e)	<i>Statement of attestation of utility's chief officer in Kentucky regarding forecast's reasonableness/reliability, and affirming forecast's assumption/methodologies used in forecasts given to management.</i>	Mr. Bailey
1	26	807 KAR 5:001 Section 16(12)(f)	<i>Provide information on each major construction project comprising \geq 5% of annual construction budget within three (3) year forecast.</i>	Mr. Berry and Mr. Crockett
1	27	807 KAR 5:001 Section 16(12)(g)	<i>Provide aggregate information on all construction project comprising $<$ 5% of annual construction budget within three (3) year forecast.</i>	Mr. Berry and Mr. Crockett

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1	28	807 KAR 5:001 Section 16(12)(h)	<i>Financial forecast information corresponding to three (3) forecasted years included in capital construction budget.</i>	Ms. Barron, Mr. Berry, Mr. Haner, Mr. Warren, Mr. Williams, and Mr. Wolfram
1	29	807 KAR 5:001 Section 16(12)(i)	<i>Most recent Federal Energy Regulatory Commission or Federal Communication Commission audit reports.</i>	Ms. Richert
2	30	807 KAR 5:001 Section 16(12)(j)	<i>Prospectuses of the most recent stock or bond offerings.</i>	Ms. Richert
2	31	807 KAR 5:001 Section 16(12)(k)	<i>Most recent Federal Energy Regulatory Commission Form 1 (electric) or Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone);</i>	Ms. Richert
2	32	807 KAR 5:001 Section 16(12)(l)	<i>Annual report to shareholders, or members, and statistical supplement</i>	Ms. Richert
2	33	807 KAR 5:001 Section 16(12)(m)	<i>Current chart of accounts</i>	Ms. Richert
2	34	807 KAR 5:001 Section 16(12)(n)	<i>Latest twelve (12) months of monthly managerial reports providing financial results of operations in comparison to forecast</i>	Ms. Richert
3	35	807 KAR 5:001 Section 16(12)(o)	<i>Monthly budget variance reports with explanations, for twelve (12) months prior to base period, each month of base period, and subsequent months, when available.</i>	Ms. Richert
4	36	807 KAR 5:001 Section 16(12)(p)	<i>Securities and Exchange Commission's annual reports, Form 10-Ks, Form 8-Ks, and form 10-Qs.</i>	Ms. Richert
4	37	807 KAR 5:001 Section 16(12)(q)	<i>Independent auditor's annual opinion report.</i>	Ms. Richert
4	38	807 KAR 5:001 Section 16(12)(r)	<i>Quarterly reports to stockholders for most recent five (5) quarters.</i>	Ms. Richert

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4	39	807 KAR 5:001 Section 16(12)(s)	<i>Summary of the utility's latest depreciation study with schedules by major plant accounts.</i>	Ms. Richert
4	40	807 KAR 5:001 Section 16(12)(t)	<i>List of all commercially available or in-house developed computer software, programs, and models</i>	Ms. Richert
4	41	807 KAR 5:001 Section 16(12)(u)	<i>Information related to any amounts charged, allocated, or paid to utility by an affiliate, general office, or home office.</i>	Ms. Richert
4	42	807 KAR 5:001 Section 16(12)(v)	<i>Cost of service study</i>	Mr. Wolfram
4	43	807 KAR 5:001 Section 16(12)(w)	<i>Local exchange carriers, jurisdictional separations study, and service specific cost studies.</i>	Ms. Richert
4	44	807 KAR 5:001 Section 16(13)(a)	<i>Jurisdictional financial summary for base period and forecasted period deriving amount of requested increase.</i>	Mr. Warren
4	45	807 KAR 5:001 Section 16(13)(b)	<i>Jurisdictional rate base summary for base period and forecasted period with schedules detailing analysis of rate base.</i>	Mr. Warren
4	46	807 KAR 5:001 Section 16(13)(c)	<i>Jurisdictional operating income summary for base period and forecasted period with schedules detailing major/individual accounts.</i>	Ms. Richert
4	47	807 KAR 5:001 Section 16(13)(d)	<i>Summary of jurisdictional adjustments to operating income by major account with supporting schedules.</i>	Ms. Richert
4	48	807 KAR 5:001 Section 16(13)(e)	<i>Jurisdictional federal and state income tax summary for base period and forecasted period with all supporting schedules.</i>	Ms. Richert
4	49	807 KAR 5:001 Section 16(13)(f)	<i>Summary schedules for base period and forecasted period of membership dues, initiation fees, country club expenditures, et. al.</i>	Ms. Richert

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4	50	807 KAR 5:001 Section 16(13)(g)	<i>Analysis of payroll costs including schedules for wages/salaries, employee benefits, payroll taxes, straight/overtime hours, et. al.</i>	Mr. Haner
4	51	807 KAR 5:001 Section 16(13)(h)	<i>Computation of gross revenue conversion factor for forecasted period.</i>	Mr. Wolfram
4	52	807 KAR 5:001 Section 16(13)(i)	<i>Comparative income statements and revenue/sales statistics for five (5) most recent calendar years from application filing date, base/forecasted periods, plus two (2) years beyond forecasted period.</i>	Ms. Richert
4	53	807 KAR 5:001 Section 16(13)(j)	<i>Cost of capital summary for base period and forecasted period with supporting schedules.</i>	Ms. Richert
4	54	807 KAR 5:001 Section 16(13)(k)	<i>Comparative financial data for ten (10) most recent calendar years, base period, and forecasted period.</i>	Ms. Richert
4	55	807 KAR 5:001 Section 16(13)(l)	<i>Narrative description and explanation of all proposed tariff changes.</i>	Ms. Speed
4	56	807 KAR 5:001 Section 16(13)(m)	<i>Revenue summary for base period and forecasted period with supporting schedules detailing billing analyses for customer classes.</i>	Ms. Richert
4	57	807 KAR 5:001 Section 16(13)(n)	<i>Typical bill comparison for present and proposed rates for all customer classes.</i>	Mr. Wolfram
4	58	807 KAR 5:001 Section 16(15)	<i>Request for waiver(s)</i>	Ms. Richert
4	59	Ordering Paragraph Nos. 2 and 3 of Commission's Order, dated July 24, 2012, in CN 2008-00408	<i>Electric utility in rate case to fully explain consideration of cost-effective energy efficiency programs and their impact on test year</i>	Ms. Barron

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Direct Testimony and Exhibits

Volume Number	Tab Number	Witness	Exhibit(s)	Exhibit Description
5	60	Mark A. Bailey	Exhibit Bailey - 1	Professional Summary
5	61	Billie J. Richert	Exhibit Richert - 1	Professional Summary
			Exhibit Richert - 2	MFIR Calculation
			Exhibit Richert - 3	Generation & Transmisison Cooperatives Comparison Analysis
			Exhibit Richert - 4	Credit Rating Agency Reports
5	62	DeAnna M. Speed	Exhibit Speed - 1	Professional Summary
			Exhibit Speed - 2	Summary of Proposed Changes to Tariff Rates
			Exhibit Speed - 3	Side-by-Side Comparison of Big Rivers Proposed Tariff in CN 2012-000535 (PSC KY No. 25) versus Big Rivers Proposed Tariff in CN 2013-00199 (PSC KY No. 26)
5	63	Robert W. Berry	Exhibit Berry - 1	Forecasted Production Non-Labor Fixed Departmental Expenses (FDE)
			Exhibit Berry - 2	Forecasted Production Capital Work Plan
5	64	David G. Crockett	[None]	
5	65	Daniel M. Walker	Exhibit Walker - 1	G&T Cooperatives, Ratings and 2011 TIER
			Exhibit Walker - 2	G&T Cooperatives Debt Service Coverage (DSC) Ratios
			Exhibit Walker - 3	Equity Ratio
5	66	Jeffrey A. Williams	Exhibit Williams - 1	Professional Summary

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5	67	Lindsay N. Barron	Exhibit Barron - 1	Professional Summary
			Exhibit Barron - 2	U.S. Department of Agriculture, Rural Utilities Service Approval Letter for 2013 Load Forecast Work Plan
			Exhibit Barron - 3	2014 and 2015 Energy and Demand Budget
5	68	James V. Haner	Exhibit Haner -1	Professional Summary
			Exhibit Haner -2	Calculation of Severance Costs
5	69	Christopher A. Warren	Exhibit Warren -1	Professional Summary
			Exhibit Warren -2	Big Rivers Financial Model
			Exhibit Warren -3	Financial Results with and without Rate Increase
5	70	John Wolfram	Exhibit Wolfram - 1	Professional Summary
			Exhibit Wolfram - 2	Revenue Requirements and Pro Forma Adjustments
			Exhibit Wolfram - 3	Cost-of-Service Study: Functional Assignment and Classification
			Exhibit Wolfram - 4	Cost-of-Service Study: Allocation to Rate Classes
			Exhibit Wolfram - 5	Billing Determinants: Present & Proposed Rates
			Exhibit Wolfram - 6	Summary of Proposed Increase
			Exhibit Wolfram - 7	Estimate of Retail Rate Increase
			Exhibit Wolfram - 8	Rate Comparison to Other Kentucky Utilities



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY

OF

**MARK A. BAILEY
PRESIDENT and CHIEF EXECUTIVE OFFICER**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

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**DIRECT TESTIMONY
OF
MARK A. BAILEY**

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**DIRECT TESTIMONY
OF
MARK A. BAILEY**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Mark A. Bailey. I am employed by Big Rivers Electric Corporation (“Big
9 Rivers”), 201 Third Street, Henderson, Kentucky 42420 as its President and Chief
10 Executive Officer (“CEO”). I have held this position since October 2008. Before
11 coming to Big Rivers, I was employed by Kenergy Corp. (“Kenergy”) as its President
12 and CEO for two years and prior to that by American Electric Power Company
13 (“AEP”) for nearly 30 years, beginning as an electrical engineer in 1974. A summary
14 of my professional experience is attached hereto as Exhibit Bailey-1.

15 **Q. Have you previously testified before the Kentucky Public Service Commission
16 (“Commission”)?**

17 A. Yes. I most recently testified on Big Rivers’ behalf in its current rate case, Case No.
18 2012-00535 (the “Century Rate Case”). I also testified on Big Rivers’ behalf in its last
19 rate case, Case No. 2011-00036 (the “2011 Rate Case”), and in Case No. 2010-00043,
20 which was related to Big Rivers becoming a member in the Midcontinent Independent
21 System Operator, Inc. (“MISO”), which was formerly the Midwest Independent
22 Transmission System Operator, Inc. In addition, I have testified before state regulatory
23 commissions in Arkansas, Texas, Louisiana, and Oklahoma.

24

1 **II. PURPOSE OF TESTIMONY**

2

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is: (i) to provide an overview of Big Rivers' need for the
5 rate relief requested in this proceeding; (ii) to provide a summary of Big Rivers'
6 proposed rate requests; (iii) to introduce the witnesses that will testify on behalf of Big
7 Rivers in this case, with a brief description of the topics that each witness will address;
8 and (iv) to sponsor certain filing requirements from 807 KAR 5:001.

9 **Q. Are you sponsoring any exhibits?**

10 A. Yes. I have prepared the following exhibits to my prepared testimony:

11 Exhibit Bailey-1 Professional Summary for Mark A. Bailey

12

13 **III. BIG RIVERS' NEED FOR RATE RELIEF**

14

15 **Q. Please summarize Big Rivers' need for additional revenue.**

16 A. The rate relief Big Rivers is seeking in this case is necessary to replace the net revenues
17 that Big Rivers will lose beginning January 31, 2014, as a result of the termination of
18 the retail power contract of Alcan Primary Products Corporation ("Alcan").

19 **Q. Can you explain Big Rivers' present financial condition and how it relates to the
20 need for additional revenue?**

21 A. Yes. Big Rivers is in the midst of a difficult transition period. As the Commission is
22 well aware, on August 20, 2012, Century Aluminum of Kentucky General Partnership
23 ("Century") terminated its retail electric contract, and on January 31, 2013, Alcan

1 terminated its retail electric contract. The Century contract termination is effective
2 August 20, 2013, while the Alcan contract termination is effective January 31, 2014.

3 After receiving the Century termination notice, Big Rivers immediately began
4 pursuing efforts to mitigate the effects of the Century contract termination. Those
5 mitigation efforts are described in the Direct Testimony of Mr. Robert W. Berry and
6 included filing a rate case, the Century Rate Case, which is pending before the
7 Commission.

8 In 2012, Century provided approximately \$205 million in revenues to Big
9 Rivers. Through its plan to temporarily lay up one of its generating plants, Big Rivers
10 was able to reduce the amount of revenue it needed to make up for the Century contract
11 termination to approximately \$63 million. At the same time, Big Rivers has been
12 dealing with a severely depressed off-system sales market. These were two primary
13 drivers of the Century Rate Case.

14 As noted above, this case is designed to address the termination of the Alcan
15 power contract. In 2012, Alcan provided approximately \$155 million in revenues to
16 Big Rivers. As with the Century Rate Case, Big Rivers will be able to offset most of
17 the revenue needed to make up for the Alcan contract termination by temporarily laying
18 up another generating plant, until Big Rivers' mitigation efforts produce sufficient
19 replacement load or there is a sufficient increase in wholesale market prices. In the
20 meantime, based on the fully forecasted test period, Big Rivers will need approximately
21 \$70.4 million in additional revenues beginning January 31, 2014, when the Alcan
22 contract termination takes effect. This amount represents both an amount needed to
23 recover Alcan's contribution to Big Rivers' costs (approximately \$46.7 million) and an

1 amount needed to recover the portion of Century revenues allocated to Alcan in the
2 Century Rate Case (approximately \$23.7 million). The \$70.4 million, in addition to
3 the relief requested in the Century Rate Case, is sufficient for Big Rivers to continue to
4 prudently operate and maintain its generating units, satisfy its obligations under its loan
5 agreements, and attract the capital necessary to continue to safely provide adequate and
6 reliable service to its members, despite the loss of two retail customers with sizeable
7 load and despite the current prices in the wholesale power market.

8 With the rate relief Big Rivers is seeking in the Century Rate Case and in this
9 case, Big Rivers will be in a more stable position. It will have sufficient revenues to
10 continue to prudently maintain its generating units, while satisfying the obligations of
11 its loan agreements. It will be able to access the capital markets, although on a limited
12 basis at first. But it also will be in a position of rebuilding its credit profile and
13 returning to investment grade. It will also be exposed to much less risk without the
14 load concentration of serving the smelters. Simply stated, Big Rivers will have begun
15 the recovery process. So, although Big Rivers is in a difficult transition period, if it can
16 secure the needed rate relief, Big Rivers will be well-positioned for the future.

17 **Q. Would it be appropriate to delay the impact of the rate increase Big Rivers is**
18 **proposing in this case by accelerating the use of the Economic Reserve and Rural**
19 **Economic Reserve funds?**

20 **A.** Yes. Big Rivers understands the burden on ratepayers of the significant rate increase it
21 is seeking in the Century Rate Case combined with the significant rate increase it is
22 seeking in this case. However, the retail rates for customers served under Big Rivers'
23 Rural and Large Industrial tariffs were relatively low to begin with. That was, in part,

1 due to the contract premium Alcan and Century have been providing to other
2 customers. That subsidy will no longer exist, and its termination causes the rate
3 increases to be larger than they otherwise would be.

4 Of course, the ability of Big Rivers to continue down the path of recovery is
5 dependent upon receiving the rate relief it seeks in the Century Rate Case as well as the
6 rate relief it seeks in this case. Absent that, Big Rivers will not be able to satisfy its
7 loan obligations or attract the capital at reasonable rates that is necessary for Big Rivers
8 to safely provide adequate and reliable service to its members.

9 Because of the significant nature of the rate relief proposed in this case
10 following on the heels of the significant rate relief proposed in the Century Rate Case,
11 Big Rivers feels it is appropriate to accelerate the use of the Economic Reserve and the
12 Rural Economic Reserve funds, such that the entire amount of the increase sought in
13 this case is effectively, although only temporarily, offset. Under Big Rivers' proposal,
14 the Economic Reserve is expected to be depleted in July 2014. That means that neither
15 the Rural or Large Industrial rate classes will experience the impact of the increase
16 sought in this proceeding until that time. Under Big Rivers' proposal, the Rural
17 Economic Reserve is expected to last until April 2015, and the Rural class will see no
18 impact from this case until then. Moreover, during that time, Big Rivers will continue
19 to diligently pursue its mitigation efforts. This accelerated reserve use proposal is
20 further discussed in the Direct Testimony of Ms. Billie J. Richert.

21 **Q. What if Big Rivers is able to sell the power it will have as a result of the Century**
22 **and Alcan contract terminations?**

1 A. Big Rivers is and has been evaluating ways to mitigate the effects of the Century and
2 Alcan contract terminations, as described in the Direct Testimony of Mr. Robert W.
3 Berry. As those mitigation efforts are successful, Big Rivers' members will benefit.

4 **Q. Do those mitigation efforts have any chance of success given the low prices in the**
5 **wholesale power market?**

6 A. Yes. As Mr. Berry explains in his direct testimony, Big Rivers is well positioned to
7 take advantage of several opportunities.

8 **Q. Does Big Rivers need the rate relief requested both in the Century Rate Case and**
9 **in this case?**

10 A. Yes. As a result of the Century and Alcan contract terminations, the provision in those
11 agreements that essentially capped Big Rivers at a 1.24 Times Interest Earned Ratio
12 ("TIER") no longer applies. Nevertheless, Big Rivers is asking in this case for a 1.24
13 TIER. Although, as explained in the Direct Testimony of Mr. Daniel M. Walker, this is
14 a very low TIER for a generation and transmission cooperative ("G&T") and is much
15 lower than Mr. Walker would recommend for an investment grade G&T, Big Rivers is
16 seeking to maintain the 1.24 TIER in consideration of mitigating the impact of the
17 proposed rate increase on member billings. However, this will continue the very slim
18 margin of error that Big Rivers' witnesses have mentioned in both the 2011 Rate Case
19 and the Century Rate Case. For the test period, the difference in net margins between
20 Big Rivers making a 1.24 TIER and a having margins for interest ratio ("MFIR") fall
21 below 1.10 is only about \$6.1 million. For a company with a forecasted \$371 million
22 in annual cost of service for the test period, that is a very slim margin of error. Big
23 Rivers cannot make up the revenue shortfall from the Century and Alcan contract

1 terminations solely through cost cutting or expense reductions. It needs both increases.
2 The rates Big Rivers proposes are absolutely necessary, fair, just, and reasonable.

3 **Q. Big Rivers filed Case No. 2013-00221 on June 12, 2013, seeking approval of new**
4 **contracts for Century. What financial impact do those contracts have on this**
5 **case?**

6 A. For the reasons explained in the Direct Testimony of Mr. Robert W. Berry, those
7 contracts should have no financial impact on this case at this time.

8
9 **IV. OVERVIEW OF RATE REQUESTS**

10
11 **Q. How did Big Rivers develop the rates proposed in this proceeding?**

12 A. Big Rivers conducted a fully allocated embedded cost of service study to develop the
13 proposed rates. The costs of service and proposed rates are described in detail in the
14 Direct Testimony of Mr. John Wolfram, but essentially, the proposed rates are designed
15 to generate the \$70.4 million revenue deficiency. The proposed wholesale rates
16 represent an increase to the Rural Delivery Service (“RDS” or “Rurals”) rate class of
17 \$54.9 million, and an increase to the Large Industrial Customer (“LIC”) rate class of
18 \$15.5 million.

19 **Q. What are the proposed charges for the Rurals?**

20 A. Big Rivers is proposing to increase the demand charge from \$9.697 per kW per month
21 currently (or from \$16.950 per kW per month as proposed in the Century Rate Case) to
22 \$24.742 per kW per month. Big Rivers is proposing to increase the energy charge from
23 \$0.029736 per kWh currently (or from \$0.030000 per kWh as proposed in the Century
24 Rate Case) to \$0.035000 per kWh.

1 **Q. What are the proposed charges for the Large Industrials?**

2 A. Big Rivers is proposing to increase the demand charge from \$10.500 per kW per month
3 currently (or from \$12.410 per kW per month as proposed in the Century Rate Case) to
4 \$17.979 per kW per month, and to increase the energy charge from \$0.024508 per kWh
5 currently (or from \$0.030000 per kWh as proposed in the Century Rate Case) to
6 \$0.035000 per kWh.

7 **Q. How will the proposed rate increases affect the retail rates of Big Rivers’
8 members?**

9 A. As shown in the Direct Testimony of Mr. John Wolfram, Big Rivers estimates that on
10 average its proposed rate increase will result in a retail rate increase of approximately
11 21% for a typical residential customer with a monthly usage of 1,300 kWh over the
12 rates proposed in the Century Rate Case. Big Rivers estimates that on average its
13 proposed rate increase will result in a retail rate increase of approximately 44% over
14 current rates for a typical residential customer with a monthly usage of 1,300 kWh.
15 Obviously, these are rough estimates of the impact of Big Rivers’ proposed increase on
16 retail rates; the actual retail percentage increase will vary by individual distribution
17 cooperative member depending upon its individual sales characteristics and retail rate
18 structure. Also, these estimates do not include the effects of Big Rivers’ proposal to
19 accelerate the use of the reserve accounts. If that proposal is taken into account, the
20 effective retail and wholesale increases are 0% over the rates proposed in the Century
21 Rate Case until the reserve accounts are depleted.

22 **Q. How do the proposed rates address the issue of subsidization between rate classes?**

1 A. The proposed rates are designed so that there are no cost-of-service subsidies received
2 or provided by either of Big Rivers' remaining two rate classes. This is explained in
3 the Direct Testimony of Mr. John Wolfram.

4
5 **V. INTRODUCTION OF WITNESSES AND THEIR TESTIMONY**

6
7 **Q. Please identify the witnesses who will testify for Big Rivers and the areas which**
8 **their testimony will address.**

9 A. In addition to my testimony, Big Rivers presents the testimony of the following
10 witnesses:

11 1) **Billie J. Richert** (Tab 61). Ms. Richert, Big Rivers' Vice President
12 Accounting, Rates, and Chief Financial Officer, explains the drivers behind the
13 proposed rate increase. She describes Big Rivers' financial obligations, Big
14 Rivers' need to have access to the capital markets, and the consequences of
15 failing to meet its financial covenants. She provides an overview of the forecast
16 development process that Big Rivers relied upon for producing this filing and
17 for the on-going management of the utility. Ms. Richert also explains how the
18 termination of the Alcan power contract could affect Big Rivers' ability to
19 operate and meet its financial obligations. Finally, Ms. Richert discusses Big
20 Rivers' proposal to accelerate the use of Economic Reserve and Rural
21 Economic Reserve accounts.

22 2) **DeAnna M. Speed** (Tab 62). Ms. Speed, Big Rivers' Director Rates and
23 Budgets, describes and sponsors the tariff changes Big Rivers is proposing. Ms.

1 Speed also details other proceedings that might impact this case, and she
2 describes Big Rivers' management of the costs associated with this proceeding.

3 3) **Robert W. Berry** (Tab 63). Mr. Berry, Big Rivers' Chief Operating Officer,
4 describes Big Rivers' generating assets and the performance of the generating
5 units. He also explains why it is absolutely essential that Big Rivers' rates are
6 sufficient to enable Big Rivers to continue to prudently maintain its generating
7 units while satisfying the obligations of its loan agreements. He describes the
8 efforts Big Rivers has undertaken and intends to take, to mitigate the effects of
9 the Alcan and Century contract terminations. Mr. Berry also briefly describes
10 Big Rivers' production cost modeling and load forecast and Big Rivers'
11 proposal to eliminate its existing LICX tariff.

12 4) **David G. Crockett** (Tab 64). Mr. Crockett, Big Rivers' Vice President, System
13 Operations, provides an overview of the Big Rivers transmission system and
14 supports the level of transmission-related capital and fixed departmental
15 expense ("FDE")-related operation and maintenance ("O&M") expense
16 included in the forecast results for 2014 and 2015.

17 5) **Daniel M. Walker** (Tab 65). Mr. Walker is an advisor on cooperative finance.
18 His testimony provides an independent analysis of Big Rivers' current financial
19 condition and its ability to attract the capital necessary for Big Rivers to
20 continue to provide adequate and reliable electric service to its members. Mr.
21 Walker also explains his recommendations related to the appropriate TIER for
22 Big Rivers.

- 1 **6) Jeffrey R. Williams** (Tab 66). Mr. Williams, Big Rivers’ Manager-Budgets,
2 explains the development of Big Rivers’ financial forecast for 2014 and 2015.
- 3 **7) Lindsay N. Barron** (Tab 67). Ms. Barron, Big Rivers’ Vice President, Energy
4 Services, describes the development of Big Rivers’ load forecast. She also
5 describes Big Rivers’ current demand-side management (“DSM”) and energy
6 efficiency programs, and she describes a pro forma adjustment to test year
7 expenses for a MISO-related charge that is in the fully forecasted test period
8 associated with the idling of generating facilities.
- 9 **8) James V. Haner** (Tab 68). Mr. Haner, Big Rivers’ Vice President
10 Administrative Services, describes the role of Administrative Services in the
11 development of Big Rivers’ forecast. Mr. Haner also describes how Big Rivers
12 estimated severance costs associated with the anticipated idling of a generating
13 plant.
- 14 **9) Christopher A. Warren** (Tab 69). Mr. Warren, a Senior Forecast/Financial
15 Analyst for Big Rivers, describes the Big Rivers financial model that is used in
16 the Big Rivers forecasting process.
- 17 **10) John Wolfram** (Tab 70). Mr. Wolfram, Principal of Catalyst Consulting LLC,
18 describes and sponsors a cost of service study and describes Big Rivers’
19 revenue requirement, the proposed allocation of the revenue increase, the
20 proposed rates, and the impact of the proposed rate increase on member billings.

21

22 **VI. FILING REQUIREMENTS**

23

1 **Q. Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers’**
2 **compliance with forecasted period filing requirements under 807 KAR 5:001 and**
3 **its various subsections?**

4 A. Yes. I have, and I hereby incorporate and adopt those portions of Tabs 1-59 for which I
5 am identified as the sponsoring witness as part of this testimony.

6 **Q. Are you Big Rivers’ chief officer in charge of Kentucky operations?**

7 A. Yes. As Big Rivers’ President and CEO, I am Big Rivers’ chief officer in charge of
8 Kentucky operations.

9 **Q. Please describe Big Rivers’ existing programs to achieve improvements in**
10 **efficiency and productivity, including an explanation of the purpose of the**
11 **programs, pursuant to 807 KAR 5:001 Section 16(12)(a).**

12 A. Big Rivers continues to look for ways to reduce unnecessary costs, to improve the
13 efficiency of its generating units, and to offer a robust set of DSM and energy
14 efficiency programs and to continue to investigate additional programs. Big Rivers
15 monitors its costs and has engaged in corporate-wide cost cutting. The Direct
16 Testimony of Mr. Robert W. Berry shows that Big Rivers’ generating units have
17 performed well, and Big Rivers’ production department continues to seek
18 improvements to generator efficiency. The Direct Testimony of Ms. Lindsay N. Barron
19 describes Big Rivers’ DSM and energy efficiency measures. Big Rivers recently
20 obtained the Commission’s approval in Case No. 2013-00099 for Big Rivers to
21 improve its existing DSM programs and to establish two new DSM programs. The
22 purpose of these programs is to provide low cost, reliable power to Big Rivers’
23 members.

1

2 **VII. CONCLUSION**

3

4 **Q. What are your conclusions and recommendations to the Commission in this**
5 **proceeding?**

6 A. The rate relief Big Rivers is seeking in this proceeding is necessary to replace the net
7 revenues that Big Rivers will lose beginning January 31, 2014, as a result of the Alcan
8 contract termination. So long as Big Rivers is granted the increase it is seeking in this
9 proceeding, along with the increase it is seeking in the Century Rate Case, Big Rivers
10 will be on a path to recovery. The proposed increases should allow Big Rivers to have
11 access to the capital markets, to continue to prudently maintain its utility plant, and to
12 meet the requirements of its loan agreements, all while maintaining reasonable rates.
13 Moreover, the likelihood that Big Rivers' mitigation efforts will enable Big Rivers to
14 offset at least some of the rate increase further supports the reasonableness of Big
15 Rivers' proposed rates. If Big Rivers is not granted the rate relief it seeks in both this
16 case and the Century Rate Case, Big Rivers will be in a position from which it may not
17 be able to recover, and it, its members, and the members' retail customers will suffer.
18 As such, the rates proposed by Big Rivers are absolutely necessary and are fair, just,
19 and reasonable and should be approved by the Commission.

20 **Q. Does this conclude your testimony?**

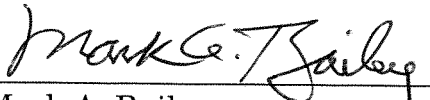
21 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION

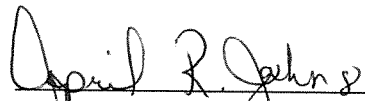
I, Mark A. Bailey, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Mark A. Bailey

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Mark A. Bailey on this
the 1st day of June, 2013.



Notary Public, Ky. State at Large
My Commission Expires 8-9-14

MARK ALAN BAILEY

P.O. Box 24 – 201 Third Street
Henderson, Kentucky 42419

Big Rivers Electric Corp.
Henderson, Kentucky
June 2007 – present

President & CEO

- Responsible to an elected 6 member board who represent Big Rivers' 3 distribution cooperative members for all facets of the Generation & Transmission cooperative's operations. Big Rivers owns and operates 5 coal-fired generating stations with a capacity of 1,444 MW and 1,285 miles of transmission lines. In addition, the company operates a two unit, 312 MW power station owned by Henderson Municipal Power & Light. The company employs ~ 627, has annual sales of ~ 12,000,000 MWh that produce annual revenue of ~ \$560 million, with net assets of ~ \$1.5 billion

Kenergy Corp.
Henderson, Kentucky
May 2004 – May 2007

President & CEO

- Responsible to an elected 11 member board for all facets of operations of a distribution electric cooperative serving approximately 54,000 members including 19 large industrial customers in portions of 14 counties in western Kentucky with ~ 160 employees, a peak demand of approximately 1,200 MW, annual kwh sales in excess of 9.4 billion, \$300 million in annual revenue, and \$210 million in assets

American Electric Power
Service Corporation
Columbus, Ohio
June 2000 – April 2004

Vice President Transmission Asset Management

- Managed AEP's \$2.5B transmission and substation assets located in eleven states, including \$100M annual O&M and \$250M capital expenditure decisions, as well as engineering and maintenance standards, annual maintenance and capital plans, development of strategic, business and incentive plans, system planning and interconnection agreements, regulatory and legislative policy formation and testimony, and all transmission related contracts

American Electric Power
Service Corporation
Columbus, Ohio
Jan. 1998 – May 2000

Managing Director, Energy Delivery and Customer Relations

- Responsible for administration of the Energy Delivery and Customer Relations business group consisting of the Transmission, Distribution, Marketing, System Operations, Public Relations, Regulatory functions and the state Presidents' offices including development of strategic, business and incentive plans, operational metrics, performance targets and monitoring systems
- Managed Transmission and Distribution Materials Management organization.
- Testified before 4 state Commissions in support of AEP's merger w/ CSW

American Electric Power
Service Corporation
Columbus, Ohio
Jan. 1996 – Dec. 1997

Director – Regions

- Directed the reorganized AEP's six southern distribution regions serving nearly 1,300,000 customers in portions of 5 states with 2,700 company and 2,500 contractor employees
- Oversaw the Transmission and Distribution Materials Management organization

Indiana Michigan
Power
Fort Wayne,
Indiana
Oct. 1994 - Dec. 1995

Vice President, Administration

- Oversaw Marketing, Customer Services, Accounting, Rates, and Purchasing and Materials Management Departments as well as the Budgeting Section
- Chaired the company's Political Action Disbursements Committee
- Coordinated operating company administrative support for the company's three coal fired and one nuclear generating stations (6,200MW)

MARK ALAN BAILEY

Indiana Michigan
Power
Fort Wayne,
Indiana
1989 – Sept. 1994

Vice President, Operations

- Directed four operating divisions serving nearly 520,000 customers in 28 counties in Indiana and Michigan and a total of ~ 1,300 employees
- Oversaw Transmission and Distribution, Purchasing and Materials Management, System Operations, General Services and Land Management Departments at corporate headquarters
- Coordinated operating company administrative support for the company's three coal fired, one nuclear and five hydro power plants (6,200MW)

Ohio Power
Columbus, Ohio
1988 – 1989

Executive Assistant to the President

- Assisted the AEP Executive Vice President – Operations performing studies and analyses such as ramifications of merging Ohio Power and Columbus Southern Power operating companies and design of a management incentive compensation system
- Lobbied on behalf of Ohio Power with the Ohio General Assembly

Ohio Power
Cambridge, MA
1987 – 1988

Division Manager

- Completed course work leading to attainment of a Masters Degree in Management as a Sloan Fellow at the Massachusetts Institute of Technology

Ohio Power
Tiffin, Ohio
1985 – 1987

Division Manager

- Managed all aspects of providing electrical service to 58,000 customers through five operating units consisting of 210 employees

Ohio Power
Canton, Ohio
1983 – 1985

Administrative Assistant to the President

- Coordinated operating company administrative support for the company's five fossil fired power plants (8,120 MW)
- Oversaw operation and maintenance of the company's two unit, 48 MW hydro plant
- Assisted the President with various studies and assignments including periodic participation in the AEP/Buckeye Power (Cardinal Plant) Operating Committee

Cardinal Operating Co.
Cardinal Plant
Brilliant, Ohio
1981 - 1983

Performance Superintendent

- Directed department of 65 employees responsible for installation and maintenance of the plant's instruments and controls, engineering and thermal performance, and laboratory operations at the three unit, coal fired 1,860 MW plant. This is a jointly-owned plant by Buckeye Power & AEP operated by AEP.
- Directly supervised start-up & shut-downs of the 600 MW supercritical units

Ohio Power
Muskingum River Plant
Beverly, Ohio
1979 - 1981

Production Superintendent

- Directed department responsible for operations of a five unit, coal fired 1,460 MW plant
- Directly supervised start-ups & shut-downs of the plant's 600 MW supercritical unit, wrote plant operating procedures and trained operators following major modifications of the 600 MW Unit 5 steam generator & precipitator addition

Ohio Power
Gavin Plant
Cheshire, Ohio
1975 - 1979

Performance Engineer

- Various engineering positions of increasing responsibility at the two unit, 2,600 MW coal fired plant. Major areas of involvement included analyzing thermal performance, instrument and control installation and maintenance
- Wrote plant operating procedures for all the AEP system's 1,300 MW supercritical units

Ohio Power
Portsmouth, Ohio
1974 – 1975

Electrical Engineer

- Designed, laid out and specified material for construction of distribution facilities to serve retail customers in the Portsmouth division

MARK ALAN BAILEY

Education:

- The Massachusetts Institute of Technology, Cambridge, Massachusetts
Masters of Science in Management, 1988
- The Ohio Northern University, Ada, Ohio
Bachelor of Science in Electrical Engineering with Distinction, 1974

Honors and Activities:

- Member of Tau Beta Pi National Engineering Honorary
- Member - Order of Kentucky Colonels
- Board member - Methodist Hospital, Henderson, Kentucky
- Board member – Methodist Hospital Foundation
- Board member – Henderson Community & Technical College Foundation
- Board member – Kentucky Community & Technical College Foundation

January 2013



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY
OF
BILLIE J. RICHERT
VICE PRESIDENT ACCOUNTING, RATES, AND CHIEF FINANCIAL OFFICER
ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
Tab 61
Page 1 of 17

DIRECT TESTIMONY
OF
BILLIE J. RICHERT

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**DIRECT TESTIMONY
OF
BILLIE J. RICHERT**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Billie J. Richert. I am employed by Big Rivers Electric Corporation (“Big
9 Rivers”), 201 Third Street, Henderson, Kentucky 42420, as the Vice President
10 Accounting, Rates, and Chief Financial Officer (“CFO”).

11 **Q. Please describe your job responsibilities.**

12 A. I am responsible for the oversight and management of the budgeting, accounting,
13 finance, rates, information systems and reporting functions for Big Rivers. I report
14 directly to the Chief Executive Officer.

15 **Q. Briefly describe your education and work experience.**

16 A. I assumed my current role on February 1, 2013. I have been employed by Big Rivers
17 since July 2010, first as the Oracle Accounting System Administrator, then as the
18 Manager of Business Systems Infrastructure, and then I was promoted to Vice
19 President, Vice President Accounting and Interim CFO in July 2012. I earned a
20 Bachelor of Science degree in Accounting from Indiana University and a Master of
21 Management, Finance from Northwestern University. I am a licensed Certified Public
22 Accountant (“CPA”) and a Certified IT Professional (“CITP”). Prior to my
23 employment at Big Rivers, I served as Director of Financial Systems at DePauw
24 University. A summary of my education and work experience is attached as Exhibit
25 Richert-1.

1 **Q. Have you previously testified before the Kentucky Public Service Commission**
2 **(“Commission”)?**

3 A. Yes. I testified on behalf of Big Rivers in a recent financing case, Case No. 2012-
4 00492, and I filed testimony and sponsored responses to information requests in Big
5 Rivers’ most recent rate case, Case No. 2012-00535. I also sponsored responses to
6 information requests in Big Rivers’ recent financing cases, Case Nos. 2012-00119,
7 2012-00492, and 2013-00125.

8

9 **II. PURPOSE OF TESTIMONY**

10

11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to: (i) provide an overview of Big Rivers’ need for the
13 rate relief requested in this proceeding and the consequences of Big Rivers failing to
14 receive the necessary rate relief; (ii) describe the test period Big Rivers chose for this
15 proceeding; (iii) describe the Times Interest Earned Ratio (“TIER”) Big Rivers is
16 requesting; (iv) describe Big Rivers’ proposal to temporarily offset the proposed
17 increase by accelerating the use of the Economic Reserve and Rural Economic Reserve
18 accounts; (v) provide an overview of the forecast development process that Big Rivers
19 relied upon for producing this filing and for the on-going management of the utility;
20 and (vi) sponsor certain filing requirements from 807 KAR 5:001.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes. I have prepared the following exhibits to my prepared testimony:

23 Exhibit Richert-1 Professional Summary for Billie J. Richert

- 1 Exhibit Richert-2 MFIR Calculation
- 2 Exhibit Richert-3 G&T Comparison Analysis
- 3 Exhibit Richert-4 Credit Rating Agencies' Reports
- 4

5 **III. OVERVIEW OF NEED FOR RATE RELIEF**

6

7 **Q. Please provide an overview of Big Rivers' need for the rate increase it is**
8 **requesting in this proceeding.**

9 A. In this proceeding, Big Rivers is seeking approval for an increase of \$70.4 million in
10 rates to eliminate Big Rivers' revenue deficiency in the same amount based on test
11 period revenues and expenses. This increase is necessary to replace the net revenues
12 that Big Rivers will lose beginning January 31, 2014, as a result of the termination of
13 the retail power contract of Alcan Primary Products Corporation ("Alcan"). Big Rivers
14 needs the full amount of the increase it is seeking beginning January 31, 2014, to safely
15 deliver reliable electricity, to meet its financial obligations to its creditors, and to attract
16 necessary capital in order to continue to provide adequate and reliable service to its
17 members.

18 **Q. What will happen if Big Rivers fails to receive the requested rate relief?**

19 A. If Big Rivers does not receive the full amount of the increase it is seeking in this
20 proceeding, it will be in a position from which it may not be able to recover. In my
21 direct testimony in Big Rivers' last rate case, Case No. 2012-00535 (the "Century Rate
22 Case"), I described in detail Big Rivers' agreements with its creditors. Among other
23 requirements, those credit agreements require Big Rivers to achieve a minimum 1.10

1 Margins for Interest Ratio (“MFIR”). Big Rivers needs the relief requested in this
2 proceeding so that it can have the revenue necessary to make up for the Alcan contract
3 termination and be able to satisfy that minimum MFIR requirement.

4 If Big Rivers fails to achieve the minimum MFIR requirement, it faces potential
5 consequences under its credit agreements that include having to pay higher interest
6 rates on debt, losing the contractual ability to borrow money on a secured basis, having
7 its existing loans accelerated, having its lines of credit terminated, and having its ability
8 to obtain letters of credit under its existing credit agreements terminated. Additionally,
9 if Big Rivers is unable to achieve the minimum MFIR requirement or if it defaults on
10 its current credit agreements, it will become more difficult, if not impossible, for Big
11 Rivers to access the credit markets to secure the capital needed to run its business.

12 **Q. Why is it important for Big Rivers to maintain the ability to borrow funds under**
13 **its current credit agreements and in the credit markets?**

14 **A.** Big Rivers must have the ability to borrow money on a long-term, secured basis. A
15 utility the size of Big Rivers that operates generation and transmission facilities will
16 always have periodic cash and borrowing requirements for both anticipated and
17 unanticipated needs.

18 For example, Big Rivers will have approximately \$60,000,000 in pollution
19 control equipment expenditures in 2013 and 2014. Big Rivers expects initially to
20 finance these expenditures with a new short-term loan from the National Rural Utilities
21 Cooperative Finance Corporation (“CFC”), and then convert that short-term borrowing
22 to long-term financing with the Rural Utilities Service (“RUS”). The long-term
23 financing with RUS and the interim bridge financing with CFC must be secured under

1 Big Rivers' existing Indenture. These mandatory pollution control facilities must be
2 installed on Big Rivers' generating units by April 2015 for Big Rivers to be in
3 compliance with the Mercury and Air Toxics Standards ("MATS") rule and continue
4 operating its generating facilities after that date. If Big Rivers fails to achieve a MFIR
5 of 1.10, it will lose the right to secure debt under the Indenture until after Big Rivers
6 has achieved a 1.10 MFIR for a 12-month period described in the Indenture.

7 Also, Big Rivers relies on its existing \$50 million revolving credit agreement
8 with CFC to supplement its liquidity needs required in its normal business operations,
9 including but not limited to, the issuance of standing letters of credits required by the
10 Midcontinent Independent System Operator, Inc. ("MISO"), formerly the Midwest
11 Independent Transmission System Operator, Inc., by counterparties with whom Big
12 Rivers executes wholesale power transactions, and by fuel suppliers. In addition, this
13 revolving credit agreement provides Big Rivers the ability to comply with cash balance
14 requirements as defined by the Big Rivers Financial Policy. Access to funds under this
15 agreement and Big Rivers' ability to renew this agreement after it expires in 2014 are
16 very important to Big Rivers, to the credit rating agencies, and to Big Rivers' creditors
17 generally because of the significant liquidity it provides. Thus, Big Rivers must
18 maintain the ability to borrow.

19 **Q. Will the rates proposed by Big Rivers produce revenues that will meet Big Rivers'**
20 **revenue requirements, including enabling Big Rivers to comply with the minimum**
21 **MFIR requirement?**

22 A. In all likelihood, yes. The calculation of MFIR for the test year of February 1, 2014,
23 through January 31, 2015, assuming the proposed rates are in effect, produces an MFIR

1 of 1.11. That calculation is shown in attached Exhibit Richert-2. Based upon the
2 information we have about the period immediately following the date on which the new
3 rates are anticipated to go into effect – and noting, however, that there is very little
4 room for contingencies -- Big Rivers can reasonably expect the proposed rates to
5 produce at least a 1.10 MFIR for fiscal year 2014.

6 **Q. What is the difference in margins that results in a MFIR of 1.11, rather than 1.10**
7 **for the test period?**

8 A. The difference between Big Rivers earning a 1.11 MFIR for the test period (as it is
9 projected to do under the proposed rates) and Big Rivers earning a 1.10 MFIR for the
10 test period is only about \$633,000. This is a very narrow margin of error for a business
11 with a forecasted annual cost of service of \$371 million for the test period.

12 **Q. What was Big Rivers' MFIR in fiscal year 2012?**

13 A. Big Rivers' MFIR for fiscal year 2012 was 1.25 based upon margins of \$11.3 million.
14 Big Rivers attained its MFIR for that period by very carefully planning and executing
15 its business strategies including taking extraordinary steps to lower its expenses as a
16 result of lower prices for power in the wholesale market. A major part of the business
17 strategy was corporate-wide cost-cutting and implementation of cost deferral measures,
18 primarily consisting of rescheduling planned generating unit maintenance outages, and
19 to a lesser extent including transmission maintenance and general and administrative
20 discretionary expenses.

21 **Q. What will happen if Big Rivers is granted the rate relief it is seeking?**

22 A. As explained in the Direct Testimony of Mark A. Bailey, if Big Rivers receives the full
23 amount of the increase sought in this case and in the Century Rate Case, it will be on a

1 path to recovery and will be reasonably well-positioned for the future. The proposed
2 increases will allow Big Rivers to have access to the capital markets and to be able to
3 continue to prudently operate and maintain its utility plant and to meet the requirements
4 of its loan agreements, all while maintaining reasonable rates. Alternatively, if Big
5 Rivers does not receive the increase it is seeking, it is at great risk of being unable to
6 satisfy its loan obligations and to secure the capital needed to run its business.

7
8 **IV. TEST PERIOD**

9
10 **Q. Is Big Rivers using a historical test period or forecasted test period in this filing?**

11 A. Big Rivers is filing revenue requirements based on a fully forecasted test period
12 corresponding to the 12 months beginning February 1, 2014, and ending January 31,
13 2015.

14 **Q. Why was the fully forecasted test period of February 1, 2014, through January 31,
15 2015, selected?**

16 A. This test period was selected because it is the first full twelve calendar months
17 following the termination of the Alcan contract, and is thus most representative of Big
18 Rivers' expected operations and financial condition after that date. The fully forecasted
19 test period is better suited than the historic test period for capturing the significant
20 changes to Big Rivers' operations and financial performance that will result from the
21 Alcan contract termination.

1 V. **TIER**

2

3 Q. **What is the TIER that Big Rivers is requesting?**

4 A. Big Rivers is requesting a TIER of 1.24. In its November 17, 2011, Order (the
5 “November 17 Order”) in the rate case Big Rivers filed in 2011, Case No. 2011-00036
6 (the “2011 Rate Case”), the Commission accepted the use of the 1.24 Contract TIER.
7 Big Rivers believes it is appropriate to continue the use of the 1.24 TIER.

8 Q. **What is the difference between “Contract TIER” and conventional TIER, and
9 which do you recommend for this case?**

10 A. “Contract TIER” was how TIER was defined in the Century and Alcan power
11 contracts. The difference between the calculation of Contract TIER and the calculation
12 of conventional TIER relates to interest on the Transition Reserve account that Big
13 Rivers established at the closing of the transaction known as the “Unwind Transaction”
14 that was approved in Case No. 2007-00455. Since both the Alcan and Century
15 Aluminum of Kentucky General Partnership retail power contracts have been
16 terminated, those contracts will no longer place limitations on the Contract TIER Big
17 Rivers can earn, and there is no need to continue using Contract TIER as the basis for
18 setting rates. As such, Big Rivers is requesting a 1.24 conventional TIER in this case.

19 Q. **What is the distinction between the definition of TIER and the definition of MFIR
20 that are used in your testimony and referred to in the testimony of others in this
21 case?**

22 A. The distinction can be shown using simplified formula definitions of each term:

- 1 • TIER (Times Interest Earned Ratio) = (Net Margins + Interest Expense on Long
2 Term Debt) / Interest Expense on Long Term Debt
- 3 • MFIR (Margins For Interest Ratio) = (Net Margins + Interest Expense on Long
4 Term Debt + Income Tax) / Interest Expense on Long Term Debt

5 **Q. Why is it reasonable for Big Rivers' to propose rates based on achieving the 1.24**
6 **TIER in this proceeding?**

7 A. As explained in the Direct Testimony of Mr. Daniel M. Walker, a 1.24 TIER is very
8 low for a generation and transmission cooperative ("G&T") and lower than Big Rivers
9 needs for the long-term now that the Century and Alcan contracts are terminated.
10 Nevertheless, Big Rivers believes it is appropriate to maintain a target TIER of 1.24 at
11 this time because of the magnitude of the rate relief requested in this case and the fact
12 that it follows on the heels of the Century Rate Case. However, anything less than a
13 1.24 TIER puts Big Rivers at risk of defaulting on its loan obligations because it would
14 leave Big Rivers an unreasonably narrow window in which to operate. As I explained
15 previously, Big Rivers' loan agreements require it to have a minimum 1.10 MFIR; so,
16 the MFIR serves as a floor or a lower bound for Big Rivers' financial performance.

17 For 2011, the average TIER or MFIR for G&Ts with debt ratings in the "A" and
18 "B" category is 1.60. Big Rivers' 2011 TIER of 1.12 is the lowest TIER earned by any
19 of the rated G&Ts reported in the G&T Accounting & Finance Association Annual
20 Directory dated June 2012. This is evident from the data provided in Exhibit Richert-3,
21 which is a table of G&Ts with investment-grade credit ratings and their TIER or MFIR
22 (as of June 2012).

23 It is important that Big Rivers establish base rates in this proceeding that will
24 provide it with a reasonable opportunity to achieve a 1.24 TIER, which will allow Big

1 Rivers to access the capital necessary to continue to safely provide adequate and
2 reliable service to its members, although, as explained in the Direct Testimony of Mr.
3 Daniel M. Walker, only on a limited basis. If this is not accomplished, Big Rivers faces
4 potential consequences that range from having to pay higher interest rates on debt, to
5 being unable to find sources of credit and defaulting under its credit agreement
6 covenants.

7 **Q. Why is Big Rivers proposing rates based on achieving the 1.24 TIER rather than**
8 **proposing rates designed to achieve the 1.10 MFIR?**

9 A. The 1.10 MFIR is a minimum requirement under Big Rivers' credit agreements, not a
10 target that allows Big Rivers to operate and maintain its plants appropriately and attract
11 capital. Achieving only a 1.10 MFIR after the conclusion of this rate case would make
12 it much more difficult for Big Rivers to regain its investment grade credit ratings. It
13 would provide Big Rivers no margin of error, exacerbate the uncertainty of Big Rivers'
14 current financial position, and make it very likely that Big Rivers will default on its
15 obligations. The higher the revenue increase that is awarded in this proceeding, the
16 higher the TIER that Big Rivers is likely to achieve, and the further along Big Rivers
17 will be in the recovery process described in the Direct Testimonies of Mr. Mark A.
18 Bailey and Mr. Daniel M. Walker. Even with rates based on a TIER of 1.24, there is
19 very little room for unexpected events that could create negative variance from Big
20 Rivers' forecast.

21 **Q. Does Big Rivers currently have two investment grade credit ratings?**

22 A. No. Big Rivers' debt ratings from all three of the major credit ratings agencies
23 (Moody's, S&P, and Fitch) are below investment grade. A copy of the most recent
24 report from each of these agencies is attached to my testimony as Exhibit Richert-4.

1

2 **VI. RESERVE FUNDS**

3

4 **Q. Did Big Rivers examine the possible use of the two remaining reserve accounts to**
5 **mitigate the impact of the proposed rate increase on member billings?**

6 A. Yes.

7 **Q. Please describe the reserve accounts.**

8 A. An integral part of the Unwind Transaction was the establishment of an economic
9 reserve with an initial principal amount equal to \$157 million (the “Economic
10 Reserve”) and a second economic reserve with an initial principal amount equal to
11 \$60.9 million (the “Rural Economic Reserve”). The Economic Reserve was
12 established to help Big Rivers cushion the effect of future rate increases for fuel and
13 environmental expenses on its rates to its Rural Delivery Service and Large Industrial
14 Customer rate classes. The Rural Economic Reserve account was established to help
15 Big Rivers cushion the effect of future rate increases for fuel and environmental
16 expenses on its rates to its Rural class only, upon exhaustion of the Economic Reserve.

17 **Q. How does Big Rivers propose to use the Economic Reserve and Rural Economic**
18 **Reserve in this case?**

19 A. Big Rivers proposes to accelerate the use of the Economic Reserve and Rural
20 Economic Reserve to fully offset the rate increase proposed in this case until the
21 reserve accounts are exhausted. The reserve accounts would continue to provide the
22 offsets they currently provide, and an additional amount would be withdrawn from the
23 reserve accounts each month to offset the full amount of the increase granted in this
24 case. Under Big Rivers’ proposal, the Economic Reserve would continue to benefit
25 both the Rural and Large Industrial rate classes, while the Rural Economic Reserve

1 would continue to benefit only the Rural rate class. The mechanics of this new offset
2 are further described in the Direct Testimony of Mr. John Wolfram.

3 Big Rivers projects that without this new approach, the Economic Reserve
4 would be depleted by April 2015, and the Rural Economic Reserve would be depleted
5 by March 2017. With the new offset, Big Rivers projects that the Economic Reserve
6 will be depleted in July 2014, and the Rural Economic Reserve will be depleted in
7 April 2015. So, although the reserve accounts will be depleted earlier than they
8 otherwise would have, under the rates proposed by Big Rivers, the increase to the Large
9 Industrials resulting from this case will be delayed for approximately four months,
10 while the increase to the Rurals resulting from this case will be delayed for
11 approximately fourteen months.

12 **Q. Why does Big Rivers believe it is appropriate to accelerate the use of the reserve**
13 **accounts in this case when it opposed the acceleration of the reserve accounts in**
14 **previous cases?**

15 A. Big Rivers believes the unusual nature of two large increases in such a short period of
16 time makes accelerating the use of the reserve accounts appropriate. Century and
17 Alcan represented approximately two-thirds of Big Rivers' load and approximately
18 64% of its revenues in 2012. The loss of these two customers only months apart is a
19 unique situation that is unlikely to be repeated. Big Rivers feels that spreading the two
20 increases apart as far as possible minimizes rate shock while preserving the funds for
21 the exclusive application to the Rural and Large Industrial classes, which is appropriate.
22 Additionally, delaying the impact of this rate increase will allow Big Rivers time to
23 continue to work on its mitigation plan, as described in the Direct Testimony of Mr.
24 Robert W. Berry, which will minimize the amount of time that retail customers are
25 subject to the full impact of both the Century and Alcan contract terminations.

26

1 **VII. OVERVIEW OF FORECAST DEVELOPMENT**

2
3 **Q. How was the forecast for the fully forecasted test period developed?**

4 A. The forecast for 2014 and 2015 (and therefore for the fully forecasted test period of
5 February 1, 2014, through January 31, 2015) was developed in accordance with Big
6 Rivers' standard business policies and procedures for developing its budget and
7 financial plan, with the exception of the timing of the process, which had to be
8 accelerated so that Big Rivers could file this case in sufficient time to ensure that it
9 could place the proposed rates into effect prior to January 31, 2014. This process and
10 the accelerated timing are described in detail in the Direct Testimony of Mr. Jeffrey R.
11 Williams. The final proposed forecast was presented to Big Rivers' Board of Directors
12 and approved on May 17, 2013.

13 **Q. What are the key inputs to the Big Rivers forecast, as described in detail by other
14 witnesses in this filing?**

15 A. The Big Rivers financial model described in the Direct Testimony of Mr. Christopher
16 A. Warren is an integral component of the forecast development process. Data from
17 the forecast and from the Big Rivers financial model are used in the derivation of the
18 \$70.4 million revenue deficiency. Outputs from the load forecast described in the
19 Direct Testimony of Ms. Lindsay N. Barron are used in the Big Rivers financial model.
20 Labor and labor-related cost information described in the Direct Testimony of Mr.
21 James V. Haner is an input to the forecast. Capital and operating expense projections
22 and production cost modeling outputs described in the Direct Testimony of Mr. Robert
23 W. Berry and the Direct Testimony of Mr. David G. Crockett are used as inputs to the

1 Big Rivers financial model and to the forecasting process. Information from the Big
2 Rivers financial model, from the forecast, and from the load forecast are used as inputs
3 to the cost of service study described in the Direct Testimony of Mr. John Wolfram.
4 Other components of the Big Rivers forecast development process are described in the
5 Direct Testimony of Mr. Jeffrey R. Williams.

6
7 **VIII. FILING REQUIREMENTS**

8
9 **Q. Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers’**
10 **compliance with the filing requirements under 807 KAR 5:001 and its various**
11 **subsections?**

12 **A.** Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
13 identified as the sponsoring witness.

14
15 **IX. CONCLUSION**

16
17 **Q. What are your conclusions and recommendations to the Commission in this**
18 **proceeding?**

19 **A.** The Alcan contract termination notice and the \$70.4 million revenue deficiency
20 described in this filing puts Big Rivers in a position that, without rate relief, it will be
21 unable to attract capital, to regain its investment grade credit ratings, and to meet its
22 debt covenant obligations, and it faces potential default on its credit agreements. Big
23 Rivers does not take lightly the decision to seek this increase; however, this base rate
24 increase is absolutely required. The rates proposed herein, including the accelerated

1 use of the Economic Reserve and Rural Economic Reserve accounts, are fair, just and
2 reasonable and should be approved by the Commission.

3 **Q. Does this conclude your testimony?**


4 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

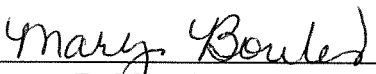
VERIFICATION

I, Billie J. Richert, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Billie J. Richert

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Billie J. Richert on this
the 20 day of June, 2013.


Notary Public, Ky. State at Large
My Commission Expires 8-8-2016

Professional Summary

Billie J. Richert, CPA, CITP
Vice President Accounting, Rates, and Chief Financial Officer
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation 2010 to present

Vice President Accounting, Rates, and Chief Financial Officer

Vice President, Vice President Accounting and Interim CFO

Manager, Business Systems Infrastructure

Oracle Accounting System Administrator

DePauw University 2006 - 2009

Director of Financial Systems

REL-TEK Systems & Design, Inc. 1982 - 1999

President, CEO and founder

Landau and Bartelstein CPAs 1978 - 1982

Senior Staff Accountant and Business Consultant

Deloitte LLP (formerly Haskins & Sells) 1973 – 1977

Senior Tax Accountant

Auditor

Certifications

Licensed Certified Public Accountant (CPA)

Certified Information Technology Professional (CITP)

Education

Master of Management, Finance, 1982

Northwestern University J. L. Kellogg Graduate School of Management

Bachelor of Science, Accounting 1973

Indiana University

Big Rivers Electric Corporation
Case No. 2013-00199
Margins For Interest Ratio ("MFIR")
Fully Forecasted Test Period (February 2014 to January 2015)

Margins ¹	5,009,005
Interest Expense on LTD	43,765,994
Taxes	885
Total Numerator	<u>48,775,884</u>
Interest Expense on LTD	43,765,994
Total Denominator	<u>43,765,994</u>
MFIR	1.11

¹ Test Period Margins include proposed rate increase

Big Rivers Electric Cooperation

Case No. 2013-00199

G&T TIER and MFI ANALYSIS FOR 2011

	Moody's	Fitch	S&P	TIER or MFI
Golden Spread	NR	A	A(Stable)	3.17
Arkansas	A1	A+	AA-(Stable)	2.37
Central Iowa	NR	A	A(Stable)	2.18
Brazos	NR	A	A-(Positive)	1.95
Corn Belt	NR	A-	A-(Stable)	1.88
Hoosier	A3	NR	A(Stable)	1.83
South Miss.	NR	A-	A-(Stable)	1.72
South Texas	NR	A-	A-(Stable)	1.70
San Miguel	NR	A-	A-(Stable)	1.57
Buckeye	A2	A	A-(Stable)	1.50
Associated	A1	AA	AA(Stable)	1.49
East Kentucky	NR	BBB	BBB(Stable)	1.48
Wabash Valley	NR	NR	A-(Stable)	1.47
Power South	NR	A-	A-(Stable)	1.44
Dairyland	A3	NR	A(Stable)	1.43
Minnkota	NR	NR	A-(Stable)	1.43
Seminole	NR	NR	A-(Stable)	1.41
Central-SC	NR	NR	AA-(Stable)	1.40
Chugach	NR	A-	A-(Stable)	1.30
Western Farmers	NR	A-	BBB+(Positive)	1.29
North Carolina	NR	A-	A-(Stable)	1.29
Basin	A1	A+	A(Stable)	1.26
Great River	Baa1	A-	A-(Stable)	1.22
Old Dominion	A3	A	A(Stable)	1.22
Oglethorpe	Baa1	A	A(Stable)	1.14
Average				1.61
Big Rivers	Ba1 (Negative)	BB (Negative)	BB- (Negative)	1.12

NR: No Rating

Source: G&T Accounting & Finance Association Annual Directory June 2012, Fitch U.S. Public Power Peer Study June 2012, S&P Report Card: Rate Adjustments Compensate For U.S. Cooperative Utilities Regulatory and Economic Risks May 22, 2012

RatingsDirect®

Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Primary Credit Analyst:

David N Bodek, New York (1) 212-438-1000; david_bodek@standardandpoors.com

Secondary Contact:

Jeffrey M Panger, New York (1) 212-438-1000; jeff_panger@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Credit Profile		
Big Rivers Electric Corp. ICR <i>Long Term Rating</i>	BB-/Negative	Downgraded
Ohio Cnty, Kentucky		
Big Rivers Electric Corp., Kentucky Ohio Cnty (Big Rivers Electric Corp.) poll ctrl rfdg rev bnds (Big Rivers Elec Corp Proj) ser 2010A <i>Long Term Rating</i>	BB-/Negative	Downgraded

Rationale

Standard & Poor's Ratings Services has lowered to 'BB-' from 'BBB-' its rating on Big Rivers Electric Corp., Ky., (BREC) and Ohio County, Ky.'s \$83.3 million pollution control refunding revenue bonds, series 2010A (Big Rivers Electric Corp. Project) issued for Big Rivers' benefit. The outlook is negative.

The downgrade reflects our assessments of the issuer's obligations' heightened vulnerability to nonpayment after the following developments that we view as eroding the strength and stability of the utility's revenue stream:

- In August 2012, BREC's leading customer issued a 12-month notice to terminate its contract. The notice covers Century Aluminum Co.'s Hawesville, Ky., smelter. During the 12 months, Century is required to pay a base energy charge that covers its share of Big Rivers' fixed and variable costs. If it does not operate the plant during the notice period, it must still pay its share of fixed costs. The utility has accepted the termination notice. Century accounted for 36% of BREC's 2012 operating revenues.
- After the utility filed a rate case with the Kentucky Public Service Commission (KPSC) Jan. 15, 2013, and requested rate relief that would, among other things, reallocate costs borne by Century to its remaining customers, a second smelter, Rio Tinto Alcan Inc. (Alcan), issued a 12-month notice to terminate its power contract with BREC. Alcan's Jan. 31, is effective January 2014. The notice covers the company's Sebree smelter, which accounted for 28% of BREC's 2012 operating revenues. BREC's rate filing proposed raising Alcan's rates 16%.
- We believe that losing these two loads will deprive the utility of the substantial anchors that have supported much of its fixed costs. Moreover, we view the extent to which the KPSC will approve reallocating costs to remaining customers as uncertain.
- We believe it might be too onerous for remaining customers to assume the fixed costs that the smelters have historically borne, particularly because many of the counties that BREC serves have income levels that are 20%-30% below the national median household effective buying income.
- If BREC looks to competitive market sales to mitigate load losses, it is our view that sales in competitive wholesale markets could expose the utility to substantial price and volume uncertainty, which is inconsistent with sound credit quality. Moreover, BREC depends almost exclusively on coal units, which also could constrain market sales opportunities. Coal has accounted for close to 90% of its power sales and its coal units are not as economical as competing natural gas-fired resources that are benefiting from the fuel's low prices.

Summary: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

- Although the utility has about \$60 million of unexpended bond proceeds available to retire its \$58.5 million of pollution control bonds that are maturing in June, an eroding customer base might frustrate access to capital markets to replenish those funds. The utility reports the speculative grade rating will not lead to an acceleration of obligations outstanding.
- Big Rivers reports it deferred maintenance in 2012 to control expenses. Although it does not plan to defer maintenance in 2013, it is revisiting its capital program pending more certainty as to the timing and extent of rate relief.

Henderson, Ky.-based Big Rivers is a generation and transmission cooperative that produces and procures electricity for sale to three distribution cooperative members and their 112,900 retail customers. One member, Kenergy Corp., serves the two smelters. In 2011, Kenergy's 9.4 million megawatt-hour (MWh) sales were 8x greater than the sum of the other two members' MWh sales. About 86% of Kenergy's 2011 MWh sales were to industrial customers. Nearly three-quarters of its sales were to the two smelters. They accounted for more than 70% of Kenergy's operating revenues. BREC's other member distribution cooperatives--Jackson Purchase Energy and Meade County Rural Electric Cooperative--principally serve residential customers.

The smelters entered take-or-pay power contracts with Kenergy. However, the contracts allow the smelters to terminate their obligations to the distribution utility and BREC without penalty if they provide one-year's notice and cease operations.

Because the KPSC must approve requests for rate adjustments, the utility and its member distribution cooperatives are distinguishable from many other cooperative utilities that have autonomous ratemaking authority. The KPSC also regulates BREC's members' rates.

The utility is evaluating idling power plants as part of its response to losing loads. Closing plants could reduce costs, reduce market exposure and mitigate the financial impact on remaining customers. Big Rivers might also temper the burdens of cost reallocation if it can remarket some or all of the generation output that had been sold to the smelters. However, market or contract demand and prices would need to be sufficient to recoup the smelters' share of costs. We believe that market sales could transform the utility into a principally merchant generator that faces the risks inherent in being subject to market demand and prices.

BREC sells electricity to the smelters under contracts at prices that are about 30% above the 3.3 cents it earned from sales of surplus energy in wholesale markets in 2011. It sold 3 million MWh of surplus wholesale power into the market for \$100.4 million in 2011.

Big Rivers' concentration in coal resources also expose the utility to potentially higher production costs as Environmental Protection Agency (EPA) regulation of power plant emissions progresses. A recent appellate decision that vacated the EPA's Cross-State Air Pollution rule could provide the utility with at least a temporary reprieve from emissions-related capital spending while the EPA revisits its rules.

The utility reported \$794 million of debt as of June 30, 2012. Debt consisted of Rural Utilities Service loans and the Ohio County bonds. Big Rivers closed a \$537 million loan with CoBank ACB and National Rural Utilities Cooperative Finance Corp. in July. In addition to replenishing \$35 million of transition reserve funds, proceeds restructured a portion of the utility's RUS borrowing to eliminate some of the spikes in debt service requirements.

Summary: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

The debt portfolio exhibits uneven amortization. BREC repaid \$14.2 million of principal in 2010. In 2011, it was required to repay \$7.3 million of principal, but also used \$35.0 million of transition reserve money to accelerate principal reduction. The utility replenished the transition reserve in 2012 with proceeds of July's borrowing from CoBank and National Rural Utilities. Loan proceeds also facilitated debt restructuring that reduced 2012's \$72.1 million scheduled maturity to \$12.1 million, with the remaining \$60 million to be amortized later. However, 2013's maturity remains at \$79.3 million, and that will likely need to be restructured. The utility forecasts about \$22 million of 2014 and 2015 principal payments.

Ohio County sold bonds for the benefit of BREC, which used bond proceeds to refund auction rate securities. We understand that the financing structure obligates the utility to unconditionally pay the county's bonds' debt service. Big Rivers issued a note to the county that provides it with a security interest in the utility's assets under its mortgage indenture. The county's bonds' security interest is on par with the utility's senior-secured debt.

Debt service coverage of 1.45x in 2010 and 1.65x in 2011 was strong for a cooperative utility, in our opinion. We believe strong excess coverage margins provide a cushion against the potential for revenue stream variability.

The strength of 2011's coverage ratio partially reflects the year's very low scheduled principal payment of \$7.3 million. We calculated the ratio using scheduled debt service in the denominator, compared to the \$46 million of principal the utility elected to repay.

The utility maintains \$152.6 million of reserves that it uses for rate stabilization to reduce rates. Because it already projects depleting these reserves by the first quarter of 2018 under a steady-state scenario, we do not view these reserves as adding value under a scenario in which the smelters close.

Outlook

The negative outlook reflects our view that the largest customers' termination notices could degrade BREC's financial performance and credit quality during our one-year outlook horizon. We believe there is significant uncertainty vis-à-vis the extent and timeliness of rate relief, particularly as substantial blocks of fixed costs need to be reallocated. We will monitor the progress of the rate case to assess whether further rating action is appropriate. We believe the customers' notice could expose the utility to the vicissitudes of merchant markets and creates the potential for substantial cost shifting to remaining customers, who might resist such efforts or find that reallocated costs are too onerous to absorb. If these risks, whether in isolation or combination, weaken BREC's business risk profile and erode financial metrics, including the strong debt service coverage that compensated for business risks in recent years, we could further lower the ratings. We do not expect to raise the ratings during our outlook period.

Related Criteria And Research

USPF Criteria: Applying Key Rating Factors To U.S. Cooperative Utilities, Nov. 21, 2007

Temporary telephone contact information: David Bodek (917-992-6466); Jeffrey Panger (646-369-4067).

Summary: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Exhibit Richert-4
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MOODY'S

INVESTORS SERVICE

Issuer Comment: Big Rivers Electric Corporation -- Credit Opinion

Global Credit Research - 07 Feb 2013

Rating Drivers

- » Increased need for rate increases and dependence on off-system sales following contract termination notices from two aluminum smelters
- » Rates subject to regulation by the Kentucky Public Service Commission (KPSC)
- » Revenues from electricity sold under long-term wholesale power contracts with member owners
- » Ownership of generally competitive coal-fired generation plants; pursuing environmental compliance plan approved by regulators; environmental cost surcharge in place

Corporate Profile

Big Rivers Electric Corporation (Big Rivers) is an electric generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky and owned by its three member system distribution cooperatives-- Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to about 113,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

Recent Events

Effective February 6, 2013 we downgraded the senior secured rating of \$83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) to Ba1 from Baa2 and the rating remains under review for downgrade. The rating action primarily reflects significantly increased financial and operating risks for Big Rivers due to the January 31, 2013 announcement by Alcan Corporation that its subsidiary, Alcan Primary Products Corporation (Alcan) issued a 12-month notice to terminate its power contract with BREC. This announcement came on the heels of the August 20, 2012 announcement by Century Aluminum Company that its subsidiary, Century Aluminum of Kentucky (Century) issued a 12-month notice to terminate its power contract with Big Rivers for its Hawesville, Kentucky smelter. See press release of February 6, 2013 posted to moodys.com for further details relating to this action.

Rating Rationale

The Ba1 senior secured rating considers credit risk related to the fact that Big Rivers' largest member owner, Kenergy Corp., makes a high concentration of its sales to two aluminum smelters (Century and Alcan), both of whom face credit challenges due to the significant volatility in both metal prices and demand. In addition, these smelters have served notice of intent to terminate their respective power purchase arrangements with Big Rivers, consistent with requirements for a one-year notice period and meeting other conditions to do so. Big Rivers' rating is further constrained because its rates are regulated by the KPSC, which is atypical for the G&T coop sector. Big Rivers' credit profile also reflects the financial benefits of several steps it took to unwind a lease and other transactions in 2008 and 2009 wherein its prior deficit net worth turned substantially positive, cash receipts were utilized to reduce debt, and two committed bank credit facilities aggregating \$100 million were established to improve liquidity.

Detailed Rating Considerations

High Smelter Load Concentration; Credit Challenge Tied to Anticipated Loss Of Smelter Load

Under historical operating conditions, the two smelters served by Kenergy have been consuming approximately 7 million MWh of energy annually, representing a substantial load concentration risk (e.g. about two-thirds of member energy load and close to 60% of member revenues for Big Rivers in 2011). This risk is a significant constraint to Big Rivers' rating, making its financial and operating risk profile unique compared to peers. This risk was magnified in August 2012 and most recently in January 2013 when each of the two smelters (Century and Alcan), gave notice to terminate the power purchase contract with Big Rivers. Under the terms of the contract, termination of the contract requires the terminating party to give notice to Big Rivers of their decision twelve months prior to the planned termination date. During the twelve month period, each of the terminating parties (Century and Alcan, in this case) must continue to make payments to Big Rivers over the 12 month period. Under the Century contract, the 12 month period ends in August 2013 while the 12 month period ends in January 2014 under the Alcan contract. Although Century and Alcan are required to pay base energy charges as defined in their respective agreements with Big Rivers) for power (482 MW and 368 MW, respectively, at 98% capacity factor) during the 12-month notice periods, neither one is required to continue operating their smelter plants.

Following this development, Big Rivers is evaluating a number of options to mitigate the substantial loss in smelter load. While challenges exist for the cooperative to implement some of the mitigation strategies, the near completion of several of Big Rivers' multiple transmission capacity upgrade projects undertaken in recent years will enhance Big Rivers' ability to sell electric output in the wholesale market. To that end, Big Rivers became a transmission owning member of the Midwest Independent Transmission System Operator (MISO) in December 2010. As a result, Big Rivers has enhanced its reliability and transmission capability helping to ensure compliance with mandated emergency reserve requirements established by regulators. Also, these steps along with legislation that permits sales to non-members provide additional flexibility for Big Rivers to move excess power off system following termination notices from Century and Alcan.

Improved Balance Sheet Following Completion Of Unwind Of Historical Transactions In 2009

In 2008, Big Rivers bought out two leveraged lease transactions and in 2009 completed a series of other steps to terminate another lease and other long-term transactions previously involving E.ON U.S. LLC and Western Kentucky Energy Corp. At the same time, Big Rivers terminated other agreements and entered into various new arrangements whereby it has been selling to Kenergy 850 MW in aggregate for resale to the two aluminum smelters. This arrangement represents a concentration of load risk for Big Rivers, which is now exacerbated by the contract termination notices served by the two aluminum smelters. Still, there were key credit positives resulting from consummation of all the unwind transactions as follows: elimination of Big Rivers' deficit net worth, with equity of \$379.4 million at December 31, 2009, which increased to \$389.8 million as of December 31, 2011 compared to a negative \$155 million at 12/31/2008, and partial utilization of the \$505.4 million in cash payments received from E.ON to repay about \$140.2 million of debt owed to the Rural Utilities Service (RUS) and to establish \$252.9 million of reserves. The reserves were comprised of: a \$157 million Economic Reserve for future environmental and fuel cost increases; a \$35 million Transition Reserve to mitigate potential costs if the smelters decide to terminate their agreements or otherwise curtail their load due to reduced aluminum production; and a \$60.9 million Rural Economic Reserve, which would be used over two years to provide credits to rural customers upon full utilization of the Economic Reserve.

Under a contract times interest earned ratio (TIER) arrangement with the two smelters, Rivers targets a minimum TIER of 1.24 times, which is above the level required under its financial covenants. Under current market conditions and given contract termination notices from the two aluminum smelters, Big Rivers has filed for rate relief as it anticipates that the TIER will otherwise drop below the 1.24 times target should the contracts with Century and Alcan be terminated.

Coal-Fired Plants Represent Valuable Assets Even As Environmental Costs Loom

Big Rivers owns generating capacity of about 1,444 megawatts (MW) in four substantially

coal-fired plants. Total power capacity is about 1,824 MW, including rights to about 197 MW of coal-fired capacity from Henderson Municipal Power and Light (HMP&L) Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration. The economics of power produced from these sources enables Big Rivers to maintain a reasonable competitive advantage in the Southeast and even more so when compared to other regions around the country. The consistently high capacity factors and efficient operations of the assets results in average system wholesale rates to members around 4.7 cents per kWh (including the beneficial effects of the member rate stability mechanism). This compares to the average wholesale rate of 4.4 cents per kWh to serve the two smelter loads in 2011.

Because Big Rivers is substantially dependent on coal-fired generation, it faces uncertainty with regard to future environmental regulations, including the final form and substance those will take, the timing for implementation, and the amount of related costs to comply. We note that the Economic Reserve should help mitigate some of the need for initial rate increases to cover future compliance costs.

Regulatory Risk Exists; However, Offsets Are Present

Big Rivers is subject to regulation for rate setting purposes by the KPSC, which is atypical for the sector and can pose challenges in getting timely rate relief if and when needed. We view the existence of certain fuel and purchased power cost adjustment mechanisms available to Big Rivers as favorable to its credit profile since they can temper risk of cost recovery shortfalls if there is a mismatch relative to existing rate levels. Big Rivers received KPSC approval for a \$26.7 million (6.17%) base rate increase effective November 17, 2011. We consider this a reasonably good outcome versus the approximate \$30 million rate increase that was requested. The net effects of various appeals in this case decision resulted in the Kentucky PSC largely reaffirming its decision in January 2013; importantly, some corrections to calculations resulted in an approximately \$1 million increase to the previously approved revenue amount. The rate increase is intended to bolster wholesale margins, address increased depreciation costs, administrative costs tied to joining the MISO, and maintenance costs incurred during generation plant outages.

Following this rate case outcome, Big Rivers filed a rate case with the KPSC on January 15, 2013, seeking approval for a \$74.5 million rate increase. While the substantial majority of this sizable request is due to impending load loss when Century's notice period expires, additional amounts would make up for declining margins from off system sales and other cost pressures. The actual percentage rate impact would vary by customer class and we note the availability of funds in the economic and rural economic reserve accounts that can be used to offset the significant impact for the non-smelter customer classes through credits to the fuel adjustment clause and the environmental surcharge. Since filing its rate case in January, Big Rivers has responded to additional data requests from the KPSC and is requesting that new rates become effective August 20, 2013. If the case is not decided by then, Big Rivers would be permitted under state statutes to implement the rate increase, subject to refund, pending a final KPSC decision in the rate case. Given the recent contract termination notice from Alcan, we expect that Big Rivers will file another rate case later this year for rate increases to take effect by January 31, 2014.

Wholesale Power Contracts Support Big Rivers' Credit Profile

The revenues derived under Big Rivers' long-term wholesale contracts with its members for sales to non-smelter customers will continue as the contracts were extended by an additional 20 years to December 31, 2043 when the unwind of transactions were completed in 2009. From a historical perspective, the relatively low cost power provided under the contracts mitigated the credit risk that would typically stem from member disenchantment. However, we believe going forward the pending rate case filed in January and another case likely to follow raise the specter for member unrest as the level of requested increases is quite substantial in the January filing alone. The currently overall sound member profile helps provide a degree of assurance of this revenue stream, which is integral to servicing Big Rivers' debt.

Liquidity

Big Rivers supplements its internally generated funds with \$100 million of unsecured committed revolver capacity, with National Rural Utilities Cooperative Finance Corporation (NRUCFC) and CoBank providing \$50 million each. The NRUCFC and CoBank facilities expire on July 16, 2014 and July 27, 2017, respectively. The \$50 million NRUCFC facility provides for issuance of up to \$10 million of letters of credit. As of September 30, 2012 Big Rivers had approximately \$113 million of cash and temporary investments and it had about \$45 million of unused capacity available under the NRUCFC facility. The NRUCFC facility has a condition that precludes use of the facility upon termination of a contract with either of the smelters, so Big Rivers is negotiating amendment and extension of this facility ahead of August 20, 2013, to ensure it maintains access to the facility. The CoBank facility has a condition that precludes use of the facility when termination notice is provided, so Big Rivers plans to address this through negotiation of an amendment to re-establish access. Some of the cash on hand will be used to repay the impending \$58.8 million tax-exempt debt maturity due June 1, 2013. We anticipate that Big Rivers will internally fund its maintenance capex and management indicates that there may be some flexibility in that budget; however, we understand that the cooperative is arranging funding for environmental related capex, which is currently estimated to be about \$60 million during 2013-2014. Beyond the June 2013 maturity, long-term debt maturities are very modest amortizations of existing debt around \$21 million to be paid in quarterly installments.

The quality of the alternate liquidity provided by the bank revolvers benefits from the multi-year tenors and the absence of any onerous financial covenants, which largely mirror the financial covenants in existing debt documents. Big Rivers is in compliance with those covenants. Additionally, the NRUCFC facility benefits from no ongoing material adverse change (MAC) clause; however, the CoBank facility is considered of lesser quality because of the ongoing nature of its MAC clause related to each drawdown and as noted above is currently unavailable given the contract termination notices served. There are no applicable rating triggers in any of the facilities that could cause acceleration or puts of obligations; however, a ratings based pricing grid applies. We understand that Big Rivers will pursue steps to amend and extend existing bank credit facilities to shore up liquidity as it copes with credit challenges going forward.

Structural Considerations

As part of the unwinding of various transactions completed in 2009, Big Rivers replaced the previously existing RUS mortgage with a new senior secured indenture. Under the current senior secured indenture RUS and all senior secured debt holders are on equal footing in terms of priority of claim and lien on assets. The current senior secured indenture provides Big Rivers with the flexibility to access public debt markets without first obtaining a case specific RUS lien accommodation, while retaining the right to request approval from the RUS for additional direct borrowings under the RUS loan program, if they choose to do so. Given persistent questions about the availability of funds under the federally subsidized RUS loan program, we consider the added flexibility of the current senior secured indenture to be credit positive.

Rating Outlook

The rating is under review for downgrade as we assess the financial and operating effects and what mitigating strategies Big Rivers will pursue following contract termination notices from the two aluminum smelters.

What Could Change the Rating - Up

In light of the rating review for possible downgrade and the uncertainty at Big Rivers that persists following the announcements by Century and Rio Tinto, the rating is not likely to be upgraded or stabilized in the near term.

What Could Change the Rating - Down

Several factors are likely to cause us to further lower Big Rivers' rating including our assessment of the likelihood of success in implementing the numerous mitigation strategies

on the drawing board. Of particular interest to the rating review is the degree to which Big Rivers' future financial results will depend upon the margins from the unregulated wholesale power market through both short-term and long-term off-system sales as well as our assessment of the cooperative's ability to secure needed rate increases from the non-smelter member load. The rating could also be negatively affected should efforts to shore up external liquidity sources fail to meet our understanding of Big Rivers' near-term objectives. Further, downward rating pressure could occur should environmental capital requirements increase substantially particularly with the lack of a clear regulatory mechanism in place.

Other Considerations

Mapping To Moody's U.S. Electric Generation & Transmission Cooperatives Rating Methodology

Big Rivers' mapping under Moody's U.S. Electric Generation & Transmission Cooperative rating Methodology is based on historical data through December 31, 2011. The indicated Rating for Big Rivers' senior most obligations under the Methodology is currently A2 and relies on the aforementioned historical quantitative data and qualitative assessments. The indicated Rating under the Methodology largely reflects better scores for the factors relating to dependence on purchased power and financial metrics such as equity as a percentage of capitalization, FFO to debt and FFO to Interest, all of which improved upon completion of the unwind transactions in 2009. Notwithstanding the current A2 indicated Rating for Big Rivers under the Methodology, its actual senior secured rating of Ba1 reflects the unique risks relating to Big Rivers' load concentration to the smelters, the smelter termination notices and the fact receipt of the notices will not impact cash flow until August 2013 (Century) and until January 2014 (Alcan).

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FitchRatings

FITCH DOWNGRADES BIG RIVERS ELECTRIC CORP, KY'S 2010A POLLUTION CONTROL RFDG REV BONDS TO 'BB'

Fitch Ratings-New York-06 February 2013: Fitch Ratings has downgraded the rating on Big Rivers Electric Corporation's \$83.3 million County of Ohio, KY's pollution control refunding revenue bonds series 2010A to 'BB' from 'BBB-'.

The Rating Outlook is revised to Negative.

SECURITY

The bonds are secured by a mortgage lien on substantially all of the Big Rivers' owned tangible assets, which include the revenue generated from the sale or transmission of electricity.

SENSITIVITIES/RATING DRIVERS

SPECULATIVE GRADE RISK: The rating downgrade and Outlook revision reflect Fitch's view that the credit quality of Big Rivers has become increasingly speculative, following the recent decisions by Alcan Primary Products Corporation (Alcan) and Century Aluminum Co. (Century) to terminate their respective power supply agreements with Big Rivers.

SALES DOMINATED BY SMELTERS: Alcan and Century both own and operate large aluminum smelting facilities served by Big Rivers, through its largest member Kenergy Corp. Together the two facilities account for approximately 65% and 70% of Big Rivers' total energy sales and revenues, respectively.

INCREASED RELIANCE ON WHOLESALE MARKET: Long-term stability at Big Rivers is likely to become increasingly reliant on less predictable off-system sales and related margins following closure of the smelting facilities. The use of cash reserves will partially mitigate this risk, but prevailing low power prices will stress results.

ABUNDANT LOW COST RESOURCES: Big Rivers benefits from abundant low-cost coal-fired power resources and an average wholesale system rate (\$39.07/MWh in 2011, net of credits) that is regionally competitive and among the lowest in the nation.

SUBJECT TO RATE REGULATION: The electric rates charged by Big Rivers and its members are regulated by the Kentucky Public Service Commission (KPSC), which could limit the cooperative's financial flexibility and may delay the timing or amount of necessary rate increases.

LIQUIDITY SOLID BUT FINANCIAL RESULTS UNCERTAIN: Big Rivers reported cash of \$113.25 million at Sept. 30, 2012, excluding restricted funds available for member rate mitigation. Funds are available to support operations and may be used to meet the cooperative's June 2013 scheduled debt maturity (\$58.8 million). Longer-term financial forecasts are being developed.

WHAT COULD TRIGGER A RATING ACTION

INABILITY TO FIND ACCEPTABLE PURCHASERS: Extended overreliance on short-term power sales as a replacement for the Century and Alcan agreements to meet debt service payments.

INSUFFICIENT REGULATORY SUPPORT: Inadequate or untimely support by the KPSC would be viewed negatively.

IMPLEMENTATION OF REASONABLE MITIGATION PLAN: Implementation of a mitigation plan that maintains reasonable financial and operating stability would be supportive of credit

quality.

CREDIT PROFILE

Big Rivers provides wholesale electric and transmission service to three electric distribution cooperatives. These distribution members provide service to a total of about 112,500 retail customers located in 22 western Kentucky counties. Kenergy Corporation, the largest of the three systems, is unique in that its electric load is dominated by two aluminum smelting facilities, owned and operated by Alcan and Century.

CENTURY AGREEMENT TERMINATED AUGUST 2012

Under the power supply agreements between Kenergy and the smelters, which expire in 2023, the smelters are required to take-or-pay for specific quantities of energy, irrespective of their needs. The contracts further provide for termination on one years' notice without penalties subject to certain conditions including the termination and cessation of all aluminum smelting operations at the relevant facilities.

On Aug. 20, 2012, Century issued a notice to terminate its power agreement with Big Rivers and stated its intent to close its Hawesville, KY smelter. Century claimed that the smelter was not economically viable despite electric rates well below the national average.

BIG RIVERS IMPLEMENTS MITIGATION PLAN

Big Rivers began looking into alternative arrangements with other power purchasers to redeploy its excess generating capacity immediately after the Century notice, consistent with the mitigation plan previously developed by management to address the potential loss of aluminum smelter load. In addition, Big Rivers has also filed for an increase in rates with the Kentucky Public Service Commission to eliminate anticipated short-falls in revenue as a result of the loss of the Century smelting load. The filing, submitted on Jan. 15, 2013, requests an increase in total revenue of \$74.5 million or 21.4%.

ALCAN FOLLOWS WITH TERMINATION NOTICE

Alcan delivered notice to Big Rivers' on Jan. 31, 2013 of its decision to terminate its power supply agreement noting, in particular, the Jan. 15, 2013 rate filing and anticipated increase in electric rates. Similar to the Century notice, Alcan stated that the planned rate increase would make the smelting facility in Robards, KY unprofitable, and that all smelting operations would be ceased at the end of the one-year notice period.

Closure of the smelting facilities has significant potential implications for Big Rivers, which has acknowledged that the termination notices are valid. Besides the impact of the loss of some 1,400 plant workers, the remaining residential and commercial customers of Big Rivers will most likely have to absorb meaningfully higher rates, with the increase reflecting the amount, pricing and contractual provisions of surplus power sold to new customers.

Big Rivers has redoubled its efforts to secure alternative power supply customers in the wake of the Alcan notice, but future firm contractual arrangements are unlikely over the near term. As a result, it is expected that Big Rivers will seek to modify its request for rate relief from the KPSC to reflect the loss of the full smelter load over time.

Fitch notes that Big Rivers and Kenergy have also reportedly entered into negotiations with Century to enter into an agreement to assist Century to access market power in order to keep the smelting operations open beyond Aug. 20, 2013. Alcan has requested a similar accommodation. Fitch expects that any such accommodation would be part of broader plan to address the operating and financial effect on Big Rivers

FUTURE FINANCIAL RESULTS UNCLEAR

Big Rivers margins are expected to remain adequate to service financial obligations through at least August 2013 since both Century and Alcan remain obligated to make all required payments to Kenergy. For the nine months ended Sept. 30, 2012, Big Rivers reported operating revenue, earnings before interest, taxes and depreciation and net margins, that were all largely in line with budget, and the same nine month period through 2011.

Positively, Big Rivers reported cash and cash equivalents of \$113.25 million at Sept. 30, 2012, excluding additional amounts held as special, restricted funds available for member rate mitigation. Big Rivers' unrestricted funds are available to support operations and may be used to meet the cooperative's June 2013 scheduled debt maturity (\$58.8 million).

As time passes, however, it will be necessary for Big Rivers' to develop and implement a revised business and financial plan that captures the related regulatory decisions, contractual negotiations and anticipated revenue volatility, and for Fitch to assess the impact on the cooperative's ability to meet scheduled debt service payments.

For additional information on the rating, see Fitch's report, 'Big Rivers Electric Corporation', dated Aug. 31, 2011.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria and U.S. Public Power Rating Criteria, this action was informed by information from CreditScope.

Applicable Criteria and Related Research:

--'U.S. Public Power Rating Criteria' (Dec. 18, 2012);

--'Revenue-Supported Rating Criteria'(June 12, 2012);

--'Big Rivers Electric Corporation'(Aug. 31, 2012).

Applicable Criteria and Related Research:

U.S. Public Power Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=696027

Revenue-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=681015

Big Rivers Electric Corporation

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649829

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY
OF
DEANNA M. SPEED
DIRECTOR RATES AND BUDGETS
ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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DIRECT TESTIMONY
OF
DEANNA M. SPEED

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**DIRECT TESTIMONY
OF
DEANNA M. SPEED**

1
2
3
4

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is DeAnna McCormick Speed. My business address is 201 Third Street,
9 Henderson, Kentucky, 42420. I am employed by Big Rivers Electric Corporation (“Big
10 Rivers”) as its Director Rates and Budgets.

11 **Q. Please describe your job responsibilities.**

12 A. I report to Ms. Billie J. Richert, Big Rivers’ Vice President Accounting, Rates, and
13 Chief Financial Officer. As the Director of Rates and Budgets, I have primary
14 responsibilities for two areas. The first involves overall direction of the company’s
15 regulatory proceedings before this Commission. The second involves oversight of Big
16 Rivers’ budget and reporting processes.

17 **Q. Briefly describe your education and work experience.**

18 A. I assumed my current role in 2013. Prior to my current role, I was Big Rivers’
19 Manager-Budgets beginning in July 2009 upon the closing of the transaction that
20 unwound Big Rivers’ 1998 lease with E.ON U.S., LLC and its affiliates (the “Unwind
21 Transaction”), described in Case No. 2007-00455. Prior to the closing of the Unwind
22 Transaction, I was employed by Western Kentucky Energy Corporation (“WKE”) for
23 11 years as a Budget Analyst and as Manager of Budgets. I originally joined Big
24 Rivers in the finance and accounting department in 1994. I earned a Bachelor of
25 Science degree in accounting from Western Kentucky University. I hold a Certified

1 Public Accountant (“CPA”) license in the state of Kentucky. A summary of my
2 professional experience is provided as Exhibit Speed-1.

3 **Q. Have you previously filed testimony before the Commission?**

4 A. Yes. I filed testimony in the rate case Big Rivers filed earlier this year, Case No. 2012-
5 00535 (the “Century Rate Case”).

6

7 **II. PURPOSE OF TESTIMONY**

8

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to describe the tariff changes Big Rivers is proposing,
11 to describe other proceedings in which Big Rivers is currently involved, to sponsor
12 certain filing requirements, and to describe the costs associated with this filing and the
13 management of those costs.

14 **Q. Are you sponsoring any exhibits?**

15 A. Yes. I have prepared the following exhibits to my prepared testimony:

16	Exhibit Speed-1	Professional Summary of DeAnna M. Speed
17	Exhibit Speed-2	Summary of Proposed Changes to Tariff Rates
18	Exhibit Speed-3	Side-by-Side Comparison of Tariff Proposed in Century
19		Rate Case and Tariff Proposed in Alcan Rate Case

20

21 **III. DESCRIPTION OF TARIFF CHANGES**

22

23 **Q. Please summarize the changes Big Rivers is proposing to its existing tariff.**

1 A. A summary of changes in energy and demand charges in Big Rivers' current tariff is
2 contained in Exhibit Speed-2. The analysis supporting these changes is presented in the
3 Direct Testimony of Mr. John Wolfram. These changes, along with all changes to
4 energy and demand charges, have been noted as prescribed by 807 KAR 5:011 Section
5 6(3).

6 **Q. Have you detailed the proposed tariff changes in any way?**

7 A. Yes. As required in 807 KAR 5:001 Section 16(1)(b)(5), Big Rivers has presented its
8 current tariff and its proposed tariff in a side-by-side comparison. (See Tab 5 to the
9 application.) That comparison shows each proposed change and, as mentioned above,
10 notes those changes using the margin indicators prescribed in 807 KAR 5:011 Section
11 6(3). The Commission number of the proposed tariff is PSC KY No. 26, and therefore,
12 all marginal notations note the changes from Big Rivers' current tariff on file with the
13 Commission, designated as PSC KY No. 24.

14 Please note that Big Rivers filed proposed tariff PSC KY No. 25 in the Century
15 Rate Case, which is still pending. The changes shown in the comparison at Tab 5 in
16 this case include all of the tariff changes Big Rivers is proposing in the Century Rate
17 Case plus the additional changes Big Rivers is proposing in this case. For convenience,
18 Big Rivers is also presenting as Exhibit Speed-3 a side-by-side comparison of the tariff
19 proposed in the Century Rate Case (PSC KY No. 25) and the tariff proposed in this
20 case (PSC KY No. 26).

21 **Q. Please further describe the changes reflected in Big Rivers' proposed tariff.**

22 A. The tariff changes Big Rivers is proposing in the Century Rate Case are explained in
23 the testimony Big Rivers filed in that proceeding, which is incorporated herein by

1 reference. In addition to those changes, Big Rivers is proposing the following tariff
2 changes:

- 3 1. As explained in the Direct Testimony of Mr. Robert W. Berry, Big Rivers is
4 proposing to eliminate Rate Schedule LICX – Large Industrial Customer
5 Expansion tariff. Changes to various other tariff sheets are also required to
6 remove references to the LICX tariff.
- 7 2. Big Rivers is proposing to add language to Rate Schedule LIC – Large
8 Industrial Customer tariff to clarify that there must be a written retail service
9 agreement for every retail customer for whom a distribution cooperative
10 buys power under the LIC tariff.
- 11 3. As explained in the Direct Testimony of Ms. Billie J. Richert, Big Rivers is
12 proposing to accelerate the use of its Economic Reserve and Rural
13 Economic Reserve accounts to temporarily offset the rate increase proposed
14 in this case. Certain of the tariff changes Big Rivers is proposing relate to
15 this change. These tariff changes are described in the Direct Testimony of
16 Mr. John Wolfram.
- 17 4. Certain definitions relating to the smelters appear in several places in the
18 current tariff. Redundant definitions have now been removed.
- 19 5. Big Rivers is proposing changes to recognize that Alcan Primary Products
20 Corporation is now owned by Century Aluminum Sebree, LLC and that
21 Midwest Independent Transmission System Operator, Inc. has changed its
22 name to Midcontinent Independent System Operator, Inc.
- 23 6. The remaining changes correct minor typographical errors.

1 Big Rivers also evaluated removing numerous references throughout the current tariff
2 to the smelters or the smelter agreements. However, Big Rivers determined that it
3 would not be appropriate to remove those references at this time because certain tariff
4 provisions related to the smelter agreements will or could continue after the termination
5 of both the Century and Alcan contracts due to lag times or possible after-the-fact
6 reconciliations. For example, the credit provided under the Unwind Surcredit tariff
7 mechanism and funded under the smelter agreements will continue in February 2014
8 due to the lag under that mechanism.

9
10 **IV. FILING REQUIREMENTS FROM 807 KAR 5:001**

11
12 **Q. Have you reviewed the answers provided in Tabs 1 through 59, which address Big
13 Rivers' compliance with forecasted period filing requirements under 807 KAR
14 5:001 and its various subsections?**

15 **A.** Yes, I have, and I hereby incorporate and adopt those portions of Tabs 1 through 59 for
16 which I am identified as the sponsoring witness.

17
18 **V. RATE CASE COSTS**

19
20 **Q. Has Big Rivers projected the costs of professional services related to the
21 preparation and prosecution of this rate filing?**

22 **A.** Yes. The total projected rate case cost is \$1,406,105. The development of this
23 estimate and the manner in which the amount is built into Big Rivers' forecast is

1 discussed in the Direct Testimony of Mr. Jeffrey R. Williams. Big Rivers has acquired
2 valuable experience with outside service firms in major cases over the last two years,
3 including the last two rate cases (the Century Rate Case and Case No. 2011-00036 (the
4 “2011 Rate Case”)) and Big Rivers’ 2012 environmental compliance plan case (Case
5 No. 2012-00063). This has enhanced Big Rivers’ ability to estimate the costs for
6 outside service support for filings of this magnitude.

7 **Q. What steps is Big Rivers taking to ensure that the actual rate case costs incurred**
8 **in this proceeding are reasonable?**

9 A. Big Rivers is closely managing its rate case costs in several ways. First, Big Rivers
10 addressed the issue of outside legal expenses, which was contested in the 2011 Rate
11 Case. Big Rivers continues to rely on Sullivan, Mountjoy, Stainback & Miller PSC for
12 primary legal support for this filing; however, to secure additional support as resource
13 needs warrant, Big Rivers also retained Dinsmore & Shohl (“Dinsmore”), a law firm
14 with offices in Frankfort, Lexington, Louisville, Cincinnati, and other cities.
15 Dinsmore’s attorneys have experience with regulatory proceedings before the
16 Commission, charge hourly rates that are comparable to other firms in Kentucky, and
17 are located in close proximity to both Big Rivers’ and the Commission’s offices – all of
18 which allows Big Rivers to reduce its costs for legal counsel and travel while
19 maintaining the necessary high level of legal expertise.

20 Second, Big Rivers is closely monitoring the actual rate case costs from its
21 professional service firms on an on-going basis. Big Rivers closely reviews monthly
22 invoices and performs a contemporaneous variance analysis which compares actual rate
23 case costs to budget after the Company’s books close each month. This allows Big

1 Rivers to make adjustments to its plans for upcoming meetings, conference calls,
2 assignments for drafting and reviewing documents, and other tasks as warranted. Big
3 Rivers expects to continue this review and evaluation through the balance of this
4 proceeding.

5 Third, Big Rivers also monitors the work of its outside professionals. Big
6 Rivers assigned me as project manager for this case to track the tasks assigned to and
7 work performed by outside professionals, and Big Rivers' personnel and the outside
8 professionals have worked closely together throughout the preparation of the
9 application and testimony.

10 **Q. Has Big Rivers engaged any highly compensated legal counsel to assist in this**
11 **proceeding?**

12 A. Yes. Big Rivers retained Haynes and Boone, LLP ("Haynes Boone") in the Century
13 Rate Case to advise it on the positions taken by certain intervenors in that case on
14 highly specialized issues related to restructuring and bankruptcy. Because of the
15 extensive overlap of this case and the Century Rate Case, it was necessary to also have
16 Haynes Boone participate to a limited extent in the preparation of this filing where the
17 specialized issues for which Haynes Boone was retained were potentially involved.
18 Should it become prudent for Big Rivers to continue to involve Haynes Boone or to
19 retain other highly compensated legal counsel due to any complexities that arise, Big
20 Rivers will closely manage those costs and will ensure that the use of such counsel is
21 necessary for the particular tasks being performed, consistent with the requirements set
22 forth by the Commission in its January 29, 2013, order on rehearing in Case No. 2011-
23 00036.

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VI. OTHER PROCEEDINGS

Q. Are there any open proceedings that might impact this case?

A. Yes. The relevant open proceedings include the Century Rate Case and a six-month environmental surcharge (“ES”) review (Case No. 2013-00139). The Commission’s orders in these cases could affect the rates proposed in this proceeding. More specifically, if the Commission adjusts Big Rivers’ ES rate in the ES review case for any reason, e.g., increasing the ES portion in base rates (commonly referred to as a “roll-in”), Big Rivers would need to file updated tariff sheets, from its current tariff, reflecting this roll-in. This roll-in would not change the amount of the proposed increase. Also, the application in this proceeding assumes that the Commission grants the full amount of the increase sought in the Century Rate Case (as updated in the rebuttal testimony Big Rivers filed in that case on June 24, 2013). If the Commission issues an order in that case granting less than the full amount of Big Rivers’ request, Big Rivers will need to re-file certain exhibits in this proceeding, such as certain exhibits to the Direct Testimony of Mr. John Wolfram, update the amount of the revenue deficiency, and file revised tariff sheets, as necessary.

Big Rivers also recently filed a proceeding seeking, among other things, approval of contracts related to Century (Case No. 2013-00221). As explained in the Direct Testimony of Mr. John Wolfram, if the Commission’s findings in that proceeding affect the revenues or expenses in the fully forecasted test period of this case, Big Rivers would have to adjust the rates proposed herein accordingly.

1

2 **Q. Are there any anticipated proceedings that might impact this case?**

3 A. Not at this time.

4

5 **VII. CONCLUSION**

6

7 **Q. What are your conclusions and recommendations to the Commission in this**
8 **proceeding?**

9 A. I recommend that the Commission grant Big Rivers the rate relief it is seeking in this
10 proceeding, including an amortized portion of Big Rivers' costs incurred in this
11 proceeding, and approve the proposed tariff changes described above.

12 **Q. Does this conclude your testimony?**

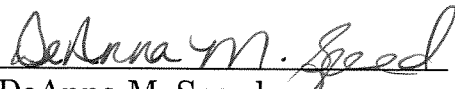
13 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

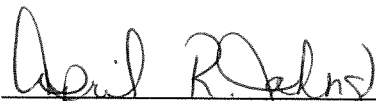
VERIFICATION

I, DeAnna M. Speed, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


DeAnna M. Speed

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by DeAnna M. Speed on this
the 20th day of June, 2013.


Notary Public, Ky) State at Large
My Commission Expires 8-9-2014

Professional Summary

DeAnna M. Speed, CPA
Director Rates and Budgets
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation 2009-Present, 1994-1998

Director Rates and Budgets

Manager-Budgets

Accountant, Budgets

Western Kentucky Energy 1998-2009

Manager of Budgeting

Budget Analyst (I, II, III and Sr.)

Education

Master of Business Administration Candidate

Murray State University, Murray, KY, expected graduation 2014

Bachelor of Science in Accounting

Western Kentucky University, Bowling Green, KY, 1992

Certifications

Certified Public Accountant – CPA

Professional Organizations

Kentucky Society of Certified Public Accountants

Institute of Management Accountants

Big Rivers Electric Corporation
Case No. 2013-00199
Summary of Proposed Changes to Tariff Rates

Standard Rate Schedule	Rate	Sheet Number(s)	Current Rate	Proposed Rate ¹	Incr. (Decr.) ¹
RDS	Demand	1	\$9.697 per kW	\$24.742 per kW	\$15.045 per kW
	Energy	1	\$0.029736 per kWh	\$0.035000 per kWh	\$0.005264 per kWh
LIC	Demand	26	\$10.500 per kW	\$17.979 per kW	\$7.479 per kW
	Energy	26	\$0.024508 per kWh	\$0.035000 per kWh	\$0.010492 per kWh
QFS	<i>On-Peak Maintenance Service</i>				
	Demand per Week	44	\$2.238 per kW	\$5.773 per kW	\$3.535 per kW
	Energy	44	\$0.029736 per kWh	\$0.035000 per kWh	\$0.005264 per kWh
	<i>Off-Peak Maintenance Service</i>				
	Demand per Week	44	\$2.238 per kW	\$5.773 per kW	\$3.535 per kW

¹ Please see the Direct Testimony of Mr. John Wolfram for analysis supporting these proposed rates.

BIG RIVERS ELECTRIC CORPORATION
APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)
Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)
Case No. 2013-00199

This page intentionally left blank to permit
review of
Century Rate Case Proposed Tariff (PSC KY No. 25)
versus
Alcan Rate Case Proposed Tariff (PSC KY No. 26)
in Comparative Form
on Facing Sheets Side-by-Side

Big Rivers Electric Corporation

201 Third Street
Henderson, Kentucky 42420

Rates, Terms and Conditions for Furnishing

Electric Service

In

**Ballard, Breckinridge, Caldwell, Carlisle, Crittenden, Daviess, Graves,
Grayson, Hancock, Hardin, Henderson, Hopkins, Livingston, Lyon,
McCracken, McLean, Marshall, Meade, Muhlenberg, Ohio, Union, and
Webster Counties**

As Filed with The

**PUBLIC SERVICE COMMISSION
OF KENTUCKY**

Issued: January 15, 2013

Effective: February 18, 2013

**By: Big Rivers Electric Corporation
(Name of Utility)**

Issued by

**Mark A. Bailey
President and Chief Executive Officer
201 Third Street
Henderson, Kentucky 42420**

Big Rivers Electric Corporation

201 Third Street
Henderson, Kentucky 42420

Rates, Terms and Conditions for Furnishing

Electric Service

In

**Ballard, Breckinridge, Caldwell, Carlisle, Crittenden, Daviess, Graves,
Grayson, Hancock, Hardin, Henderson, Hopkins, Livingston, Lyon,
McCracken, McLean, Marshall, Meade, Muhlenberg, Ohio, Union, and
Webster Counties**

As Filed with The

**PUBLIC SERVICE COMMISSION
OF KENTUCKY**

Issued: June 28, 2013

Effective: July 29, 2013

[T]

**By: Big Rivers Electric Corporation
(Name of Utility)**

Issued by

**Mark A. Bailey
President and Chief Executive Officer
201 Third Street
Henderson, Kentucky 42420**

Big Rivers Electric Corporation Table of Contents

Standard Electric Rate Schedules – Terms and Conditions

<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>	
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DSM-02 ENERGY STAR® Clothes Washer Replacement Incentive Program	4	02-18-2013	
DSM-03 ENERGY STAR® Refrigerator Replacement Incentive Program	5	02-18-2013	
DSM-04 Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program	7	02-18-2013	
DSM-05 Residential Weatherization Program	9	02-18-2013	
DSM-06 Touchstone Energy® New Home Program	11	02-18-2013	
DSM-07 Residential and Commercial HVAC & Refrigeration Tune-Up Program	13	02-18-2013	
DSM-08 Commercial / Industrial High Efficiency Lighting Replacement Incentive Program	15	02-18-2013	
DSM-09 Commercial / Industrial General Energy Efficiency Program	17	02-18-2013	
DSM-10 Residential Weatherization Program – Primary Heating Source Non-Electric	19	02-18-2013	
LIC Large Industrial Customer	22	02-18-2013	
CATV Cable Television Attachment	26	02-18-2013	
QFP Cogeneration/Small Power Production Purchase – Over 100 KW	34	02-18-2013	
QFS Cogeneration/Small Power Production Sales – Over 100 KW	37	02-18-2013	
LICX Large Industrial Customer Expansion	45	02-18-2013	
SET Supplemental Energy Transaction	50	02-18-2013	

DATE OF ISSUE January 15, 2013
 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
 President and Chief Executive Officer
 Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

Big Rivers Electric Corporation Table of Contents

Standard Electric Rate Schedules – Terms and Conditions

<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>	
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DSM-01 High Efficiency Lighting Replacement Program	3	07-29-2013	
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DSM-03 ENERGY STAR® Refrigerator Replacement Incentive Program	5	07-29-2013	
DSM-04 Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program	7	07-29-2013	
DSM-05 Residential Weatherization Program	9	07-29-2013	
DSM-06 Touchstone Energy® New Home Program	11	07-29-2013	
DSM-07 Residential and Commercial HVAC & Refrigeration Tune-Up Program	13	07-29-2013	
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DSM-10 Residential Weatherization Program – Primary Heating Source Non-Electric	19	07-29-2013	
DSM-11 Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program	21	07-29-2013	
DSM-12 High Efficiency Outdoor Lighting Program	23	07-29-2013	

DATE OF ISSUE	June 28, 2013
DATE EFFECTIVE	July 29, 2013

ISSUED BY: Mark A. Bailey,
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Standard Electric Rate Schedules – Terms and Conditions

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MRSM Member Rate Stability Mechanism	66	02-18-2013	
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Monitoring Uses	80	02-18-2013	
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Right-of-Access	81	02-18-2013	
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Standard Electric Rate Schedules – Terms and Conditions

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QFP Cogeneration/Small Power Production Purchase – Over 100 KW	37	07-29-2013	
QFS Cogeneration/Small Power Production Sales – Over 100 KW	40	07-29-2013	
SET Supplemental Energy Transaction	48	07-29-2013	
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RRES Renewable Resource Energy Service	57	07-29-2013	
RA Rebate Adjustment	59	07-29-2013	
ES Environmental Surcharge	60	07-29-2013	
FAC Fuel Adjustment Clause	62	07-29-2013	
MRSM Member Rate Stability Mechanism	65	07-29-2013	
US Unwind Surcredit	68	07-29-2013	
RER Rural Economic Reserve Rider	70	07-29-2013	
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BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

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Alcan Rate Case Proposed Tariff (PSC KY No. 26)

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Rate	78	07-29-2013	
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Monitoring Uses	79	07-29-2013	
Notice of Meter Reading or Test	80	07-29-2013	
Power Factor	80	07-29-2013	
Right-of-Access	80	07-29-2013	
Continuity of Service	81	07-29-2013	
Payments of Bills	81	07-29-2013	
Transmission Emergency Control Program	82	07-29-2013	
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(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 1

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 1

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service

Applicable:

In all territory served by Big Rivers' transmission system.

Availability:

Available only for service to Big Rivers' Member Cooperatives, at their rural delivery points, which are all delivery points other than dedicated large industrial and smelter delivery points, subject to the special terms and conditions hereinafter set forth and to such of Big Rivers' general rules and regulations on file with the Commission. [T]

Term:

This rate schedule shall take effect at 12:01 AM CPT on the effective date of this tariff. [T]

Rates:

For all delivery points for Rural Delivery Service a Monthly Delivery Point Rate consisting of:

A Demand Charge of:

All kW of billing demand at \$16.9500 per kW. [I]

Plus,

An Energy Charge of:

All kWh per month at \$0.030000 per kWh. [I]

No separate transmission or ancillary services charges shall apply to these rates.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 1

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 1

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service

Applicable:

In all territory served by Big Rivers' transmission system.

Availability:

Available only for service to Big Rivers' Member Cooperatives, at their rural delivery points, which are all delivery points other than dedicated large industrial and Smelter delivery points, subject to the special terms and conditions hereinafter set forth and to such of Big Rivers' general rules and regulations on file with the Commission. [T]

Term:

This rate schedule shall take effect at 12:01 AM CPT on the effective date of this tariff.

Rates:

For all delivery points for Rural Delivery Service a Monthly Delivery Point Rate consisting of:

A Demand Charge of:

All kW of billing demand at \$24.7420 per kW. [I]

Plus,

An Energy Charge of:

All kWh per month at \$0.035000 per kWh. [I]

No separate transmission or ancillary services charges shall apply to these rates.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 25

Original SHEET NO. _____ 2

CANCELLING P.S.C. KY. No. _____ 24

Original SHEET NO. _____ 2

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

The following adjustment clauses and riders shall apply to service under this tariff:

- Voluntary Price Curtailable Service Rider
- Renewable Resource Energy Service
- Rebate Adjustment
- Environmental Surcharge
- Fuel Adjustment Clause
- Member Rate Stability Mechanism
- Unwind Surcredit
- Rural Economic Reserve Rider
- Non-Smelter Non-FAC PPA

Demand Charge

The demand charge in this Standard Rate Schedule RDS shall apply to each rural delivery point's thirty-minute clock-hour demand measured at the time of Big Rivers' Maximum Adjusted Net Local Load, as defined in this paragraph, determined on a thirty-minute clock-hour basis, during the month. Big Rivers' Maximum Adjusted Net Local Load during the month shall be calculated in the following manner: [T]

- (i) Big Rivers shall determine the maximum local load of its Members for each thirty-minute clock-hour interval in the month;
- (ii) the actual demand during each thirty-minute interval for the Smelters and Domtar Paper Company, LLC ("Domtar," for so long as it operates its qualifying facility) will be subtracted from the net local load;
- (iii) the sum of the lesser of the actual demand and Firm Power Billing Demand of Domtar (as defined in its retail service agreement), and the Smelters' Base Demand (as defined in the Smelter Agreements) will then be added back to the net local load calculation to create the adjusted net local load; and
- (iv) the thirty-minute interval of highest adjusted net local load in the month shall determine the Maximum Adjusted Net Local Load. The kW demand for a thirty-minute interval shall be determined by multiplying the kWh measured at a rural delivery point during the interval by 2.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 SHEET NO. 2 CANCELLING P.S.C. KY. No. 25 SHEET NO. 2

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

The following adjustment clauses and riders shall apply to service under this tariff:

- Voluntary Price Curtailable Service Rider
Renewable Resource Energy Service
Rebate Adjustment
Environmental Surcharge
Fuel Adjustment Clause
Member Rate Stability Mechanism
Unwind Surcredit
Rural Economic Reserve Rider
Non-Smelter Non-FAC PPA

Demand Charge

The demand charge in this Standard Rate Schedule RDS shall apply to each rural delivery point's thirty-minute clock-hour demand measured at the time of Big Rivers' Maximum Adjusted Net Local Load, as defined in this paragraph, determined on a thirty-minute clock-hour basis, during the month. Big Rivers' Maximum Adjusted Net Local Load during the month shall be calculated in the following manner:

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(iii) the sum of the lesser of the actual demand and Firm Power Billing Demand of Domtar (as defined in its retail service agreement), and the Smelters' Base Demand (as defined in the Smelter Agreements) will then be added back to the net local load calculation to create the adjusted net local load; and
(iv) the thirty-minute interval of highest adjusted net local load in the month shall determine the Maximum Adjusted Net Local Load. The kW demand for a thirty-minute interval shall be determined by multiplying the kWh measured at a rural delivery point during the interval by 2.

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FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 3
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.01

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-01
High Efficiency Lighting Replacement Program**

Purpose

This program promotes an increased use of ENERGY STAR® rated Compact Fluorescent Light ("CFL") lamps among Rural Customers by reimbursing a Member the cost of CFL lamps purchased and distributed by the Member to its eligible Rural Customers.

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer in the Member's service area.

Member Incentives

Big Rivers will reimburse a Member the cost of CFL lamps purchased and distributed by the Member to its eligible Rural Customers. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid CFL supplier invoice, and acceptable documentation that those CFLs have been or will be distributed to eligible Rural Customers of the Member.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 3

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 3

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-01 High Efficiency Lighting Replacement Program

Purpose: [T]

This program promotes an increased use of Compact Fluorescent Light ("CFL") lamps meeting ENERGY STAR® standards among Rural Customers by reimbursing a Member the cost of CFL lamps purchased and distributed by the Member to its eligible Rural Customers. [T]

Availability: [T]

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff. [T]

Eligibility: [T]

An eligible Rural Customer is a Member's Rural Customer in the Member's service area.

Member Incentives: [T]

Big Rivers will reimburse a Member the cost of CFL lamps purchased and distributed by the Member to its eligible Rural Customers. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Terms & Conditions: [T]

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid CFL supplier invoice, and acceptable documentation that those CFLs have been or will be distributed to eligible Rural Customers of the Member.

Evaluation, Measurement and Verification: [T]

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 4

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.02

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-02
ENERGY STAR® Clothes Washer Replacement Incentive Program**

Purpose

This program promotes an increased use of ENERGY STAR® rated clothes washing machines (“Qualifying Clothes Washer”) among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who purchases and installs a Qualifying Clothes Washer.

Availability

A DSM program’s rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member’s corresponding tariff.

Eligibility

An eligible Rural Customer is a Member’s Rural Customer who purchases and installs a Qualifying Clothes Washer in the Member’s service area.

Member Incentives

Big Rivers will reimburse a Member an incentive payment of \$100 for each Qualifying Clothes Washer purchased and installed by an eligible Rural Customer in the Member’s service area. Big Rivers will also reimburse a Member’s reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid invoice from a legitimate retail appliance supplier for purchase and installation of a Qualifying Clothes Washer on the premises of an eligible Rural Customer of the Member in the Member’s service area.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
**Big Rivers’ Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 4

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 4

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-02

ENERGY STAR® Clothes Washer Replacement Incentive Program

Purpose:

This program promotes an increased use of clothes washing machines meeting ENERGY STAR® standards ("Qualifying Clothes Washer") among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who purchases and installs a Qualifying Clothes Washer. [T]

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff. [T]

Eligibility:

An eligible Rural Customer is a Member's Rural Customer who purchases and installs a Qualifying Clothes Washer in the Member's service area. [T]

Member Incentives:

Big Rivers will reimburse a Member an incentive payment of \$100 for each Qualifying Clothes Washer purchased and installed by an eligible Rural Customer in the Member's service area. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers. [T]

Terms & Conditions:

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid invoice from a legitimate retail appliance supplier for purchase and installation of a Qualifying Clothes Washer on the premises of an eligible Rural Customer of the Member in the Member's service area. [T]

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources. [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 5
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.03

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-03

ENERGY STAR® Refrigerator Replacement Incentive Program

Purpose

This program promotes an increased use of ENERGY STAR® rated refrigerators (“Qualifying Refrigerator”) among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who purchases and installs a Qualifying Refrigerator and removes from operation and recycles an existing older, low-efficiency refrigerator.

Availability

A DSM program’s rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member’s corresponding tariff.

Eligibility

An eligible Rural Customer is a Member’s Rural Customer who purchases and installs a Qualifying Refrigerator and removes from operation and recycles an existing refrigerator.

Member Incentives

Big Rivers will reimburse a Member an incentive payment of \$100 for each Qualifying Refrigerator that is purchased and installed by an eligible Rural Customer in the Member’s service area, in conjunction with removing from operation and recycling an existing refrigerator. Big Rivers will also reimburse a Member’s reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid invoice from a legitimate retail appliance supplier for purchase and installation of a Qualifying Refrigerator on the premises of an eligible Rural Customer of the Member in the Member’s service area, and acceptable documentation that an older refrigerator has been removed from operation and recycled.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 5
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 5

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-03
ENERGY STAR® Refrigerator Replacement Incentive Program**

Purpose: [T]

This program promotes an increased use of fifteen (15) cubic foot or larger refrigerators meeting ENERGY STAR® standards ("Qualifying Refrigerator") among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who purchases and installs a Qualifying Refrigerator and removes from operation and recycles an existing older, low-efficiency refrigerator. [T]

Availability: [T]

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff. [T]

Eligibility: [T]

An eligible Rural Customer is a Member's Rural Customer who purchases and installs a Qualifying Refrigerator and removes from operation and recycles an existing refrigerator.

Member Incentives: [T]

Big Rivers will reimburse a Member an incentive payment of \$100 for each Qualifying Refrigerator that is purchased and installed by an eligible Rural Customer in the Member's service area, in conjunction with removing from operation and recycling an existing refrigerator. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

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DATE EFFECTIVE July 29, 2013

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 6
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.04

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-03 (continued)

ENERGY STAR® Refrigerator Replacement Incentive Program

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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in Case No. 2012-00535
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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 6

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 6

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-03 (continued)

ENERGY STAR® Refrigerator Replacement Incentive Program

Terms & Conditions:

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a paid invoice from a legitimate retail appliance supplier for purchase and installation of a Qualifying Refrigerator on the premises of an eligible Rural Customer of the Member in the Member's service area, and acceptable documentation that an older refrigerator has been removed from operation and recycled.

[T]

[T]



Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

[T]

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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 7

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.05

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-04

Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

Purpose

This program promotes an increased use of high-efficiency HVAC systems among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer who purchases and installs an HVAC system beyond contractor grade minimums to one of three types of ENERGY STAR® rated HVAC systems ("Qualified System"). [T]

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer who upgrades an HVAC system located in the Member's service area to one of three types of Qualified Systems.

Member Incentives

Big Rivers will reimburse a Member an incentive payment, based on the following table, for purchase and installation by a Member's Rural Customer of a Qualified System HVAC upgrade located in the Member's service territory. The incentive paid for each Qualified System of one of the following types shall be: [T]

Geothermal	\$ 750
Dual Fuel	\$ 500
Air Source	\$ 200

Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

26

Original

SHEET NO.

7

CANCELLING P.S.C. KY. No. _____

25

Original

SHEET NO.

7

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-04

Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

Purpose:

This program promotes an increased use of high-efficiency HVAC systems among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer who purchases and installs an HVAC system beyond contractor grade minimums to one of three types of HVAC systems meeting ENERGY STAR® standards ("Qualified System").

[T]

[T]
[T]

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

[T]

[T]

Eligibility:

An eligible Rural Customer is a Member's Rural Customer who upgrades an HVAC system located in the Member's service area to one of three types of Qualified Systems.

[T]

Member Incentives:

Big Rivers will reimburse a Member an incentive payment, based on the following table, for purchase and installation by one of its Rural Customers of a Qualified System HVAC upgrade located in the Member's service area. The incentive paid for each Qualified System of one of the following types shall be:

[T]

[T]

Geothermal	\$ 750
Dual Fuel	\$ 500
Air Source	\$ 200

Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE June 28, 2013

DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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(Alcan Rate Case Proposed Tariff)

versus

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in Case No. 2012-00535**

(Century Rate Case Proposed Tariff)

ISSUED BY:

Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 8
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.06

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-04 (continued)

Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a receipt of purchase and installation of a Qualified System from a licensed contractor, along with a certificate from the Member verifying installation of the Qualified System on the premises of a Rural Customer in the Member's service area.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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versus

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(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 8

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 8

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-04 (continued)

Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

Terms & Conditions:

[T]

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a receipt of purchase and installation of a Qualified System from a licensed contractor, along with a certificate from the Member verifying installation of the Qualified System on the premises of a Rural Customer in the Member's service area.

Evaluation, Measurement and Verification:

[T]

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 9

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.07

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-05
Residential Weatherization Program**

Purpose

This program promotes increased implementation of weatherization improvements among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who undertakes and completes residential weatherization improvements in accordance with this program.

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer who undertakes and completes weatherization improvements in accordance with this program at the Rural Customer's all-electric home located in the Member's service area.

Member Incentives

Big Rivers will provide 50% of the cost of residential weatherization improvements performed in accordance with this program. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

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President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

26

Original

SHEET NO.

9

CANCELLING P.S.C. KY. No. _____

25

Original

SHEET NO.

9

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-05
Residential Weatherization Program**

Purpose:

This program promotes increased implementation of weatherization improvements among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, who undertakes and completes residential weatherization improvements in accordance with this program.

[T]

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

[T]

[T]

Eligibility:

An eligible Rural Customer is a Member's Rural Customer who undertakes and completes weatherization improvements in accordance with this program at the Rural Customer's all-electric home located in the Member's service area.

[T]

Member Incentives:

Big Rivers will reimburse the cost of an initial site visit, a diagnostic audit, and completed residential weatherization improvements performed in accordance with this program including project management costs. Big Rivers' total reimbursement shall not exceed the amounts outlined below in Terms and Conditions. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

[T]



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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
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Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 10
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.08

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-05 (continued)
Residential Weatherization Program**

Terms & Conditions

- 1. Big Rivers will contract with a third party contractor ("Contractor") that performs weatherization projects for electric utilities.
- 2. The Member will promote the program, and select Rural Customer names to submit to Contractor.
- 3. Contractor will contact the Rural Customer from the names provided, and manage the weatherization process.
- 4. Big Rivers will pay the Contractor \$150 for the initial audit.
- 5. Big Rivers will also pay \$3 per installed CFL bulb and \$10 per installed low-flow aerator, or low-flow shower head, as part of the initial audit. Reimbursement will be limited to the following:

CFL Bulbs	Twenty (20) per Rural Customer's residence
Low-Flow Aerator	Two (2) per Rural Customer's residence
Low-Flow Shower Head	One (1) per Rural Customer's residence

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 10

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 10

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-05 (continued)

Residential Weatherization Program

Terms & Conditions:

- 1. Big Rivers will contract with a third party contractor ("Contractor") that performs weatherization projects for electric utilities.
2. The Member will promote the program, and select Rural Customer names to submit to Contractor.
3. Contractor will contact the Rural Customers from the names provided, and manage the weatherization process.
4. Big Rivers will pay the Contractor \$150 for the initial site visit.
5. Big Rivers will also pay \$3 per installed CFL bulb and \$10 per installed low-flow aerator, or low-flow shower head, as part of the initial audit. Reimbursement will be limited to the following:

CFL Bulbs Twenty (20) per Rural Customer's residence
Low-Flow Aerator Two (2) per Rural Customer's residence
Low-Flow Shower Head One (1) per Rural Customer's residence

- 6. The Contractor will collect \$100 from the Rural Customer for the diagnostic audit, which will be reimbursed when the project is complete. If the Rural Customer does not follow-through with the weatherization process, the \$100 will be forfeited and Big Rivers will pay \$350 to the Contractor. Big Rivers will pay the Contractor \$450 for the diagnostic audit upon completion of the weatherization process.
7. Big Rivers will pay the Contractor up to \$2,500 for implemented residential weatherization measures including project management.

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 11

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.09

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-06

Touchstone Energy® New Home Program

Purpose

This program promotes an increased use of energy efficient building standards as outlined in the Touchstone Energy® certification program, including installation of high efficiency ENERGY STAR® rated HVAC systems, among Rural Customers and home builders by paying a Member an incentive for the benefit of an eligible Rural Customer whose new home includes an HVAC system beyond contractor grade minimums that is one of three specified types of ENERGY STAR® rated HVAC systems (“Qualified System”).

Availability

A DSM program’s rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member’s corresponding tariff.

Eligibility

An eligible Rural Customer is a Member’s Rural Customer whose new Touchstone Energy® Certified residence includes a Qualified System.

Member Incentives

Big Rivers will reimburse a Member an incentive payment, based on the following table, for purchase by a Member’s Rural Customer of a new Touchstone Energy® Certified residence that includes a Qualified System. The incentive paid for each residence for a Qualified System of one of the following types shall be: [T]

Geothermal Heat Pump (ground coupled heat pump)	\$ 2,000
Air Source Heat Pump	\$ 1,000
Dual Fuel Heat Pump (ASHP w/Gas Backup)	\$ 1,200
Gas Heat	\$ 750

Big Rivers will also reimburse a Member’s reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


This comparison provided to show
Big Rivers’ Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 11

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 11

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-06

Touchstone Energy® New Home Program

Purpose:

This program promotes an increased use of energy efficient building standards as outlined in the Touchstone Energy® certification program, including installation of high-efficiency HVAC systems meeting ENERGY STAR® standards, among Rural Customers and home builders by paying a Member an incentive for the benefit of an eligible Rural Customer whose new home includes an HVAC system beyond contractor grade minimums that is one of three specified types of HVAC systems meeting ENERGY STAR® standards (“Qualified System”).

[T]
[T]
[T]
[T]
[T]

Availability:

This DSM program’s rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member’s corresponding tariff.

[T]

Eligibility:

An eligible Rural Customer is a Member’s Rural Customer whose new Touchstone Energy® Certified residence includes a Qualified System.

[T]

Member Incentives:

Big Rivers will reimburse a Member an incentive payment based on the following table for purchase by one of its Rural Customers of a new Touchstone Energy® Certified residence that includes a Qualified System. The incentive paid for each residence for a Qualified System of one of the following types shall be:

[T]

Geothermal Heat Pump (ground coupled heat pump)	\$ 2,000
Air Source Heat Pump	\$ 1,000
Dual Fuel Heat Pump (ASHP w/Gas Backup)	\$ 1,200
Gas Heat	\$ 750

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY


This comparison provided to show
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in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 12

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.10

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-06 (continued)

Touchstone Energy® New Home Program

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of the original Touchstone Energy® Certified residence certification document and supporting documents, and a copy of the receipt or certification from a licensed HVAC contractor verifying installation of the Qualified System on the premises of a Rural Customer in the Member's service territory.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420


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Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

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Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 12

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 12

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-06 (continued)

Touchstone Energy® New Home Program

Member Incentives (continued):

Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers. [T]

Terms & Conditions:

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of the original Touchstone Energy® Certified residence certification document and supporting documents, and a copy of the receipt or certification from a licensed HVAC contractor verifying installation of the Qualified System on the premises of a Rural Customer in the Member's service area. [T]

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources. [T]

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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 13

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.11

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-07

Residential and Commercial HVAC & Refrigeration Tune-Up Program

Purpose

This program promotes annual maintenance of heating and air conditioning equipment among eligible Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, for professional cleaning and servicing of the Rural Customer's heating and cooling system.

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer whose heating and cooling system is professionally cleaned and serviced in accordance with this program.

Member Incentives

Big Rivers will reimburse a Member an incentive payment of \$25 incentive for each residential unit and \$50 for each commercial unit of an eligible Rural Customer in the Member's service territory that is professionally cleaned and serviced. The incentive is available for up to three residential units per location, and up to five commercial units per location. The incentive is available once per unit per year. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
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versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 13
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 13

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-07

Residential and Commercial HVAC & Refrigeration Tune-Up Program

Purpose:

This program promotes annual maintenance of heating and air conditioning equipment among eligible Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer, for professional cleaning and servicing of the Rural Customer's heating and cooling system. [T]

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff. [T]

Eligibility:

An eligible Rural Customer is a Member's Rural Customer whose heating and cooling system is professionally cleaned and serviced in accordance with this program. [T]

Member Incentives:

Big Rivers will reimburse a Member an incentive payment of \$25 incentive for each residential unit and \$50 for each commercial unit of an eligible Rural Customer in the Member's service area that is professionally cleaned and serviced. The incentive is available once per unit per year. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers. [T]

DATE OF ISSUE June 28, 2013
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 14

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.11

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-07 (continued)

Residential and Commercial HVAC & Refrigeration Tune-Up Program

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a receipt from a licensed contractor verifying that the heating and cooling system on the premises of an eligible Rural Customer in the Member's service area has been professionally cleaned and serviced.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 14

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 14

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-07 (continued)

Residential and Commercial HVAC & Refrigeration Tune-Up Program

Terms & Conditions:

[T]

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a receipt from a licensed contractor verifying that the heating and cooling system on the premises of an eligible Rural Customer in the Member's service area has been professionally cleaned and serviced.

Evaluation, Measurement and Verification:

[T]

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 15
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.12

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-08

Commercial / Industrial High Efficiency Lighting Replacement Incentive Program

Purpose

This program promotes the upgrading of low-efficiency commercial or industrial lighting systems by Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer who measurably improves the energy efficiency of a commercial or industrial lighting system. [T]

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer who measurably improves the energy efficiency of a commercial or industrial lighting system in a facility located in the Member's service area in accordance with this program.

Member Incentives

Big Rivers will pay a Member, for the benefit of its eligible Rural Customer, an incentive payment of \$350 per kW of measurable improvement in energy efficiency of a commercial or industrial lighting system at the facility of a Member's eligible Rural Customer achieved by improvements to an existing commercial or industrial lighting system. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

**versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 15

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 15

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-08

Commercial / Industrial High Efficiency Lighting Replacement Incentive Program

Purpose:

This program promotes the upgrading of low-efficiency commercial or industrial lighting systems by Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer who measurably improves the energy efficiency of a commercial or industrial lighting system.

[T]

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

[T]

[T]

Eligibility:

An eligible Rural Customer is a Member's Rural Customer who measurably improves the energy efficiency of a commercial or industrial lighting system in a facility located in the Member's service area in accordance with this program.

[T]

Member Incentives:

Big Rivers will pay a Member, for the benefit of its eligible Rural Customer, an incentive payment of \$350 per kW of measurable improvement in energy efficiency of a commercial or industrial lighting system at the facility of a Member's eligible Rural Customer achieved by improvements to an existing commercial or industrial lighting system. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

[T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 16
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 2.13

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-08 (continued)

Commercial / Industrial High Efficiency Lighting Replacement Incentive Program

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers, in the form and detail specified by Big Rivers:

1. Information from which the energy efficiency of the existing commercial or industrial lighting system can be calculated;
2. Information from which the energy efficiency of the improved commercial or industrial lighting system can be calculated, and the improvement in the energy efficiency of the light system determined;
3. Information that documents the purchase and installation of the improvements to the commercial or industrial lighting system, including a copy of the invoice for materials and installation services associated with the project;
4. Certification by the Member, or a third party acting on behalf of the Member, of the installation of the lighting system improvements at a Rural Customer's facility in the Member's service area; and
5. A copy of the form showing the calculation of the energy efficiency improvements from the lighting system improvements, signed by the Rural Customer.

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 16

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 16

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-08 (continued)

Commercial / Industrial High Efficiency Lighting Replacement Incentive Program

Terms & Conditions:

[T]

To qualify for the incentive under this program, a Member must submit to Big Rivers, in the form and detail specified by Big Rivers:

1. Information from which the energy efficiency of the existing commercial or industrial lighting system can be calculated;
2. Information from which the energy efficiency of the improved commercial or industrial lighting system can be calculated, and the improvement in the energy efficiency of the light system determined;
3. Information that documents the purchase and installation of the improvements to the commercial or industrial lighting system, including a copy of the invoice for materials and installation services associated with the project;
4. Certification by the Member, or a third party acting on behalf of the Member, of the installation of the lighting system improvements at a Rural Customer's facility in the Member's service area; and
5. A copy of the form showing the calculation of the energy efficiency improvements from the lighting system improvements, signed by the Rural Customer.

Evaluation, Measurement and Verification:

[T]

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 17

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.14

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-09

Commercial / Industrial General Energy Efficiency Program

Purpose

This program promotes the implementation of energy efficiency projects among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer of the Member who implements an energy efficiency projects at its commercial or industrial facilities.

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer who implements an energy efficiency project at its commercial or industrial facilities in Member's service area in accordance with the terms and conditions of this program.

Member Incentives

Big Rivers will pay a Member, for the benefit of its eligible Rural Customer, an incentive payment of \$350 per kW of measurable improvement in demand reduction achieved by an energy efficiency project implemented by a Member's eligible Rural Customer at the Rural Customer's facility located in the Member's service area. The maximum incentive available per project is \$25,000. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 17

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 17

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-09

Commercial / Industrial General Energy Efficiency Program

Purpose:

[T]

This program promotes the implementation of energy efficiency projects among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer of the Member who implements an energy efficiency projects at its commercial or industrial facilities.

Availability:

[T]

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility:

[T]

An eligible Rural Customer is a Member's Rural Customer who implements an energy efficiency project at its commercial or industrial facilities in Member's service area in accordance with the terms and conditions of this program.

Member Incentives:

[T]

Big Rivers will pay a Member, for the benefit of its eligible Rural Customer, an incentive payment of \$350 per kW of measurable improvement in demand reduction achieved by an energy efficiency project implemented by a Member's eligible Rural Customer at the Rural Customer's facility located in the Member's service area. The maximum incentive available per project is \$25,000. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 18

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.15

RATES, TERMS AND CONDITIONS - SECTION 1

STANDARD RATE - RDS - Rural Delivery Service - (continued)

DSM-09 (continued)

Commercial / Industrial General Energy Efficiency Program

Terms & Conditions

To qualify for the incentive under this program, a Member must submit to Big Rivers, in the form and detail specified by Big Rivers:

- 1. Information from which the energy efficiency of the existing commercial or industrial facility can be calculated;
2. Information from which the energy efficiency of the commercial or industrial facility can be calculated after the completion of the energy efficiency project...
3. Information that documents the plans and specifications of the energy efficiency project...
4. Certification by the Member, or a third party acting on behalf of the Member...
5. A copy of the form showing the calculation of the demand reduction achieved by the energy efficiency project improvements...

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 18

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 18

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-09 (continued)

Commercial / Industrial General Energy Efficiency Program

Terms & Conditions:

[T]

To qualify for the incentive under this program, a Member must submit to Big Rivers, in the form and detail specified by Big Rivers:

1. Information from which the energy efficiency of the existing commercial or industrial facility can be calculated;
2. Information from which the energy efficiency of the commercial or industrial facility can be calculated after the completion of the energy efficiency project, and the improvement in the energy efficiency of the commercial or industrial facility can be determined;
3. Information that documents the plans and specifications of the energy efficiency project, the purchase, construction or installation of the improvements of the energy efficiency project at the commercial or industrial facility, including a copy of the invoice(s) for materials and installation services associated with the project;
4. Certification by the Member, or a third party acting on behalf of the Member, of the installation of the improvements specified in the energy efficiency project at the Rural Customer's facility in the Member's service area; and
5. A copy of the form showing the calculation of the demand reduction achieved by the energy efficiency project improvements, signed by the Rural Customer.

Evaluation, Measurement and Verification:

[T]

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 19

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.16

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-10

Residential Weatherization Program-Primary Heating Source Non-Electric

Purpose

This program promotes increased implementation of weatherization improvements among Rural Customers whose primary heating source is non-electric by paying a Member an incentive for the benefit of an eligible Rural Customer, who undertakes and completes residential weatherization improvements in accordance with this program.

Availability

A DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility

An eligible Rural Customer is a Member's Rural Customer who undertakes and completes weatherization improvements in accordance with this program at the Rural Customer's home located in the Member's service area, if the Rural Customer's home has a primary heat source that is non-electric and electric-sourced air conditioning.

Member Incentives

Big Rivers will provide 25% of the cost of residential weatherization improvements performed in accordance with this program. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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in Case No. 2013-00199
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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 19

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 19

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-10

Residential Weatherization Program-Primary Heating Source Non-Electric

Purpose:

[T]

This program promotes increased implementation of weatherization improvements among Rural Customers whose primary heating source is non-electric by paying a Member an incentive for the benefit of an eligible Rural Customer, who undertakes and completes residential weatherization improvements in accordance with this program.

Availability:

[T]

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility:

[T]

An eligible Rural Customer is a Member's Rural Customer who undertakes and completes weatherization improvements in accordance with this program at the Rural Customer's home located in the Member's service area, if the Rural Customer's home has a primary heat source that is non-electric and electric-sourced air conditioning.

Member Incentives:

[T]

Big Rivers will reimburse the cost of an initial site visit, a portion of the diagnostic audit, and completed residential weatherization improvements performed in accordance with this program including management costs. Big Rivers' total reimbursement shall not exceed the amounts outlined below in Terms and Conditions. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 20

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 2.17

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-10 (continued)

Residential Weatherization Program-Primary Heating Source Non-Electric

Terms & Conditions

1. Big Rivers will contract with a third party contractor (“Contractor”) that performs weatherization projects for electric utilities.
2. The Member will promote the program, and select Rural Customer names to submit to Contractor.
3. Contractor will contact the Rural Customers from the names provided, and manage the weatherization process.
4. Big Rivers will pay the Contractor \$150 for the initial audit.
5. Big Rivers will also pay \$3 per installed CFL bulb and \$10 per installed low-flow aerator, or low-flow shower head, if the water heater is electric, as part of the initial audit. Reimbursement will be limited to the following:

CFL Bulbs	Twenty (20) per Rural Customer’s residence
Low-Flow Aerator	Two (2) per Rural Customer’s residence
Low-Flow Shower Head	One (1) per Rural Customer’s residence

Evaluation, Measurement and Verification

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

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DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


**This comparison provided to show
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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 26

Original SHEET NO. 20

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 20

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-10 (continued)

Residential Weatherization Program-Primary Heating Source Non-Electric

Terms & Conditions:

1. Big Rivers will contract with a third party contractor (“Contractor”) that performs weatherization projects for electric utilities. [T]
2. The Member will promote the program and select Rural Customer names to submit to Contractor. [T]
3. Contractor will contact the Rural Customers from the names provided, and manage the weatherization process.
4. Big Rivers will pay the Contractor \$150 for the initial site visit. [T]
5. Big Rivers will also pay \$3 per installed CFL bulb and \$10 per installed low-flow aerator, or low-flow shower head, if the water heater is electric, as part of the initial audit. Reimbursement will be limited to the following:

CFL Bulbs	Twenty (20) per Rural Customer’s residence
Low-Flow Aerator	Two (2) per Rural Customer’s residence
Low-Flow Shower Head	One (1) per Rural Customer’s residence
6. Big Rivers will pay the Contractor \$225 upon completion of the diagnostic audit. The Rural Customer will pay \$225 to the Contractor for the diagnostic audit. [T]
7. Big Rivers will pay the Contractor up to \$1,000 for implemented residential weatherization measures including project management. [T]

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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versus

**Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

This page intentionally left blank to permit

review of

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 21
CANCELLING P.S.C. KY. No.
SHEET NO.

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-11

Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

[N]

Purpose:

This program promotes an increased use of high-efficiency HVAC systems among Rural Customers by paying a Member an incentive for the benefit of an eligible Rural Customer who purchases and installs an HVAC system beyond minimum efficiency standards to HVAC systems meeting ENERGY STAR® standards ("Qualified System").

Availability:

This DSM program's rates, terms and conditions are available to a Member for its Rural Customers, subject to the limitations and eligibility requirements of this program, and to the rules and regulations of this tariff and the Member's corresponding tariff.

Eligibility:

An eligible Rural Customer is a Member's Rural Customer who upgrades an HVAC system located in the Member's service area and installs a Qualified System.

Member Incentives:

Big Rivers will reimburse a Member an incentive payment of \$75 per ton (12,000 BTU per hour nominal capacity) when a non-residential Rural Customer installs a Qualified System HVAC upgrade located in the Member's service area.

Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

**Century Rate Case Proposed Tariff (PSC KY No. 25)
Case No. 2012-00535**

versus

**Alcan Rate Case Proposed Tariff (PSC KY No. 26)
Case No. 2013-00199**

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review of

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 26
Original SHEET NO. _____ 22
CANCELLING P.S.C. KY. No. _____
Original SHEET NO. _____

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

DSM-11 (continued) Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program

[N]

Terms & Conditions:

To qualify for the incentive under this program, a Member must submit to Big Rivers a copy of a receipt of purchase and installation of a Qualified System from a licensed contractor, along with a certificate from the Member verifying installation of the Qualified System on the premises of a Rural Customer in the Member's service area.

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

**versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

**Century Rate Case Proposed Tariff (PSC KY No. 25)
Case No. 2012-00535**

versus

**Alcan Rate Case Proposed Tariff (PSC KY No. 26)
Case No. 2013-00199**

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review of

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 23

CANCELLING P.S.C. KY. No. _____

Original SHEET NO. _____

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - RDS – Rural Delivery Service – (continued)

**DSM-12
High Efficiency Outdoor Lighting Program**

[N]

Purpose:

This program promotes the increased use of high-efficiency Light Emitting Diode (“LED”) and Induction outdoor lighting by Members.

Availability:

This DSM program is available to Members to provide non-metered outdoor lighting to their Rural Customers.

Eligibility:

An eligible Member purchases wholesale power from Big Rivers.

Member Incentives:

Big Rivers will reimburse a Member \$70 for each high-efficiency LED or Induction outdoor lamp it purchases and installs.

Terms & Conditions:

To qualify for the incentive under this program, a Member must submit to Big Rivers documentation supporting the purchase and installation of high-efficiency outdoor lighting.

Evaluation, Measurement and Verification:

Big Rivers will initiate a process of evaluation, measurement and verification for the program. The process will ensure the quality and effectiveness of the program and optimal use of resources.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
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versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 25

Original SHEET NO. 21

CANCELLING P.S.C. KY. No. 24

First Revised SHEET NO. 3

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – RDS – Rural Delivery Service
Billing Form**

BIG RIVERS ELECTRIC CORP.		INVOICE P. O. BOX 24 MONTH ENDING mm/dd/yy		HENDERSON, KY 42419-0024			
TO: Member's Name	ACCOUNT						
SERVICE FROM: mm/dd/yyyy	THRU mm/dd/yyyy						
		BILLED PEAK	mm/dd	Time			
SUBSTATION	BILLED KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW / KWH MULT.
Name	0,000	0,000,000	00.00	000000.000	000000.000	000000.000	1000
Name	0,000	0,000,000	00.00	000000.000	000000.000	000000.000	1000
TOTAL	0,000	0,000,000					
ACTUAL DEMAND	_____			KW TIMES	\$0.00	EQUALS	\$00.00
ADJUSTMENT	_____			KW TIMES	\$0.00	EQUALS	\$00.00
ENERGY	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
FUEL ADJUSTMENT CLAUSE	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
NSNFP	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
ENVIRONMENTAL SURCHARGE	\$00.00			TIMES	0.00%	EQUALS	\$00.00
POWER FACTOR PENALTY	_____			KW TIMES	\$0.00	EQUALS	\$00.00
UNWIND SURCREDIT	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
MEMBER RATE STABILITY MECHANISM	_____			AMOUNT			\$00.00
REBATE ADJUSTMENT	_____			AMOUNT			\$00.00
RURAL ECONOMIC RESERVE	_____			AMOUNT			\$00.00
CSR	_____			AMOUNT			\$00.00
RRES	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
ADJUSTMENT	_____			kWh TIMES	\$0.00	EQUALS	\$00.00
						SUBTOTAL	\$00.00
						TOTAL AMOUNT DUE	\$00.00

LOAD FACTOR	POWER FACTOR				
COIN. 00.00%	BILLED 00.00%	BASE 00.00%	AVERAGE 00.00%	@ PEAK 00.00%	MILLS PER KWH 00.00

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


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Big Rivers' Proposed Tariff – PSC KY No. 26
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(Alcan Rate Case Proposed Tariff)**

versus

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

26

Original

SHEET NO.

24

CANCELLING P.S.C. KY. No. _____

25

Original

SHEET NO.

21

RATES, TERMS AND CONDITIONS – SECTION I

**STANDARD RATE – RDS – Rural Delivery Service
Billing Form**

BIG RIVERS ELECTRIC CORP.

INVOICE
P. O. BOX 24
MONTH ENDING mm/dd/yy

HENDERSON, KY 42419-0024

TO: SERVICE FROM:	Member's Name mm/dd/yyyy	ACCOUNT THRU mm/dd/yyyy	L.F. COIN.	PREVIOUS READING	BILLED PEAK READING	DIFF.	Time KW / KWH MULT.
Name	0,000	0,000,000	00.00	000000.000	000000.000	00000.000	1000
Name	0,000	0,000,000	00.00	000000.000	000000.000	00000.000	1000
TOTAL	0,000	0,000,000					
ACTUAL DEMAND				KW TIMES	\$0.00	EQUALS	\$00.00
ADJUSTMENT				KW TIMES	\$0.00	EQUALS	\$00.00
ENERGY				kWh TIMES	\$0.00	EQUALS	\$00.00
FUEL ADJUSTMENT CLAUSE				kWh TIMES	\$0.00	EQUALS	\$00.00
NSNFP				kWh TIMES	\$0.00	EQUALS	\$00.00
						SUBTOTAL	\$00.00
ENVIRONMENTAL SURCHARGE		\$00.00		TIMES	0.00%	EQUALS	\$00.00
POWER FACTOR PENALTY				KW TIMES	\$0.00	EQUALS	\$00.00
UNWIND SURCREDIT				kWh TIMES	\$0.00	EQUALS	\$00.00
MEMBER RATE STABILITY MECHANISM				AMOUNT			\$00.00
REBATE ADJUSTMENT				AMOUNT			\$00.00
RURAL ECONOMIC RESERVE				AMOUNT			\$00.00
CSR				AMOUNT			\$00.00
RRES				kWh TIMES	\$0.00	EQUALS	\$00.00
ADJUSTMENT				kWh TIMES	\$0.00	EQUALS	\$00.00
						TOTAL AMOUNT DUE	\$00.00

LOAD FACTOR _____ POWER FACTOR _____
COIN. 00.00% BILLED 00.00% BASE 00.00% AVERAGE 00.00% @ PEAK 00.00% MILLS PER KWH 00.00

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY


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(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 25

Original SHEET NO. _____ 22

CANCELLING P.S.C. KY. No. _____ 24

Original SHEET NO. _____ 6

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer

Applicable:

In all territory served by Big Rivers' transmission system.

Availability:

This schedule is available to any of Big Rivers' then existing Member Cooperatives for service to Large Industrial Customers served using dedicated delivery points for such portions of their loads not treated as either Expansion Demand or Expansion Energy where applicable as provided by and in accordance with the provisions and definitions of Big Rivers' Standard Rate Schedule LICX. For purposes of clarification, this rate schedule shall be closed on and after September 1, 1999 and Standard Rate Schedule LICX shall apply, unless otherwise supplanted by special contracts, to (1) the load of any New Customer as defined in Standard Rate Schedule LICX where such New Customer has either initially contracted for ten (10) MWs or more of capacity or whose aggregate peak load at any time amounts to ten (10) MWs or greater (including any later increases to such load) and (2) the expanded load requirements of an Existing Customer subject to Standard Rate Schedule LICX as defined therein, where such expanded load requirements are defined as Expansion Demand or Expansion Energy in Standard Rate Schedule LICX. [T]

Term:

This rate schedule shall take effect at 12:01 AM CPT on the effective date of this tariff. [T]

Rates:

Rates Separate for Each Large Industrial Customer:

Each month each Member Cooperative shall be required to pay separately for each of its qualifying Large Industrial Customers taking service under this tariff, in each case using that individual Large Industrial Customer contract demand (if any) or metered demand, as applicable.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

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ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 25
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 22

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer

Applicable:

In all territory served by Big Rivers' transmission system.

Availability:

This schedule is available to any of Big Rivers' then existing Member Cooperatives for service to Large Industrial Customers served using dedicated delivery points. Retail service by a Member Cooperative to a Large Industrial Customer served using a dedicated delivery point shall be provided pursuant to the terms of a written retail service agreement which shall be subject to Big Rivers' approval. [T]
[T]
[T]
[T]

Term:

This rate schedule shall take effect at 12:01 AM CPT on the effective date of this tariff.

Rates:

Rates Separate for Each Large Industrial Customer:


Each month each Member Cooperative shall be required to pay separately for each of its qualifying Large Industrial Customers taking service under this tariff, in each case using that individual Large Industrial Customer contract demand (if any) or metered demand, as applicable.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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(Alcan Rate Case Proposed Tariff)
versus
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(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 23
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 7

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer – (continued)

For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of:

A Demand Charge of:

All kW of billing demand at \$12.4100 per kW. [I]

Plus,

An Energy Charge of:

All kWh per month at \$0.030000 per kWh. [I]

No separate transmission or ancillary services charges shall apply to these rates.

Charges:

Each month, each Member Cooperative shall pay on behalf of each of its large industrial customers taking service under this rate schedule a demand charge calculated by multiplying the demand charge by the higher of the maximum integrated metered thirty-minute non-coincident peak demand or the established contact demand, if any, plus an energy charge calculated by multiplying the energy charge by the metered consumption of kWh in that month.

The Following adjustment clauses and riders shall apply to service under this tariff.

- Voluntary Price Curtailable Service Rider
- Renewable Resource Energy Service
- Rebate Adjustment
- Environmental Surcharge
- Fuel Adjustment Clause
- Member Rate Stability Mechanism
- Unwind Surecredit
- Non-Smelter Non-FAC PPA

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ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus
Big Rivers' Proposed Tariff – PSC KY No. 25
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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 26

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 23

RATES, TERMS AND CONDITIONS – SECTION I

STANDARD RATE – LIC – Large Industrial Customer – (continued)

For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of:

A Demand Charge of:

All kW of billing demand at \$17.9790 per kW. [I]

Plus,

An Energy Charge of:

All kWh per month at \$0.035000 per kWh. [I]

No separate transmission or ancillary services charges shall apply to these rates.

Charges:

Each month, each Member Cooperative shall pay on behalf of each of its large industrial customers taking service under this rate schedule a demand charge calculated by multiplying the demand charge by the higher of the maximum integrated metered thirty-minute non-coincident peak demand or the established contact demand, if any, plus an energy charge calculated by multiplying the energy charge by the metered consumption of kWh in that month.

The Following adjustment clauses and riders shall apply to service under this tariff.

- Voluntary Price Curtailable Service Rider
- Renewable Resource Energy Service
- Rebate Adjustment
- Environmental Surcharge
- Fuel Adjustment Clause
- Member Rate Stability Mechanism
- Unwind Surcredit
- Non-Smelter Non-FAC PPA

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 24

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 7

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer – (continued)

Billing:

Big Rivers shall bill Member no later than the first working day after the 13th of the month for the previous month's service hereunder for Large Industrial Customers. Member shall pay Big Rivers in immediately available funds on the first working day after the 24th of the month. If Member shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of Member to pay the take-or-pay obligation of a particular Large Industrial Customer.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. _____ 26

Original SHEET NO. _____ 27

CANCELLING P.S.C. KY. No. _____ 25

Original SHEET NO. _____ 24

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer – (continued)

Billing:

Big Rivers shall bill Member no later than the first working day after the 13th of the month for the previous month's service hereunder for Large Industrial Customers. Member shall pay Big Rivers in immediately available funds on the first working day after the 24th of the month. If Member shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of Member to pay the take-or-pay obligation of a particular Large Industrial Customer.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420


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Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

25

Original

SHEET NO.

25

CANCELLING P.S.C. KY. No. _____

24

First Revised

SHEET NO.

8

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – LIC – Large Industrial Customer
Billing Form**

BIG RIVERS ELECTRIC CORP.		INVOICE		P. O. BOX 24		HENDERSON, KY 42419-0024	
TO: Member's Name		ACCOUNT		MONTH ENDING mm/dd/yy			
SUBSTATION	Substation Name			SERVICE FROM	mm/dd/yy	THRU	mm/dd/yy
USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND	
		00.00 A (or P)	Mm/dd		1000	00,000	
	POWER FACTOR	BASE	PEAK	AVERAGE	BILLED		
		00.00%	00.00%	00.00%	PEAK		
ENERGY		PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED	
		00000.000	00000.000	0000.000	1000	00,000,000	
ACTUAL DEMAND		0,000	kW TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
ADJUSTMENT		0,000	kW TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
ENERGY		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
FUEL ADJUSTMENT CLAUSE		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
NSNFP		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
ENVIRONMENTAL SURCHARGE		\$0,000.00	TIMES	00%	EQUALS	\$ 00,000.00	
POWER FACTOR PENALTY		0,000	kW TIMES	\$00.0000000	EQUALS	\$ 00,000.00	
UNWIND SURCREDIT		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00-	
MEMBER RATE STABILITY MECHANISM		0,000,000	AMOUNT			0,000.00-	
CSR		0,000,000	AMOUNT			\$ 00,000.00	
RRES		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
REBATE ADJUSTMENT		0,000,000	AMOUNT			\$ 00,000.00	
ADJUSTMENT		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
						TOTAL AMOUNT DUE	\$ 00,000.00

LOAD FACTOR	POWER FACTOR	MILLS PER KWH
ACTUAL	BASE	00.00
00.00%	00.00%	
BILLED	AVERAGE	
00.00%	00.00%	
	@ PEAK	
	00.00%	

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

**versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

26

Original

SHEET NO. 28

CANCELLING P.S.C. KY. No. _____

25

Original

SHEET NO. 25

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LIC – Large Industrial Customer
Billing Form

BIG RIVERS ELECTRIC CORP.		INVOICE		P. O. BOX 24		HENDERSON, KY 42419-0024	
		MONTH ENDING		mm/dd/yy			
TO:	Member's Name	ACCOUNT					
SUBSTATION	Substation Name	SERVICE FROM		mm/dd/yy	THRU	mm/dd/yy	
USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND	
		00:00 A (or P)	Mm/dd		1000	00,000	
	POWER FACTOR	BASE	PEAK	AVERAGE	BILLED		
		00.00%	00.00%	00.00%	PEAK		
ENERGY		PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED	
		00000.000	00000.000	0000.000	1000	00,000,000	
ACTUAL DEMAND		0,000	kW TIMES	\$00.0000000	EQUALS	\$ 00,000.00	
ADJUSTMENT		0,000	kW TIMES	\$00.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
ENERGY		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
FUEL ADJUSTMENT CLAUSE		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
NSNFP		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
ENVIRONMENTAL SURCHARGE		\$0,000.00	TIMES	00%	EQUALS	\$ 00,000.00	
POWER FACTOR PENALTY		0,000	kW TIMES	\$00.0000000	EQUALS	\$ 00,000.00	
UNWIND SURCREDIT		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00-	
MEMBER RATE STABILITY MECHANISM		0,000,000	AMOUNT			0,000.00-	
CSR		0,000,000	AMOUNT			\$ 00,000.00	
RRES		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
REBATE ADJUSTMENT		0,000,000	AMOUNT			\$ 00,000.00	
ADJUSTMENT		0,000,000	kWh TIMES	\$0.0000000	EQUALS	\$ 00,000.00	
					SUB-TOTAL	\$ 00,000.00	
					TOTAL AMOUNT DUE	\$ 00,000.00	

LOAD FACTOR	POWER FACTOR	MILLS PER KWH
ACTUAL	BASE	00.00
00.00%	00.00%	
BILLED	AVERAGE	
00.00%	00.00%	
	@ PEAK	
	00.00%	

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 26
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 9

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment

Applicable:

In all territory served by Big Rivers on poles owned and used by Big Rivers for its electric plant.

Availability:

To all qualified CATV operators having the right to receive service.

Rental Charge:

The yearly rental charges shall be as follows:

Table with 2 columns: Attachment type and Price. Includes items like 'Two-party pole attachment without ground' at \$3.14 and 'Three-party anchor attachment' at \$3.71.

Billing:

Rental charges shall be billed yearly based on the number of attachments in place as of the end of the preceding calendar year. Payment is due within fifteen (15) days after the bill is mailed.

Specifications:

The attachments covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof.

The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 29
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 26

RATES, TERMS AND CONDITIONS – SECTION I

STANDARD RATE – CATV – Cable Television Attachment

Applicable:

In all territory served by Big Rivers on poles owned and used by Big Rivers for its electric plant.

Availability:

To all qualified CATV operators having the right to receive service.

Rental Charge:

The yearly rental charges shall be as follows:

Two-party pole attachment without ground	\$3.14
Three-party pole attachment without ground	\$2.23
Two-party pole attachment with ground	\$3.37
Three-party pole attachment with ground	\$2.37
Two-party anchor attachment	\$5.56
Three-party anchor attachment	\$3.71

Billing:

Rental charges shall be billed yearly based on the number of attachments in place as of the end of the preceding calendar year. Payment is due within fifteen (15) days after the bill is mailed. If the CATV operator shall fail to pay any such bill within such fifteen (15) day period, Big Rivers may discontinue service hereunder upon fifteen days' written notice to the CATV operator of its intention to do so.

Specifications:

The attachments covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 27

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 10

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – CATV – Cable Television Attachment
Billing Form**

BIG RIVERS ELECTRIC CORP.

INVOICE
P. O. BOX 24
MONTH ENDING mm/dd/yy

HENDERSON, KY 42419-0024

CABLE TELEVISION

INVOICE NO.

DESCRIPTION

Date:

RE: CABLE TELEVISION ATTACHEMENT AGREEMENT

Yearly rental charge as set forth in Licensor's tariffs as filed and approved with the Public Service Commission. License granted September 6, 1984, Permit No. 001

Applicable Tariff:

	Quantity		Rate	=	Total
Two-party pole attachment without ground	0,000	x	\$3.14	=	\$ 00,000.00
Three-party pole attachment without ground	0,000	x	\$2.23	=	\$ 00,000.00
Two-party pole attachment with ground	0,000	x	\$3.37	=	\$ 00,000.00
Three-party pole attachment with ground	0,000	x	\$2.37	=	\$ 00,000.00
Two-party anchor attachment	0,000	x	\$5.56	=	\$ 00,000.00
Three-party anchor attachment	0,000	x	\$3.71	=	\$ 00,000.00
Total Amount Due:					<u>\$ 00,000.00</u>

Term: Net Fifteen (15) Days

Direct any inquiry to: Vice President of Accounting
Phone: (270) 827-2561

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 30

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 27

RATES, TERMS AND CONDITIONS – SECTION I

**STANDARD RATE – CATV – Cable Television Attachment
Billing Form**

BIG RIVERS ELECTRIC CORP.

INVOICE
P. O. BOX 24
MONTH ENDING mm/dd/yy

HENDERSON, KY 42419-0024

CABLE TELEVISION

INVOICE NO.

DESCRIPTION

Date:

RE: CABLE TELEVISION ATTACHEMENT AGREEMENT

Yearly rental charge as set forth in Licensor's tariffs as filed and approved with the Public Service Commission. License granted September 6, 1984, Permit No. 001

Applicable Tariff:	Quantity		Rate	=	Total
Two-party pole attachment without ground	0,000	x	\$3.14	=	\$ 00,000.00
Three-party pole attachment without ground	0,000	x	\$2.23	=	\$ 00,000.00
Two-party pole attachment with ground	0,000	x	\$3.37	=	\$ 00,000.00
Three-party pole attachment with ground	0,000	x	\$2.37	=	\$ 00,000.00
Two-party anchor attachment	0,000	x	\$5.56	=	\$ 00,000.00
Three-party anchor attachment	0,000	x	\$3.71	=	\$ 00,000.00
Total Amount Due:					<u>\$ 00,000.00</u>

Term: Net Fifteen (15) Days

Direct any inquiry to: Vice President of Accounting
Phone: (270) 827-2561

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
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(Century Rate Case Proposed Tariff)**



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 28

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 11

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

Special Rules

(1) Establishing Pole Use:

Before a CATV operator shall make use under this tariff of any of the facilities of Big Rivers, it shall notify Big Rivers in writing of its intent and shall comply with the procedures established by Big Rivers. The CATV operator shall furnish Big Rivers detailed construction plans and drawings, together with necessary maps, indicating the specific poles of Big Rivers upon which attachments are proposed, the number and character of the attachments to be on such poles, the rearrangements of Big Rivers' fixtures and equipment necessary for the attachments, and relocations or replacements of existing poles, and any additional poles required by the CATV operator.

Big Rivers shall, on the basis of such detailed construction plans and drawings, submit to the CATV operator a cost estimate (including overhead and less salvage value of materials) of all changes that may be required. Upon written notice by the CATV operator to Big Rivers that the cost estimate is approved, Big Rivers shall proceed with the necessary changes. Upon completion of all changes, the CATV operator shall have the right hereunder to make attachments in accordance with the terms of this tariff. The CATV operator shall, at its own expense, make attachments in such manner as not to interfere with the service requirements of Big Rivers.

Upon completion of all changes, the CATV operator shall pay Big Rivers the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operator hereunder shall not be limited to amounts shown on estimates made by Big Rivers hereunder.

Any clearing of existing rights-of-way and any tree trimming necessary for the establishment of attachments hereunder shall be performed by the CATV operator.

All poles and appurtenances to which attachments have been made under this tariff shall remain the property of Big Rivers, and any payments made by the CATV operator under this tariff for changes in Big Rivers' facilities shall not entitle the CATV operator to the ownership of any of said facilities.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 31

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 28

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

Special Rules

(1) Establishing Pole Use:

Before a CATV operator shall make use under this tariff of any of the facilities of Big Rivers, it shall notify Big Rivers in writing of its intent and shall comply with the procedures established by Big Rivers. The CATV operator shall furnish Big Rivers detailed construction plans and drawings, together with necessary maps, indicating the specific poles of Big Rivers upon which attachments are proposed, the number and character of the attachments to be on such poles, the rearrangements of Big Rivers' fixtures and equipment necessary for the attachments, and relocations or replacements of existing poles, and any additional poles required by the CATV operator.

Big Rivers shall, on the basis of such detailed construction plans and drawings, submit to the CATV operator a cost estimate (including overhead and less salvage value of materials) of all changes that may be required. Upon written notice by the CATV operator to Big Rivers that the cost estimate is approved, Big Rivers shall proceed with the necessary changes. Upon completion of all changes, the CATV operator shall have the right hereunder to make attachments in accordance with the terms of this tariff. The CATV operator shall, at its own expense, make attachments in such manner as not to interfere with the service requirements of Big Rivers.

Upon completion of all changes, the CATV operator shall pay Big Rivers the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operator hereunder shall not be limited to amounts shown on estimates made by Big Rivers hereunder.

Any reclearing of existing rights-of-way and any tree trimming necessary for the establishment of attachments hereunder shall be performed by the CATV operator.

All poles and appurtenances to which attachments have been made under this tariff shall remain the property of Big Rivers, and any payments made by the CATV operator under this tariff for changes in Big Rivers' facilities shall not entitle the CATV operator to the ownership of any of said facilities.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 29

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 12

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

Any changes necessary for correction of a substandard installation made by the CATV operator, where notice of intent had not been given, shall be billed at an amount equal to twice the charges that would have been imposed if the attachment had been properly authorized.

(2) Easement and Right-of-Way:

Big Rivers does not warrant nor assure to the CATV operator any rights-of-way privileges or easements, and should the CATV operator at any time be prevented from placing or maintaining its attachments on Big Rivers' poles, no liability on account thereof shall attach to Big Rivers. Each party shall be responsible for obtaining its own easements and rights-of-way.

(3) Maintenance of Poles, Attachments and Operation:

Whenever right-of-way considerations or public regulations make relocation of a pole or poles necessary, such relocation shall be made by Big Rivers at its own expense, except that each party shall bear the cost of transferring its own attachments.

Whenever it is necessary to replace or relocate a pole, Big Rivers shall, before making such replacement or relocation, give a forty-eight (48) hour notice (except in cases of emergency) to the CATV operator, specifying in said notice the time of such proposed replacement or relocation, and the CATV operator shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operator fail to transfer its attachments to the new or relocated pole at the time specified, Big Rivers may elect to do such work and the CATV operator shall pay Big Rivers the cost thereof. Big Rivers shall not be liable for any consequential damages which may result therefrom.

[T]

Any attachment of CATV which does not conform to the specifications set out in this tariff shall be brought into conformity herewith as soon as practical. Big Rivers reserves the right to inspect each new installation on its poles and in the vicinity of its lines or appurtenances. Such inspection made or not, shall not operate to relieve the CATV operator of any responsibility, obligation or liability assumed under this tariff.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 32

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 29

RATES, TERMS AND CONDITIONS - SECTION 1

STANDARD RATE - CATV - Cable Television Attachment - (continued)

Any changes necessary for correction of a substandard installation made by the CATV operator, where notice of intent had not been given, shall be billed at an amount equal to twice the charges that would have been imposed if the attachment had been properly authorized.

(2) Easement and Right-of-Way:

Big Rivers does not warrant nor assure to the CATV operator any rights-of-way privileges or easements, and should the CATV operator at any time be prevented from placing or maintaining its attachments on Big Rivers' poles, no liability on account thereof shall attach to Big Rivers. Each party shall be responsible for obtaining its own easements and rights-of-way.

(3) Maintenance of Poles, Attachments and Operation:

Whenever right-of-way considerations or public regulations make relocation of a pole or poles necessary, such relocation shall be made by Big Rivers at its own expense, except that each party shall bear the cost of transferring its own attachments.

Whenever it is necessary to replace or relocate a pole, Big Rivers shall, before making such replacement or relocation, give a forty-eight (48) hour notice (except in cases of emergency) to the CATV operator, specifying in said notice the time of such proposed replacement or relocation, and the CATV operator shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operator fail to transfer its attachments to the new or relocated pole at the time specified, Big Rivers may elect to do such work and the CATV operator shall pay Big Rivers the cost thereof. Big Rivers shall not be liable for any consequential damages which may result therefrom.

Any attachment of CATV which does not conform to the specifications set out in this tariff shall be brought into conformity herewith as soon as practical. Big Rivers reserves the right to inspect each new installation on its poles and in the vicinity of its lines or appurtenances. Such inspection made or not, shall not operate to relieve the CATV operator of any responsibility, obligation or liability assumed under this tariff.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 30 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 13

RATES, TERMS AND CONDITIONS - SECTION 1

STANDARD RATE - CATV - Cable Television Attachment - (continued)

Big Rivers reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgment, best enable it to fulfill its own service requirements. Big Rivers shall not be liable to the CATV operator for any interruption of service or for interference with the operation of its cables, wire and appliances when such conditions are caused by situations beyond Big Rivers' control.

(4) Inspections:

Periodic Inspection:

Any unauthorized or unreported attachment by a CATV operator will be billed at two times the amount that would have been due had the installation been made the day after the last inspection preceding discovery of the attachment.

Make-Ready Inspection:

Actual expenses, plus appropriate overhead charges, incurred by Big Rivers in any "make-ready" or "walk-through" inspection required of Big Rivers will be paid for by the CATV operator.

(5) Insurance or Bond:

The CATV operator shall defend, indemnify and save harmless Big Rivers from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (1) injuries or deaths to persons, (2) damages to or destruction of properties, (3) pollutions, contaminations of or other adverse effects on the environment or (4) violations of governmental laws, regulations or orders whether suffered directly by Big Rivers itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of Big Rivers, either solely or in concurrence with any alleged joint negligence of Big Rivers. Big Rivers shall be liable for its sole active negligence.

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 33

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 30

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

Big Rivers reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgment, best enable it to fulfill its own service requirements. Big Rivers shall not be liable to the CATV operator for any interruption of service or for interference with the operation of its cables, wire and appliances when such conditions are caused by situations beyond Big Rivers' control.

(4) Inspections:

Periodic Inspection:

Any unauthorized or unreported attachment by a CATV operator will be billed at two times the amount that would have been due had the installation been made the day after the last inspection preceding discovery of the attachment.

Make-Ready Inspection:

Actual expenses, plus appropriate overhead charges, incurred by Big Rivers in any "make-ready" or "walk-through" inspection required of Big Rivers will be paid for by the CATV operator.

(5) Insurance or Bond:

The CATV operator shall defend, indemnify and save harmless Big Rivers from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (1) injuries or deaths to persons, (2) damages to or destruction of properties, (3) pollutions, contaminations of or other adverse effects on the environment or (4) violations of governmental laws, regulations or orders whether suffered directly by Big Rivers itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of Big Rivers, either solely or in concurrence with any alleged joint negligence of Big Rivers. Big Rivers shall be liable for its sole active negligence.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show

**Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199,
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 31 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 14

RATES, TERMS AND CONDITIONS - SECTION 1

STANDARD RATE - CATV - Cable Television Attachment - (continued)

The CATV operator will provide coverage as follows from a company authorized to do business in the Commonwealth of Kentucky:

- 1. Protection for its employees to the extent required by Workers' Compensation Laws of Kentucky.
2. Public liability coverage with separate coverage for each town or city in which the CATV operator operates under this contract to a minimum amount of \$1,000,000 for each person and \$1,000,000 for each accident or personal injury or death, and \$25,000 as to the property of any one person, and \$100,000 as to any one accident of property damage.
3. Naming Big Rivers Electric Corporation as an additional insured.

Before beginning operations under this tariff, the CATV operator shall cause to be furnished to Big Rivers a certificate evidencing the existence of such coverage. Each policy required here under shall contain a contractual endorsement written as follows:

The insurance or bond provided herein shall also be for the benefit of Big Rivers Electric Corporation, so as to guarantee, within the coverage limits, the performance by the insured of any indemnity agreement set forth in this tariff. This insurance or bond may not be canceled for any cause without thirty (30) days' advance notice being first given to Big Rivers Electric Corporation.

(6) Change of Use Provision:

When Big Rivers requires a change in its facilities for reasons unrelated to CATV operations, the CATV operator shall be given a forty-eight (48) hour notice (except in cases of emergency) in order to accomplish the CATV-related changes. If the CATV operator is unable or unwilling to meet Big Rivers' time schedule for such changes, Big Rivers may do the work and charge the CATV operator its reasonable costs for performing the change of CATV attachments.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 34

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 31

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

The CATV operator will provide coverage as follows from a company authorized to do business in the Commonwealth of Kentucky:

- 1. Protection for its employees to the extent required by Workers' Compensation Laws of Kentucky.
2. Public liability coverage with separate coverage for each town or city in which the CATV operator operates...
3. Naming Big Rivers Electric Corporation as an additional insured.

Before beginning operations under this tariff, the CATV operator shall cause to be furnished to Big Rivers a certificate evidencing the existence of such coverage. Each policy required here under shall contain a contractual endorsement written as follows:

The insurance or bond provided herein shall also be for the benefit of Big Rivers Electric Corporation, so as to guarantee, within the coverage limits, the performance by the insured of any indemnity agreement set forth in this tariff.

(6) Change of Use Provision:

When Big Rivers requires a change in its facilities for reasons unrelated to CATV operations, the CATV operator shall be given a forty-eight (48) hour notice (except in cases of emergency) in order to accomplish the CATV-related changes.

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 32
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 15

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

(7) Abandonment:

Should Big Rivers decide to abandon any pole which the CATV operator is utilizing, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, Big Rivers has no attachments on such pole, but the CATV operator has not removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless Big Rivers from all obligation, liability, damages, cost, expenses or charges incurred thereafter, and shall pay Big Rivers for such pole an amount equal to Big Rivers' depreciated cost thereof. Big Rivers shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale. Big Rivers reserves the right to abandon and salvage any power line free and clear of any obligations to the CATV operator and upon one year's notice to the CATV operator.

The CATV operator may at any time abandon the use of any pole by giving due notice thereof in writing to Big Rivers and by removing therefrom any and all attachments it may have thereon. The CATV operator shall in such case pay Big Rivers the pro rata rental for said pole for the then current billing period.

(8) Rights of Others:

Upon notice from Big Rivers to the CATV operator that the use of any pole is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole shall immediately terminate and the CATV operator shall remove its facilities from the affected pole at once. No refund of any rental will be due on account of any removal under these circumstances.

(9) Payment of Taxes:

Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached facilities, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax, fee or charge levied on Big Rivers' facilities solely because of their use by the CATV operator shall be paid by the CATV operator.

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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 35

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 32

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

(7) Abandonment:

Should Big Rivers decide to abandon any pole which the CATV operator is utilizing, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, Big Rivers has no attachments on such pole, but the CATV operator has not removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless Big Rivers from all obligation, liability, damages, cost, expenses or charges incurred thereafter, and shall pay Big Rivers for such pole an amount equal to Big Rivers' depreciated cost thereof. Big Rivers shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale. Big Rivers reserves the right to abandon and salvage any power line free and clear of any obligations to the CATV operator and upon one year's notice to the CATV operator.

The CATV operator may at any time abandon the use of any pole by giving due notice thereof in writing to Big Rivers and by removing therefrom any and all attachments it may have thereon. The CATV operator shall in such case pay Big Rivers the pro rata rental for said pole for the then current billing period.

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Upon notice from Big Rivers to the CATV operator that the use of any pole is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole shall immediately terminate and the CATV operator shall remove its facilities from the affected pole at once. No refund of any rental will be due on account of any removal under these circumstances.

(9) Payment of Taxes:

Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached facilities, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax, fee or charge levied on Big Rivers' facilities solely because of their use by the CATV operator shall be paid by the CATV operator.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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in Case No. 2013-00199
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 33

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 16

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

(10) Bond or Deposit for Performance:

The CATV operator shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes hereinafter specified in the amount of Five Thousand Dollars (\$5,000), evidence of which shall be presented to Big Rivers fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to three (3) months after receipt by Big Rivers of written notice of the desire of the bonding or insurance company to terminate such bond or insurance. Upon receipt of such notice, Big Rivers shall request the CATV operator to immediately remove its cables, wires and all other facilities from all poles of Big Rivers. If the CATV operator should fail to complete the removal of all its facilities from the poles of Big Rivers within thirty (30) days after receipt of such request from Big Rivers, then Big Rivers shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operators wires, cables, fixtures or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to Big Rivers for rentals, inspections or work performed for the benefit of the CATV operator under this tariff, including the removal of attachments upon termination of service by any of its provisions.

(11) Use of Anchors:

Big Rivers reserves the right to prohibit the use of any anchors by the CATV operator where conditions warrant such action.

(12) Discontinuance of Service:

Big Rivers may refuse or discontinue serving an applicant as a customer under the conditions set out in 807 KAR 5:006 Section 14.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 36

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 33

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – CATV – Cable Television Attachment – (continued)

(10) Bond or Deposit for Performance:

The CATV operator shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes hereinafter specified in the amount of Five Thousand Dollars (\$5,000), evidence of which shall be presented to Big Rivers fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to three (3) months after receipt by Big Rivers of written notice of the desire of the bonding or insurance company to terminate such bond or insurance. Upon receipt of such notice, Big Rivers shall request the CATV operator to immediately remove its cables, wires and all other facilities from all poles of Big Rivers. If the CATV operator should fail to complete the removal of all its facilities from the poles of Big Rivers within thirty (30) days after receipt of such request from Big Rivers, then Big Rivers shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operators wires, cables, fixtures or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to Big Rivers for rentals, inspections or work performed for the benefit of the CATV operator under this tariff, including the removal of attachments upon termination of service by any of its provisions.

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Big Rivers reserves the right to prohibit the use of any anchors by the CATV operator where conditions warrant such action.

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Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 34
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 17

RATES, TERMS AND CONDITIONS – SECTION I

STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW

Availability:

Available to any customer of a Member Cooperative who qualifies as a cogenerator or small power producer pursuant to the Commission's regulation in 807 KAR 5:054. [T]

Applicability of Service:

Applicable to any small power production or cogeneration "qualifying facility" with capacity over 100 kW as defined by the Commission in 807 KAR 5:054, and which contracts to sell energy or capacity or both to Big Rivers. [T]

Terms and Conditions:

The cogeneration or small power production facility must have a total design capacity over 100 kW.

All power from a Qualifying Facility ("QF") purchased under this tariff will be sold to Big Rivers.

The QF must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.

QF shall provide reasonable protection for Big Rivers' and the Member Cooperative's systems.

QF shall design, construct, install, own, operate, and maintain the QF in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.

QF shall reimburse Big Rivers and the Member Cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

QF shall enter into a written contract with Big Rivers. All conditions applying to QF service shall be specified in the contract executed by the parties and are subject to the jurisdiction of the Commission and to Big Rivers' terms and conditions regarding a QF then in effect. For contracts which cover the purchase of energy only, the term shall be one year and shall be self-renewing from year-to-year thereafter unless cancelled by either party with not less than one year's written notice. For contracts which cover the purchase of capacity and energy, the term shall be [T]

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DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
**Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 37

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 34

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW

Availability:

Available to any customer of a Member Cooperative who qualifies as a cogenerator or small power producer pursuant to the Commission's regulation in 807 KAR 5:054.

Applicability of Service:

Applicable to any small power production or cogeneration "qualifying facility" with capacity over 100 kW as defined by the Commission in 807 KAR 5:054, and which contracts to sell energy or capacity or both to Big Rivers.

Terms and Conditions:

The cogeneration or small power production facility must have a total design capacity over 100 kW.

All power from a Qualifying Facility ("QF") purchased under this tariff will be sold to Big Rivers.

The QF must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.

QF shall provide reasonable protection for Big Rivers' and the Member Cooperative's systems.

QF shall design, construct, install, own, operate, and maintain the QF in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.

QF shall reimburse Big Rivers and the Member Cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

QF shall enter into a written contract with Big Rivers. All conditions applying to QF service shall be specified in the contract executed by the parties and are subject to the jurisdiction of the Commission and to Big Rivers' terms and conditions regarding a QF then in effect. For contracts which cover the purchase of energy only, the term shall be one year and shall be self-renewing from year-to-year thereafter unless cancelled by either party with not less than one year's written notice. For contracts which cover the purchase of capacity and energy, the term shall be

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DATE EFFECTIVE July 29, 2013

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in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 35
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 18

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW
– (continued)**

not less than five (5) years and self-renewing from year-to-year thereafter unless cancelled by either party with not less than one year's written notice.

Definitions:

Please see Section 4 for definitions common to all tariffs.

QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of 807 KAR 5:054 Section 4. [T]

Inter-Utility Market – "Inter-Utility Market" means any supplier of wholesale electric service to Big Rivers other than SEPA and the Henderson Municipal Power and Light's Station Two.

Rates for Purchases from QFs:

(1) Capacity Purchase Rates:

As long as Big Rivers has surplus generation from its owned coal fired generation and power available from SEPA and the Henderson Municipal Power and Light's Station Two, the Capacity Purchase Rate (CPR) will be zero. At such time Big Rivers has no surplus generation from its owned coal fired generation and power available from SEPA and the Henderson Municipal Power and Light's Station Two, the hourly avoided capacity cost (ACC) in \$ per megawatt hour, which is payable to a QF for delivery of capacity, shall be equal to the effective purchase price for power available to Big Rivers from the Inter-Utility Market (which includes both energy and capacity charges) less Big Rivers' actual variable fuel expense. The total amount of the avoided capacity cost payment to be made to a QF in an hour is equal to [ACC x CAP], where CAP, the capacity delivered by the QF, is determined on the basis of the system demand and Big Rivers' need for capacity in that hour to adequately serve the load. [T]

(2) Determination of CAP:

For the determination of CAP, Big Rivers will determine at the time a QF signs a contract to deliver capacity the capacity proposed to be provided by the QF and will cause the QF to enter into a contract stating the CAP Limits, Big Rivers will pay for CAP at the above stated rate only when Big Rivers' owned and previously arranged for capacity is not sufficient to meet its system demand.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

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in Case No. 2013-00199
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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 38

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 35

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW
– (continued)

not less than five (5) years and self-renewing from year-to-year thereafter unless cancelled by either party with not less than one year's written notice.

Definitions:

Please see Section 4 for definitions common to all tariffs.

QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of 807 KAR 5:054 Section 4.

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(1) Capacity Purchase Rates:

As long as Big Rivers has surplus generation from its owned coal fired generation and power available from SEPA and the Henderson Municipal Power and Light's Station Two, the Capacity Purchase Rate (CPR) will be zero. At such time Big Rivers has no surplus generation from its owned coal fired generation and power available from SEPA and the Henderson Municipal Power and Light's Station Two, the hourly avoided capacity cost (ACC) in \$ per megawatt hour, which is payable to a QF for delivery of capacity, shall be equal to the effective purchase price for power available to Big Rivers from the Inter-Utility Market (which includes both energy and capacity charges) less Big Rivers' actual variable fuel expense. The total amount of the avoided capacity cost payment to be made to a QF in an hour is equal to [ACC x CAP], where CAP, the capacity delivered by the QF, is determined on the basis of the system demand and Big Rivers' need for capacity in that hour to adequately serve the load.

(2) Determination of CAP:

For the determination of CAP, Big Rivers will determine at the time a QF signs a contract to deliver capacity the capacity proposed to be provided by the QF and will cause the QF to enter into a contract stating the CAP Limits, Big Rivers will pay for CAP at the above stated rate only when Big Rivers' owned and previously arranged for capacity is not sufficient to meet its system demand.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
 Cooperative's Transmission System
 P.S.C. KY. No. 25

Original SHEET NO. 36

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 19

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW – (continued)

(3) Firm Energy Purchase Rates:

The Energy Purchase Rates (EPR) in \$ per megawatt hour, which is payable to a QF for delivery of energy, shall be equal to Big Rivers' actual variable fuel expenses for Big Rivers' owned coal fired production facilities, divided by the associated megawatt-hours of generation, as determined for the previous month. The total amount of the avoided energy cost payment to be made to a QF in an hour is equal to [EPR x EQF] where EQF is the amount of megawatt-hours delivered by a QF in that hour and which are determined by suitable metering.

Payment:

Big Rivers shall pay each bill for electric power rendered to it in accordance with the terms of the contract, within 30 days of the date the bill is rendered.

System Emergencies:

During system emergencies, Big Rivers may discontinue purchases or the QF may be required to provide energy or capacity in accordance with 807 KAR 5:054 Section 6.

Interconnection:

Big Rivers requires a three-party interconnection agreement among the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 Section 6 and the interconnection agreement. [T]

Loss Compensation:

Power and energy purchased by Big Rivers pursuant to this rate schedule which must be transmitted to Big Rivers' transmission system across or through utilities owned by a Member Cooperative shall be subject to an adjustment to reflect losses between the QF and the point of delivery to the Big Rivers transmission system.

DATE OF ISSUE January 15, 2013
 DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
 Big Rivers' Proposed Tariff – PSC KY No. 26
 in Case No. 2013-00199
 (Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
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 (Century Rate Case Proposed Tariff)**



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 39

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 36

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – QFP – Cogeneration/Small Power Production Purchase Tariff – Over 100 KW
– (continued)**

(3) Firm Energy Purchase Rates:

The Energy Purchase Rates (EPR) in \$ per megawatt hour, which is payable to a QF for delivery of energy, shall be equal to Big Rivers' actual variable fuel expenses for Big Rivers' owned coal fired production facilities, divided by the associated megawatt-hours of generation, as determined for the previous month. The total amount of the avoided energy cost payment to be made to a QF in an hour is equal to [EPR x EQF] where EQF is the amount of megawatt-hours delivered by a QF in that hour and which are determined by suitable metering.

Payment:

Big Rivers shall pay each bill for electric power rendered to it in accordance with the terms of the contract, within 30 days of the date the bill is rendered.

System Emergencies:

During system emergencies, Big Rivers may discontinue purchases or the QF may be required to provide energy or capacity in accordance with 807 KAR 5:054 Section 6.

Interconnection:

Big Rivers requires a three-party interconnection agreement among the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 Section 6 and the interconnection agreement.

Loss Compensation:

Power and energy purchased by Big Rivers pursuant to this rate schedule which must be transmitted to Big Rivers' transmission system across or through utilities owned by a Member Cooperative shall be subject to an adjustment to reflect losses between the QF and the point of delivery to the Big Rivers transmission system.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show

Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199

(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535

(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 37 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 20

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW

Availability:

Available to any Member Cooperative for service to any member of the Member Cooperative with cogeneration and/or small power production facility (i) that has net output of less than 5,000 kW and (ii) which meets the criteria for Qualifying Facility of 807 KAR 5:054 Section 4. Charges for the services under this tariff to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility shall be established by contract. [T] [T]

Applicability:

Applicable to purchases made by a Member Cooperative for service to any QF Member of a Member Cooperative with a total capacity requirement of 100 kW or more with on-site generation of 100 kW or more operating in excess of 200 hours per year, electrically engineered so that it can meet part or all of its load with its own generation, for service not covered by one of Big Rivers' other rates. The QF Member shall have the option to provide all or part of its load with its own generation in which case that portion of the QF Member's load requirements not met by the QF shall be provided to the Member Cooperative under this tariff and all requirements for back-up or maintenance service for the QF Member shall be provided under this tariff. Otherwise, the QF Member may sell all of the output of its QF in which case the QF Member's load requirements shall be provided to the Member Cooperative under the terms and conditions of one or more of Big Rivers' standard rates applicable to the load requirements and type of service of the QF Member.

Definitions:

Please see Section 4 for definitions common to all tariffs.

Off-System Sales Transaction – "Off-System Transaction" means sales of electric energy by Big Rivers other than to the Member Cooperatives and Henderson Municipal Power and Light.

QF Member – "QF Member" means a member of a Member Cooperative with a QF.

Third-Party Suppliers – "Third-Party Suppliers" means any supplier of wholesale electric service to Big Rivers other than SEPA and Henderson Municipal Power and Light. [T]

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
 Cooperative's Transmission System
 P.S.C. KY. No. 26

Original SHEET NO. 40

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 37

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – OFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW

Availability:

Available to any Member Cooperative for service to any member of the Member Cooperative with cogeneration and/or small power production facility (i) that has net output of less than 5,000 kW and (ii) which meets the criteria for Qualifying Facility of 807 KAR 5:054 Section 4. Charges for the services under this tariff to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility shall be established by contract.

Applicability:

Applicable to purchases made by a Member Cooperative for service to any QF Member of a Member Cooperative with a total capacity requirement of 100 kW or more with on-site generation of 100 kW or more operating in excess of 200 hours per year, electrically engineered so that it can meet part or all of its load with its own generation, for service not covered by one of Big Rivers' other rates. The QF Member shall have the option to provide all or part of its load with its own generation in which case that portion of the QF Member's load requirements not met by the QF shall be provided to the Member Cooperative under this tariff and all requirements for back-up or maintenance service for the QF Member shall be provided under this tariff. Otherwise, the QF Member may sell all of the output of its QF in which case the QF Member's load requirements shall be provided to the Member Cooperative under the terms and conditions of one or more of Big Rivers' standard rates applicable to the load requirements and type of service of the QF Member.

Definitions:

Please see Section 4 for definitions common to all tariffs.

Off-System Sales Transaction – "Off-System Transaction" means sales of electric energy by Big Rivers other than to the Member Cooperatives and Henderson Municipal Power and Light.

QF Member – "QF Member" means a member of a Member Cooperative with a QF.

Third-Party Suppliers – "Third-Party Suppliers" means any supplier of wholesale electric service to Big Rivers other than SEPA and Henderson Municipal Power and Light.

DATE OF ISSUE June 28, 2013
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FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
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(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
 Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 38
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 21

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW –
(continued)**

Conditions of Service:

To receive service hereunder, the Member Cooperative must:

Obtain from the QF Member an executed, written contract for electric service hereunder on terms acceptable to Big Rivers. Such contract shall set forth any specific arrangements between the parties based on individual circumstances and shall:

Specify the maximum capacity to be made available to the QF Member on an unscheduled basis in any hour (Maximum Unscheduled Capacity), and

If desired by the QF Member, specify the terms and conditions for the delivery of Maintenance Service, and

If desired by the QF Member, specify the capacity of on-site generation for which interruptible unscheduled back-up and interruptible scheduled maintenance power may be provided, and

Specify any other term or condition which the Member Cooperative or Big Rivers may require for service used by a QF Member, taking into account the nature of use, the quality used, the quantity used, the time when used, the purpose for which used, and any other reasonable consideration, and

Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding the power supply for the QF Member.

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This comparison provided to show
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
 Cooperative's Transmission System
 P.S.C. KY. No. 26

Original SHEET NO. 41

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 38

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Conditions of Service:

To receive service hereunder, the Member Cooperative must:

Obtain from the QF Member an executed, written contract for electric service hereunder on terms acceptable to Big Rivers. Such contract shall set forth any specific arrangements between the parties based on individual circumstances and shall:

Specify the maximum capacity to be made available to the QF Member on an unscheduled basis in any hour (Maximum Unscheduled Capacity), and

If desired by the QF Member, specify the terms and conditions for the delivery of Maintenance Service, and

If desired by the QF Member, specify the capacity of on-site generation for which interruptible unscheduled back-up and interruptible scheduled maintenance power may be provided, and

Specify any other term or condition which the Member Cooperative or Big Rivers may require for service used by a QF Member, taking into account the nature of use, the quality used, the quantity used, the time when used, the purpose for which used, and any other reasonable consideration, and

Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding the power supply for the QF Member.

DATE OF ISSUE June 28, 2013
 DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey,
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Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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This comparison provided to show
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in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 39

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 22

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

For Each QF Member, the Member Cooperative Will be Billed Monthly for:

- Supplementary Service (capacity and energy).
Unscheduled Back-up Service, if any (capacity charge only).
Maintenance Service (capacity and energy), if any.
Excess Demand, if any.
Additional charges, if any.

Monthly Charges for Sales to a Member Cooperative for Service to a QF Member:

Supplementary Service:

Supplementary demand shall be the QF Member's highest actual demand (adjusted for distribution losses if applicable) measured during the month, excluding Scheduled Maintenance Demand up to but not exceeding the actual measured demands in each demand interval during a Maintenance Schedule, and supplementary energy shall be the actual measured energy (adjusted for distribution losses if applicable), excluding Maintenance Energy sold to the QF by the Member Cooperative in each month. The monthly charges for supplementary demand and energy shall be according to the rates set forth in Big Rivers' Standard Rate Schedule RDS.

[T]

Unscheduled Back-up Service:

Unscheduled Back-up Demand is the QF Member's Maximum Unscheduled Capacity minus the Supplementary Billing Demand for the month. In months in which Maintenance Service has been Scheduled, appropriate credit for Scheduled Maintenance Demand shall be applied to the Unscheduled Back-up Demand such that the Member Cooperative will not be charged for Unscheduled Back-up Demand in addition to Scheduled Maintenance Demand when Scheduled

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 42

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 39

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

For Each QF Member, the Member Cooperative Will be Billed Monthly for:

- Supplementary Service (capacity and energy).
Unscheduled Back-up Service, if any (capacity charge only).
Maintenance Service (capacity and energy), if any.
Excess Demand, if any.
Additional charges, if any.

Monthly Charges for Sales to a Member Cooperative for Service to a QF Member:

Supplementary Service:

Supplementary demand shall be the QF Member's highest actual demand (adjusted for distribution losses if applicable) measured during the month, excluding Scheduled Maintenance Demand up to but not exceeding the actual measured demands in each demand interval during a Maintenance Schedule, and supplementary energy shall be the actual measured energy (adjusted for distribution losses if applicable), excluding Maintenance Energy sold to the QF by the Member Cooperative in each month.

Unscheduled Back-up Service:

Unscheduled Back-up Demand is the QF Member's Maximum Unscheduled Capacity minus the Supplementary Billing Demand for the month. In months in which Maintenance Service has been Scheduled, appropriate credit for Scheduled Maintenance Demand shall be applied to the Unscheduled Back-up Demand such that the Member Cooperative will not be charged for Unscheduled Back-up Demand in addition to Scheduled Maintenance Demand when Scheduled

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This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 40

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 23

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Maintenance Service is being provided. The monthly charges to a Member Cooperative for Unscheduled Back-up Demand shall be:

One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a Third Party supplier to supply the Unscheduled Back-up Service for the QF Members:

Maximum Unscheduled Capacity shall initially be the amount as specified by the QF Member per contract with the Member Cooperative, but in no case less than the actual demand delivered in any month, including the current month. Big Rivers will accept a reduction in the Maximum Unscheduled Capacity upon twelve (12) months advance notice from the Member Cooperative. Said notice must specify the reduction in kW's and the basis for the lower requirements. All energy shall be billed as either supplementary energy or maintenance energy.

Maintenance Service:

Maintenance Service shall be available to a Member Cooperative to back-up a QF Member's QF only if the Member Cooperative has scheduled delivery of the maintenance services in advance with Big Rivers. The Member Cooperative may schedule up to four weeks of seven consecutive days each per year of such service for a QF Member, subject to scheduling of such usage by Big Rivers. The Member Cooperative may reschedule at any time by giving a forty-eight (48) hour notice to Big Rivers. [T] Scheduled Maintenance Demand may not exceed the design capacity of the QF Member's QF. Maintenance Service will be available on an on-peak or off-peak basis. The selection of on-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member at any time. The selection of off-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member only during those hours not designated as on-peak. The designated on-peak hours are as follows:

Summer on-peak usage is defined as power requirements occurring between the hours beginning 6:00 AM CPT and ending 10:00 PM CPT on any weekday from May 1 through September 30. [T]

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DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 43

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 40

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Maintenance Service is being provided. The monthly charges to a Member Cooperative for Unscheduled Back-up Demand shall be:

One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a Third Party supplier to supply the Unscheduled Back-up Service for the QF Members:

Maximum Unscheduled Capacity shall initially be the amount as specified by the QF Member per contract with the Member Cooperative, but in no case less than the actual demand delivered in any month, including the current month. Big Rivers will accept a reduction in the Maximum Unscheduled Capacity upon twelve (12) months advance notice from the Member Cooperative. Said notice must specify the reduction in kW and the basis for the lower requirements. All energy shall be billed as either supplementary energy or maintenance energy.

Maintenance Service:

Maintenance Service shall be available to a Member Cooperative to back-up a QF Member's QF only if the Member Cooperative has scheduled delivery of the maintenance services in advance with Big Rivers. The Member Cooperative may schedule up to four weeks of seven consecutive days each per year of such service for a QF Member, subject to scheduling of such usage by Big Rivers. The Member Cooperative may reschedule at any time by giving a forty-eight (48) hour notice to Big Rivers. Scheduled Maintenance Demand may not exceed the design capacity of the QF Member's QF. Maintenance Service will be available on an on-peak or off-peak basis. The selection of on-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member at any time. The selection of off-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member only during those hours not designated as on-peak. The designated on-peak hours are as follows:

Summer on-peak usage is defined as power requirements occurring between the hours beginning 6:00 AM CPT and ending 10:00 PM CPT on any weekday from May 1 through September 30.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 41
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 24

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Winter on-peak usage is defined as power requirements occurring between the hours beginning 6:00 AM CPT and ending 10:00 PM CPT on any weekday from December 1 through March 31. [T]

Off-peak usage is defined as all power requirements not included in "Summer on-peak usage" or "Winter on-peak usage" as defined in the two preceding paragraphs, respectively.

The charges for On-peak Maintenance Service shall be the greater of:

\$3.955 per kW of Scheduled Maintenance Demand per week, plus [I]

\$0.030000 per kWh of Maintenance Energy; or [I]

110% of the price at the time of scheduling of a block of energy obtainable by Big Rivers in the futures market which is sufficient to meet the Member Cooperative's scheduled Maintenance Service requirements.

The charges for Off-peak Maintenance Service shall be:

\$3.955 per kW of Scheduled Maintenance Demand per week, plus [I]

According to Standard Rate Schedule RDS per kWh of maintenance energy shall be the amount of energy purchased by the Member Cooperative for the QF Member in each hour during Scheduled Maintenance Service up to but not exceeding the Scheduled Maintenance Demand in each hour. [T]

Excess Demand:

Excess demand is the amount in any hour by which the actual demand, less any Maintenance Demand, exceeds the previously established Maximum Unscheduled Capacity. Charges for Excess Energy Demand shall be in addition to the charges for Supplementary Service and shall be either:

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DATE EFFECTIVE February 18, 2013

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This comparison provided to show
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ISSUED BY: Mark A. Bailey,
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versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 44

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 41

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Winter on-peak usage is defined as power requirements occurring between the hours beginning 6:00 AM CPT and ending 10:00 PM CPT on any weekday from December 1 through March 31.

Off-peak usage is defined as all power requirements not included in "Summer on-peak usage" or "Winter on-peak usage" as defined in the two preceding paragraphs, respectively.

The charges for On-peak Maintenance Service shall be the greater of:

\$5.7730 per kW of Scheduled Maintenance Demand per week, plus [I]

\$0.035000 per kWh of Maintenance Energy; or [I]

110% of the price at the time of scheduling of a block of energy obtainable by Big Rivers in the futures market which is sufficient to meet the Member Cooperative's scheduled Maintenance Service requirements.

The charges for Off-peak Maintenance Service shall be:

\$5.7730 per kW of Scheduled Maintenance Demand per week, plus [I]

According to Standard Rate Schedule RDS per kWh of maintenance energy shall be the amount of energy purchased by the Member Cooperative for the QF Member in each hour during Scheduled Maintenance Service up to but not exceeding the Scheduled Maintenance Demand in each hour. [T]

Excess Demand:

Excess demand is the amount in any hour by which the actual demand, less any Maintenance Demand, exceeds the previously established Maximum Unscheduled Capacity. Charges for Excess Energy Demand shall be in addition to the charges for Supplementary Service and shall be either:

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 42

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 25

RATES, TERMS AND CONDITIONS – SECTION I

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a third Party supplier to supply the Excess Demand of the Member Cooperative for the QF Member; or import energy from a Third Party Supplier to supply the Excess Demand of the Member Cooperative for the QF Member; *or*

If it is not necessary for Big Rivers to import energy from a Third Party Supplier, charges for Excess Demand shall be the greater of: a) the applicable demand charge in Standard Rate Schedule RDS times the highest Excess Demand recorded during the month; or b) 110% of the highest price received by Big Rivers during an Off-System Sales Transaction during the month times the sum of the Excess Demands measured during the month. [T]

Big Rivers shall be the sole determinant of when and under what circumstances it is required to import energy from a Third-Party Supplier to provide Excess Demand. [T]

Additional Charges:

Any and all costs incurred by Big Rivers as a result of the QF's failure to generate, including, without limitation, ancillary services necessary to maintain reliability on the Big Rivers' system, shall be charged to the Member Cooperative in addition to all other charges.

Interruptible Service:

Interruptible Supplementary Service or Interruptible Back-up Service will be made available, upon request. Terms and conditions of interruptible service will be as negotiated under special contract according to the terms of 807 KAR 5:054.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 45

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 42

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a third Party supplier to supply the Excess Demand of the Member Cooperative for the QF Member; or import energy from a Third Party Supplier to supply the Excess Demand of the Member Cooperative for the QF Member; or

If it is not necessary for Big Rivers to import energy from a Third Party Supplier, charges for Excess Demand shall be the greater of: a) the applicable demand charge in Standard Rate Schedule RDS times the highest Excess Demand recorded during the month; or b) 110% of the highest price received by Big Rivers during an Off-System Sales Transaction during the month times the sum of the Excess Demands measured during the month.

Big Rivers shall be the sole determinant of when and under what circumstances it is required to import energy from a Third-Party Supplier to provide Excess Demand.

Additional Charges:

Any and all costs incurred by Big Rivers as a result of the QF's failure to generate, including, without limitation, ancillary services necessary to maintain reliability on the Big Rivers' system, shall be charged to the Member Cooperative in addition to all other charges.

Interruptible Service:

Interruptible Supplementary Service or Interruptible Back-up Service will be made available, upon request. Terms and conditions of interruptible service will be as negotiated under special contract according to the terms of 807 KAR 5:054.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 43

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 26

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW – (continued)

Interconnections:

Big Rivers requires a three-party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make inter-connections with the Member Cooperative, or the QF Member, or both as required and the QF Member will pay for the inter-connection costs in accordance with 807 KAR 5:054 Section 6 and the interconnection agreement. [T]

System Emergencies:

During System Emergencies, Big Rivers may discontinue sales in accordance with 807 KAR 5:054 Section 6.

Loss Compensation:

Power and energy delivered by Big Rivers pursuant to this rate schedule shall be metered at or compensated to Big Rivers' point of delivery to the Member Cooperative. Where metering of the QF Member's load is at a point of delivery on a Member Cooperative's distribution system, metered demand and energy shall be adjusted to compensate for distribution losses prior to billing hereunder.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 46

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 43

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – QFS – Cogeneration/Small Power Production Sales Tariff – Over 100 KW –
(continued)**

Interconnections:

Big Rivers requires a three-party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make inter-connections with the Member Cooperative, or the QF Member, or both as required and the QF Member will pay for the inter-connection costs in accordance with 807 KAR 5:054 Section 6 and the interconnection agreement.

System Emergencies:

During System Emergencies, Big Rivers may discontinue sales in accordance with 807 KAR 5:054 Section 6.

Loss Compensation:

Power and energy delivered by Big Rivers pursuant to this rate schedule shall be metered at or compensated to Big Rivers' point of delivery to the Member Cooperative. Where metering of the QF Member's load is at a point of delivery on a Member Cooperative's distribution system, metered demand and energy shall be adjusted to compensate for distribution losses prior to billing hereunder.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 44

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 27

RATES, TERMS AND CONDITIONS – SECTION 1

**STANDARD RATE – QFS – Cogeneration/Small Power Production Sales – Over 100 KW
Billing Form**

BIG RIVERS ELECTRIC CORP.

INVOICE
P. O. BOX 24
MONTH ENDING mm/dd/yy

HENDERSON, KY 42419-0024

TO: COGENERATOR AND SMALL POWER PRODUCER SALES

ACCOUNT

DELIVERY POINTS

SERVICE FROM mm/dd/yy THRU mm/dd/yy
USAGE:

USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND
		00:00 A (or P)	mm/dd		1000	00,000
POWER FACTOR		BASE	PEAK	AVERAGE		KW DEMAND BILLED
SUPPLEMENTAL DEMAND	00.00%	00.00%	00.00%	00.00%		000,000
UNSCHEDULED BACKUP DEMAND	00.00%	00.00%	00.00%	00.00%		000,000
EXCESS DEMAND	00.00%	00.00%	00.00%	00.00%		000,000
CUMULATIVE EXCESS DEMAND	00.00%	00.00%	00.00%	00.00%		000,000
ENERGY		PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED
SUPPLEMENTAL ENERGY	00000.000	00000.000	00000.000	0000.000	1000	00,000,000
MAINTENANCE ENERGY	00000.000	00000.000	00000.000	0000.000	1000	00,000,000
SUPPLEMENTARY SERVICE						
DEMAND			kW	TIMES	\$	EQUALS \$
P/F PENALTY			kW	TIMES	\$	EQUALS \$
ENERGY			kWh	TIMES	\$	EQUALS \$
SUBTOTAL						\$
UNSCHEDULED BACK-UP SERVICE						
DEMAND			kW	TIMES	\$	EQUALS \$
MAINTENANCE SERVICE ON-PEAK						
DEMAND PER-WEEK (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
ENERGY (IF APPLICABLE)			kWh	TIMES	\$	EQUALS \$
SCHEDULE ENERGY BLOCK (IF APPLICABLE)						
TOTAL AMOUNT DUE						\$
OFF-PEAK						
DEMAND PER-WEEK			kW	TIMES	\$	EQUALS \$
ENERGY			kWh	TIMES	\$	EQUALS \$
SUBTOTAL						\$
EXCESS SERVICE						
EXCESS DEMAND (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
CUMULATIVE EXCESS DEMAND (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
IMPORTED EXCESS ENERGY (IF APPLICABLE)			kWh	TIMES	\$	EQUALS \$
TOTAL AMOUNT DUE						\$
TOTAL AMOUNT DUE						\$ 00,000.00

LOAD FACTOR
ACTUAL 00.00% BILLED 00.00%

MILLS PER KWH
00.00

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 47

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 44

RATES, TERMS AND CONDITIONS – SECTION I

**STANDARD RATE – QFS – Cogeneration/Small Power Production Sales – Over 100 KW
Billing Form**

BIG RIVERS ELECTRIC CORP.

INVOICE
P. O. BOX 24
MONTH ENDING mm/dd/yy

HENDERSON, KY 42419-0024

TO: COGENERATOR AND SMALL POWER PRODUCER SALES

ACCOUNT

DELIVERY POINTS

SERVICE FROM mm/dd/yy THRU mm/dd/yy
USAGE:

USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND
		00:00 A (or P)	mm/dd		1000	00,000
POWER FACTOR		BASE	PEAK	AVERAGE		KW DEMAND BILLED
SUPPLEMENTAL DEMAND	00.00%		00.00%	00.00%		000,000
UNSCHEDULED BACKUP DEMAND	00.00%		00.00%	00.00%		000,000
EXCESS DEMAND	00.00%		00.00%	00.00%		000,000
CUMULATIVE EXCESS DEMAND	00.00%		00.00%	00.00%		000,000
		PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED
ENERGY		00000.000	00000.000	0000.000	1000	00,000,000
SUPPLEMENTAL ENERGY		00000.000	00000.000	0000.000	1000	00,000,000
MAINTENANCE ENERGY		00000.000	00000.000	0000.000	1000	00,000,000
SUPPLEMENTARY SERVICE						
DEMAND			kW	TIMES	\$	EQUALS \$
P/F PENALTY			kW	TIMES	\$	EQUALS \$
ENERGY			kWh	TIMES	\$	EQUALS \$
SUBTOTAL						\$
UNSCHEDULED BACK-UP SERVICE						
DEMAND			kW	TIMES	\$	EQUALS \$
MAINTENANCE SERVICE ON-PEAK						
DEMAND PER-WEEK (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
ENERGY (IF APPLICABLE)			kWh	TIMES	\$	EQUALS \$
SCHEDULE ENERGY BLOCK (IF APPLICABLE)						\$
TOTAL AMOUNT DUE						\$
OFF-PEAK						
DEMAND PER-WEEK			kW	TIMES	\$	EQUALS \$
ENERGY			kWh	TIMES	\$	EQUALS \$
SUBTOTAL						\$
EXCESS SERVICE						
EXCESS DEMAND (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
CUMULATIVE EXCESS DEMAND (IF APPLICABLE)			kW	TIMES	\$	EQUALS \$
IMPORTED EXCESS ENERGY (IF APPLICABLE)			kWh	TIMES	\$	EQUALS \$
TOTAL AMOUNT DUE						\$
TOTAL AMOUNT DUE						<u>\$ 00,000.00</u>

LOAD FACTOR
ACTUAL 00.00% BILLED 00.00%

MILLS PER KWH
00.00

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 45

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 29

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LICX – Large Industrial Customer Expansion

Applicability:

This schedule shall be applicable as follows:

To purchases made by a Member Cooperative for service to any New Customer initiating service after August 31, 1999, including New Customers with a QF as defined in Standard Rate Schedules QFP and QFS, that either initially contracts for ten (10) MWs or more of capacity or whose aggregate peak load at any time amounts to ten (10) MWs or greater (including any later increases to such load) in which case the entire load shall be thereafter subject to this rate schedule. [T]

To purchases made by a Member Cooperative for expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Standard Rate Schedules QFP and QFS, where: (i) the customer was in existence and served under the then effective Standard Rate Schedule LIC any time during the Base Year and, (ii) the expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least ten (10) MWs greater than the customer's Base Year peak demand. [T]

To purchases made by a Member Cooperative for the expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Standard Rate Schedules QFP and QFS, where: (i) the customer's load was in existence and served through a rural delivery point as defined in Standard Rate Schedule RDS, (ii) the expanded load requirements are increases in peak load which in aggregate result in a peak demand which is at least ten (10) MWs greater than the customer's Base Year peak demand; and (iii) the customer requires service through a dedicated delivery point as defined in Standard Rate Schedule LIC. [T]

Availability:

This schedule is available to any of the Member Cooperatives of Big Rivers for service to certain large industrial or commercial loads as specified in the Applicability section of this Standard Rate Schedule LICX. For all loads meeting the applicability criteria below, no other Big Rivers' tariff rate will be available. As an alternative to this rate schedule, the Member Cooperative may negotiate a "Special Contract Rate" with Big Rivers for application on a case by case basis for loads meeting the applicability criteria above. [T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

BIG RIVERS ELECTRIC CORPORATION
APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

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review of.

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 46

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 30

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)

Conditions of Service:

To receive service hereunder, the Member Cooperative must:

Obtain from the customer an executed written contract or amend an existing contract with terms acceptable to Big Rivers.

Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding power supply for the customer.

Definitions:

Please see Section 4 for definitions common to all tariffs.

Base Year – “Base Year” shall mean the twelve (12) calendar months from September 1998 through August 1999.

Existing Customer – “Existing Customer” shall mean any customer of a Member Cooperative served as of August 31, 1999.

New Customer – “New Customer” shall mean any customer of a Member Cooperative commencing service on or after September 1, 1999.

Special Contract Rate – “Special Contract Rate” shall mean a rate negotiated with a Member Cooperative to serve the load requirements of a New Customer or an Existing Customer, which will include, upon request by the Member Cooperative, rates based on Real Time Pricing.

Third-Party Suppliers – “Third-Party Suppliers” means any supplier of wholesale electric service to Big Rivers other than SEPA and Henderson Municipal Power and Light. [T]

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 47

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 31

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)

Expansion Demand and Expansion Energy:

Expansion Demand and Expansion Energy for the load requirements of a New Customer shall be the Member Cooperative's total demand and energy requirements for the New Customer, including amounts sufficient to compensate for losses on the Big Rivers' transmission system as set forth in the OATT.

Expansion Demand for the expanded load requirements of an Existing Customer shall be the amount in kW by which the customer's Billing Demand exceeds the customer's Base Year peak demand, plus an additional amount of demand sufficient to compensate for losses on the Big Rivers' transmission system as set forth in the OATT. In those months in which there is Expansion Demand, Expansion Energy shall be the amount in kWh by which the customer's kWh usage for the current month exceeds the customer's actual kWh usage for the corresponding month of the Base Year, plus an additional amount of kWh sufficient to compensate for losses on the Big Rivers' transmission system as set forth in the OATT.

Rates and Charges:

Expansion rate and charges shall be the sum of the following, including but not limited to Real-Time pricing:

(1) Expansion Demand and Expansion Energy Rates:

The Expansion Demand rates, Expansion Energy rates, or both shall be established to correspond to the actual costs of power purchased by Big Rivers from Third-Party Suppliers selected by Big Rivers from which Big Rivers procures the supply and delivery of the type and quantity of service required by the Member Cooperative for resale to its customer. Such monthly costs shall include the sum of all Third-Party Supplier charges, including capacity and energy charges, charges to compensate for transmission losses on Third-Party transmission systems, and all transmission and ancillary services charges on Third-Party transmission systems paid by Big Rivers to purchase such Expansion Demand and Expansion Energy and have it delivered to Big Rivers' transmission system.

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DATE EFFECTIVE February 18, 2013

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 48

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 32

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – LICX – Large Industrial Customer Expansion – (continued)

(2) Expansion Demand Transmission Rate:

Big Rivers shall assess unbundled charges for network transmission service on the Big Rivers' Transmission System according to the rates in the OATT applied to each kW taken as Expansion Demand.

(3) Ancillary Services Rates for Expansion Demand and Expansion Energy:

Big Rivers shall assess unbundled rates for all ancillary services required to serve load served under this rate schedule. Big Rivers shall supply the following six ancillary services as defined and set forth in the OATT:

- (1) Scheduling System Control and Dispatch;
- (2) Reactive Supply and Voltage Control from Generation Sources Services;
- (3) Regulation and Frequency Response Service;
- (4) Energy Imbalance Service;
- (5) Operating Reserve – Spinning Reserve Service; and
- (6) Operating Reserve – Supplemental Reserve Service.

(4) Big Rivers Adder:

In addition to the charges described above, Big Rivers shall charge \$0.38 per kW/month for each kW billed to the Member Cooperative under this tariff for resale by the Member Cooperative to the qualifying customer.

Meters:

Big Rivers shall provide an appropriate meter to all customers served under this Standard Rate Schedule LICX. [T]
[T]

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BIG RIVERS ELECTRIC CORPORATION
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FOR A GENERAL ADJUSTMENT IN RATES

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)
Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)
Case No. 2013-00199

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Century Rate Case Proposed Tariff (PSC KY No. 25)
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BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

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Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 50
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 33.50

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - SET – Supplemental Energy Transactions

Applicability:

In all territory served by Big Rivers' transmission system.

Availability:

This tariff provides a regulatory path for timely implementation of Supplemental Energy transactions requested by Kenergy under the terms of the Smelter Agreements (as amended), which are approved by and are on file with the Commission.

[T]

Rates and Terms:

This tariff shall not alter or amend, whether directly or by implication, any term, covenant or condition of a Smelter Agreement. Capitalized terms used in this tariff and not defined in this tariff have the meanings given in the Smelter Agreements.

"Supplemental Energy" consists of (i) Interruptible Energy, (ii) Buy-Through Energy, and (iii) Market Energy.

Interruptible Energy. Kenergy may purchase from Big Rivers on a System Firm basis up to 10 MW per Hour of Interruptible Energy for resale to a Smelter in accordance with the terms and conditions set forth in Section 2.3.2(a) of a Smelter Agreement. Under the Smelter Agreements, Big Rivers provides Kenergy and each Smelter a confirmation setting forth the price or prices and other terms and conditions ("Interruptible Energy Terms") under which Interruptible Energy may be available during each Hour of a fiscal quarter. If Big Rivers fails to provide a timely confirmation with respect to any fiscal quarter, the Interruptible Energy Terms for the prior fiscal quarter remain in effect. The Interruptible Energy Charge is calculated in accordance with Section 4.3.1 of the Smelter Agreements.

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in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 48

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 50

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - SET – Supplemental Energy Transactions

Applicability:

In all territory served by Big Rivers' transmission system.

Availability:

This tariff provides a regulatory path for timely implementation of Supplemental Energy transactions requested by Kenergy under the terms of the Smelter Agreements (as amended), which are approved by and are on file with the Commission.

Rates and Terms:

This tariff shall not alter or amend, whether directly or by implication, any term, covenant or condition of a Smelter Agreement. Capitalized terms used in this tariff and not defined in this tariff have the meanings given in the Smelter Agreements.

“Supplemental Energy” consists of (i) Interruptible Energy, (ii) Buy-Through Energy, and (iii) Market Energy.

Interruptible Energy. Kenergy may purchase from Big Rivers on a System Firm basis up to 10 MW per Hour of Interruptible Energy for resale to a Smelter in accordance with the terms and conditions set forth in Section 2.3.2(a) of a Smelter Agreement. Under the Smelter Agreements, Big Rivers provides Kenergy and each Smelter a confirmation setting forth the price or prices and other terms and conditions (“Interruptible Energy Terms”) under which Interruptible Energy may be available during each Hour of a fiscal quarter. If Big Rivers fails to provide a timely confirmation with respect to any fiscal quarter, the Interruptible Energy Terms for the prior fiscal quarter remain in effect. The Interruptible Energy Charge is calculated in accordance with Section 4.3.1 of the Smelter Agreements.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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P.S.C. KY. No. _____ 25

Original SHEET NO. 51

CANCELLING P.S.C. KY. No. _____ 24

Original SHEET NO. 33.51

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - SET – Supplemental Energy Transactions – (continued)

Buy-Through Energy. Upon each Notice of Interruption in the delivery to a Smelter of Interruptible Energy, as provided for in Section 2.3.2(a) of the Smelter Agreement, Big Rivers may in its sole discretion as provided in Section 2.3.2(b) offer to sell to Kenergy Firm Energy purchased from Third Party Suppliers for resale to a Smelter in lieu of the interrupted Scheduled Interruptible Energy (“Buy Through Energy”). The Buy-Through Energy Charge is calculated in accordance with Section 4.3.2 of the Smelter Retail Agreements.

Market Energy. Big Rivers may, in its sole discretion, supply Market Energy to Kenergy in response to a request from Kenergy for Market Energy, as provided in Section 2.3.2(c) of the Smelter Agreement, on terms and conditions as Big Rivers and Kenergy shall agree. The Market Energy Charge is calculated in accordance with Section 4.3.3 of the Smelter Agreements.

Big Rivers will provide Kenergy with the information from the Midwest ISO and other sources necessary for Kenergy to file with the Commission by the twentieth day of each month a schedule identifying the details of each Supplemental Energy transaction with Big Rivers for the prior month that are supplemental to the terms included in the Smelter Agreements for that type of Supplemental Energy transaction, including but not limited to the category of Supplemental Energy transaction, and the duration, price, quantity and supplier in each such transaction. [T]
[T]

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Original SHEET NO. 49

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 51

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE - SET – Supplemental Energy Transactions – (continued)

Buy-Through Energy. Upon each Notice of Interruption in the delivery to a Smelter of Interruptible Energy, as provided for in Section 2.3.2(a) of the Smelter Agreement, Big Rivers may in its sole discretion as provided in Section 2.3.2(b) offer to sell to Kenergy Firm Energy purchased from Third Party Suppliers for resale to a Smelter in lieu of the interrupted Scheduled Interruptible Energy (“Buy Through Energy”). The Buy-Through Energy Charge is calculated in accordance with Section 4.3.2 of the Smelter Retail Agreements.

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Big Rivers will provide Kenergy with the information from the MISO and other sources necessary for Kenergy to file with the Commission by the twentieth day of each month a schedule identifying the details of each Supplemental Energy transaction with Big Rivers for the prior month that are supplemental to the terms included in the Smelter Agreements for that type of Supplemental Energy transaction, including but not limited to the category of Supplemental Energy transaction, and the duration, price, quantity and supplier in each such transaction.

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BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

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review of

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Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



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P.S.C. KY. No. _____ 26

Original SHEET NO. 50

CANCELLING P.S.C. KY. No. _____

_____ SHEET NO. _____

RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – RRPM – Revenue Recovery Plan Mechanism

[N]

Purpose:

This Revenue Recovery Plan Mechanism recovers additional revenues allowed by the Commission in its Order dated February 21, 2013, in Case No. 2011-00036.

Applicable:

In all territory served by Big Rivers' transmission.

Availability:

Available only for service to Big Rivers' Member Cooperatives through Big Rivers' Standard Rate Schedule RDS and Standard Rate Schedule LIC, and for service to Kenergy Corp. for resale to the Smelters under the Smelter Agreements as those terms are defined in Section 4- Definitions.

Term:

This rate schedule shall apply only from March 1, 2013, through July 31, 2013.

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BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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RATES, TERMS AND CONDITIONS – SECTION 1

STANDARD RATE – RRPM – Revenue Recovery Plan Mechanism – (continued)

[N]

Rates:

Big Rivers shall bill its Member Cooperatives the amounts listed in Table 1 below.

Table 1

Member Cooperative	Applicable Big Rivers Rate Class	March 2013	April 2013	May 2013
JPEC ¹	RDS	\$ 74,927.61	\$ 74,927.61	\$ 74,927.61
JPEC	LIC	4.08	4.08	4.08
Kenergy ²	RDS	135,472.60	135,472.60	135,472.60
Kenergy	LIC	766.12	766.11	766.11
Kenergy	Smelters ⁴	5,912.74	5,912.74	5,912.74
MCRECC ³	RDS	53,950.58	53,950.58	53,950.58
Total		\$ 271,033.73	\$ 271,033.72	\$ 271,033.72

Member Cooperative	Applicable Big Rivers Rate Class	June 2013	July 2013	Total March – July 2013
JPEC	RDS	\$ 74,927.61	\$ 74,927.62	\$ 374,638.06
JPEC	LIC	4.08	4.09	20.41
Kenergy	RDS	135,472.60	135,472.61	677,363.01
Kenergy	LIC	766.11	766.10	3,830.55
Kenergy	Smelters	5,912.73	5,912.73	29,563.68
MCRECC	RDS	53,950.58	53,950.58	269,752.90
Total		\$ 271,033.71	\$ 271,033.73	\$ 1,355,168.61

Notes:

1. JPEC = Jackson Purchase Energy Corporation.
2. Kenergy = Kenergy Corp.
3. MCRECC = Meade County Rural Electric Cooperative Corporation.
4. Smelters are defined in Section 4 – Definitions.

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RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider:

Availability:

This Rider is available to the Member Cooperatives of Big Rivers to be used in conjunction with any of Big Rivers' standard tariffs or special contracts, for Curtailable Service offered by a Member Cooperative to an individual customer ("CS Customer") capable of curtailing at least 1,000 kW of load upon request. [T]

Conditions of Service:

- (1) Any request for curtailment under this Rider shall be made by Big Rivers through its Members Cooperatives. Each request for curtailment made by Big Rivers shall set forth the Terms of Curtailment in accordance with this Rider.
- (2) Each curtailment will be voluntary and the Member Cooperative may accept or decline the Terms of Curtailment offered by Big Rivers.
- (3) Big Rivers and the Member Cooperative shall mutually agree upon the method which shall be used to notify each CS Customer of a curtailment request under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the CS Customer's representative(s) to receive said notification. The Member Cooperative is ultimately responsible for delivering and acting upon a curtailment notification from Big Rivers.
- (4) Big Rivers will endeavor to provide as much advance notice as possible of requests for curtailments under this Rider including an estimate of the duration of such curtailments. However, upon acceptance of the Terms of Curtailment, the load of the CS Customer, subject to those terms, shall be curtailed with as little as one (1) hour of advance notification.

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CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 35

RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Conditions of Service (continued):

[T]

- (5) No responsibility or liability of any kind shall attach to or be incurred by Big Rivers for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any notice of curtailment or curtailment of service under the provisions of this Rider.
- (6) Big Rivers reserves the right to require verification of a CS Customer's ability to curtail its load. Inability to provide verification will be considered by Big Rivers when prioritizing requests for curtailment.
- (7) The Member Cooperative shall not receive a Curtailment Savings Payment for any curtailment period in which a CS Customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike or any event other than the customer's normal operating conditions.

CS Curtailment Profiles:

For each of its CS Customers, the Member Cooperatives shall submit a CS Curtailment Profile Form. CS Curtailment Profiles shall include such information as:

- (1) The maximum number of hours per day that the CS Customer has the ability to curtail.
- (2) The maximum number of days and maximum number of consecutive days by month that the CS Customer has the ability to curtail.
- (3) The Minimum Curtailment Price at which each CS Customer is willing to Curtail.
- (4) The Minimum Curtailable Demand and the Maximum Curtailable Demand curtailable by the CS Customer upon request.

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RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Conditions of Service (continued):

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Original SHEET NO. 36

RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

CS Curtailment Profiles (continued):

[T]

- (5) The Member Cooperative may modify the Curtailment Profile for a CS Customer upon thirty (30) days notice in writing.

Curtailed Demand and Energy:

Hourly Curtailed Demands of a CS Customer shall be determined for each curtailment period for which the CS Customer has accepted Big Rivers' Terms of Curtailment.

For each curtailment period, Hourly Curtailed Demands for each CS Customer shall be defined as the differences between the CS Customer's Demand Requirements and the actual demands measured in each hour of the curtailment period. The Demand Requirements may generally be the average of the CS Customer's demands measured in the four hours prior to the hour immediately preceding the curtailment period, provided that Big Rivers may use an average of the demands measured in any two or more of the four hours to provide a more representative estimate of the CS Customer's Hourly Curtailed Demands. The Curtailment Energy of each curtailment period shall be the sum of the Hourly Curtailed Demands.

Terms of Curtailment:

For each curtailment request, Big Rivers shall identify the CS Customer(s) (when so directed by the Member Cooperative) to be curtailed. Big Rivers shall inform the Member Cooperative or each CS Customer of a curtailment request in accordance with the agreed upon method of notification, at which time the Terms of Curtailment shall be defined. The Terms of Curtailment shall include the following:

- (1) The time at which each curtailment period shall begin is to be established by Big Rivers. At least one (1) hour advance notice of each request for curtailment shall be provided.

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RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

CS Curtailment Profiles (continued):

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Hourly Curtailed Demands of a CS Customer shall be determined for each curtailment period for which the CS Customer has accepted Big Rivers' Terms of Curtailment.

For each curtailment period, Hourly Curtailed Demands for each CS Customer shall be defined as the differences between the CS Customer's Demand Requirements and the actual demands measured in each hour of the curtailment period. The Demand Requirements may generally be the average of the CS Customer's demands measured in the four hours prior to the hour immediately preceding the curtailment period, provided that Big Rivers may use an average of the demands measured in any two or more of the four hours to provide a more representative estimate of the CS Customer's Hourly Curtailed Demands. The Curtailment Energy of each curtailment period shall be the sum of the Hourly Curtailed Demands.

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24

Original

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RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Terms of Curtailment (continued):

[T]

- (2) The requested curtailment duration in clock hours to be established by Big Rivers.
- (3) The Curtailment Price to be paid by Big Rivers for each curtailment. The Curtailment Price shall be determined by Big Rivers on a case by case basis but in each case shall not be less than the Minimum Curtailment Price.
- (4) The Member Cooperative shall specify or arrange for the CS Customer to specify:
 - a. The demand in kW (Curtailable Demand) that will be curtailed during the curtailment period, which shall not be less than the Minimum Curtailable Demand.
 - b. The Maximum Curtailment Period Demand (MCPD) to be purchased by the CS Customer during the curtailment period, which shall be the maximum hourly demand to be delivered by Big Rivers to the Member Cooperative for resale to the CS Customer.

Curtailment Savings Payment:

The Curtailment Savings Payment for each curtailment period shall be equal to the product of the Curtailment Energy times the Curtailment Price for each respective curtailment period.

Monthly Savings Payment:

The Member Cooperative's Monthly Savings Payment shall be equal to the sum of the Curtailment Savings Payments for the calendar month, less any charges computed for Excess Energy. The Monthly Savings Payment will be paid directly to the Member Cooperative by check or billing credit. A Statement will be provided with each Monthly Savings Payment showing the amounts attributable to each CS Customer. This amount will be recorded in the Rural Utilities Service's Uniform System of Accounts – Electric under Other Power Supply Expenses, Account 557 – Other Expenses, such that the separate identity of this cost is preserved.

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RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Terms of Curtailment (continued):

- (2) The requested curtailment duration in clock hours to be established by Big Rivers.
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The Curtailment Savings Payment for each curtailment period shall be equal to the product of the Curtailment Energy times the Curtailment Price for each respective curtailment period.

Monthly Savings Payment:

The Member Cooperative's Monthly Savings Payment shall be equal to the sum of the Curtailment Savings Payments for the calendar month, less any charges computed for Excess Energy. The Monthly Savings Payment will be paid directly to the Member Cooperative by check or billing credit. A Statement will be provided with each Monthly Savings Payment showing the amounts attributable to each CS Customer. This amount will be recorded in the Rural Utilities Service's Uniform System of Accounts – Electric under Other Power Supply Expenses, Account 557 – Other Expenses, such that the separate identity of this cost is preserved.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 25

Original SHEET NO. 56

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 38

RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Charges for Excess Energy:

For any CS Customer whose Curtailable Demand is equal to or greater than 5,000 kW, should the Hourly Curtailed Demand be less than 75% of the Curtailable Demand in any hour of the curtailment period, then the Excess Demand for that hour shall be the difference between the Hourly Curtailed Demand and 75% of the Curtailable Demand. There will be no Excess Demand for any CS Customer whose Curtailable Demand is less than 5,000 kW. Excess Energy is the sum of any hourly Excess Demands.

Any Excess Energy recorded during a curtailment period shall be charged at 150% of the Curtailment Price, in addition to the charges contained in the standard applicable rate for electric service. For any CS Customer whose Hourly Curtailed Demand is less than 75% of their Curtailable Demand, Big Rivers may not, at its discretion, allow such CS Customer to benefit from future curtailment opportunities.

Term:

Contracts under this Rider may be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next year of its intention to discontinue service under the terms of this Rider.

Special Terms and Conditions:

CS Customer Information, including, but not limited to, CS Curtailment Profiles, shall remain confidential.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY


This comparison provided to show
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in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative 
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 26

Original SHEET NO. 56

CANCELLING P.S.C. KY. No. _____ 25

Original SHEET NO. 56

RATES, TERMS AND CONDITIONS – SECTION 2

CSR - Voluntary Price Curtailable Service Rider – (continued)

Charges for Excess Energy:

[T]

For any CS Customer whose Curtailable Demand is equal to or greater than 5,000 kW, should the Hourly Curtailed Demand be less than 75% of the Curtailable Demand in any hour of the curtailment period, then the Excess Demand for that hour shall be the difference between the Hourly Curtailed Demand and 75% of the Curtailable Demand. There will be no Excess Demand for any CS Customer whose Curtailable Demand is less than 5,000 kW. Excess Energy is the sum of any hourly Excess Demands.

Any Excess Energy recorded during a curtailment period shall be charged at 150% of the Curtailment Price, in addition to the charges contained in the standard applicable rate for electric service. For any CS Customer whose Hourly Curtailed Demand is less than 75% of their Curtailable Demand, Big Rivers may not, at its discretion, allow such CS Customer to benefit from future curtailment opportunities.

Term:

Contracts under this Rider may be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next year of its intention to discontinue service under the terms of this Rider.

Special Terms and Conditions:

CS Customer Information, including, but not limited to, CS Curtailment Profiles, shall remain confidential.

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(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

25

Original

SHEET NO.

57

CANCELLING P.S.C. KY. No. _____

24

Original

SHEET NO.

40

RATES, TERMS AND CONDITIONS – SECTION 2

RRES - Renewable Resource Energy Service:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Renewable Resource Energy service is available in accordance with the terms of this tariff rider to any Big Rivers' Member purchasing wholesale power for delivery at any Rural Delivery Point or Large Industrial Customer Delivery Point on its system under Standard Rate Schedule RDS, Standard Rate Schedule LIC or Standard Rate Schedule LICX, subject to Big Rivers' general rules and regulations on file with the Commission. For purposes of this renewable resource energy service tariff rider, (i) the term "Renewable Resource Energy" means electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas, and (ii) the term "biomass" means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plant grasses, and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils.

[T]
[T]
[T]

Conditions of Service:

- (1) Renewable Resource Energy service availability is contingent upon Big Rivers' ability to purchase a wholesale supply of Renewable Resource Energy in the quantity and at the quality requested by a Member Cooperative.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 57

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 57

RATES, TERMS AND CONDITIONS – SECTION 2

RRES - Renewable Resource Energy Service:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Renewable Resource Energy service is available in accordance with the terms of this tariff rider to any Big Rivers' Member purchasing wholesale power for delivery at any Rural Delivery Point or Large Industrial Customer Delivery Point on its system under Standard Rate Schedule RDS or Standard Rate Schedule LIC, subject to Big Rivers' general rules and regulations on file with the Commission. For purposes of this renewable resource energy service tariff rider, (i) the term "Renewable Resource Energy" means electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas, and (ii) the term "biomass" means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plant grasses, and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils. [T] [T]

Conditions of Service:

- (1) Renewable Resource Energy service availability is contingent upon Big Rivers' ability to purchase a wholesale supply of Renewable Resource Energy in the quantity and at the quality requested by a Member Cooperative.

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President and Chief Executive Officer
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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 58

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 41

RATES, TERMS AND CONDITIONS – SECTION 2

RRES - Renewable Resource Energy Service – (continued)

Conditions of Service (continued):

[T]

(2) Big Rivers will make Renewable Resource Energy service available to a Member to support a contract for Renewable Resource Energy service entered into between a Member and one of its retail members, and approved by Big Rivers. That contract must commit the Member to sell, and the retail member to buy, Renewable Resource Energy in a specified number of 100 kWh blocks per month for a period for not less than one year. Upon approval of the contract by Big Rivers, the purchase and payment obligations of the retail member stated in that contract (less any retail mark-up of the Member) will become the wholesale take-or-pay obligation of the Member to Big Rivers, until (i) the retail member contract expires by its own terms, or (ii) the termination date for the contract of the retail member specified in a written notice from the Member to Big Rivers, which date is a date no earlier than the date on which the written notice from the Member is received by Big Rivers.

Monthly Rate:

The monthly rate for Renewable Resource Energy is the rate in the rate schedule under which the Member is purchasing electricity for its retail member who contracts to purchase Renewable Resource Energy, except that the energy rate is: \$5.50 per 100 kWh block (\$0.055 per kWh), subject to any adjustment, surcharge or surcredit that is or may become applicable under that wholesale rate schedule. This rate charged to a Member for a kWh of Renewable Resource Energy is in lieu of the energy rate that would otherwise be applicable to that energy purchase under Standard Rate Schedule RDS, Standard Rate Schedule LIC or Standard Rate Schedule LICX. Renewable Resource Energy purchased by a Member in any month will be conclusively presumed to be the first kWh delivered to that Member in that month.

[T]

[T]

Billing:

Sales of Renewable Resource Energy are subject to the terms of service and payment of the wholesale rate schedule under which Renewable Resource Energy is purchased.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 58

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 58

RATES, TERMS AND CONDITIONS – SECTION 2

RRES - Renewable Resource Energy Service – (continued)

Conditions of Service (continued):

(2) Big Rivers will make Renewable Resource Energy service available to a Member to support a contract for Renewable Resource Energy service entered into between a Member and one of its retail members, and approved by Big Rivers. That contract must commit the Member to sell, and the retail member to buy, Renewable Resource Energy in a specified number of 100 kWh blocks per month for a period for not less than one year. Upon approval of the contract by Big Rivers, the purchase and payment obligations of the retail member stated in that contract (less any retail mark-up of the Member) will become the wholesale take-or-pay obligation of the Member to Big Rivers, until (i) the retail member contract expires by its own terms, or (ii) the termination date for the contract of the retail member specified in a written notice from the Member to Big Rivers, which date is a date no earlier than the date on which the written notice from the Member is received by Big Rivers.

Monthly Rate:

The monthly rate for Renewable Resource Energy is the rate in the rate schedule under which the Member is purchasing electricity for its retail member who contracts to purchase Renewable Resource Energy, except that the energy rate is: \$5.50 per 100 kWh block (\$0.055 per kWh), subject to any adjustment, surcharge or surcredit that is or may become applicable under that wholesale rate schedule. This rate charged to a Member for a kWh of Renewable Resource Energy is in lieu of the energy rate that would otherwise be applicable to that energy purchase under Standard Rate Schedule RDS or Standard Rate Schedule LIC. Renewable Resource Energy purchased by a Member in any month will be conclusively presumed to be the first kWh delivered to that Member in that month.

[T]
[T]

Billing:

Sales of Renewable Resource Energy are subject to the terms of service and payment of the wholesale rate schedule under which Renewable Resource Energy is purchased.

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Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 59

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 44

RATES, TERMS AND CONDITIONS – SECTION 2

RA - Rebate Adjustment:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC. [T] ↓

Definitions:

Please see Section 4 for definitions common to all tariffs.

“Smelters” are the aluminum reduction facilities of Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, as further described under the Wholesale Smelter Agreements.

“Smelter Agreements” are the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to a Smelter.

Rebate Adjustment:

In the event that there is a Rebate to the Smelters during a fiscal year under Section 4.9 of the Smelter Agreements, then Big Rivers, subject to approval from its Board of Directors, may request Commission authorization to provide a cash rebate to its Members pursuant to of KRS 278.455(1). The amount of a Rebate Adjustment, if any, will be the amount approved by the order of the Commission. The Rebate Adjustment will be provided as a lump-sum credit to Members. Any rebate would be credited to the power bills to Members during a single month of the year. Rebates to Members shall be computed by [T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
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ISSUED BY: Mark A. Bailey,
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Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 59

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 59

RATES, TERMS AND CONDITIONS – SECTION 2

RA - Rebate Adjustment:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under Standard Rate Schedule RDS and Standard Rate Schedule LIC. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

Rebate Adjustment:

In the event that there is a Rebate to the Smelters during a fiscal year under Section 4.9 of the Smelter Agreements, then Big Rivers, subject to approval from its Board of Directors, may request Commission authorization to provide a cash rebate to its Members pursuant to of KRS 278.455(1). The amount of a Rebate Adjustment, if any, will be the amount approved by the order of the Commission. The Rebate Adjustment will be provided as a lump-sum credit to Members. Any rebate would be credited to the power bills to Members during a single month of the year. Rebates to Members shall be computed by allocating the total rebate amount to each Member system on the basis of total Unadjusted Billing Revenues received from each Member during the fiscal year for which the rebate amount was established. Unadjusted Billing Revenues shall equal the total of all bills issued to Members for service under Standard Rate Schedule RDS, Standard Rate Schedule LIC, and RRES. Big Rivers will apply to the Commission for authorization to provide a rebate to Members within six months after the end of the fiscal year. The rebate would then be provided to Members upon receipt of Commission approval. [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY
This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 60

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 45

RATES, TERMS AND CONDITIONS – SECTION 2

RA - Rebate Adjustment – (continued)

Rebate Adjustment (continued):

[T]

allocating the total rebate amount to each Member system on the basis of total Unadjusted Billing Revenues received from each Member during the fiscal year for which the rebate amount was established. Unadjusted Billing Revenues shall equal the total of all bills issued to Members for service under Standard Rate Schedule RDS, Standard Rate Schedule LIC, Standard Rate Schedule LICX (but only to the extent of service priced under Standard Rate Schedule LIC), and RRES. Big Rivers will apply to the Commission for authorization to provide a rebate to Members within six months after the end of the fiscal year. The rebate would then be provided to Members upon receipt of Commission approval.

[T]

[T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
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versus

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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

Century Rate Case Proposed Tariff (PSC KY No. 25)

Case No. 2012-00535

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

Case No. 2013-00199

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review of

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 61

CANCELLING P.S.C. KY. No. 24

First Revised SHEET NO. 46

RATES, TERMS AND CONDITIONS – SECTION 2

ES - Environmental Surcharge:

Applicability:

To all Big Rivers' Members.

Availability:

The Environmental Surcharge ("ES") is mandatory to Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, and to the FAC and the Non-FAC PPA adjustment clauses, including service to the Smelters under the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to the Smelters. [T]

Rate:

The ES shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$$CESF = \text{Net Jurisdictional } E(m) / \text{Jurisdictional } R(m)$$

$$MESF = CESF - BESF$$

MESF = Monthly Environmental Surcharge Factor

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor (presently equal to zero) [T]

Where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as set forth below.

Definitions:

(1) $E(m) = [(RB/12)(RORORB)] + OE - BAS$

Where:

- (a) RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, cash working capital, spare parts inventory, and limestone inventory, and emission allowance inventory;

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 60

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 61

RATES, TERMS AND CONDITIONS – SECTION 2

ES - Environmental Surcharge:

Applicability:

To all Big Rivers' Members.

Availability:

The Environmental Surcharge ("ES") is mandatory to Standard Rate Schedule RDS, Standard Rate Schedule LIC, and to the FAC and the Non-FAC PPA adjustment clauses, including service to the Smelters under the Smelter Agreements. [T]

Rate:

The ES shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

CESF = Net Jurisdictional E(m)/Jurisdictional R(m)

MESF = CESF - BESF

MESF = Monthly Environmental Surcharge Factor

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor (presently equal to zero)

Where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and R(m) is the revenue for the current expense month as set forth below.

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

(1) E(m) = [(RB/12)(RORORB)] + OE - BAS

Where:

- (a) RB is the Environmental Compliance Rate Base, defined as electric plant in service for applicable environmental projects adjusted for accumulated depreciation, cash working capital, spare parts inventory, and limestone inventory, and emission allowance inventory;

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P.S.C. KY. No. 25

Original SHEET NO. 62

CANCELLING P.S.C. KY. No. 24

First Revised SHEET NO. 47

RATES, TERMS AND CONDITIONS – SECTION 2

ES - Environmental Surcharge – (continued)

Definitions (continued):

[T]

- (b) RORORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a Times Interest Earned Ratio of 1.24;
- (c) OE represents the Monthly Pollution Control Operating Expenses, defined as the operating and maintenance expense and emission allowance expense of approved environmental compliance plans; and
- (d) BAS is the net proceeds from By-Products and Emission Allowance Sales.
- (2) Total E(m) is multiplied by the Jurisdictional System Allocation Ratio to arrive at Jurisdictional E(m). The Jurisdictional Allocation Ratio is the ratio of the 12-month total revenue from sales to Members to which the ES will be applied ending with the current expense month, divided by the 12-month total revenue from sales to Members and off-system sales for the current expense month.
- (3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause charges or credits less Environmental Surcharge revenues, for Big Rivers for the twelve months ending with the current expense month. [T]
- (4) Jurisdictional E(m) is adjusted for Over/(Under) Recovery and, if ordered by the Commission, a Prior Period Adjustment to arrive at Net Jurisdictional E(m). [T]
- (5) The current expense month (m) shall be the second month preceding the month in which the ES is billed.

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Your Touchstone Energy Cooperative
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For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 61
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 62

RATES, TERMS AND CONDITIONS – SECTION 2

ES - Environmental Surcharge – (continued)

Definitions (continued):

- (b) RORORB is the Rate of Return on the Environmental Compliance Rate Base, designated as the average cost of debt for environmental compliance plan projects approved by the Commission plus application of a Times Interest Earned Ratio of 1.24;
- (c) OE represents the Monthly Pollution Control Operating Expenses, defined as the operating and maintenance expense and emission allowance expense of approved environmental compliance plans; and
- (d) BAS is the net proceeds from By-Products and Emission Allowance Sales.
- (2) Total E(m) is multiplied by the Jurisdictional System Allocation Ratio to arrive at Jurisdictional E(m). The Jurisdictional Allocation Ratio is the ratio of the 12-month total revenue from sales to Members to which the ES will be applied ending with the current expense month, divided by the 12-month total revenue from sales to Members and off-system sales for the current expense month.
- (3) The revenue R(m) is the average monthly revenue, including base revenues and automatic adjustment clause charges or credits less Environmental Surcharge revenues, for Big Rivers for the twelve months ending with the current expense month.
- (4) Jurisdictional E(m) is adjusted for Over/(Under) Recovery and, if ordered by the Commission, a Prior Period Adjustment to arrive at Net Jurisdictional E(m).
- (5) The current expense month (m) shall be the second month preceding the month in which the ES is billed.

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Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 63
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 48

RATES, TERMS AND CONDITIONS – SECTION 2

FAC - Fuel Adjustment Clause:

Applicability:

To all Big Rivers' Members.

Availability:

The Fuel Adjustment Clause ("FAC") is a mandatory rider to all wholesale sales by Big Rivers to its Members, including Base Energy sales to the Smelters under the two Wholesale Electric Service Agreements each dated July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to the Smelters but excluding Supplemental and Back-Up Energy sales to the Smelters under those two Agreements.

Rate:

The FAC shall provide for periodic adjustment per kWh of sales when the unit cost of fuel [F(m)/S(m)] [T] is above or below the base unit cost of \$0.020932 per kWh [F(b)/S(b)]. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the FAC factor for the preceding month where the FAC factor is defined below:

$$\text{FAC Factor} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where "F" is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods as defined in 807 KAR 5:056, all defined below:

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

(1) Fuel cost (F) shall be the most recent actual monthly cost of: [T]

- (a) Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, *plus*

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 62
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 63

RATES, TERMS AND CONDITIONS – SECTION 2

FAC - Fuel Adjustment Clause:

Applicability:

To all Big Rivers' Members.

Availability:

The Fuel Adjustment Clause ("FAC") is a mandatory rider to all wholesale sales by Big Rivers to its Members, including Base Energy sales to the Smelters under the Smelter Agreements but excluding Supplemental and Back-Up Energy sales to the Smelters under those two Agreements. [T]

Rate:

The FAC shall provide for periodic adjustment per kWh of sales when the unit cost of fuel [F(m)/S(m)] is above or below the base unit cost of \$0.020932 per kWh [F(b)/S(b)]. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the FAC factor for the preceding month where the FAC factor is defined below:

$$\text{FAC Factor} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where "F" is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods as defined in 807 KAR 5:056, all defined below:

Definitions:

Please see Section 4 for definitions common to all tariffs.

(1) Fuel cost (F) shall be the most recent actual monthly cost of:

- (a) Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, *plus*

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 64

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 49

RATES, TERMS AND CONDITIONS – SECTION 2

FAC - Fuel Adjustment Clause – (continued)

Definitions (continued):

[T]

- (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, *plus*
- (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis and exclusive of energy purchases directly related to Supplemental and Back-Up Energy sales to the Smelters. Included therein may be such costs as the charges for economy energy purchased and the charges as a result of scheduled outages, also such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and *less*
- (d) The cost of fossil fuel, as denoted in (2)(a) above, recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

All fuel costs shall be based on weighted average inventory costing.

[T]

(2) Forced outages are all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

[T]

(3) Sales (S) shall be kWh sold, excluding inter-system sales and Supplemental and Back-Up Energy sales to the Smelters. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of:

[T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 63
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 64

RATES, TERMS AND CONDITIONS – SECTION 2

FAC - Fuel Adjustment Clause – (continued)

Definitions (continued):

- (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, *plus*
- (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis and exclusive of energy purchases directly related to Supplemental and Back-Up Energy sales to the Smelters. Included therein may be such costs as the charges for economy energy purchased and the charges as a result of scheduled outages, also such kinds of energy being purchased by the buyer to substitute for its own higher cost energy; and *less*
- (d) The cost of fossil fuel, as denoted in (2)(a) above, recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

All fuel costs shall be based on weighted average inventory costing.

- (2) Forced outages are all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.
- (3) Sales (S) shall be kWh sold, excluding inter-system sales and Supplemental and Back-Up Energy sales to the Smelters. Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of:

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)
versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 65
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 50

RATES, TERMS AND CONDITIONS – SECTION 2

FAC - Fuel Adjustment Clause – (continued)

Definitions (continued):

- (i) generation, *plus* [T]
- (ii) purchases, *plus* [T]
- (iii) interchange in, *less* [T]
- (iv) energy associated with pumped storage operations, *less*
- (v) inter-system sales referred to in subsection (2)(d) above, *less*
- (vi) total system losses.

Utility-used energy shall not be excluded in the determination of sales (S).

- (5) The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses.
- (6) Current (m) period shall be the second month preceding the month in which the FAC factor is billed.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

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This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 64

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 65

RATES, TERMS AND CONDITIONS - SECTION 2

FAC - Fuel Adjustment Clause - (continued)

Definitions (continued):

- (i) generation, plus
(ii) purchases, plus
(iii) interchange in, less
(iv) energy associated with pumped storage operations, less
(v) inter-system sales referred to in subsection (2)(d) above, less
(vi) total system losses.

Utility-used energy shall not be excluded in the determination of sales (S).

- (4) The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses.
(5) Current (m) period shall be the second month preceding the month in which the FAC factor is billed.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY
This comparison provided to show
Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)
versus
Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 66 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 51

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism:

[T]

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC, provided that this MRSM shall terminate on the first day of the month following the month in which the balance in the Rural Economic Reserve Fund (as described in the RER rider) equals zero.

[T] ↓

Definitions:

Please see Section 4 for definitions common to all tariffs.

"Smelters" are the aluminum reduction facilities of Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, as further described under the Wholesale Smelter Agreements.

"Smelter Agreements" are the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to a Smelter.

Member Rate Stability Mechanism:

Big Rivers has established an Economic Reserve of \$157 million, which will be used to offset the effect of billing the FAC and ES to non-Smelter sales, after taking into account the credits received from the Unwind Surcredit and the Rebate Adjustment. The Economic Reserve is established as a stand-alone investment account, accruing interest. The MRSM will draw on the Economic Reserve to mitigate the monthly impacts of the FAC and ES on each non-Smelter Member's bill, net of the credits received under the Unwind Surcredit and Rebate Adjustment. Each month the MRSM will mitigate the dollar

[T] [T]

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 65
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 66

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under Standard Rate Schedule RDS and Standard Rate Schedule LIC, provided that this MRSM shall terminate on the first day of the month following the month in which the balance in the Rural Economic Reserve Fund (as described in the RER rider) equals zero. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

Member Rate Stability Mechanism:

Big Rivers has established an Economic Reserve of \$157 million, which will be used to offset the effect of billing the FAC and ES to non-Smelter sales, after taking into account the credits received from the Unwind Surcredit and the Rebate Adjustment. The Economic Reserve is established as a stand-alone investment account, accruing interest. The MRSM will draw on the Economic Reserve to mitigate the monthly impacts of the FAC, the ES, and any base rate increase awarded by the Commission in Case No. 2013-00199 on each non-Smelter Member's bill, net of the credits received under the Unwind Surcredit and Rebate Adjustment. Each month the MRSM will mitigate the dollar impact of billings under the FAC and ES less the total dollar amounts received under the Unwind Surcredit, less a monthly pro-rata portion of any lump sum rebates provided under the Rebate Adjustment, less the Expense Mitigation Adjustment ("EMA") which is defined below, plus the total dollar amounts of any base rate increase awarded by the Commission in Case No. 2013-00199. [T] [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 67 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 52

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism – (continued)

Member Rate Stability Mechanism (continued): [T]

impact of billings under the FAC and ES less the total dollar amounts received under the Unwind Surcredit, less a monthly pro-rata portion of any lump sum rebates provided under the Rebate Adjustment, less the Expense Mitigation Adjustment ("EMA") which is defined below. [T]

The amount of the MRSM credit provided to each Member during a month will each equal [T]

- (i) the total amount of FAC charges billed to the Member during the month, plus
(ii) the total dollar amount of ES charges billed to the Member during the month, less [T]
(iii) the total dollar amount of the Unwind Surcredits credited to the Member during the month, less
(iv) one-twelfth (1/12) of any rebates provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, less
(v) the total dollar amount of the EMA charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly MRSM adjustment would be zero. [T]

Expense Mitigation Factor ("EMF") and Expense Mitigation Adjustment ("EMA"): [T]

The EMF shall be the following:

- I. \$0.000 per kWh for the first twelve (12) months following July 17, 2009;
II. \$0.002 per kWh for months 13 through 24 following July 17, 2009;
III. \$0.004 per kWh for months 25 through 36 following July 17, 2009;
IV. \$0.006 per kWh for months 37 through 48 following July 17, 2009;
V. \$0.007 per kWh for months 49 through 60 following July 17, 2009; and
VI. \$0.009 per kWh for months 61 through the termination of this MRSM tariff.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 66

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 67

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism – (continued)

Member Rate Stability Mechanism (continued):

The amount of the MRSM credit provided to each Member during a month will each equal [T]

- (i) the total amount of FAC charges billed to the Member during the month, *plus*
- (ii) the total dollar amount of ES charges billed to the Member during the month, *less*
- (iii) the total dollar amount of the Unwind Surcredits credited to the Member during the month, *less*
- (iv) one-twelfth (1/12) of any rebates provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, *less*
- (v) the total dollar amount of the EMA charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly MRSM adjustment would be zero, *plus* the Member's share of the total dollar amount of any base rate increase awarded by the Commission in Case No. 2013-00199 applicable to the month. [T]

Expense Mitigation Factor ("EMF") and Expense Mitigation Adjustment ("EMA"):

The EMF shall be the following:

- I. \$0.000 per kWh for the first twelve (12) months following July 17, 2009;
- II. \$0.002 per kWh for months 13 through 24 following July 17, 2009;
- III. \$0.004 per kWh for months 25 through 36 following July 17, 2009;
- IV. \$0.006 per kWh for months 37 through 48 following July 17, 2009;
- V. \$0.007 per kWh for months 49 through 60 following July 17, 2009; and
- VI. \$0.009 per kWh for months 61 through the termination of this MRSM tariff.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
**Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 68 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 53

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism – (continued)

Expense Mitigation Factor ("EMF") and Expense Mitigation Adjustment ("EMA") (continued): [T]

The EMA for the month shall be the EMF multiplied by the S (m) which is the jurisdictional sales to which this tariff applies for the current expense month. The EMF and EMA will expire after both the Economic Reserve and the Rural Economic Reserve funds have been exhausted.

If any portion of FAC or ES costs is transferred to or from base rates after July 17, 2009, then the MRSM will account for any effect of such transfers so that the Members will not see any impact on their bills, either positive or negative, of such transfers. [T]

The MRSM adjustment shall be no longer applicable once the Economic Reserve is exhausted, but the MRSM shall remain a schedule in this tariff until the Rural Economic Reserve Fund is depleted, as described in the "Availability" section of this schedule. During the last month of this MRSM, the amount remaining in the Economic Reserve will be prorated to each member on the basis of the total FAC and ES charges applicable to non-Smelter sales less credits under the Unwind Surcredits, less monthly prorated amounts under the Rebate Adjustment and less the EMA as applicable. [T]

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 67

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 68

RATES, TERMS AND CONDITIONS – SECTION 2

MRSM – Member Rate Stability Mechanism – (continued)

Expense Mitigation Factor (“EMF”) and Expense Mitigation Adjustment (“EMA”) (continued):

The EMA for the month shall be the EMF multiplied by the S (m) which is the jurisdictional sales to which this tariff applies for the current expense month. The EMF and EMA will expire after both the Economic Reserve and the Rural Economic Reserve funds have been exhausted.

If any portion of FAC or ES costs is transferred to or from base rates after July 17, 2009, then the MRSM will account for any effect of such transfers so that the Members will not see any impact on their bills, either positive or negative, of such transfers.

The MRSM adjustment shall be no longer applicable once the Economic Reserve is exhausted, but the MRSM shall remain a schedule in this tariff until the Rural Economic Reserve Fund is depleted, as described in the "Availability" section of this schedule. During the last month of this MRSM, the amount remaining in the Economic Reserve will be prorated to each Member on the basis of the total FAC and ES charges applicable to non-Smelter sales less credits under the Unwind Surcredits, less monthly prorated amounts under the Rebate Adjustment and less the EMA as applicable, *plus* any prorated base rate increase awarded by the Commission in Case No. 2013-00199.

[T]
[T]
[T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 69 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 55

RATES, TERMS AND CONDITIONS – SECTION 2

US -Unwind Surcredit:

Applicability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under the Standard Rate Schedule RDS, Standard Rate schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC. [T]

Availability:

This Unwind Surcredit (US) schedule is a rider for application to non-Smelter wholesale sales by Big Rivers under the Big Rivers' Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC. The funding for the Unwind Surcredit is made available through the Surcredit provisions of the Smelter Agreements at Sections 4.11. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs.

"Smelters" are the aluminum reduction facilities of Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, as further described under the Wholesale Smelter Agreements. [T]

"Smelter Agreements" are the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to a Smelter.

Determination of the Unwind Surcredit:

(1) The billing amount computed for all non-smelter wholesale sales to which this US is applicable shall be decreased at a rate per kWh in accordance with the following formula:

US = Surcredit + Actual Adjustment + Balance Adjustment

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 68
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 69

RATES, TERMS AND CONDITIONS – SECTION 2

US -Unwind Surcredit:

Applicability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for all service under the Standard Rate Schedule RDS and Standard Rate Schedule LIC. [T]

Availability:

This Unwind Surcredit (US) schedule is a rider for application to non-Smelter wholesale sales by Big Rivers under the Big Rivers' Standard Rate Schedule RDS and Standard Rate Schedule LIC. The funding for the Unwind Surcredit is made available through the Surcredit provisions of the Smelter Agreements at Sections 4.11. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

Determination of the Unwind Surcredit:

(1) The billing amount computed for all non-smelter wholesale sales to which this US is applicable shall be decreased at a rate per kWh in accordance with the following formula:

$$US = \text{Surcredit} + \text{Actual Adjustment} + \text{Balance Adjustment}$$

Where Surcredit is the per kWh factor calculated by *dividing* (a) the estimated Surcharge value for the upcoming calendar year (or for remaining months in the current calendar year for the initial implementation of this Unwind Surcredit) *by* (b) Big Rivers' estimated non-smelter sales (NSS) to its Members for the corresponding calendar year. The Surcredit factor shall be re-determined annually with an effective date of January 1 of each calendar year. [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 70 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 56

RATES, TERMS AND CONDITIONS – SECTION 2

US-Unwind Surcredit – (continued)

Determination of the Unwind Surcredit (continued):

[T]

Where Surcredit is the per kWh factor calculated by dividing (a) the estimated Surcharge value for the upcoming calendar year (or for remaining months in the current calendar year for the initial implementation of this Unwind Surcredit) by (b) Big Rivers' estimated non-smelter sales (NSS) to its Members for the corresponding calendar year. The Surcredit factor shall be re-determined annually with an effective date of January 1 of each calendar year.

Actual Adjustment is an adjustment which compensates for the difference between (a) the amount returned to Members through the application of the Surcredit factor and (b) the Surcharge amounts paid by the Smelters during the preceding calendar year as adjusted for any over-or-under-recoveries as specified in the Smelter Agreements. The Actual Adjustment factor shall be re-determined annually with an effective date of April 1 of each calendar year.

Balance Adjustment is an adjustment that compensates for any over-or-under-recoveries through application of the previous Actual Adjustment and previous Balance Adjustments. The Balance Adjustment factor shall be re-determined annually with an effective date of July 1 of each calendar year.

- (2) The estimated Surcharge value is the annual payments that Big Rivers expects to receive from the Smelters during the upcoming calendar year in accordance with the Wholesale Smelter Agreements at Section 4.11.
(3) Non-Smelter Sales ("NSS") shall be the estimated kWh sales for the upcoming calendar year made at wholesale by Big Rivers to its Members under Big Rivers' Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC, for resale to Kentucky ratepayers specifically excluding all sales for resale to the Smelters.
(4) The applicability of the US shall terminate when the funds provided under Section 4.11 of the Wholesale Smelter Agreements are exhausted.

[T] with downward arrow

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 69

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 70

RATES, TERMS AND CONDITIONS – SECTION 2

US-Unwind Surcredit – (continued)

Determination of the Unwind Surcredit (continued):

Actual Adjustment is an adjustment which compensates for the difference between (a) the amount returned to Members through the application of the Surcredit factor and (b) the Surcharge amounts paid by the Smelters during the preceding calendar year as adjusted for any over-or-under-recoveries as specified in the Smelter Agreements. The Actual Adjustment factor shall be re-determined annually with an effective date of April 1 of each calendar year. [T]

Balance Adjustment is an adjustment that compensates for any over-or-under-recoveries through application of the previous Actual Adjustment and previous Balance Adjustments. The Balance Adjustment factor shall be re-determined annually with an effective date of July 1 of each calendar year.

(2) The estimated Surcharge value is the annual payments that Big Rivers expects to receive from the Smelters during the upcoming calendar year in accordance with the Wholesale Smelter Agreements at Section 4.11.

(3) Non-Smelter Sales ("NSS") shall be the estimated kWh sales for the upcoming calendar year made at wholesale by Big Rivers to its Members under Big Rivers' Standard Rate Schedule RDS and Standard Rate Schedule LIC, for resale to Kentucky ratepayers specifically excluding all sales for resale to the Smelters. [T]

(4) The applicability of the US shall terminate when the funds provided under Section 4.11 of the Smelter Agreements are exhausted. [T]

DATE OF ISSUE June 28, 2013
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FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 71 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 57

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for electric service provided by Big Rivers to its Members for all Rural Delivery Points served under Standard Rate Schedule RDS. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs.

"Rural Customers" are retail customers of Members served under Standard Rate Schedule RDS.

RER Adjustment:

Big Rivers has established a Rural Economic Reserve ("RER") regulatory liability account of \$60,855,790.94 ("RER Fund") which will be used to credit the bills rendered to the Rural Customers pursuant to the Commission's Order in Case No. 2007-00455. The RER is established as a stand-alone investment account, accruing interest, and is and will be invested in interest-bearing U.S. Treasury notes. [T]

The RER Rider will draw on the RER Fund to mitigate the monthly impacts of the FAC and ES on each Rural Member's bill, net of the credits received under the Unwind Surcredit and the Rebate Adjustment. Each month the RER will mitigate the dollar impact of billings under the FAC and ES less the total dollar amounts received under the Unwind Surcredit, less a monthly pro-rata portion of any lump sum rebates provided under the Rebate Adjustment, less the EMA defined in the MRSM. The amount of the RER Rider credit provided to each Member system during the month will equal: [T]

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 70

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 71

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider:

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

Available pursuant to Section 3 – Special Rules, Terms, and Conditions: Discount Adjustment of this tariff for electric service provided by Big Rivers to its Members for all Rural Delivery Points served under Standard Rate Schedule RDS.

Definitions:

Please see Section 4 for definitions common to all tariffs.
"Rural Customers" are retail customers of Members served under Standard Rate Schedule RDS.

RER Adjustment:

Big Rivers has established a Rural Economic Reserve ("RER") regulatory liability account of \$60,855,790.94 ("RER Fund") which will be used to credit the bills rendered to the Rural Customers pursuant to the Commission's Order in Case No. 2007-00455. The RER is established as a stand-alone investment account, accruing interest, and is and will be invested in interest-bearing U.S. Treasury notes.

The RER Rider will draw on the RER Fund to mitigate the monthly impacts of the FAC, the ES, and any base rate increase awarded by the Commission in Case No. 2013-00199 on each Rural Member's bill, net of the credits received under the Unwind Surcredit and the Rebate Adjustment. Each month the RER will mitigate the dollar impact of billings under the FAC and ES *less* the total dollar amounts received under the Unwind Surcredit, *less* a monthly pro-rata portion of any lump sum rebates provided under the Rebate Adjustment, *less* the EMA defined in the MRSM, *plus* any base rate increase awarded by the Commission in Case No. 2013-00199. The amount of the RER Rider credit provided to each Member system during the month will equal: [T] [T] [T] [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY
This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)
versus
Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 72 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 58

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider – (continued)

RER Adjustment (continued):

- (i) the total amount of FAC charges associated with the RDS billing to the Member during the month, plus [T]
(ii) the total dollar amount of the ES associated with the RDS billing to the Member during the month, less [T]
(iii) the total dollar amount of the Unwind Surcredits associated with the RDS Credited to the member during the month, less [T]
(iv) one-twelfth (1/12) of any rebates associated with the Standard Rate Schedule RDS provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, less [T]
(v) the total dollar amount of the Expense Mitigation Adjustment ("EMA") associated with the RDS charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly RER Rider adjustment would be zero. [T]

If any portion of FAC or ES costs is transferred to or from base rates after July 17, 2009, then the RER Rider will account for any effect of such transfers so that the Rural Members will not see any impact on their bills, either positive or negative, of such transfers. [T]

During the last month of the RER Rider, the amount remaining in the Rural Economic Reserve will be prorated to each Member on the basis of the total FAC and ES charges applicable to Rural sales less credits under the Unwind Surcredit, less monthly prorated amounts under the Rebate Adjustment, and less the EMA as applicable. [T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 71

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 72

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider – (continued)

RER Adjustment (continued):

- (i) the total amount of FAC charges associated with the RDS billing to the Member during the month, plus
- (ii) the total dollar amount of the ES associated with the RDS billing to the Member during the month, less
- (iii) the total dollar amount of the Unwind Surcredits associated with the RDS Credited to the member during the month, less
- (iv) one-twelfth (1/12) of any rebates associated with the Standard Rate Schedule RDS provided under the Rebate Adjustment during the current month or during any of the 11 preceding months, less
- (v) the total dollar amount of the Expense Mitigation Adjustment (“EMA”) associated with the RDS charged to the Member during the month; provided that the amounts subtracted in items (iii), (iv) and (v) cannot exceed the total of items (i) and (ii) in which case the monthly RER Rider adjustment would be zero, plus the Member’s share of the total dollar amount of any base rate increase awarded by the Commission in Case No. 2013-00199. [T]

If any portion of FAC or ES costs is transferred to or from base rates after July 17, 2009, then the RER Rider will account for any effect of such transfers so that the Rural Members will not see any impact on their bills, either positive or negative, of such transfers.

During the last month of the RER Rider, the amount remaining in the Rural Economic Reserve will be prorated to each Member on the basis of the total FAC and ES charges applicable to Rural sales less credits under the Unwind Surcredit, less monthly prorated amounts under the Rebate Adjustment, and less the EMA as applicable, plus any prorated base rate increase awarded by the Commission in Case No. 2012-00199. [T]

DATE OF ISSUE June 28, 2013
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FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers’ Proposed Tariff – PSC KY No. 26
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(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 73

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 58

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider – (continued)

Expense Mitigation Adjustment:

The EMA for each month shall be the Expense Mitigation Factor multiplied by the Rural jurisdictional sales for the current expense month. The Expense Mitigation Factor used to calculate the EMA during any month in which the RER Rider is billed will be based on the EMF schedule established in the MRSM. Therefore, the appropriate EMF for a given month will be determined based on the original effective date of the MRSM (July 17, 2009) and the number of months the current month is past that date. [T]

Term of RER Rider:

This RER Rider shall be effective beginning in the month in which the amounts in the Non-Smelter Economic Reserve (as described in the MRSM) are insufficient to fully fund the MRSM credit. [T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 72

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 73

RATES, TERMS AND CONDITIONS – SECTION 2

RER - Rural Economic Reserve Rider – (continued)

Expense Mitigation Adjustment ("EMA"):

The EMA for each month shall be the Expense Mitigation Factor ("EMF") multiplied by the Rural jurisdictional sales for the current expense month. The EMF used to calculate the EMA during any month in which the RER Rider is billed will be based on the EMF schedule established in the MRSM. Therefore, the appropriate EMF for a given month will be determined based on the original effective date of the MRSM (July 17, 2009) and the number of months the current month is past that date. [T]

Term of RER Rider:

This RER Rider shall be effective beginning in the month in which the amounts in the Non-Smelter Economic Reserve (as described in the MRSM) are insufficient to fully fund the MRSM credit. [T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY
This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff) versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 74
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 59

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

To all sales under Big Rivers' Standard Rate Schedule RDS, Standard Rate Schedule LIC, and Standard Rate Schedule LICX, but only to the extent of service priced under Standard Rate Schedule LIC. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs.

"Smelters" are the aluminum reduction facilities of Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, as further described in the Wholesale Smelter Agreements.

"Smelter Agreements" are the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to a Smelter.

Description:

The Non-Smelter Non-FAC PPA ("NSNFP") Factor shall be calculated as a per-kWh billing credit or charge applied on a monthly basis, for each applicable rate schedule as follows:

$$\text{NSNFP Factor} = \text{RA}_1 / \text{kWh}_1$$
 [T]

Where

RA₁ is the balance in the NSNFP Regulatory Account, established pursuant to the March 6, 2009 Order of the Commission in Case No. 2007-00455, as of June 30th of the current year and determined as provided below in the "Calculation of Purchased Power Expense" section; and [T]

kWh₁ is the estimated Non-Smelter Applicable Sales ("NSS"), defined below, for the twelve month service period beginning September 1st of the current year through and including August 31st of the following year. [T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 73
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 74

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA

Applicability:

Applicable in all territory served by Big Rivers' Member Cooperatives.

Availability:

To all sales under Big Rivers' Standard Rate Schedule RDS and Standard Rate Schedule LIC. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

Description:

The Non-Smelter Non-FAC PPA ("NSNFP") Factor shall be calculated as a per-kWh billing credit or charge applied on a monthly basis, for each applicable rate schedule as follows:

$$\text{NSNFP Factor} = \text{RA}_1 / \text{kWh}_1$$

Where

RA₁ is the balance in the NSNFP Regulatory Account, established pursuant to the March 6, 2009 Order of the Commission in Case No. 2007-00455, as of June 30th of the current year and determined as provided below in the "Calculation of Purchased Power Expense" section; and

kWh₁ is the estimated Non-Smelter Applicable Sales ("NSS"), defined below, for the twelve month service period beginning September 1st of the current year through and including August 31st of the following year.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
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versus

Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 75

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 60

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

Description (continued):

[T]

The NSNFP Factor shall be calculated based upon the June 30th balance and applied to bills for service beginning September 1st of the current year. The current NSNFP Factor shall remain in place for service through and including August 31st of the following year, at which time it will be updated in accordance with the formula above.

An over- or under- recovery shall be calculated using actual amounts and shall be included in the NSNFP Regulatory Account balance for recovery in the subsequent period.

Special Conditions:

[T]

(1) First Twelve Months

[T]

For the initial implementation of this rate mechanism, the NSNFP Factor shall be designed to return the Regulatory Liability balance as of June 30, 2011, over twenty-four (24) months beginning with the bills for September 2011 service. After this factor has been in place for twenty-four (24) months, any remaining over- or under- recovery shall be included in the Non-FAC PPA Regulatory Account balance for recovery in the subsequent period.

(2) Second Twelve Months

[T]

For the service periods beginning September 1, 2012, and ending August 31, 2013, two NSNFP Factors shall be in place. The first is the credit for months thirteen (13) through month twenty-four (24) of the credit noted in the First Twelve Months section above. The second is the NSNFP Factor calculated in accordance with the standard formula:

$$\text{NSNFP Factor} = \text{RA}_2 / \text{kWh}_2$$

[T]

Where

RA₂ is the Non-FAC PPA Regulatory Account balance as of June 30, 2012 and

[T]

kWh₂ is the estimated Non-Smelter Applicable Sales (“NSS”) for the twelve (12) months beginning September 1, 2012 through and including August 31, 2013.

[T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
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versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
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(Century Rate Case Proposed Tariff)**

ISSUED BY: **Mark A. Bailey,**
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 Original SHEET NO. 74 CANCELLING P.S.C. KY. No. 25 Original SHEET NO. 75

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

Description (continued):

The NSNFP Factor shall be calculated based upon the June 30th balance and applied to bills for service beginning September 1st of the current year. The current NSNFP Factor shall remain in place for service through and including August 31st of the following year, at which time it will be updated in accordance with the formula above.

An over- or under- recovery shall be calculated using actual amounts and shall be included in the NSNFP Regulatory Account balance for recovery in the subsequent period.

Special Conditions:

(1) First Twelve Months

For the initial implementation of this rate mechanism, the NSNFP Factor shall be designed to return the Regulatory Liability balance as of June 30, 2011, over twenty-four (24) months beginning with the bills for September 2011 service. After this factor has been in place for twenty-four (24) months, any remaining over- or under- recovery shall be included in the Non-FAC PPA Regulatory Account balance for recovery in the subsequent period.

(2) Second Twelve Months

For the service periods beginning September 1, 2012, and ending August 31, 2013, two NSNFP Factors shall be in place. The first is the credit for months thirteen (13) through month twenty-four (24) of the credit noted in the First Twelve Months section above. The second is the NSNFP Factor calculated in accordance with the standard formula:

NSNFP Factor = RA2 / kWh2

Where

RA2 is the Non-FAC PPA Regulatory Account balance as of June 30, 2012, and

kWh2 is the estimated Non-Smelter Applicable Sales ("NSS") for the twelve (12) months beginning September 1, 2012, through and including August 31, 2013.

DATE OF ISSUE June 28, 2013 DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 76 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 61

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA - (continued)

The two NSNFP Factors will be applied simultaneously over the twelve month service period from September 1, 2012 to August 31, 2013.

(3) Third Twelve Months and Subsequent Twelve-Month Periods [T]

For the service periods beginning September 1, 2013, only one NSNFP Factor shall be in place, calculated in accordance with the standard formula noted herein.

Calculation of Purchased Power Expense: [T]

The monthly amount of Purchased Power Expense that is recorded in the NSNFP Regulatory Account (PP(x)) is determined as outlined below. [T]

Definitions:

Please see Section 4 for definitions common to all tariffs. [T]

“Account” is the specified numbered account as set forth in the Uniform System of Accounts – Electric, promulgated under Bulletin 1767B-1 by the Rural Utilities Service, an agency of the U.S. Department of Agriculture.

“SEPA” is the Southeastern Power Administration, an agency of the U.S. Department of Energy, or any successor agency.

“Wholesale Smelter Agreements” are the Alcan Wholesale Agreement and the Century Wholesale Agreement.

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 75

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 76

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA - (continued)

The two NSNFP Factors will be applied simultaneously over the twelve month service period from September 1, 2012 to August 31, 2013.

(3) Third Twelve Months and Subsequent Twelve-Month Periods

For the service periods beginning September 1, 2013, only one NSNFP Factor shall be in place, calculated in accordance with the standard formula noted herein.

Calculation of Purchased Power Expense:

The monthly amount of Purchased Power Expense that is recorded in the NSNFP Regulatory Account (PP(x)) is determined as outlined below.

Definitions:

Please see Section 4 for definitions common to all tariffs.

“Account” is the specified numbered account as set forth in the Uniform System of Accounts – Electric, promulgated under Bulletin 1767B-1 by the Rural Utilities Service, an agency of the U.S. Department of Agriculture.

[T]

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 77
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 62

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

Determination of the PP(x):

The PP(x) shall be determined in accordance with the following formula:

$$PP(x) = (PP(m)/S(m) - PP(b)/S(b)) \times NSS(m)$$

Where PP(m) is the current Purchased Power Costs for the month; S(m) is the current Applicable Sales; PP(b) is the Purchase Power Cost for the base period; and S(b) is the sales in the base period. [T]

For the initial base period, PP(b)/S(b) (the "Purchased Power Base") is \$0.000874.

Purchased Power Costs (PP) shall be the sum of:

- (a) The total cost of power purchased (including purchases from SEPA) that is expensed by Big Rivers to Account 555 (excluding those costs that are recovered through Big Rivers' FAC and excluding costs expensed to Account Nos. 555.150, 555.151, 555.152 and related accounts regarding Big Rivers' cost share of Henderson Municipal Power and Light's Station Two, and to Account No. 555.188 and related accounts regarding Big Rivers' purchase of back-up power for the Domtar cogenerator) including transmission and related costs that are expensed to Account 565.
- (b) The total amount of any adjustments to Purchased Power Costs attributable to prior months, whether positive or negative; *and*
- (c) The total cost of amounts credited by Big Rivers to Kenergy with respect to voluntary curtailments under Section 4.13.2 of either Smelter Wholesale Agreement to allow Big Rivers to avoid market priced purchases of power.

Less:

- (d) The total cost of power purchased directly associated with sales (including related system energy losses) by Big Rivers either to non-Member purchasers of power or to Kenergy under either Wholesale Smelter Agreement for resale to either Smelter as energy products other than Base Monthly Energy, assuming SEPA power followed by the lowest cost power, whether generated or purchased, shall be allocated to Applicable Sales.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 76
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 77

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

Determination of the PP(x):

The PP(x) shall be determined in accordance with the following formula:

$$PP(x) = (PP(m)/S(m) - PP(b)/S(b)) \times NSS(m)$$

Where PP(m) is the current Purchased Power Costs for the month; S(m) is the current Applicable Sales; PP(b) is the Purchase Power Cost for the base period; and S(b) is the sales in the base period.

For the initial base period, PP(b)/S(b) (the "Purchased Power Base") is \$0.000874.

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- (a) The total cost of power purchased (including purchases from SEPA) that is expensed by Big Rivers to Account 555 (excluding those costs that are recovered through Big Rivers' FAC and excluding costs expensed to Account Nos. 555.150, 555.151, 555.152 and related accounts regarding Big Rivers' cost share of Henderson Municipal Power and Light's Station Two, and to Account No. 555.188 and related accounts regarding Big Rivers' purchase of back-up power for the Domtar cogenerator) including transmission and related costs that are expensed to Account 565.
- (b) The total amount of any adjustments to Purchased Power Costs attributable to prior months, whether positive or negative; *and*
- (c) The total cost of amounts credited by Big Rivers to Kenergy with respect to voluntary curtailments under Section 4.13.2 of either Smelter Agreement to allow Big Rivers to avoid market priced purchases of power. [T]

Less:

- (d) The total cost of power purchased directly associated with sales (including related system energy losses) by Big Rivers either to non-Member purchasers of power or to Kenergy under either Smelter Agreement for resale to either Smelter as energy products other than Base Monthly Energy, assuming SEPA power followed by the lowest cost power, whether generated or purchased, shall be allocated to Applicable Sales. [T]

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ISSUED BY: Mark A. Bailey,
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Your Touchstone Energy® Cooperative 

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 78

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 63

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

Applicable Sales (S) shall be all kilowatt-hours sold at wholesale by Big Rivers (a) to its Members under all electric rate schedules, including Standard Rate Schedule LIC and Standard Rate Schedule LICX, for resale to members of Members (other than by Kenergy to the Smelters and to Domtar for Backup Power Service), and (b) to Kenergy as Base Monthly Energy as defined in each of the Wholesale Smelter Agreements. [T]

Non-Smelter Applicable Sales (NSS) shall be all kilowatt-hours sold at wholesale by Big Rivers to its Members under all electric rate schedules, including Standard Rate Schedule LIC and Standard Rate Schedule LICX for resale to members of Member Cooperatives (other than by Kenergy to the Smelters and to Domtar for Backup Power Service). [T]

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DATE EFFECTIVE February 18, 2013

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 77

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 78

RATES, TERMS AND CONDITIONS – SECTION 2

NSNFP - Non-Smelter Non-FAC PPA – (continued)

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**This comparison provided to show
Big Rivers' Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers' Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 79 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 64

RATES, TERMS AND CONDITIONS - SECTION 3

Special Rules Terms and Conditions

Contract Demand:

Upon mutual agreement with Member, a Contract Demand may be established for certain customers.

Metering:

The Seller shall meter all power and energy at voltage as mutually agreed to with the Member. Meters and metering equipment shall be furnished, maintained and read or caused to be furnished, maintained and read by the Seller.

Electric Characteristics and Delivery Point(s):

Electric power and energy to be furnished hereunder shall be alternating current, three-phase, sixty Hertz. The Seller shall make and pay for all final connections between the systems of the Seller and the Member at the point(s) of delivery. The parties will specify the initial points of delivery, delivery voltages and capacity prior to the commencement of service hereunder. Additional points shall be agreed upon by the Seller and the Member from time to time.

Substations:

The Member shall install, own and maintain the necessary substation equipment at the point(s) of connection unless otherwise agreed to by Seller. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller.

Rate:

The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and, if necessary, shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes, and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for

DATE OF ISSUE January 15, 2013 DATE EFFECTIVE February 18, 2013

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show Big Rivers' Proposed Tariff - PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff - PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 SHEET NO. 78 CANCELLING P.S.C. KY. No. 25 SHEET NO. 79

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions

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DATE OF ISSUE June 28, 2013 DATE EFFECTIVE July 29, 2013

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FOR DISCUSSION PURPOSES ONLY This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff) versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 80
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 65

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Rate (continued):

[T]

the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member, which shall set out all the proposed revisions of the rate.

Discount Adjustment:

At the discretion of the Seller's Board of Directors, and with the prior approval of the Public Service Commission, an appropriate discount may be authorized at such time as substantial application of the rate indicates revenues in excess of projected and relative levels of the rate design.

Meter Testing and Billing Adjustment:

Unless specifically stated otherwise in a contract or rate schedule to this tariff, the Seller shall test and calibrate meters in accordance with the provisions of 807 KAR 5:041, Sections 15 and 17. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefore.

Monitoring Uses:

Seller shall review Member's usage by comparing the metered energy and demand for the current month to the previous month's metered amounts. Consideration is given for monthly deviations due to temperature related increases or decreases, along with a comparison to other sites with similar load patterns. A second comparison is made between the current month's usage and the previous year's data, when demand or energy levels appear to be out of line. Additionally, two of the Member Cooperatives have SCADA systems which provide values of usage and, at times, are used for comparison whenever there appears to be a metering deviation.

[T]

[T]

[T]

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(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____ 26

Original SHEET NO. _____ 79

CANCELLING P.S.C. KY. No. _____ 25

Original SHEET NO. _____ 80

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Rate (continued):

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Big Rivers' Proposed Tariff – PSC KY No. 25
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Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 81
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 66

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Monitoring Uses: (continued)

[T]

A meter test is performed whenever there appears to be a potential metering problem. Seller shall review all special metering situations which affect demand and energy quantities applicable to the billing period. A written determination shall accompany the bill explaining any adjustment or calculation that was made.

Notice of Meter Reading or Test:

The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.

Power Factor:

Unless specifically stated otherwise in a rate schedule to this tariff, the Member shall at all times take and use power in such manner that the power factor at the time of maximum demand shall not be less than 90 percent (90%) leading or lagging.

If, at the time of maximum demand, power is taken at a power factor less than 90 percent (90%) leading or lagging, the Seller may adjust the maximum measured demand for billing purposes in accordance with the following formula:

$$\frac{\text{Maximum Measured KW} \times 90\%}{\text{Power Factor (\%)}}$$

The power factor shall be measured at the time of maximum demand.

Right of Access:

Duly authorized representatives of either the Seller or Member shall be permitted to enter the premises of the other at all reasonable times in order to carry out the provisions of these Rates, Terms and Conditions for Furnishing Electric Service.

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

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ISSUED BY: Mark A. Bailey,
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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 80

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 81

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Monitoring Uses: (continued)

A meter test is performed whenever there appears to be a potential metering problem. Seller shall review all special metering situations which affect demand and energy quantities applicable to the billing period. A written determination shall accompany the bill explaining any adjustment or calculation that was made.

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 82

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 67

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Continuity of Service:

The Seller shall use all reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, by reason of force majeure, the Seller shall not be liable therefor, or for damages caused thereby. The term "force majeure", as used herein, shall mean Acts of God, accidents, strikes or other labor troubles, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the government, whether federal, state or local, civil or military, civil disturbances, explosions, breakage of or accident to machinery, equipment or transmission lines, inability to obtain necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws, or proclamations of governmental authorities, whether federal, state or local, civil or military, and any other forces which are not reasonably within the control of the Seller, whether like or unlike those herein enumerated.

Payment of Bills:

The Seller shall read meters monthly. Unless stated otherwise by a rate schedule to this tariff, electric power and energy furnished hereunder shall be paid for in Seller's designated office in immediately available funds monthly on or before the first working day after the twenty-fourth (24th) day of the month following service. If the Member shall fail to pay any such bill within such prescribed period, the Seller may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of the Member to pay the minimum bill.

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 81

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 82

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Continuity of Service:

The Seller shall use all reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, by reason of force majeure, the Seller shall not be liable therefor, or for damages caused thereby. The term "force majeure", as used herein, shall mean Acts of God, accidents, strikes or other labor troubles, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the government, whether federal, state or local, civil or military, civil disturbances, explosions, breakage of or accident to machinery, equipment or transmission lines, inability to obtain necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws, or proclamations of governmental authorities, whether federal, state or local, civil or military, and any other forces which are not reasonably within the control of the Seller, whether like or unlike those herein enumerated.

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System

P.S.C. KY. No. 25

Original SHEET NO. 83

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 68

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program:

As a member of the Midwest ISO, Big Rivers is bound by the Emergency Operating Procedures ("EOPs") established and communicated by the Midwest ISO. Big Rivers relies on the Midwest ISO to determine and communicate directives or instructions when a transmission emergency is occurring in the Bulk Power System affecting Big Rivers' transmission system operated at 100 kV or above. Big Rivers is obligated to follow the Midwest ISO EOPs. However, Big Rivers may also be required to implement the following Transmission Emergency Control Program in order to safely deliver power to its Members especially for the Big Rivers transmission system operated at below 100 kV.

[T] ↓

a. Purpose:

To provide a plan for the systematic expeditious restoration of electric service following a transmission system disturbance.

b. Procedures:

(1) Awareness:

The first indication of a transmission system disturbance will most likely be displayed on Big Rivers' SCADA system available to its system supervisors in the energy control center. From the SCADA alarms, the system supervisor can determine the general nature and extent of the disturbance.

[T] [T]

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This comparison provided to show Big Rivers' Proposed Tariff – PSC KY No. 26 in Case No. 2013-00199 (Alcan Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 82

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 83

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program:

As a member of the MISO, Big Rivers is bound by the Emergency Operating Procedures (“EOPs”) established and communicated by the MISO. Big Rivers relies on the MISO to determine and communicate directives or instructions when a transmission emergency is occurring in the Bulk Power System affecting Big Rivers’ transmission system operated at 100 kV or above. Big Rivers is obligated to follow the MISO EOPs. However, Big Rivers may also be required to implement the following Transmission Emergency Control Program in order to safely deliver power to its Members especially for the Big Rivers transmission system operated at below 100 kV.

a. Purpose:

To provide a plan for the systematic expeditious restoration of electric service following a transmission system disturbance.

b. Procedures:

(1) Awareness:

The first indication of a transmission system disturbance will most likely be displayed on Big Rivers’ SCADA system available to its system supervisors in the energy control center. From the SCADA alarms, the system supervisor can determine the general nature and extent of the disturbance.

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ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

FOR DISCUSSION PURPOSES ONLY

This comparison provided to show
**Big Rivers’ Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)**

versus

**Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)**



Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25 Original SHEET NO. 84 CANCELLING P.S.C. KY. No. 24 Original SHEET NO. 69

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program: (continued)

(2) Localized Emergency:

If the disturbance is localized, the system supervisor will proceed to sectionalize the faulted line sections by use of the SCADA system, radio controlled switches and manually operated line switches. In sectionalizing faulted line sections, the system supervisor will attempt to sectionalize in such a way to minimize the interruption of electric energy provided to the Member Cooperatives and any other wholesale customers in a manner consistent with the Midwest ISO's OATT curtailment provisions. Big Rivers' transmission department personnel, as well as the Members' personnel, will be dispatched to carry out any required manual switching operations when the faulted line section has been isolated. The Transmission Department is notified of the faulted line sections and performs the required line repairs and releases the line to the system supervisor for re-energization.

(3) Widespread Emergency:

If a widespread transmission disturbance or the loss of service to multiple distribution substations exists, the system supervisor will declare an "extreme transmission emergency".

Upon the declaration of an extreme transmission emergency, the Service Restoration Coordinator ("SRC") will be notified and immediately will assume an operating position in the energy control center area.

The system supervisor will proceed to sectionalize the line sections and restore service to as many substations as possible in a similar fashion as described in the Localized Emergency Section. In sectionalizing faulted line sections, the system supervisor will attempt to sectionalize in such way to minimize the interruption of electric service provided to the Member Cooperatives and other transmission customers.

The SRC will establish and maintain contact with the appropriate personnel from each affected Member Cooperative, Big Rivers' transmission department personnel, and the system supervisor. Restoration efforts will continue with the following steps:

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FOR DISCUSSION PURPOSES ONLY

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 Original SHEET NO. 83 CANCELLING P.S.C. KY. No. 25 Original SHEET NO. 84

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program: (continued)

(2) Localized Emergency:

If the disturbance is localized, the system supervisor will proceed to sectionalize the faulted line sections by use of the SCADA system, radio controlled switches and manually operated line switches. In sectionalizing faulted line sections, the system supervisor will attempt to sectionalize in such a way to minimize the interruption of electric energy provided to the Member Cooperatives and any other wholesale customers in a manner consistent with the MISO's OATT curtailment provisions. Big Rivers' transmission department personnel, as well as the Members' personnel, will be dispatched to carry out any required manual switching operations. When the faulted line section has been isolated, the transmission department is notified of the faulted line section and performs the required line repairs and releases the line to the system supervisor for re-energization.

(3) Widespread Emergency:

If a widespread transmission disturbance or the loss of service to multiple distribution substations exists, the system supervisor will declare an "extreme transmission emergency".

Upon the declaration of an extreme transmission emergency, the Service Restoration Coordinator ("SRC") will be notified and immediately will assume an operating position in the energy control center area.

The system supervisor will proceed to sectionalize the line sections and restore service to as many substations as possible in a similar fashion as described in the Localized Emergency Section. In sectionalizing faulted line sections, the system supervisor will attempt to sectionalize in such way to minimize the interruption of electric service provided to the Member Cooperatives and other transmission customers.

[T]

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Your Touchstone Energy Cooperative 
 (Name of Utility)

For All Territory Served By
 Cooperative's Transmission System
 P.S.C. KY. No. 25
Original SHEET NO. 85
 CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 70

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program: (continued)

- (a) The SRC coordinates the efforts of the transmission department and Member Cooperatives to determine the full extent of system damage. An estimate is made of the time to restore full service to the distribution substations using only Big Rivers and available Member Cooperative work forces. [T]
- (b) If the system damages are so extensive that restoration with local labor only would result in prohibitively long outages, the SRC along with the transmission department and the Member Cooperatives' coordinator(s), will determine what additional equipment and labor is needed. [T]
- (c) The SRC will convey to the western area regional work plan coordinator the time, place and amount of needed equipment and labor. The coordinator will arrange to meet these needs from neighboring utilities. [T]
- (d) The SRC will establish a sequence of repair. This sequence is determined by working with the affected Member Cooperatives' coordinators who will have prioritized the restoration of their affected substations. The Member Cooperatives have chosen not to determine case specific restoration priorities due to the number of variables that are unpredictable (i.e. weather, restoration times for various distribution substations, time of day, personnel available, etc.). The Member Cooperatives maintain a list of critical customers. This list will be used to help determine the sequence of restoration. [T]
- (e) The SRC will monitor the progress of the restoration effort and will convey this information to the appropriate individuals for public dissemination. [T]
- (f) Effectiveness and timeliness of the restoration is reviewed after-the-fact by the Big Rivers' Operation Committee for possible procedural improvements. [T]

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 (Alcan Rate Case Proposed Tariff)
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 (Century Rate Case Proposed Tariff)



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26
Original SHEET NO. 84
CANCELLING P.S.C. KY. No. 25
Original SHEET NO. 85

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Transmission Emergency Control Program: (continued)

The SRC will establish and maintain contact with the appropriate personnel from each affected Member Cooperative, Big Rivers' transmission department personnel, and the system supervisor. Restoration efforts will continue with the following steps: [T]

- (a) The SRC coordinates the efforts of the transmission department and Member Cooperatives to determine the full extent of system damage. An estimate is made of the time to restore full service to the distribution substations using only Big Rivers and available Member Cooperative work forces. [T]
- (b) If the system damages are so extensive that restoration with local labor only would result in prohibitively long outages, the SRC along with the transmission department and the Member Cooperatives' coordinator(s), will determine what additional equipment and labor is needed. [T]
- (c) The SRC will convey to the western area regional work plan coordinator the time, place and amount of needed equipment and labor. The coordinator will arrange to meet these needs from neighboring utilities.
- (d) The SRC will establish a sequence of repair. This sequence is determined by working with the affected Member Cooperatives' coordinators who will have prioritized the restoration of their affected substations. The Member Cooperatives have chosen not to determine case specific restoration priorities due to the number of variables that are unpredictable (*i.e.*, weather, restoration times for various distribution substations, time of day, personnel available, *etc.*). The Member Cooperatives maintain a list of critical customers. This list will be used to help determine the sequence of restoration.
- (e) The SRC will monitor the progress of the restoration effort and will convey this information to the appropriate individuals for public dissemination.
- (f) Effectiveness and timeliness of the restoration is reviewed after-the-fact by the Big Rivers' Operation Committee for possible procedural improvements.

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 86

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 71

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Generation Deficiency Emergency Control Program:

As a member of the Midwest ISO, Big Rivers is bound by the Emergency Operating Procedures ("EOPs") established and communicated by the Midwest ISO. Big Rivers relies on the Midwest ISO to determine, declare and communicate when a capacity or energy emergency is forecasted, occurring or has ended in the Midwest ISO Balancing Authority Area. The Midwest ISO provides instructions to Big Rivers to manage capacity and energy emergencies. Big Rivers is obligated to follow the Midwest ISO EOPs. However, should Big Rivers' interconnection to the Midwest ISO be severed, by uncontrollable forces, Big Rivers may be required to implement the following Generation Deficiency Emergency Control Program in order to safely deliver power to its Members.

[T]

a. Purpose:

To provide a plan to recover from generation deficiencies other than deficiencies caused by fuel shortages.

b. Procedures:

(1) Awareness:

When the level of available generation power becomes insufficient to meet the projected total system sales, the following steps will be followed in the sequence listed until the generation and load are equal

(2) Sequential Steps of Action:

- (a) Determine capacity shortage based on generation limitations, pending weather forecast conditions, and forecasted load requirements.
- (b) Arrange economic power purchases from off-system sources as required to serve firm load commitments (and non-firm commitments if economically feasible).
- (c) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.
- (d) Curtail off-system short-term capacity sales.

[T]

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This comparison provided to show
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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. _____

26

Original

SHEET NO.

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CANCELLING P.S.C. KY. No. _____

25

Original

SHEET NO.

86

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Generation Deficiency Emergency Control Program:

As a member of the MISO, Big Rivers is bound by the Emergency Operating Procedures (“EOPs”) established and communicated by the MISO. Big Rivers relies on the MISO to determine, declare and communicate when a capacity or energy emergency is forecasted, occurring or has ended in the MISO Balancing Authority Area. The MISO provides instructions to Big Rivers to manage capacity and energy emergencies. Big Rivers is obligated to follow the MISO EOPs. However, should Big Rivers’ interconnection to the MISO be severed, by uncontrollable forces, Big Rivers may be required to implement the following Generation Deficiency Emergency Control Program in order to safely deliver power to its Members.

a. Purpose:

To provide a plan to recover from generation deficiencies other than deficiencies caused by fuel shortages.

b. Procedures:

(1) Awareness:

When the level of available generation power becomes insufficient to meet the projected total system sales, the following steps will be followed in the sequence listed until the generation and load are equal

(2) Sequential Steps of Action:

- (a) Determine capacity shortage based on generation limitations, pending weather forecast conditions, and forecasted load requirements.
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- (c) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.
- (d) Curtail off-system short-term capacity sales.

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
 Cooperative's Transmission System
 P.S.C. KY. No. 25

Original SHEET NO. 87

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 72

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Generation Deficiency Emergency Control Program: (continued)

- (e) Initiate startup of standby or reserved coal-fired generation if purchase power is unavailable. Startup or reserve generation (if any) will be initiated only to serve firm load requirements.
- (f) Start combustion turbine.
- (g) Implement a request to other utilities for emergency power purchases to meet firm load requirements.
- (h) Implement corporate energy conservation measures in the generating plants, transmission system, and office buildings.
- (i) Issue public appeals for all Member Cooperatives' consumers to reduce power usage on a voluntary basis, make direct calls to large industrial consumers, and implement procedures of the Seller's Voluntary Price Curtailable Service Rider. [T]
- (j) Initiate a voltage reduction action through Big Rivers' transmission facility control as well as working with the Member Cooperatives' representatives to accomplish this action at the distribution substations. [T]
- (k) Implement curtailment of off-system firm power sales.
- (l) Implement curtailment of power to Members' industrial consumers (on a rotating type basis as needed.)
- (m) Request load curtailment of Member Cooperatives. Determine amounts of load reduction required of each Member Cooperative and the anticipated length of curtailment. The Member Cooperatives will reduce load in accordance with their curtailment plan. Their curtailment plan will be developed considering the critical customers' loads on their systems. [T]

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 86

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 87

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Generation Deficiency Emergency Control Program: (continued)

- (e) Initiate startup of standby or reserved coal-fired generation if purchase power is unavailable. Startup or reserve generation (if any) will be initiated only to serve firm load requirements.
- (f) Start combustion turbine.
- (g) Implement a request to other utilities for emergency power purchases to meet firm load requirements.
- (h) Implement corporate energy conservation measures in the generating plants, transmission system, and office buildings.
- (i) Issue public appeals for all Member Cooperatives' consumers to reduce power usage on a voluntary basis, make direct calls to large industrial consumers, and implement procedures of the Seller's Voluntary Price Curtailable Service Rider.
- (j) Initiate a voltage reduction action through Big Rivers' transmission facility control as well as working with the Member Cooperatives' representatives to accomplish this action at the distribution substations.
- (k) Implement curtailment of off-system firm power sales.
- (l) Implement curtailment of power to Members' industrial consumers (on a rotating type basis as needed.)
- (m) Request load curtailment of Member Cooperatives. Determine amounts of load reduction required of each Member Cooperative and the anticipated length of curtailment. The Member Cooperatives will reduce load in accordance with their curtailment plans. Their curtailment plans will be developed considering the critical customers' loads on their systems.

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(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
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Your Touchstone Energy® Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 88

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 73

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program:

a. Purpose:

To provide a plan for reducing the consumption of electric energy on Big Rivers' system in the event of a severe coal shortage, such as might result from a general strike in the coal mines, or severe weather.

b. Procedures:

In the event of a potential severe coal shortage, such as one resulting from a general coal strike, Big Rivers shall review the inventory of its fuel stock to determine the quantity and quality of the recoverable fuel. This review shall be completed within the thirty (30) day period prior to the anticipated start of the emergency and the following steps will be implemented. These steps will be carried out to the extent not prohibited by contractual commitments or by order of the regulatory authorities having jurisdiction. After each curtailment of electric service, the generation levels will be adjusted to the new, reduced level in the calculation of the "day's operation" of remaining coal inventory.

- (1) To be initiated when fuel supplies are less than 30 days' operation of coal-fired generation and a continued downward trend in coal stock is anticipated:
(a) Advise all Member Cooperatives of the number of day's burn remaining.
(b) Optimize the use of non-coal-fired generation to the extent possible.
(c) For individual plants with coal inventories significantly under Big Rivers' average days supply, modify economic dispatch procedures to conserve coal at those locations.
(d) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.

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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)



Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 Original SHEET NO. 87 CANCELLING P.S.C. KY. No. 25 Original SHEET NO. 88

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program:

a. Purpose:

To provide a plan for reducing the consumption of electric energy on Big Rivers' system in the event of a severe coal shortage, such as might result from a general strike in the coal mines, or severe weather.

b. Procedures:

In the event of a potential severe coal shortage, such as one resulting from a general coal strike, Big Rivers shall review the inventory of its fuel stock to determine the quantity and quality of the recoverable fuel. This review shall be completed within the thirty (30) day period prior to the anticipated start of the emergency and the following steps will be implemented. These steps will be carried out to the extent not prohibited by contractual commitments or by order of the regulatory authorities having jurisdiction. After each curtailment of electric service, the generation levels will be adjusted to the new, reduced level in the calculation of the "day's operation" of remaining coal inventory.

- (1) To be initiated when fuel supplies are less than 30 days' operation of coal-fired generation and a continued downward trend in coal stock is anticipated: (a) Advise all Member Cooperatives of the number of day's burn remaining. (b) Optimize the use of non-coal-fired generation to the extent possible. (c) For individual plants with coal inventories significantly under Big Rivers' average days supply, modify economic dispatch procedures to conserve coal at those locations. (d) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 89
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 74

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (e) Implement corporate energy conservation measures in the generating plants, transmission system, and office buildings.
- (2) To be initiated when fuel supplies are less than 25 days' operation at the daily burn rate resulting after implementation of the actions in the above Section (1) of coal-fired generation and a continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives of the number of days' burn remaining.
 - (b) At coal-fired generating plants, substitute the use of oil or natural gas for coal as permitted by plant design, oil storage facilities and oil/natural gas availability.
 - (c) Curtail off-system short-term capacity sales.
 - (d) Arrange economic power purchases from off-system sources as required to serve firm load commitments (and non-firm commitments if economically feasible).
 - (e) Investigate possible fuel exchanges/purchases with neighboring utilities.
 - (f) Through use of the news media, and working with the Member Cooperatives, directly appeal to all consumers to voluntarily reduce their use of electric energy as much as possible, and in any case endeavor to reduce the non-essential usage of electricity.

DATE OF ISSUE January 15, 2013
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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26

Original SHEET NO. 88

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 89

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (e) Implement corporate energy conservation measures in the generating plants, transmission system, and office buildings.
(2) To be initiated when fuel supplies are less than 25 days' operation at the daily burn rate resulting after implementation of the actions in the above Section (1) of coal-fired generation and a continued downward trend in coal stocks is anticipated:
(a) Advise all Member Cooperatives of the number of days' burn remaining.
(b) At coal-fired generating plants, substitute the use of oil or natural gas for coal as permitted by plant design, oil storage facilities and oil/natural gas availability.
(c) Curtail off-system short-term capacity sales.
(d) Arrange economic power purchases from off-system sources as required to serve firm load commitments (and non-firm commitments if economically feasible).
(e) Investigate possible fuel exchanges/purchases with neighboring utilities.
(f) Through use of the news media, and working with the Member Cooperatives, directly appeal to all consumers to voluntarily reduce their use of electric energy as much as possible, and in any case endeavor to reduce the non-essential usage of electricity.

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versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 90
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 75

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (3) To be initiated – in the order indicated below – when fuel supplies are less than 20 days’ operation of coal-fired plants at the daily burn rate resulting after implementation of the actions in the above Sections (1) and (2) and continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives of the number of days’ burn remaining.
 - (b) Reduce or completely curtail all non-firm power sales starting with the lowest price transactions as influenced by term of commitment.
 - (c) Implement curtailment of off-system firm power sales.
- (4) To be initiated when fuel supplies are less than 15 days’ operation of coal- fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2) and (3) and a continued downward trend in coal stocks is anticipated.
 - (a) Advise all Member Cooperatives of number of days’ burn remaining.
- (5) To be initiated when fuel supplies are less than 10 days’ operation of coal-fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2), (3), and (4) and a continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives that this level of fuel supplies has been reached.
 - (b) Discontinue all emergency deliveries to neighboring utilities unless so ordered otherwise by the Commission or the FERC.
 - (c) Implement rolling native load curtailments.

[T]

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 89

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 90

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (3) To be initiated – in the order indicated below – when fuel supplies are less than 20 days’ operation of coal-fired plants at the daily burn rate resulting after implementation of the actions in the above Sections (1) and (2) and continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives of the number of days’ burn remaining.
 - (b) Reduce or completely curtail all non-firm power sales starting with the lowest price transactions as influenced by term of commitment.
 - (c) Implement curtailment of off-system firm power sales.
- (4) To be initiated when fuel supplies are less than 15 days’ operation of coal- fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2) and (3) and a continued downward trend in coal stocks is anticipated.
 - (a) Advise all Member Cooperatives of number of days’ burn remaining.
- (5) To be initiated when fuel supplies are less than 10 days’ operation of coal-fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2), (3), and (4) and a continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives that this level of fuel supplies has been reached.
 - (b) Discontinue all emergency deliveries to neighboring utilities unless so ordered otherwise by the Commission or the FERC.
 - (c) Implement rolling native load curtailments.

DATE OF ISSUE June 28, 2013
DATE EFFECTIVE July 29, 2013

FOR DISCUSSION PURPOSES ONLY

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Big Rivers’ Proposed Tariff – PSC KY No. 26
in Case No. 2013-00199
(Alcan Rate Case Proposed Tariff)

versus

Big Rivers’ Proposed Tariff – PSC KY No. 25
in Case No. 2012-00535
(Century Rate Case Proposed Tariff)

ISSUED BY: Mark A. Bailey,
President and Chief Executive Officer
Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25
Original SHEET NO. 91
CANCELLING P.S.C. KY. No. 24
Original SHEET NO. 76

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (d) Member Cooperatives are requested to maintain a minimum service level which is not greater than that required for protection of human life and safety, protection of plant facilities, and employees' security.
- (6) To be initiated as a measure of last resort when fuel supplies are decreased to 5 days' operation of coal-fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2), (3), (4), and (5) and a continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives that this level of fuel supplies has been reached.
 - (b) As a last resort, implement load shedding procedures for both Member Cooperatives and off-system customers as required to preserve the integrity of the electrical system. This procedure shall be coordinated with the Member Cooperatives in order to assure the minimum impact upon those services which are necessary for the protection of physical facilities.

c. Termination of Fuel Emergency:

[T]

The Fuel Emergency Control Program shall be terminated upon notice to the Commission, when the remaining days of operation of coal-fired generation is at least 30 days, coal deliveries have been resumed, and there is reasonable assurance the coal stocks are being restored to adequate levels.

[T]

DATE OF ISSUE January 15, 2013
DATE EFFECTIVE February 18, 2013

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(Name of Utility)

For All Territory Served By
Cooperative's Transmission System

P.S.C. KY. No. 26

Original SHEET NO. 90

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 91

RATES, TERMS AND CONDITIONS – SECTION 3

Special Rules Terms and Conditions – (continued)

Fuel Emergency Control Program: (continued)

- (d) Member Cooperatives are requested to maintain a minimum service level which is not greater than that required for protection of human life and safety, protection of plant facilities, and employees' security.
- (6) To be initiated as a measure of last resort when fuel supplies are decreased to 5 days' operation of coal-fired generation at the daily burn rate resulting after implementation of the actions in the above Sections (1), (2), (3), (4), and (5) and a continued downward trend in coal stocks is anticipated:
 - (a) Advise all Member Cooperatives that this level of fuel supplies has been reached.
 - (b) As a last resort, implement load shedding procedures for both Member Cooperatives and off-system customers as required to preserve the integrity of the electrical system. This procedure shall be coordinated with the Member Cooperatives in order to assure the minimum impact upon those services which are necessary for the protection of physical facilities.

c. Termination of Fuel Emergency:

The Fuel Emergency Control Program shall be terminated upon notice to the Commission, when the remaining days of operation of coal-fired generation is at least 30 days, coal deliveries have been resumed, and there is reasonable assurance the coal stocks are being restored to adequate levels.

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Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420



Your Touchstone Energy Cooperative
(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 25

Original SHEET NO. 92

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 77

RATES, TERMS AND CONDITIONS – SECTION 4

Definitions -

Unless stated otherwise within these Rates, Terms and Conditions, the following abbreviations and phrases will have the following meanings as of the effective date of this tariff –

1. "Big Rivers" shall mean Big Rivers Electric Corporation.
2. "Commission" shall mean the Kentucky Public Service Commission.
3. "CPT" shall mean the prevailing time in the Central Time Zone of the United States.
4. "DSM" shall mean Demand-Side Management.
5. "Existing Customer" shall mean any customer of a Member Cooperative served as of August 31, 1999.
6. "FERC" shall mean the Federal Energy Regulatory Commission.
7. "Kenergy" shall mean Kenergy Corp.
8. "Member" shall mean Jackson Purchase Energy Corporation, Kenergy Corp., or Meade County Rural Electric Cooperative Corporation.
9. "Member Cooperative" shall mean Jackson Purchase Energy Corporation, Kenergy Corp., or Meade County Rural Electric Cooperative Corporation.
10. "Member Cooperatives" shall mean, collectively, Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation.
11. "Members" shall mean, collectively, Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Cooperative Corporation.

[T]
↓

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Your Touchstone Energy® Cooperative

(Name of Utility)

For All Territory Served By
Cooperative's Transmission System
P.S.C. KY. No. 26

Original SHEET NO. 91

CANCELLING P.S.C. KY. No. 25

Original SHEET NO. 92

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Your Touchstone Energy Cooperative

(Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 25

Original SHEET NO. 93

CANCELLING P.S.C. KY. No. 24

Original SHEET NO. 78

RATES, TERMS AND CONDITIONS - SECTION 4

Definitions - (continued)

- 12. "Midwest ISO" shall mean the Midwest Independent Transmission System Operator, Inc., or any successor entity.
13. "New Customer" shall mean any customer of a Member Cooperative commencing service on or after September 1, 1999.
14. "OATT" shall mean the Midwest ISO Open Access Transmission, Energy and Operating Reserve Markets Tariff, as revised from time to time.
15. "Rural Customers" are retail customers of Members served under Standard Rate Schedule RDS.
16. "SEPA" shall mean the Southeastern Power Administration, an agency of the U.S. Department of Energy or any successor agency.
17. "Seller" shall mean Big Rivers Electric Corporation.
18. "Smelter" is the aluminum reduction facility of either Alcan Primary Products Corporation or Century Aluminum of Kentucky General Partnership.
19. "Smelter Agreements" are the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to a Smelter.
20. "Smelters" are the aluminum reduction facilities of Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, as further described under the Wholesale Smelter Agreements.
21. "Third-Party Supplier" or "Third-Party Suppliers" shall mean any supplier of wholesale electric service to Big Rivers other than SEPA and Henderson Municipal Power and Light. [T]

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Your Touchstone Energy Cooperative (Name of Utility)

For All Territory Served By Cooperative's Transmission System P.S.C. KY. No. 26 Original SHEET NO. 92 CANCELLING P.S.C. KY. No. 25 Original SHEET NO. 93

RATES, TERMS AND CONDITIONS – SECTION 4

Definitions – (continued)

- 11. "MISO" shall mean the Midcontinent Independent System Operator, Inc., or any successor entity. [T]
12. "OATT" shall mean the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff, as revised from time to time. [T]
13. "Rural Customers" are retail customers of Members served under Standard Rate Schedule RDS. [T]
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ISSUED BY: Mark A. Bailey, President and Chief Executive Officer Big Rivers Electric Corporation, 201 Third Street, Henderson, KY 42420

versus

Big Rivers' Proposed Tariff – PSC KY No. 25 in Case No. 2012-00535 (Century Rate Case Proposed Tariff)

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES**

CASE NO. 2013-00199

**Century Rate Case Proposed Tariff (PSC KY No. 25)
Case No. 2012-00535**

versus

**Alcan Rate Case Proposed Tariff (PSC KY No. 26)
Case No. 2013-00199**

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review of

Century Rate Case Proposed Tariff (PSC KY No. 25)

versus

Alcan Rate Case Proposed Tariff (PSC KY No. 26)

in Comparative Form

on Facing Sheets Side-by-Side



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY

OF

**ROBERT W. BERRY
CHIEF OPERATING OFFICER**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

DIRECT TESTIMONY
OF
ROBERT W. BERRY

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**DIRECT TESTIMONY
OF
ROBERT W. BERRY**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Robert W. Berry. I am employed by Big Rivers Electric Corporation (“Big
9 Rivers”), 201 Third Street, Henderson, Kentucky 42420 as its Chief Operating Officer.
10 I have held this position since February, 2013. Previously I served as Big Rivers’ Vice
11 President of Production from the closing of the transaction that unwound Big Rivers’
12 1998 lease with E.ON U.S., LLC and its affiliates (the “Unwind Transaction”),
13 described in Case No. 2007-00455. Prior to the closing of the Unwind Transaction, I
14 was employed by Western Kentucky Energy Corporation (“WKE”) for 11 years
15 beginning as a Maintenance Manager in 1998. I held the position of Plant Manager at
16 the Coleman Generating Station from 2000 until 2003 at which time I became the Plant
17 Manager of the Sebree Generating Station. Altogether, I have over 32 years of
18 experience in this system, having worked for both Big Rivers and WKE since 1981.

19 **Q. Have you previously testified before the Kentucky Public Service Commission**
20 **(“Commission”)?**

21 A. Yes. I testified most recently on behalf of Big Rivers in its last general rate case, Case
22 No. 2012-000535 (the “Century Rate Case”), and in its 2012 Environmental
23 Compliance Plan case, Case No. 2012-00063.

24

1 **II. PURPOSE OF TESTIMONY**

2

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to: (i) describe Big Rivers' generating assets and the
5 performance of its generating units; (ii) describe how Big Rivers derived the
6 production-related capital and production-related operation and maintenance ("O&M")
7 expense included in the forecast filed in this case; (iii) describe the efforts Big Rivers
8 has undertaken, and intends to take, to mitigate the effects of the contract termination
9 by Alcan Primary Products Corporation ("Alcan"); (iv) briefly describe Big Rivers'
10 production cost modeling and load forecast; (v) describe Big Rivers' proposal to
11 eliminate its LICX tariff; and (vi) support certain filing requirements.

12 **Q. Are you sponsoring any exhibits?**

13 A. Yes. I am sponsoring the following exhibits:

- 14 1. Exhibit Berry-1 Forecasted Production Non-Labor Fixed Departmental
15 Expenses (FDE); and
16 2. Exhibit Berry-2 Forecasted Production Capital Work Plan.

17

18 **III. PLANT PERFORMANCE**

19

20 **Q. Please describe Big Rivers' power production resources.**

21 A. Big Rivers currently owns and operates 1,444 MW of net generating capacity in four
22 power stations: (i) Kenneth W. Coleman Station (443 MW) in Hawesville, Kentucky;
23 (ii) Robert A. Reid Station (130 MW) in Robards, Kentucky; (iii) Robert D. Green

1 Station (454 MW) in Robards, Kentucky; and (iv) D. B. Wilson Station (417 MW) in
2 Centertown, Kentucky. Big Rivers also has contractual rights to 197 MW from the
3 “Station Two” units owned by Henderson Municipal Power and Light (“HMP&L”) and
4 178 MW from the Southeastern Power Administration (“SEPA”), for a total net
5 capacity availability of 1,819 MW. The SEPA contract is currently *in force majeure*
6 due to safety issues at the Wolf Creek and Center Hill dams, so Big Rivers is only
7 receiving a run-of-the-river schedule that it has the right to refuse. Based on current
8 expectations, Big Rivers is assuming the full 178 MW of SEPA capacity will be
9 unavailable to be scheduled by Big Rivers until January 2015.

10 **Q. Has the Station Two capacity changed since Big Rivers filed its last Rate Case?**

11 A. No. Big Rivers’ share of the Station Two capacity was 197 MW on January 15, 2013
12 when Big Rivers filled its last Rate Case. HMP&L has the contractual right to increase
13 or decrease its capacity reservation from Station Two up to 5 MW each year to meet the
14 needs of the City of Henderson and its residents. HMP&L’s most recent reservation
15 notice is for 115 MW through May 2014, 120 MW through May 2015, and beyond that,
16 for 125 MW through May 2018.

17 **Q. How does Big Rivers benchmark the reliability performance of its generating
18 units relative to others in the industry?**

19 A. A commonly used industry standard for measuring the reliability of coal-fired
20 generating units is the weighted average Equivalent Forced Outage Rate (“EFOR”).
21 Big Rivers determines EFOR for its generating system using the NERC Generator
22 Availability Data System (“GADS”) and can compare its EFOR against other utilities.
23 Big Rivers also relies on Equivalent Availability Factor (“EAF”) and Net Capacity

1 Factor (“NCF”) in making reliability comparisons to other utilities in the industry. Big
2 Rivers uses Navigant Consulting’s “Generation Knowledge Service” to compare its
3 plant reliability to similar units across the region.

4 **Q. How does Big Rivers’ generation reliability compare to that of other utilities?**

5 A. Overall, the Big Rivers generating fleet has been very reliable since closing of the
6 Unwind Transaction in July 2009, and has consistently performed in the top quartile in
7 EFOR, EAF, and NCF.

8 More specifically, in a five year benchmarking study completed in April 2013,
9 for the period from January 2008 through December 2012, the performance statistics
10 reveal the Big Rivers’ units were in the best quartile for the units in its peer group. For
11 the comparative period, the performance metrics for Big Rivers’ units compared to the
12 peer group are as follows:

<u>Big Rivers Units</u>		<u>Peer Group Best Quartile</u>	
EFOR	4.10%	EFOR	4.13% (lower is better)
EAF	90.64%	EAF	88.29% (higher is better)
NCF	81.24%	NCF	78.08% (higher is better)

14
15 Thus, as this NERC GADS data illustrates, the reliability of Big Rivers’
16 generating facilities compares quite favorably to others in the industry.

17
18 **IV. PRODUCTION-RELATED CAPTIAL AND FIXED DEPARTMENTAL**
19 **EXPENSE O&M**

20
21 **Q. How much does Big Rivers plan to spend on planned outage maintenance over the**
22 **next three years?**

1 A. Outage planning is an important part of Big Rivers' reliability strategy. Planners at
2 each station use the Big Rivers' outage planning process manual to ensure optimum
3 results from unit down time. Big Rivers anticipates more than [REDACTED] hours of planned
4 outage maintenance at an estimated cost of approximately [REDACTED] over the next
5 three years. This maintenance is necessary for Big Rivers to continue its trend of safe,
6 reliable, and economic generation portfolio performance.

7 **Q. If Big Rivers plans to spend approximately [REDACTED] dollars over the next three**
8 **years on planned outage maintenance, how much does it plan to spend on routine**
9 **non-outage operating and maintenance fixed departmental expense ("FDE")?**

10 A. Over the next three years, Big Rivers expects to spend [REDACTED] on routine non-
11 outage O&M net of HMP&L's share of Station Two. Exhibit Berry-1 shows Big
12 Rivers' production department's fixed non-labor expenses broken down by outage and
13 non-outage, by plant, and by year for 2014-2016.

14 **Q. What are Big Rivers' plans for asset replacement and capital improvements at its**
15 **power plants over the next three years?**

16 A. Big Rivers' current capital work plan includes more than [REDACTED] in capital
17 improvements and asset replacement for its generating units that are necessary to
18 maintain the reliability of its fleet consistent with prudent utility practice and meet the
19 needs of its members. Exhibit Berry-2 provides details of Big Rivers' production
20 department's current capital work plan.

21 **Q. Please explain how Big Rivers derived the planned outage expense included in the**
22 **2014 and 2015 forecasts.**

1 A. The scope and expense for planned outages are developed from a rigorous review of
2 multiple reports and documents. These documents include, but are not limited to,
3 previous post outage reports, previous third party inspection reports and
4 recommendations, lists of known preventative maintenance (“PM”) tasks and active
5 work orders identifying known equipment malfunctions. Big Rivers also uses a
6 computerized maintenance management system to plan and schedule predictive and
7 preventative maintenance inspections to track the condition of its power plant
8 equipment. These tasks include non-destructive testing and destructive metallurgical
9 analysis of boiler components and high energy piping systems; machinery vibration
10 monitoring and analysis; machine and equipment performance testing; digital
11 thermography; oil sampling; and routine visual inspections. The results of these tests,
12 inspections, and analyses are used to determine future needs and help develop planned
13 outage plans. Finally, each task selected for inclusion in an outage plan is individually
14 reviewed, fairly estimated, and then incorporated in the appropriate outage budget.

15 Note that because Big Rivers plans to idle its Wilson and Coleman Stations for
16 the reasons I discuss later in my testimony, Big Rivers has not forecasted any planned
17 outages on those units in the 2014 and 2015 forecasts.

18 **Q. Please explain how Big Rivers derived the non-outage FDE included in the 2014**
19 **and 2015 forecasts.**

20 A. Big Rivers’ non-outage O&M budget is developed through an arduous process of line
21 by line review by each respective department. The variable O&M costs for fuel,
22 pollution control reagent, and pollution control product and ash disposal are dependent
23 on generation volume which is calculated and supported by Big Rivers production cost

1 model. The line items for non-labor FDE O&M costs are split into two categories,
2 routine and special projects. The routine line items are generally calculated from
3 historical costs, which are reviewed and adjusted based on projected activities year over
4 year. The special project line items are mainly planned equipment maintenance
5 overhauls and other repairs that are determined using Big Rivers' maintenance
6 management program.

7 Big Rivers uses a computerized maintenance management system to plan and
8 schedule predictive and preventative maintenance inspections to track the condition of
9 its power plant equipment. These tasks include non-destructive testing and destructive
10 metallurgical analysis of boiler components and high energy piping systems; machinery
11 vibration monitoring and analysis; machine and equipment performance testing; digital
12 thermography; oil sampling; and routine visual inspections. The results of these tests,
13 inspections, and analyses are used to determine future maintenance needs for the
14 budget's special project lines. Each special project is then individually reviewed, fairly
15 estimated, and then incorporated in the appropriate departmental budget. Big Rivers
16 used the approved 2014 - 2016 financial plan to estimate the savings from idling units,
17 and incorporated the savings to arrive at the forecasted FDE.

18
19 **V. ALCAN CONTRACT TERMINATION AND MITIGATION STEPS**

20
21 **Q. What steps has Big Rivers taken to mitigate the effects of the Alcan contract**
22 **termination?**

1 A. As a result of Big Rivers receiving Alcan's Notice of Termination on January 31, 2013,
2 Big Rivers continues to implement its Load Concentration Analysis and Mitigation
3 Plan that was submitted to the Commission under petition for confidential treatment in
4 Big Rivers' 2012 Environmental Compliance Plan case, Case No. 2012-00063.¹ Big
5 Rivers has been implementing that plan since it received the Century termination notice
6 on August 20, 2012. The plan calls for several steps.

7 First, the plan calls for Big Rivers to petition the Commission for a rate increase
8 to help address any forecasted revenue shortfall stemming from Alcan's contract
9 termination. Big Rivers has addressed this step in the instant filing with the use of the
10 fully forecasted test period. Big Rivers also filed a rate case, the Century Rate Case, in
11 response to the Century termination notice as called for by the plan.

12 Second, the plan calls for Big Rivers to market all excess power when the
13 market price is greater than marginal generation cost. From a forecast standpoint, the
14 market prices in MISO for the 2013 and 2014 time frame indicate that off-system sales
15 margins will remain depressed as described in the last rate case, so this step is not
16 expected to be an effective mitigation method for the next few years.

17 Third, the plan calls for Big Rivers to idle or reduce generation when the market
18 price does not support the cost of generating. Big Rivers plans to address this step by
19 temporarily idling two of its power plants. I discuss this in more detail later in my
20 testimony.

¹ See Big Rivers' Response to KIUC's Second Request for Information, Item 2-44(b) in Case No. 2012-00063.

1 Fourth, the plan calls for Big Rivers to evaluate options to execute forward
2 bilateral sales agreements with counterparties, enter into wholesale power contracts,
3 and/or participate in capacity markets. Big Rivers is actively exploring these
4 alternatives. To that end, efforts are underway to find load replacement for the 850
5 MW currently being utilized by Century and Alcan (the “Smelters”). Big Rivers is
6 following a multi-pronged approach, with Big Rivers’ members focusing on economic
7 development opportunities within their respective service territories and Big Rivers’
8 Energy Services Department working to identify wholesale marketing opportunities for
9 the power. So far, Big Rivers has provided formal responses to four Requests for
10 Proposals (“RFPs”) from other utilities. Big Rivers has informally initiated discussions
11 with other potential parties, on a strictly confidential basis, to explore possible
12 opportunities for Big Rivers to market its excess power. Big Rivers has also considered
13 the possibility of selling or leasing generating units and would be willing to pursue such
14 an option should it prove beneficial to Big Rivers and its members. As of the date of
15 this filing, Big Rivers has offered to multiple parties the option to purchase the
16 Coleman and Wilson Stations.

17 To date, these efforts have not produced results; however, initiatives of this
18 nature take time, and market conditions change over time, so the present circumstances
19 are not indicative of future outcomes. Big Rivers will continue implementation of its
20 Load Concentration Analysis and Mitigation Plan, and will continue to seek other
21 alternatives that are cost-effective, such as asset sales or lease options as appropriate.

22 **Q. Do Big Rivers’ mitigation efforts have any chance of success given the low prices**
23 **in the current short-term wholesale power market?**

1 A. Yes. The Big Rivers generating units are some of the lowest cost generators in the
2 country. The Big Rivers generating units routinely achieve a 90 % dispatch rate in the
3 MISO market, which validates the competitive production cost of these units.

4 When considering the prices in the wholesale power market, it is important to
5 avoid an unreasonably narrow definition of the “market.” Big Rivers is very favorably
6 positioned in the context of potential long-term purchase power sale agreements or all-
7 requirements contracts. The MISO market prices referred to herein are not indicative
8 of long-term bilateral agreements. There is also a demonstrated demand for long-term
9 agreements. Numerous Kentucky utilities—including East Kentucky Power
10 Cooperative, Duke Kentucky, Louisville Gas & Electric, Kentucky Utilities Company,
11 and American Electric Power Company d/b/a Kentucky Power—have issued requests
12 for proposal for this type of power arrangement in recent months. In the last six
13 months, in the state of Kentucky alone there have been RFP’s issued seeking long term
14 power contracts for over 1,500 MW’s. By virtue of participating in MISO and
15 utilization of Big Rivers’ rights to 100 MW of TVA transmission, Big Rivers also has
16 opportunities to enter similar arrangements with other counterparties outside of
17 Kentucky. These kinds of arrangements are an important part of Big Rivers’ strategy,
18 and for these reasons, Big Rivers’ Mitigation Plan will provide an opportunity to
19 benefit its members when viewed in the broader perspective of the market’s medium-
20 and long-term horizons.

21 **Q. What is the expected timeframe for Big Rivers’ mitigation efforts to replace some**
22 **or all of the Smelter load?**

1 A. Big Rivers expects that attracting load or entering into bilateral sales contracts will
2 require three or four years to come to full fruition. Most new economic development
3 opportunities – e.g., the attraction of a new industrial facility to a greenfield or
4 brownfield site – often take six months for the outside party to finalize site selection,
5 with another eighteen to twenty-four months for environmental assessment/mitigation,
6 construction, and ramp-up to full load. The attraction of existing load served by others
7 ordinarily requires an entity to give its current wholesale provider anywhere from two
8 to five years notice of its intent to terminate its long term wholesale agreement. Even
9 the option of responding to a future RFP for long term purchased power might require
10 as much as six months for proposal evaluation and decision, with another six to twelve
11 months for finalizing contracts, and with delivery commencing some period of time
12 beyond that. At best, Big Rivers expects that any realistic alternative for finding
13 sizable, long-term sales options will take at least three years, and perhaps more, to be
14 fully realized.

15 If Big Rivers is able to sell or lease a generating unit, such a transaction could
16 be closed in less than three years. The timeframe to close a sale or lease transaction
17 would comprise the time required to negotiate the transaction and the time required to
18 obtain any required regulatory approvals.

19 If none of these efforts prove fruitful, Big Rivers would be able to replace some
20 or all of the smelter load through off-system sales when off-system market prices
21 increase to a level that would justify returning idled units to operational status. Big
22 Rivers currently projects that market prices will return to such a level in 2019.

1 **Q. Given these lead times, what is Big Rivers' plan for reducing production-related**
2 **costs, since Big Rivers will likely be unable to finalize sales contracts to replace the**
3 **Smelter load by January 31, 2014?**

4 A. Since it is likely that Big Rivers will be unable to replace the Smelter load before
5 January 31, 2014, Big Rivers intends to continue to implement its Load Concentration
6 Analysis and Mitigation Plan and curtail production to reduce the expense of full
7 production in a depressed market. The current plan is to idle two generating plants with
8 generating capacity of 850 MW in response to the Century and Alcan termination
9 notices to eliminate the variable cost of production and reduce the FDE, labor, and
10 labor overhead costs to Big Rivers' members. In its fully forecast test year filed in this
11 proceeding, Big Rivers assumed the Wilson and Coleman Stations will be idled as a
12 result of the Century and Alcan terminations. Big Rivers continues to evaluate a range
13 of options to arrive at the most cost-effective alternative possible for Big Rivers'
14 members. If a more cost-effective and viable alternative is identified, Big Rivers'
15 members will benefit, and Big Rivers will pursue the appropriate method(s) to allow
16 the net benefits to inure to its members.

17 Since Big Rivers received Century's Notice of Termination on August 20, 2012,
18 Big Rivers has deferred backfilling production vacancies in anticipation of a workforce
19 reduction due to potential idling of one or more of its generating stations. Big Rivers
20 has only backfilled positions that could not be physically and economically performed
21 with overtime of its remaining staff. This has created a significant amount of overtime;
22 however, it is Big Rivers' belief this is a prudent approach to reduce the number of
23 involuntary work force reductions after the Smelters exit the system.

1 **Q. Why did Big Rivers choose to idle the Wilson and Coleman Stations in the**
2 **forecast?**

3 A. As previously stated, the Load Concentration Analysis and Mitigation Plan calls for
4 Big Rivers to idle or reduce generation when the wholesale market price does not
5 support the total production cost of generating. Because the wholesale power market
6 continues to be depressed, temporarily idling generating plants to reduce fixed costs,
7 provides greater economic value to our members than generating and selling power in
8 the wholesale market.

9 Furthermore, with both smelters off the Big Rivers system, the Wilson unit is
10 not the optimal size for this smaller system. Big Rivers' peak demand after the
11 smelters exit will be approximately 650 MW. It would not be prudent for Big Rivers to
12 take the risk of losing more than 64% (417/650) of its required capacity when a single
13 unit trips off line. This type of event could lead to significant congestion charges
14 within Big Rivers' footprint, and would have the potential to expose Big Rivers'
15 members to substantial purchased power replacement costs.

16 Idling the Coleman Plant is appropriate for Big Rivers and its members because
17 the Coleman units: a) are the oldest in the generating fleet; b) require a higher quality,
18 more expensive fuel compared to other Big Rivers units; and c) have the least amount
19 of pollution control equipment installed. Historically, production costs for the Coleman
20 units are approximately \$2.00 - \$5.00/MWh higher than Green or Wilson.

21 **Q. When does Big Rivers expect the Wilson and Coleman Stations to be idled**
22 **assuming the Century contracts filed in Case No. 2013-00221 are approved by the**
23 **Commission?**

1 A. Big Rivers anticipates idling the Wilson Station beginning February 1, 2014. With
2 respect to Coleman, Big Rivers has entered into contracts with Kenergy Corp.
3 (“Kenergy”) and Century that, if approved by the Commission, would allow the
4 Hawesville facility to continue operations for a period of time. Big Rivers and Kenergy
5 filed those contracts with the Commission on June 12, 2013, in Case No. 2013-00221.
6 That case is still pending before the Commission.

7 In those new contracts, Century has agreed to install and maintain the
8 equipment and infrastructure that will be necessary for Century to continue its smelting
9 operations with the Coleman Station idled, at no cost to Big Rivers or its members. Big
10 Rivers is working closely with MISO, Century and other consultants to determine
11 exactly what equipment will need to be installed in order for Century to continue
12 substantial operations, without sacrificing system reliability, with Coleman Station
13 idled. Once this new equipment is in place, Big Rivers will be allowed to idle the
14 Coleman Station. Current estimates anticipate Coleman Station will be idled the earlier
15 of: a) When the appropriate equipment is installed to allow Century to operate at its
16 anticipated base load with Coleman idled or b) June 1, 2014.

17 **Q. Has Big Rivers forecasted any expenses in the test period to run Coleman Station**
18 **for reliability purposes as a result of Century continuing operations prior to the**
19 **time when Century installs the facilities necessary for it to continue operations**
20 **with Coleman Station idled?**

21 A. No. Under the new agreements among Big Rivers, Kenergy, and Century, Century will
22 reimburse Big Rivers for all costs resulting from Big Rivers’ entry into the transaction,
23 subject to a credit for transmission revenues Century pays to Big Rivers, if Big Rivers

1 is required to run the Coleman Station for reliability purposes. Thus, Big Rivers will be
2 subject to no unreimbursed expenses as a result of the agreement with Century.

3 **Q. Are there any transmission revenues from Century in the forecasted test period?**

4 A. No. At this time, the contracts among Big Rivers, Kenergy, and Century have been
5 filed with the Commission, but they have not been approved or executed. Until the
6 contracts are approved and executed, it would be speculative and inappropriate to
7 include revenues that could arise under the contracts in the forecast.

8 Moreover, Big Rivers is still uncertain at what Base Load MISO may determine
9 Century may operate with additional equipment installed or when Century will
10 complete installation of the equipment that will be necessary to allow the Century
11 facility to operate at its anticipated base load with Coleman idled. If Century continues
12 to operate without the new equipment in place, a System Support Resource (SSR)
13 agreement will be required, and the amount of transmission revenue received by Big
14 Rivers will be reduced to offset the SSR costs of Coleman. The transmission revenue
15 received by Big Rivers will depend whether Century operates under an SSR or decides
16 to operate at the Base Load and Coleman idled as defined under the proposed
17 agreements. Due to the uncertainty of Century's intentions, and the uncertainty around
18 when and how much transmission revenue Big Rivers might receive, it is inappropriate
19 to include any transmission revenue from Century in this filing. If Big Rivers does
20 receive transmission revenue from Century, then Big Rivers will pursue the appropriate
21 method(s) to allow the net benefits to inure to its members.

22 **Q. Will this latest production curtailment result in the loss of more jobs at Big**
23 **Rivers?**

1 A. Big Rivers expects to reduce as many as ninety-five (95) additional positions as a result
2 of the production curtailment due to termination of the Alcan contract in addition to the
3 positions reduced due to the Century contract termination. However, that will not be
4 necessary if Big Rivers is able to replace the Smelter load, or if the wholesale power
5 market prices increase to a level greater than or equal to the cost savings afforded Big
6 Rivers by idling the plant.

7 **Q. Has Big Rivers developed an estimate of how much the Alcan contract termination**
8 **contributes to the \$70.4 million revenue deficiency identified in this case?**

9 A. Yes. The Alcan contract termination accounts for all of the \$70.4 million revenue
10 deficiency and requested rate increase in this case.

11 **Q. What will Big Rivers do if mitigation efforts succeed after new rates become**
12 **effective?**

13 A. Big Rivers' mission is to provide safe, reliable, low-cost power to its members. While
14 the rate increase proposed in this case is aimed at mitigating the revenue impact to Big
15 Rivers resulting from the Alcan contract termination, Big Rivers is working very hard
16 to ensure that the proposed increase is temporary in nature. As Big Rivers is successful
17 in mitigating the adverse impacts of the Smelter contract terminations, Big Rivers'
18 members will benefit, and Big Rivers will pursue the appropriate method(s) to allow
19 the net benefits to inure to its members.

20

21 **VI. ENERGY SERVICES RELATED EXPENSES**

22

23 **Q. Please describe the MISO-related costs included in the forecast Big Rivers filed in**
24 **this case.**

1 A. Big Rivers included in its forecast a projection of all charges and credits associated
2 with participation in all three MISO markets (the Real Time, Day Ahead, and financial
3 transmission rights (“FTR”) markets). Among these are administration fees, energy-
4 related revenues and charges, transmission revenues and charges, FTR-related revenues
5 and charges, capacity costs, and costs which MISO passes on to all market participants
6 based on their activity within the markets. In addition to the energy-related revenues
7 and charges that Big Rivers included in this case through the outputs of the production
8 cost model, Big Rivers also included \$6,861,119 in net charges and credits for MISO in
9 the forecasted test period filed in this case.

10 **Q. Please describe the ACES fee included in Big Rivers’ forecast.**

11 A. Big Rivers has been a member-owner of ACES, formerly known as ACES Power
12 Marketing, since January 2003. ACES acts as Big Rivers’ agent to assist in managing
13 Big Rivers’ energy portfolio through generation dispatch, hourly and term trading,
14 origination, settlements, and FTR optimization. ACES also provides a suite of support
15 services such as energy risk management, portfolio modeling, contract administration,
16 and regulatory services. Big Rivers included \$2,271,665 for the ACES fees in the
17 forecasted test period filed in this case. These fees are incurred pursuant to the bilateral
18 agreement between Big Rivers and ACES.

19 **Q. How are the TVA transmission expense and associated revenues included in the
20 forecast filed in this case?**

21 A. Big Rivers holds the rights to a 100 MW transmission path across the TVA
22 transmission system. Big Rivers forecasted \$2,698,514 for the TVA transmission fees
23 based on the historical charges from TVA, and forecasted projected revenues of
24 [REDACTED] in the test period based on realized revenues from 2012.

1

2 **VII. MODELING AND LOAD FORECAST**

3

4 **Q. What is your role in the development of load forecasts and production cost models**
5 **that are used in the development of Big Rivers' budgets and forecasts?**

6 A. Energy Services personnel under my direction worked with GDS Associates, Inc. to
7 develop Big Rivers' load forecast. The load forecast is discussed in detail in the Direct
8 Testimony of Ms. Lindsay N. Barron. Energy Services and Production personnel under
9 my direction also worked with ACES on the production cost modeling that was used as
10 an input to Big Rivers' financial model.

11 **Q. How did Big Rivers develop the production cost modeling that is used in the**
12 **budget and forecast development process?**

13 A. Big Rivers contracts with ACES to run the production cost models that are used in the
14 Big Rivers financial model. (The Big Rivers financial model is described in the Direct
15 Testimony of Christopher A. Warren.) Big Rivers provides ACES with generating unit
16 operating characteristics (e.g., capacity, heat rates, outage rates, ramp rates, etc.), fuel
17 contract information, demand and energy forecasts, and other production cost model
18 input data. ACES develops price forecasts for energy and emission allowances. ACES
19 runs its Planning And Risk ("PAR") model, which models the MISO energy markets by
20 (i) dispatching Big Rivers' generation units economically based on Locational Marginal
21 Prices ("LMPs") and (ii) purchasing from the MISO market at an LMP to meet Big
22 Rivers' load needs. ACES then provides Big Rivers with PAR model output data that
23 is incorporated by Mr. Warren into Big Rivers' financial model.

1

2 **VIII. ELIMINATION OF LICX TARIFF**

3

4 **Q The LICX schedule in the Big Rivers proposed tariff has been eliminated. Please**
5 **explain the reasons for that change in Big Rivers' tariff.**

6 A Big Rivers is eliminating the LICX tariff schedule because it is no longer needed. The
7 LICX schedule, which was originally called rate schedule 10, was implemented
8 pursuant to an order of the Commission dated February 25, 2000, in *In the Matter of:*
9 *The Tariff Filing of Big Rivers Electric Corporation to Revise the Large Industrial*
10 *Customer Rate Schedule*, Case No. 99-360.

11 The Commission's order summarizes the reasons why rate schedule 10 was
12 proposed by Big Rivers and approved by the Commission. For example, the
13 Commission notes in that order at page 3 that Big Rivers was "in a unique situation
14 among the major electric utilities regulated by the Commission." It had just emerged
15 from bankruptcy having given up control over its generating units and retained limited
16 access to a power supply. At the time of that case, Big Rivers was forecasting
17 unexpectedly robust native load growth that could eventually exceed its power supply,
18 but had no capacity to absorb volatile prices in the wholesale market, and a desire to
19 preserve the benefits of the power supply it received in its bankruptcy plan for the
20 customers for which it was intended. The Commission allowed Big Rivers to segregate
21 its industrial customers into two classes: the existing customers, who received the
22 benefits of the existing power supply at system average pricing, and customers with
23 new or expanded load, whose power supply and pricing would be individually

1 negotiated by Big Rivers with suppliers in the wholesale power market. The
2 Commission observed on page 4 of its order that: “Typically, a utility not in Big
3 Rivers’ financial position and with control of its own generating capacity would have
4 ultimate control of how it would meet load growth and would not have the same
5 concerns that Big Rivers has regarding the availability and price of additional power
6 supply resources.”

7 Big Rivers regained control of its generating units in 2009 and, with the
8 imminent departure of the all the smelter load from its system, has no shortage of
9 system generation resources. So none of the reasons that supported original adoption of
10 rate schedule 10, now called rate schedule LICX, still exist. In fact, Big Rivers focus
11 now is on marketing its available system resources.

12 **Q Are there any retail customers currently being served by one of Big Rivers’**
13 **member cooperatives using power purchased from Big Rivers under rate schedule**
14 **LICX?**

15 A No.

16 **Q Does elimination of rate schedule LICX also eliminate the Real Time Pricing**
17 **mechanism in rate schedule LICX from Big Rivers’ tariff?**

18 A Yes. The Real Time Pricing mechanism has also become obsolete. The Commission
19 approved incorporating a Real Time Pricing mechanism into the language of the Big
20 Rivers then-rate schedule 10 by order dated February 1, 2008, in *In the Matter of:*
21 *Notice of Amendments to Existing Tariffs of Big Rivers Electric Corporation and*
22 *Kenergy Corp. to Implement a Voluntary Real-Time Pricing Pilot Program for Large*
23 *Commercial and Industrial Customers*, Case No. 2007-00164. Big Rivers’ current Real

1 Time Pricing mechanism should be terminated for the same reasons that the market-
2 pricing provisions of rate schedule LICX are being eliminated.

3 **Q Are any of Big Rivers' members currently taking service under the Big Rivers**
4 **Real Time Pricing mechanism?**

5 A No. No customer has taken service under that tariff provision.

6
7 **IX. FILING REQUIREMENTS FROM 807 KAR 5:001**

8
9 **Q. Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers'**
10 **compliance with forecasted period filing requirements under 807 KAR 5:001 and**
11 **its various subsections?**

12 A. Yes. I have, and I hereby incorporate and adopt those portions of Tabs 1-59 for which I
13 am identified as the sponsoring witness.

14
15 **X. CONCLUSION**

16
17 **Q. Do you have any closing comments?**

18 A. Yes. Big Rivers is requesting only the revenue it needs to continue to safely operate
19 and maintain its plants prudently in the future, maintain the value of its generating
20 assets, and meet its financial covenants. All of the \$70.4 million revenue deficiency is
21 related to the Alcan contract termination. The revenue deficiency far exceeds the entire
22 annual forecast for production maintenance costs, and while Big Rivers plans to reduce
23 expenses, it has no way to offset this revenue shortage with cost cutting initiatives. Big

1 Rivers must have the full amount of its requested increase, both in this case, and in the
2 Century Rate Case, to survive the revenue loss. This will allow Big Rivers to operate
3 in a manner that is in the best interest of its members, and all of their retail member
4 customers, and still satisfy the requirements of its loan agreements. Over time, Big
5 Rivers will be able to alleviate much if not all of these increases through the
6 implementation of its load mitigation plan. Big Rivers has generating resources that are
7 capable of producing low cost power that will be desired by others in the years to come.
8 While Big Rivers' members will experience a rate increase in the short-run, Big Rivers'
9 mitigation plan is a reasonable mechanism for decreasing member rates in the future.

10 **Q. What are your recommendations?**

11 A. I recommend that the Commission find that the forecast Big Rivers filed in this case is
12 reasonable and grant Big Rivers the full amount of the increase it is requesting. I also
13 recommend that the Commission approve Big Rivers' request to eliminate the LICX
14 tariff.

15 **Q. Does this conclude your testimony?**

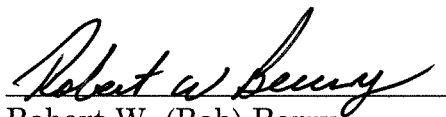
16 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

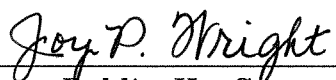
VERIFICATION

I, Robert W. (Bob) Berry, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Robert W. (Bob) Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. (Bob) Berry on this the 20 day of June, 2013.


Notary Public, Ky. State at Large
My Commission Expires _____

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

**Big Rivers Electric Corporation
Case No. 2013-00199
2014 - 2016 Non-Labor FDE Forecast**

Plant	Year	Outage \$ FDE	Routine \$ FDE	Total O&M
Wilson	2014			
Wilson	2015			
Wilson	2016			
Coleman	2014			
Coleman	2015			
Coleman	2016			
Green	2014			
Green	2015			
Green	2016			
R/SII	2014			
R/SII	2015			
R/SII	2016			
CMS	2014			
CMS	2015			
CMS	2016			
BREC	2014			
BREC	2015			
BREC	2016			

Excludes the City's Share of SII

Big Rivers Electric Corporation
Case No. 2013-00199
2014 - 2016 Capital Construction Forecast Summary

Exhibit Berry 2 is filed under a petition for confidential treatment.



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)	Case No.
CORPORATION FOR A GENERAL ADJUSTMENT)	2013-00199
IN RATES)	

DIRECT TESTIMONY

OF

DAVID G. CROCKETT
VICE PRESIDENT, SYSTEM OPERATIONS

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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DIRECT TESTIMONY
OF
DAVID G. CROCKETT

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4

**DIRECT TESTIMONY
OF
DAVID G. CROCKETT**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is David G. Crockett. I am employed by Big Rivers Electric Corporation
9 (“Big Rivers”), 201 Third Street, Henderson Kentucky, 42420, as its Vice President,
10 System Operations. I have held this position since January 2006. Prior to 2006, I held
11 several positions in the Engineering Department, and in 1998, assumed responsibility
12 for the Energy Control Department as Manager over both areas. Altogether, I have
13 been employed by Big Rivers for a total of 40 years. I am a registered Professional
14 Engineer in Kentucky. I graduated in 1972 from the University of Kentucky with a
15 Bachelor of Science degree in Electrical Engineering.

16 **Q. Have you previously testified before the Kentucky Public Service Commission**
17 **(“Commission”)?**

18 A. Yes. I most recently testified in the case relating to Big Rivers joining the
19 Midcontinent Independent System Operator, Inc. (“MISO”), which was formerly the
20 Midwest Independent Transmission System Operator, Inc., Case No. 2010-00043, in
21 Big Rivers’ last two rate cases, Case No. 2011-00036 and Case No. 2012-00535, and in
22 Big Rivers’ recent Environmental Compliance Plan case, Case No. 2012-00063.

23

24 **II. PURPOSE OF TESTIMONY**

25

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to: (i) provide an overview of the Big Rivers
3 transmission system; and (ii) describe how Big Rivers derived the transmission capital
4 and transmission operation and maintenance (“O&M”) expense included in the forecast
5 filed in this case.

6

7 **III. TRANSMISSION SYSTEM OVERVIEW**

8

9 **Q. Please describe the Big Rivers transmission system.**

10 A. Big Rivers owns, operates, and maintains a 1,285-mile transmission system and 22
11 substations. Twenty-two interconnects link the Big Rivers system with seven
12 neighboring utilities.

13 **Q. Is Big Rivers now a transmission-owning member of MISO?**

14 A. Yes. Big Rivers became fully integrated as a transmission-owning member of MISO
15 effective December 1, 2010.

16

17 **IV. TRANSMISSION CAPITAL AND FIXED DEPARTMENTAL EXPENSE O&M**

18

19 **Q. Please explain how Big Rivers derived the transmission capital costs included in
20 the forecast filed in this case.**

21 A. The development of the transmission capital forecast filed in this case was a
22 collaborative effort involving both the transmission and substation engineering staff
23 and the transmission field staff. Engineering supervision provided estimates of the
24 2014 and 2015 costs anticipated to be incurred on certain transmission line and

1 substation construction projects identified in Big Rivers' latest three-year construction
2 work plan.

3 The capital forecast also included estimates of the 2014 and 2015 costs for
4 recommended communication system addition or replacement projects. These project
5 cost estimates for calendar years 2014 and 2015 were developed from the most up-to-
6 date implementation schedules available as input in the forecast preparation process. In
7 addition, transmission field supervision provided estimates of 2014 and 2015 costs for
8 capital construction projects developed from their transmission maintenance program
9 recommendations and schedules. Engineering and transmission field supervision also
10 provided estimates of 2014 and 2015 costs for capital equipment purchases involving
11 little or no labor expense. Capitalized interest was calculated by the budget accounting
12 staff on the overall capital forecast consistent with the methodology used for
13 capitalizing interest on an actual basis. Engineering and transmission field
14 supervision provided the budget accounting staff with labor estimates based on both the
15 2014 and 2015 capital project requirements and the historical capitalized labor
16 amounts.

17 For information regarding Big Rivers' overall internal labor forecast
18 development process, please reference the Direct Testimony of Mr. Jeffrey R.
19 Williams.

20 The total transmission capital construction forecast estimate for 2014 is less
21 than the budget estimate for 2013, and the estimate for 2015 is less than the estimate for
22 2014. However, variability in the number, timing, and scope of the required capital

1 construction projects and capital equipment purchases make a year-to-year comparison
2 of transmission capital annual forecasts of limited significance.

3 **Q. Please explain how Big Rivers derived the fixed departmental expenses (“FDE”)**
4 **for transmission included in the forecast filed in this case.**

5 A. The transmission FDE included in the forecast filed in this case was also a result of
6 collaborative efforts by a number of departments in the Big Rivers organization. The
7 transmission maintenance FDE was derived in large part from estimates of the costs of
8 planned maintenance program activities for 2014 and 2015 as developed by
9 transmission field supervision. The maintenance FDE includes all materials, outside
10 contractor services, and vehicle expenses anticipated to be required to complete the
11 maintenance activities for the forecast years. Transmission field supervision also
12 developed the transmission operation FDE in large part from estimates of the costs of
13 planned operational activities for the forecast years. The operation FDE included all
14 materials, outside contractor services, and vehicle expenses anticipated to be required
15 to complete the planned operational activities for the forecast years. The transmission
16 operation FDE in the forecast also included all costs anticipated for 2014 and 2015
17 associated with operation of the 24x7 system operations center. For additional
18 information regarding Big Rivers’ overall FDE development process, please reference
19 the Direct Testimony of Mr. Jeffrey R. Williams.

20

21 **V. FILING REQUIREMENTS FROM 807 KAR 5:001**

22

1 Q. **Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers’**
2 **compliance with forecasted period filing requirements under 807 KAR 5:001 and**
3 **its various subsections?**

4 A. Yes. I have, and I hereby incorporate and adopt those portions of Tabs 1-59 for which I
5 am identified as the sponsoring witness.

6

7 VI. CONCLUSION

8

9 Q. **What are your conclusions and recommendations to the Commission in this**
10 **proceeding?**

11 A. From a transmission standpoint, Big Rivers is meeting its obligations to safely provide
12 low cost and reliable transmission service to its customers. Big Rivers is satisfying its
13 reliability obligations and is working to optimize its membership in MISO. Big Rivers
14 needs sufficient rates not only to be able to continue to offer safe and reliable
15 transmission service, but also to perform all of the other functions necessary to provide
16 low cost power to its members. Consequently, and as further explained in the Direct
17 Testimonies of Mr. Mark A. Bailey, Ms. Billie J. Richert, and Mr. Robert W. Berry, the
18 Commission should approve the full amount of the rates proposed by Big Rivers.

19 Q. **Does this conclude your testimony?**

20 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION

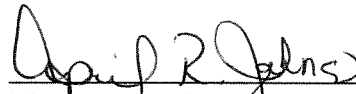
I, David G. Crockett, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



David G. Crockett

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by David G. Crockett on this
the 19th day of June, 2013.



Notary Public, Ky. State at Large
My Commission Expires 8-9-14



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY

OF

DANIEL M. WALKER

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

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OF
DANIEL M. WALKER

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**DIRECT TESTIMONY
OF
DANIEL M. WALKER**

I. INTRODUCTION

Q. Please state your name and address.

A. My name is Daniel M. Walker. I am an advisor on cooperative finance. My business address is 7106 University Drive; Richmond, VA 23229.

Q. Please describe your relevant experience and educational background.

A. I hold a Bachelor's degree from Appalachian State University and a Master of Business Administration degree from the University of Richmond. I have published articles in the College of William & Mary Business Review, EPRI Research Journal, and Public Utilities Fortnightly on regulation. I have served as Director of Public Utility Accounting and Finance for the Virginia State Corporation Commission and as a public utility consultant, testifying in civil and administrative cases in Virginia, Florida, Kentucky, Ohio, Arizona, and Alaska. In addition, I have served as the Chief Financial Officer for Old Dominion Electric Cooperative for 21 years. In that capacity, I have been directly responsible for the issuance of approximately \$3 billion of capital market financings. Also, in that capacity, I have testified on behalf of Old Dominion or its members before the Virginia State Corporation Commission, the Maryland Public Service Commission, the Delaware Public Service Commission, and the Federal Energy Regulatory Commission. As an advisor to generation and transmission cooperatives ("G&Ts"), I have assisted G&Ts across the country in placing over \$3 billion of financing in the capital markets. Also, as a financial advisor, I have testified

1 on behalf of G&Ts and distribution cooperatives before public service commissions in
2 Kentucky, Alaska, and Virginia.

3 **Q. What is the purpose of your testimony?**

4 A. I have been asked by Big Rivers Electric Corporation (“Big Rivers”) to prepare an
5 independent appraisal of Big Rivers’ ability to attract necessary capital in order to
6 continue to provide adequate electric service to its members. I will also give my
7 recommendation for an appropriate Times Interest Earned Ratio (“TIER”) for Big
8 Rivers’ rates.

9 **Q. Please summarize your testimony and recommendations.**

10 A. I have found that, based on Big Rivers’ rating reports and my experience with
11 cooperatives in the capital markets, Big Rivers’ financial future is at a crossroad, and its
12 ability to issue new debt is in jeopardy. I have proposed a TIER range for the
13 Commission to consider which in the future will provide an opportunity for Big Rivers
14 to attract funds in the capital markets. Recognizing that Big Rivers needs to repair its
15 credit profile, I have outlined a transition plan that I believe over time will provide Big
16 Rivers access to capital market funding in the future.

17

18 **II. CURRENT REPORT CARD ON COOPERATIVE LENDING**

19

20 **Q. Would you give an overview of how G&T cooperatives fund their capital needs?**

21 A. Twenty years ago G&T cooperatives enjoyed relatively easy access to capital through
22 the Federal programs such as the Rural Electric Administration. While this capital was
23 relatively inexpensive compared to the capital markets, it did require between six

1 months and twenty four months to satisfy loan conditions. The low cost capital
2 allowed G&Ts to build large generation units and thus achieve efficiencies to assist in
3 the development of rural economies.

4 **Q. Do G&Ts have the same access to capital today?**

5 A. No. The financing landscape for G&Ts has become very complex.

6 **Q. Would you explain?**

7 A. Because of political pressure and fiscal concerns, timely direct loans from the US
8 Government have become difficult to obtain. As a result, most of the major G&Ts
9 have retired their RUS mortgages and adopted a capital “market friendly” indenture in
10 order to borrow directly from the capital markets. Big Rivers adopted such an
11 indenture in 2009.

12 **Q. Has adopting the market-friendly indenture improved the G&T cooperatives’
13 ability to attract capital?**

14 A. The results have been mixed.

15 **Q. Would you explain?**

16 A. In the past, utilities were considered a safe haven for bondholders providing long term
17 capital and commercial banks providing short term capital. Enron and World Com
18 proved to the financial world that utilities were no longer safe havens. As a CFO
19 during that time, I learned firsthand how difficult attracting capital can be, even for a
20 cooperative with strong credit ratings. Bondholders, commercial banks, CFC and
21 CoBank began to focus on a cooperative’s credit profile. Emphasis on credit quality
22 was intensified even further during the recent credit crisis that started in 2008.

23 **Q. Why is credit quality important to cooperatives?**

1 A. Both the short term and long term capital markets are very competitive. Lenders have
2 many choices on how they deploy their available funds. For example, lenders like
3 insurance companies (a favorite lender to cooperatives) allocate available funds based
4 on credit strength. As such, cooperatives with strong credit (rating in the “A” category)
5 qualify for a larger “pot” of funds than cooperatives at the “BBB” credit ratings. In
6 some situations, capital is either not available for cooperatives with low ratings or is
7 very expensive. An example is Big Rivers. With current ratings of Ba1 from Moody,
8 BB- from S&P, and BB from Fitch, it is not likely that Big Rivers can finance in the
9 capital market at reasonable rates.

10 **Q. Are there other concerns about cooperatives in the capital markets?**

11 A. Yes. The capital markets have become an important source of capital for G&T
12 cooperatives. Since 2009, over \$4 billion has been raised for cooperatives in the capital
13 markets. However, in general cooperatives have considerably less “market liquidity”
14 than Investor Owned Utilities (“IOUs”). IOUs issue billions of dollars in the capital
15 market while cooperatives by comparison issue very little debt in the capital markets.
16 As such, commercial bankers and bondholders devote much more of their attention to
17 IOUs than to cooperatives. In other words, cooperatives have to work harder to assure
18 they can attract capital regardless of their ratings.

19 **Q. How does a G&T cooperative position itself to attract capital?**

20 A. To attract capital, a cooperative must maintain a solid credit profile and, as a regulated
21 utility, earn its cost of capital.

22

1 **III. COST OF CAPITAL AND DEBT RATING**

2

3 **Q. How do you define the required rate of return or cost of capital used to set rates**
4 **for a cooperative?**

5 A. In the regulatory arena, the cost of capital is a measure of a “fair” rate of return:

6 At a minimum a public utility must be afforded the opportunity not only
7 of assuring its financial integrity so that it can maintain its credit
8 standing and attract additional capital as needed, but also of achieving
9 earnings (margins) comparable to those of other companies having
10 corresponding risk.¹

11

12 This is a fundamental principle of finance whether the utility is regulated or
13 unregulated. For a cooperative using TIER (interest coverage) to set rates, the rate of
14 return is the margin left over after covering all costs expressed as a ratio of margin to
15 interest cost. In determining a rate level, the ability to attract adequate capital is
16 properly considered a basic test of a fair return. A utility must be able to attract capital
17 at a reasonable cost in order to build and maintain physical plants and to meet its public
18 service obligations. Failure to maintain the financial integrity of a cooperative is
19 contrary to the interests of its members as well as the providers of capital.

20 **Q. How do you determine the appropriate risk parameters?**

21 A. The most important sources of an independent evaluation of risk and credit are the three
22 major rating agencies: Standard & Poor’s (S&P), Moody’s Investors Service
23 (Moody’s), and Fitch. It is fundamental that expected returns are directly related to the
24 perceived risk of an investment. It follows that if the risk of a particular cooperative
25 and other rated cooperatives are similar, their respective cost of capital should be

¹ Charles Phillips, Jr., “The Regulation of Public Utilities,” Public Utilities Reports, Inc., p. 331.

1 similar. In most cases, to determine the cost of capital for a cooperative one would
2 compare its financial performance with cooperatives of similar risk as determined by
3 the three major rating agencies. In other words, to attract capital it is reasonable to
4 assume the lenders would expect cooperatives with similar risk to have similar financial
5 performance.

6 **Q. Is Big River currently rated?**

7 A. Yes. Big Rivers is rated Ba1 from Moody's, BB by Fitch, and BB- by S&P.

8 **Q. What is the significance of these ratings for Big Rivers?**

9 A. These ratings are the lowest ratings for a G&T cooperative in the industry. I am not
10 aware of any G&T that has issued debt in the capital market with ratings this low.

11 **Q. Could you briefly explain what factors are considered important by the rating
12 agencies in assessing a cooperative's risk?**

13 A. While each of the rating agencies has a different rating methodology, they tend to
14 concentrate their evaluation of cooperatives in several areas. A "credit negative" in one
15 agency may also be a credit concern in the other agencies. General areas of evaluation
16 are:

- 17 1) Financial Performance
- 18 2) Flexibility to Change Rates/Regulatory Environment
- 19 3) Long-Term Wholesale Contract with Members
- 20 4) Member Profile
- 21 5) Size

1 rate regulated. Cooperatives that serve in states that are rate regulated have more
2 difficulty raising rates compared to peers that are subject only to their boards of
3 directors for authority to change rates. An unsupportive regulatory jurisdiction is a
4 credit negative and leaves cooperatives with less flexibility to raise rates if needed. Of
5 the 26 rated G&T cooperatives, only three are state regulated for rates, and three are
6 regulated by the Federal Energy Regulatory Commission (“FERC”). The FERC
7 regulated G&Ts use a flexible automatic adjustment formula to adjust rates. In
8 Moody’s evaluation of risk, financial performance and rate flexibility account for 60%
9 of the credit evaluation.

10 3. Long-term Wholesale Contracts

11 The contracts between cooperatives and their members provide a high degree of
12 assurance that costs and capital investments can be recovered in rates. The trend in the
13 industry is to extend existing contracts for 30 or more years. Cooperatives such as
14 Oglethorpe have extended their member contract to 2050. Most lenders, either in the
15 capital market or RUS, are generally not issuing new loans beyond the maturity date of
16 existing wholesale power contracts. Shorter maturities result in a fewer number of
17 years to recover fixed costs, thus increasing the cost per year. This situation is
18 considered a credit negative by the rating agencies. Generally, the longer the contract
19 the greater the assurance the cost of assets will be recovered and the debt repaid.

20 4. Member Profile

21 The member profile is important because it is the members that are the primary
22 source of cash flow. The credit strength of the members, whether they are “end-of-
23 line” member consumers or purchase for resale distribution members of a G&T

1 cooperative, is an important factor to the credit strength of the cooperative. If a
2 cooperative has members with poor credit fundamentals, it is a credit negative for the
3 system.

4 5. Size

5 This factor, while the least important, still matters. The larger the entity, the
6 greater the ability to withstand unexpected events. Also, the greater the size, the
7 greater the ability to take advantage of economic diversity, such as fuel mix and new
8 generation. On the other hand, smaller utilities or utilities with potential for substantial
9 load loss have difficulty adjusting to significant events.

10 **Q. Would you explain how credit positives and credit negatives work in particular**
11 **applications?**

12 A. Each utility has its own “basket of risks” to manage and still provide service on a daily
13 basis. Most experts would agree that each utility has a collection of factors that are
14 either credit positives or credit negatives. Since the credit crisis in 2008, and the earlier
15 collapse of Enron, the ability to maintain credit standing has become demanding and
16 difficult. In 2002, subsequent to the Enron collapse, there were substantially more
17 downgrades than upgrades by S&P. The challenges for a utility are to mitigate credit
18 negatives and improve credit positives when possible. Unfortunately, each utility has
19 some credit negatives that are outside its ability to control. Weather and unexpected
20 economic conditions that impact demand are good examples.

21 Within a rating category each cooperative has different credit negatives and
22 positives. For example, two cooperatives may have the exact same credit rating.
23 Cooperative (A) may build into rates a higher TIER that could be a credit positive but

1 have a credit negative in that flexibility may be limited, such as with rate regulation.
2 Cooperative (B), on the other hand, may build into rates a lower TIER coverage, which
3 by itself would be a credit negative. However, this credit negative could be mitigated if
4 the cooperative has the flexibility to adjust rates when needed to cover changing cost
5 levels. In Big Rivers' case, in general, its past financial performance has been a credit
6 positive; however, its load concentration in two large industrial customers has been a
7 huge credit negative. The key in any credit evaluation is whether the credit negatives
8 outweigh the credit positives and to what degree lenders are exposed to a cooperative's
9 risk.

10 **Q. How important is it to maintain a healthy financial position?**

11 A. Failure to maintain financial integrity is contrary to the interests of consumers as well
12 as lenders:

13 An immediate effect of low earnings and earnings of low quality is to
14 increase the financial risks of investors, and thus lead to the
15 downgrading of securities by the rating agencies. Downgrading, in turn,
16 means that the bonds must carry higher interest rates, a charge which is
17 passed along to customers. Such downgrading has become a familiar
18 phenomenon in the utility scene The bonds of many utilities are now
19 rated at levels so low that many institutional investors are barred by law
20 from purchasing them, and interest rates must be raised in order to sell
21 the securities within a much smaller market. These additional capital
22 costs force rate increases which otherwise would not be necessary,
23 without improving the financial condition of the utilities or their ability
24 to raise money on a low cost basis. An equally serious result of limited
25 capability to raise money is the inability of the utilities to make the
26 investments required in order to achieve the optimum economics of
27 service.²

28
29 In today's utility credit environment, the basis for capital attraction is the credit
30 evaluation process. Whether the lenders are program lenders (CFC, CoBank), bond

² Report of an Informal Task Force to the Energy Transition Team, "Recommendations for Restoration of Financial Health to the U.S. Electric Power Industry" (mimeographed, December 17, 1980), pp. 11-12.

1 investors, commercial banks, or trade vendors, they all rely on an evaluation of credit to
2 determine if capital or credit should be advanced. In addition, this evaluation may also
3 determine the nature of terms and conditions for capital or credit.

4 **Q. How do you develop a TIER recommendation using ratings and financial**
5 **performance?**

6 A. To attract capital, potential bondholders rely on bond rating and an analysis of a G&T's
7 financial performance. I have attached several exhibits to my testimony. These
8 exhibits are very similar to those used by the rating agencies and prospective
9 bondholders to analyze a G&T's financial performance. Exhibit Walker-1 shows the
10 rated G&T cooperatives, their ratings and their 2011 TIERS. Exhibit Walker-2 shows
11 the G&Ts debt service coverage ("DSC") ratio. Finally, Exhibit Walker-3 shows the
12 ratio of equity. A summary of the average financial matrices for each rating group is
13 shown below:

14 **Based on 2011 Data**

	<u>TIER</u>	<u>DSC</u>	<u>Equity</u>
15 A+	1.64x	2.20x	25.93x
16 A	1.80x	1.86x	23.10x
17 A-	1.50x	1.50x	17.26x
18			
19			
20 BBB	1.48x	1.25x	10.2x
21			

22 **Q. Based on this data, what is your recommendation for the TIER for an investment**
23 **grade rating?**

24 A. In order to attract capital in the capital markets and retain an investment grade rating, I
25 believe a G&T should set rates to earn, on a consistent basis, a TIER in the range of

1 1.40x to 1.60x. Financial performance at this level would result in the most efficient
2 bond pricing and terms and conditions consistent with the G&T's indenture.

3 **Q. Would you recommend 1.40x to 1.60x for Big Rivers?**

4 A. If Big Rivers had debt ratings in the investment grade range and heavy capital
5 expenditure, I could recommend a range between 1.40x to 1.60x. However, Big Rivers
6 is in a transition period as a result of the loss of revenues from two large aluminum
7 smelting loads and at the same time trying to mitigate the rate impact on its members.
8 Balancing these opposing forces is critically important. From a credit perspective,
9 which directly impacts access to future capital, it will be extremely important to
10 accomplish several credit objectives in this case.

11 **Q. Would you explain?**

12 A. First, a little more background is needed. In most cases, the TIER recommendation is
13 centered around the "return" required to attract capital. With the loss of the smelter
14 loads and corresponding loss of margin contribution, Big Rivers' financials and credit
15 profile have been adversely affected. Big Rivers is in a state of transition. It is
16 important to maintain balance and try to restore a degree of "certainty" in its revenue
17 stream. Certainty will allow Big Rivers to rebuild its credit profile. Once the credit
18 profile improves so does the opportunity to attract capital in the capital markets.

19 **Q. Big Rivers has proposed a TIER of 1.24x. Will this level allow it to attract capital?**

20 A. An authorized TIER of 1.24x with its current debt rating will not allow Big Rivers to
21 finance its capital needs at reasonable cost and terms and conditions in the capital
22 markets. However, a TIER at this level if earned on a consistent basis will start the
23 recovery process. Until Big Rivers rebuilds its credit profile, potential sources of long

1 term capital may be limited, at best, to CoBank, CFC, or RUS. Even these lenders will
2 not be available to Big Rivers if rate relief is not adequate to recover debt service.

3 **Q. Do you have other concerns?**

4 A. It is one thing to be authorized a TIER of 1.24x; however, it is something else to
5 actually achieve a margins for interest ratio (“MFI”) of 1.10x. A second unanswered
6 question is. “Will the proposed rates based on a TIER of 1.24x actually result in a MFI
7 greater than 1.10x?” It is critical that Big Rivers’ MFI not fall below the 1.10x for the
8 reasons explained in the Direct Testimony of Ms. Billie J. Richert.

9

10 **IV. CONCLUSION**

11

12 **Q. Would you summarize your recommendations?**

13 A. Yes. First, I recommend that the Commission adopt a target TIER range for Big Rivers
14 from 1.40x to 1.60x. Second, I recommend that at this point in time, the Commission
15 set the actual TIER for Big Rivers’ rates at 1.24x, as described in the Direct Testimony
16 of Ms. Billie J. Richert.

17 **Q. Does this complete your testimony?**

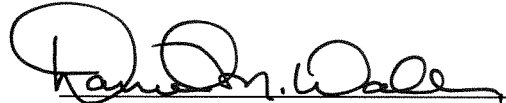
18 A. Yes

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION


I, Daniel M. Walker, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that direct testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Daniel M. Walker

COMMONWEALTH OF VIRGINIA)
COUNTY OF HENRICO)

SUBSCRIBED AND SWORN TO before me by Daniel M. Walker on this
the 20th day of June, 2013.




Notary Public
Commonwealth of Virginia
My Commission Expires 7/31/2017

Big Rivers Electric Corporation

G&T TIER and MFI ANALYSIS FOR 2011

	<u>Moodys</u>	<u>Fitch</u>	<u>S&P</u>	<u>Tier or MFI</u>
<u>A+/AA Rated:</u>				
Arkansas	A1 (Stable)	A+	AA (Stable)	2.37
Associated	A1 (Stable)	AA	AA (Stable)	1.51
Basin	A1 (Stable)	A+	A (Stable)	1.26
Central-SC	NR	NR	AA- (Stable)	1.40
Average				1.64
<u>A Rated:</u>				
Brazos	NR	A	A- (Positive)	1.95
Buckeye	A2 (Stable)	A	A- (Stable)	1.50
Central Iowa	NR	A	A (Stable)	2.13
Dairyland	A3 (Stable)	NR	A (Stable)	1.45
Golden Spread	A3 (Stable)	A	A (Stable)	3.17
Hoosier	A3 (Stable)	NR	A (Stable)	1.83
Oglethorpe	Baa1 (Stable)	A	A (Stable)	1.14
Old Dominion	A3 (Positive)	A	A (Stable)	1.20
Average				1.80
<u>A- Rated:</u>				
Chugach	NR	A-	A- (Stable)	1.58
Corn Belt	NR	A-	A- (Stable)	1.88
Great River	Baa1 (Stable)	A-	A- (Stable)	1.22
Minnkota	Baa2 (Stable)	NR	A- (Stable)	1.55
North Carolina	NR	A-	A- (Stable)	1.29
Power South	A3 (Stable)	A-	A- (Stable)	1.44
San Miguel	NR	A-	A- (Stable)	1.57
Seminole	A3 (Stable)	NR	A- (Stable)	1.41
South Miss.	A3 (Stable)	A-	A- (Stable)	1.72
South Texas	NR	A-	A- (Stable)	1.70
Wabash Valley	NR	NR	A- (Stable)	1.47
Western Farmers	NR	A-	BBB+ (Positive)	1.29
Average				1.51
<u>BBB Rated:</u>				
East Kentucky	NR	BBB	BBB (Positive)	1.48
Big Rivers	Ba1 (Negative)	BB (Negative)	BB- (Negative)	1.12

NR: No Rating

Sources: G&T Accounting & Finance Association Annual Directory June 2012; Fitch U.S. Public Power Peer Study, June 2012; S&P Industry Report Card: Expect U.S. Electric Cooperatives Utilities To Maintain A Stable Course in 2013 April, 2013; Moody's Rating Methodology: U.S. Electric Generation & Transmission Cooperatives, April 2013

Big Rivers Electric Corporation

G&T DSC ANALYSIS FOR 2011

	<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>	<u>DSC</u>
<u>A+/AA Rated:</u>				
Arkansas	A1 (Stable)	A+	AA (Stable)	1.64
Associated	A1 (Stable)	AA	AA (Stable)	1.68
Basin	A1 (Stable)	A+	A (Stable)	3.28
Central-SC	NR	NR	AA- (Stable)	NA
Average				2.20
<u>A Rated:</u>				
Brazos	NR	A	A- (Positive)	1.19
Buckeye	A2 (Stable)	A	A- (Stable)	1.04
Central Iowa	NR	A	A (Stable)	1.72
Dairyland	A3 (Stable)	NR	A (Stable)	NA
Golden Spread	A3 (Stable)	A	A (Stable)	4.13
Hoosier	A3 (Stable)	NR	A (Stable)	NA
Oglethorpe	Baa1 (Stable)	A	A (Stable)	1.60
Old Dominion	A3 (Positive)	A	A (Stable)	1.46
Average				1.86
<u>A- Rated:</u>				
Chugach	NR	A-	A- (Stable)	2.46
Corn Belt	NR	NR	A- (Stable)	1.16
Great River	Baa1 (Stable)	A-	A- (Stable)	1.19
Minnkota	Baa2 (Stable)	NR	A- (Stable)	NA
North Carolina	NR	A-	A- (Stable)	1.76
Power South	A3 (Stable)	A-	A- (Stable)	1.31
San Miguel	NR	A-	A- (Stable)	1.37
Seminole	A3 (Stable)	NR	A- (Stable)	NA
South Miss.	A3 (Stable)	A-	A- (Stable)	1.34
South Texas	NR	A-	A- (Stable)	1.77
Wabash Valley	NR	NR	A- (Stable)	NA
Western Farmers	NR	A-	BBB+ (Positive)	1.18
Average				1.50
<u>BBB Rated:</u>				
East Kentucky	NR	BBB	BBB (Positive)	1.25
Big Rivers	Ba1 (Negative)	BB (Negative)	BB- (Negative)	2.29

NR: No Rating

Sources: Fitch U.S. Public Power Peer Study, June 2012; S&P Industry Report Card:
Expect U.S. Electric Cooperative Utilities to Maintain a Stable Course in 2013, April 2013;
Moody's Rating Methodology: U.S. Electric Generation & Transmission Cooperatives, April 2013.

Big Rivers Electric Corporation

G&T EQUITY ANALYSIS FOR 2011 (Equity to Capitalization)

	<u>Moodys</u>	<u>Fitch</u>	<u>S&P</u>	<u>EQUITY %</u>
<u>A+/AA Rated:</u>				
Arkansas	A1 (Stable)	A+	AA (Stable)	39.0
Associated	A1 (Stable)	AA	AA (Stable)	18.8
Basin	A1 (Stable)	A+	A (Stable)	20.0
Central-SC	NR	NR	AA- (Stable)	NA
Average				25.93
<u>A Rated:</u>				
Brazos	NR	A	A- (Positive)	14.5
Buckeye	A2 (Stable)	A	A- (Stable)	18.7
Central Iowa	NR	A	A (Stable)	28.1
Dairyland	A3 (Stable)	NR	A (Stable)	NA
Golden Spread	A3 (Stable)	A	A (Stable)	37.0
Hoosier	A3 (Stable)	NR	A (Stable)	NA
Oglethorpe	Baa1 (Stable)	A	A (Stable)	8.9
Old Dominion	A3 (Positive)	A	A (Stable)	31.4
Average				23.10
<u>A- Rated:</u>				
Chugach	NR	A-	A- (Stable)	21.1
Corn Belt	NR	NR	A- (Stable)	28.5
Great River	Baa1 (Stable)	A-	A- (Stable)	13.0
Minnkota	Baa2 (Stable)	NR	A- (Stable)	NA
North Carolina	NR	A-	A- (Stable)	7.1
Power South	A3 (Stable)	A-	A- (Stable)	14.0
San Miguel	NR	A-	A- (Stable)	16.9
Seminole	A3 (Stable)	NR	A- (Stable)	NA
South Miss.	A3 (Stable)	A-	A- (Stable)	19.9
South Texas	NR	A-	A- (Stable)	17.0
Wabash Valley	NR	NR	A- (Stable)	NA
Western Farmers	NR	A-	BBB+ (Positive)	17.8
Average				17.26
<u>BBB Rated:</u>				
East Kentucky	NR	BBB	BBB (Positive)	10.2
Big Rivers	Ba1 (Negative)	BB (Negative)	BB- (Negative)	33.1

NR: No Rating

Sources: Fitch U.S. Public Power Peer Study, June 2012; S&P Industry Report Card:
Expect U.S. Electric Cooperative Utilities to Maintain a Stable Course in 2013, April 2013;
Moody's Rating Methodology: U.S. Electric Generation & Transmission Cooperatives, April 2013.



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY

OF

**JEFFREY R. WILLIAMS
MANAGER, BUDGETS**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

**Case No. 2013-00199
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**DIRECT TESTIMONY
OF
JEFFREY R. WILLIAMS**

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**DIRECT TESTIMONY
OF
JEFFREY R. WILLIAMS**

5 **I. INTRODUCTION**

6
7 **Q. Please state your name, business address, and position.**

8 **A.** My name is Jeffrey R. Williams. My business address is 201 Third Street, Henderson,
9 Kentucky, 42420. I am employed by Big Rivers Electric Corporation (“Big Rivers”) as
10 its Manager, Budgets.

11 **Q. Please describe your job responsibilities.**

12 **A.** I report to the Director Rates and Budgets. My responsibilities primarily consist of
13 managing the Big Rivers budget and forecasting process, managing the monthly
14 variance and forecast reporting process, managing the Authorization for Investment
15 Proposal (“AIP”) process for capital purchases, and managing other ad hoc analyses.

16 **Q. Briefly describe your education and work experience.**

17 **A.** I have held my current position since March 2013. Prior to assuming this position, I
18 was a Senior Budget Analyst for Big Rivers, and previously Western Kentucky Energy
19 Corporation (“WKE”) since 1999. Prior to joining WKE, I was an Assistant Controller
20 for Field Packing Company. I earned a Bachelor of Business Administration degree in
21 finance from the University of Kentucky in 1992. A summary of my professional
22 experience is provided as Exhibit Williams-1.

23
24 **II. PURPOSE OF TESTIMONY**

25

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is: (i) to describe the process of developing Big Rivers'
3 financial forecast for this rate case, including a description of Big Rivers' forecast
4 development and the roles and contributions of various Big Rivers' departments in the
5 process; (ii) to describe the forecast results for 2014 and 2015; and (iii) to sponsor
6 certain filing requirements from 807 KAR 5:001.

7 **Q. Are you sponsoring any exhibits?**

8 A. Yes. I have prepared the following exhibits to my prepared testimony:

9 Exhibit Williams-1 Qualifications of Jeffrey R. Williams

10

11 **III. FORECAST DEVELOPMENT PROCESS**

12

13 **Q. What is your role in the overall forecasting and budgeting process at Big Rivers?**

14 A. I am responsible for overall coordination of the corporate budgeting and forecasting
15 process. This involves distributing budget instructions, milestones, and other
16 information to departments throughout the organization and ensuring that all of the
17 necessary steps in the budgeting and forecasting process are completed.

18 **Q. What is the timeline for the budget or forecast process ordinarily undertaken each
19 year by Big Rivers?**

20 A. The process for developing Big Rivers' budget and financial plan ordinarily begins in
21 April and runs through August, with draft results communicated to the Board of
22 Directors in September and to the Smelters in October, and final presentation to the
23 Board for its approval in November or December.

1 **Q. Was Big Rivers able to follow its typical budgeting calendar for the development**
2 **of the fully forecasted test period in this case?**

3 A. No. On January 31, 2013, Alcan Primary Products Corporation (“Alcan”) issued its 12
4 month notice to terminate its power contract. The timing of that notice required Big
5 Rivers to file this rate case in late June of 2013, in order for proposed rates to take
6 effect on January 31, 2014 when the Alcan contract termination becomes effective.
7 Because the budgeting process ordinarily undertaken by Big Rivers would not be
8 completed until several months after the required filing date of this case, Big Rivers
9 was unable to adhere to the typical budget calendar to develop the fully forecasted test
10 period in this filing.

11 **Q. How did Big Rivers adapt the budget process to prepare a forecast that would**
12 **meet the timing requirements of this filing?**

13 A. Big Rivers examined the steps ordinarily undertaken in the budget development process
14 and streamlined the budgeting process in order to develop a forecast for 2014 and
15 beyond that would incorporate as much updated information as possible while allowing
16 Big Rivers to complete the forecast on schedule for this filing. Big Rivers considered
17 the steps in the budget process and to the fullest extent possible adjusted the timing
18 associated with those tasks, such that significant information updates were incorporated
19 into the forecast. Where updates were not possible, necessary, or significant, the values
20 from the most recent financial plan last approved by the Board in November 2012 and
21 relied upon by Big Rivers in Case No. 2012-00535 (the “Century Rate Case”) were
22 retained. In this way, a forecast was developed using the steps from the usual

1 budgeting process but in a more expedited manner, consistent with the timing needs of
2 the instant filing.

3 **Q. What tools does Big Rivers utilize to manage and support the forecast**
4 **development process?**

5 A. Big Rivers uses Hyperion, a budgeting and reporting software application, to support a
6 portion of the forecast development process. Certain data sets are input directly to
7 Hyperion for budget and forecast development purposes. Big Rivers also developed a
8 spreadsheet model, referred to as the Big Rivers financial model, which is used to
9 compile in a single source the information related to production costs, long term debt,
10 revenues by rate class, and other specific Big Rivers' operating and financial
11 parameters. This is described in detail in the Direct Testimony of Mr. Christopher A.
12 Warren.

13 **Q. Please provide an overview of the process that Big Rivers followed when**
14 **developing the forecast for this case.**

15 A. Big Rivers produced this forecast by combining several sources of information into the
16 financial model, beginning with the budget and financial plan that was approved by the
17 Board of Directors in November 2012 and was used in the Century Rate Case. The
18 data sets include labor-related items (e.g., headcount, wages and salaries, overtime,
19 overheads) and fixed departmental expenses (e.g., plant maintenance, professional
20 services) that are calculated and distributed by Rural Utility Service ("RUS") account
21 in the Hyperion budget application. The data sets also include variable costs from
22 production cost modeling, fuel costs, off-system sales, Big Rivers' share of Henderson
23 Municipal Power & Light ("HMP&L") costs, depreciation, capitalized interest,

1 property tax, property insurance, total revenues and other items. Many of these data
2 sets are first developed independently and from different sources. The budget
3 department staff analyzes various data sets to ensure reasonableness. Once the
4 preliminary data is available, that data is incorporated into the financial model to
5 develop a comprehensive preliminary forecast for the company. Financial metrics are
6 then assessed to determine what if any adjustments to the preliminary forecast are
7 required in order for Big Rivers to meet its debt covenants or other requirements.

8 **Q. What are the main data sets input to the forecast, and who is responsible for**
9 **developing each?**

10 A. The budget department facilitates the development of the data sets with appropriate
11 parties. The main data sets that comprise the forecasting process include the following:

- 12 1) Labor and Labor-Related Information – the headcount, wage and salary rates,
13 overtime factors, and benefits values determined by a combination of
14 department managers, administrative services, and payroll staff are calculated in
15 Hyperion;
- 16 2) Capital items – the anticipated capital expenditures developed by a team of
17 individuals from Production, System Operations/transmission, IS, and/or other
18 departments;
- 19 3) Production-related variable costs – the non-fuel costs specified in existing
20 contracts that are provided by Big Rivers to ACES for inclusion in the
21 production cost modeling and incorporated in to Big Rivers' financial model;

- 1 4) Fuel costs – the costs for fuel specified in long-term contracts that are provided
2 by Big Rivers’ Fuel department to ACES for inclusion in the production cost
3 modeling;
- 4 5) Load Forecast – the projections of demand and energy for Big Rivers’ members
5 that are provided by Big Rivers’ Energy Services staff to ACES for inclusion in
6 the production cost modeling;
- 7 6) Off-System Sales – the volumes and prices associated with off-system sales as
8 determined by the output of the production cost model performed by ACES and
9 incorporated into the Big Rivers financial model;
- 10 7) Energy Services-related costs – ACES costs, Midcontinent Independent System
11 Operator, Inc. (“MISO”) administrative costs and other costs and revenues
12 developed by Energy Services;
- 13 8) Other non-member revenues – interest income and other items that reduce the
14 revenue requirement developed in the Big Rivers financial model;
- 15 9) Big Rivers allocation from HMP&L – portion of costs allocated by HMP&L
16 pursuant to Big Rivers’ agreements with the City of Henderson, developed by
17 the Budget department staff;
- 18 10) Big Rivers’ Share of Station Two¹ – the portion of costs for HMP&L Station
19 Two related expenditures borne by Big Rivers, pursuant to Big Rivers’
20 agreements with the City of Henderson and calculated in Hyperion;
- 21 11) Interest on long-term debt and amortization of debt expense, developed by the
22 Finance department staff;

¹ Big Rivers operates Henderson Municipal Power & Light’s Station Two and is allocated a portion of its capacity; see the Direct Testimony of Robert W. Berry.

- 1 12) Costs for depreciation, amortization, capitalized interest, property tax, property
2 insurance, and other items developed by various parties and incorporated into
3 the Big Rivers financial model;
- 4 13) Member Revenues – the revenues from Big Rivers’ members, calculated at the
5 proposed rates in the Big Rivers financial model;
- 6 14) Amortization of certain deferred expenditures, developed by Budget department
7 staff;
- 8 15) Line of credit fees (“LOC”) and amortization of LOC fees, developed by
9 Finance department staff;
- 10 16) Costs for Fixed Departmental Expense (“FDE”) (e.g., plant maintenance,
11 outside services, and other items) developed by the managers of various
12 departments across Big Rivers in conjunction with the budget analysts.

13 I describe several of these data sets in greater detail below.

14 **Q. How is the labor and labor-related forecast developed?**

15 A. The starting point for the labor forecast was the labor budget approved by the Board of
16 Directors in November 2012 and used in the Century Rate Case. Typically, the
17 headcount totals are determined for each department by the department managers and
18 submitted to the budget analysts. The headcount totals for the entire organization are
19 reconciled to the organizational chart by the Vice President-Administrative Services.
20 The wage rates, wage increase assumptions, severance costs, and step increase
21 assumptions are provided by Administrative Services. Benefits and payroll taxes
22 (including pension, long-term disability, workers compensation, health and life
23 insurance, and other costs) are determined by the Administrative Services staff. The

1 development of severance costs, benefit and payroll tax amounts is described in greater
2 detail in the Direct Testimony of Mr. James V. Haner. Overtime factor estimates are
3 provided by department managers for their staff. For the forecast, the budget values
4 were then revised to reflect updated headcount, known wage and salary changes, and
5 the idling of the Coleman Station. The pertinent pieces of information are input into
6 Hyperion by budget department staff to calculate the labor forecast.

7 **Q. How is the capital forecast developed?**

8 A. The starting point for the capital forecast was the capital budget approved by the Board
9 of Directors in November 2012 and used in the Century Rate Case. The capital budget
10 development is facilitated by budget department staff in conjunction with a team of
11 individuals from Production, System Operations/transmission, IS, and other
12 departments (the "Capital Team"). Each area identifies capital requirements for its area
13 based on needs, replacement frequency, and outage schedules. The proposed capital
14 projects are compiled and analyzed by the budget department staff. The budget
15 department facilitates a meeting with the Capital Team to discuss and scrutinize the
16 projects that are proposed in the capital budget. For the forecast, the budget values
17 were then revised to reflect the idling of the Coleman Station; capitalized interest was
18 also updated.

19 **Q. How is the forecast for production-related non-fuel variable costs developed?**

20 A. The production-related non-fuel variable costs in the forecast are based on the results of
21 production cost modeling performed by ACES, which are incorporated into the Big
22 Rivers financial model. Certain assumptions and data are provided by Big Rivers to
23 ACES for inclusion in the production cost modeling, as noted in the Direct Testimony

1 of Mr. Robert W. Berry. The production cost model output data – including generation
2 volumes, costs, allowances, etc. – are then provided from ACES to Big Rivers for
3 inclusion in the Big Rivers financial model; this is described in further detail in the
4 Direct Testimony of Mr. Christopher A. Warren.

5 **Q. How is the fuel forecast developed?**

6 A. The Big Rivers' Fuel department provides a summary of all of Big Rivers' long-term
7 fuel procurement contracts (including volumes and prices) to ACES as an input to the
8 production cost modeling. ACES then uses this data and its own fuel price projections
9 in the production cost model.

10 **Q. How is the emission fee forecast developed?**

11 A. The emission fee forecast is developed by environmental department staff based on
12 outputs from the production cost modeling related to emissions. An estimated price per
13 ton is established based on historical prices. The costs are then provided to the budget
14 department to incorporate into the overall forecast.

15 **Q. How is the load forecast developed?**

16 A. This is described in the Direct Testimony of Ms. Lindsay N. Barron. The load forecast
17 is not a direct forecast item, but is included as an input to the production cost model and
18 is also included in the determination of member revenues.

19 **Q. How is the off-system sales forecast developed?**

20 A. The volume and price of off-system sales are related to the production cost model.
21 Both volume and price are data inputs to the Big Rivers financial model, in which the
22 overall effect of off-system sales on Big Rivers' financials is calculated. This is
23 described in the Direct Testimony of Mr. Christopher A. Warren.

1 **Q. How are the forecast estimates for MISO transmission expense, MISO**
2 **transmission revenue, TVA transmission fees, and TVA transmission revenue**
3 **developed?**

4 A. The costs and associated revenues for these items are established by Energy Services
5 staff and provided to the budget department staff to incorporate into the overall
6 forecast. These items are described in further detail in the Direct Testimony of Mr.
7 Robert W. Berry.

8 **Q. How is the forecast for ACES costs and MISO administrative fees developed?**

9 A. These costs are established by Energy Services staff and provided to the budget
10 department to incorporate into the overall forecast. These are described in the Direct
11 Testimony of Mr. Robert W. Berry.

12 **Q. Does the forecast include any additional non-member revenues?**

13 A. Yes, the forecast includes rental income, interest income, and patronage allocations.
14 These are described in greater detail in the Direct Testimony of Mr. Christopher A.
15 Warren.

16 **Q. How are costs for HMP&L's general and administrative costs allocated to Big**
17 **Rivers developed?**

18 A. HMP&L staff provides Big Rivers' budget department staff with an estimate of their
19 general and administrative costs allocated to Big Rivers for HMP&L's current fiscal
20 year. The cost sharing agreement is described in the Station Two G&A Allocation
21 Agreement, Section 4.2. These costs are incorporated into the overall forecast by
22 budget department staff.

23 **Q. How is the forecast for Big Rivers' share of Station Two costs developed?**

1 A. For the variable costs related to the dispatch and operation of HMP&L's Station Two
2 generating station, Big Rivers calculates its share in the Big Rivers financial model, so
3 that the results of the production cost model that are included in the Big Rivers
4 financial model are net of HMP&L's share of Station Two. In other words, the Big
5 Rivers financial model includes only Big Rivers' share and excludes HMP&L's share
6 of Station Two variable costs. This is described in greater detail in the Direct
7 Testimony of Mr. Christopher A. Warren. The other costs shared between Big Rivers
8 and HMP&L that are not reflected in the production cost model (e.g., labor and fixed
9 departmental expenses) are accounted for in the forecasting process, pursuant to the
10 contractual agreement between Big Rivers and the City of Henderson.

11 **Q. How is the forecast for interest on long-term debt and amortization of debt**
12 **expense developed?**

13 A. Interest on long-term debt and amortization of debt expense are calculated by finance
14 department staff and incorporated into the overall forecast. These are described in
15 greater detail in the Direct Testimony of Mr. Christopher A. Warren.

16 **Q. How is the forecast for depreciation and amortization, property taxes, and**
17 **property and casualty insurance developed?**

18 A. Depreciation, amortization and property taxes are provided by the Finance department.
19 Property and casualty insurance is provided by the Administrative Services department.
20 This information is incorporated into the Big Rivers financial model.

21 **Q. How is the revenue forecast developed for member sales?**

1 A. Big Rivers calculates the revenues from sales to members in the Big Rivers financial
2 model. This is described in greater detail in the Direct Testimony of Mr. Christopher
3 A. Warren.

4 **Q. How is amortization of certain deferred expenditures captured in the forecast?**

5 A. The forecast includes amortization for environmental compliance plan (“ECP”) costs
6 incurred as approved in the Commission Order dated October 1, 2012, in Case No.
7 2012-00063; amortization of severance costs; and amortization of rate case expenses.
8 Amortization schedules for these costs are contained in Big Rivers’ financial model.
9 Amortization of the ECP costs in the amount of approximately \$769,000 began in late
10 2012 and continues through September 2015 in the forecast (36 months). Amortization
11 of severance costs of \$3.7 million, related to the Coleman layup described in the Direct
12 Testimony of Mr. Robert W. Berry, is forecasted to begin in February 2014 and
13 continue for 60 months. The development of severance costs is described in greater
14 detail in the Direct Testimony of Mr. James V. Haner. Amortization of severance costs
15 related to the Wilson layup associated with Case No. 2012-00535 are included in the
16 amount of approximately \$78,333 per month. Amortization of rate case expenses
17 associated with Case No. 2012-00535 is included in the forecast in the amount of
18 \$44,055 per month (reflecting total rate case expenses of approximately \$1.6 million).
19 Amortization of general rate case expenses of approximately \$1.4 million for the
20 instant filing is forecasted to begin in February 2014 and continue for 36 months. This
21 amount includes estimated expenses for: (i) direct legal expenses associated with this
22 rate case; (ii) the completion of a cost of service study required as part of the rate case;
23 and (iii) additional expert witnesses and/or consultants possibly needed during the

1 course of the rate case. This estimate was developed by members of both the Finance
2 department and the Rates and Budgets department based on a variety of factors
3 including, but not limited to:

- 4 1. Big Rivers' experience in previous rate case proceedings;
- 5 2. Analysis of the various filing requirements and anticipated work loads;
- 6 3. Longer suspension period associated with a rate case using a fully forecasted
7 test period; and
- 8 4. Hourly rate information provided by external service providers.

9 **Q. How are LOC fees and amortization of upfront LOC fees derived?**

10 A. Budgeted expenses for line of credit fees and amortization of upfront costs associated
11 with lines of credit are provided by the Finance department. Estimated expenses for
12 line of credit fees are based on the terms of Big Rivers' revolving credit facilities and
13 existing commitments under those lines of credit. Budgeted amortization of up-front
14 fees for lines of credit is based on amortization schedules for the deferred expenses
15 associated with the individual revolving lines of credit.

16 **Q. How is the forecast for FDE derived?**

17 A. The starting point for the FDE forecast was the FDE budget approved by the Board of
18 Directors in November 2012 and used in the Century Rate Case. The FDE comprises
19 departmental expenses not discussed above (e.g., plant and transmission operational
20 and maintenance activities, outside services, professional services, fees, dues and
21 various other items). For the budget, the amounts are developed by the managers of
22 various departments across Big Rivers in conjunction with the budget department staff.
23 These individuals consider anticipated activities such as rate case filings, technical

1 studies, other regulatory filing matters, or other initiatives for which outside
2 professional services are required. Fees, dues, and other membership costs are
3 determined within each department and forecasted based on quotes, research or
4 historical information, or a combination thereof, for a particular expenditure. Plant
5 operation and maintenance activities not related to production cost model expenses,
6 transmission operation and maintenance activities, and general and administrative type
7 expenses are developed by various departments. Each department determines its
8 requirements for the forecast period and includes the costs based on quotes, research, or
9 historical information, or a combination thereof, for a particular expenditure. These
10 costs are then incorporated into the overall budget, excluding HMP&L's share of
11 Station Two, via Hyperion. For the forecast, the budget values were then revised to
12 reflect the idling of the Coleman Station and the removal of dues for Southeastern
13 Federal Power Customers, Inc., a group of electric cooperatives and municipal utilities
14 in the Southeast to which Big Rivers has decided to forego its membership.

15 **Q. How does Big Rivers incorporate the proposed rates into its forecast?**

16 A. The proposed demand and energy rates, as described in the Direct Testimony of Mr.
17 John Wolfram, are inputs to the Big Rivers financial model. The financial model then
18 produces expected revenues that stem from the application of the proposed rates to the
19 demand kW and the energy kWh for the Big Rivers rate classes. These revenues are
20 part of the Big Rivers forecast for the fully forecasted test period and beyond.

21
22 **IV. FORECASTS FOR 2014 AND 2015**

1 **Q. Were the forecasts for 2014 and 2015, which are the basis for the fully forecasted**
2 **test period in this filing, approved by the Big Rivers Board of Directors?**

3 A. Yes. The forecasts for 2014 and 2015 that serve as the basis for the fully forecasted test
4 period in his filing were approved by the Big Rivers Board of Directors on May 17,
5 2012.

6 **Q. Does the revenue in the forecast include the rate increase proposed in this filing?**

7 A. Yes. The forecast reflects a revenue increase stemming from the proposed rate change
8 beginning on January 31, 2014.

9 **Q. Does the forecast include the anticipated costs for professional services associated**
10 **with this proceeding?**

11 A. Yes. The forecast has the rate case expenses for this case built in on a three-year
12 amortization. For this reason, a *pro forma* adjustment to test period expenses to
13 account for rate case expenses is not needed. The total amount of these costs is
14 \$1,406,105, or approximately \$39,058 per month when amortized over thirty-six
15 months, beginning in February 2014.

16 **Q. Is any other item built into the forecast that might have otherwise required a *pro***
17 ***forma* adjustment had an historical test period been used?**

18 A. Yes. Big Rivers has included severance expenses in the fully forecasted test period, for
19 the reasons described in the Direct Testimony of Mr. Robert W. Berry. In the forecast,
20 the costs are amortized over sixty months beginning in February 2014. Because the
21 amortization begins in the first month of the fully forecasted test period, this item is
22 already included and does not require a *pro forma* adjustment to test period expenses.

1 The total cost is \$3.7 million. The derivation of the amount is discussed in detail in the
2 Direct Testimony of Mr. James V. Haner.

3

4 **V. FILING REQUIREMENTS**

5

6 **Q. Are you sponsoring any of the answers provided in Tabs 1-59 which address Big**
7 **Rivers' compliance with the fully forecasted test period filing requirements under**
8 **807 KAR 5:001 and its various subsections?**

9 A. Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
10 identified as the sponsoring witness.

11

12 **VI. CONCLUSION**

13

14 **Q. What are your conclusions and recommendations to the Commission in this**
15 **proceeding?**

16 A. Big Rivers employed a detailed process for the development of the forecast for this
17 case, consistent with the steps undertaken in its annual budgeting process. The fully
18 forecasted test period relies on annual forecasts that are reasonable, reliable, and made
19 in good faith, and it relies upon assumptions that are justified. The fully forecasted test
20 period in this rate filing relies on the same forecasting process, assumptions, and results
21 that are used by Big Rivers' management in the ordinary course of business. The
22 forecast reflects that for 2014 and beyond, Big Rivers requires the proposed rate
23 increase in order to meet the obligations described in the Direct Testimony of Ms.

1 Billie J. Richert. The Commission should approve the proposed rates as filed by Big
2 Rivers in this proceeding.

3 **Q. Does this conclude your testimony?**


4 **A. Yes.**

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION

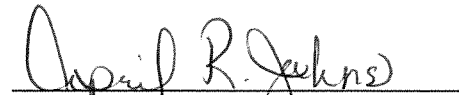
I, Jeffrey R. (Jeff) Williams, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Jeffrey R. (Jeff) Williams

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Jeffrey R. (Jeff) Williams
on this the 20th day of June, 2013.



Notary Public, Ky. State at Large
My Commission Expires 8-9-14

Professional Summary

Jeffrey R. Williams
Manager-Budgets
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation, Henderson KY	2009 to Present
Manager-Budgets	
Senior Budget Analyst	
Western Kentucky Energy, Henderson, KY	1999-2005, 2006-2009
Budget Analyst (II, III and Senior)	
Mead Johnson Nutritionals, Evansville, IN	2005-2006
Senior Financial Analyst	
Field Packing Company, Owensboro, KY	1998-1999
Assistant Controller	
Deaconess Hospital, Evansville, IN	1996-1998
Financial Analyst/Accountant	
Owensboro National Bank, Owensboro, KY	1994-1996
Accountant	

Education

Master of Business Administration Candidate
 Murray State University, Murray, KY, expected graduation 2014
Bachelor of Business Administration in Finance
 University of Kentucky, Lexington, KY, 1992

Professional Organizations

Institute of Management Accountants



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY

OF

**LINDSAY N. BARRON
VICE PRESIDENT, ENERGY SERVICES**

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

**Case No. 2013-00199
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**DIRECT TESTIMONY
OF
LINDSAY N. BARRON**

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**DIRECT TESTIMONY
OF
LINDSAY N. BARRON**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Lindsay N. Barron. I am employed by Big Rivers Electric Corporation
9 (“Big Rivers”), 201 Third Street, Henderson, Kentucky 42420, as Vice President,
10 Energy Services.

11 **Q. Please describe your job responsibilities.**

12 A. As Vice President, Energy Services, I am responsible for the oversight of all activities
13 associated with the Energy Services department including its role in achieving Big
14 Rivers’ strategic plan. I oversee a staff that works to provide value for Big Rivers’
15 members through power portfolio optimization, Midcontinent Independent System
16 Operator, Inc. (“MISO”) market participation, load forecasting, resource planning,
17 Demand-Side Management (“DSM”) and Energy Efficiency (“EE”) program offerings,
18 and member economic development support.

19 **Q. Briefly describe your education and work experience.**

20 A. I first joined Big Rivers in October 1998 in the Accounting Department. I held various
21 roles in Accounting/Purchasing before transitioning to Power Supply in March of 2003
22 as Economic Analyst/Market Coordinator. I joined Vectren Corporation as an Energy
23 Market Analyst in 2005 and served as Manager, Market Research & Analysis for
24 Vectren from December 2006 to August 2010. I returned to Big Rivers as Director of

1 Risk Management & Strategic Planning in September 2010, and was named Managing
2 Director, Energy Services in June 2012. I assumed my current role in February 2013. I
3 am a Certified Public Accountant and earned a Master of Business Administration
4 degree and a Bachelor of Science in Accounting from the University of Southern
5 Indiana. A summary of my education and work experience is attached as Exhibit
6 Barron-1.

7 **Q. Have you previously testified before the Kentucky Public Service Commission**
8 **(“Commission”)?**

9 A. Yes. I testified in Big Rivers’ most recent FAC review proceeding (Case No. 2012-
10 00555), and I filed testimony and sponsored responses to information requests in Big
11 Rivers’ last general rate case (Case No. 2012-000535).

12

13 **II. PURPOSE OF TESTIMONY**

14

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to explain the methodology and assumptions used in
17 the development of Big Rivers’ demand and energy forecast.

18 **Q. Are you sponsoring any exhibits?**

19 A. Yes. I have prepared the following exhibits to my prepared testimony:

20	Exhibit Barron-1	Qualifications of Lindsay N. Barron
21	Exhibit Barron-2	U.S. Department of Agriculture, Rural Utilities Service
22		Approval Letter for 2013 Load Forecast Work Plan.
23	Exhibit Barron-3	2014 and 2015 Energy and Demand Budget

1

2 **III. LOAD FORECAST PROCESS**

3

4 **Q. What is the load forecast?**

5 A. The load forecast is a projection of future energy and peak demand that reflects both
6 changes in usage per customer and customer growth. The forecast is based on
7 economic trends, demographic trends, consumer end-usage and weather data. The
8 forecast is an input to the production cost model and to the Big Rivers financial model
9 and thus drives the calculation of operational expenses and projected revenues. It is
10 also an input to the cost of service study.

11 **Q. How often does Big Rivers typically produce a load forecast?**

12 A. Big Rivers is required by the U.S. Department of Agriculture, Rural Utilities Services
13 (“RUS”) to update its load forecast every two years and to submit the forecast to RUS
14 for review and approval. Accordingly, Big Rivers ordinarily retains an outside
15 consultant to produce a formal load forecast study every two years. In between, and/or
16 as needed, Big Rivers’ staff updates the load forecast to reflect changes in direct serve
17 loads, transmission loss rates or other material information.

18 **Q. How did Big Rivers develop the load forecast relied upon in this filing?**

19 A. Big Rivers retained GDS Associates, Inc., (“GDS”) to develop the April 2013 load
20 forecast (“2013 Load Forecast”) used in this filing. This forecast was prepared by GDS
21 with input from Big Rivers’, Jackson Purchase Energy Corporation’s, Kenergy Corp.’s
22 and Meade County Rural Electric Cooperative Corporation’s staff. In addition to
23 reflecting the contract termination notices of Alcan Primary Products Corporation

1 (“Alcan”) and Century Aluminum of Kentucky General Partnership (“Century”),
2 models were developed by GDS to reflect changes in demand and energy resulting
3 from the associated rate increases.

4 **Q. Has Big Rivers submitted the current load forecast to RUS for review and**
5 **approval?**

6 A. Yes, as required by 7 CFR 1710 Subpart E, Big Rivers submitted a load forecast work
7 plan and the 2013 Load Forecast to RUS on May 3, 2013. Exhibit Barron-2 contains
8 RUS approval on May 16, 2013 of the load forecast work plan. Big Rivers is currently
9 awaiting approval of the load forecast by RUS.

10 **Q. To what extent were you involved in the modeling that Big Rivers performed in**
11 **developing its load forecast?**

12 A. Personnel under my direction worked with GDS in the preparation of the 2013 Load
13 Forecast that was used in the development of Big Rivers’ budgets and the development
14 of this application.

15 **Q. How are the load forecast values used in calculation of rates and other elements of**
16 **this filing?**

17 A. The load forecast is the basis for calculating projected revenue for the 2014 and 2015
18 forecast years. The load forecast is also used to develop the test year billing
19 determinants used in this proceeding and to develop certain demand-related cost
20 allocators used in the cost of service study.

21 **Q. How was Big Rivers’ load forecast developed?**

22 A. A bottom-up approach was followed in developing Big Rivers’ load forecast as
23 projections were developed for each of three member cooperatives and aggregated to

1 the Big Rivers level. Projections were developed for two customer classifications:
2 Rural and Large Industrial/direct serve. The Rural class is comprised of all residential,
3 commercial, and other customers that are served at the retail level by Big Rivers'
4 member cooperatives. The direct serve class includes all member large commercial
5 and industrial customers that are served directly by Big Rivers' transmission system.
6 Econometric models were developed to project the number of Rural customers and
7 average use per customer at the member cooperative level. Rural peak demand was
8 developed at the Big Rivers level. Direct serve demand and energy projections were
9 developed using historical information provided by cooperative management regarding
10 local industrial operations. Projections of total system non-coincident peak ("NCP")
11 demand were computed as the sum of Rural coincident peak ("CP") demand and direct-
12 serve NCP demand.

13 **Q. How is the smelter load (i.e., the load from Alcan and Century Century) dealt with**
14 **in the demand and energy forecast?**

15 A. For the periods of time that precede the effective termination date of the smelter
16 agreements, the applicable smelter load is built into the forecast consistent with the
17 terms and conditions of the smelter agreements. The smelter demand is forecasted as
18 the contract demand amount and the smelter energy is forecasted as the contract
19 demand at a 98% load factor. For the periods of time after the effective termination
20 date of the smelter agreements, the smelter load is removed from the forecast (i.e.
21 beginning in February 2014 the load forecast does not include any smelter load).

22 **Q. How was the load forecast revised to reflect the Alcan contract termination**
23 **described by other Big Rivers witnesses?**

24 A. As a result of the Alcan contract termination, beginning on January 31, 2014, Big
25 Rivers reduced its peak demand forecast by 368 MW and its energy forecast by 3,159

1 GWh/year. The demand reduction represents Alcan's full contract demand specified in
2 the smelter agreement, and the energy reduction represents the full contract demand at
3 98% load factor, consistent with the terms and conditions for billing as specified in the
4 smelter agreement. These reductions result in the elimination of one hundred percent
5 of the Alcan load from the Big Rivers load forecast. This is in addition to the full
6 elimination of the Century load from the Big Rivers load forecast effective August 20,
7 2013, as described in Case No. 2012-00535.

8 **Q. What is the role of the Big Rivers' members in the load forecast process?**

9 A. Big Rivers' load forecasting process is a collaborative effort between Big Rivers and its
10 members. Member input is an integral part of the load forecast development process.
11 Big Rivers' members provide feedback during the development of the load forecast and
12 provide a review of the results prior to finalization.

13 **Q. Is the 2013 Load Forecast consistent with the forecast employed in the Integrated
14 Resource Planning ("IRP") process?**

15 A. Yes. The same basic load forecast is used for budgeting, the IRP and other day-to-day
16 functions at Big Rivers, so there is no difference in the process.

17
18 **A. DSM AND ENERGY EFFICIENCY PROGRAMS**

19
20 **Q. Please explain Big Rivers' consideration of cost-effective energy efficiency
21 resources?**

22 A. Big Rivers currently has no plans to add additional generating resources, and Big
23 Rivers is committed to developing a robust set of cost-effective DSM and energy
24 efficiency programs to help eliminate or delay the need for additional generating

1 resources in the future. Also, as explained in the Direct Testimony of Mr. Robert W.
2 Berry, Big Rivers continues to work to improve the efficiency of its existing generating
3 units.

4 **Q. Please list and describe the DSM and Energy Efficiency Programs currently**
5 **offered by Big Rivers.**

- 6 • DSM-01 High Efficiency Lighting Replacement Program - This program promotes
7 an increased use of Compact Fluorescent Light ("CFL") lamps meeting ENERGY
8 STAR® standards among Rural Customers by reimbursing a Member the cost of
9 CFL lamps purchased and distributed by the Member to its eligible Rural
10 Customers.
- 11 • DSM-02 ENERGY STAR® Clothes Washer Replacement Incentive Program -
12 This program promotes an increased use of clothes washing machines meeting
13 ENERGY STAR® standards ("Qualifying Clothes Washer") among Rural
14 Customers by paying a Member an incentive for the benefit of an eligible Rural
15 Customer, who purchases and installs a Qualifying Clothes Washer.
- 16 • DSM-03 ENERGY STAR® Refrigerator Replacement Incentive Program - This
17 program promotes an increased use of fifteen (15) cubic foot or larger refrigerators
18 meeting ENERGY STAR® standards ("Qualifying Refrigerator") among Rural
19 Customers by paying a Member an incentive for the benefit of an eligible Rural
20 Customer, who purchases and installs a Qualifying Refrigerator and removes from
21 operation and recycles an existing older, low-efficiency refrigerator.
- 22 • DSM-04 Residential High Efficiency Heating, Ventilation and Air Conditioning
23 ("HVAC") Program - This program promotes an increased use of high-efficiency

1 HVAC systems among Rural Customers by paying a Member an incentive for the
2 benefit of an eligible Rural Customer who purchases and installs an HVAC system
3 beyond contractor grade minimums to one of three types of HVAC systems meeting
4 ENERGY STAR® standards (“Qualified System”).

- 5 • DSM-05 Residential Weatherization Program - This program promotes increased
6 implementation of weatherization improvements among Rural Customers by paying
7 a Member an incentive for the benefit of an eligible Rural Customer, who
8 undertakes and completes residential weatherization improvements in accordance
9 with this program.
- 10 • DSM-06 Touchstone Energy® New Home Program - This program promotes an
11 increased use of energy efficient building standards as outlined in the Touchstone
12 Energy® certification program, including installation of high-efficiency HVAC
13 systems meeting ENERGY STAR® standards, among Rural Customers and home
14 builders by paying a Member an incentive for the benefit of an eligible Rural
15 Customer whose new home includes an HVAC system beyond contractor grade
16 minimums that is one of three specified types of HVAC systems meeting ENERGY
17 STAR® standards (“Qualified System”).
- 18 • DSM-07 Residential and Commercial HVAC & Refrigeration Tune-Up Program -
19 This program promotes annual maintenance of heating and air conditioning
20 equipment among eligible Rural Customers by paying a Member an incentive for
21 the benefit of an eligible Rural Customer, for professional cleaning and servicing of
22 the Rural Customer’s heating and cooling system.

- 1 • DSM-08 Commercial / Industrial High Efficiency Lighting Replacement Incentive
- 2 Program - This program promotes the upgrading of low-efficiency commercial or
- 3 industrial lighting systems by Rural Customers by paying a Member an incentive
- 4 for the benefit of an eligible Rural Customer who measurably improves the energy
- 5 efficiency of a commercial or industrial lighting system.
- 6 • DSM-09 Commercial / Industrial General Energy Efficiency Program - This
- 7 program promotes the implementation of energy efficiency projects among Rural
- 8 Customers by paying a Member an incentive for the benefit of an eligible Rural
- 9 Customer of the Member who implements an energy efficiency project at its
- 10 commercial or industrial facilities.
- 11 • DSM-10 Residential Weatherization Program-Primary Heating Source Non-
- 12 Electric - This program promotes increased implementation of weatherization
- 13 improvements among Rural Customers whose primary heating source is non-
- 14 electric by paying a Member an incentive for the benefit of an eligible Rural
- 15 Customer, who undertakes and completes residential weatherization improvements
- 16 in accordance with this program.
- 17 • DSM-11 Commercial High Efficiency Heating, Ventilation and Air Conditioning
- 18 ("HVAC") Program - This program promotes an increased use of high-efficiency
- 19 HVAC systems among Rural Customers by paying a Member an incentive for the
- 20 benefit of an eligible Rural Customer who purchases and installs an HVAC system
- 21 beyond minimum efficiency standards to HVAC systems meeting ENERGY
- 22 STAR® standards ("Qualified System").

- 1 • DSM-12 High Efficiency Outdoor Lighting Program - This program promotes the
2 increased use of high-efficiency Light Emitting Diode (“LED”) and Induction
3 outdoor lighting by Members.
4

5 **Q. Does the 2013 Load Forecast include the effects on demand and energy associated**
6 **with Big Rivers’ DSM and Energy Efficiency Program offerings?**

7 A. Yes. DSM and Energy Efficiency effects on forecast demand and energy are shown in
8 Exhibit Barron-3 in the rows labeled “DSM/EE Savings”.
9

10 **B. PRICE ELASTICITY**
11

12 **Q. Does the 2013 Load Forecast address price elasticity?**

13 A. Yes, as with previous load forecasts the 2013 Load Forecast includes price elasticity.

14 **Q. How does the 2013 Load Forecast give consideration to the price elasticity of the**
15 **rate increase proposed in this case?**

16 A. Working with GDS and utilizing their experience and expertise, price elasticity was
17 incorporated into the underlying models used to forecast the Big Rivers’ Rural
18 customer class to reflect impacts of the proposed rate increase on demand and energy.

19 Price elasticity was derived for each of Big Rivers' three member cooperatives’
20 rural class using regression analysis. The price elasticity coefficients for the three
21 member cooperatives were -.16, -.16 and -.21 for Jackson Purchase, Meade County,
22 and Kenergy, respectively. A price elasticity coefficient of -0.21 indicates that a 1%
23 change in average price causes a -.21% change in average household consumption. In

1 theory, average electricity use per customer is inelastic with respect to price because a
2 1% change in price does not result in a 1% change in average consumption. The
3 elasticity coefficients are computed internally in the MetrixND software package.
4

5 **IV. LOAD FORECAST RESULTS**

6
7 **Q. What are the results of the forecast?**

8 A. The results of the load forecast are provided in Exhibit Barron-3. The forecast values
9 for demand and energy are provided by month for 2014 and 2015. The demand and
10 energy forecasts are provided for the Rural rate class and for each of the Large
11 Industrial customers that are direct-served by Big Rivers pursuant to the LIC Rate
12 Schedule. Smelter demand and energy are also provided.

13 **Q How do the forecast results compare to the actual historic load that Big Rivers
14 experienced in 2011 or 2012?**

15 A. With the obvious exception of the forecast for Century and Alcan loads, the values in
16 the forecast for 2013 and 2014 are not significantly different than those actually
17 experienced in 2011 or 2012. 2011 and 2012 actual member Rural and Large Industrial
18 sales (excluding Alcan and Century) totaled 3,345 and 3,284 GWhs, respectively, while
19 the 2013 and 2014 projected sales are 3,297 and 3,292 GWhs, respectively.

20 **Q Are the load forecast results used in this rate filing different in any way from the
21 load forecast data used by Big Rivers in its day-to-day management of the
22 business?**

1 A. No. The demand and energy forecast values used in this rate filing are the same values
2 that are used by Big Rivers' management in the ordinary course of business.

3

4 V. **PRO FORMA ADJUSTMENT FOR MISO CAPACITY CHARGE**

5

6 **Q. Please describe the costs associated with the MISO Capacity Charge included in**
7 **the pro forma adjustment to test year expenses described in Exhibit Wolfram-2**
8 **Reference Schedule 1.14.**

9 A. Big Rivers expects to incur costs related to the MISO-administered annual resource
10 adequacy auction associated with the idling of generating facilities. MISO requires that
11 generators who idle resources within the resource adequacy planning year (June-May)
12 replace any capacity which was offered into the annual auction. Because Big Rivers
13 was responsible for covering both Century and Alcan's load during the time of MISO's
14 annual peak (August 2013), Big Rivers will be required to replace the capacity for any
15 months in which units are idled. The costs are forecasted to be incurred in February
16 through May of 2014 and total \$510,552. The proposed ratemaking treatment of these
17 charges is described in the Direct Testimony of John Wolfram.

18 **Q. Is it possible that the capacity amount forecasted above may vary?**

19 A. Yes. The amount listed above was estimated using the assumptions outlined in this
20 forecast; until certainty is gained on the actual idle dates of Big Rivers' generating
21 units, this amount is subject to modification.

1

2 **VI. FILING REQUIREMENTS FROM 807 KAR 5:001**

3

4 **Q. Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers'**
5 **compliance with forecasted period filing requirements under 807 KAR 5:001 and**
6 **its various subsections?**

7 A. Yes. I have, and I hereby incorporate and adopt those portions of Tabs 1-59 for which I
8 am identified as the sponsoring witness.

9

10 **VII. CONCLUSION**

11

12 **Q. What are your conclusions and recommendations to the Commission in this**
13 **proceeding?**

14 A. Big Rivers employs a detailed and rigorous process for the development of its load
15 forecast. The fully-forecasted test period relies on a load forecast that is reasonable,
16 reliable, made in good faith, and based on assumptions that are justified. The fully-
17 forecasted test period in this rate filing relies on the same load forecasting process,
18 assumptions, and results that are used in the IRP process and that are used by Big
19 Rivers' management in the ordinary course of business. The load forecast is
20 appropriately adjusted to reflect the Alcan contract termination that will become
21 effective just prior to the beginning of the twelve-month forecasted test period. The
22 load forecast includes the effects of DSM and energy efficiency programs and of the
23 price elasticity of demand related to the increase proposed in this case. The

1 Commission should accept the load forecast as presented and as utilized in the
2 modeling of Big Rivers' financials for the fully-forecasted test period.

3 **Q. Does this conclude your testimony?**

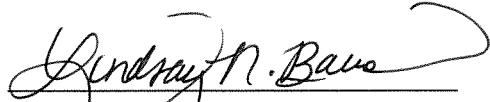
4 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

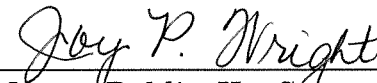
VERIFICATION

I, Lindsay N. Barron, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that direct testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Lindsay N. Barron

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Lindsay N. Barron on this the 26 day of June, 2013.


Notary Public, Ky. State at Large
My Commission Expires _____

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

Professional Summary

Lindsay N. Barron, CPA
Vice President Energy Services
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation, Henderson, KY 2010 to present, 1998 to 2005

Vice President Energy Services
Managing Director Energy Services
Director Risk Management and Strategic Planning
Market Coordinator/Economic Analyst
Cash Management and Fixed Asset Accountant
Accounting Clerk/Purchasing Buyer

Vectren Corporation, Evansville, IN 2005 to 2010

Manager Market Research and Analysis
MISO Settlements Supervisor
Market Analyst

Education

Master Certificate in Human Resource Management
Villanova University, Villanova, Pennsylvania, 2012
Master of Business Administration
University of Southern Indiana, Evansville, Indiana, 2003
Bachelor of Science in Accounting
University of Southern Indiana, Evansville, Indiana, 2001
Associate of Science in Management Information Systems
Henderson Community College, Henderson, KY, 1998

Certifications

Certified Public Accountant – CPA
Certified Management Accountant – CMA
Certified in Financial Management – CFM
Certified Business Resilience Manager – CBRM

Professional Organizations

Kentucky Society of Certified Public Accountants
Institute of Management Accountants
American Institute of Certified Public Accountants



L. Barron

United States Department of Agriculture
Rural Development

May 16, 2013

Mr. Mark A. Bailey
President/ CEO
Big Rivers Electric Corporation, Inc.
P.O. Box 24
Henderson, Kentucky 42419-0204

Dear Mr. Bailey:

We have reviewed the 2013 Load Forecast Work Plan for Big Rivers Electric Corporation (Big Rivers), and its members dated April 2013. This Work Plan was approved by Big Rivers' Board of Directors on April 18, 2013, and submitted to the Rural Utilities Service on May 6, 2013.

The Work Plan establishes the resources, methods, schedules and milestones to be used in the preparation and maintenance of the Load Forecast for Big Rivers and its members. Big Rivers and its member systems are required to follow the Work Plan in preparing their respective PRS. According to the regulation (7 CFR 1710), a work plan may cover a period for up to 3 years. This Work Plan only covers the one-year period 2013, with the Load Forecast submitted for formal approval in 2013.

This letter documents the approval of the 2013 Load Forecast Work Plan for Big Rivers. A copy of this letter is being sent to each of Big Rivers' members.

For future reference, RUS does not require load forecasts to be submitted in hard copy format.

Sincerely,

GERARD M. MOORE
Acting Director
Electric Staff Division
Rural Utilities Service



1400 Independence Ave, S.W. · Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

Case No. 2013-00199

Exhibit Barron - 2

Page 1 of 2

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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

cc:

Mr. Burns Mercer
President/ CEO
Meade County Rural Electric Cooperative Corp.
P.O. Box 489
Brandenburg, Kentucky 40108-0489

Mr. G. Kelly Nuckols
President/ CEO
Jackson Purchase Electric Cooperative Corp.
P.O. Box 4030
Paducah, Kentucky 42002-4030

Mr. Gregory Starheim
President/ CEO
Kenergy Corporation
P.O. Box 18
Henderson, Kentucky 42419-0018

Mr. John Hutts
GDS Associates, Inc.
1850 Parkway Place
Suite 720
Marietta, GA 30067



**DEMAND AND ENERGY BUDGET
2014 - 2015**

BILLING DEMAND (MW) - 2014													
	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	TOTAL
KENERGY	248.8	221.3	197.5	167.3	196.1	242.9	262.3	254.8	232.8	170.7	203.4	232.8	2,630.7
JACKSON PURCHASE	135.7	118.8	108.6	94.1	113.8	142.0	153.4	146.9	131.3	94.0	111.4	128.4	1,478.5
MEADE COUNTY	112.8	99.7	82.2	65.8	71.6	87.4	95.6	92.9	84.1	65.9	85.2	100.5	1,043.6
DSM/EE SAVINGS	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(24.0)
TOTAL MEMBER RURAL DEMAND	495.4	437.9	386.4	325.2	379.4	470.2	509.2	492.5	446.2	328.6	398.1	459.7	5,128.8
ACCURIDE	4.9	5.0	5.0	5.2	5.2	5.4	5.5	5.4	5.1	5.0	5.0	5.1	61.8
ALCOA	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.8
ALERIS	28.2	28.2	26.8	27.7	27.0	28.4	26.6	26.8	27.4	26.4	26.6	27.8	328.0
ALLIED (STEMPORT)	7.2	7.2	7.2	7.7	7.6	7.3	6.6	7.2	6.9	7.0	6.8	7.5	85.9
ARMSTRONG DOCK	6.8	6.7	6.7	7.0	7.7	7.6	8.0	8.0	7.6	8.1	8.1	8.5	90.8
ARMSTRONG EQUALITY	3.4	3.4	3.2	3.3	3.2	3.1	3.3	3.5	3.1	3.1	3.4	3.1	39.0
ARMSTRONG LEWIS CREEK	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	42.0
ARMSTRONG MIDWAY	3.9	3.7	3.5	3.4	3.4	3.5	3.4	3.3	4.5	4.7	4.9	4.9	47.1
ARVIN ROLL COATER	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.6	3.6	3.6	3.5	3.5	42.6
DOMTAR	15.0	15.0	15.0	15.0	15.0	15.0	20.0	20.0	15.0	15.0	15.0	15.0	190.0
DOTIKI	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	9.0
HOPKINS CO. COAL	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	4.3
KBI ALLOY	2.0	2.0	1.9	2.0	1.9	1.9	1.9	1.9	1.9	2.0	1.9	1.7	22.7
KIMBERLY CLARK	36.2	37.1	37.7	37.2	37.1	37.3	37.7	38.0	37.6	37.9	37.6	37.5	448.8
KMMC, Inc./P&M/Cochise	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	1.7
PATRIOT COAL	3.0	3.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	63.0
Shell Oil JP Industrials	1.9	1.9	1.9	1.9	2.1	1.9	1.9	2.0	2.0	1.9	1.9	1.9	23.2
SOUTHWIRE COMPANY	6.8	6.8	6.8	6.9	7.0	7.0	7.2	7.1	7.3	7.1	7.0	7.0	84.1
TYSON	9.9	10.1	10.3	10.7	10.9	11.4	11.9	11.9	11.6	10.8	10.8	11.0	131.3
VALLEY	2.3	2.4	2.1	2.1	2.0	2.0	1.9	2.2	2.4	2.3	2.3	2.2	26.2
TOTAL MEMBER NCP IND'L DEMAND	139.9	140.9	139.5	144.5	144.3	146.0	150.3	151.7	146.8	146.0	145.8	147.7	1,743.3
ALCAN	368.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	368.0
CENTURY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
TOTAL	1,003	579	526	470	524	616	659	644	593	475	544	607	7,240.1



**DEMAND AND ENERGY BUDGET
2014 - 2015**

	ENERGY (MWh) - 2014												TOTAL
	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	
KENERGY	116,734	100,127	92,643	77,483	83,884	101,801	119,149	117,105	91,517	83,622	91,597	114,720	1,190,381
JACKSON PURCHASE	63,057	53,197	49,931	42,476	47,971	58,735	68,324	66,266	50,279	44,271	48,576	61,807	654,890
MEADE COUNTY	52,839	44,633	39,401	30,200	30,930	36,902	43,565	42,480	32,366	30,705	37,656	50,922	472,601
DSM/EE SAVINGS	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(609)	(7,306)
TOTAL MEMBER RURAL ENERGY	232,021	197,348	181,366	149,551	162,176	196,829	230,429	225,242	173,553	157,989	177,220	226,840	2,310,565
ACCURIDE	1,916	2,346	2,563	2,359	2,385	2,223	2,461	2,356	2,114	2,179	2,083	1,901	26,887
ALCOA	111	96	84	78	78	72	73	103	107	104	102	119	1,126
ALERIS	15,601	14,964	14,621	15,308	15,667	15,482	15,901	15,432	15,221	15,178	13,697	14,357	181,430
ALLIED (STEMPORT)	2,650	2,650	2,650	2,885	3,209	1,831	2,252	2,892	2,539	2,797	2,665	2,776	31,794
ARMSTRONG DOCK	2,842	2,863	3,145	2,919	3,372	3,214	3,152	3,565	2,934	3,505	3,223	3,427	38,161
ARMSTRONG EQUALITY	1,529	1,558	1,622	1,568	1,452	1,504	1,538	1,593	1,386	1,544	1,396	1,439	18,131
ARMSTRONG LEWIS CREEK	1,432	1,294	1,432	1,386	1,432	1,386	1,432	1,432	1,386	1,432	1,386	1,432	16,863
ARMSTRONG MIDWAY	1,899	1,960	1,883	1,877	1,850	1,808	1,753	1,807	1,948	2,152	2,053	2,297	23,287
ARVIN ROLL COATER	1,197	1,344	1,519	1,372	1,550	1,640	1,623	1,692	1,288	1,438	1,275	1,033	16,971
DOMTAR	10,993	9,929	10,993	10,638	10,993	10,638	14,657	14,657	10,638	10,993	10,638	10,993	136,757
DOTIKI	279	252	279	270	279	270	279	279	270	279	270	279	3,285
HOPKINS CO. COAL	189	170	181	148	167	83	80	132	123	152	150	122	1,699
KBI ALLOY	692	652	685	595	684	632	626	694	450	640	494	505	7,350
KIMBERLY CLARK	24,703	24,394	26,524	25,784	24,771	25,299	26,335	26,844	25,213	26,611	26,109	26,240	308,827
KMMC, Inc./P&M/Cochise	47	47	47	40	46	43	44	47	42	42	49	70	563
PATRIOT COAL	1,384	1,250	1,384	2,678	2,768	2,678	2,768	2,768	2,678	2,768	2,678	2,768	28,570
Shell Oil JP Industrials	380	290	253	587	581	315	195	425	532	580	518	600	5,256
SOUTHWIRE COMPANY	4,090	3,915	4,233	4,071	4,344	4,358	4,628	4,653	4,467	4,509	4,109	4,136	51,514
TYSON	5,457	5,486	6,083	5,521	5,710	6,294	6,639	6,813	5,937	6,256	5,560	5,573	71,329
VALLEY	1,024	1,094	955	916	923	904	864	1,027	1,236	1,090	986	978	11,996
TOTAL MEMBER IND'L ENERGY	78,415	76,553	81,136	81,001	82,261	80,675	87,299	89,212	80,510	84,245	79,444	81,045	981,796
ALCAN	259,661	-	-	-	-	-	-	-	-	-	-	-	259,661
CENTURY	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	570,097	273,901	262,503	230,552	244,438	277,504	317,728	314,454	254,063	242,234	256,663	307,885	3,552,022



**DEMAND AND ENERGY BUDGET
2014 - 2015**

BILLING DEMAND (MW) - 2015													
	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	TOTAL
KENERGY	249.3	221.9	198.1	167.9	196.6	243.4	262.8	255.3	233.3	171.2	204.0	233.3	2,637.0
JACKSON PURCHASE	136.0	119.1	108.9	94.4	114.1	142.3	153.7	147.2	131.6	94.3	111.7	128.7	1,482.0
MEADE COUNTY	113.1	99.9	82.5	66.0	71.8	87.6	95.7	93.1	84.3	66.1	85.4	100.7	1,046.1
DSM/EE SAVINGS	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(34.8)
TOTAL MEMBER RURAL DEMAND	495.5	438.0	386.5	325.3	379.5	470.4	509.3	492.6	446.4	328.7	398.2	459.8	5,130.3
ACCURIDE	4.9	5.0	5.0	5.2	5.2	5.4	5.5	5.4	5.1	5.0	5.0	5.1	61.8
ALCOA	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.8
ALERIS	28.2	28.2	26.8	27.7	27.0	28.4	26.6	26.8	27.4	26.4	26.6	27.8	328.0
ALLIED (STEMPORT)	7.2	7.2	7.2	7.7	7.6	7.3	6.6	7.2	6.9	7.0	6.8	7.5	85.9
ARMSTRONG DOCK	6.8	6.7	6.7	7.0	7.7	7.6	8.0	8.0	7.6	8.1	8.1	8.5	90.8
ARMSTRONG EQUALITY	3.4	3.4	3.2	3.3	3.2	3.1	3.3	3.5	3.1	3.1	3.4	3.1	39.0
ARMSTRONG LEWIS CREEK	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	42.0
ARMSTRONG MIDWAY	3.9	3.7	3.5	3.4	3.4	3.5	3.4	3.3	4.5	4.7	4.9	4.9	47.1
ARVIN ROLL COATER	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.6	3.6	3.6	3.5	3.5	42.6
DOMTAR	15.0	15.0	15.0	15.0	15.0	15.0	20.0	20.0	15.0	15.0	15.0	15.0	190.0
DOTIKI	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	9.0
HOPKINS CO. COAL	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	4.3
KBI ALLOY	2.0	2.0	1.9	2.0	1.9	1.9	1.9	1.9	1.9	2.0	1.9	1.9	22.7
KIMBERLY CLARK	36.2	37.1	37.7	37.2	37.1	37.3	37.7	38.0	37.6	37.9	37.6	37.5	448.8
KMMC, Inc./P&M/Cochise	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	1.7
PATRIOT COAL	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	72.0
Shell Oil JP Industrials	1.9	1.9	1.9	1.9	2.1	1.9	1.9	2.0	2.0	1.9	1.9	1.9	23.2
SOUTHWIRE COMPANY	6.8	6.8	6.8	6.9	7.0	7.0	7.2	7.1	7.3	7.1	7.0	7.0	84.1
TYSON	9.9	10.1	10.3	10.7	10.9	11.4	11.9	11.9	11.6	10.8	10.8	11.0	131.3
VALLEY	2.3	2.4	2.1	2.1	2.0	2.0	1.9	2.2	2.4	2.3	2.3	2.2	26.2
TOTAL MEMBER NCP IND'L DEMAND	142.9	143.9	142.5	144.5	144.3	146.0	150.3	151.7	146.8	146.0	145.8	147.7	1,752.3
ALCAN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
CENTURY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
TOTAL	638.3	581.9	529.0	469.8	523.8	616.4	659.6	644.3	593.2	474.7	544.0	607.5	6,882.6



**DEMAND AND ENERGY BUDGET
2014 - 2015**

	ENERGY (MWh) - 2015												TOTAL
	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	
KENERGY	115,981	99,189	91,588	76,217	82,555	100,446	117,844	115,792	90,141	82,287	90,364	113,702	1,176,105
JACKSON PURCHASE	62,393	52,453	49,150	41,610	47,077	57,805	67,402	65,357	49,379	43,416	47,784	61,137	644,964
MEADE COUNTY	52,540	44,219	38,900	29,544	30,234	36,223	42,936	41,845	31,667	30,050	37,134	50,602	465,894
DSM/EE SAVINGS	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(906)	(10,870)
TOTAL MEMBER RURAL ENERGY	230,009	194,955	178,732	146,465	158,960	193,568	227,276	222,088	170,280	154,848	174,377	224,535	2,276,093
ACCURIDE	1,916	2,346	2,563	2,359	2,385	2,223	2,461	2,356	2,114	2,179	2,083	1,901	26,887
ALCOA	111	96	84	78	78	72	73	103	107	104	102	119	1,126
ALERIS	15,601	14,964	14,621	15,308	15,667	15,482	15,901	15,432	15,221	15,178	13,697	14,357	181,430
ALLIED (STEMPORT)	2,650	2,650	2,650	2,885	3,209	1,831	2,252	2,892	2,539	2,797	2,665	2,776	31,794
ARMSTRONG DOCK	2,842	2,863	3,145	2,919	3,372	3,214	3,152	3,565	2,934	3,505	3,223	3,427	38,161
ARMSTRONG EQUALITY	1,529	1,558	1,622	1,568	1,452	1,504	1,538	1,593	1,386	1,544	1,396	1,439	18,131
ARMSTRONG LEWIS CREEK	1,432	1,294	1,432	1,386	1,432	1,386	1,432	1,432	1,386	1,432	1,386	1,432	16,863
ARMSTRONG MIDWAY	1,899	1,960	1,883	1,877	1,850	1,808	1,753	1,807	1,948	2,152	2,053	2,297	23,287
ARVIN ROLL COATER	1,197	1,344	1,519	1,372	1,550	1,640	1,623	1,692	1,288	1,438	1,275	1,033	16,971
DOMTAR	10,993	9,929	10,993	10,638	10,993	10,638	14,657	14,657	10,638	10,993	10,638	10,993	136,757
DOTIKI	279	252	279	270	279	270	279	279	270	279	270	279	3,285
HOPKINS CO. COAL	189	170	181	148	167	83	80	132	123	152	150	122	1,699
KBI ALLOY	692	652	685	595	684	632	626	694	450	640	494	505	7,350
KIMBERLY CLARK	24,703	24,394	26,524	25,784	24,771	25,299	26,335	26,844	25,213	26,611	26,109	26,240	308,827
KMMC, Inc./P&M/Cochise	47	47	47	40	46	43	44	47	42	42	49	70	563
PATRIOT COAL	2,768	2,500	2,768	2,678	2,768	2,678	2,768	2,768	2,678	2,768	2,678	2,768	32,587
Shell Oil JP Industrials	380	290	253	587	581	315	195	425	532	580	518	600	5,256
SOUTHWIRE COMPANY	4,090	3,915	4,233	4,071	4,344	4,358	4,628	4,653	4,467	4,509	4,109	4,136	51,514
TYSON	5,457	5,486	6,083	5,521	5,710	6,294	6,639	6,813	5,937	6,256	5,560	5,573	71,329
VALLEY	1,024	1,094	955	916	923	904	864	1,027	1,236	1,090	986	978	11,996
TOTAL MEMBER IND'L ENERGY	79,798	77,803	82,520	81,001	82,261	80,675	87,299	89,212	80,510	84,245	79,444	81,045	985,814
ALCAN	-	-	-	-	-	-	-	-	-	-	-	-	-
CENTURY	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	309,807	272,758	261,252	227,466	241,221	274,243	314,575	311,299	250,790	239,093	253,820	305,580	3,261,907



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)** **Case No.
2013-00199**

DIRECT TESTIMONY
OF
JAMES V. HANER
VICE PRESIDENT ADMINISTRATIVE SERVICES

ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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**DIRECT TESTIMONY
OF
JAMES V. HANER**

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**DIRECT TESTIMONY
OF
JAMES V. HANER**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is James V. Haner. I am employed by Big Rivers Electric Corporation (“Big
9 Rivers”), 201 Third Street, Henderson, Kentucky 42420, as Vice President
10 Administrative Services.

11 **Q. Please describe your job responsibilities.**

12 A. I am responsible for oversight and management of the administrative services
13 department, which includes human resources, corporate insurance, corporate safety,
14 general services, and corporate files.

15 **Q. Briefly describe your education and work experience.**

16 A. I assumed my current responsibilities in July 1998, first as Manager of Human
17 Resources and Corporate Services, and then as Vice President Administrative Services
18 in December 2005. Prior to 1998, I held other positions in Administrative Services
19 and, prior to 1991, several positions in Accounting where I began employment at Big
20 Rivers on June 1, 1972. I have a Bachelor of Science in Accounting from the
21 University of Kentucky. A summary of my professional experience is provided as
22 Exhibit Haner-1.

23 **Q. To what extent have you previously testified or otherwise participated in any**
24 **proceedings before the Kentucky Public Service Commission (“Commission”)?**

1 A. I provided direct testimony and sponsored responses to certain information requests in
2 Big Rivers' most recent base rate case, Case No. 2012-00535, and sponsored responses
3 to information requests in the prior base rate case, Case No. 2011-00036. As Manager
4 of Accounting prior to 1986, I had oversight responsibilities and participated directly in
5 the preparation of other base rate cases, testifying in those cases and in fuel adjustment
6 clause hearings before the Commission.

7
8 **II. PURPOSE OF TESTIMONY**

9
10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is: (i) to describe the role of Administrative Services in
12 the development of Big Rivers' labor and labor-related costs for the budget and
13 forecast; (ii) to describe the determination of anticipated severance costs that are
14 included in the Big Rivers forecast; and (iii) to sponsor certain filing requirements from
15 807 KAR 5:001.

16 **Q. Are you sponsoring any exhibits?**

17 A. Yes. I have prepared the following exhibits to my prepared testimony:

18 Exhibit Haner-1 Qualifications of James V. Haner
19 Exhibit Haner-2 Calculation of Severance Costs

20
21 **III. LABOR & LABOR-RELATED COSTS**

22

1 **Q. Please provide an overview of the role of Administrative Services in the budget**
2 **and forecast development process.**

3 A. Administrative Services' staff members collaborate with budget analysts and
4 department managers across Big Rivers in the budget and forecast development
5 process. In general, my staff and I work to develop values for headcount, wage rates,
6 wage increase assumptions, and other compensation items. We also address benefits,
7 including workers compensation, long-term disability, health, and life insurance,
8 pension, and other costs. We assist in the development of the payroll burdens
9 associated with these items and provide any other labor or labor-related information
10 that is required of us for budget and forecast development.

11 **Q. How are the department headcount totals developed?**

12 A. The headcount totals are determined for each department by the department managers
13 in collaboration with the budget analysts. Administrative Services reconciles the
14 headcount to the organizational chart.

15 **Q. How are the wage rates developed?**

16 A. The rates for the forecast year are the rates from the approved budget as of the
17 December 31st immediately preceding the forecast year, adjusted for known changes
18 subsequent to that date, and the wage increase assumptions and the salary acceleration
19 and step rate increases during the forecast year.

20 **Q. How are the wage increase assumptions developed?**

21 A. The wage increase for bargaining employees is that set out in the labor agreements.
22 The assumption for non-bargaining employees is based on the adjustment anticipated to

1 be made in the salary structure, which can take into account movement in the consumer
2 price index, nationally published survey data, and market pricing of positions.

3 **Q. How are the overtime estimates developed?**

4 A. Overtime factor estimates are provided by the department managers based on historical
5 data, planned workloads and schedules, or other considerations applicable to specific
6 departments.

7 **Q. How are the health and life insurance cost estimates developed?**

8 A. Medical and dental insurance costs for active employees are based on net premium-
9 equivalent rates for the employees' coverage. Flexible spending account cost is based
10 on Big Rivers' contribution to the account for those active employees on the medical
11 coverage. Vision insurance cost is based on Big Rivers' contribution for single
12 coverage. Post-retirement medical insurance expense is based on an estimate by Big
13 Rivers' consulting actuary. Post-employment medical insurance expense is based on
14 the net-premium equivalent rates for disabled employees who remain on the coverage
15 one year following their disability date, as well as medical trend and discount rates used
16 by the consulting actuary in estimating post-retirement expense. Employee life
17 insurance cost is based on base pay rates projected for January 1st of the budget year
18 and the latest known insurance rate. Spouse and child life insurance cost is based on
19 active employee group coverage and premium.

20 **Q. How are the long-term disability insurance cost estimates developed?**

21 A. Long-term disability insurance cost is based on base pay rates projected for January 1st
22 of the budget year and the latest known insurance rate.

23 **Q. How are the workers compensation insurance cost estimates developed?**

1 A. The workers compensation insurance premium rates for the year preceding the budget
2 year are adjusted by the percentage change anticipated for the budget year. The
3 adjusted rates are applied to forecasted straight time labor to arrive at the expense
4 estimate for the budget year.

5 **Q. How are the pension cost estimates developed?**

6 A. The 401(k) employer matching contribution is based on projected base pay for the
7 budget year, assuming a 60% match of the employees' contribution of 6% of base pay.
8 The non-elective, non-matching employer contribution into the retirement income or
9 base contribution account of the retirement savings plan is based on projected pay for
10 the budget year and a contribution rate for the average age of employees. The defined
11 benefit retirement plan expense is based on an estimate by Big Rivers' consulting
12 actuary.

13 **Q. How are the Federal Insurance Contributions Act ("FICA") cost estimates
14 developed?**

15 A. The FICA cost estimate is based on estimated wages in the budget year times the
16 Medicare and Social Security tax rates for that year, subject to applicable Internal
17 Revenue Service limits.

18 **Q. How are the unemployment tax cost estimates developed?**

19 A. The federal and state unemployment tax cost estimates are based on the respective
20 taxable wage bases and rates for the budget year.

21 **Q. How are the payroll burdens associated with Big Rivers' benefits developed?**

22 A. The benefit amounts developed by Administrative Services that are to be expensed
23 through the payroll burdening process are used by the budget department staff to

1 calculate burden rates. They input the rates into Hyperion, a budgeting and reporting
2 software application, for incorporation into the labor budget and forecast.

3 **Q. What steps has Big Rivers taken to reduce or to otherwise mitigate future**
4 **increases to the labor-related costs discussed above?**

5 A. The most recent steps include (i) marketing of the long-term disability insurance
6 coverage for 2013, resulting in a reduction in expense compared to remaining with the
7 current provider; (ii) adjusting plan design for non-Medicare medical coverage,
8 effective January 1, 2013, with increases in deductibles, out-of-pocket amounts,
9 prescription drug co-payments, and employee contributions toward the cost of
10 coverage, thus reducing Big Rivers' cost for the coverage; and (iii) revising the
11 eligibility requirements for post-retirement medical coverage after 2013, with increases
12 in the age requirement for some, and addition of a service requirement for others, thus
13 reducing Big Rivers' expense and liability for post-retirement medical coverage. Big
14 Rivers moved to a self-insured medical plan effective January 1, 2012, and closed its
15 defined benefit retirement plans to new entrants or employees in 2008, both of which
16 served to reduce expense.

17
18 **IV. SEVERANCE COSTS**

19
20 **Q. Does Big Rivers anticipate any severance costs in the 2014-2015 timeframe?**

21 A. Yes. Due to the circumstances described in the Direct Testimony of Mr. Robert W.
22 Berry, Big Rivers anticipates that it will incur severance-related expenses in the 2014-
23 2015 timeframe.

1 **Q. What is the total amount of anticipated severance expense?**

2 A. The forecast includes a total of \$3.7 million for severance expense. The way in which
3 this amount is incorporated into the forecast is explained in the Direct Testimony of
4 Mr. Jeffrey R. Williams.

5 **Q. How is the total amount of anticipated severance expense calculated?**

6 A. The production department identified those bargaining and non-bargaining positions
7 anticipated to be eliminated with the idling of one of Big Rivers' power plants.
8 Severance benefits forecasted include two weeks of base pay per year of service, with a
9 minimum of eight weeks and a maximum of 52 weeks, and continuation of medical and
10 dental insurance for the severance period. For the bargaining positions to be
11 eliminated, it was assumed that employees 61 years of age or older would choose
12 severance and that those less than 61 would choose to exercise their right under the
13 labor agreement to displace less senior employees or fill vacancies at other power
14 plants operated by Big Rivers. For the non-bargaining employees whose positions
15 were anticipated to be eliminated and the bargaining employees anticipated to choose
16 severance or identified for termination through the labor agreement displacement
17 process, severance base pay was calculated using their years of service and their
18 projected base pay rate as of May 1, 2014. Calculation of the cost of medical and
19 dental insurance continuation for the severance period was based on the latest known
20 net-premium equivalent rate for the employees' coverage. Severance expense includes
21 base pay and the FICA tax on that pay, and the cost calculated for continuation of
22 insurance. The severance cost calculations are shown in Exhibit Haner-2.

1 Q. Are severance benefits for bargaining unit employees subject to collective
2 bargaining?

3 A. Yes.

4
5 V. FILING REQUIREMENTS

6
7 Q. Are you sponsoring any of the answers provided in Tabs 1-59 which address Big
8 Rivers' compliance with the fully forecast test period filing requirements under
9 807 KAR 5:001 and its various subsections?

10 A. Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
11 identified as the sponsoring witness.

12

13 VI. CONCLUSION

14

15 Q. What are your conclusions and recommendations to the Commission in this
16 proceeding?

17 A. The labor and labor-related costs included in the Big Rivers forecast are developed
18 through a thorough and detailed process. Big Rivers uses conventional methods and
19 relies on data from its benefit providers to derive its cost estimates. Big Rivers has
20 taken steps to reduce the costs of providing benefits and continues to pursue additional
21 cost mitigation efforts on a routine basis. Big Rivers' labor and labor-related costs are
22 reasonable. In addition, for the reasons outlined by Mr. Berry, Big Rivers anticipates
23 incurring a severance cost of \$3.7 million. This cost was determined using a sound

1 methodology. The Commission should accept these costs as presented and as utilized
2 in the modeling of Big Rivers' financials for the fully forecasted test period.

3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION

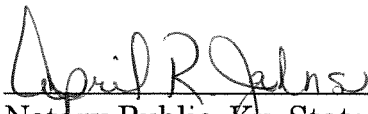
I, James V. Haner, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



James V. Haner

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by James V. Haner on this
the 20th day of June, 2013.



Notary Public, Ky. State at Large
My Commission Expires 8-9-14

Professional Summary

James V. Haner
Vice President Administrative Services
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation 1972 to present

Vice President Administrative Services
Acting Vice President Finance and Administrative Services
Manager Human Resources and Corporate Services
Manager Corporate Services, Insurance, and Loss Control
Manager Taxes, Insurance, and Budgets
Manager Accounting
Supervisor General Accounting
Chief Accountant
Senior Accountant
Accountant

Education

Bachelor of Science in Accounting
University of Kentucky

BIG RIVERS ELECTRIC CORPORATION
Calculation of Severance Costs

Employee (1)	5/1/14	Severance		Cvg at Active Rate			Inactive	FICA (9)	TOTAL (10)
	Pay (2)	Weeks (3)	Total (4)	Mos (5)	2014 (6)	2015 (7)	Cvg Mos (8)		
1	70,304	52	70,304	9	9,639	1,241	3	5,378	86,562
2	70,304	14	18,928	4	4,820			1,448	25,196
3	58,344	8	8,976	2	3,370			687	13,033
4	52,936	8	8,144	2	1,197			623	9,964
5	70,304	8	10,816	2	3,370			827	15,013
6	63,939	8	9,837	2	2,267			753	12,857
7	60,174	42	48,602				10	3,718	52,320
8	59,426	12	13,714	3	3,299			1,049	18,062
9	52,936	8	8,144	2	3,370			623	12,137
10	63,939	52	63,939				12	4,891	68,830
11	52,936	8	8,144	2	3,370			623	12,137
12	70,304	52	70,304	12	9,639	4,964		5,378	90,285
13	59,426	16	18,285	4	6,739			1,399	26,423
14	63,939	52	63,939				12	4,891	68,830
15	70,304	52	70,304				12	5,378	75,682
16	58,344	8	8,976	2	3,370			687	13,033
17	63,939	16	19,674	4	6,739			1,505	27,918
18	63,939	19	23,362	5	8,424			1,787	33,573
19	59,426	18	20,571	5	2,901			1,574	25,046
20	59,426	23	26,285	6	6,599			2,011	34,895
21	59,426	20	22,856	5	6,025			1,748	30,629
22	59,426	30	34,284	7	11,794			2,623	48,701
23	52,936	40	40,720	10	13,478	3,471		3,115	60,784
24	51,334	8	7,898	2	2,153			604	10,655
25	63,939	52	63,939				12	4,891	68,830
26	70,304	52	70,304	6	7,230		6	5,378	82,912
27	52,936	8	8,144	2	3,370			623	12,137
28	52,936	8	8,144	2	3,370			623	12,137
29	52,936	8	8,144	2	3,370			623	12,137
30	70,304	9	12,168	3	3,731			931	16,830
31	59,426	15	17,142	4	4,306			1,311	22,759
32	59,426	12	13,714	3	3,299			1,049	18,062
33	59,426	19	21,713	5	5,499			1,661	28,873
34	70,304	9	12,168	3	5,054			931	18,153
35	70,304	52	70,304	5	2,901		7	5,378	78,583
36	59,426	13	14,857	3	1,740			1,137	17,734
37	51,334	8	7,898	2	2,200			604	10,702
38	59,426	25	28,570	6	10,109			2,186	40,865
39	52,936	8	8,144	2	2,267			623	11,034
40	52,936	8	8,144	2	3,370			623	12,137
41	59,426	18	20,571	5	8,424			1,574	30,569
42	59,426	15	17,142	4	4,820			1,311	23,273

BIG RIVERS ELECTRIC CORPORATION
Calculation of Severance Costs

Employee (1)	5/1/14	Severance		Cvg at Active Rate			Inactive	FICA (9)	TOTAL (10)
	Pay (2)	Weeks (3)	Total (4)	Mos (5)	2014 (6)	2015 (7)	Cvg Mos (8)		
43	63,939	8	9,837	2	1,274			753	11,864
44	51,334	8	7,898	2	1,160			604	9,662
45	70,304	52	70,304				12	5,378	75,682
46	58,344	37	41,514	9	9,639	1,241		3,176	55,570
47	63,939	10	12,296	3	1,740			941	14,977
48	60,174	52	60,174				12	4,603	64,777
49	52,936	8	8,144	2	3,370			623	12,137
50	63,170	52	63,170	12	4,641	2,390		4,833	75,034
51	52,936	8	8,144	2	1,160			623	9,927
52	52,936	8	8,144	2	1,160			623	9,927
53	63,939	13	15,985	3	5,054			1,223	22,262
54	70,304	52	70,304	9	9,639	1,241	3	5,378	86,562
55	63,939	11	13,526	3	3,615			1,035	18,176
56	63,939	14	17,214	4	6,739			1,317	25,270
57	52,936	8	8,144	2	3,370			623	12,137
58	63,939	11	13,526	3	5,054			1,035	19,615
59	60,174	52	60,174				12	4,603	64,777
60	52,936	8	8,144	2	2,410			623	11,177
61	92,370	14	24,869	4	2,345			1,902	29,116
62	92,370	32	56,843	8	4,690			4,349	65,882
63	116,801	52	116,801	12	9,742	5,017		5,994	137,554
64	92,370	52	92,370				12	6,214	98,584
65	176,478	52	176,478				12	5,845	182,323
66	83,745	14	22,547	4	6,810			1,725	31,082
67	92,370	52	92,370				12	6,214	98,584
68	92,370	31	55,067	8	13,620			4,212	72,899
69	92,370	18	31,974	5	6,089			2,446	40,509
70	92,370	52	92,370	12	9,742	5,017		6,214	113,343
71	71,546	16	22,014	4	2,345			1,684	26,043
72	40,424	18	13,993	5	2,931			1,070	17,994
73	40,424	13	10,106	3	1,759			773	12,638
74	83,745	17	27,378	4	2,345			2,095	31,818
75	92,370	52	92,370	12	9,742	5,017		6,214	113,343
76	57,127	52	57,127	12	4,690	2,415		4,371	68,603
77	83,745	52	83,745				12	6,292	90,037
78	92,370	15	26,645	4	4,871			2,038	33,554
79	92,370	52	92,370	12	13,620	7,015		6,214	119,219
80	92,370	52	92,370				12	6,214	98,584
81	45,524	8	7,004	2	1,173			536	8,713
82	92,370	52	92,370	12	13,620	7,015		6,214	119,219
83	92,370	49	87,041	12	13,620	7,015		6,137	113,813
TOTAL	5,627,349		3,071,080		371,402	53,059		217,738	3,713,279



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES) **Case No.**
2013-00199

DIRECT TESTIMONY

OF

CHRISTOPHER A. WARREN
SENIOR FORECAST/FINANCIAL ANALYST

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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**DIRECT TESTIMONY
OF
CHRISTOPHER A. WARREN**

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DIRECT TESTIMONY
OF
CHRISTOPHER A. WARREN

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is Christopher A. Warren. I am employed by Big Rivers Electric Corporation
9 (“Big Rivers”), 201 Third Street, Henderson, Kentucky 42420, as a Senior
10 Forecast/Financial Analyst.

11 **Q. Please describe your job responsibilities.**

12 A. I report to the Director of Finance. My responsibilities include maintaining Big Rivers’
13 financial model, performing economic analysis, and analyzing financials.

14 **Q. Briefly describe your education and work experience.**

15 A. I have held my current position since January 2013. From 2009-2012 I held the
16 position of Senior Budget Analyst upon the closing of the transaction that unwound Big
17 Rivers’ 1998 lease with E.ON U.S., LLC and its affiliates (the “Unwind Transaction”),
18 described in Case No. 2007-00455. Prior to the closing of the Unwind Transaction, I
19 was employed by Western Kentucky Energy Corporation (“WKE”) for 8 years as a
20 Budget Analyst. I earned a Bachelor of Science in Accounting degree from Kentucky
21 Wesleyan College. A summary of my education and work experience is attached as
22 Exhibit Warren-1.

23 **Q. Have you previously testified before the Kentucky Public Service Commission**
24 **(“Commission”)?**

1 A. Yes. I provided testimony and sponsored responses to data requests in Case No. 2012-
2 00535. I also sponsored responses to data requests in the fuel adjustment cost review in
3 Case No. 2012-00323.

4
5 **II. PURPOSE OF TESTIMONY**

6
7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is: (i) to describe the Big Rivers financial model, which is
9 part of the Big Rivers budgeting and forecasting process, (ii) to describe the results of
10 the Big Rivers financial model, and (iii) to sponsor certain filing requirements from 807
11 KAR 5:001.

12 **Q. Are you sponsoring any exhibits?**

13 A. Yes. I have prepared the following exhibits to my prepared testimony:
14 Exhibit Warren-1 Qualifications of Christopher A. Warren
15 Exhibit Warren-2 Big Rivers Financial Model
16 Exhibit Warren-3 Financial Results With and Without Rate Increase

17
18 **III. BIG RIVERS FINANCIAL MODEL**

19
20 **Q. Please provide a general description of the Big Rivers financial model.**

21 A. The Big Rivers financial model is an in-house developed spreadsheet model which
22 calculates revenues and generates financial statements and financial metrics based on

1 data provided by the budget and financial forecast, the production cost model, the load
2 forecast, and rate design from the cost of service study.

3 **Q. How does the Big Rivers financial model fit into the budget and forecast
4 development process?**

5 A. Big Rivers' forecasted expenditures are input into the financial model, along with
6 production cost model output data and load data to generate a full set of financial
7 statements.

8 **Q. What are the inputs to the Big Rivers financial model?**

9 A. Inputs to the Big Rivers financial model include member base rates, demand and
10 energy forecasts for billing purposes, production cost model outputs, debt payment
11 schedules, depreciation and amortization, capital expenditures, and all expense items
12 captured by the budget and forecast (including fixed departmental expenses and
13 departmental labor forecasts).

14 **Q. What are the outputs of the Big Rivers financial model?**

15 A. Outputs of the Big Rivers financial model include total revenues, expenses, margins,
16 Times Interest Earned Ratio ("TIER"), and information included in the statement of
17 operations, balance sheet, and cash flow statement.

18 **Q. How is the revenue forecast developed in the Big Rivers financial model?**

19 A. The revenue forecast is developed by applying the appropriate rates to the projected
20 consumption for each rate class. For the Rural and Large Industrial classes, the
21 demand and energy rates are applied to the projected demand and energy volumes
22 respectively. For Alcan Primary Products Corporation ("Alcan") and Century
23 Aluminum of Kentucky General Partnership ("Century") (collectively, the "Smelters"),

1 the Big Rivers financial model mirrors the terms of the agreements relating to electric
2 service provided to the Smelters (the “Smelter Agreements”) to determine the total
3 revenue, for any months in which the Smelters are served by Big Rivers. In the test
4 period used in this filing, the Big Rivers financial model reflects that Big Rivers is not
5 providing service to the Smelters, pursuant to their respective Notices of Contract
6 Termination.

7 **Q. Does the Big Rivers financial model determine the appropriate charges for the**
8 **Fuel Adjustment Clause (“FAC”), Environmental Surcharge (“ES”), and Non-**
9 **FAC Purchase Power Adjustment (“Non-FAC PPA”) for each of the rate classes?**

10 A. Yes. The financial model assumes that these rate component mechanisms recover the
11 costs that are appropriate for inclusion in the mechanisms. The financial model does
12 not simulate the regulatory lag associated with each – in other words, the financial
13 model assumes perfect rate treatment for the costs that qualify for inclusion in the FAC,
14 ES, and Non-FAC PPA. The effects of this assumption over time for budgeting and
15 ratemaking purposes should be negligible given the over/under recovery mechanisms
16 built into Big Rivers’ riders.

17 **Q. How does the Big Rivers financial model apply the Economic Reserve and Rural**
18 **Economic Reserve funds that Big Rivers established as part of the transaction that**
19 **the Commission approved in Case No. 2007-00455 (the “Unwind Transaction”)?**

20 A. The Big Rivers financial model tracks the Economic Reserve (“ER”) and the Rural
21 Economic Reserve (“RER”). The ER and RER are both rate mitigation funds and are
22 modeled to mirror two tariff riders: the Member Rate Stability Mechanism (“MRSM”) and
23 the Rural Economic Reserve Rider, respectively. They are currently used to

1 cushion the effect of future rate increases for fuel and environmental expenses on Big
2 Rivers' rates to its Rural and Large Industrial classes, and amounts drawn from the
3 funds are recorded as revenue. Big Rivers is proposing changes to the MRSM and
4 Rural Economic Reserve Rider in this case to accelerate the use of the reserve funds to
5 also fully offset the increase proposed in this case until the reserve funds are depleted.
6 Those changes are described in the Direct Testimony of Ms. Billie J. Richert.

7 **Q. Does the Big Rivers financial model reflect the terms and conditions of the Smelter**
8 **Agreements?**

9 A. Yes. The financial model retains the functionality to properly model the terms and
10 conditions of the Smelter Agreements, including treatment of Base Monthly Energy,
11 Base Fixed Energy, FAC, ES, Non-FAC PPA, Rebate, TIER Adjustment Charge, and
12 Surcharge. However, while the functionality to model these terms remains in the
13 model, the values for these items are zero in the proposed forecasted test period,
14 because Big Rivers is not serving the Smelters under these contracts in that time period
15 and beyond.

16 **Q. Does the Big Rivers financial model determine the appropriate expenses related to**
17 **the FAC, ES, and Non-FAC PPA for each of the rate classes?**

18 A. Yes. The Big Rivers financial model determines the costs that qualify for inclusion in
19 these rate mechanisms.

20 **Q. How does the Big Rivers financial model address revenue from off-system sales?**

21 A. Off-system sales revenues in the Big Rivers financial model are derived by applying
22 the off-system sales prices to the off-system sales volumes determined from the
23 production cost model output.

1 **Q. Does the Big Rivers financial model include any other non-member revenues?**

2 A. Yes, the Big Rivers financial model includes transmission revenue, rental income,
3 interest income, and patronage allocations. All of these non-member revenues serve to
4 offset expenses and improve TIER, thereby reducing the revenue required from Big
5 Rivers' members.

6 **Q. How are the outputs of the production cost model incorporated into the Big Rivers
7 financial model?**

8 A. A worksheet in the Big Rivers financial model captures data from the production cost
9 model output file, net of the City of Henderson's share of the Station Two generating
10 station. This worksheet captures MWh sales volumes, fuel purchased, off system sales
11 price, purchased power volumes and prices, variable environmental compliance costs,
12 and allowances allocated and consumed.

13 **Q. How are capital expenditures incorporated into the Big Rivers financial model?**

14 A. A worksheet in the Big Rivers financial model captures the capital expenditures
15 contained in the capital budget and financial forecast. Capital expenditures are then
16 reflected in the cash flow statement and on the balance sheet. Capital expenditures for
17 compliance with the Mercury and Air Toxics Standards ("MATS") rule are also tracked
18 on a separate sheet for inclusion in the environmental compliance rate base once the
19 assets are placed into service.

20 **Q. How are the expenses that are split between Big Rivers and the City of Henderson
21 addressed in the Big Rivers financial model?**

22 A. All costs included in the Big Rivers financial model are net of the City of Henderson's
23 share of Station Two. Variable costs (derived from the production cost model) are

1 allocated based on energy usage. Non-variable costs (derived from the budget and
2 forecast) are allocated based on budgeted capacity take from Station Two.

3 **Q. How is existing debt addressed in the Big Rivers financial model?**

4 A. Information related to existing debt issues (beginning balances, principal payments,
5 interest payments, and amortization of upfront costs) is input to the Big Rivers financial
6 model from existing debt amortization schedules. Existing debt issues include the RUS
7 Series A Note, the RUS Series B Note, the County of Ohio Pollution Control Bonds,
8 the CoBank Term Loan, the CFC Term Loan, and the CFC Equity Loan.

9 **Q. What are the assumptions regarding future debt issues?**

10 A. There is one new debt issue planned in the 2014-2016 period: a debt issue for
11 environmental compliance assets. The environmental compliance borrowing is
12 assumed to occur under a short-term (3 year) revolver while Big Rivers seeks long-term
13 financing with RUS. Borrowings for environmental compliance occur as funds are
14 needed during construction and bear an interest rate of 3%. Debt issuance costs of \$0.4
15 million are amortized over the 3-year life of the short-term borrowing.

16

17 **IV. FINANCIAL MODEL RESULTS**

18

19 **Q. Does the Big Rivers financial model calculate Big Rivers' projected margins and
20 TIER?**

21 A. Yes. The model determines Big Rivers' projected margins and TIER for 2014, 2015,
22 and the fully forecasted test period (February 2014 to January 2015). These can be
23 calculated both with and without the proposed rate increase.

1 **Q. What are Big Rivers' projected margins with and without the proposed rate**
2 **increase?**

3 A. Projected margins for the following periods with and without the proposed increase are
4 tabulated in the following Table 1.

5 **Table 1. Margins Forecast**

Period	Margins Without Proposed Rate Increase (Millions of \$)	Margins With Proposed Rate Increase (Millions of \$)
2014	(59.4)	4.5
Fully Forecasted Test Period	(65.4)	5.0
2015	(61.1)	9.5

6

7 **Q. What is Big Rivers' projected TIER with and without the proposed rate increase?**

8 A. Projected TIER for the following periods with and without the proposed increase is
9 tabulated in the following Table 2.

10

1

Table 2. TIER Forecast

Period	TIER Without Proposed Rate Increase	TIER With Proposed Rate Increase
2014	(0.36)	1.10
Fully Forecasted Test Period	(0.49)	1.11
2015	(0.40)	1.22

2

3 **Q. Is the proposed rate increase necessary to allow Big Rivers to achieve the**
4 **necessary margins and corresponding TIER outlined in the Direct Testimony of**
5 **Ms. Billie J. Richert?**

6 **A.** Yes. A comparison of Big Rivers’ financial results with and without the proposed rate
7 increase is provided in Exhibit Warren-3. As that exhibit and the data in Tables 1 and 2
8 above plainly show, Big Rivers’ financial situation absent the proposed rate increase is
9 dire. The proposed rate increase allows Big Rivers to meet the minimum Margins For
10 Interest Ratio (“MFIR”) requirement of 1.10 in 2014, and also permits Big Rivers to
11 secure a TIER of 1.22 in 2015 and TIER of 1.11 in the fully forecasted test period.

12

13 **V. FILING REQUIREMENTS**

14

15 **Q. Are you sponsoring any of the answers provided in Tabs 1-59 which address Big**
16 **Rivers’ compliance with the fully forecasted test period filing requirements under**
17 **807 KAR 5:001 and its various subsections?**

1 A. Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
2 identified as the sponsoring witness.

3 **Q. Are you sponsoring any of the pro forma adjustments included in the revenue**
4 **requirement tabulation in Exhibit Wolfram-2?**

5 A. Yes. I am sponsoring Schedule 1.01 for the removal of revenues and expenses included
6 in the FAC, Schedule 1.02 for the removal of revenues and expenses included in the
7 ES, Schedule 1.03 for the removal of revenues and expenses included in the Non-FAC
8 PPA, and Schedule 1.09 for the removal of revenue credits from the Surcredit
9 associated with the Smelter Surcharge. These are the adjustments allowed by standard
10 Commission practice and reflect the removal of the amounts for these rate mechanisms
11 as calculated in the Big Rivers financial model.

12

13 **VI. CONCLUSION**

14

15 **Q. What are your conclusions and recommendations to the Commission in this**
16 **proceeding?**

17 A. The fully forecasted test period in this case relies on a financial model and
18 corresponding financial forecast projection that is reasonable, reliable, made in good
19 faith, and based on assumptions that are justified. The fully forecasted test period in
20 this rate filing relies on the same financial model, assumptions, and results that are used
21 by Big Rivers' management in the ordinary course of business. The financial model
22 demonstrates that for 2014 and beyond, Big Rivers requires the proposed rate increase

1 in order to meet its financial obligations. The Commission should approve the
2 proposed rates as filed by Big Rivers in this proceeding.

3 **Q. Does this conclude your testimony?**

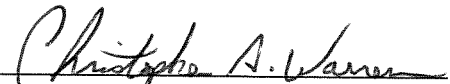
4 A. Yes.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

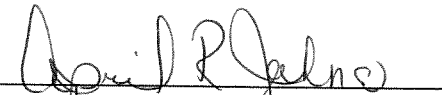
VERIFICATION

I, Christopher A. (Chris) Warren, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Christopher A. (Chris) Warren

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Christopher (Chris) A. Warren on this the 20th day of June, 2013.


Notary Public, Ky. State at Large
My Commission Expires 8-9-14

Professional Summary

Christopher A. Warren
Senior Forecast/Financial Analyst
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420
(270) 844-6065

Professional Experience

Big Rivers Electric Corporation 2009 to present

Senior Forecast/Financial Analyst

Senior Budget Analyst

Western Kentucky Energy 2001-2009

Senior Budget Analyst/Accounts Payable Supervisor

Budget Analyst (II and III)

Thoroughbred Owners & Breeders Association 1997-2001

Director of Finance & Administration

Accounting Manager

David Hocker & Associates 1996-1997

Accountant

Education

Bachelor of Science in Accounting & Business Administration

Kentucky Wesleyan College

Professional Organizations

Institute of Management Accountants

Big Rivers Financial Model		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
		January	February	March	April	May	June	July	August	September	October	November	December	Total
1	<u>I. Sales</u>													
2														
3	Energy (TWH)													
4	Rural	0.23	0.20	0.18	0.15	0.16	0.20	0.23	0.23	0.17	0.16	0.18	0.23	2.31
5	Large Industrial	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.09	0.08	0.08	0.08	0.08	0.98
6	Century	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Alcan	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.26
8	Market													
9	Total Energy Sales													
10														
11	Demand (MW)													
12	Rural	495.40	437.90	386.40	325.20	379.40	470.20	509.20	492.50	446.20	328.60	398.10	459.70	5,128.80
13	Large Industrial	139.90	140.90	139.50	144.50	144.30	146.00	150.30	151.70	146.80	146.00	145.80	147.70	1,743.40
14														
15	<u>II. Rates, Accrual Based (\$ / MWH)</u>													
16														
17	Rural													
18	Load Factor (%)	62.95%	67.06%	63.09%	63.87%	57.45%	58.14%	60.82%	61.47%	54.02%	64.62%	61.83%	66.32%	61.71%
19	Demand (\$/ KW-mo.)	16.45	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	23.91
20	Energy (\$/ MWH)	30.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	34.50
21	Base Rate (\$/ MWH)	65.13	89.90	87.71	88.80	92.88	94.11	89.67	89.10	98.61	86.46	90.58	85.14	87.64
22														
23	Non-Smelter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	(0.43)
24	FAC	4.87	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.84
25	Environmental Surcharge	3.69	5.25	5.10	5.73	5.76	5.65	5.10	6.30	8.20	7.56	6.90	6.07	5.86
26	Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
27	Total	8.41	10.34	10.45	11.22	11.50	11.96	10.93	12.53	14.51	13.25	12.70	11.93	11.55
28	Economic Reserve	(11.62)	(37.32)	(37.43)	(38.19)	(38.48)	(38.94)	(28.79)	0.00	0.00	0.00	0.00	0.00	(18.65)
29	Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	(7.12)	(37.50)	(39.49)	(38.22)	(37.68)	(36.91)	(16.46)
30	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	Effective Rate (\$/ MWH)	61.27	62.27	60.08	61.17	65.25	66.48	64.05	63.47	73.68	61.53	65.65	60.21	63.65
32														
33	Large Industrial													
34	Load Factor (%)	75.34%	80.85%	78.17%	77.86%	76.62%	76.75%	78.07%	79.04%	76.17%	77.56%	75.68%	73.75%	77.14%
35	Demand (\$/ KW-mo.)	11.96	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.50
36	Energy (\$/ MWH)	30.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	34.60
37	Power Factor Penalty/ Demand Cr. (Lrg. Ind.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	Base Rate (\$/ MWH)	51.34	68.09	65.91	67.07	66.54	67.54	65.95	65.57	67.78	66.16	68.00	67.77	65.67
39														
40	Non-Smelter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	(0.42)
41	FAC	4.87	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.86
42	Environmental Surcharge	2.96	4.04	3.90	4.41	4.22	4.16	3.83	4.75	5.80	5.90	5.29	4.92	4.52
43	Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
44	Total	7.68	9.14	9.26	9.90	9.97	10.47	9.66	10.97	12.10	11.58	11.09	10.77	10.23
45	Economic Reserve	(10.90)	(28.15)	(28.27)	(28.91)	(28.98)	(29.48)	(28.79)	0.00	0.00	0.00	0.00	0.00	(15.20)
46	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47	Effective Rate (\$/ MWH)	47.47	48.43	46.25	47.41	46.88	47.87	46.18	75.89	79.93	77.79	79.14	78.59	60.29
48														

Big Rivers Financial Model		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
		January	February	March	April	May	June	July	August	September	October	November	December	Total
49	Non-Smelter Member Blend													
50	Base Rate (\$/ MWH)	61.65	83.81	80.97	81.17	84.02	86.38	83.16	82.42	88.84	79.40	83.59	80.57	81.09
51														
52	Non-Smelter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	(0.43)
53	FAC	4.87	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.85
54	Environmental Surcharge	3.50	4.91	4.73	5.27	5.24	5.22	4.75	5.86	7.44	6.98	6.40	5.77	5.46
55	Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
56	Total	8.23	10.00	10.08	10.75	10.99	11.53	10.58	12.09	13.75	12.67	12.20	11.63	11.16
57	Economic Reserve	(11.44)	(34.76)	(34.59)	(34.93)	(35.28)	(36.19)	(28.79)	0.00	0.00	0.00	0.00	0.00	(17.62)
58	Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	(5.16)	(26.86)	(26.97)	(24.93)	(26.02)	(27.19)	(11.55)
59	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	Effective Rate (\$/ MWH)	57.78	58.40	55.81	56.34	59.07	61.07	59.14	66.99	75.66	67.19	69.83	65.05	62.65
61														
62	Smelters													
63	Base Rate	46.97	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	46.97
64	TIER Adjustment	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95
65	Total	49.92	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	49.92
66	Non-FAC PPA	(0.39)	0.14	0.18	0.33	0.26	0.12	(0.00)	0.01	0.22	0.27	0.20	0.03	(0.39)
67	FAC	4.87	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	4.87
68	Environmental Surcharge	2.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.70
69	Surcharge	1.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.88
70	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
71	Effective Rate (\$/ MWH)	58.98	68.71	69.01	69.29	69.48	69.91	69.31	69.71	70.00	69.43	69.48	69.36	58.98
72														
73	Market													
74														
75	III. Statement of Operations (Millions of \$)													
76														
77	Electric Energy Revenues													
78	Income From Leased Property Net													
79	Other Operating Revenue and Income	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
80	TOTAL OPER. REVENUES & PAT. CAPITAL													
81														
82	Operating Expense-Production-Excluding Fuel													
83	Operating Expense-Production-Fuel													
84	Operating Expense-Other Power Supply													
85	Operating Expense-Transmission													
86	Operating Expense-RTO/ISO													
87	Operating Expense-Distribution													
88	Operating Expense-Customer Accounts													
89	Operating Expense-Customer Service and Information													
90	Operating Expense-Sales													
91	Operating Expense-Administrative and General													
92	TOTAL OPERATION EXPENSE													
93														
94	Maintenance Expense-Production													
95	Maintenance Expense-Transmission													
96	Maintenance Expense-Distribution													
97	Maintenance Expense-General Plant													
98	TOTAL MAINTENANCE EXPENSE													

Big Rivers Financial Model													2014
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	January	February	March	April	May	June	July	August	September	October	November	December	Total
99													
100	3.72	3.72	3.73	3.73	3.74	3.76	3.76	3.76	3.89	3.90	3.90	3.90	45.52
101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102	3.67	3.37	3.66	3.60	3.70	3.59	3.73	3.73	3.62	3.72	3.62	3.71	43.72
103	(0.17)	(0.19)	(0.22)	(0.27)	(0.31)	(0.35)	(0.36)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(1.93)
104	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105													
106	0.05	0.05	0.05	0.05	0.05	0.07	0.05	0.05	0.05	0.06	0.06	0.08	0.66
107													
108	TOTAL COST OF ELECTRIC SERVICE												
109													
110	OPERATING MARGINS												
111													
112	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.84
113													
114													
115													
116													
117	0.00	0.00	1.69	0.03	0.00	0.00	0.00	0.01	1.02	0.00	0.00	0.00	2.74
118													
119	NET PATRONAGE CAPITAL OR MARGIN												
120													
121													
122	IV. Balance Sheet (Millions of \$)												
123	2,046.07	2,046.54	2,049.58	2,054.35	2,060.31	2,061.57	2,062.67	2,124.81	2,126.49	2,128.53	2,128.70	2,128.81	2,128.81
124	76.97	82.16	87.43	92.73	98.06	100.81	101.10	40.00	40.00	40.00	40.00	40.00	40.00
125	2,123.03	2,128.69	2,137.01	2,147.09	2,158.37	2,162.38	2,163.77	2,164.81	2,166.49	2,168.53	2,168.70	2,168.81	2,168.81
126	999.52	1,003.37	1,006.41	1,008.92	1,011.08	1,014.75	1,018.48	1,022.21	1,025.86	1,029.41	1,033.55	1,037.72	1,037.72
127	1,123.52	1,125.33	1,130.60	1,138.17	1,147.29	1,147.63	1,145.30	1,142.60	1,140.63	1,139.11	1,135.15	1,131.09	1,131.09
128													
129	Non-Utility Property (Net)												
130	4.15	4.15	3.80	3.81	3.81	3.81	3.81	3.81	4.32	4.32	4.32	4.32	4.32
131	42.87	42.54	42.54	42.54	42.20	42.20	42.20	41.86	41.86	41.86	41.51	41.51	41.51
132	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
133	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
134	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
135	54.35	44.86	35.81	27.78	19.17	9.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00
136	65.68	65.78	65.88	65.98	66.08	66.18	64.64	56.30	49.53	43.57	36.96	28.64	28.64
137	168.20	158.47	149.18	141.25	132.41	122.48	111.80	103.12	96.86	90.89	83.94	75.62	75.62
138													
139	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
140													
141	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
142	77.78	81.07	92.70	83.92	67.30	76.51	79.70	82.05	87.40	92.66	91.78	89.41	89.41
143	42.55	30.30	27.75	26.60	28.17	30.74	33.71	33.26	30.91	29.11	30.17	33.22	33.22
144	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
145	18.55	18.87	19.12	19.25	19.27	19.34	19.38	19.41	19.43	19.45	19.47	19.48	19.48
146	26.23	26.29	26.34	26.39	26.45	26.50	26.55	26.61	26.66	26.71	26.77	26.82	26.82
147	3.58	3.25	2.93	2.60	2.28	1.95	1.63	1.30	0.98	0.65	0.33	4.10	4.10
148	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
149	170.36	161.45	170.51	160.44	145.13	156.72	162.64	164.31	167.05	170.27	170.19	174.70	174.70

Blg Rivers Financial Model		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
		January	February	March	April	May	June	July	August	September	October	November	December	Total
150														
151	Unamortized Debt Discount & Extraor. Prop. Losses	3.95	3.92	3.89	3.85	3.82	3.78	4.24	4.20	4.16	4.11	4.07	4.03	4.03
152	Regulatory Assets	11.11	10.87	10.63	10.39	10.14	9.90	9.82	9.79	9.59	9.40	9.19	8.94	8.94
153	Other Deferred Debits	3.85	3.84	3.83	3.82	3.81	3.80	4.04	4.03	4.02	4.02	4.01	4.00	4.00
154	Accumulated Deferred Income Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
155														
156	TOTAL ASSETS AND OTHER DEBITS	1,481.00	1,463.88	1,468.63	1,457.92	1,442.61	1,444.31	1,437.85	1,428.05	1,422.31	1,417.81	1,406.54	1,398.38	1,398.38
157														
158														
159	TOTAL MARGINS & EQUITY	414.76	414.80	412.43	407.21	404.74	405.92	410.19	413.29	415.08	412.37	413.03	415.73	415.73
160														
161	Long-Term Debt - RUS	218.14	218.14	220.11	220.12	220.12	222.15	222.16	222.16	224.24	224.25	224.25	226.36	226.36
162	Long-Term Debt - Other	665.76	662.70	675.86	675.86	672.78	683.43	683.43	680.33	678.37	678.37	675.25	673.27	673.27
163	TOTAL LONG-TERM DEBT	883.90	880.84	895.97	895.98	892.90	905.58	905.59	902.49	902.61	902.62	899.50	899.63	899.63
164														
165	Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
166	Accounts Payable	23.36	18.79	20.50	20.29	18.89	17.68	17.19	17.61	17.64	18.85	16.94	15.66	15.66
167	Accounts Payable (TIER Rebate)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
168	Taxes Accrued	1.26	1.61	1.96	2.32	2.67	3.02	3.37	1.44	1.79	2.14	1.85	1.65	1.65
169	Interest Accrued	5.52	5.19	4.24	6.70	6.66	5.48	5.54	5.55	4.23	6.77	6.74	5.50	5.50
170	Other Current and Accrued Liabilities	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
171														
172	TOTAL CURRENT AND ACCRUED LIAB.	37.44	32.90	34.01	36.61	35.53	33.47	33.40	31.89	30.96	35.07	32.83	30.11	30.11
173														
174	Deferred Credits	1.14	0.92	0.70	0.48	0.26	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
175	Deferred Credits (Economic Reserve)	54.35	44.86	35.81	27.78	19.17	9.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00
176	Deferred Credits (Rural Economic Reserve)	65.68	65.78	65.88	65.98	66.08	66.18	64.64	56.30	49.53	43.57	36.96	28.64	28.64
177	Accumulated Operating Provisions	23.73	23.78	23.83	23.88	23.93	23.98	24.03	24.08	24.13	24.18	24.23	24.28	24.28
178	Obligation under Capital Leases - Noncurrent													
179														
180	TOTAL LIABILITIES AND OTHER CREDITS	1,481.00	1,463.88	1,468.63	1,457.92	1,442.61	1,444.31	1,437.85	1,428.05	1,422.31	1,417.81	1,406.54	1,398.38	1,398.38
181														
182														
183	V. Cash Flow Statement (Millions of \$)													
184	Operating Receipts													
185	Rural	14.22	12.29	10.90	9.15	10.58	13.08	14.76	14.30	12.79	9.72	11.63	13.66	147.07
186	Large Industrial	3.72	3.71	3.75	3.84	3.86	3.86	4.03	6.77	6.44	6.55	6.29	6.37	59.19
187	Smelters	15.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.31
188	Offsystem													
189	Lease Income													
190	Other Operating Revenues	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
191	Gain on Sale of Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
192	Other	0.00	0.00	1.69	0.03	0.00	0.00	0.00	0.01	1.02	0.00	0.00	0.00	2.74
193	Interest Earnings	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.84
194	Total Receipts													
195														
196	Operating Disbursements													
197	PPA													
198	Fuel Costs													
199	Fuel Costs (Labor & Exp)													
200	Power Supply (P Power, APM, Cogen, & TVA Tran)													
201	Production O&M													
202	Transmission O&M													
203	A&G	2.32	2.28	3.11	2.35	2.70	3.19	2.25	2.41	2.36	2.41	2.10	2.64	30.10
204	Working Capital	(2.46)	(8.69)	(5.28)	(1.61)	1.96	3.11	2.78	0.42	(2.55)	(3.69)	2.59	8.31	(5.10)
205	Other	3.57	(0.24)	(0.24)	(0.24)	(0.24)	(0.22)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	0.97
206	Total Disbursements													
207														
208	Operating Receipts less Disbursements													

Big Rivers Financial Model		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
		January	February	March	April	May	June	July	August	September	October	November	December	Total
210	<u>Capital Expenditures</u>													
211	Generation													
212	Transmission													
213	A&G	0.00	0.21	0.10	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55
214	Other / IT	0.00	0.05	0.10	0.31	0.11	0.26	0.22	0.32	0.23	0.04	0.01	0.00	1.64
215	Total Capital Expenditures													
216														
217	<u>Income Taxes from Operations</u>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
218														
219	<u>Net Pre-Finance Cash Flow</u>	(1.38)	0.52	(7.97)	(15.70)	(18.43)	(8.72)	(3.19)	0.72	3.30	0.39	(0.78)	(5.91)	(57.15)
220														
221	<u>Financing</u>													
222	Principal	0.00	3.05	(13.16)	0.00	3.08	(10.65)	0.00	3.10	1.95	0.00	3.13	1.98	(7.51)
223	Interest	3.68	3.70	2.64	1.13	3.74	2.76	3.65	3.71	2.86	1.17	3.65	2.84	35.53
224	Debt Issuance Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.02	0.52
225	Line of Credit (Upfront Fee)	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.25
226	Aggregate Debt Service (incl. Line of Credit)	3.68	6.75	(10.52)	1.13	6.82	(7.89)	4.40	6.82	4.81	1.17	6.78	4.84	28.78
227														
228	<u>Post-Finance Cash Flow</u>	(5.06)	(6.23)	2.54	(16.83)	(25.25)	(0.82)	(7.60)	(6.10)	(1.51)	(0.77)	(7.56)	(10.74)	(85.94)
229														
230	<u>Unwind Transaction</u>													
231	Cash Proceeds													
232	Debt Reduction													
233	Misc. Transaction													
234	Net Before Member Reserves													
235	Station Two O&M Fund													
236	Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	1.64	8.45	6.85	6.04	6.68	8.37	38.03
237	Economic Reserve	3.55	9.52	9.08	8.05	8.62	10.04	9.15	0.00	0.00	0.00	0.00	0.00	58.02
238	Net Before Transition Reserve	3.55	9.52	9.08	8.05	8.62	10.04	10.79	8.45	6.85	6.04	6.68	8.37	96.05
239														
240	<u>Ending Cash Balances (Incl. Transition Reserve)</u>	77.79	81.08	92.70	83.92	67.30	76.52	79.71	82.06	87.40	92.67	91.78	89.41	89.41
241	<u>Ending Cash Balances excl. Transition Reserve)</u>	77.79	81.08	92.70	83.92	67.30	76.52	79.71	82.06	87.40	92.67	91.78	89.41	89.41
242	<u>Change in Working Capital</u>													
243	Other Property	0.00	(0.33)	(0.35)	0.01	(0.34)	0.00	0.00	(0.34)	0.51	0.00	(0.35)	0.00	(1.18)
244	Accounts Receivable	0.94	(12.25)	(2.55)	(1.15)	1.57	2.57	2.96	(0.44)	(2.35)	(1.80)	1.06	3.05	(8.39)
245	Materials, Supplies & Other	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.64
246	Prepayments	(0.45)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	3.77	0.07
247	Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
248	Accounts Payable	(2.60)	4.57	(1.71)	0.21	1.40	1.21	0.49	(0.41)	(0.03)	(1.22)	1.91	1.28	5.10
249	Taxes Accrued	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	1.93	(0.35)	(0.35)	0.29	0.21	(0.74)
250	Other Accruals	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.60)
251	Total	(2.46)	(8.69)	(5.28)	(1.61)	1.96	3.11	2.78	0.42	(2.55)	(3.69)	2.59	8.31	(5.10)
252														
253														

Big Rivers Financial Model	2014 January	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2014 Total
254 VI. Cash Flow Statement - Indirect (Millions of \$)													
255													
256 Cash Flows From Operating Activities:													
257 Net Margin													
258 Adjustments to reconcile net margin to net cash													
259 provided by operating activities:													
260 Depreciation and amortization	3.99	4.00	4.00	4.01	4.03	4.05	4.05	4.06	4.18	4.19	4.19	4.19	48.94
261 Interest compounded - RUS Series A Note	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.05
262 Interest compounded - RUS Series B Note	0.00	0.00	1.97	0.00	0.00	2.02	0.00	0.00	2.08	0.00	0.00	2.11	8.18
263 Noncash member rate mitigation revenue	(7.19)	(9.49)	(9.06)	(8.04)	(8.60)	(10.02)	(10.75)	(8.41)	(6.65)	(5.85)	(6.47)	(8.12)	(98.66)
264 Changes in certain assets and liabilities:													
265 Other property	0.00	0.33	0.35	(0.01)	0.34	0.00	0.00	0.34	(0.51)	0.00	0.35	0.00	1.18
266 Accounts receivable	(0.94)	12.25	2.55	1.15	(1.57)	(2.57)	(2.96)	0.44	2.35	1.80	(1.06)	(3.05)	8.39
267 Inventories	(1.13)	(0.37)	(0.31)	(0.18)	(0.07)	(0.12)	(0.10)	(0.08)	(0.08)	(0.08)	(0.07)	(0.06)	(2.65)
268 Prepayments	0.45	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	(3.77)	(0.07)
269 Other current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
270 Accounts payable	2.60	(4.57)	1.71	(0.21)	(1.40)	(1.21)	(0.49)	0.41	0.03	1.22	(1.91)	(1.28)	(5.10)
271 Taxes accrued	0.35	0.35	0.35	0.35	0.35	0.35	0.35	(1.93)	0.35	0.35	(0.29)	(0.21)	0.74
272 Other accruals	(0.09)	(0.42)	(1.08)	2.28	(0.26)	(1.44)	(0.20)	0.11	(1.23)	2.63	0.06	(1.12)	(0.78)
273 Net cash provided by operating activities													
274													
275 Cash Flows From Investing Activities:													
276 Capital expenditures													
277 Net proceeds from restricted investments	3.55	9.52	9.08	8.05	8.62	10.04	10.79	8.45	6.85	6.04	6.68	8.37	96.05
278 Net cash provided by (used in) inv. activities													
279													
280 Cash Flows From Financing Activities:													
281 Net principal payments on debt obligations	0.00	(3.05)	13.16	0.00	(3.08)	10.65	0.00	(3.10)	(1.95)	0.00	(3.13)	(1.98)	7.51
282 Debt issuance cost	0.00	0.00	0.00	0.00	0.00	0.00	(0.50)	0.00	0.00	0.00	0.00	(0.02)	(0.52)
283 Line of Credit (Upfront Fee)	0.00	0.00	0.00	0.00	0.00	0.00	(0.25)	0.00	0.00	0.00	0.00	0.00	(0.25)
284 Net cash provided by (used in) fin. activities	0.00	(3.05)	13.16	0.00	(3.08)	10.65	(0.75)	(3.10)	(1.95)	0.00	(3.13)	(2.00)	6.74
285													
286 Net increase (decrease) in cash	(1.51)	3.29	11.63	(8.78)	(16.62)	9.22	3.19	2.35	5.34	5.27	(0.89)	(2.37)	10.11
287													
288 Cash and Cash Equivalents - Beg. of Period													79.30
289 Cash and Cash Equivalents - End of Period													89.41

Big Rivers Financial Model

	2015 January	2015 February	2015 March	2015 April	2015 May	2015 June	2015 July	2015 August	2015 September	2015 October	2015 November	2015 December	2015 Total
1 I. Sales													
2													
3 Energy (TWH)													
4 Rural	0.23	0.19	0.18	0.15	0.16	0.19	0.23	0.22	0.17	0.15	0.17	0.22	2.28
5 Large Industrial	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.09	0.08	0.08	0.08	0.08	0.99
6 Century	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Alcan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Market													
9 Total Energy Sales													
10													
11 Demand (MW)													
12 Rural	495.50	438.00	386.50	325.30	379.50	470.40	509.30	492.60	446.40	328.70	398.20	459.80	5,130.20
13 Large Industrial	142.90	143.90	142.50	144.50	144.30	146.00	150.30	151.70	146.80	146.00	145.80	147.70	1,752.40
14													
15 II. Rates, Accrual Based (\$ / MWH)													
16													
17 Rural													
18 Load Factor (%)	62.39%	66.24%	62.16%	62.53%	56.30%	57.15%	59.98%	60.60%	52.98%	63.32%	60.82%	65.64%	60.78%
19 Demand (\$/ KW-mo.)	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74
20 Energy (\$/ MWH)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
21 Base Rate (\$/ MWH)	88.30	90.59	88.50	89.95	94.07	95.13	90.44	89.88	99.86	87.52	91.50	85.67	90.77
22													
23 Non-Smelter Non-FAC PPA	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	1.82	1.82	1.82	1.82	0.61
24 FAC	5.94	6.45	7.21	7.32	7.26	6.73	5.31	5.62	7.08	7.64	7.22	7.10	6.65
25 Environmental Surcharge	6.48	6.79	7.39	7.64	7.92	7.46	6.58	7.06	8.91	8.53	7.77	6.79	7.35
26 Surcredit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27 Total	12.42	13.24	14.60	14.96	15.17	14.19	11.89	12.68	15.99	16.17	14.99	13.89	14.00
28 Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29 Rural Economic Reserve	(37.40)	(38.22)	(39.58)	(38.34)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(12.63)
30 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31 Effective Rate (\$/ MWH)	63.37	65.66	63.58	66.62	109.29	109.37	102.39	102.61	117.67	105.51	108.31	101.37	92.76
32													
33 Large Industrial													
34 Load Factor (%)	75.06%	80.46%	77.83%	77.86%	76.62%	76.75%	78.07%	79.04%	76.17%	77.56%	75.68%	73.75%	77.06%
35 Demand (\$/ KW-mo.)	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98
36 Energy (\$/ MWH)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
37 Power Factor Penalty/ Demand Cr. (Lrg. Ind.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38 Base Rate (\$/ MWH)	67.20	68.25	66.05	67.07	66.54	67.54	65.95	65.57	67.78	66.16	68.00	67.77	66.96
39													
40 Non-Smelter Non-FAC PPA	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	1.82	1.82	1.82	1.82	0.63
41 FAC	5.94	6.45	7.21	7.32	7.26	6.73	5.31	5.62	7.08	7.64	7.22	7.10	6.73
42 Environmental Surcharge	5.03	5.23	5.65	5.84	5.76	5.44	4.90	5.26	6.28	6.65	5.95	5.51	5.62
43 Surcredit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44 Total	10.97	11.68	12.87	13.16	13.02	12.17	10.21	10.88	13.36	14.29	13.18	12.60	12.35
45 Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
46 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47 Effective Rate (\$/ MWH)	78.22	79.98	78.97	80.28	79.61	79.76	76.21	76.51	82.96	82.27	82.99	82.19	79.94
48													

Big Rivers Financial Model		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		January	February	March	April	May	June	July	August	September	October	November	December	Total
49	Non-Smelter Member Blend													
50	Base Rate (\$/ MWH)	82.86	84.22	81.41	81.80	84.68	87.01	83.65	82.91	89.56	79.99	84.14	80.92	83.57
51														
52	Non-Smelter Non-FAC PPA	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	1.82	1.82	1.82	1.82	0.62
53	FAC	5.94	6.45	7.21	7.32	7.26	6.73	5.31	5.62	7.08	7.64	7.22	7.10	6.67
54	Environmental Surcharge	6.11	6.34	6.84	7.00	7.18	6.86	6.12	6.54	8.07	7.87	7.20	6.45	6.83
55	Surcredit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56	Total	12.05	12.80	14.05	14.32	14.44	13.60	11.42	12.17	15.14	15.51	14.42	13.55	13.50
57	Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
58	Rural Economic Reserve	(27.77)	(27.32)	(27.08)	(24.69)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(8.81)
59	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	Effective Rate (\$/ MWH)	67.20	69.75	68.44	71.48	99.17	100.66	95.12	95.13	106.53	97.32	100.39	96.28	88.88
61														
62	Smelters													
63	Base Rate	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	0.00
64	TIER Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	Total	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	0.00
66	Non-FAC PPA	2.47	2.92	3.09	3.68	3.42	2.90	2.42	2.45	3.25	3.46	3.20	2.51	0.00
67	FAC	5.94	6.45	7.21	7.32	7.26	6.73	5.31	5.62	7.08	7.64	7.22	7.10	0.00
68	Environmental Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69	Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
71	Effective Rate (\$/ MWH)	68.79	69.75	70.68	71.38	71.06	70.01	68.11	68.45	70.71	71.48	70.81	69.99	0.00
72														
73	Market													
74														
75	III. Statement of Operations (Millions of \$)													
76														
77	Electric Energy Revenues													
78	Income From Leased Property Net													
79	Other Operating Revenue and Income	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.64
80	TOTAL OPER. REVENUES & PAT. CAPITAL													
81														
82	Operating Expense-Production-Excluding Fuel													
83	Operating Expense-Production-Fuel													
84	Operating Expense-Other Power Supply													
85	Operating Expense-Transmission													
86	Operating Expense-RTO/ISO													
87	Operating Expense-Distribution													
88	Operating Expense-Customer Accounts													
89	Operating Expense-Customer Service and Information													
90	Operating Expense-Sales													
91	Operating Expense-Administrative and General													
92	TOTAL OPERATION EXPENSE													
93														
94	Maintenance Expense-Production													
95	Maintenance Expense-Transmission													
96	Maintenance Expense-Distribution													
97	Maintenance Expense-General Plant													
98	TOTAL MAINTENANCE EXPENSE													

Big Rivers Financial Model	2015 January	2015 February	2015 March	2015 April	2015 May	2015 June	2015 July	2015 August	2015 September	2015 October	2015 November	2015 December	2015 Total
99													
100 Depreciation and Amortization Expense	3.90	3.90	3.91	3.91	3.93	3.93	3.94	3.94	3.94	3.95	3.96	3.96	47.17
101 Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102 Interest on Long-Term Debt	3.72	3.41	3.71	3.61	3.71	3.60	3.70	3.70	3.59	3.70	3.60	3.69	43.74
103 Interest Charged to Construction - Credit	(0.00)	(0.00)	(0.01)	(0.05)	(0.07)	(0.08)	(0.08)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.33)
104 Other Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105 Asset Retirement Obligation													
106 Other Deductions	0.06	0.05	0.06	0.06	0.06	0.08	0.05	0.05	0.05	0.06	0.06	0.08	0.72
107													
108 TOTAL COST OF ELECTRIC SERVICE													
109													
110 OPERATING MARGINS													
111													
112 Interest Income	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.79
113 Allowance For Funds Used During Construction													
114 Income (Loss) From Equity Investments													
115 Other Non-Operating Income (Net)													
116 Generation and Transmission Capital Credits													
117 Other Capital Credits and Patronage Dividends	0.00	0.00	1.63	0.00	0.00	0.00	0.00	0.00	0.99	0.00	0.00	0.00	2.62
118 Extraordinary Items													
119 NET PATRONAGE CAPITAL OR MARGIN													
120													
121													
122 IV. Balance Sheet (Millions of \$)													
123 Total Utility Plant in Service	2,129.85	2,130.18	2,132.89	2,142.79	2,146.16	2,147.15	2,148.09	2,149.03	2,150.30	2,151.30	2,151.58	2,151.69	2,151.69
124 Construction Work in Progress	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
125 Total Utility Plant	2,169.85	2,170.18	2,172.89	2,182.79	2,186.16	2,187.15	2,188.09	2,189.03	2,190.30	2,191.30	2,191.58	2,191.69	2,191.69
126 Accum. Provision for Depreciation and Amort.	1,041.58	1,045.67	1,049.02	1,050.11	1,053.30	1,057.24	1,061.21	1,065.15	1,069.00	1,072.94	1,077.11	1,081.34	1,081.34
127 NET UTILITY PLANT	1,128.27	1,124.51	1,123.86	1,132.68	1,132.86	1,129.90	1,126.88	1,123.88	1,121.30	1,118.37	1,114.47	1,110.35	1,110.35
128													
129 Non-Utility Property (Net)													
130 Invest. In Assoc. Org - Patronage Capital	4.32	4.32	3.23	3.23	3.23	3.23	3.23	3.23	3.72	3.72	3.72	3.72	3.72
131 Invest. In Assoc. - Other - General Funds	41.51	41.16	41.16	41.16	40.81	40.81	40.81	40.45	40.45	40.45	40.08	40.08	40.08
132 Other Investments	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
133 Special Funds	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
134 Special Funds (Transition Reserve)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
135 Special Funds (Economic Reserve)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
136 Special Funds (Rural Economic Reserve)	20.08	12.66	5.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
137 TOTAL OTHER PROP. AND INVESTMENTS	67.07	59.29	51.14	45.54	45.18	45.18	45.18	44.82	45.32	45.32	44.95	44.95	44.95
138													
139 Cash - General Funds	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
140 Cash - Construction Funds - Trustee													
141 Special Deposits	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
142 Temporary Investments	95.88	101.39	105.47	97.56	87.92	87.86	91.61	94.41	100.74	107.61	106.42	103.33	103.33
143 Accounts Receivable - Sales of Energy (Net)	34.29	31.22	30.80	25.41	28.09	32.44	35.73	35.03	32.10	29.40	30.92	33.76	33.76
144 Accounts Receivable - Other (Net)	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
145 Fuel Stock	19.95	20.23	20.44	20.62	20.59	20.65	20.69	20.72	20.74	20.76	20.78	20.78	20.78
146 Materials and Supplies - Other	26.88	26.93	26.99	27.04	27.10	27.15	27.21	27.26	27.32	27.38	27.43	27.49	27.49
147 Prepayments	3.76	3.41	3.07	2.73	2.39	2.05	1.71	1.37	1.02	0.68	0.34	4.30	4.30
148 Other Current and Accrued Assets	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
149 TOTAL CURRENT AND ACCRUED ASSETS	182.43	184.87	188.44	175.04	167.76	171.82	178.63	180.46	183.60	187.51	187.56	191.34	191.34

Big Rivers Financial Model		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		January	February	March	April	May	June	July	August	September	October	November	December	Total
150														
151	Unamortized Debt Discount & Extraor. Prop. Losses	3.99	3.94	3.90	3.86	3.81	3.77	3.73	3.69	3.64	3.60	3.56	3.51	3.51
152	Regulatory Assets	9.45	9.99	10.54	11.12	11.69	12.23	12.73	13.24	13.36	13.53	13.66	13.65	13.65
153	Other Deferred Debits	3.99	3.98	3.98	3.97	3.96	3.95	4.19	4.18	4.18	4.17	4.16	4.15	4.15
154	Accumulated Deferred Income Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
155														
156	TOTAL ASSETS AND OTHER DEBITS	1,395.19	1,386.59	1,381.87	1,372.20	1,365.27	1,366.87	1,371.35	1,370.27	1,371.39	1,372.49	1,368.36	1,367.95	1,367.95
157														
158														
159	TOTAL MARGINS & EQUITY	419.77	422.40	420.93	414.63	413.10	414.22	418.91	422.57	424.84	422.24	422.70	425.18	425.18
160														
161	Long-Term Debt - RUS	226.37	226.37	228.46	228.47	228.47	230.62	230.63	230.63	232.83	232.84	232.84	235.07	235.07
162	Long-Term Debt - Other	673.27	670.12	668.12	668.12	664.94	662.92	662.92	659.71	657.67	657.67	654.44	652.37	652.37
163	TOTAL LONG-TERM DEBT	899.64	896.49	896.58	896.59	893.41	893.53	893.54	890.34	890.50	890.51	887.28	887.44	887.44
164														
165	Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
166	Accounts Payable	17.27	16.37	20.80	20.14	17.42	18.67	17.99	18.32	17.98	18.72	17.58	16.06	16.06
167	Accounts Payable (TIER Rebate)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
168	Taxes Accrued	1.28	1.65	2.02	2.39	2.76	3.13	3.50	1.48	1.85	2.22	1.90	1.61	1.61
169	Interest Accrued	5.53	5.35	4.21	6.68	6.75	5.44	5.48	5.57	4.19	6.71	6.76	5.47	5.47
170	Other Current and Accrued Liabilities	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
171														
172	TOTAL CURRENT AND ACCRUED LIAB.	31.37	30.66	34.32	36.51	34.23	34.54	34.26	32.67	31.33	34.95	33.54	30.43	30.43
173														
174	Deferred Credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
175	Deferred Credits (Economic Reserve)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
176	Deferred Credits (Rural Economic Reserve)	20.08	12.66	5.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
177	Accumulated Operating Provisions	24.33	24.38	24.43	24.48	24.53	24.58	24.63	24.69	24.74	24.79	24.84	24.89	24.89
178	Obligation under Capital Leases - Noncurrent													
179														
180	TOTAL LIABILITIES AND OTHER CREDITS	1,395.19	1,386.59	1,381.87	1,372.20	1,365.27	1,366.87	1,371.35	1,370.27	1,371.39	1,372.49	1,368.36	1,367.95	1,367.95
181														
182														
183	<u>V. Cash Flow Statement (Millions of \$)</u>													
184	<u>Operating Receipts</u>													
185	Rural	14.58	12.80	11.36	9.76	17.37	21.17	23.27	22.79	20.04	16.34	18.89	22.76	211.12
186	Large Industrial	6.24	6.22	6.52	6.50	6.55	6.43	6.65	6.83	6.68	6.93	6.59	6.66	78.81
187	Smelters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
188	Offsystem													
189	Lease Income													
190	Other Operating Revenues	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.64
191	Gain on Sale of Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
192	Other	0.00	0.00	1.63	0.00	0.00	0.00	0.00	0.00	0.99	0.00	0.00	0.00	2.62
193	Interest Earnings	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.79
194	Total Receipts													
195														
196	<u>Operating Disbursements</u>													
197	PPA													
198	Fuel Costs													
199	Fuel Costs (Labor & Exp)													
200	Power Supply (P Power, APM, Cogen, & TVA Tran)													
201	Production O&M													
202	Transmission O&M													
203	A&G	2.35	2.29	3.09	2.31	2.76	3.25	2.30	2.45	2.39	2.42	2.12	2.65	30.39
204	Working Capital	(0.51)	(3.22)	(6.66)	(5.44)	4.34	2.39	3.27	0.29	(2.81)	(4.15)	2.28	8.62	(1.59)
205	Other	(0.23)	(0.24)	(0.24)	(0.24)	(0.24)	(0.22)	(0.24)	(0.24)	(0.24)	(0.22)	(0.22)	(0.22)	(2.76)
206	Total Disbursements													
207														
208	Operating Receipts less Disbursements													
209														

Big Rivers Financial Model		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		January	February	March	April	May	June	July	August	September	October	November	December	Total
210	<u>Capital Expenditures</u>													
211	Generation													
212	Transmission													
213	A&G	0.00	0.09	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.24
214	Other / IT	0.08	0.10	0.21	0.30	0.24	0.39	0.32	0.30	0.07	0.05	0.01	0.00	2.04
215	Total Capital Expenditures													
216														
217	<u>Income Taxes from Operations</u>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
218														
219	<u>Net Pre-Finance Cash Flow</u>	1.55	4.80	1.76	(12.40)	(2.82)	4.73	7.65	9.61	11.15	8.04	5.58	1.75	41.41
220														
221	<u>Financing</u>													
222	Principal	0.00	3.15	2.00	0.00	3.18	2.02	0.00	3.20	2.05	0.00	3.23	2.07	20.90
223	Interest	3.68	3.59	2.76	1.13	3.64	2.77	3.65	3.61	2.77	1.17	3.55	2.75	35.06
224	Debt Issuance Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02
225	Line of Credit (Upfront Fee)	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.25
226	Aggregate Debt Service (incl. Line of Credit)	3.68	6.75	4.76	1.13	6.82	4.79	3.90	6.81	4.82	1.17	6.78	4.84	56.23
227														
228	<u>Post-Finance Cash Flow</u>	(2.13)	(1.94)	(2.99)	(13.53)	(9.64)	(0.06)	3.75	2.80	6.33	6.87	(1.19)	(3.09)	(14.82)
229														
230	<u>Unwind Transaction</u>													
231	Cash Proceeds													
232	Debt Reduction													
233	Misc. Transaction													
234	Net Before Member Reserves													
235	Station Two O&M Fund													
236	Rural Economic Reserve	8.60	7.45	7.07	5.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.74
237	Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
238	Net Before Transition Reserve	8.60	7.45	7.07	5.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.74
239														
240	<u>Ending Cash Balances (Incl. Transition Reserve)</u>	95.89	101.40	105.48	97.56	87.92	87.87	91.61	94.41	100.74	107.62	106.42	103.34	103.34
241	<u>Ending Cash Balances excl. Transition Reserve)</u>	95.89	101.40	105.48	97.56	87.92	87.87	91.61	94.41	100.74	107.62	106.42	103.34	103.34
242	<u>Change in Working Capital</u>													
243	Other Property	0.00	(0.35)	(1.09)	0.00	(0.36)	0.00	0.00	(0.36)	0.50	0.00	(0.36)	0.00	(2.03)
244	Accounts Receivable	1.07	(3.06)	(0.42)	(5.39)	2.68	4.35	3.29	(0.70)	(2.93)	(2.70)	1.51	2.84	0.54
245	Materials, Supplies & Other	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.66
246	Prepayments	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	3.96	0.20
247	Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
248	Accounts Payable	(1.60)	0.90	(4.43)	0.66	2.72	(1.25)	0.68	(0.33)	0.33	(0.74)	1.15	1.51	(0.40)
249	Taxes Accrued	0.37	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)	2.02	(0.37)	(0.37)	0.32	0.30	0.04
250	Other Accruals	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.61)
251	Total	(0.51)	(3.22)	(6.66)	(5.44)	4.34	2.39	3.27	0.29	(2.81)	(4.15)	2.28	8.62	(1.59)
252														
253														

Big Rivers Financial Model		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		January	February	March	April	May	June	July	August	September	October	November	December	Total
254	VI. Cash Flow Statement - Indirect (Millions of \$)													
255														
256	Cash Flows From Operating Activities:													
257	Net Margin													
258	Adjustments to reconcile net margin to net cash													
259	provided by operating activities:													
260	Depreciation and amortization	4.19	4.20	4.20	4.20	4.22	4.23	4.24	4.24	4.24	4.25	4.26	4.26	50.74
261	Interest compounded - RUS Series A Note	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.05
262	Interest compounded - RUS Series B Note	0.00	0.00	2.09	0.00	0.00	2.14	0.00	0.00	2.20	0.00	0.00	2.23	8.67
263	Noncash member rate mitigation revenue	(9.11)	(7.99)	(7.62)	(6.20)	(0.57)	(0.54)	(0.50)	(0.50)	(0.12)	(0.17)	(0.13)	0.01	(33.44)
264	Changes in certain assets and liabilities:													
265	Other property	0.00	0.35	1.09	0.00	0.36	0.00	0.00	0.36	(0.50)	0.00	0.36	0.00	2.03
266	Accounts receivable	(1.07)	3.06	0.42	5.39	(2.68)	(4.35)	(3.29)	0.70	2.93	2.70	(1.51)	(2.84)	(0.54)
267	Inventories	(0.53)	(0.34)	(0.26)	(0.24)	(0.02)	(0.12)	(0.10)	(0.08)	(0.08)	(0.08)	(0.07)	(0.06)	(1.97)
268	Prepayments	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	(3.96)
269	Other current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
270	Accounts payable	1.60	(0.90)	4.43	(0.66)	(2.72)	1.25	(0.68)	0.33	(0.33)	0.74	(1.15)	(1.51)	0.40
271	Taxes accrued	(0.37)	0.37	0.37	0.37	0.37	0.37	0.37	(2.02)	0.37	0.37	(0.32)	(0.30)	(0.04)
272	Other accruals	0.13	(0.08)	(1.05)	2.52	0.11	(1.29)	0.06	0.19	(1.29)	2.61	0.15	(1.18)	0.88
273	Net cash provided by operating activities													
274														
275	Cash Flows From Investing Activities:													
276	Capital expenditures													
277	Net proceeds from restricted investments	8.60	7.45	7.07	5.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.74
278	Net cash provided by (used in) inv. activities													
279														
280	Cash Flows From Financing Activities:													
281	Net principal payments on debt obligations	0.00	(3.15)	(2.00)	0.00	(3.18)	(2.02)	0.00	(3.20)	(2.05)	0.00	(3.23)	(2.07)	(20.90)
282	Debt issuance cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.02)	(0.02)
283	Line of Credit (Upfront Fee)	0.00	0.00	0.00	0.00	0.00	0.00	(0.25)	0.00	0.00	0.00	0.00	0.00	(0.25)
284	Net cash provided by (used in) fin. activities	0.00	(3.15)	(2.00)	0.00	(3.18)	(2.02)	(0.25)	(3.20)	(2.05)	0.00	(3.23)	(2.09)	(21.17)
285														
286	Net increase (decrease) in cash	6.48	5.51	4.08	(7.91)	(9.64)	(0.06)	3.75	2.80	6.33	6.87	(1.19)	(3.09)	13.92
287														
288	Cash and Cash Equivalents - Beg. of Period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89.41
289	Cash and Cash Equivalents - End of Period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103.34

Big Rivers Financial Model

	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2015 January	Test Period Total
1 I. Sales													
2													
3 Energy (TWH)													
4 Rural	0.20	0.18	0.15	0.16	0.20	0.23	0.23	0.17	0.16	0.18	0.23	0.23	2.31
5 Large Industrial	0.08	0.08	0.08	0.08	0.08	0.09	0.09	0.08	0.08	0.08	0.08	0.08	0.98
6 Century	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Alcan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Market													
9 Total Energy Sales													
10													
11 Demand (MW)													
12 Rural	437.90	386.40	325.20	379.40	470.20	509.20	492.50	446.20	328.60	398.10	459.70	495.50	5,128.90
13 Large Industrial	140.90	139.50	144.50	144.30	146.00	150.30	151.70	146.80	146.00	145.80	147.70	142.90	1,746.40
14													
15 II. Rates, Accrual Based (\$ / MWH)													
16													
17 Rural													
18 Load Factor (%)	67.06%	63.09%	63.87%	57.45%	58.14%	60.82%	61.47%	54.02%	64.62%	61.83%	66.32%	62.39%	61.85%
19 Demand (\$/ KW-mo.)	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74	24.74
20 Energy (\$/ MWH)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
21 Base Rate (\$/ MWH)	89.90	87.71	88.80	92.88	94.11	89.67	89.10	98.61	86.46	90.58	85.14	88.30	89.97
22													
23 Non-Smelter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	0.05	(0.36)
24 FAC	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.94	5.94
25 Environmental Surcharge	5.25	5.10	5.73	5.76	5.65	5.10	6.30	8.20	7.56	6.90	6.07	6.48	6.14
26 Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	0.00	(0.13)
27 Total	10.34	10.45	11.22	11.50	11.96	10.93	12.53	14.51	13.25	12.70	11.93	12.42	11.95
28 Economic Reserve	(37.32)	(37.43)	(38.19)	(38.48)	(38.94)	(28.79)	0.00	0.00	0.00	0.00	0.00	0.00	(17.50)
29 Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(7.12)	(37.50)	(39.49)	(38.22)	(37.68)	(36.91)	(37.40)	(20.20)
30 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31 Effective Rate (\$/ MWH)	62.27	60.08	61.17	65.25	66.48	64.05	63.47	73.68	61.53	65.65	60.21	63.37	63.86
32													
33 Large Industrial													
34 Load Factor (%)	80.85%	78.17%	77.86%	76.62%	76.75%	78.07%	79.04%	76.17%	77.56%	75.68%	73.75%	75.06%	77.14%
35 Demand (\$/ KW-mo.)	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98	17.98
36 Energy (\$/ MWH)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
37 Power Factor Penalty/ Demand Cr. (Lrg. Ind.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38 Base Rate (\$/ MWH)	68.09	65.91	67.07	66.54	67.54	65.95	65.57	67.78	66.16	68.00	67.77	67.20	66.94
39													
40 Non-Smelter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	0.05	(0.36)
41 FAC	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.94	5.94
42 Environmental Surcharge	4.04	3.90	4.41	4.22	4.16	3.83	4.75	5.80	5.90	5.29	4.92	5.03	4.69
43 Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	0.00	(0.14)
44 Total	9.14	9.26	9.90	9.97	10.47	9.66	10.97	12.10	11.58	11.09	10.77	10.97	10.50
45 Economic Reserve	(28.15)	(28.27)	(28.91)	(28.98)	(29.48)	(28.79)	0.00	0.00	0.00	0.00	0.00	0.00	(14.31)
46 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47 Effective Rate (\$/ MWH)	48.43	46.25	47.41	46.88	47.87	46.18	75.89	79.93	77.79	79.14	78.59	78.22	62.76
48													

Big Rivers Financial Model

	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2015 January	Test Period Total
49 Non-Smeiter Member Blend													
50 Base Rate (\$/ MWH)	83.81	80.97	81.17	84.02	86.38	83.16	82.42	88.84	79.40	83.59	80.57	82.86	83.09
51													
52 Non-Smeiter Non-FAC PPA	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	(0.65)	0.05	0.05	0.05	0.05	0.05	(0.36)
53 FAC	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.94	5.95
54 Environmental Surcharge	4.91	4.73	5.27	5.24	5.22	4.75	5.86	7.44	6.98	6.40	5.77	6.11	5.70
55 Surcredit	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	0.00	(0.13)
56 Total	10.00	10.08	10.75	10.99	11.53	10.58	12.09	13.75	12.67	12.20	11.63	12.05	11.52
57 Economic Reserve	(34.76)	(34.59)	(34.93)	(35.28)	(36.19)	(28.79)	0.00	0.00	0.00	0.00	0.00	0.00	(16.55)
58 Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(5.16)	(26.86)	(26.97)	(24.93)	(26.02)	(27.19)	(27.77)	(14.17)
59 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60 Effective Rate (\$/ MWH)	58.40	55.81	56.34	59.07	61.07	59.14	66.99	75.66	67.19	69.83	65.05	67.20	63.54
61													
62 Smelters													
63 Base Rate	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	60.38	0.00
64 TIER Adjustment	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	0.00	0.00
65 Total	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	63.33	60.38	0.00
66 Non-FAC PPA	0.14	0.18	0.33	0.26	0.12	(0.00)	0.01	0.22	0.27	0.20	0.03	2.47	0.00
67 FAC	5.24	5.50	5.63	5.89	6.46	5.98	6.38	6.45	5.83	5.95	6.00	5.94	0.00
68 Environmental Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69 Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70 TIER Related Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
71 Effective Rate (\$/ MWH)	68.71	69.01	69.29	69.48	69.91	69.31	69.71	70.00	69.43	69.48	69.36	68.79	0.00
72													
73 Market													
74													
75 III. Statement of Operations (Millions of \$)													
76													
77 Electric Energy Revenues													
78 Income From Leased Property Net													
79 Other Operating Revenue and Income	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.31	3.65
80 TOTAL OPER. REVENUES & PAT. CAPITAL													
81													
82 Operating Expense-Production-Excluding Fuel													
83 Operating Expense-Production-Fuel													
84 Operating Expense-Other Power Supply													
85 Operating Expense-Transmission													
86 Operating Expense-RTO/ISO													
87 Operating Expense-Distribution													
88 Operating Expense-Customer Accounts													
89 Operating Expense-Customer Service and Information													
90 Operating Expense-Sales													
91 Operating Expense-Administrative and General													
92 TOTAL OPERATION EXPENSE													
93													
94 Maintenance Expense-Production													
95 Maintenance Expense-Transmission													
96 Maintenance Expense-Distribution													
97 Maintenance Expense-General Plant													
98 TOTAL MAINTENANCE EXPENSE													

Big Rivers Financial Model	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2015 January	Test Period Total
99													
100 Depreciation and Amortization Expense	3.72	3.73	3.73	3.74	3.76	3.76	3.76	3.89	3.90	3.90	3.90	3.90	45.70
101 Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102 Interest on Long-Term Debt	3.37	3.66	3.60	3.70	3.59	3.73	3.73	3.62	3.72	3.62	3.71	3.72	43.77
103 Interest Charged to Construction - Credit	(0.19)	(0.22)	(0.27)	(0.31)	(0.35)	(0.36)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.00)	(1.77)
104 Other Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105 Asset Retirement Obligation													
106 Other Deductions	0.05	0.05	0.05	0.05	0.07	0.05	0.05	0.05	0.06	0.06	0.08	0.06	0.67
107													
108 TOTAL COST OF ELECTRIC SERVICE													
109													
110 OPERATING MARGINS													
111													
112 Interest Income	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.83
113 Allowance For Funds Used During Construction													
114 income (Loss) From Equity Investments													
115 Other Non-Operating Income (Net)													
116 Generation and Transmission Capital Credits													
117 Other Capital Credits and Patronage Dividends	0.00	1.69	0.03	0.00	0.00	0.00	0.01	1.02	0.00	0.00	0.00	0.00	2.74
118 Extraordinary Items													
119 NET PATRONAGE CAPITAL OR MARGIN													
120													
121													
122 IV. Balance Sheet (Millions of \$)													
123 Total Utility Plant in Service	2,046.54	2,049.58	2,054.35	2,060.31	2,061.57	2,062.67	2,124.81	2,126.49	2,128.53	2,128.70	2,128.81	2,129.85	2,129.85
124 Construction Work in Progress	82.16	87.43	92.73	98.06	100.81	101.10	40.00	40.00	40.00	40.00	40.00	40.00	40.00
125 Total Utility Plant	2,128.69	2,137.01	2,147.09	2,158.37	2,162.38	2,163.77	2,164.81	2,166.49	2,168.53	2,168.70	2,168.81	2,169.85	2,169.85
126 Accum. Provision for Depreciation and Amort.	1,003.37	1,006.41	1,008.92	1,011.08	1,014.75	1,018.48	1,022.21	1,025.86	1,029.41	1,033.55	1,037.72	1,041.58	1,041.58
127 NET UTILITY PLANT	1,125.33	1,130.60	1,138.17	1,147.29	1,147.63	1,145.30	1,142.60	1,140.63	1,139.11	1,135.15	1,131.09	1,128.27	1,128.27
128													
129 Non-Utility Property (Net)													
130 invest. In Assoc. Org - Patronage Capital	4.15	3.80	3.81	3.81	3.81	3.81	3.81	4.32	4.32	4.32	4.32	4.32	4.32
131 Invest. In Assoc. - Other - General Funds	42.54	42.54	42.54	42.20	42.20	42.20	41.86	41.86	41.86	41.51	41.51	41.51	41.51
132 Other Investments	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
133 Special Funds	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
134 Special Funds (Transition Reserve)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
135 Special Funds (Economic Reserve)	44.86	35.81	27.78	19.17	9.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
136 Special Funds (Rural Economic Reserve)	65.78	65.88	65.98	66.08	66.18	64.64	56.30	49.53	43.57	36.96	28.64	20.08	20.08
137 TOTAL OTHER PROP. AND INVESTMENTS	158.47	149.18	141.25	132.41	122.48	111.80	103.12	96.86	90.89	83.94	75.62	67.07	67.07
138													
139 Cash - General Funds	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
140 Cash - Construction Funds - Trustee													
141 Special Deposits	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
142 Temporary Investments	81.07	92.70	83.92	67.30	76.51	79.70	82.05	87.40	92.66	91.78	89.41	95.88	95.88
143 Accounts Receivable - Sales of Energy (Net)	30.30	27.75	26.60	28.17	30.74	33.71	33.26	30.91	29.11	30.17	33.22	34.29	34.29
144 Accounts Receivable - Other (Net)	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
145 Fuel Stock	18.87	19.12	19.25	19.27	19.34	19.38	19.41	19.43	19.45	19.47	19.48	19.95	19.95
146 Materials and Supplies - Other	26.29	26.34	26.39	26.45	26.50	26.55	26.61	26.66	26.71	26.77	26.82	26.88	26.88
147 Prepayments	3.25	2.93	2.60	2.28	1.95	1.63	1.30	0.98	0.65	0.33	4.10	3.76	3.76
148 Other Current and Accrued Assets	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
149 TOTAL CURRENT AND ACCRUED ASSETS	161.45	170.51	160.44	145.13	156.72	162.64	164.31	167.05	170.27	170.19	174.70	182.43	182.43

Big Rivers Financial Model		2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2015	Test Period
		February	March	April	May	June	July	August	September	October	November	December	January	Total
150														
151	Unamortized Debt Discount & Extraor. Prop. Losses	3.92	3.89	3.85	3.82	3.78	4.24	4.20	4.16	4.11	4.07	4.03	3.99	3.99
152	Regulatory Assets	10.87	10.63	10.39	10.14	9.90	9.82	9.79	9.59	9.40	9.19	8.94	9.45	9.45
153	Other Deferred Debits	3.84	3.83	3.82	3.81	3.80	4.04	4.03	4.02	4.02	4.01	4.00	3.99	3.99
154	Accumulated Deferred Income Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
155														
156	TOTAL ASSETS AND OTHER DEBITS	1,463.88	1,468.63	1,457.92	1,442.61	1,444.31	1,437.85	1,428.05	1,422.31	1,417.81	1,406.54	1,398.38	1,395.19	1,395.19
157														
158														
159	TOTAL MARGINS & EQUITY	414.80	412.43	407.21	404.74	405.92	410.19	413.29	415.08	412.37	413.03	415.73	419.77	419.77
160														
161	Long-Term Debt - RUS	218.14	220.11	220.12	220.12	222.15	222.16	222.16	224.24	224.25	224.25	226.36	226.37	226.37
162	Long-Term Debt - Other	662.70	675.86	675.86	672.78	683.43	683.43	680.33	678.37	678.37	675.25	673.27	673.27	673.27
163	TOTAL LONG-TERM DEBT	880.84	895.97	895.98	892.90	905.58	905.59	902.49	902.61	902.62	899.50	899.63	899.64	899.64
164														
165	Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
166	Accounts Payable	18.79	20.50	20.29	18.89	17.68	17.19	17.61	17.64	18.85	16.94	15.66	17.27	17.27
167	Accounts Payable (TIER Rebate)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
168	Taxes Accrued	1.61	1.96	2.32	2.67	3.02	3.37	1.44	1.79	2.14	1.85	1.65	1.28	1.28
169	Interest Accrued	5.19	4.24	6.70	6.66	5.48	5.54	5.55	4.23	6.77	6.74	5.50	5.53	5.53
170	Other Current and Accrued Liabilities	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
171														
172	TOTAL CURRENT AND ACCRUED LIAB.	32.90	34.01	36.61	35.53	33.47	33.40	31.89	30.96	35.07	32.83	30.11	31.37	31.37
173														
174	Deferred Credits	0.92	0.70	0.48	0.26	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
175	Deferred Credits (Economic Reserve)	44.86	35.81	27.78	19.17	9.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
176	Deferred Credits (Rural Economic Reserve)	65.78	65.88	65.98	66.08	66.18	64.64	56.30	49.53	43.57	36.96	28.64	20.08	20.08
177	Accumulated Operating Provisions	23.78	23.83	23.88	23.93	23.98	24.03	24.08	24.13	24.18	24.23	24.28	24.33	24.33
178	Obligation under Capital Leases - Noncurrent													
179														
180	TOTAL LIABILITIES AND OTHER CREDITS	1,463.88	1,468.63	1,457.92	1,442.61	1,444.31	1,437.85	1,428.05	1,422.31	1,417.81	1,406.54	1,398.38	1,395.19	1,395.19
181														
182														
183	V. Cash Flow Statement (Millions of \$)													
184	<u>Operating Receipts</u>													
185	Rural	12.29	10.90	9.15	10.58	13.08	14.76	14.30	12.79	9.72	11.63	13.66	14.58	147.44
186	Large Industrial	3.71	3.75	3.84	3.86	3.86	4.03	6.77	6.44	6.55	6.29	6.37	6.24	61.71
187	Smelters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
188	Offsystem													
189	Lease Income													
190	Other Operating Revenues	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.31	3.65
191	Gain on Sale of Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
192	Other	0.00	1.69	0.03	0.00	0.00	0.00	0.01	1.02	0.00	0.00	0.00	0.00	2.74
193	Interest Earnings	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.83
194	Total Receipts													
195														
196	<u>Operating Disbursements</u>													
197	PPA													
198	Fuel Costs													
199	Fuel Costs (Labor & Exp)													
200	Power Supply (P Power, APM, Cogen, & TVA Tran)													
201	Production O&M													
202	Transmission O&M													
203	A&G	2.28	3.11	2.35	2.70	3.19	2.25	2.41	2.36	2.41	2.10	2.64	2.35	30.13
204	Working Capital	(8.69)	(5.28)	(1.61)	1.96	3.11	2.78	0.42	(2.55)	(3.69)	2.59	8.31	(0.51)	(3.15)
205	Other	(0.24)	(0.24)	(0.24)	(0.24)	(0.22)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.23)	(2.83)
206	Total Disbursements													
207														
208	Operating Receipts less Disbursements													

Big Rivers Financial Model

	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2015 January	Test Period Total
210	Capital Expenditures												
211	Generation												
212	Transmission												
213	0.21	0.10	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55
214	0.05	0.10	0.31	0.11	0.26	0.22	0.32	0.23	0.04	0.01	0.00	0.08	1.72
215	Total Capital Expenditures												
216													
217	Income Taxes from Operations												
218	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
219	Net Pre-Finance Cash Flow												
220	0.52	(7.97)	(15.70)	(18.43)	(8.72)	(3.19)	0.72	3.30	0.39	(0.78)	(5.91)	1.55	(54.21)
221	Financing												
222	3.05	(13.16)	0.00	3.08	(10.65)	0.00	3.10	1.95	0.00	3.13	1.98	0.00	(7.51)
223	3.70	2.64	1.13	3.74	2.76	3.65	3.71	2.86	1.17	3.65	2.84	3.68	35.53
224	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.02	0.00	0.52
225	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.25
226	Aggregate Debt Service (incl. Line of Credit)												
227	6.75	(10.52)	1.13	6.82	(7.89)	4.40	6.82	4.81	1.17	6.78	4.84	3.68	28.78
228	Post-Finance Cash Flow												
229	(6.23)	2.54	(16.83)	(25.25)	(0.82)	(7.60)	(6.10)	(1.51)	(0.77)	(7.56)	(10.74)	(2.13)	(83.00)
230	Unwind Transaction												
231	Cash Proceeds												
232	Debt Reduction												
233	Misc. Transaction												
234	Net Before Member Reserves												
235	Station Two O&M Fund												
236	0.00	0.00	0.00	0.00	0.00	1.64	8.45	6.85	6.04	6.68	8.37	8.60	46.63
237	9.52	9.08	8.05	8.62	10.04	9.15	0.00	0.00	0.00	0.00	0.00	0.00	54.47
238	9.52	9.08	8.05	8.62	10.04	10.79	8.45	6.85	6.04	6.68	8.37	8.60	101.10
239	Net Before Transition Reserve												
240	81.08	92.70	83.92	67.30	76.52	79.71	82.06	87.40	92.67	91.78	89.41	95.89	95.89
241	81.08	92.70	83.92	67.30	76.52	79.71	82.06	87.40	92.67	91.78	89.41	95.89	95.89
242	Change in Working Capital												
243	(0.33)	(0.35)	0.01	(0.34)	0.00	0.00	(0.34)	0.51	0.00	(0.35)	0.00	0.00	(1.18)
244	(12.25)	(2.55)	(1.15)	1.57	2.57	2.96	(0.44)	(2.35)	(1.80)	1.06	3.05	1.07	(8.26)
245	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.65
246	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	(0.33)	3.77	(0.34)
247	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
248	4.57	(1.71)	0.21	1.40	1.21	0.49	(0.41)	(0.03)	(1.22)	1.91	1.28	(1.60)	6.09
249	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	(0.35)	1.93	(0.35)	(0.35)	0.29	0.21	0.37	(0.02)
250	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.60)
251	Other Accruals												
252	(8.69)	(5.28)	(1.61)	1.96	3.11	2.78	0.42	(2.55)	(3.69)	2.59	8.31	(0.51)	(3.15)
253	Total												

Big Rivers Financial Model	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December	2015 January	Test Period Total
254 VI. Cash Flow Statement - Indirect (Millions of \$)													
255													
256 Cash Flows From Operating Activities:													
257 Net Margin													
258 Adjustments to reconcile net margin to net cash													
259 provided by operating activities:													
260 Depreciation and amortization	4.00	4.00	4.01	4.03	4.05	4.05	4.06	4.18	4.19	4.19	4.19	4.19	49.14
261 Interest compounded - RUS Series A Note	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.05
262 Interest compounded - RUS Series B Note	0.00	1.97	0.00	0.00	2.02	0.00	0.00	2.08	0.00	0.00	2.11	0.00	8.18
263 Noncash member rate mitigation revenue	(9.49)	(9.06)	(8.04)	(8.60)	(10.02)	(10.75)	(8.41)	(6.65)	(5.85)	(6.47)	(8.12)	(9.11)	(100.57)
264 Changes in certain assets and liabilities:													
265 Other property	0.33	0.35	(0.01)	0.34	0.00	0.00	0.34	(0.51)	0.00	0.35	0.00	0.00	1.18
266 Accounts receivable	12.25	2.55	1.15	(1.57)	(2.57)	(2.96)	0.44	2.35	1.80	(1.06)	(3.05)	(1.07)	8.26
267 Inventories	(0.37)	(0.31)	(0.18)	(0.07)	(0.12)	(0.10)	(0.08)	(0.08)	(0.08)	(0.07)	(0.06)	(0.53)	(2.05)
268 Prepayments	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	(3.77)	0.34	(0.18)
269 Other current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
270 Accounts payable	(4.57)	1.71	(0.21)	(1.40)	(1.21)	(0.49)	0.41	0.03	1.22	(1.91)	(1.28)	1.60	(6.09)
271 Taxes accrued	0.35	0.35	0.35	0.35	0.35	0.35	(1.93)	0.35	0.35	(0.29)	(0.21)	(0.37)	0.02
272 Other accruals	(0.42)	(1.08)	2.28	(0.26)	(1.44)	(0.20)	0.11	(1.23)	2.63	0.06	(1.12)	0.13	(0.56)
273 Net cash provided by operating activities													
274													
275 Cash Flows From Investing Activities:													
276 Capital expenditures													
277 Net proceeds from restricted investments	9.52	9.08	8.05	8.62	10.04	10.79	8.45	6.85	6.04	6.68	8.37	8.60	101.10
278 Net cash provided by (used in) inv. activities													
279													
280 Cash Flows From Financing Activities:													
281 Net principal payments on debt obligations	(3.05)	13.16	0.00	(3.08)	10.65	0.00	(3.10)	(1.95)	0.00	(3.13)	(1.98)	0.00	7.51
282 Debt issuance cost	0.00	0.00	0.00	0.00	0.00	(0.50)	0.00	0.00	0.00	0.00	(0.02)	0.00	(0.52)
283 Line of Credit (Upfront Fee)	0.00	0.00	0.00	0.00	0.00	(0.25)	0.00	0.00	0.00	0.00	0.00	0.00	(0.25)
284 Net cash provided by (used in) fin. activities	(3.05)	13.16	0.00	(3.08)	10.65	(0.75)	(3.10)	(1.95)	0.00	(3.13)	(2.00)	0.00	6.74
285													
286 Net increase (decrease) in cash	3.29	11.63	(8.78)	(16.62)	9.22	3.19	2.35	5.34	5.27	(0.89)	(2.37)	6.48	18.10
287													
288 Cash and Cash Equivalents - Beg. of Period													95.89
289 Cash and Cash Equivalents - End of Period													113.99

Big Rivers Electric Corporation
Case No. 2013-00199
Statement of Operations (With and Without Proposed Rate Increase)
Fully Forecasted Test Period (February 2014 to January 2015)

	With Proposed Rate Increase	Without Proposed Rate Increase
1 Electric Energy Revenues		
2 Income From Leased Property Net	0	0
3 Other Operating Revenue and Income	3,646,941	3,646,941
4 TOTAL OPER. REVENUES & PATRONAGE CAPITAL		
5		
6 Operating Expense-Production-Excluding Fuel		
7 Operating Expense-Production-Fuel		
8 Operating Expense-Other Power Supply		
9 Operating Expense-Transmission		
10 Operating Expense-RTO/ISO		
11 Operating Expense-Distribution		
12 Operating Expense-Customer Accounts		
13 Operating Expense-Customer Service and Information		
14 Operating Expense-Sales		
15 Operating Expense-Administrative and General		
16 TOTAL OPERATION EXPENSE		
17		
18 Maintenance Expense-Production		
19 Maintenance Expense-Transmission		
20 Maintenance Expense-Distribution		
21 Maintenance Expense-General Plant		
22 TOTAL MAINTENANCE EXPENSE		
23		
24 Depreciation and Amortization Expense	45,698,505	45,698,505
25 Taxes	885	885
26 Interest on Long-Term Debt	43,765,994	43,765,994
27 Interest Charged to Construction - Credit	(1,768,401)	(1,768,401)
28 Other Interest Expense	0	0
29 Asset Retirement Obligation	0	0
30 Other Deductions	668,273	668,273
31		
32 TOTAL COST OF ELECTRIC SERVICE		
33		
34 OPERATING MARGINS		
35		
36 Interest Income	1,832,569	1,811,765
37 Allowance For Funds Used During Construction	0	0
38 Income (Loss) From Equity Investments	0	0
39 Other Non-Operating Income (Net)	0	0
40 Generation and Transmission Capital Credits	0	0
41 Other Capital Credits and Patronage Dividends	2,739,448	2,739,448
42 Extraordinary Items	0	0
43 NET PATRONAGE CAPITAL OR MARGIN		



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A GENERAL ADJUSTMENT)
IN RATES)**

**Case No.
2013-00199**

DIRECT TESTIMONY
OF
JOHN WOLFRAM
PRINCIPAL
CATALYST CONSULTING LLC
ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION

FILED: June 28, 2013

Case No. 2013-00199
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DIRECT TESTIMONY
OF
JOHN WOLFRAM

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**DIRECT TESTIMONY
OF
JOHN WOLFRAM**

5 **I. INTRODUCTION**

6

7 **Q. Please state your name, business address, and position.**

8 A. My name is John Wolfram. I am the Principal of Catalyst Consulting LLC. My
9 business address is 3308 Haddon Road, Louisville, Kentucky, 40241.

10 **Q. On whose behalf are you testifying?**

11 A. I am testifying on behalf of Big Rivers Electric Corporation ("Big Rivers").

12 **Q. Briefly describe your education and work experience.**

13 A. I received a Bachelor of Science degree in Electrical Engineering from the University
14 of Notre Dame in 1990 and a Master of Science degree in Electrical Engineering from
15 Drexel University in 1997. I founded Catalyst Consulting LLC in June 2012. From
16 March 2010 through May 2012, I was a Senior Consultant with The Prime Group,
17 LLC. I have developed cost of service studies and rates for numerous electric and gas
18 utilities, including electric distribution cooperatives, generation and transmission
19 cooperatives, municipal utilities and investor-owned utilities. I have performed
20 economic analyses, rate mechanism reviews, ISO/RTO membership evaluations, and
21 wholesale formula rate reviews. I have also been employed by the parent companies of
22 Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company
23 ("KU"), by the PJM Interconnection, and by the Cincinnati Gas & Electric Company.
24 A more detailed description of my qualifications is included in Exhibit Wolfram-1.

1 **Q. Have you ever testified before the Kentucky Public Service Commission**
2 **(“Commission”)?**

3 A. Yes. I have testified in numerous regulatory proceedings before this Commission. A
4 listing of my testimony in other proceedings is included in Exhibit Wolfram-1.

5
6 **II. PURPOSE OF TESTIMONY**

7
8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is to: (i) describe Big Rivers’ rate classes; (ii) support Big
10 Rivers’ revenue requirement; (iii) support several pro forma adjustments to the forecast
11 test period results; (iv) support the cost of service study; (v) describe the proposed
12 allocation of the revenue adjustment to the rate classes; (vi) describe the rate design and
13 proposed rates; (vii) explain the proposed use of the reserve funds; (viii) provide an
14 estimate of the billing impact of the proposed rates by rate class; (ix) describe other
15 factors affecting the proposed rates, and (x) support certain filing requirements from
16 807 KAR 5:001.

17 **Q. Are you sponsoring any exhibits?**

18 A. Yes. I have prepared the following exhibits to support my testimony:

19 Exhibit Wolfram-1 – Qualifications of John Wolfram

20 Exhibit Wolfram-2 - Revenue Requirements Analysis

21 Exhibit Wolfram-3 – Cost of Service Study: Functional Assignment and
22 Classification

23 Exhibit Wolfram-4 – Cost of Service Study: Allocation to Rate Classes

- 1 Exhibit Wolfram-5 – Billing Determinants: Present & Proposed Rates
- 2 Exhibit Wolfram-6 – Summary of Proposed Increase
- 3 Exhibit Wolfram-7 – Estimate of Retail Rate Increase
- 4 Exhibit Wolfram-8 – Rate Comparison to Other Utilities in Kentucky

5

6 **III. CLASSES OF SERVICE**

7

8 **Q. Please describe the customer classes served by Big Rivers.**

9 A. At present, Big Rivers has three major rate classifications: (i) the Rural Delivery
10 Service class (“Rurals”); (ii) the Large Industrial Customer class (“Large Industrials”);
11 and (iii) the Smelter class.

12 The Rural Delivery Service rate schedule is the rate schedule under which Big
13 Rivers sells power to its three distribution cooperative members, Jackson Purchase
14 Energy Corporation (“JPEC”), Kenergy Corp. (“Kenergy”), and Meade County Rural
15 Electric Cooperative Corporation (“Meade County”) (collectively, the “Members”) for
16 resale to their retail residential, commercial, and small industrial member customers.
17 The majority of the power delivered under the Rural Delivery Service rate schedule is
18 distributed to residential customers.

19 The Large Industrial Customer rate schedule is used to provide power to the
20 Members for resale to 20 large industrial customers – 19 of which are served by
21 Kenergy and one of which is served by JPEC.

22 Up until very recently, Big Rivers also provided service to Kenergy for resale to
23 two large aluminum smelters (Alcan Primary Products Corporation (“Alcan”) and

1 Century Aluminum of Kentucky General Partnership (“Century”) under special
2 contracts known as the “Smelter Agreements,” which were approved by the
3 Commission in its Order dated March 6, 2009, in Case No. 2007-00455 (the “Unwind
4 Proceeding”). However, on August 20, 2012, Century issued a notice that it was
5 terminating its power contract with Kenergy for Century’s Hawesville, Kentucky
6 smelter facility, so that when the contract termination becomes effective on August 20,
7 2013, Big Rivers will no longer provide service to Kenergy for resale to Century. To
8 address the Century contract termination, Big Rivers initiated a base rate proceeding on
9 January 15, 2013 in Case No. 2012-00535 (“Century rate case”), which is still open
10 before the Commission at the time of this filing. Furthermore, on January 31, 2013,
11 Alcan issued a notice that it too was terminating its power contract with Kenergy for
12 Alcan’s Sebree smelter facility effective January 31, 2014. On that date, Big Rivers
13 expects that it will not provide electric service to either smelter under the Smelter
14 Agreements. However, Big Rivers and Kenergy have filed an application with the
15 Commission seeking approval of an alternate arrangement for the provision of electric
16 service to Century, which application is pending in Case No. 2013-00221. As
17 explained in the Direct Testimony of Robert W. Berry, Big Rivers anticipates that that
18 case will have no impact on this proceeding.

19 Because Big Rivers anticipates the rates proposed in this filing will become
20 effective on or about January 31, 2014, the proposed rates are calculated on the basis of
21 Big Rivers supplying energy to the Rurals and Large Industrials, but not to the
22 Smelters.

23

1 **IV. REVENUE REQUIREMENT**

2

3 **Q. Please describe how Big Rivers' proposed revenue adjustment was determined.**

4 A. Big Rivers is proposing a general adjustment in rates supported by a fully forecasted
5 test period. The proposed revenue adjustment was determined by analyzing the
6 revenue deficiency based on financial results for the fully forecasted test period. The
7 revenue deficiency was determined as the difference between (i) Big Rivers' adjusted
8 net margins for the forecasted test period without reflecting a general adjustment in
9 rates, and (ii) Big Rivers' net margin requirement necessary to provide a Times Interest
10 Earned Ratio ("TIER") of 1.24 for the test period. Based on the forecasted test year,
11 the revenue deficiency is \$70,396,884.

12 **Q. Why did Big Rivers choose to support the proposed rate adjustment with the fully
13 forecasted test period?**

14 A. The fully forecasted test period was selected because it is the first full twelve calendar
15 months following the termination of the Alcan contract. Thus it is representative of Big
16 Rivers' expected financial condition after that date. The fully forecasted test period is
17 better suited than the historic test period for capturing the significant changes to Big
18 Rivers' operations and financial performance that will result from the Alcan contract
19 termination.

20 **Q. What are the fully forecasted test period and base period for the rate case
21 application?**

22 A. The fully forecasted test period for the filing is the 12 months ended January 31, 2015.
23 Consistent with KRS 278.192, the forecasted test period used to determine revenue

1 requirements in this proceeding corresponds to the first 12 consecutive calendar months
2 the proposed adjustment would be in effect after the maximum suspension period for
3 the proposed rates. According to KRS 278.190, the maximum suspension period is six
4 months for a general adjustment in rates supported by a fully forecasted test period.
5 Because the effective date of the Big Rivers' proposed rates is July 29, 2013, the first
6 12 consecutive calendar months after the 6 month suspension period corresponds to the
7 12 months beginning February 1, 2014, and ending on January 31, 2015.

8 The base period for the filing is the 12 months ending September, 2013. The
9 base period consists of six months of actual historical data and six months of estimated
10 data. KRS 278.192(2)(a) requires that any rate case application utilizing a forecasted
11 test period must include a base period which begins not more than nine months prior to
12 the date of the filing, consisting of not less than six months of actual historical data and
13 not more than six months of estimated data. Because Big Rivers' proposed base period,
14 which begins October 1, 2012, includes not less than six months of actual historical
15 data (October 2012 through March 2013), includes no more than six months of
16 estimated data (April 2013 through September 2013), and begins less than nine months
17 prior to the filing date in this proceeding, its proposed base period is in compliance with
18 the requirements for a forecasted test year set forth in KRS 278.192(2)(a).

19 **Q. Do any of your analyses or exhibits include the effects of Alcan demand, energy,
20 revenues, or other charges?**

21 A. No. Because the fully forecasted test period begins after the effective date of the Alcan
22 contract termination, none of the analyses I present include the effects of the departure
23 of Alcan on Big Rivers' operations or financials.

1 **Q. Why is Big Rivers proposing that the new rates become effective on July 29, 2013,**
2 **when the Alcan contract termination does not take effect until January 31, 2014?**

3 A. The effective date for Big Rivers' proposed tariffs was chosen with the expectation that
4 the Commission will suspend the proposed tariffs for the full six months allowed by
5 KRS 278.190(2) in order to conduct discovery and hold a hearing concerning the
6 reasonableness of the proposed rates, and that the proposed rates will be in effect by
7 order of the Commission or pursuant to KRS 278.190(2) no later than the termination
8 date of Alcan's retail service contract. This is a necessary risk management step for
9 Big Rivers to minimize its significant financial exposure to the revenue shortfall
10 resulting from the Alcan contract termination.

11 **Q. Have you prepared an exhibit that shows how Big Rivers' revenue deficiency is**
12 **calculated?**

13 A. Yes. Exhibit Wolfram-2 shows the calculation of Big Rivers' revenue deficiency.

14 **Q. Please explain Exhibit Wolfram-2 in detail.**

15 A. The purpose of Exhibit Wolfram-2 is to calculate the difference between Big Rivers'
16 adjusted net margin for the forecasted test year and the margin necessary for Big Rivers
17 to achieve a 1.24 TIER. The exhibit begins with Total Operating Revenue and
18 Patronage Capital Without Proposed Rate Increase from Big Rivers' forecast for the 12
19 months ended January 31, 2015. This amount is obtained from Exhibit Warren-3. Four
20 pro forma adjustments are applied to Operating Revenue, as shown on lines 4 through 7
21 of the exhibit. Big Rivers' Adjusted Revenue, as adjusted to reflect the four pro forma
22 revenue adjustments, is shown on line 10.

1 The Total Cost of Service from Big Rivers' forecast is shown on line 12. In the
2 context of Big Rivers' forecast and financial reports, Total Cost of Service includes
3 operation expenses, maintenance expenses, depreciation and amortization expenses,
4 taxes, interest expenses on long-term debt, other interest expenses, and other
5 deductions. Total Cost of Service is then adjusted to reflect pro forma adjustments
6 shown on lines 15 through 27 of the exhibit. Adjusted Cost of Service, as adjusted to
7 reflect the pro forma expense adjustments, is shown on line 30. Adjusted Operating
8 Margins is calculated by subtracting Adjusted Cost of Service from Adjusted Revenue.
9 Interest income, other non-operating income, and other capital credits/patronage
10 dividends are added to Adjusted Operating Margins to determine Big Rivers' Adjusted
11 Net Margin (Deficit).

12 The Revenue Deficiency is calculated at the bottom of Exhibit Wolfram-2.
13 Based on a TIER of 1.24, Big Rivers has a net margin requirement of \$10,503,838.
14 Because the adjusted net margin before applying the TIER is (\$59,893,046) and the
15 margin requirement is \$10,503,838, Big Rivers' total revenue deficiency is
16 \$70,396,884.

17 **Q. In previous rate cases, Big Rivers removed the effects of interest on the Transition**
18 **Reserve when it calculated the revenue deficiency. Is that required here?**

19 **A.** No. In previous rate cases, Big Rivers removed from the margin calculation any
20 interest income on the Transition Reserve account in order to comply with Section 4.7
21 of the Smelter Agreements. However, due to the Smelter contract terminations, it is not
22 necessary to do this for the test period used in this proceeding.

1 Q. Is Big Rivers proposing to establish rates based on a target TIER of 1.24, which is
2 the same value as the “Contract TIER” that was applicable to Big Rivers under
3 the Smelter Agreements?

4 A. Yes. This is discussed in the Direct Testimony of Ms. Billie J. Richert.

5 Q. Is it required that Big Rivers establish its revenue requirement based on Contract
6 TIER?

7 A. No. Big Rivers is not prohibited from seeking to set rates based on a TIER that exceeds
8 1.24, in this or any future proceeding. Big Rivers elected to do so in this case, without
9 prejudice, in consideration of the impact of the magnitude of the proposed adjustment
10 on Member billings.

11 Q. What is the revenue deficiency calculated in Exhibit Wolfram-2?

12 A. The revenue deficiency shown in Exhibit Wolfram-2 is \$70,396,884. This amount is
13 used in the cost of service study and in the design of new rates that I describe later in
14 my testimony.

15

16 V. PRO FORMA ADJUSTMENTS

17

18 Q. Please broadly describe the nature of the pro forma adjustments made to Big
19 Rivers’ electric operations for the test year ended January 31, 2015, shown in
20 Exhibit Wolfram-2.

21 A. For the test year ended January 31, 2015, Big Rivers has made adjustments which
22 remove revenues and expenses that are addressed in other rate mechanisms, removed

1 expenses that are ordinarily excluded from rates, and adjusted expenses such that
2 certain non-recurring costs are excluded from rates on a prospective basis.

3 **Q. Please explain the adjustment to operating revenues and expenses shown in**
4 **Reference Schedule 1.01 of Exhibit Wolfram-2.**

5 A. This adjustment has been made to account for the fuel cost expenses and revenues
6 included in the Fuel Adjustment Clause ("FAC") for the twelve months ended January
7 31, 2015. Consistent with Commission practice, fuel costs and revenues included
8 in Big Rivers' FAC have been eliminated. Because Big Rivers is using a fully
9 forecasted test period in this filing, and because Big Rivers assumes perfect rate
10 treatment for the FAC rate mechanism, the revenue and expense values are identical.

11 **Q. Please explain the adjustment to operating revenues and expenses shown in**
12 **Reference Schedule 1.02 of Exhibit Wolfram-2.**

13 A. This adjustment has been made to remove Environmental Surcharge ("ES") revenues
14 and expenses because these are addressed by a separate rate mechanism. Consistent
15 with the Commission's practice of eliminating the revenues and expenses associated
16 with full-recovery cost trackers, an adjustment was made to eliminate ES revenues and
17 expenses during the test year. The ES provides for full recovery of approved
18 environmental costs that qualify for the surcharge, and thus should be excluded from
19 base rates.

20 **Q. Please explain the adjustment to operating revenues and expenses shown in**
21 **Reference Schedule 1.03 of Exhibit Wolfram-2.**

22 A. This adjustment has been made to eliminate the expenses and revenues associated with
23 the Non-FAC Purchased Power Adjustment ("Non-FAC PPA") and addressed by a

1 separate rate mechanism. Consistent with the Commission's practice of eliminating the
2 revenues and expenses associated with full-recovery cost trackers, an adjustment was
3 made to eliminate Non-FAC PPA revenues and expenses during the test year.

4 **Q. Please explain the adjustment to operating revenues and expenses shown in**
5 **Reference Schedule 1.04 of Exhibit Wolfram-2.**

6 A. This adjustment eliminates advertising expenses pursuant to 807 KAR 5:016 that are
7 institutional and promotional in nature, consistent with Commission practice.

8 **Q. Please explain the adjustment to operating revenues and expenses shown in**
9 **Reference Schedule 1.05 of Exhibit Wolfram-2.**

10 A. This adjustment eliminates lobbying expenses pursuant to 807 KAR 5:016, consistent
11 with Commission practice. The expenses for each month include Big Rivers' costs for
12 an outside firm and for the portions of Big Rivers' internal expenses related to
13 lobbying. The value in May 2014 also includes the portion of National Rural Electric
14 Cooperative Association ("NRECA") dues that NRECA specifies on its invoices as
15 lobbying-related.

16 **Q. Please explain the adjustment to operating revenues and expenses shown in**
17 **Reference Schedule 1.06 of Exhibit Wolfram-2.**

18 A. This adjustment eliminates economic development expenses pursuant to 807 KAR
19 5:016, consistent with Commission practice. Big Rivers provides a one-time annual
20 payment to its Members for economic development initiatives, which should be
21 removed for ratemaking purposes.

22 **Q. Please explain the adjustment to operating revenues and expenses shown in**
23 **Reference Schedule 1.07 of Exhibit Wolfram-2.**

1 A. This adjustment eliminates donations expenses pursuant to 807 KAR 5:016, consistent
2 with Commission practice.

3 **Q. Please explain the adjustment to operating revenues and expenses shown in**
4 **Reference Schedule 1.08 of Exhibit Wolfram-2.**

5 A. This adjustment eliminates Touchstone Energy dues, pursuant to 807 KAR 5:016,
6 consistent with Commission practice. The dues payment is forecasted as a one-time
7 expense in March 2014 that should be removed for ratemaking purposes.

8 **Q. Please explain the adjustment to operating revenues and expenses shown in**
9 **Reference Schedule 1.09 of Exhibit Wolfram-2.**

10 A. This adjustment has been made to account for the revenue credit provided to the Rurals
11 and Large Industrials that corresponds to the surcharge payments from the Smelters
12 specified in Section 4.11 of the Smelter Agreements. The surcharge is collected from
13 the Smelters each month and those funds are returned to the Rurals and Large
14 Industrials during the following calendar year. Because the Smelters will no longer pay
15 the surcharge as a result of the contract terminations, the pass-through of those funds to
16 the Rurals and Large Industrials as a surcredit will also cease. Because Alcan will
17 provide the surcharge up to and including the service month of January 2014, the
18 surcredit to the Rurals and Large Industrials will continue through 2014 but will cease
19 in 2015. Thus, the surcredit amounts in the forecast test period are non-recurring and
20 should be eliminated.

21 **Q. Is Big Rivers proposing a pro forma adjustment to amortize the rate case expenses**
22 **associated with the instant case?**

1 A. No. Big Rivers included the projected rate case expenses for this proceeding in its
2 forecast, amortized over a 36 month period beginning in February 2014. The total,
3 unamortized amount is \$1,406,105. This is described in detail in the Direct Testimony
4 of Mr. Jeffrey R. Williams. Because the amortization of these costs is already included
5 in the fully forecasted test period, no pro forma adjustment to test year expenses is
6 proposed.

7 **Q. Is Big Rivers proposing a pro forma adjustment to continue the amortization of**
8 **rate case costs associated with Case No. 2012-00535?**

9 A. No. Big Rivers included these amortization schedules in its forecast, so no pro forma
10 adjustment to test year expenses is proposed. This is described in the Direct Testimony
11 of Mr. Jeffrey R. Williams.

12 **Q. Please explain the adjustment to operating revenues and expenses shown in**
13 **Reference Schedule 1.10 of Exhibit Wolfram-2.**

14 A. This adjustment eliminates non-recurring labor expenses at Big Rivers' Kenneth C.
15 Coleman ("Coleman") plant, related to the anticipated lay-up of that facility described
16 in the Direct Testimony of Mr. Robert W. Berry. The calculation of the adjustment
17 eliminates the burdened labor expenses for Coleman plant and plant-related staff
18 included in the 2014 forecast in February, March and April. The costs are included in
19 the forecast through April 2014 but are non-recurring from a ratemaking standpoint.
20 Specifically, four departments have headcount reductions directly impacted by the lay-
21 up of the Coleman Station. These include Coleman Plant, Coleman IT, Coleman
22 Safety, and Supply Chain. For each of these departments, the burdened labor expenses
23 for February, March and April 2014 were scaled by the ratio of "pre-lay-up" headcount

1 to “post-lay-up” headcount in order to adjust the plant-related burdened labor in total to
2 a representative level on a prospective basis. The total amount of labor and labor
3 overheads included in the forecast for those three months, but excluded for ratemaking
4 purposes, is \$2,831,632.

5 **Q. Is this adjustment intended to reflect the reduction of 95 positions referenced in**
6 **the Direct Testimony of Mr. Robert W. Berry?**

7 A. No. The proposed adjustment is not intended to reflect the full reduction of 95
8 positions; rather, the adjustment is intended to remove a small portion of those labor
9 costs that were not already reduced in Big Rivers’ forecast by February 1, 2014 (when
10 the fully forecasted test period begins).

11 **Q. Does this mean that after the pro forma adjustments are made to the forecasted**
12 **test period, the revenue requirement properly reflects the idling of both the**
13 **Wilson and the Coleman stations?**

14 A. Yes.

15 **Q. Please explain the adjustment to operating revenues and expenses shown in**
16 **Reference Schedule 1.11 of Exhibit Wolfram-2.**

17 A. This adjustment normalizes annual expenses for certain outside professional services.

18 First, Big Rivers prepares an Integrated Resource Plan (“IRP”) every three
19 years. Big Rivers forecasts a total of \$445,000 for outside services for this initiative.
20 Due to timing issues, \$60,000 is included in the test period, while the remaining costs
21 for the upcoming IRP were forecasted to be incurred prior to the test period. The
22 proposed adjustment normalizes the full cost for the professional services related to the
23 IRP over three years.

1 Second, Big Rivers prepares a load forecast every two years. Big Rivers
2 forecasts \$65,000 for this initiative. Due to timing issues, only \$17,240 for the load
3 forecast are included in the test period. The proposed adjustment normalizes the full
4 cost for the professional services related to the load forecast over two years.

5 Third, from time to time, Big Rivers initiates a Transient Stability Study for
6 transmission system reliability purposes. The study is undertaken as system conditions
7 warrant. Big Rivers forecasted \$30,000 for this initiative in the test period. Because
8 there is no set periodicity for this study, the proposed adjustment removes this cost
9 from the revenue requirement.

10 The normalizations of these three initiatives are combined into a single
11 adjustment summarized in Reference Schedule 1.11.

12 **Q. Please explain the adjustment to operating revenues and expenses shown in**
13 **Reference Schedule 1.12 of Exhibit Wolfram-2.**

14 A. This adjustment adjusts the revenue requirement to ensure that expenses of \$1 million
15 for Demand Side Management (“DSM”) and energy efficiency programs are included
16 in the revenue requirement and allocated only to the Rural Delivery Service rate class.
17 In Case No. 2011-00036, Big Rivers sought and was granted a \$1 million pro forma
18 adjustment for its DSM/energy efficiency programs. In 2012, Big Rivers offered ten
19 DSM programs that the Commission approved in its Order dated August 22, 2012, in
20 Case No. 2012-00142.¹ However, Big Rivers did not spend the entire \$1 million in
21 2012. For 2013, Big Rivers intends to spend not only the \$1 million that was approved
22 in Case No. 2011-00036, but also most of the amount that was left over from 2012.

¹ The Commission approved two additional DSM programs for Big Rivers by order dated June 6, 2013, in Case No. 2013-00099.

1 Any of the amount forecasted for 2013 that is not spent in 2013 would likewise be
2 rolled into 2014. This adjustment removes the amounts in the forecast that exceed \$1
3 million from the test period revenue requirement because these amounts are non-
4 recurring.

5 **Q. Please explain the adjustment to operating revenues and expenses shown in**
6 **Reference Schedule 1.13 of Exhibit Wolfram-2.**

7 A. This adjustment removes the non-labor costs in the forecast related to the Coleman
8 plant layup that are not recurring. Costs for materials and outside services associated
9 with preparing the Coleman facilities for layup are included in the forecast, but are non-
10 recurring and should be removed from the revenue requirement.

11 **Q. Please explain the adjustment to operating revenues and expenses shown in**
12 **Reference Schedule 1.14 of Exhibit Wolfram-2.**

13 A. This adjustment removes certain non-recurring costs related to the MISO administered
14 annual resource adequacy auction associated with the idling of generating facilities.
15 This is described in the Direct Testimony of Lindsay N. Barron.

16
17 **VI. COST OF SERVICE STUDY**

18
19 **Q. Did you prepare a cost of service study for Big Rivers based on financial and**
20 **operating results for the test year?**

21 A. Yes. I prepared a fully allocated, embedded cost of service study based on pro forma
22 operating results for the fully forecasted test year beginning February 1, 2014, and
23 ending January 31, 2015. The objective in performing the cost of service study is to

1 assess Big Rivers' overall rate of return on rate base and to determine the relative rates
2 of return that Big Rivers is earning from each rate class. Additionally, the cost of
3 service study provides an indication as to whether each class is contributing its
4 appropriate share of Big River's cost of providing service.

5 **Q. What procedure was used in performing the cost of service study?**

6 A. The three traditional steps of an embedded cost of service study – functional
7 assignment, classification, and allocation – were utilized. The cost of service study was
8 therefore prepared using the following procedure: (1) costs were functionally assigned
9 (functionalized) to the major functional groups; (2) costs were then classified as
10 energy-related or demand-related; and then (3) costs were allocated to the rate classes.

11 **Q. Is this a standard approach used in the electric utility industry?**

12 A. Yes.

13 **Q. Has this approach been used in previous cases before this Commission?**

14 A. Yes. The same approach was employed by Big Rivers in its last two rate cases, Case
15 No. 2012-00535 and Case No. 2011-00036, and in several cases filed by other utilities
16 in Kentucky.

17 **Q. What functional groups were used in the cost of service study?**

18 A. The functional groups identified in the cost of service study are Production and
19 Transmission costs.

20 **Q. How were costs classified as energy related or demand related in the cost of
21 service study?**

22 A. Classification provides a method of identifying the appropriate cost driver for each
23 functionally assigned cost so that the service characteristics that give rise to the cost can

1 serve as a basis for allocation. Costs classified as energy-related tend to vary with the
2 amount of kilowatt hours consumed. Fuel and purchased power expenses are examples
3 of costs typically classified as energy costs. Costs classified as demand-related tend to
4 vary with the capacity needs of customers, such as the amount of generation or
5 transmission equipment necessary to meet customers' needs.

6 Production plant costs are classified as demand-related in the cost of service
7 study. Production operation and maintenance (“O&M”) expenses are classified using
8 the FERC Predominance Methodology. Under the FERC Predominance Methodology,
9 production O&M accounts that are predominately fixed, i.e., expenses that the FERC
10 has determined to be predominately incurred independently of kilowatt hour levels of
11 output, are classified as demand related. Production O&M accounts that are
12 predominately variable, i.e., expenses that the FERC has determined to vary
13 predominately with output (kWh), are considered to be energy related. The
14 Predominance Methodology has been accepted in FERC proceedings for many years
15 and is a standard methodology for classifying production O&M expenses. For
16 example, see *Public Service Company of New Mexico*, 10 FERC ¶ 63,020 (1980),
17 *Illinois Power Company*, 11 FERC ¶ 63,040 (1980), *Delmarva Power & Light*
18 *Company*, 17 FERC ¶ 63,044 (1981), and *Ohio Edison Company*, 24 FERC ¶ 63,068
19 (1983). The Predominance Methodology has also been used in the cost of service
20 studies submitted by Kentucky Utilities and Louisville Gas and Electric Company in
21 Case Nos. 2003-00433, 2003-00434, 2008-000251, 2008-00252, 2009-00548, and
22 2009-00549, by East Kentucky Power Cooperative in Case No. 2008-00409, and by
23 Big Rivers in Case Nos. 2012-00535 and 2011-00036.

1 Transmission plant costs and transmission O&M expenses are classified as
2 demand-related in the cost of service study. This is the same methodology used to
3 classify these costs in the Midcontinent Independent System Operator, Inc. (“MISO”)
4 Tariff, approved by FERC, under which transmission service by Big Rivers is provided.

5 **Q. Have you prepared an exhibit showing the results of the functional assignment
6 and classification steps of the cost of service study?**

7 A. Yes. Exhibit Wolfram-3 shows the results of the first two steps of the cost of service
8 study – functional assignment and classification.

9 **Q. In the cost of service model, once costs are functionally assigned and classified,
10 how are these costs allocated to the customer classes?**

11 A. In the cost of service model used in this study, Big Rivers' test-year costs are
12 functionally assigned and classified using what are referred to in the model as
13 “functional vectors.” These vectors are multiplied (using scalar multiplication) by the
14 various accounts in order to simultaneously assign costs to the functional groups and
15 cost classifications (demand and energy). Therefore, in the portion of the model
16 included in Exhibit Wolfram-3, Big Rivers’ accounting costs are functionally assigned
17 and classified using the explicitly determined functional vectors identified in the
18 analysis and using internally generated functional vectors. The explicitly determined
19 functional vectors, which are primarily used to direct where costs are functionally
20 assigned and classified, are shown on page 14 of Exhibit Wolfram-3.

21 Internally generated functional vectors are utilized throughout the study to
22 functionally assign costs either on the basis of similar costs or on the basis of internal
23 cost drivers. The internally generated functional vectors are also shown on page 14 of

1 Exhibit Wolfram-3. An example of this process is the Total Plant In Service (“TPIS”)
2 vector, which is used to classify plant in service as shown on page 1 of Exhibit
3 Wolfram-3. The functional vector used to allocate a specific cost is identified by the
4 column in the model labeled “Functional Vector” and refers to a vector identified
5 elsewhere in the analysis by the column labeled “Name.”

6 Once costs for all of the major accounts are functionally assigned and classified,
7 the resultant cost matrix for the major cost groupings (e.g., Plant in Service, Rate Base,
8 Operation and Maintenance Expenses) is then transposed and allocated to the customer
9 classes using “allocation vectors” or “allocation factors.”

10 The results of the class allocation step of the cost of service study are included
11 in Exhibit Wolfram-4. The costs shown in the column labeled “Total System” in
12 Exhibit Wolfram-4 were carried forward from the functionally assigned and classified
13 costs shown in Exhibit Wolfram-3. The column labeled “Ref” in Exhibit Wolfram-4
14 provides a reference to the results included in Exhibit Wolfram-3.

15 **Q. Were each of the revenue and expense items in the cost of service study filed in**
16 **this proceeding allocated using the same allocation factors that were used in the**
17 **study filed in Case No. 2012-00535?**

18 A. Yes. The selection of certain allocation vectors for particular expenses and revenues is
19 the same in the cost of service study filed in this case as they were in the study filed in
20 Case No. 2012-00535. For example, the “12CP” allocation vector was used to allocate
21 Transmission costs in both cases. Note this does not mean that the actual values in the
22 “12CP” allocation vectors in the cases are identical; they are not, because the test

1 period peak load ratios differ from case to case—but in both cases, the 12CP factors
2 were used to allocate the Transmission costs.

3 **Q. What rate classes are identified in the cost of service study?**

4 A. In the cost of service study, all costs and revenues are fully allocated to the Rural and
5 Large Industrial rate classes.

6 **Q. How are demand-related costs allocated in the cost of service study?**

7 A. Production and transmission demand-related costs are allocated using a 12CP
8 methodology. With the 12CP methodology, all demand-related costs are allocated on
9 the basis of the projected average demand for each rate class at the time of Big Rivers'
10 system peak (also known as “Coincident Peak” or “CP”) for each of the twelve months,
11 pursuant to Big Rivers’ load forecast. The methods employed for developing the
12 demand forecast for Big Rivers are described in the Direct Testimony of Ms. Lindsay
13 N. Barron.

14 **Q. How are energy-related costs allocated in the cost of service study?**

15 A. Energy-related costs are allocated on the basis of projected annual kWh sales to each
16 customer class. The energy forecast is described in the Direct Testimony of Ms.
17 Lindsay N. Barron. The energy values are provided in her Exhibit Barron-3.

18 **Q. Please summarize the results of the cost of service study.**

19 A. The following table summarizes the rates of return for each customer class from the
20 cost of service study. The Pro Forma Rate of Return (Before Proposed Rate Increase)
21 was calculated by dividing the net utility operating margin by the net cost rate base for
22 each customer class. The net utility operating margin and net cost rate base reflect the
23 pro forma adjustments described earlier in my testimony.

Table 1. Class Rates of Return	
Customer Class	Pro Forma Rate of Return Before Proposed Rate Increase
Rurals	-1.34%
Large Industrials	-1.76%
Total System	-1.43%

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VII. ALLOCATION OF THE INCREASE

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Q. What variables in the rate structures for Big Rivers' classes of service can be adjusted to bring about the proposed revenue adjustment?

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1 A. The only variables that can be used to collect additional base rate revenues are: (i) the
2 base demand and energy rates for the Rurals and (ii) the base demand and energy rates
3 for Large Industrials.

4 **Q. Please summarize how Big Rivers proposes to allocate the revenue adjustment to**
5 **the classes of service.**

6 A. Big Rivers relied on the results of the cost of service study to determine the allocation
7 of the proposed revenue adjustment to the classes of service. Specifically, Big Rivers is
8 proposing to allocate the revenue adjustment in a manner that is designed to eliminate
9 the gap between the rate of return shown in the cost of service study for the Rurals and
10 the rate of return for the Large Industrials.

11 **Q. Does this mean that Big Rivers is proposing to eliminate any subsidization**
12 **between the Rural rate class and the Large Industrial rate class?**

13 A. Yes. Other than the negligible effects of rounding, the proposed rates are designed to
14 eliminate interclass subsidization for the fully forecasted test period.

15 **Q. What is the proposed base rate revenue adjustment for each rate class?**

16 A. Big Rivers is proposing the following base rate revenue adjustments: an increase of
17 \$54,864,141 to the Rurals and an increase of \$15,532,735 to the Large Industrials.

18 **Q. What are the class rates of return adjusted to reflect the proposed revenue**
19 **adjustments?**

20 A. The following table shows the rates of return from the cost of service study on an
21 adjusted basis before and after the proposed revenue adjustments:

22

23

Table 2. Class Rates of Return		
Customer Class	Pro Forma Rate of Return <i>Before</i> Proposed Increase	Pro Forma Rate of Return <i>After</i> Proposed Increase
Rurals	-1.34%	4.03%
Large Industrials	-1.76%	4.02%
Total System	-1.43%	4.03%

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VIII. PROPOSED RATES

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Q. Have you prepared an exhibit showing the reconstruction of Big Rivers' test-year billing determinants?

16

1 A. Yes. The reconstruction of Big Rivers' billing determinants is shown on Exhibit
2 Wolfram-5.

3 **Q. Is Big Rivers proposing any changes to the structure or design of the Rural or**
4 **Large Industrial base rates?**

5 A. No. The only proposed substantive base rate changes are to the demand and energy
6 rate values. Big Rivers is proposing substantive changes to its Member Rate Stability
7 Mechanism and Rural Economic Reserve tariffs, which I discuss later in my testimony.
8 Other non-substantive changes to the tariffs – grammatical error correction, etc. – are
9 described in the Direct Testimony of Ms. DeAnna M. Speed, or are otherwise presented
10 in the proposed tariffs provided with this application.

11 **Q. What are the proposed charges for the Rurals?**

12 A. Big Rivers is proposing to increase the demand charge to \$24.742 per kW per month
13 (billed on the basis of CP demand). Big Rivers is proposing to increase the energy
14 charge to \$0.035000 per kWh.

15 **Q. What are the proposed charges for the Large Industrials?**

16 A. Big Rivers is proposing to increase the demand charge to \$17.979 per kW per month
17 and to increase the energy charge to \$0.035000 per kWh.

18 **Q. How were the proposed rates calculated?**

19 A. The rates were calculated such that two constraints were met. The first constraint was
20 that the total incremental revenue resulting from the proposed rates must equal the
21 revenue deficiency. The second was that the rate of return for the Rurals must be equal
22 to the rate of the return for the Large Industrials. This created a situation where there
23 are four unknowns – Rural energy charge, Rural demand charge, Large Industrial

1 energy charge, and Large Industrial demand charge – but only two equations. To
2 simplify this problem, Big Rivers set the energy charge for both rate classes to
3 \$0.035000 per kWh – an increase of \$0.005000 per kWh for both rate classes. This
4 approximates Big Rivers’ annual production cost on a per-unit basis. Then, the demand
5 rates for the Rurals and the Large Industrials were revised such that the two constraints
6 on total incremental revenue and rates of return could be met simultaneously. Finally,
7 the calculated demand rates were rounded to the appropriate number of significant
8 digits. The proposed demand rates of \$24.742 per kW for the Rurals and \$17.979 per
9 kW for the Large Industrials ensures that the incremental revenue is produced and that
10 the interclass subsidies are eliminated.

11 **Q. Do the proposed rates generate the exact revenue deficiency of \$70,396,884?**

12 A. No, but it is extremely close. Due to rounding, the proposed rates generate
13 \$70,396,876, or \$8 less than the exact revenue deficiency for the test period.

14 **Q. Do the proposed rates assign all of the DSM expenses to the Rural rate class,**
15 **consistent with the Commission findings in Case No. 2011-00036?**

16 A. Yes. This is accomplished in the cost of service study, as shown in Exhibit Wolfram-4.
17 The pro forma adjustment to normalize DSM expenses in Schedule 1.12 is incorporated
18 into the cost of service study in two steps. First, the full test year forecast amount for
19 DSM expenses is removed. These costs were originally allocated to the classes on a
20 12CP basis, so the “12CP” allocator is also used to remove this cost. Second, the \$1
21 million amount that is representative on a prospective basis is added back in and
22 allocated entirely to the Rural rate class using the “EnergyR” allocator. Thus, the DSM

1 costs are directly assigned to the Rurals and are limited to the \$1 million amount
2 approved by the Commission in Case No. 2011-00036.

3 **Q. How is the demand charge for the Cogeneration/Small Power Sales – Over 100**
4 **kW (QFS) tariff determined?**

5 A. The demand charge for the Cogeneration/Small Power Sales – Over 100 kW (QFS)
6 tariff is determined by converting the demand charge for the Rurals from \$/kW-month
7 to \$/kW-week. The rate was calculated by first dividing the \$24.742/kW-month RDS
8 by thirty (approximating the number of days in a month) and multiplying by seven (for
9 the number of days in a week), for a demand charge of \$5.773/kW-week.

10
11 **IX. USE OF RESERVE FUNDS**

12
13 **Q. Please describe the operation of the Member Rate Stability Mechanism**
14 **(“MRSM”).**

15 A. As part of the transaction approved in the Unwind Proceeding, an Economic Reserve
16 (“ER”) of \$157 million was established to offset the impact of the FAC and ES on the
17 Non-Smelting. The MRSM draws on the ER to offset the monthly impacts of the FAC
18 and ES on the Members’ non-Smelter bills. Basically, the MRSM reduces the monthly
19 bills of the Rural and Large Industrial rate classes, in order to mitigate the effect of
20 anticipated FAC and ES expenses on the Non-Smelter rates, until the ER is exhausted
21 and the full amounts of FAC and ES are applied without credit to the Rural and Large
22 Industrial monthly billings.

23 **Q. Please describe the Rural Economic Reserve (“RER”) rider.**

1 A. As part of the transaction approved in the Unwind Proceeding, the Commission
2 required Big Rivers to commit to establish an RER of \$60.9 million to be used
3 exclusively to credit the bills rendered to the Rurals over a period of 24 months
4 commencing with the depletion of all funds in the ER. In other words, the RER
5 reduces the monthly bills of the Rural rate class after the ER is exhausted. In Case No.
6 2011-00036, Big Rivers made slight changes to the MRSM and RER tariffs so that
7 there would be a seamless transition between the two mechanisms and to feather the
8 credit provided by the mechanisms.

9 **Q. Is Big Rivers proposing any changes to the operation of the MRSM in this case?**

10 A. Yes. Big Rivers is proposing to modify the MRSM so that the MRSM not only
11 continues the current offset for the fuel and environmental cost impacts, but also offsets
12 the base rate adjustments proposed in this filing for the Rurals and Large Industrials.

13 **Q. Is Big Rivers proposing any changes to the operation of the RER?**

14 A. Yes. Big Rivers is proposing to modify the RER in the same way as the MRSM, so
15 that the RER not only continues the current offset for the fuel and environmental cost
16 impacts, but also offsets the base rate adjustment proposed in this filing for the Rurals.

17 **Q. How is Big Rivers proposing to revise the MRSM and RER mechanisms?**

18 A. At present, the amount of the MRSM credit provided to each member system during a
19 month equals the total amount of FAC charges billed to the member during the month,
20 plus the total dollar amount of ES charges billed to the member during the month, less
21 several other terms described in the MRSM tariff. Big Rivers is proposing that the
22 amount of the MRSM credit provided to each member system during a month equals
23 the total amount of FAC and ES charges billed to the member during the month, plus a
24 new term which equals the amount of the base rate adjustment awarded in this

1 proceeding, less those other terms described in the MRSM tariff. The same is true for
2 the RER. In other words, the MRSM and RER will operate in the same way they do at
3 present, except that they will also include a term designed to fully mitigate the effects
4 of the base rate adjustment proposed in this case.

5 **Q. If the MRSM and RER mechanisms are not changed, when does Big Rivers**
6 **project that the ER and RER funds will become depleted?**

7 A. Under the current projections, without changing the MRSM and RER mechanisms, the
8 ER fund becomes depleted in April, 2015 and the RER fund becomes depleted by
9 March, 2017.

10 **Q. When does Big Rivers project that the ER and RER funds will become depleted**
11 **under the proposed methodology?**

12 A. Under the current projections, the ER would become depleted in July, 2014, and the
13 RER would become depleted in April, 2015.

14
15 **X. ESTIMATE OF BILLING IMPACT**

16
17 **Q. Please explain how the amount of the rate adjustment was calculated.**

18 A. As noted earlier, for certain aspects of this filing, it was necessary to assume a “starting
19 point” for the rate data presented in this case. In other words, in order to quantify the
20 adjustment associated with the proposed rates, an assumption of the “present rates” or
21 “rates before any proposed increase” was required for use in this filing. While such an
22 assumption is not needed in order to determine the proposed rates and corresponding

1 revenues, the assumption of a “starting point” is necessary to determine the *change* in
2 rates and revenues related to the proposed rates.

3 The Century rate case is currently an open docket before the Commission, but
4 the rates resulting from that case will take effect on or about August 20, 2013 –
5 approximately five months before January 31, 2014 when the rates proposed in this
6 case become effective. Thus, unless the Commission rejects the rates proposed in the
7 Century rate case and approves no change to Big Rivers’ base rates, the rates that are in
8 effect at the time of this filing will not be in effect at the time the rates proposed in this
9 case take effect.

10 Furthermore, in the Century rate case, Big Rivers included new rates in its
11 proposed tariffs filed on January 15, 2013. During the course of discovery in the
12 Century rate case, Big Rivers identified certain revisions to those filed rates resulting
13 from post-filing regulatory enactments and the correction of minor mathematical errors.
14 These updates reduced the overall revenue deficiency and rates relative to the January
15 15, 2013 filing. Because of these updates, Big Rivers introduced revised rates into the
16 record in the Century rate case in the Rebuttal Testimony of John Wolfram, filed on
17 June 24, 2013. It is Big Rivers’ position that the rates in the June 24, 2013 filing in the
18 Century rate case should supersede those filed by Big Rivers on January 15, 2013 in
19 that docket, and should be approved by the Commission.

20 For these reasons, Big Rivers considers the rates specified in Century rate case
21 rebuttal testimony filed on June 24, 2013 to be the “present rates” or “starting point” for
22 the determination of the rate and revenue adjustments in this rate filing. This is shown
23 in Exhibit Wolfram-5.

1 **Q. Have you prepared an exhibit showing the impact of the proposed rates on pro**
2 **forma revenue?**

3 A. Yes. Exhibit Wolfram-6 shows the adjustment in revenue by rate class from applying
4 Big Rivers' proposed rates to pro forma billing determinants. In this analysis, the
5 billing determinants and revenue reflect the application of the proposed rates to the
6 forecasted demand and energy values by month for the fully forecasted test period of
7 February 1, 2014 through January 31, 2015.

8 **Q. Is the impact of the proposed rates in Exhibit Wolfram-6 calculated gross of the**
9 **MRSM and RER?**

10 A. Yes. The numbers in Exhibit Wolfram-6 show the effects on member billings for the
11 forecasted test period without any offsets from the MRSM and RER. If the MRSM and
12 RER offsets were included, the increase in billings for the Rurals would be zero
13 through April 2015, and the increase in billings for the Large Industrials would be zero
14 up until the Economic Reserve becomes depleted in July 2014.

15 **Q. Putting aside for a moment the offsets of the MRSM and RER, would the**
16 **percentage increase for the Rurals be representative of the impact that Big Rivers'**
17 **rate adjustment will have on its Members' retail rates to their customers?**

18 A. No. The average impact on the Members' retail rates will result in a lower overall
19 percentage increase than what is being proposed by Big Rivers for the wholesale rates.
20 Because the Members' retail rates also include the cost of providing distribution service
21 to their customers, the percentage impact of Big Rivers' rate adjustment will be diluted
22 at the retail level.

1 Big Rivers provides an estimate of the impact of its proposed adjustment on the
2 retail residential customers in Exhibit Wolfram-7. The exhibit shows the calculation of
3 the estimated retail customer bill at various levels of monthly consumption, assuming a
4 distribution system cost adder of \$0.033 per kWh, on an all-in basis, for all of the
5 distribution cooperatives. Again, this estimate does not consider the offsets provided
6 by the MRSM and RER, which as proposed herein have the effect of entirely offsetting
7 the increase requested in this case until the funds become depleted.

8 Obviously, the data in Exhibit Wolfram-7 is a rough estimate of the impact of
9 Big Rivers' proposed adjustment on retail rates. The actual retail percentage increase
10 will vary by individual distribution cooperative Member depending upon its individual
11 sales characteristics and retail rate structure. Presumably, Big Rivers' Members will be
12 making their own separate filings to reflect Big Rivers' increase in their rates, and in
13 those filings the adjustments will be quantified with greater specificity and by retail rate
14 classification.

15 **Q. How would the rates proposed in this case, when taken at the retail level, compare**
16 **to the retail rates of other utilities in Kentucky?**

17 A. A comparison of utility rates in Kentucky is provided in Exhibit Wolfram-8. The data
18 is based on publicly-available U.S. Energy Information Association ("EIA") data for
19 2011. End use "all-in" average rates for all of the electric utilities in Kentucky are
20 provided in this exhibit, sorted in order of lowest all-in rate in ¢/kWh. The 2011 data
21 for Big Rivers' Members is highlighted. Also, the estimates from Exhibit Wolfram-7
22 for the retail rates proposed in this case are added to the exhibit, both gross and net of
23 the MRSM.

1 Note this data compares 2011 rate data for all of the other utilities in Kentucky
2 to 2014 rate data for the Big Rivers system. Obviously, this comparison is a limited one
3 because it does not take into account any increases that the other utilities in Kentucky
4 are experiencing in their base rates or in other rate adjustment mechanisms like FAC,
5 ES, or DSM. This means that the difference between Big Rivers' rates and the rates of
6 other utilities is overstated in this dataset.

7
8 **XI. OTHER FACTORS AFFECTING PROPOSED RATES**

9
10 **Q. Do the proposed rates account for any roll-ins that may stem from other**
11 **proceedings?**

12 A. No. A review of the ES filings is underway, as described in the Direct Testimony of
13 Ms. DeAnna M. Speed. If that proceeding results in any required rate roll-ins, Big
14 Rivers would have to adjust the rates proposed herein accordingly.

15 **Q. Do the proposed rate adjustments fully account for the final outcome of the**
16 **Century rate case currently underway in Case No. 2012-00535?**

17 A. No. Unlike the rates themselves, the proposed rate adjustments are meaningful only on
18 a relative basis – in other words the rate adjustments depend on both the proposed rates
19 and the “starting point” used as “present rates” in the calculation of the rate and
20 revenue adjustment. Should the Commission issue an order in the Century rate case
21 establishing base rates that differ from the rates provided by Big Rivers in its rebuttal
22 testimony filed in the Century rate case on June 24, 2013 (and used in this case as the

1 “starting point”), Big Rivers would have to adjust the rates described herein in order to
2 account for that difference.

3 **Q. Do the proposed rate adjustments account for the outcome of the case filed on**
4 **June 12, 2013, *In The Matter Of: Joint Application of Kenergy Corp. and Big Rivers***
5 ***Electric Corporation for Approval of Contracts and for a Declaratory Order in Case***
6 **No. 2013-00221?**

7 A. No. If the Commission’s findings in that proceeding affect the revenues or expenses in
8 the fully forecasted test period of this case, Big Rivers would have to adjust the rates
9 proposed herein accordingly.

10

11 **XII. FILING REQUIREMENTS**

12

13 **Q. Have you reviewed the answers provided in Tabs 1-59, which address Big Rivers’**
14 **compliance with the historical period filing requirements under 807 KAR 5:001**
15 **and its various subsections?**

16 A. Yes. I hereby incorporate and adopt those portions of Tabs 1-59 for which I am
17 identified as the sponsoring witness as part of this Direct Testimony.

18

19 **XIII. CONCLUSION**

20

21 **Q. Do you have any closing comments?**

22 A. Yes. Big Rivers’ negative rates of return in the cost of service study clearly
23 demonstrate that the proposed adjustment in base rates is necessary for Big Rivers’

1 financial health. Big Rivers' revenue deficiency, based on a target TIER of 1.24, is
2 \$70,396,884. This adjustment is necessary to avoid exposing Big Rivers to the
3 financial and operating risks described in the Direct Testimony of Ms. Billie J. Richert.
4 The proposed rates are designed to produce revenues that achieve the revenue
5 requirement. The proposed rates are designed to eliminate the cost of service subsidies
6 between the Rural and Large Industrial rate classes. The rates also reflect the direct
7 assignment of \$1 million of DSM expenses to the Rural rate class, consistent with the
8 findings of the Commission in Case No. 2011-00036. The proposed rates are just and
9 reasonable and should be approved as filed, subject to any impacts of the Commission's
10 findings in Case Nos. 2012-00535 and 2013-00221.

11 **Q. Does this conclude your testimony?**

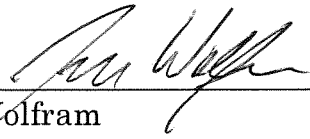
12 A. Yes, it does.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

VERIFICATION

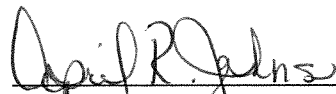
I, John Wolfram, verify, state, and affirm that I prepared or supervised the preparation of my direct testimony filed with this Verification, and that testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



John Wolfram

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by John Wolfram on this the 20th day of June, 2013.



Notary Public, Ky. State at Large
My Commission Expires 8-9-14

QUALIFICATIONS OF JOHN WOLFRAM

Summary of Qualifications

Provides consulting services to numerous investor-owned utilities, rural electric cooperatives, and municipal utilities regarding utility rate and regulatory filings, cost of service studies, wholesale and retail rate designs, and other analyses.

Employment

Catalyst Consulting LLC
Principal

June 2012 – Present

Provides consulting services in the areas of tariff development, regulatory analysis, revenue requirements, cost of service, rate design, and other utility regulatory areas.

Provides utility clients assistance regarding regulatory policy and strategy; project management support for utilities involved in complex regulatory proceedings; process audits; state and federal regulatory filing development; cost of service development and support; the development of special rates to achieve strategic objectives; unbundling of rates and the development of rate alternatives for use with customers; energy efficiency program development.

Prepared retail and wholesale rate schedules and/or filings submitted to the Federal Energy Regulatory Commission (FERC), state regulatory commissions, and/or Boards of Directors for numerous electric and gas utilities.

The Prime Group, LLC
Senior Consultant

March 2010 – May 2012

E.ON U.S., LLC , Louisville, KY

1997 - 2010

(Louisville Gas & Electric Company and Kentucky Utilities Company)

Director, Customer Service & Marketing (2006 - 2010)

Manager, Regulatory Affairs (2001 - 2006)

Lead Planning Engineer, Generation Planning (1998 - 2001)

Power Trader, LG&E Energy Marketing (1997 - 1998)

PJM INTERCONNECTION, LLC, Norristown, PA

1990 - 1993; 1994 - 1997

Project Lead - PJM Wholesale Energy Market Information System

CINCINNATI GAS & ELECTRIC COMPANY, Cincinnati, OH

1993 - 1994

Electrical Engineer - Energy Management System

Education

Bachelor of Science Degree in Electrical Engineering, University of Notre Dame, 1990
Master of Science Degree in Electrical Engineering, Drexel University, 1997
Leadership Louisville, 2006

Associations

Member, Institute of Electrical and Electronics Engineers (IEEE)
Member, IEEE Power Engineering Society

Expert Witness Testimony

FERC: Submitted remarks and served on expert panel in FERC Docket No. RM01-10-000 on May 21, 2002 in Standards of Conduct for Transmission Providers staff conference, regarding proposed rulemaking on the functional separation of wholesale transmission and bundled sales functions for electric and gas utilities.

Kentucky: Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2002-00029 regarding a Certificate of Public Convenience and Necessity for the acquisition of two combustion turbines.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2002-00381 regarding a Certificate of Public Convenience and Necessity for the acquisition of four combustion turbines.

Presented company position for Louisville Gas & Electric Company and Kentucky Utilities Company at public meetings held in Case Nos. 2005-00142 and 2005-00154 regarding routes for proposed transmission lines.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2005-00162 regarding the 2005 Joint Integrated Resource Plan.

Submitted discovery responses for Kentucky Utilities in Case No. 2005-00405 regarding the transfer of a utility hydroelectric power plant to a private hydroelectric power developer.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2005-00467 and 2005-00472 regarding a Certificate of Public Convenience and Necessity for the construction of transmission facilities.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2007-00067 for approval of a proposed Green Energy program and associated tariff riders.

Submitted direct testimony for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2007-00319 for the review, modification, and continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanisms.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Administrative Case No. 2007-00477 regarding an investigation of the energy and regulatory issues in Kentucky's 2007 Energy Act.

Submitted discovery responses for Louisville Gas & Electric Company and Kentucky Utilities Company in Case No. 2008-00148 regarding the 2008 Joint Integrated Resource Plan.

Submitted discovery responses for Kentucky Utilities and/or Louisville Gas & Electric Company in various customer inquiry matters, including Case Nos. 2009-00421, 2009-00312, and 2009-00364.

Submitted direct testimony for Louisville Gas & Electric Company in Case No. 2009-00549 and for Kentucky Utilities Company in Case No. 2009-00548 for adjustment of electric and gas base rates, in support of a new service offering for Low Emission Vehicles, revised special charges, and company offerings aimed at assisting customers or enhancing customer service.

Submitted direct, rebuttal, and rehearing direct testimony on behalf of Big Rivers Electric Corporation in Case No. 2011-00036 regarding revenue requirements and pro forma adjustments in a base rate case.

Submitted direct and rebuttal testimony on behalf of Big Rivers Electric Corporation in Case No. 2012-00063 regarding an Environmental Compliance Plan and Environmental Surcharge rate mechanism.

Submitted direct and rebuttal testimony on behalf of Big Rivers Electric Corporation in Case No. 2012-00535 regarding revenue requirements, pro forma adjustments, cost of service and rate design in a base rate case.

Virginia: Submitted direct testimony for Kentucky Utilities Company d/b/a Old Dominion Power in Case No. PUE-2002-00570 regarding a Certificate of Public Convenience and Necessity for the acquisition of four combustion turbines.

BIG RIVERS ELECTRIC CORPORATION
Calculation of Revenue Requirement
Based on Fully Forecasted Test Period
For the 12 Months Ended January 31, 2015

<u>Line</u>	<u>Description</u>	<u>Ref Sched</u>	<u>Alcan Rate Case Amount</u>
1	Total Oper Rev & Patronage Capital Without Proposed Rate Increase	Exh Warren-3	\$ 301,475,217
2			
3	Adjustments to Revenue		
4	To Remove Fuel Adjustment Clause Revenue	1.01	\$ (19,581,659)
5	To Remove Environmental Surcharge Revenue	1.02	\$ (17,858,704)
6	To Remove Non-FAC PPA Revenue	1.03	\$ 1,183,384
7	To Remove Surcredit Revenue (Crediting of Smelter Surcharge)	1.09	\$ 442,329
8	Subtotal	Lines 4-7	\$ (35,814,650)
9			
10	Adjusted Revenue	Line 1 + Line 8	\$ 265,660,567
11			
12	Total Cost of Service	Exh Warren-3	\$ 371,435,103
13			
14	Adjustments to Cost of Service		
15	To Remove Fuel Expense Recoverable through the FAC	1.01	\$ (19,581,659)
16	To Remove Expenses Recoverable through the ES	1.02	\$ (17,858,704)
17	To Remove Expenses Recoverable through the Non-FAC PPA	1.03	\$ 1,183,384
18	To Remove Promotional Advertising	1.04	\$ (55,756)
19	To Remove Lobbying Expenses	1.05	\$ (71,023)
20	To Remove Economic Development Expenses	1.06	\$ (144,568)
21	To Remove Donations Expenses	1.07	\$ (63,328)
22	To Remove Touchstone Energy dues	1.08	\$ (132,766)
23	To Remove Non-recurring Labor related to Plant Layup	1.10	\$ (2,831,632)
24	To Normalize Certain Outside Professional Services	1.11	\$ 73,593
25	To Normalize Demand Side Management Expenses	1.12	\$ (96,000)
26	To Normalize Non-Labor Expenses related to Plant Layup	1.13	\$ (1,343,377)
27	To Normalized MISO Capacity charge related to Plant Layup	1.14	\$ (408,442)
28	Subtotal	Lines 15-27	\$ (41,330,278)
29			
30	Adjusted Cost of Service	Line 12 + Line 28	\$ 330,104,825
31			
32	Adjusted Operating Margins	Line 10 - Line 30	\$ (64,444,258)
33			
34	Non-Operating Items		
35	Interest Income	Exh Warren-3	\$ 1,811,765
36	Other Capital Credits / Patronage Dividends	Exh Warren-3	\$ 2,739,448
37	Total Non-Operating Items	Lines 35-36	\$ 4,551,213
38			
39	Calculation of Revenue Deficiency		
40	Adjusted Net Margin (Deficit)	Line 32 + 37	\$ (59,893,046)
41			
42	Target TIER		1.24
43			
44	Interest on Long-Term Debt	Exh Warren-3	\$ 43,765,994
45			
46	Margins Required for Target TIER	Line 44*(Line 42-1)	\$ 10,503,838
47			
48	Revenue Deficiency for Target TIER	Line 40 - 46	\$ (70,396,884)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Fuel Adjustment Clause Revenues and Expenses

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2014	Feb	\$ 1,436,318	\$ 1,436,318
2	2014	Mar	\$ 1,443,603	\$ 1,443,603
3	2014	Apr	\$ 1,297,979	\$ 1,297,979
4	2014	May	\$ 1,440,545	\$ 1,440,545
5	2014	Jun	\$ 1,792,443	\$ 1,792,443
6	2014	Jul	\$ 1,899,073	\$ 1,899,073
7	2014	Aug	\$ 2,004,681	\$ 2,004,681
8	2014	Sep	\$ 1,639,354	\$ 1,639,354
9	2014	Oct	\$ 1,412,533	\$ 1,412,533
10	2014	Nov	\$ 1,526,698	\$ 1,526,698
11	2014	Dec	\$ 1,848,751	\$ 1,848,751
12	2015	Jan	\$ 1,839,684	\$ 1,839,684
13		TOTAL	\$ 19,581,659	\$ 19,581,659
14				
15		Test Year Cost	\$ 19,581,659	\$ 19,581,659
16				
17		Pro Forma Year Cost	\$ -	\$ -
18				
19		Adjustment	\$ (19,581,659)	\$ (19,581,659)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Environmental Surcharge Revenues and Expenses

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2014	Feb	\$ 1,278,587	\$ 1,278,587
2	2014	Mar	\$ 1,186,079	\$ 1,186,079
3	2014	Apr	\$ 1,138,784	\$ 1,138,784
4	2014	May	\$ 1,210,072	\$ 1,210,072
5	2014	Jun	\$ 1,392,022	\$ 1,392,022
6	2014	Jul	\$ 1,451,758	\$ 1,451,758
7	2014	Aug	\$ 1,777,777	\$ 1,777,777
8	2014	Sep	\$ 1,795,466	\$ 1,795,466
9	2014	Oct	\$ 1,573,471	\$ 1,573,471
10	2014	Nov	\$ 1,549,518	\$ 1,549,518
11	2014	Dec	\$ 1,696,856	\$ 1,696,856
12	2015	Jan	\$ 1,808,314	\$ 1,808,314
13		TOTAL	\$ 17,858,704	\$ 17,858,704
14				
15		Test Year Cost	\$ 17,858,704	\$ 17,858,704
16				
17		Pro Forma Year Cost	\$ -	\$ -
18				
19		Adjustment	\$ (17,858,704)	\$ (17,858,704)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Non-FAC PPA Revenues and Expenses

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2014	Feb	\$ (178,583)	\$ (178,583)
2	2014	Mar	\$ (171,151)	\$ (171,151)
3	2014	Apr	\$ (150,320)	\$ (150,320)
4	2014	May	\$ (159,373)	\$ (159,373)
5	2014	Jun	\$ (180,933)	\$ (180,933)
6	2014	Jul	\$ (207,159)	\$ (207,159)
7	2014	Aug	\$ (205,024)	\$ (205,024)
8	2014	Sep	\$ 12,819	\$ 12,819
9	2014	Oct	\$ 12,222	\$ 12,222
10	2014	Nov	\$ 12,950	\$ 12,950
11	2014	Dec	\$ 15,535	\$ 15,535
12	2015	Jan	\$ 15,632	\$ 15,632
13		TOTAL	\$ (1,183,384)	\$ (1,183,384)
14				
15		Test Year Cost	\$ (1,183,384)	\$ (1,183,384)
16				
17		Pro Forma Year Cost	\$ -	\$ -
18				
19		Adjustment	\$ 1,183,384	\$ 1,183,384

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Promotional Advertising

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 5,000
2	2014	Mar	\$ 5,500
3	2014	Apr	\$ 4,966
4	2014	May	\$ 4,000
5	2014	Jun	\$ 4,500
6	2014	Jul	\$ 4,000
7	2014	Aug	\$ 4,000
8	2014	Sep	\$ 4,500
9	2014	Oct	\$ 4,000
10	2014	Nov	\$ 4,500
11	2014	Dec	\$ 5,290
12	2015	Jan	\$ 5,500
13		TOTAL	\$ 55,756
14			
15		Test Year Cost	\$ 55,756
16			
17		Pro Forma Year Cost	\$ -
18			
19		Adjustment	\$ (55,756)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Lobbying Expenses

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 1,520
2	2014	Mar	\$ 2,270
3	2014	Apr	\$ 1,486
4	2014	May	\$ 54,137
5	2014	Jun	\$ 1,870
6	2014	Jul	\$ 1,120
7	2014	Aug	\$ 1,120
8	2014	Sep	\$ 1,870
9	2014	Oct	\$ 1,120
10	2014	Nov	\$ 1,120
11	2014	Dec	\$ 1,870
12	2015	Jan	\$ 1,520
13		TOTAL	\$ 71,023
14			
15		Test Year Cost	\$ 71,023
16			
17		Pro Forma Year Cost	\$ -
18			
19		Adjustment	\$ (71,023)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Economic Development Expenses

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ -
2	2014	Mar	\$ -
3	2014	Apr	\$ -
4	2014	May	\$ -
5	2014	Jun	\$ -
6	2014	Jul	\$ -
7	2014	Aug	\$ -
8	2014	Sep	\$ 144,568
9	2014	Oct	\$ -
10	2014	Nov	\$ -
11	2014	Dec	\$ -
12	2015	Jan	\$ -
13		TOTAL	\$ 144,568
14			
15		Test Year Cost	\$ 144,568
16			
17		Pro Forma Year Cost	\$ -
18			
19		Adjustment	\$ (144,568)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Donations Expenses

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 2,060
2	2014	Mar	\$ 2,575
3	2014	Apr	\$ 21,000
4	2014	May	\$ 1,000
5	2014	Jun	\$ 1,000
6	2014	Jul	\$ 1,000
7	2014	Aug	\$ 1,000
8	2014	Sep	\$ 1,000
9	2014	Oct	\$ 1,000
10	2014	Nov	\$ 1,000
11	2014	Dec	\$ 4,643
12	2015	Jan	\$ 26,050
13		TOTAL	\$ 63,328
14			
15		Test Year Cost	\$ 63,328
16			
17		Pro Forma Year Cost	\$ -
18			
19		Adjustment	\$ (63,328)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Touchstone Energy Dues Expenses

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ -
2	2014	Mar	\$ 132,766
3	2014	Apr	\$ -
4	2014	May	\$ -
5	2014	Jun	\$ -
6	2014	Jul	\$ -
7	2014	Aug	\$ -
8	2014	Sep	\$ -
9	2014	Oct	\$ -
10	2014	Nov	\$ -
11	2014	Dec	\$ -
12	2015	Jan	\$ -
13		TOTAL	\$ 132,766
14			
15		Test Year Cost	\$ 132,766
16			
17		Pro Forma Year Cost	\$ -
18			
19		Adjustment	\$ (132,766)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Smelter Surcredit

Line #	Year (1)	Month (2)	Revenue (3)	Expense (4)
1	2014	Feb	\$ (40,630)	\$ -
2	2014	Mar	\$ (38,939)	\$ -
3	2014	Apr	\$ (34,199)	\$ -
4	2014	May	\$ (36,259)	\$ -
5	2014	Jun	\$ (41,164)	\$ -
6	2014	Jul	\$ (47,131)	\$ -
7	2014	Aug	\$ (46,645)	\$ -
8	2014	Sep	\$ (37,687)	\$ -
9	2014	Oct	\$ (35,932)	\$ -
10	2014	Nov	\$ (38,073)	\$ -
11	2014	Dec	\$ (45,671)	\$ -
12	2015	Jan	\$ -	\$ -
13		TOTAL	\$ (442,329)	\$ -
14				
15		Test Year Cost	\$ (442,329)	\$ -
16				
17		Pro Forma Year Cost	\$ -	\$ -
18				
19		Adjustment	\$ 442,329	\$ -

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Non-Recurring Labor Related to Plant Layup (Coleman)

Line #	Year (1)	Month (2)	Plant (3)	IT (4)	Safety (5)	Supply Chain (6)	TOTAL (7)
1	2014	Feb	\$ 973,074	\$ 21,884	\$ 10,279	\$ 103,208	\$ 1,108,445
2	2014	Mar	\$ 1,048,002	\$ 23,556	\$ 11,065	\$ 111,092	\$ 1,193,714
3	2014	Apr	\$ 1,100,936	\$ 22,492	\$ 10,565	\$ 106,075	\$ 1,240,068
4		TOTAL	\$ 3,122,012	\$ 67,931	\$ 31,909	\$ 320,375	\$ 3,542,227
5							
6	Test Year Cost		\$ 3,122,012	\$ 67,931	\$ 31,909	\$ 320,375	\$ 3,542,227
7							
8	Headcount - Budget		104	2	1	16	123
9	Headcount - Pro Forma		15	0	0	13	28
10	Ratio		0.144	-	-	0.813	n/a
11							
12	Pro Forma Year Cost		\$ 450,290	\$ -	\$ -	\$ 260,305	\$ 710,595
13							
14	Adjustment		\$ (2,671,722)	\$ (67,931)	\$ (31,909)	\$ (60,070)	\$ (2,831,632)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Normalization of Certain Outside Professional Services

Line #	Year (1)	Month (2)	Integrated Resource Plan (3)	Load Forecast (4)	Transient Stability Study (5)	TOTAL (6)
1	2014	Feb	\$ 20,000	\$ -	\$ -	\$ 35,250
2	2014	Mar	\$ 20,000	\$ -	\$ 30,000	\$ 35,250
3	2014	Apr	\$ 20,000	\$ -	\$ -	\$ -
4	2014	May	\$ -	\$ -	\$ -	\$ -
5	2014	Jun	\$ -	\$ -	\$ -	\$ 20,600
6	2014	Jul	\$ -	\$ -	\$ -	\$ 20,000
7	2014	Aug	\$ -	\$ -	\$ -	\$ 50,000
8	2014	Sep	\$ -	\$ -	\$ -	\$ 20,000
9	2014	Oct	\$ -	\$ -	\$ -	\$ -
10	2014	Nov	\$ -	\$ -	\$ -	\$ -
11	2014	Dec	\$ -	\$ -	\$ -	\$ -
12	2015	Jan	\$ -	\$ 17,240	\$ -	\$ -
13	TOTAL		\$ 60,000	\$ 17,240	\$ 30,000	\$ 107,240
14						
15	Periodicity (Years)		3	2	2	n/a
16						
17	Test Year Cost		\$ 445,000	\$ 65,000	\$ 30,000	\$ 540,000
18						
19	Normalized Annual Cost		\$ 148,333	\$ 32,500	\$ -	\$ 180,833
20						
21	Adjustment		\$ 88,333	\$ 15,260	\$ (30,000)	\$ 73,593

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Demand Side Management Expenses

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 44,124
2	2014	Mar	\$ 52,868
3	2014	Apr	\$ 44,124
4	2014	May	\$ 44,124
5	2014	Jun	\$ 311,608
6	2014	Jul	\$ 44,124
7	2014	Aug	\$ 44,124
8	2014	Sep	\$ 49,588
9	2014	Oct	\$ 62,701
10	2014	Nov	\$ 44,124
11	2014	Dec	\$ 299,544
12	2015	Jan	\$ 54,947
13	TOTAL		\$ 1,096,000
14			
15	Test Year Cost		\$ 1,096,000
16			
17	Pro Forma Year Cost		\$ 1,000,000
18			
19	Adjustment		\$ (96,000)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

Non-Labor Expenses Related to Plant Layup

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 1,773,641
2	2014	Mar	\$ 53,049
3	2014	Apr	\$ 58,591
4	2014	May	\$ 65,601
5	2014	Jun	\$ 220,054
6	2014	Jul	\$ 79,317
7	2014	Aug	\$ 71,554
8	2014	Sep	\$ 68,811
9	2014	Oct	\$ 72,274
10	2014	Nov	\$ 83,253
11	2014	Dec	\$ 231,753
12	2015	Jan	\$ 131,628
13	TOTAL		\$ 2,909,526
14			
15	Test Year Cost		\$ 2,909,526
16			
17	Pro Forma Year Cost		\$ 1,230,305
18			
19	Total Adjustment		\$ (1,679,221)
20			
21	Amortization Period (Yrs)		5
22	Amort of Total Adjustment		\$ (335,844)
23			
24	Adjustment		\$ (1,343,377)

BIG RIVERS ELECTRIC CORPORATION
Based on the Fully Forecast Test Period
For the 12 Months Ended January 31, 2015

MISO Capacity Charge

Line #	Year (1)	Month (2)	Amount (3)
1	2014	Feb	\$ 119,129
2	2014	Mar	\$ 131,893
3	2014	Apr	\$ 127,638
4	2014	May	\$ 131,893
5	2014	Jun	\$ -
6	2014	Jul	\$ -
7	2014	Aug	\$ -
8	2014	Sep	\$ -
9	2014	Oct	\$ -
10	2014	Nov	\$ -
11	2014	Dec	\$ -
12	2015	Jan	\$ -
13		TOTAL	\$ 510,552
14			
15		Test Year Cost	\$ 510,552
16			
17		Amortization Period (Yrs)	5
18			
19		Pro Forma Year Cost	\$ 102,110
20			
21		<u>Adjustment</u>	<u>\$ (408,442)</u>

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Functional Assignment and Classification

12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Plant in Service</u>						
Intangible Plant	INTPLT	PT&D	\$ 66,895	58,434	-	8,461
Production Plant	PPROD	F001	\$ 1,791,416,938	1,791,416,938	-	-
Transmission Plant	PTRAN	F002	\$ 259,386,456	-	-	259,386,456
Distribution Plant	PDIST	F003	\$ -	-	-	-
Total Production & Transmission Plant		PT&D	2,050,803,394	1,791,416,938	-	259,386,456
General Plant	PGP	PT&D	\$ 37,457,964	32,720,265	-	4,737,699
Total Plant in Service		TPIS	\$ 2,088,328,253	\$ 1,824,195,637	\$ -	\$ 264,132,616
<u>Construction Work in Progress (CWIP)</u>						
CWIP Production	CWIP1	PPROD	\$ 50,631,351	50,631,351	-	-
CWIP Transmission	CWIP2	PTRAN	\$ 16,550,853	-	-	16,550,853
CWIP Distribution Plant	CWIP3	PDIST	\$ -	-	-	-
CWIP General Plant	CWIP4	PT&D	\$ 453,666	396,286	-	57,380
Total Construction Work in Progress		TCWIP	\$ 67,635,870	\$ 51,027,637	\$ -	\$ 16,608,233
Total Utility Plant			\$ 2,155,964,123	\$ 1,875,223,275	\$ -	\$ 280,740,848

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Functional Assignment and Classification

12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Rate Base</u>						
Total Utility Plant	TUP		\$ 2,155,964,123	\$ 1,875,223,275	\$ -	\$ 280,740,848
<u>Less: Accumulated Provision for Depreciation</u>						
Production	ADEPREPA	PPROD	\$ 884,962,475	884,962,475	-	-
Transmission	ADEPRTP	PTRAN	\$ 124,011,687	-	-	124,011,687
Distribution	ADEPRD11	PDIST	\$ -	-	-	-
General & Common Plant	ADEPRD12	PT&D	\$ 10,475,196	9,150,289	-	1,324,907
Intangible, Misc, and Other Plant	ADEPRGP	PT&D	\$ -	-	-	-
Retirement Work In Progress	ADEPRRT	PT&D	\$ -	-	-	-
Total Accumulated Depreciation	TADEPR		\$ 1,019,449,358	\$ 894,112,764	\$ -	\$ 125,336,594
<u>Net Utility Plant</u>	NTPLANT		\$ 1,136,514,765	\$ 981,110,511	\$ -	\$ 155,404,254
<u>Working Capital</u>						
Cash Working Capital - Operation and Maintenance Expenses	CWC	OMLPP	\$ 22,763,024	9,646,372	10,562,267	2,554,384
Materials and Supplies	M&S	TPIS	\$ 26,553,805	23,195,269	-	3,358,536
Prepayments	PREPAY	TPIS	\$ 2,254,680	1,969,507	-	285,173
Fuel Stock	FS	TPIS	\$ 19,304,614	16,862,959	-	2,441,656
Total Working Capital	TWC		\$ 70,876,123	\$ 51,674,108	\$ 10,562,267	\$ 8,639,749
Net Rate Base	RB		\$ 1,207,390,888	\$ 1,032,784,618	\$ 10,562,267	\$ 164,044,003

**BIG RIVERS ELECTRIC CORPORATION
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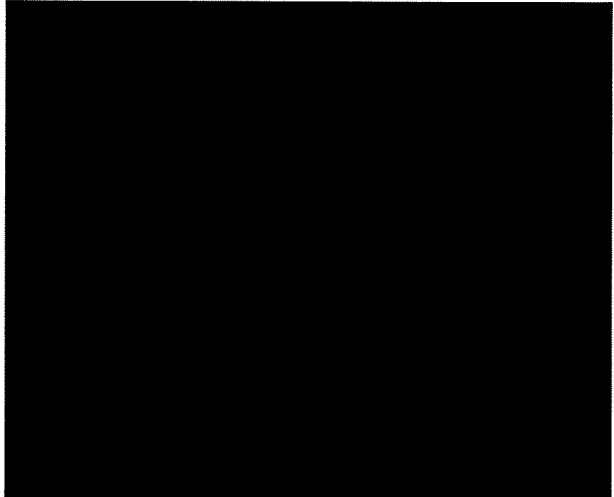
**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Name</u>	<u>Functional Vector</u>	<u>Total System</u>	<u>Production Demand</u>	<u>Production Energy</u>	<u>Transmission Demand</u>
<u>Operation and Maintenance Expenses</u>						
Steam Power Generation Operation Expenses						
500 OPERATION SUPERVISION & ENGINEERING	OM500	PROFIX				-
501 FUEL	OM501	Energy				-
502 STEAM EXPENSES	OM502	PROFIX				-
505 ELECTRIC EXPENSES	OM505	PROFIX				-
506 MISC. STEAM POWER EXPENSES	OM506	PROFIX				-
507 RENTS	OM507	PROFIX				-
509 ALLOWANCES	OM509	Energy				-
Total Steam Power Operation Expenses						\$ -
Steam Power Generation Maintenance Expenses						
510 MAINTENANCE SUPERVISION & ENGINEERING	OM510	Energy				-
511 MAINTENANCE OF STRUCTURES	OM511	PROFIX				-
512 MAINTENANCE OF BOILER PLANT	OM512	Energy				-
513 MAINTENANCE OF ELECTRIC PLANT	OM513	Energy				-
514 MAINTENANCE OF MISC STEAM PLANT	OM514	PROFIX				-
Total Steam Power Generation Maintenance Expense						\$ -
Total Steam Power Generation Expense						\$ -

BIG RIVERS ELECTRIC CORPORATION
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<u>Description</u>	<u>Name</u>	<u>Functional Vector</u>	<u>Total System</u>	<u>Production Demand</u>	<u>Production Energy</u>	<u>Transmission Demand</u>
<u>Operation and Maintenance Expenses (Continued)</u>						
Other Power Generation Operation Expense						
546 OPERATION SUPERVISION & ENGINEERING	OM546	PROFIX				-
547 FUEL	OM547	Energy				-
548 GENERATION EXPENSE	OM548	PROFIX				-
549 MISC OTHER POWER GENERATION	OM549	PROFIX				-
550 RENTS	OM550	PROFIX				-
Total Other Power Generation Expenses						\$ -
Other Power Generation Maintenance Expense						
551 MAINTENANCE SUPERVISION & ENGINEERING	OM551	PROFIX				-
552 MAINTENANCE OF STRUCTURES	OM552	PROFIX				-
553 MAINTENANCE OF GENERATING & ELEC PLANT	OM553	PROFIX				-
554 MAINTENANCE OF MISC OTHER POWER GEN PLT	OM554	PROFIX				-
Total Other Power Generation Maintenance Expense						\$ -
Total Other Power Generation Expense						\$ -
Total Station Expense						\$ -



BIG RIVERS ELECTRIC CORPORATION
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12 Months Ended
January 31, 2015

<u>Description</u>	<u>Name</u>	<u>Functional Vector</u>	<u>Total System</u>	<u>Production Demand</u>	<u>Production Energy</u>	<u>Transmission Demand</u>
<u>Operation and Maintenance Expenses (Continued)</u>						
Other Power Supply Expenses						
555 PURCHASED POWER Energy	OM555	OMPP				-
555 PURCHASED POWER Demand	OMD555	OMPPD				-
555 PURCHASED POWER BREC Share of HMP&L Station Two	OMH555	OMPPH				-
555 PURCHASED POWER OPTIONS	OMO555	OMPP				-
555 BROKERAGE FEES	OMB555	OMPP				-
555 MISO TRANSMISSION EXPENSES	OMM555	OMPP				-
556 SYSTEM CONTROL AND LOAD DISPATCH	OM556	PROFIX				-
557 OTHER EXPENSES	OM557	PROFIX				-
558 DUPLICATE CHARGES	OM558	Energy				-
Total Other Power Supply Expenses	TPP					\$ -
Total Electric Power Generation Expenses						\$ -
Transmission Expenses						
560 OPERATION SUPERVISION AND ENG	OM560	LBTRAN	\$ 949,606	-	-	949,606
561 LOAD DISPATCHING	OM561	LBTRAN	\$ 2,064,338	-	-	2,064,338
562 STATION EXPENSES	OM562	PTRAN	\$ 738,595	-	-	738,595
563 OVERHEAD LINE EXPENSES	OM563	PTRAN	\$ 1,289,642	-	-	1,289,642
565 TRANSMISSION OF ELECTRICITY BY OTHERS	OM565	PTRAN	\$ 2,698,514	-	-	2,698,514
566 MISC. TRANSMISSION EXPENSES	OM566	PTRAN	\$ 620,525	-	-	620,525
567 RENTS	OM567	PTRAN	\$ 60,242	-	-	60,242
568 MAINTENACE SUPERVISION AND ENG	OM568	LBTRAN	\$ 532,091	-	-	532,091
569 STRUCTURES	OM569	PTRAN	\$ (80,241)	-	-	(80,241)
570 MAINT OF STATION EQUIPMENT	OM570	PTRAN	\$ 1,748,250	-	-	1,748,250
571 MAINT OF OVERHEAD LINES	OM571	PTRAN	\$ 2,439,053	-	-	2,439,053
572 UNDERGROUND LINES	OM572	PTRAN	\$ -	-	-	-
573 MISC PLANT	OM573	PTRAN	\$ 813,708	-	-	813,708
573 MARKET FACILITATION MONITORING MISO	OM575	PTRAN	\$ 961,746	-	-	961,746
Total Transmission Expenses			\$ 14,836,071	\$ -	\$ -	\$ 14,836,071

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12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Operation and Maintenance Expenses (Continued)</u>						
Total Distribution Maintenance Expense	OMDM		\$ -	\$ -	\$ -	\$ -
Total Distribution Operation and Maintenance Expenses			-	-	-	-
Transmission and Distribution Expenses			14,836,071	-	-	14,836,071
Production, Transmission and Distribution Expenses	OMSUB					\$ 14,836,071
Customer Accounts Expense						
901 SUPERVISION/CUSTOMER ACCTS	OM901	F025	\$ -	-	-	-
902 METER READING EXPENSES	OM902	F025	\$ -	-	-	-
903 RECORDS AND COLLECTION	OM903	F025	\$ -	-	-	-
904 UNCOLLECTIBLE ACCOUNTS	OM904	F025	\$ -	-	-	-
905 MISC CUST ACCOUNTS	OM903	F025	\$ -	-	-	-
Total Customer Accounts Expense	OMCA		\$ -	\$ -	\$ -	\$ -
Customer Service Expense						
907 SUPERVISION	OM907	TUP	\$ -	-	-	-
908 CUSTOMER ASSISTANCE EXPENSES	OM908	TUP	\$ 1,293,291	1,124,884	-	168,407
908 CUSTOMER ASSISTANCE EXP-INCENTIVES	OM908x	TUP	\$ -	-	-	-
909 INFORMATIONAL AND INSTRUCTIONA	OM909	TUP	\$ 31,897	27,744	-	4,154
909 INFORM AND INSTRUC -LOAD MGMT	OM909x	TUP	\$ -	-	-	-
910 MISCELLANEOUS CUSTOMER SERVICE	OM910	TUP	\$ -	-	-	-
911 DEMONSTRATION AND SELLING EXP	OM911	TUP	\$ -	-	-	-
912 DEMONSTRATION AND SELLING EXP	OM912	TUP	\$ -	-	-	-
913 ADVERTISING EXPENSES	OM913	TUP	\$ 143,537	124,846	-	18,691
915 MDSE-JOBING-CONTRACT	OM915	TUP	\$ -	-	-	-
916 MISC SALES EXPENSE	OM916	TUP	\$ -	-	-	-
Total Customer Service Expense	OMCS		\$ 1,468,725	\$ 1,277,474	\$ -	\$ 191,251
Sub-Total Prod, Trans, Dist, Cust Acct and Cust Service	OMSUB2		254,392,119	63,694,930	175,669,866	15,027,323

BIG RIVERS ELECTRIC CORPORATION
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12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Operation and Maintenance Expenses (Continued)</u>						
Administrative and General Expense						
920 ADMIN. & GEN. SALARIES-	OM920	LBSUB9	\$ 13,444,105	6,275,648	4,626,857	2,541,599
921 OFFICE SUPPLIES AND EXPENSES	OM921	LBSUB9	\$ 8,876,103	4,143,325	3,054,756	1,678,021
922 ADMINISTRATIVE EXPENSES TRANSFERRED	OM922	LBSUB9	\$ -	-	-	-
923 OUTSIDE SERVICES EMPLOYED	OM923	LBSUB9	\$ 4,081,955	1,905,439	1,404,826	771,691
924 PROPERTY INSURANCE	OM924	TUP	\$ -	-	-	-
925 INJURIES AND DAMAGES - INSURAN	OM925	LBSUB9	\$ -	-	-	-
926 EMPLOYEE BENEFITS	OM926	LBSUB9	\$ 398,481	186,009	137,139	75,333
927 FRANCHISE REQUIREMENTS	OM927	TUP	\$ -	-	-	-
928 REGULATORY COMMISSION FEES	OM928	TUP	\$ -	-	-	-
929 DUPLICATE CHARGES-CR	OM929	LBSUB9	\$ -	-	-	-
930 MISCELLANEOUS GENERAL EXPENSES	OM930	LBSUB9	\$ 1,657,246	773,595	570,350	313,301
931 RENTS AND LEASES	OM931	PGP	\$ 1,933	1,689	-	244
935 MAINTENANCE OF GENERAL PLANT	OM935	PGP	\$ 217,906	190,345	-	27,561
Total Administrative and General Expense	OMAG		\$ 28,677,728	\$ 13,476,050	\$ 9,793,928	\$ 5,407,750
Total Operation and Maintenance Expenses	TOM					\$ 20,435,073
Operation and Maintenance Expenses Less Purchased Power	OMLPP					

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
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**12 Months Ended
January 31, 2015**

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Labor Expenses</u>						
Steam Power Generation Operation Expenses						
500 OPERATION SUPERVISION & ENGINEERING	LB500	PROFIX	\$ 3,007,988	3,007,988	-	-
501 FUEL	LB501	Energy	\$ 1,445,181	-	1,445,181	-
502 STEAM EXPENSES	LB502	PROFIX	\$ 4,041,398	4,041,398	-	-
505 ELECTRIC EXPENSES	LB505	PROFIX	\$ 4,266,944	4,266,944	-	-
506 MISC. STEAM POWER EXPENSES	LB506	PROFIX	\$ 986,533	986,533	-	-
507 RENTS	LB507	PROFIX	\$ -	-	-	-
509 ALLOWANCES	LB509	Energy	\$ -	-	-	-
Total Steam Power Operation Expenses	LBSUB1		\$ 13,748,044	\$ 12,302,863	\$ 1,445,181	\$ -
Steam Power Generation Maintenance Expenses						
510 MAINTENANCE SUPERVISION & ENGINEERING	LB510	Energy	\$ 2,763,175	-	2,763,175	-
511 MAINTENANCE OF STRUCTURES	LB511	PROFIX	\$ 564,433	564,433	-	-
512 MAINTENANCE OF BOILER PLANT	LB512	Energy	\$ 5,067,466	-	5,067,466	-
513 MAINTENANCE OF ELECTRIC PLANT	LB513	Energy	\$ 799,627	-	799,627	-
514 MAINTENANCE OF MISC STEAM PLANT	LB514	PROFIX	\$ 630,832	630,832	-	-
Total Steam Power Generation Maintenance Expense	LBSUB2		\$ 9,825,534	\$ 1,195,266	\$ 8,630,268	\$ -
Total Steam Power Generation Expense			\$ 23,573,578	\$ 13,498,129	\$ 10,075,449	\$ -

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
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**12 Months Ended
January 31, 2015**

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Labor Expenses (Continued)</u>						
Other Power Generation Operation Expense						
546 OPERATION SUPERVISION & ENGINEERING	LB546	PROFIX	\$ -	-	-	-
547 FUEL	LB547	Energy	\$ -	-	-	-
548 GENERATION EXPENSE	LB548	PROFIX	\$ -	-	-	-
549 MISC OTHER POWER GENERATION	LB549	PROFIX	\$ -	-	-	-
550 RENTS	LB550	PROFIX	\$ -	-	-	-
Total Other Power Generation Expenses	LBSUB7		\$ -	\$ -	\$ -	\$ -
Other Power Generation Maintenance Expense						
551 MAINTENANCE SUPERVISION & ENGINEERING	LB551	PROFIX	\$ -	-	-	-
552 MAINTENANCE OF STRUCTURES	LB552	PROFIX	\$ -	-	-	-
553 MAINTENANCE OF GENERATING & ELEC PLANT	LB553	PROFIX	\$ -	-	-	-
554 MAINTENANCE OF MISC OTHER POWER GEN PLT	LB554	PROFIX	\$ -	-	-	-
Total Other Power Generation Maintenance Expense	LBSUB8		\$ -	\$ -	\$ -	\$ -
Total Other Power Generation Expense			\$ -	\$ -	\$ -	\$ -
Total Production Expense	LPREX		\$ 23,573,578	\$ 13,498,129	\$ 10,075,449	\$ -

BIG RIVERS ELECTRIC CORPORATION
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Functional Assignment and Classification

12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Labor Expenses (Continued)</u>						
Purchased Power						
555 PURCHASED POWER Energy	LB555	OMPP	\$ -	-	-	-
555 PURCHASED POWER Demand	LBD555	OMPPD	\$ -	-	-	-
555 PURCHASED POWER OPTIONS	LBO555	OMPP	\$ -	-	-	-
555 BROKERAGE FEES	LBB555	OMPP	\$ -	-	-	-
555 MISO TRANSMISSION EXPENSES	LBM555	OMPP	\$ -	-	-	-
556 SYSTEM CONTROL AND LOAD DISPATCH	LB556	PROFIX	\$ -	-	-	-
557 OTHER EXPENSES	LB557	PROFIX	\$ -	-	-	-
558 DUPLICATE CHARGES	LB558	Energy	\$ -	-	-	-
Total Purchased Power Labor	LBPP		\$ -	\$ -	\$ -	\$ -
Transmission Labor Expenses						
560 OPERATION SUPERVISION AND ENG	LB560	PTRAN	\$ 766,580	-	-	766,580
561 LOAD DISPATCHING	LB561	PTRAN	\$ 1,107,540	-	-	1,107,540
562 STATION EXPENSES	LB562	PTRAN	\$ 199,449	-	-	199,449
563 OVERHEAD LINE EXPENSES	LB563	PTRAN	\$ 72,290	-	-	72,290
565 TRANSMISSION OF ELECTRICITY BY OTHERS	LB565	PTRAN	\$ -	-	-	-
566 MISC. TRANSMISSION EXPENSES	LB566	PTRAN	\$ 394,136	-	-	394,136
567 RENTS	LB567	PTRAN	\$ -	-	-	-
568 MAINTENACE SUPERVISION AND ENG	LB568	PTRAN	\$ 250,243	-	-	250,243
569 MAINTENACE OF STRUCTURES	LB569	PTRAN	\$ -	-	-	-
570 MAINT OF STATION EQUIPMENT	LB570	PTRAN	\$ 1,359,620	-	-	1,359,620
571 MAINT OF OVERHEAD LINES	LB571	PTRAN	\$ 1,106,606	-	-	1,106,606
573 MAINT OF MISC. TRANSMISSION PLANT	LB573	PTRAN	\$ 253,014	-	-	253,014
Total Transmission Labor Expenses	LBTRAN		\$ 5,509,477	\$ -	\$ -	\$ 5,509,477

BIG RIVERS ELECTRIC CORPORATION
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12 Months Ended
January 31, 2015

<u>Description</u>	<u>Name</u>	<u>Functional Vector</u>	<u>Total System</u>	<u>Production Demand</u>	<u>Production Energy</u>	<u>Transmission Demand</u>
<u>Labor Expenses (Continued)</u>						
Total Distribution Operation and Maintenance Labor Expenses		PDIST	-	-	-	-
Transmission and Distribution Labor Expenses			5,509,477	-	-	5,509,477
Production, Transmission and Distribution Labor Expenses	LBSUB		\$ 29,083,055	\$ 13,498,129	\$ 10,075,449	\$ 5,509,477
Customer Accounts Expense						
901 SUPERVISION/CUSTOMER ACCTS	LB901	F025	\$ -	-	-	-
902 METER READING EXPENSES	LB902	F025	\$ -	-	-	-
903 RECORDS AND COLLECTION	LB903	F025	\$ -	-	-	-
904 UNCOLLECTIBLE ACCOUNTS	LB904	F025	\$ -	-	-	-
905 MISC CUST ACCOUNTS	LB903	F025	\$ -	-	-	-
Total Customer Accounts Labor Expense	LBCA		\$ -	\$ -	\$ -	\$ -
Customer Service Expense						
907 SUPERVISION	LB907	TUP	\$ -	-	-	-
908 CUSTOMER ASSISTANCE EXPENSES	LB908	TUP	\$ 192,839	167,729	-	25,111
908 CUSTOMER ASSISTANCE EXP-LOAD MGMT	LB908x	TUP	\$ -	-	-	-
909 INFORMATIONAL AND INSTRUCTIONA	LB909	TUP	\$ -	-	-	-
909 INFORM AND INSTRUC -LOAD MGMT	LB909x	TUP	\$ -	-	-	-
910 MISCELLANEOUS CUSTOMER SERVICE	LB910	TUP	\$ -	-	-	-
911 DEMONSTRATION AND SELLING EXP	LB911	TUP	\$ -	-	-	-
912 DEMONSTRATION AND SELLING EXP	LB912	TUP	\$ -	-	-	-
913 WATER HEATER - HEAT PUMP PROGRAM	LB913	TUP	\$ -	-	-	-
915 MDSE-JOBGING-CONTRACT	LB915	TUP	\$ -	-	-	-
916 MISC SALES EXPENSE	LB916	TUP	\$ -	-	-	-
Total Customer Service Labor Expense	LBCS		\$ 192,839	\$ 167,729	\$ -	\$ 25,111
Sub-Total Labor Exp	LBSUB9		29,275,895	13,665,858	10,075,449	5,534,588

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12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Labor Expenses (Continued)</u>						
Administrative and General Expense						
920 ADMIN. & GEN. SALARIES-	LB920	LBSUB9	\$ 13,444,105	6,275,648	4,626,857	2,541,599
921 OFFICE SUPPLIES AND EXPENSES	LB921	LBSUB9	\$ -	-	-	-
922 ADMIN. EXPENSES TRANSFERRED - CREDIT	LB922	LBSUB9	\$ -	-	-	-
923 OUTSIDE SERVICES EMPLOYED	LB923	LBSUB9	\$ -	-	-	-
924 PROPERTY INSURANCE	LB924	TUP	\$ -	-	-	-
925 INJURIES AND DAMAGES - INSURAN	LB925	LBSUB9	\$ -	-	-	-
926 EMPLOYEE BENEFITS	LB926	LBSUB9	\$ 304,550	142,163	104,812	57,575
928 REGULATORY COMMISSION FEES	LB928	TUP	\$ -	-	-	-
929 DUPLICATE CHARGES-CR	LB929	LBSUB9	\$ -	-	-	-
930 MISCELLANEOUS GENERAL EXPENSES	LB930	LBSUB9	\$ -	-	-	-
931 RENTS AND LEASES	LB931	PGP	\$ -	-	-	-
935 MAINTENANCE OF GENERAL PLANT	LB935	PGP	\$ 108,435	94,720	-	13,715
Total Administrative and General Expense	LBAG		\$ 13,857,089	\$ 6,512,531	\$ 4,731,670	\$ 2,612,889
Total Operation and Maintenance Expenses	TLB		\$ 43,132,984	\$ 20,178,388	\$ 14,807,119	\$ 8,147,477
Operation and Maintenance Expenses Less Purchase Power	LBLPP		\$ 43,132,984	\$ 20,178,388	\$ 14,807,119	\$ 8,147,477

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12 Months Ended
January 31, 2015

Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
<u>Other Expenses</u>						
Depreciation Expenses						
Production	DEPRDP2	PPROD	\$ 36,551,690	36,551,690	-	-
Transmission	DEPRDP3	PTRAN	\$ 5,225,407	-	-	5,225,407
Transmission	DEPRDP4	PTRAN	\$ -	-	-	-
Distribution	DEPRDP5	PDIST	\$ -	-	-	-
General & Common Plant	DEPRDP6	PGP	\$ 3,921,408	3,425,427	-	495,981
Other Plant	DEPROTH	TPIS	\$ -	-	-	-
Total Depreciation Expense	TDEPR		\$ 45,698,505	39,977,117	-	5,721,389
Property Taxes & Other	PTAX	TUP	\$ 885	770	-	115
Amortization of Investment Tax Credit	OTAX	TUP	\$ -	-	-	-
Other Interest Expenses	OT	TUP	\$ -	-	-	-
Interest on Long Term Debt	INTLTD	TUP	\$ 43,765,994	38,066,965	-	5,699,029
Interest Charged to Construction - CR		TUP	\$ (1,768,401)	(1,538,127)	-	(230,274)
Other Deductions	DEDUCT	TUP	\$ 668,273	581,253	-	87,020
Total Other Expenses	TOE		\$ 88,365,256	\$ 77,087,977	\$ -	\$ 11,277,279
Total Cost of Service (O&M + Other Expenses)						\$ 31,712,351

BIG RIVERS ELECTRIC CORPORATION
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12 Months Ended
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Description	Name	Functional Vector	Total System	Production Demand	Production Energy	Transmission Demand
Functional Vectors						
Production Plant	F001		1.000000	1.000000	0.000000	0.000000
Transmission Plant	F002		1.000000	0.000000	0.000000	1.000000
Distribution Plant	F003		1.000000	0.000000	0.000000	1.000000
Production Plant	F017		1.000000	0.000000	1.000000	0.000000
Production Variable Cost	PROVAR		1.000000	0.000000	1.000000	0.000000
Production Fixed Cost	PROFIX		1.000000	1.000000	0.000000	0.000000
Distribution Operation Labor	F023		-	-	-	-
Distribution Maintenance Labor	F024		-	-	-	-
Customer Accounts Expense	F025		1.000000	0.000000	0.000000	1.000000
Customer Service Expense	F026		1.000000	0.000000	0.000000	1.000000
Purchased Power Energy	OMPP		1.000000	0.000000	1.000000	0.000000
Purchased Power Demand	OMPPD		1.000000	1.000000	0.000000	0.000000
Purchased Power BREC Share of HMP&L Station Two	OMPPH			-	-	0.000000
Production Energy	Energy		1.000000	0.000000	1.000000	0.000000
Internally Generated Functional Vectors						
Total Prod, Trans, and Dist Plant	PT&D		1.000000	0.873520	-	0.126480
Total Transmission Plant	PTRAN		1.000000	-	-	1.000000
Operation and Maintenance Expenses Less Purchased Power	OMLPP		1.000000	0.423774	0.464010	0.112216
Total Plant in Service	TPIS		1.000000	0.873520	-	0.126480
Total Operation and Maintenance Expenses (Labor)	TLB		1.000000	0.467818	0.343290	0.188892
Sub-Total Prod, Trans, Dist, Cust Acct and Cust Service	OMSUB2		1.000000	0.250381	0.690548	0.059071
Total Steam Power Operation Expenses (Labor)	LBSUB1		1.000000	0.894881	0.105119	-
Total Steam Power Generation Maintenance Expense (Labor)	LBSUB2		1.000000	0.121649	0.878351	-
Total Transmission Labor Expenses	LBTRAN		1.000000	-	-	1.000000
Sub-Total Labor Exp	LBSUB7		1.000000	0.466796	0.344155	0.189049
Total General Plant	PGP		1.000000	0.873520	-	0.126480
Total Production Plant	PPROD		1.000000	1.000000	-	-
Total Intangible Plant	INTPLT		1.000000	0.873520	-	0.126480

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

Description	Ref	Name	Allocation Vector			Rurals	Large Industrials		Total System
<u>Plant in Service</u>									
Power Production Plant									
Production Demand	TPIS	PLPDMD	12CP	\$	1,444,681,705	\$	379,513,932	\$	1,824,195,637
Production Energy	TPIS	PLPENG	PENG	\$	-	\$	-	\$	-
Production - Steam Direct	TPIS	PLPSTM	STMD	\$	-	\$	-	\$	-
Total Power Production Plant		PLPT		\$	1,444,681,705	\$	379,513,932	\$	1,824,195,637
Transmission Plant	TPIS	PLTRN	12CP	\$	209,181,269	\$	54,951,347	\$	264,132,616
Distribution Substation	TPIS	PLDST	SUBA	\$	-	\$	-	\$	-
Distribution Other	TPIS	PLDMC	Cust05	\$	-	\$	-	\$	-
Total		PLT		\$	1,653,862,974	\$	434,465,279	\$	2,088,328,253

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation

12 Months Ended
January 31, 2015

Description	Ref	Name	Allocation Vector		Rurals	Large Industrials	Total System
<u>Net Utility Plant</u>							
Power Production Plant							
Production Demand	NTPLANT	NTPDMD	12CP	\$	776,995,831	\$ 204,114,679	\$ 981,110,511
Production Energy	NTPLANT	NTPENG	PENG	\$	-	\$ -	-
Production - Steam Direct	NTPLANT	NTPSTM	STMD	\$	-	\$ -	-
Total Power Production Plant		NTPPT		\$	776,995,831	\$ 204,114,679	\$ 981,110,511
Transmission Plant	NTPLANT	NTRRN	12CP	\$	123,073,249	\$ 32,331,006	\$ 155,404,254
Distribution Substation	NTPLANT	NTDST	SUBA	\$	-	\$ -	-
Distribution Other	NTPLANT	NTDMC	Cust05	\$	-	\$ -	-
Total		NTPLT		\$	900,069,080	\$ 236,445,685	\$ 1,136,514,765



**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>		<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Net Cost Rate Base</u>							
Power Production Plant							
Production Demand	RB	RBDPMD	12CP	\$	817,919,423	\$ 214,865,195	\$ 1,032,784,618
Production Energy	RB	RBPENG	PENG	\$	7,407,514	\$ 3,154,753	\$ 10,562,267
Production - Steam Direct	RB	RBPSTM	STMD	\$	-	\$ -	\$ -
Total Power Production Plant		RBPT		\$	825,326,937	\$ 218,019,948	\$ 1,043,346,885
Transmission Plant	RB	RBTRN	12CP	\$	129,915,545	\$ 34,128,458	\$ 164,044,003
Distribution Substation	RB	RBDST	SUBA	\$	-	\$ -	\$ -
Distribution Other	RB	RBDMC	Cust05	\$	-	\$ -	\$ -
Total		RBPLT		\$	955,242,482	\$ 252,148,407	\$ 1,207,390,888

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

Description	Ref	Name	Allocation Vector	Rurals	Large Industrials	Total System
<u>Operation and Maintenance Expenses</u>						
Power Production Plant						
Production Demand	TOM	OMPDM	12CP			
Production Demand Reallocation of Purchased Power						
Production Energy	TOM	OMPENG	PENG			
Production - Steam Direct	TOM	OMPSTM	STMD			
Total Power Production Plant		OMPT				
Transmission Plant	TOM	OMTRN	12CP	\$ 16,183,668	\$ 4,251,405	\$ 20,435,073
Distribution Substation	TOM	OMDST	SUBA	\$ -	\$ -	\$ -
Distribution Other	TOM	OMDMC	Cust05	\$ -	\$ -	\$ -
Total		OMPLT				

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>		<u>Rurals</u>		<u>Large Industrials</u>		<u>Total System</u>
<u>Labor Expenses</u>									
Power Production Plant									
Production Demand	TLB	LBDPMD	12CP	\$	15,980,385	\$	4,198,003	\$	20,178,388
Production Energy	TLB	LBPENG	PENG	\$	10,384,507	\$	4,422,612	\$	14,807,119
Production - Steam Direct	TLB	LBPSTM	STMD	\$	-	\$	-	\$	-
Total Power Production Plant		LBPT		\$	26,364,892	\$	8,620,615	\$	34,985,507
Transmission Plant	TLB	LBTRN	12CP	\$	6,452,439	\$	1,695,038	\$	8,147,477
Distribution Substation	TLB	LB DST	SUBA	\$	-	\$	-	\$	-
Distribution Other	TLB	LBDMC	Cust05	\$	-	\$	-	\$	-
Total		LBPLT		\$	32,817,331	\$	10,315,653	\$	43,132,984

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>		<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Depreciation Expenses</u>							
Power Production Plant							
Production Demand	TDEPR	DPPDMD	12CP	\$	31,660,096	\$ 8,317,021	\$ 39,977,117
Production Energy	TDEPR	DPPENG	PENG	\$	-	\$ -	-
Production - Steam Direct	TDEPR	DPPSTM	STMD	\$	-	\$ -	-
Total Power Production Plant		DPPT		\$	31,660,096	\$ 8,317,021	\$ 39,977,117
Transmission Plant	TDEPR	DPTRN	12CP	\$	4,531,085	\$ 1,190,304	\$ 5,721,389
Distribution Substation	TDEPR	DPDST	SUBA	\$	-	\$ -	-
Distribution Other	TDEPR	DPDMC	Cust05	\$	-	\$ -	-
Total		DPPLT		\$	36,191,181	\$ 9,507,324	\$ 45,698,505

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>		<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Property and Other Taxes</u>							
Power Production Plant							
Production Demand	PTAX	PRPDMD	12CP	\$	610	\$ 160	\$ 770
Production Energy	PTAX	PRPENG	PENG	\$	-	\$ -	-
Production - Steam Direct	PTAX	PRPSTM	STMD	\$	-	\$ -	-
Total Power Production Plant		PRPT		\$	610	\$ 160	\$ 770
Transmission Plant							
	PTAX	PRTRN	12CP	\$	91	\$ 24	\$ 115
Distribution Substation							
	PTAX	PRDST	SUBA	\$	-	\$ -	-
Distribution Other							
	PTAX	PRDMC	Cust05	\$	-	\$ -	-
Total		PRPLT		\$	701	\$ 184	\$ 885

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

Description	Ref	Name	Allocation Vector		Rurals		Large Industrials		Total System
<u>Interest Expenses</u>									
Power Production Plant									
Production Demand	INTLTD	INPDMD	12CP	\$	30,147,341	\$	7,919,624	\$	38,066,965
Production Energy	INTLTD	INPENG	PENG	\$	-	\$	-	\$	-
Production - Steam Direct	INTLTD	INPSTM	STMD	\$	-	\$	-	\$	-
Total Power Production Plant		INPT		\$	30,147,341	\$	7,919,624	\$	38,066,965
Transmission Plant	INTLTD	INTRN	12CP	\$	4,513,377	\$	1,185,652	\$	5,699,029
Distribution Substation	INTLTD	INDST	SUBA	\$	-	\$	-	\$	-
Distribution Other	INTLTD	INDMC	Cust05	\$	-	\$	-	\$	-
Total		INPLT		\$	34,660,718	\$	9,105,276	\$	43,765,994

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation

12 Months Ended
January 31, 2015

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>	<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Cost of Service Summary -- Unadjusted</u>						
Operating Revenues						
Sales to Members		REVUC	R01			
Off System Sales Revenue			OSS			
Income from Leased Property Net		OTHREV	RBPLT			
Other Operating Revenue & Income		OTHREV	RBPLT			
Total Operating Revenues		TOR		\$ 223,155,752	\$ 78,319,465	\$ 301,475,217
Operating Expenses						
Operation and Maintenance Expenses						
Depreciation and Amortization Expenses				\$ 36,191,181	\$ 9,507,324	\$ 45,698,505
Property and Other Taxes			NPT	\$ 701	\$ 184	\$ 885
Total Operating Expenses		TOE				
Utility Operating Margin						
Non-Operating Items						
Interest Income			RBPLT	\$ 1,433,401	\$ 378,364	\$ 1,811,765
Other Non-Operating Income			RBPLT	\$ -	\$ -	\$ -
Other Capital Credits & Patronage Dividends			RBPLT	\$ 2,167,348	\$ 572,099	\$ 2,739,448
Total Non-Operating Items				\$ 3,600,749	\$ 950,464	\$ 4,551,213
Net Utility Operating Margin		TOM				
Net Cost Rate Base						
Rate of Return on Rate Base (Unadjusted)				-1.76%	-2.36%	-1.88%

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>	<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Cost of Service Summary -- Pro-Forma (Before Proposed Rate Increase)</u>						
Operating Revenues						
Total Operating Revenue				\$ 223,155,752	\$ 78,319,465	\$ 301,475,217
Pro-Forma Adjustments:						
To Remove Fuel Adjustment Clause Revenue		1.01		\$ (13,737,782)	\$ (5,843,877)	\$ (19,581,659)
To Remove Environmental Surcharge Revenue		1.02		\$ (13,355,230)	\$ (4,503,474)	\$ (17,858,704)
To Remove Non-FAC PPA Revenue		1.03		\$ 826,876	\$ 356,508	\$ 1,183,384
To Remove Surcredit Revenue		1.09		\$ 308,324	\$ 134,005	\$ 442,329
Total Revenue Adjustments				\$ (25,957,812)	\$ (9,856,839)	\$ (35,814,650)
Total Pro-Forma Operating Revenue				\$ 197,197,940	\$ 68,462,627	\$ 265,660,567

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation

12 Months Ended
January 31, 2015

Description	Ref	Name	Allocation Vector	Rurals	Large Industrials	Total System
Cost of Service Summary -- Pro-Forma (Before Proposed Rate Increase) (cont.)						
Operating Expenses						
Operation and Maintenance Expenses						
Depreciation and Amortization Expenses				\$ 36,191,181	\$ 9,507,324	\$ 45,698,505
Property and Other Taxes			NPT	\$ 701	\$ 184	\$ 885
Adjustments to Operating Expenses:						
To Remove Fuel Expense Recoverable through the FAC	1.01			\$ (13,737,782)	\$ (5,843,877)	\$ (19,581,659)
To Remove Expenses Recoverable through the ES	1.02			\$ (13,355,230)	\$ (4,503,474)	\$ (17,858,704)
To Remove NFPPA	1.03			\$ 826,876	\$ 356,508	\$ 1,183,384
To Remove Promotional Advertising	1.04		R01	\$ (41,752)	\$ (14,004)	\$ (55,756)
To Remove Lobbying Expenses	1.05		R01	\$ (53,185)	\$ (17,838)	\$ (71,023)
To Remove Economic Development Expenses	1.06		R01	\$ (108,258)	\$ (36,310)	\$ (144,568)
To Remove Donations Expenses	1.07		R01	\$ (47,423)	\$ (15,905)	\$ (63,328)
To Remove Touchstone Energy dues	1.08		R01	\$ (99,421)	\$ (33,345)	\$ (132,766)
To Remove Non-Recurring Labor related to Plant Layup	1.10		LBPLT	\$ (2,154,421)	\$ (677,211)	\$ (2,831,632)
To Normalize Certain Outside Professional Services	1.11		EnergyNS	\$ 51,515	\$ 22,078	\$ 73,593
To Remove Forecast DSM Expenses	1.12		12CP	\$ (867,983)	\$ (228,017)	\$ (1,096,000)
To Allocate Annual DSM Solely to Rural Rate Class	1.12		EnergyR	\$ 1,000,000	\$ -	\$ 1,000,000
To Normalize Non-Labor Expenses Related to Plant Layup	1.13		RBPLT	\$ (1,062,830)	\$ (280,547)	\$ (1,343,377)
To Normalize MISO Capacity charge related to Plant Layup	1.14		12CP	\$ (323,468)	\$ (84,974)	\$ (408,442)
Total Expense Adjustments				\$ (29,973,361)	\$ (11,356,917)	\$ (41,330,278)
Total Operating Expenses			TOE			
Utility Operating Margins -- Pro-Forma						
Non-Operating Items						
Sum of Non-Operating Items				\$ -	\$ -	\$ -
Adjustments to Non-Operating Items			12CP	\$ 3,600,749	\$ 950,464	\$ 4,551,213
Total Non-Operating Items				\$ 3,600,749	\$ 950,464	\$ 4,551,213
Net Utility Operating Margin						
Net Cost Rate Base						
Rate of Return on Rate Base -- Pro Forma (Before Proposed Rate Increase)				-1.34%	-1.76%	-1.43%

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>	<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
<u>Allocation Factors</u>						
Energy Allocation Factors						
Energy Usage by Class		E01	Energy	0.701319	0.298681	1.000000
Customer Allocation Factors						
Rev		R01		179,605,293	60,239,153	239,844,445
Energy		Energy		2,308,552,000	983,179,000	3,291,731,000
FAC Revenue Allocator		FACA		2,308,552,000	983,179,000	3,291,731,000
Base Fuel Revenue Allocator		BSFL		2,308,552,000	983,179,000	3,291,731,000
Fuel Expense Applicable to FAC Allocator		FACEX		2,308,552,000	983,179,000	3,291,731,000
Energy - NonSmelter		EnergyNS		0.7000	0.3000	1.0000
Energy - Rurals only		EnergyR		1.0000	-	1.0000
Customers (Metering Points)		Cust05		3	1	4
<u>Demand Allocators</u>						
Steam - Direct Assignment		STMD		-	-	-
Substation Allocator		SUBA		-	-	-
Coincident Peak Demand CP		12CP		5,128,900	1,347,348	6,476,248

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Rate Schedule Allocation**

**12 Months Ended
January 31, 2015**

<u>Description</u>	<u>Ref</u>	<u>Name</u>	<u>Allocation Vector</u>	<u>Rurals</u>	<u>Large Industrials</u>	<u>Total System</u>
Production Energy Allocation						
Production Energy Residual Allocator		PENGA		2,308,552,000	983,179,000	3,291,731,000
Production Energy Costs				-	-	-
Member Specific Assignment				-	-	-
Production Energy Residual			PENGA	130,069,199	55,394,596	185,463,795
Production Energy Total		PENGT		130,069,199	55,394,596	185,463,795
Production Energy Total Allocator		PENG	PENGT	0.701319	0.298681	1.000000
FAC Expense Residual Allocator						
FAC Expense Residual Allocator		FACALL		2,308,552,000	983,179,000	3,291,731,000
FAC Expense Cost				-	-	-
Member Specific Assignment				-	-	-
FAC Expense Residual			FACALL	-	-	-
FAC Expense Total		FACT		-	-	-
FAC Expense Allocator		FACAL	12CP	0.701319	0.298681	1.000000
OSS Allocated Amount		OSSA				
Off-System Sales Allocator						
Off-System Sales Revenue			OSSA			
Specific Assignment						
Total OSS Assignments		OSS				
				-	-	-

BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Billing Determinants - Present and Proposed Rates

12 Months Ended
January 31, 2015

Rate	Billing Determinants	Current Rate		Proposed Rate		Variance	
		Charge	Billings	Charge	Billings	Billings	
<u>Rural Delivery Point Service</u>							
Demand Charge	CP	5,128,900 kW-Mo	16.454 /kW-Mo	\$ 84,390,921	24.742 /kW-Mo	\$ 126,899,244	\$ 42,508,323
Energy Charge		2,308,552,000 kWh	0.030000 /kWh	69,256,560	0.035000 /kWh	80,799,320	11,542,760
Total Demand and Energy Charges			0.066556	\$ 153,647,481	0.089969	\$ 207,698,564	\$ 54,051,083
Non-Smelter Non-FAC PPA			(0.000358)	(826,876)	(0.000358)	(826,876)	-
FAC			0.005951	13,737,782	0.005951	13,737,782	-
Environmental Surcharge			0.005785	13,355,230	0.006137	14,168,287	813,057
Surcredit			(0.000134)	(308,324)	(0.000134)	(308,324)	-
Total		<u>2,308,552,000 kWh</u>	0.077800	<u>\$ 179,605,293</u>	0.101566	<u>\$ 234,469,433</u>	<u>\$ 54,864,141</u>
Increase	\$ Wholesale				0.023766	\$ 54,864,141	
Increase	% Wholesale					30.5%	
Increase	% Retail (est.)					21.4%	
<u>Large Industrial Customer Delivery Point Service</u>							
Demand Charge	NCP	1,746,400 kW-Mo	11.960 /kW-Mo	\$ 20,886,944	17.979 /kW-Mo	\$ 31,398,526	\$ 10,511,582
Energy Charge		983,179,000 kWh	0.030000 /kWh	29,495,370	0.035000 /kWh	\$ 34,411,265	\$ 4,915,895
Total Demand and Energy Charges			0.051244	\$ 50,382,314	0.066935716	\$ 65,809,791	\$ 15,427,477
Non-Smelter Non-FAC PPA			(0.000363)	(356,508)	(0.000363)	(356,508)	-
FAC			0.005944	5,843,877	0.005944	5,843,877	-
Environmental Surcharge			0.004581	4,503,474	0.004688	4,608,733	105,259
Surcredit			(0.000136)	(134,005)	(0.000136)	(134,005)	-
Total		<u>983,179,000 kWh</u>	0.061270	<u>\$ 60,239,153</u>	0.077068	<u>\$ 75,771,888</u>	<u>\$ 15,532,735</u>
Increase	\$ Wholesale				0.015798	\$ 15,532,735	
Increase	% Wholesale					25.8%	
Increase	% Retail (est.)					25.0%	
<u>TOTAL Rural & Large Industrial Services</u>							
Total		3,291,731,000	0.072863	\$ 239,844,445	0.094249	\$ 310,241,321	\$ 70,396,876
INCREASE					0.021386	\$ 70,396,876	29.35%

**BIG RIVERS ELECTRIC CORPORATION
 Cost of Service Study
 Summary of Proposed Increase**

**12 Months Ended
 January 31, 2015**

Class	Total Revenue at Current Rates (\$)	Total Revenue at Proposed Rates (\$)	Wholesale Increase (\$)	Wholesale Increase (%)
Rural	179,605,293	234,469,433	54,864,141	30.5%
Large Industrial	60,239,153	75,771,888	15,532,735	25.8%
Total	239,844,445	310,241,321	70,396,876	29.4%

**BIG RIVERS ELECTRIC CORPORATION
Cost of Service Study
Estimate of Retail Rate Increase**

**12 Months Ended
January 31, 2015**

Rural Delivery Service

Estimated Retail Rate (\$/kWh)

	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
All-In Wholesale Rate	0.077800	0.101566	0.023766	30.5%
Estimated Retail Distr Cost Adder	0.033000	0.033000		
Total Retail Rate Estimate	0.110800	0.134566	0.023766	21.4%

Estimated Billings (\$/Month)

Monthly Usage							
100 kWh	\$	11.08	\$	13.46	\$	2.38	21.5%
200	\$	22.16	\$	26.91	\$	4.75	21.4%
300	\$	33.24	\$	40.37	\$	7.13	21.5%
400	\$	44.32	\$	53.83	\$	9.51	21.5%
500	\$	55.40	\$	67.28	\$	11.88	21.4%
600	\$	66.48	\$	80.74	\$	14.26	21.5%
700	\$	77.56	\$	94.20	\$	16.64	21.5%
800	\$	88.64	\$	107.65	\$	19.01	21.4%
900	\$	99.72	\$	121.11	\$	21.39	21.5%
1000	\$	110.80	\$	134.57	\$	23.77	21.5%
1100	\$	121.88	\$	148.02	\$	26.14	21.4%
1200	\$	132.96	\$	161.48	\$	28.52	21.5%
1300	\$	144.04	\$	174.94	\$	30.90	21.5%
1400	\$	155.12	\$	188.39	\$	33.27	21.4%
1500	\$	166.20	\$	201.85	\$	35.65	21.5%

Large Industrial Customer Service

Estimated Retail Rate (\$/kWh)

	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
All-In Wholesale Rate	0.061270	0.077068	0.015798	25.8%
Estimated Retail Distribution Cost Adder	0.002000	0.002000		
Total Retail Rate Estimate	0.063270	0.079068	0.015798	25.0%

Estimated Billings (\$/Month)

Monthly Usage							
500 kWh	\$	31.63	\$	39.53	\$	7.90	25.0%
600	\$	37.96	\$	47.44	\$	9.48	25.0%
700	\$	44.29	\$	55.35	\$	11.06	25.0%
800	\$	50.62	\$	63.25	\$	12.64	25.0%
900	\$	56.94	\$	71.16	\$	14.22	25.0%
1000	\$	63.27	\$	79.07	\$	15.80	25.0%
1100	\$	69.60	\$	86.98	\$	17.38	25.0%
1200	\$	75.92	\$	94.88	\$	18.96	25.0%
1300	\$	82.25	\$	102.79	\$	20.54	25.0%
1400	\$	88.58	\$	110.70	\$	22.12	25.0%
1500	\$	94.90	\$	118.60	\$	23.70	25.0%
1600	\$	101.23	\$	126.51	\$	25.28	25.0%
1700	\$	107.56	\$	134.42	\$	26.86	25.0%
1800	\$	113.89	\$	142.32	\$	28.44	25.0%
1900	\$	120.21	\$	150.23	\$	30.02	25.0%
2000	\$	126.54	\$	158.14	\$	31.60	25.0%

U.S. Energy Information Administration - Average Retail Price of Electricity in 2011

RESIDENTIAL

#	Entity	State	Class of Ownership	Avg. ¢/kWh
1	Henderson City Utility Comm	KY	Public	6.13
2	Jackson Purchase Energy Corporation	KY	Cooperative	7.07
3	City of Benham	KY	Public	7.28
4	City of Falmouth	KY	Public	7.35
5	Kenergy Corp	KY	Cooperative	7.46
6	City of Nicholasville	KY	Public	7.50
7	Meade County Rural E C C	KY	Cooperative	7.53
8	City of Frankfort - (KY)	KY	Public	7.62
9	City of Berea Municipal Utility	KY	Public	7.73
10	City of Bardstow	KY	Public	7.75
11	City of Bardwell	KY	Public	7.89
12	Kentucky Utilities Co	KY	Investor Owned	8.02
13	Duke Energy Kentucky	KY	Investor Owned	8.39
14	Barbourville Utility Comm	KY	Public	8.58
15	Louisville Gas & Electric Co	KY	Investor Owned	8.60
16	Corbin City Utilities Comm	KY	Public	8.75
17	Madisonville Municipal Utils	KY	Public	8.83
18	City of Paris - (KY)	KY	Public	8.89
19	City of Olive Hill - (KY)	KY	Public	9.32
20	Salt River Electric Coop Corp	KY	Cooperative	9.39
21	Taylor County Rural E C C	KY	Cooperative	9.50
22	City of Providence - (KY)	KY	Public	9.51
23	City of Franklin - (KY)	KY	Public	9.53
Big Rivers Total: Rural ~ NET of MRS		KY	Cooperative	9.56
24	City of Paducah - (KY)	KY	Public	9.66
25	Kentucky Power Co	KY	Investor Owned	9.66
26	City of Russellville - (KY)	KY	Public	9.81
27	City of Owensboro - (KY)	KY	Public	9.84
28	City of Hopkinsville	KY	Public	9.85
29	Cumberland Valley Electric, Inc.	KY	Cooperative	9.92
30	Williamstown Utility Comm	KY	Public	10.01
31	City of Jellico	KY	Public	10.03
32	Nolin Rural Electric Coop Corp	KY	Cooperative	10.16
33	City of Glasgow	KY	Public	10.17
34	South Kentucky Rural E C C	KY	Cooperative	10.24
35	City of Murray - (KY)	KY	Public	10.31
36	Warren Rural Elec Coop Corp	KY	Cooperative	10.32
37	Tri-County Elec Member Corp	KY	Cooperative	10.33
38	Farmers Rural Electric Coop Corp	KY	Cooperative	10.35
39	Shelby Energy Co-op, Inc	KY	Cooperative	10.42
40	Owen Electric Coop Inc	KY	Cooperative	10.52
41	Blue Grass Energy Coop Corp	KY	Cooperative	10.62
42	Pennyrile Rural Electric Coop	KY	Cooperative	10.69
43	City of Fulton - (KY)	KY	Public	10.71
44	Big Sandy Rural Elec Coop Corp	KY	Cooperative	10.72
45	Fleming-Mason Energy Coop Inc	KY	Cooperative	10.75
46	City of Bowling Green - (KY)	KY	Public	10.84
47	City of Benton - (KY)	KY	Public	10.95
48	Clark Energy Coop Inc - (KY)	KY	Cooperative	11.00
49	Inter County Energy Coop Corp	KY	Cooperative	11.00
50	Licking Valley Rural E C C	KY	Cooperative	11.21
51	City of Mayfield Plant Board	KY	Public	11.29
52	City of Vanceburg	KY	Public	11.58
53	West Kentucky Rural E C C	KY	Cooperative	11.62
54	City of Princeton - (KY)	KY	Public	11.66
55	Jackson Energy Coop Corp - (KY)	KY	Cooperative	11.66
56	City of Hickman	KY	Public	11.67
57	Grayson Rural Electric Coop Corp	KY	Cooperative	12.37
58	Hickman-Fulton Counties RECC	KY	Cooperative	13.01
Big Rivers Total: Rural ~ GROSS of MRS		KY	Cooperative	13.46

Source: <http://www.eia.gov/electricity/data.cfm#sales>

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U.S. Energy Information Administration: Average Retail Price of Electricity in 2011

INDUSTRIAL

#	Entity	State	Class of Ownership	Avg. ¢/kWh
1	Kenergy Corp	KY	Cooperative	4.14
2	Electric Energy Inc	KY	Investor Owned	4.27
3	Corbin City Utilities Comm	KY	Public	4.62
4	Tennessee Valley Authority	KY	Federal	4.76
	Big Rivers Total: Large Industrial ~NET of MRSM	KY	Cooperative	4.96
5	City of Bardstown	KY	Public	5.07
6	Henderson City Utility Comm	KY	Public	5.08
7	Owen Electric Coop Inc	KY	Cooperative	5.28
8	Williamstown Utility Comm	KY	Public	5.52
9	Kentucky Utilities Co	KY	Investor Owned	5.66
10	Jackson Purchase Energy Corporation	KY	Cooperative	5.89
11	Louisville Gas & Electric Co	KY	Investor Owned	5.98
12	City of Hopkinsville	KY	Public	5.99
13	Kentucky Power Co	KY	Investor Owned	6.03
14	Fleming-Mason Energy Coop Inc	KY	Cooperative	6.16
15	Nolin Rural Electric Coop Corp	KY	Cooperative	6.18
16	City of Nicholasville	KY	Public	6.41
17	Grayson Rural Electric Coop Corp	KY	Cooperative	6.47
18	City of Frankfort - (KY)	KY	Public	6.64
19	Blue Grass Energy Coop Corp	KY	Cooperative	6.68
20	Duke Energy Kentucky	KY	Investor Owned	6.70
21	Shelby Energy Co-op, Inc	KY	Cooperative	6.71
22	Salt River Electric Coop Corp	KY	Cooperative	6.77
23	City of Berea Municipal Utility	KY	Public	6.78
24	Big Sandy Rural Elec Coop Corp	KY	Cooperative	6.84
25	Barbourville Utility Comm	KY	Public	6.91
26	City of Franklin - (KY)	KY	Public	7.13
27	Inter County Energy Coop Corp	KY	Cooperative	7.13
28	City of Owensboro - (KY)	KY	Public	7.19
29	Jackson Energy Coop Corp - (KY)	KY	Cooperative	7.30
30	Farmers Rural Electric Coop Corp	KY	Cooperative	7.43
31	City of Murray - (KY)	KY	Public	7.61
32	West Kentucky Rural E C C	KY	Cooperative	7.81
33	Licking Valley Rural E C C	KY	Cooperative	7.90
	Big Rivers Total: Large Industrial ~GROSS of MRSM	KY	Cooperative	7.91
34	Tri-County Elec Member Corp	KY	Cooperative	7.98
35	City of Glasgow	KY	Public	8.01
36	Cumberland Valley Electric, Inc.	KY	Cooperative	8.02
37	Pennyrile Rural Electric Coop	KY	Cooperative	8.15
38	Warren Rural Elec Coop Corp	KY	Cooperative	8.19
39	City of Bowling Green - (KY)	KY	Public	8.23
40	South Kentucky Rural E C C	KY	Cooperative	8.35
41	Clark Energy Coop Inc - (KY)	KY	Cooperative	8.57
42	City of Paris - (KY)	KY	Public	8.61
43	City of Russellville - (KY)	KY	Public	9.01
44	City of Fulton - (KY)	KY	Public	9.16
45	City of Vanceburg	KY	Public	9.27
46	Taylor County Rural E C C	KY	Cooperative	9.42
47	City of Benton - (KY)	KY	Public	9.45
48	City of Mayfield Plant Board	KY	Public	9.57
49	City of Paducah - (KY)	KY	Public	9.63
50	City of Princeton - (KY)	KY	Public	10.75
51	Hickman-Fulton Counties RECC	KY	Cooperative	12.67

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U.S. Energy Information Administration - Average Retail Price of Electricity in 2011

RESIDENTIAL

#	State	Avg. ¢/kWh
1	Idaho	7.87
2	Washington	8.28
3	North Dakota	8.58
4	Louisiana	8.96
5	Utah	8.96
6	Arkansas	9.02
7	Wyoming	9.11
8	Kentucky	9.20
9	Nebraska	9.32
	Kentucky with Big Rivers NET Increase	9.33
10	South Dakota	9.35
11	West Virginia	9.39
12	Oklahoma	9.47
13	Oregon	9.54
	Kentucky with Big Rivers GROSS Increase	9.55
14	Missouri	9.75
15	Montana	9.75
16	Tennessee	9.98
17	Indiana	10.06
18	Mississippi	10.17
19	North Carolina	10.26
20	Iowa	10.46
21	Virginia	10.64
22	Kansas	10.65
23	Minnesota	10.96
24	New Mexico	11.00
25	Georgia	11.05
26	South Carolina	11.05
27	Texas	11.08
28	Arizona	11.08
29	Alabama	11.09
30	Colorado	11.27
31	Ohio	11.42
32	Florida	11.51
33	Nevada	11.61
34	Illinois	11.78
35	Wisconsin	13.02
36	Pennsylvania	13.26
37	Michigan	13.27
38	Maryland	13.31
39	District of Columbia	13.40
40	Delaware	13.70
41	Rhode Island	14.33
42	Massachusetts	14.67
43	California	14.78
44	Maine	15.38
45	New Jersey	16.23
46	Vermont	16.26
47	New Hampshire	16.52
48	Alaska	17.62
49	Connecticut	18.11
50	New York	18.26
51	Hawaii	34.68

Source: <http://www.eia.gov/electricity/data.cfm#sales>

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U.S. Energy Information Administration - Average Retail Price of Electricity in 2011

INDUSTRIAL

#	State	Avg. ¢/kWh
1	Washington	4.09
2	Idaho	5.10
3	Utah	5.10
4	Iowa	5.21
5	Montana	5.27
6	Kentucky	5.33
7	Wyoming	5.41
8	Oklahoma	5.46
9	Oregon	5.47
Kentucky with Big Rivers NET Increase		5.49
10	Arkansas	5.63
11	Louisiana	5.69
12	Missouri	5.85
13	South Carolina	5.94
14	North Carolina	6.01
Kentucky with Big Rivers GROSS Increase		6.05
15	New Mexico	6.06
16	Ohio	6.12
17	Indiana	6.17
18	West Virginia	6.18
19	South Dakota	6.20
20	North Dakota	6.24
21	Texas	6.24
22	Alabama	6.25
23	Illinois	6.42
24	Nebraska	6.43
25	Minnesota	6.47
26	Virginia	6.49
27	Mississippi	6.53
28	Arizona	6.55
29	Georgia	6.60
30	Nevada	6.65
31	Kansas	6.71
32	District of Columbia	6.89
33	Colorado	7.06
34	Tennessee	7.23
35	Michigan	7.32
36	Wisconsin	7.33
37	Pennsylvania	7.73
38	New York	7.83
39	Florida	8.55
40	Maryland	8.76
41	Maine	8.88
42	Delaware	8.91
43	Vermont	9.83
44	California	10.11
45	Rhode Island	11.27
46	New Jersey	11.43
47	New Hampshire	12.27
48	Connecticut	13.24
49	Massachusetts	13.38
50	Alaska	15.71
51	Hawaii	28.40

Source: <http://www.eia.gov/electricity/data.cfm#sales>

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