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Mark W. Starnes  
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March 6, 2015

Via Federal Express

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

\*Also Licensed in Indiana

Re: *In the Matter of: An Examination of the Application of the  
Fuel Adjustment Clause of Big Rivers Electric Corporation  
from November 1, 2013 through April 30, 2014*  
Case No. 2014-00230; and

*In the Matter of: An Examination of the Application of the  
Fuel Adjustment Clause of Big Rivers Electric Corporation  
from November 1, 2012 through October 31, 2014*  
Case No. 2014-00455

Dear Mr. Derouen:

Enclosed for filing are an original and ten (10) copies of Big Rivers Electric Corporation's motion to strike the notice of additional authority of Kentucky Industrial Utility Customers, Inc., in the above-referenced matters. I certify that on this date, a copy of this letter and a copy of the motion were served on each of the persons listed on the attached service list by regular mail.

Sincerely,



Tyson Kamuf  
Counsel for Big Rivers Electric Corporation

Telephone (270) 926-4000  
Telecopier (270) 683-6694

TAK/lm  
Enclosures

100 St. Ann Building  
PO Box 727  
Owensboro, Kentucky  
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cc: Lindsay Barron  
DeAnna Speed  
Service List

Service List  
PSC Case No. 2014-00230  
PSC Case. No. 2014-00455

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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
BIG RIVERS ELECTRIC CORPORATION ) Case No. 2014-00230  
FROM NOVEMBER 1, 2013 THROUGH )  
APRIL 30, 2014 )

AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
BIG RIVERS ELECTRIC CORPORATION ) Case No. 2014-00455  
FROM NOVEMBER 1, 2012 THROUGH )  
OCTOBER 31, 2014 )

**BIG RIVERS ELECTRIC CORPORATION’S MOTION TO STRIKE THE NOTICE OF  
ADDITIONAL AUTHORITY OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS,  
INC.**

Comes Big Rivers Electric Corporation (“Big Rivers”), by counsel, and respectfully  
moves the Kentucky Public Service Commission (the “Commission”) to strike from the record  
the Notice of Additional Authority filed by Kentucky Industrial Utility Customers, Inc.  
 (“KIUC”), on February 25, 2015. In support of this motion, Big Rivers states as follows.

KIUC filed its Notice of Additional Authority purportedly to put before the Commission  
an order from a previous six-month review of Big Rivers’ fuel adjustment clause, despite the fact  
that Big Rivers cited that order in its Post-Hearing Brief<sup>1</sup> and discussed in the brief a separate but  
similar order.<sup>2</sup> But KIUC’s Notice of Additional Authority goes beyond simply providing the  
order to the Commission and instead seeks to belatedly supplement its brief by editorializing on

<sup>1</sup> See Big Rivers’ Post-Hearing Brief at p. 3, n. 8.

<sup>2</sup> See *id.* at p. 3.

1 the meaning of the order. As such, the Notice of Additional Authority should be stricken from  
2 the record.

3         Additionally, KIUC's interpretation of the order is incorrect. KIUC argues that in the  
4 order, the Commission "rejected the allocation of system-average fuel costs to non-firm off-  
5 system sales [and instead] found that allocating incremental fuel costs to non-firm off-system  
6 sales was reasonable."<sup>3</sup> As explained in that order, Big Rivers used "its system average fuel cost  
7 to allocate fuel costs among its native load customers and firm off-system customers."<sup>4</sup> The  
8 Commission found that this was reasonable.<sup>5</sup> Additionally, Big Rivers generally used  
9 incremental costs to allocate fuel costs to non-firm off-system sales at that time, but it used  
10 system average fuel costs to allocate fuel costs to non-firm off-system sales when its Energy  
11 Management System was not functioning properly.<sup>6</sup> The Commission also found that this was  
12 reasonable.<sup>7</sup> Thus, contrary to KIUC's argument that the Commission rejected the use of system  
13 average fuel costs in favor of incremental fuel costs, the Commission actually found that both  
14 practices were reasonable.<sup>8</sup>

15         For the foregoing reasons, the Commission should strike KIUC's Notice of Additional  
16 Authority from the record.

17         On this the 6<sup>th</sup> day of March, 2015.

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<sup>3</sup> KIUC's Notice of Additional Authority at p. 1.

<sup>4</sup> Order dated March 5, 1996, in *In the Matter of: An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 1992 to October 31, 1994*, Case No. 94-458, at p. 2.


<sup>5</sup> *See id.* at p. 1.

<sup>6</sup> *See id.* at pp. 2-3.

<sup>7</sup> *See id.* at p. 1; *see also* Order dated June 19, 1996, in *In the Matter of: An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 1994 to April 30, 1995*, Case No. 94-458-A, at p. 2 (explaining that in the March 5, 1996, order in Case No. 94-458, "the Commission implicitly found that, when Big Rivers experienced problems with its Energy Management System, its use of average daily cost as a substitute for incremental cost pricing was reasonable").

<sup>8</sup> *See* Order dated March 5, 1996, in *In the Matter of: An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 1992 to October 31, 1994*, Case No. 94-458, at p. 1.

Respectfully submitted,



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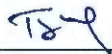
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*Counsel for Big Rivers Electric Corporation*

**Certificate of Service**

I certify that a true and accurate copy of the foregoing was served by regular mail upon the persons listed on the accompanying service list, on or before the date the foregoing is filed with the Kentucky Public Service Commission.

On this the 6<sup>th</sup> day of March, 2015,



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Counsel for Big Rivers Electric Corporation