COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES SUPPORTED BY FULLY FORECASTED TEST PERIOD	))))	CASE NO. 2013-00199

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 22, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

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

KIUC shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

KIUC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Refer to page 14 of the Direct Testimony and Exhibits of Lane Kollen ("Kollen Testimony"). Beginning at line 9, Mr. Kollen states that "the Century and Alcan terminations will result in FAC rate increases due mostly to the increases in average fuel cost per kWh from the shutdown of the Wilson and Coleman plants." Explain how a shutdown of the Wilson and Coleman stations will result in FAC increases.

2. Refer to page 20 of the Kollen Testimony wherein Mr. Kollen states that the modifications proposed by Big Rivers Electric Corporation ("Big Rivers") to the Member Rate Stability Mechanism ("MRSM") and Rural Economic Reserve ("RER") "...substantially ratchet up the explosive impact of the time-bomb rate increases once each of the Reserve funds are depleted because the MRSM and RER riders are surcredit riders that only reduce rates temporarily."

a. Explain whether Mr. Kollen is aware that the current MRSM tariff includes an Expense Mitigation Factor ("EMF") that reduces the surcredit over time in order to avoid a sharp increase in rates when the Economic Reserve ("ER") and RER funds are depleted.

b. The current MRSM tariff shows that the EMF will reach a maximum rate of $.009 per kWh in the middle of 2014. If the Commission were to approve Big Rivers' proposal to use the ER and RER to mitigate the increase in this case, explain whether KIUC believes that the EMF maximum rate should be adjusted.

3. Refer to page 22 of the Kollen Testimony. Beginning at line 6, Mr. Kollen recommends "...that the Commission eliminate the MRSM and the RER tariffs and roll-in the test year effects of the present MRSM into base rates on a non-discriminatory basis."

a. Using the rates approved for Big Rivers in the October 29, 2013 Order in Case No. 2012-00535,[1] provide the base rates that would result from rolling in the MRSM to base rates and the supporting calculations.

b. Under the approach advocated by Mr. Kollen, identify when he estimates the ER and RER funds will be depleted.

c. Explain whether there would be any impact on retail customers (aside from RER funds' being applied only to Rural class customers) if, hypothetically, the Commission:

1) Adopted Mr. Kollen's revenue-requirement recommendation for this case that Big Rivers be granted an increase of $8.559 million; and

2) Did not eliminate the MRSM and RER tariffs and did roll in the test-year effects of the present MRSM into base rates; and

3) Allowed the MRSM and RER tariffs to remain in their current forms.

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[1] Case No. 2012-00535, Application of Big Rivers Electric Corporation for an Adjustment of Rates (Ky. PSC Oct. 29, 2013.)

4. Refer to pages 22-23 of the Kollen Testimony. Beginning at line 22 on page 22, Mr. Kollen suggests that Big Rivers could draw down the reserve funds each month to match the amount of the MRSM that was rolled in to base rates. He also states that the draw-downs will be included in revenues. Describe Mr. Kollen's understanding of the journal entries made each month by Big Rivers when it draws down ER funds in accordance with the MRSM tariff.

5. Refer to page 44, lines 2-12, of the Kollen Testimony. Mr. Kollen claims that Big Rivers increased its revenue deficiency by resolving each known uncertainty against customers. Explain why Mr. Kollen believes it is reasonable to reverse this "systematic bias against customers..." and resolve "each known uncertainty in favor of the customers."

6. Refer to the top of page 64 of the Kollen Testimony wherein Mr. Kollen summarizes his recommendation that transmission revenues Big Rivers receives from serving the aluminum smelters be included and used to reduce its revenue requirement.

a. Explain whether this recommendation recognizes that transmission revenues related to the Hawesville smelter are used to offset System Support Resource ("SSR") costs borne by the smelter's owner, Century Aluminum ("Century"), during the period that Big Rivers' Coleman generating station is required to operate in SSR mode.

b. Mr. Kollen discusses what would occur under KIUC's rate plan if "actual Hawesville Smelter transmission revenues" were to exceed the amount, $7.513 million he recommends be reflected in determining Big Rivers' revenue requirement. Explain what would occur under the KIUC rate plan in the event actual transmission revenues were less than what Mr. Kollen recommends be reflected in the revenue requirement determination.

7. Refer to page 67 of the Kollen Testimony, lines 18-23, wherein Mr. Kollen refers to certain costs in the "shutdown of the Coleman plant contemporaneous with the Alcan termination on January 31, 2014." Page 16, line 1, of the Direct Testimony of Robert W. Berry reflects that the Wilson station is expected to be idled beginning February 1, 2014, while lines 14-16 of the same page indicate that the Coleman station is expected to be idled either when Century has installed equipment allowing it to operate at base load with Coleman idled or June 1, 2014, whichever is earlier. Explain whether page 67, lines 18-23, of the Kollen Testimony is correct in its reference to when the "shutdown of the Coleman plant" will occur, or whether some revision is necessary.

8. Refer to page 68, lines 9-16, of the Kollen Testimony wherein Mr. Kollen discusses Big Rivers' proposals to defer, amortize, and recover capacity charges from the Midcontinent Independent System Operator, Inc. ("MISO") and labor severance costs related to the shutdown of the Coleman station. At lines 14-16, Mr. Kollen states, "At the same time, the Company simply removed the Smelter surcredit revenues in the test year, thereby increasing the revenue requirement, even though it too is nonrecurring." Mr. Kollen states that nonrecurring revenues and expenses should all be either "removed as nonrecurring and ignored in the revenue requirement or they all should be removed, deferred, and amortized in the revenue requirement." His recommendation is that, if the MISO charges and severance costs are incurred, they should be removed, deferred, and amortized, which he also recommends for the Coleman station layup expenses (Kollen Testimony, pages 64-65). Explain whether Mr.

Kollen intended to make a recommendation regarding the "Smelter surcredit revenues," which he identified as also nonrecurring.

9. Refer to page 23 of the Direct Testimony and Exhibits of Stephen J. Baron ("Baron Testimony"). Beginning at line 11, Mr. Baron recommends modification of the Large Industrial tariff to permit customers to receive up to 15 percent of their energy and demand requirements at market-based rates. He also recommends that these customers be permitted to gradually increase the percentage by 5 percent per year up to a maximum of 25 percent.

a. Explain how the recommended percentages were determined.

b. Provide the effect it would have on revenue requirements for the test year, along with the supporting calculations, if this proposal were approved.

c. Refer to page 24 of the Baron Testimony wherein Mr. Baron states that his proposal is "generally consistent" with Big Rivers' Large Industrial Customer Expansion ("LICX") tariff. State whether Mr. Baron is aware that Big Rivers is proposing to eliminate its LICX tariff in this proceeding.

d. Explain whether KIUC supports or opposes Big Rivers' proposal to eliminate its LICX tariff.

e. Explain whether KIUC supports or opposes Big Rivers' overall rate design proposed in this proceeding.

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DATED NOV 12 2013

cc: Parties of Record

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