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NOV 25 2013
PUBLIC SERVICE COMMISSION

Via Overnight Mail

November 22, 2013

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2013-00199

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of 1) KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s RESPONSES TO BIG RIVERS ELECTRIC CORPORATION FIRST REQUEST FOR INFORMATION; 2) RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION; 3) PETITION FOR CONFIDENTIAL TREATMENT OF INFORMATION; and 4) MOTION TO DEVIATE for filing in the above-referenced matter. I also enclose a copy of the CONFIDENTIAL pages to be filed under seal.

Some of the information filed under seal is information that Big Rivers sought confidential treatment through a Petition for Confidential Treatment dated September 3, 2013. KIUC redacted this information in order to protect Big River's interests in keeping this information confidential. Additional information filed under seal is information that KIUC is seeking confidential treatment through a Petition for Confidential Treatment filed same date.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service
Quang Nyugen, Esq.
Richard Raff, Esq.
Jeff Cline (cover ltr only)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by Overnight Mail, unless other noted, this 22nd day of November, 2013 to the following:

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Kurt J. Boehm, Esq.
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1. Please identify, by name and address, all entities and individuals that KIUC purports to represent in this proceeding.

RESPONSE:

As stated in the KIUC intervention, the members of KIUC participating in this intervention are Aleris, Domtar and Kimberly Clark. KIUC is not representing either Alcan or Century.

Answer provided by Counsel.

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2. For the period from January 1, 2012, forward, please provide a copy of all correspondence related to this case or to other Big Rivers' rate changes between (i) KIUC, Aleris, Domtar, Kimberly Clark, or any other entity or person identified in the response to Item 1 above and (ii) any other entity.

RESPONSE:

KIUC objects to this data request to the extent that information requested fall within the attorney client privilege, the work product privilege and common interest/joint defense privilege. Correspondence that does not fall within one or more of these privileges are provided in the attached CD.

Answer provided by Counsel.

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3. Please produce all documents, including without limitation correspondence and calculations, in the possession, custody, or control of any entity identified in the response to Item 1 above that pertain to KIUC's (or its members', witnesses', consultants' and advisors') analysis regarding Tab 56 of Big Rivers' application in the proceeding.

RESPONSE:

Please see the attached files entitled "*Three Year Rate Increase Calculations.xls*" and "*Tabs 56 and 59 Comparison With Century and Alcan Increases.xls.*" In addition, Mr. Kollen reviewed the Company's confidential Corporate Financial Model that it provided in response to discovery.

Answer provided by Lane Kollen.

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4. For all entities and individuals identified in the response to Item 1 above, and for Domtar, Aleris, and Kimberly Clark:
   a. Please designate—by name, position, and contact information—a witness or witnesses who consent to testify on each entity's behalf on all matters related to this proceeding.
   b. Of each such entity's total operating expenses for its facilities served indirectly by Big Rivers, please state what percentage of those expenses constitute electricity costs for each of the past three calendar years. Electricity procured from sources other than Kenergy Corp. should be excluded from this calculation. Provide this data separately for each entity's facilities, by facility and by total entity.

RESPONSE:

4(a) See testimony of Steve Henry, Bill Cummings and Kelly Thomas.

DOMTAR'S RESPONSE 4(b). [redacted]

ALERIS RESPONSE 4(b). See response to Q. 39.

KIMBERLY CLARK RESPONSE 4(b). [redacted]

Answer provided by Bill Cummings, Steve Henry and Kelly Thomas.

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5. Refer to the Direct Testimony of Stephen J. Baron at page 9, where Mr. Baron states, "We have modified the Company's financial forecast model to reflect our recommendation to use the Rural Economic Reserve equally for all Big Rivers' customers."

a. Please provide the modified financial forecast model in electronic format with all formulas intact.
b. Please identify each cell of the Big Rivers' financial forecast model that was changed to arrive at the modified financial forecast model, explain the reason for the change, and provide all reasons and documents supporting the change.

RESPONSE:

a. Please see the attached file entitled "Financial Forecast (2014-2017) 5-16-2013 (Filed Confidential) – With RER to LI and Rural-sjb".

b. The financial forecast file used for the update was provided by the Company in response to PSC 1-57. Changes were incorporated on the worksheet tab entitled "Rates." Those changes are highlighted in color. First, the formulas in cell row 45 for Rural Economic Reserve had to be adjusted. This step allowed for the use of the Rural Economic Reserve for all customers. Second, cell row 65 was added to reflect the use of the Rural Economic Reserve by Large Industrial customers. The formulas were also adjusted in cell row 59 to reflect the rate mitigation effects of the change for the Large Industrials. These changes to the financial model were performed to allow for the use of the Rural Economic Reserve equally for all customers. Each of the formula additions and changes serve to mirror the decision criteria created by Big Rivers associated with the use of the Economic Reserve by all customers.

Answer provided by Stephen J. Baron.

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6. Refer to the Direct Testimony of Stephen J. Baron at page 9, where Mr. Baron states, "If the KIUC recommendation is adopted by the Commission (using the Rural Economic Reserve equally for Rural and Large Industrial customers), the Rural Economic Reserve fund is depleted in February 2015, only two months earlier."

a. Does the projected February 2015 date include the impact of all of KIUC proposals that KIUC makes or references in this case, including the "KIUC Rate Plan" set forth on page 10 of the Direct Testimony Lane Kollen and the cost of additional professional advisors and counsel recommended on page 11 of the Direct Testimony of Lane Kollen? If not, please explain why that impact was not included, provide the projected date the Rural Economic Reserve fund will be depleted if the impact of all such proposals is included, and provide all supporting documents for that calculation in electronic format with formulas intact.

b. Does the projected February 2015 date include the impact of Mr. Baron's proposal that Large Industrial customers be permitted to purchase some of the power at market-based rates? If not, please provide the projected date the Rural Economic Reserve fund will be depleted if the impact of all proposals made by KUIC in this proceeding, including Mr. Baron's proposal relating to market-based rates, is included, and provide all supporting documents in electronic format with formulas intact.

c. What is the estimated impact of all proposals made by KIUC in this proceeding on remaining customers' rates?

RESPONSE:

a. No. The purpose of Mr. Baron's analysis was to determine when the Rural Economic Reserve would be depleted if the funds were applied on a nondiscriminatory basis to both the Rural and Large Industrial classes, all else equal.

b. No. KIUC has not performed the requested analysis. Mr. Baron has not performed an analysis to determine which Large Industrial customers would purchase market based power or how much they would purchase. Please note that the KIUC market based purchase option is recommended by KIUC only in the event that the Commission rejects KIUC's proposal to apply the Rural Economic Reserve to both Rural and Large Industrial customers ["Again, this KIUC proposal is only an alternative in the event that the Commission does not modify

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the Rural Economic Reserve to apply the proceeds on an equal basis to both Rural and Large Industrial customers." (Baron Direct at page 23).]

c. Please refer to the table in the Summary section of Mr. Kollen's Direct Testimony in this proceeding.

Answer provided by Stephen J. Baron.

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7. Refer to the Direct Testimony of Stephen J. Baron at page 18, where Mr. Baron states KRS 278.455 "specifically excludes special contract customers." Does Mr. Baron agree that Aleris, Kimberly-Clark, Domtar, and all other Large Industrial customers are special contract customers? If not, please explain why not.

RESPONSE:

Aleris, Kimberly Clark and Domtar are not special contract customers. They take service on the Large Industrial tariff.

Answer provided by Stephen J. Baron.

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8. Refer to the Direct Testimony of Stephen J. Baron at page 23. Is it Mr. Baron's position that the Commission has the legal authority and should amend the existing retail power contracts of the Large Industrial customers in a wholesale rate case? Please explain in detail the basis for that opinion, and provide a copy of all documents supporting that view.

RESPONSE:

The Commission has the legal authority to amend the rates and terms of electric service provided by Big Rivers.

Answer provided by Stephen J. Baron.

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9. Refer to the Direct Testimony of Stephen J. Baron at page 23, lines 11-16. Please refer to the 15%, 5% and 25% values proposed in this section. What is the basis for each of these values? Please provide the support and supporting calculations for each of these values.

RESPONSE:

Mr. Baron's recommended level of a 15% initial market based purchases, 5% annual escalation percentage and 25% maximum were all based on Mr. Baron's judgment and not based on any specific analysis. The purpose of the proposal, which is recommended by KIUC only in the event that the Commission does not require that the RER be applied in a non-discriminatory manner to both Rural and Large Industrial customers, is to mitigate the impact on Large Industrial customers from the very large increases that would be imposed pursuant to Big Rivers' rate increase request in this case. The impact on Big Rivers, and the mitigation benefit of this KIUC proposal, are both clearly a function of the level of market prices compared to Big Rivers effective Large Industrial rate.

Answer provided by Stephen J. Baron.

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10. Refer to the Direct Testimony of Lane Kollen at page 7, lines 14-18. Please provide all calculations for the purported rate increases described therein in electronic format with formulas intact.

RESPONSE:

Please see the attached files entitled "*Three Year Rate Increase Calculations.xls*" and "*Tabs 56 and 59 Comparison With Century and Alcan Increases.xls*"

Answer provided by Lane Kollen.

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11. Refer to the Direct Testimony of Lane Kollen at page 11, where Mr. Kollen states that EKPC "now is financially healthy and stable."

a. Please explain in detail the basis for Mr. Kollen's conclusion and provide all studies and other documents that form the basis for that conclusion.
b. Provide the wholesale rates for EKPC and the retail rates for each of its member distribution cooperatives.
c. Provide EKPC's current debt to equity ratio.

RESPONSE:

a. Mr. Kollen reviewed the 2012 Annual Report for EKPC publically available on its website. The EKPC margins exceeded $52 million in 2011 and 2012 and the TIERs were 1.48 and 1.46 in 2011 and 2012, respectively. The Annual Report indicated that EKPC's debt was rated at BBB with a stable outlook by both Fitch and Standard and Poors. It should be noted that Fitch upgraded its credit ratings to BBB+ as reported in an EKPC press release dated October 28, 2013. In its announcement, Fitch commented that "The rating upgrade reflects EKPC's markedly improved financial profile and the execution of its long-term strategic plan."

b. The average wholesale rate for EKPC during 2012 was 6.90¢/kWh according to its 2012 annual report posted on the KPSC website. The average wholesale rate for EKPC posted on its own website is currently 6.84¢/kWh. The average retail rates for each of EKPC's member distribution cooperatives during 2011 are provided on Exhibit Wolfram-8. Below is a list of those rates in cents per kilowatt hour.

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	¢/kWh
Big Sandy RECC	10.72
Blue Grass Energy	10.62
Clark Energy	11.00
Cumberland Valley Electric	9.92
Farmers RECC	10.35
Fleming-Mason Energy	10.75
Grayson RECC	12.37
Inter-County Energy	11.00
Jackson Energy	11.66
Licking Valley RECC	11.21
Nolin RECC	10.16
Owen Electric	10.52
Salt River Electric	9.39
Shelby Energy	10.42
South Kentucky RECC	10.24
Taylor County RECC	9.50

c. The 2012 Annual Report showed that EKPC had increased its equity ratio to 11% and had made substantial progress towards achieving its goal of a 15% equity ratio by 2015.

Answer provided by Lane Kollen.

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12. Refer to the Direct Testimony of Lane Kollen at pages 12-13. Please provide the charts on those pages in electronic format with all formulas intact.

RESPONSE:

Please see the attached files entitled "*KIUC Adjust BREC Rev Req 2013-00199.xls*" and "*Tabs 56 and 59 Comparison With Century and Alcan Increases.xls*"

Answer provided by Lane Kollen.

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13. Refer to the Direct Testimony of Lane Kollen at page 13. Please explain why the chart for the Rural class on that page does not include the Rural Economic Reserve, and provide a revised chart in electronic format with formulas intact including the Rural Economic Reserve.

RESPONSE:

As indicated in the title on the chart, the numbers reflect the results after the Rural Economic Reserve has been depleted. Please see the attached file entitled "*Tabs 56 and 59 Comparison With Century and Alcan Increases.xls*" which includes a similar chart before the depletion of the Rural Economic Reserve.

Answer provided by Lane Kollen.

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14. Refer to the Direct Testimony of Lane Kollen at page 13. Please explain why the charts for the Rural and Large Industrial classes on that page show zero for the Economic Reserve for the Alcan Test Year, and provide a revised chart in electronic format with formulas intact including the Economic Reserve amounts from the Big Rivers Financial Model for the test period.

RESPONSE:

As indicated in the title on the chart, the numbers reflect the results after the reserves have been depleted. Please see the attached file entitled "*Tabs 56 and 59 Comparison With Century and Alcan Increases.xls*" which includes similar charts for the Rural and Large Industrial classes before the depletion of such reserves.

Answer provided by Lane Kollen.

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15. Refer to the Direct Testimony of Lane Kollen at page 17, lines 19-22.
    a. Is it Mr. Kollen's position that a rate increase designed to force Big Rivers' creditors to make concessions will maintain and improve Big Rivers' credit metrics?
    b. Is it Mr. Kollen's position that a rate increase designed to force Big Rivers' creditors to make concessions will maintain and improve Big Rivers' credit rating?

RESPONSE:

a. The rate increase is only one component of a comprehensive plan to address and resolve the Company's problems. The KIUC Rate Plan is designed to provide an equitable balance between the Company's creditors and customers. KIUC also recommends that the Company retain professional advisors to assess restructuring alternatives, some of which may require creditor concessions, some of which may require restructuring the Company itself, such as a merger, and some of which may require asset sales at less than net book value.

b. Please refer to the response to part (a) of this question.

Answer provided by Lane Kollen.

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16. Refer to the Direct Testimony of Lane Kollen at page 37, where Mr. Kollen states, "In contrast, the stranded costs resulting from market changes typically are shared among impacted parties." Please provide each example upon which Mr. Kollen relies for this statement, any other basis for this statement, and any relevant Kentucky statutes, regulations, or Commission orders that support this assertion.

RESPONSE:

Refer to Mr. Kollen's Direct Testimony in Case No. 2012-00535, p. 6, line 15 thru p. 7, line 14.

Answer provided by Counsel.

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17. Refer to the Direct Testimony of Lane Kollen at page 48, where Mr. Kollen states, "However, during the period when the plants are shutdown, there will be no loss in service value." Please provide the basis for this statement and all studies and other documents upon which Mr. Kollen relied in making this statement. Provide the professional qualifications of Mr. Kollen upon which he relies to qualify him to give such an opinion.

RESPONSE:

Refer to the Direct Testimony of Lane Kollen at pages 49-50 wherein he cites the support for his statement, including the testimony of Big Rivers depreciation expert, Mr. Ted Kelly, in previous proceedings. Mr. Kollen's professional qualifications are provided on his Exhibit___(LK-1).

Answer provided by Lane Kollen.

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18. Refer to the Direct Testimony of Lane Kollen at page 48, lines 21-28.

a. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "decay?" If so, please explain.

b. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "action of the elements?" If so, please explain.

c. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "inadequacy?" If so, please explain.

d. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "obsolescence?" If so, please explain.

e. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "changes in the art?" If so, please explain.

f. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "changes in demand?" If so, please explain.

g. Is it Mr. Kollen's position that an idled plant cannot suffer a loss in service value due to "requirements of public authorities?" If so, please explain.

RESPONSE:

a - g. Depreciation is defined in the RUS USOA as the loss in service value, not restored by current maintenance, due to the factors listed in parts (a) through (g) of this question. Service value in turn is defined as the sum of the original cost plus cost of removal. According to the USOA, the loss in service value from these factors should be considered in the determination of the depreciation rates and the resulting depreciation expense. That is why the depreciation study typically considers the manner in which the plant is operated, maintenance, future capital investment, and operating hours, among other factors. Loss in service value in this context should not be considered equivalent to loss in recovery for ratemaking purposes or a loss in market value.

Answer provided by Lane Kollen.

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19. Refer to the Direct Testimony of Lane Kollen at page 53. Please provide a copy of the referenced NARUC Depreciation Manual.

RESPONSE:

Mr. Kollen cannot provide a copy of the entire NARUC Depreciation Manual without permission from the publisher. It may be available for purchase from NARUC or other sources.

Answer provided by Lane Kollen.

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20. Refer to the Direct Testimony of Lane Kollen at page 56.

a. Please provide all pleadings or other documents in which Northern States Power Company made the referenced proposal, and provide all orders or other documents which reflect that the Administrative Law Judge "accepted the Company's offer."

b. Please provide all pleadings, orders, and other documents filed in the proceeding cited in footnote 13 on page 56 of Mr. Kollen's testimony that address the referenced proposal to defer depreciation expense.

RESPONSE:

The requested information is available publically on the Minnesota Public Utilities Commission website at the proceeding cite referenced in footnote 13 on page 56 of Mr. Kollen's testimony.

Answer provided by Lane Kollen.

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21. Refer to the Direct Testimony of Lane Kollen at page 59. Did KIUC argue in Case No. 2013-00221 that Century should be required to pay the depreciation expense on Coleman while Coleman was in must run status? If so, please provide all citations to the record in Case No. 2013-00221 where KIUC made such an argument.

RESPONSE:

No. The MISO SSR Agreement was not finalized until after the Commission issued its Order in Case No. 2013-00221. The specific costs recoverable through the SSR Agreement were not identified or quantified in Case No. 2013-00221.

Answer provided by Lane Kollen.

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22. Refer to the Direct Testimony of Lane Kollen at page 59, line 20. Please explain the basis for the percentages cited therein, and provide all workpapers, calculations, and other documents used in the derivation of those percentages. Provide the documents in electronic format with formulas intact.

RESPONSE:

Mr. Kollen described the computations in his Direct Testimony page 71, lines 16-18. Mr. Kollen obtained the data for the computations from Tab 59 in the Company's filing in Case No. 2012-00535. There are no workpapers.

Answer provided by Lane Kollen.

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23. Refer to the Direct Testimony of Lane Kollen at pages 65-66. Please confirm that the referenced effects of the MATS capital expenditures are not included in Big Rivers' proposed base rates because the effects of any MATS capital expenditures would be included in the Big Rivers' environmental surcharge.

RESPONSE:

Confirmed.

Answer provided by Lane Kollen.

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24. Refer to the Direct Testimony of Lane Kollen at page 69. Please explain how the KIUC Rate Plan "will capture the deferral and amortization expense if the cost is incurred or the savings if the cost is not incurred."

RESPONSE:

The KIUC Rate Plan trues-up the actual expense recorded compared to the amount projected in the Company's filing so that the Company earns a 1.24 TIER. Thus, if the Commission allows the amortization expense associated with these projected deferrals, but the Company does not actually incur the costs, there are no deferrals, and there is no amortization expense, then the savings will be captured in a lower drawdown of the Reserve funds to achieve the 1.24 TIER. Likewise, if the Commission does not allow the amortization expense, but the Company actually incurs the costs, defers them, and there is an amortization expense, then the increase in expense will be captured in a greater drawdown of the Reserve funds to achieve the 1.24 TIER.

Answer provided by Lane Kollen.

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25. Refer to the Direct Testimony of Lane Kollen at page 73.

a. Please provide the basis of Mr. Kollen's assertion that the effect of his recommendation is that the reserve funds will be depleted in early February 2015, provide all supporting documents, and provide all supporting calculations in electronic format with formulas intact.

b. Please explain the statement, "That is because only one of the KIUC recommendations will affect the depletion of that Reserve fund, i.e., the adjustment to reflect a sharing of the stranded fixed costs associated with excess capacity with the creditors."

c. Please explain why Mr. Kollen's recommendation with respect to Case No. 2012-00535 does not affect the depletion of the reserve funds, given that KIUC also recommends that Big Rivers be able to draw from the reserve funds to maintain a 1.24 TIER.

d. Please explain why Mr. Kollen's recommendation with respect to transmission revenues from Century Hawesville and Century Sebree does not affect the depletion of the reserve funds, given that KIUC also recommends that Big Rivers be able to draw from the reserve funds to maintain a 1.24 TIER.

e. Please explain why each of Mr. Kollen's other recommendations does not affect the depletion of the reserve funds, given that KIUC also recommends that Big Rivers be able to draw from the reserve funds to maintain a 1.24 TIER.

RESPONSE:

a. The Rural Reserve Fund depletes at approximately $11 million per month if Large Industrial customers are included. Under the KIUC Rate Plan, the Company's would not recover $18.786 million due to excess capacity. That would accelerate the depletion of the RER to the end of December 2014 or beginning of January 2015. The reference to early February 2015 was in error. There are no workpapers.

b. Please refer to pages 73-74 of Mr. Kollen's Direct Testimony.

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c. Mr. Kollen did not assume that the Commission would adopt the KIUC recommendations in Case No. 2012-00535 in this analysis. The Commission had not yet issued its Order in Case No. 2012-00535 when KIUC filed its testimony in this case.

d. In this proceeding, the Company assumed that Coleman would be shut down on or before February 1, 2014. Consequently, the transmission revenue would not be offset against Century's obligation to reimburse Big Rivers for the SSR costs after that date.

e. Please refer to pages 73-74 of Mr. Kollen's Direct Testimony.

Answer provided by Lane Kollen.

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26. Please describe in detail Mr. Kollen's experience in directly advising, managing, or placing debt in the capital markets.

RESPONSE:

Mr. Kollen worked closely with the Treasury Department personnel while employed at The Toledo Edison Company regarding the timing and size of new debt issuances. Mr. Kollen assisted in similar work for other utilities while employed as a consultant by Energy Management Associates. In addition, Mr. Kollen has been involved in and testified in numerous utility financing and debt securitization proceedings, including several before the Kentucky Public Service Commission.

Answer provided by Lane Kollen.

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27. Please describe in detail Mr. Kollen's experience in appearing before the rating agencies.

RESPONSE:

Mr. Kollen has addressed the financial metrics used and debt ratings issued by the rating agencies in numerous proceedings. Mr. Kollen has not met in person with or appeared before the personnel employed by the ratings agencies, although he and other consultants employed by J. Kennedy and Associates, Inc. have had telephone conversations with analysts employed by the ratings agencies from time to time.

Answer provided by Lane Kollen.

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28. Please provide any analysis KIUC has performed of the impact of the reduced equity, margins, and available collateral that would result from Big Rivers retiring its Wilson and Coleman generating stations on Big Rivers' ability to borrow and on the interest rate Big Rivers would pay if it were able to borrow.

RESPONSE:

KIUC has not performed the analyses described in the question.

Answer provided by Lane Kollen.

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29. Please provide Exhibit LK-13 in electronic format with all formulas intact.

RESPONSE:

Please see the worksheet tab entitled "MATS Capex" on the attached file entitled "*KIUC Adjust BREC Rev Req 2013-00199.xls*"

Answer provided by Lane Kollen.

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30. Please provide a copy of all documents showing communications between you and any representative of another intervenor regarding, arising out of, or related to this case.

RESPONSE:

Mr. Kollen has no documents that are responsive to the question.

Answer provided by Lane Kollen.

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31. Please provide a copy of all documents showing communications between or among any of KIUC, Aleris, Domtar, Kimberly Clark, and your witnesses regarding, arising out of, or related to this case.

RESPONSE:

See response to Q.2.

Answer provided by Lane Kollen.

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32. Please provide a copy of all documents showing communications between or among you, your witnesses, and any person not a party to this case regarding, arising out of, or related to this case.

RESPONSE:

Mr. Kollen has no documents that are responsive to the question.

Answer provided by Lane Kollen.

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33. Refer to the Direct Testimony of Kelly Thomas at page 5. Please describe the investment options Aleris is considering and the length of time Aleris has been considering each option. Has Aleris made a determination to deny any investment options at the Aleris Hawesville facility as a result of the rates Big Rivers is proposing in this case? Provide all communications and other documents evidencing all such determinations, and provide all communications and other documents evidencing or supporting the time period the investment options have been under consideration.

RESPONSE:

As part of Aleris' strategic planning process, Aleris is continually investigating, analyzing and debating ways in which to make its Lewisport facility more profitable. Those opportunities may include improvements to equipment and processes, the development and introduction of new and improved product offerings and the fostering of new customer relationships. In particular, industry experts believe that the transportation and automotive industries, among others, will utilize significantly more aluminum in the coming years than in years past. Aleris is actively considering its role in this expected growth in demand for the types of aluminum produced at mills such as Aleris' Lewisport mill. At this time, Aleris has neither denied or approved any investment options at the Lewisport facility due in large part to the uncertainty surrounding this and anticipated future rate cases.

Answer provided by Kelly Thomas.

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34. Provide the effective, all-in power rate, by electric service provider, of each Aleris facility for each of the last three calendar years, excluding any revenue or credit due to self-generation.

RESPONSE:

Please see the testimony of KIUC witness Mr. Kollen at page 29. Big Rivers' generating capacity is 1,819 mw. With the smelters its native load is 1,478 mw. Without the smelters its native load is 628 mw. The fixed costs of all 1,819 mw of capacity are included in this rate case.

Answer provided by Kelly Thomas.

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35. Refer to the Direct Testimony of Bill Cummings at page 4, where Mr. Cummings states that the rate increases requested by Big Rivers "could disadvantage [the Owensboro Mill] in relation to competing Kimberly-Clark mills and discourage future Kimberly-Clark investment in the Owensboro Mill." Please list all investment decisions that Kimberly-Clark has changed because of the rate increase proposed by Big Rivers in this case. Provide all communications and other documents evidencing such decisions.

RESPONSE:

At this point no investment decisions have bypassed K-C Owensboro Mill. K-C leadership is aware of the approximate 25% rate increase effective August 20, 2013 and this second rate increase filing which, together with the increases in the FAC, ECR, and other riders, could bring the total cumulative rate increase of more than 105% by February 2014.

Answer provided by Bill Cummings.

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36. Refer to the Direct Testimony of Bill Cummings at page 6, lines 13-15. Please describe each of the referenced energy efficiency projects Kimberly-Clark has determined to complete, identify the cost of the project and the date when the project will be complete, and provide the expected reduction in energy usage from the project.

RESPONSE:

The below list of energy efficiency projects details the type and estimated capital investment and energy savings for each project.

[redacted]

Answer provided by Bill Cummings.

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37. Please provide the amount of power in MWh that Domtar cogenerated for each month in 2012 and 2013, excluding Backup Power. Provide the monthly production cost of such cogenerated power for each month in 2012 and 2013, excluding Backup Power. Provide the amount of power in MWh that Domtar purchased from Kenergy Corp. for each month in 2012 and 2013, excluding Backup Power. Provide the monthly cost of such purchased power for each month in 2012 and 2013, excluding Backup Power. Provide the amount of Backup Power in MWh that Domtar purchased for each month in 2012 and 2013. Provide the monthly production cost of such Backup Power for each month in 2012 and 2013. Provide all supporting documents, workpapers, assumptions, and calculations.

RESPONSE:

Objection. This request is unduly burdensome because it would be extremely difficult to provide the "cost" of Domtar's cogenerated power as Domtar's primary fuel is spent pulp-cooking liquor that is recycled as part of the process.

Objection. This request seeks information that is not relevant.

Answer provided by Steve Henry.

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38. Please produce the following information regarding each of the company affiliates whose power costs are discussed in the testimonies of the testifying representatives of Aleris, Domtar, and Kimberly Clark:

a. Location of each facility.

b. Power supplier to each facility.

c. Effective date of the rates for electric service identified in the representative's testimony.

d. The current power cost of each facility, both including and excluding self-generation.

e. Any proposed electric rate increases by the electric utility serving each facility and the estimated percentage of the increase being sought.

RESPONSE:

a-e DOMTAR RESPONSE:

[redacted]

a-e. ALERIS RESPONSE: The Testimony submitted by Ms. Thomas does not reference other Aleris affiliates or facilities.

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a-e KIMBERLY CLARK RESPONSE: K-C's power cost increase approximately 25% after the first rate case and could increase by a total cumulative 106% after this second rate case takes effect. Owensboro Mill will then have the highest power price of any K-C US tissue mill.

Answer provided by Bill Cummings, Steve Henry and Kelly Thomas.

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39. Please provide the percentage of the production cost of the Aleris Hawesville facility that is represented by the cost of retail electric service from Kenergy Corp. in each month of the years 2012 and 2013.

RESPONSE:

[redacted]

Answer provided by Kelly Thomas.

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40. Please provide the percentage of the production cost of the Domtar Hawesville facility that is represented by the cost of retail electric service from Kenergy Corp. in each month of the years 2012 and 2013.

RESPONSE:

[redacted]

[redacted]

Answer provided by Steve Henry.

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41. Please provide the percentage of the production cost of the Kimberly-Clark Owensboro mill that is represented by the cost of retail electric service from Kenergy Corp. in each month of the years 2012 and 2013.

RESPONSE:

See response for item 4b.

Answer provided by Bill Cummings.

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42. For each of Aleris, Domtar, and Kimberly Clark, please provide the "all-in" effective electrical rates each paid during each year 2010, 2011, 2012, and year-to-date 2013 at their respective plants in the United States that are comparable to those described in their testimonies, both including and excluding self-generation.

RESPONSE:

DOMTAR'S RESPONSE:

[redacted]

ALERIS RESPONSE:

[redacted]

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[redacted]

KIMBERLY CLARK RESPONSE: See response to items 38.

Answer provided by Bill Cummings, Steve Henry and Kelly Thomas.

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43. Please refer to the Direct Testimony of Steve Henry at page 8, where Mr. Henry states, "These rate increases jeopardize access to what should be Hawesville's share of corporate capital funding for projects needed to keep our manufacturing processes both modern and competitive."

a. Please provide all communications and other documents that support this statement.

b. Please clarify whether the referenced "increases" refers to only the rate changes sought in Big Rivers' application in this matter.

c. Has Domtar reduced, planned to reduce, or announced a reduction in "Hawesville's share of corporate capital funding" as a result of the rate changes at issue in this proceeding?

d. Please quantify the amount that "should be Hawesville's share of corporate capital funding for projects needed to keep our manufacturing processes both modern and competitive," and please explain whether the cost of electricity is the sole determinant in that decision. If electricity cost is but one component, please identify all other components that are considered in that decision-making process.

RESPONSE:

a. No documents exist.

b. The referenced "these increases" refers to the previous electric rate case due to the Century smelter contract termindation and this current case. In addition, there will be an automatic rate increase once the economic reserve is depleted and the MSRM credit ends.

c. Domtar has not announced any changes in capital funding changes for the pending rate case. Increased costs of any kind, electric or otherwise, makes it more difficult to compete for future capital investment.

d. Domtar's Hawesville capital needs vary year to year based on asset integrity, safety, regulatory, quality, and other capital needs. The cost of electricity is not the sole determinant in capital decisions. Domtar takes a multifaceted look at capital requests based on regulatory needs, criticality, return on investment, and

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strategic value of facility. Increased electricity costs weaken the value proposition for future capital, but it is not the sole determinant.

Answer provided by Steve Henry.

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44. Please provide all employee newsletters and similar documents related to production expanses or reductions, capital investments, energy costs, or energy usage at the Domtar Hawesville facility since January 1, 2010.

RESPONSE:

Objection. The information sought is not relevant.

Answer provided by Steve Henry.

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45. Please provide a comparison of all budgeted and actual Operating and Maintenance and Capital expenditures for the Domtar Hawesville facility for the past three calendar years.

RESPONSE:

Objection. The information sought is not relevant.

Answer provided by Counsel.

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46. Refer to the Direct Testimony of Philip Hayet at page 5. Is it Mr. Hayet's position that if the Commission adopts KIUC's recommendations, Big Rivers will be on "solid financial footing?" If so, please provide all analyses and studies performed by Mr. Hayet supporting that position.

RESPONSE:

No. That will require a comprehensive resolution of the Company's problems. KIUC recommends that the Company retain professional advisors to identify and review alternatives under the supervision of the Commission. Refer to Mr. Kollen's Direct Testimony.

Answer provided by Philip Hayet.

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47. Please provide all analyses and studies Mr. Hayet has performed regarding the impact of KIUC's proposals on Big Rivers' ability to borrow or on the interest rates Big Rivers would pay if it is able to borrow. Explain in detail all assumptions upon which Mr. Hayet relied in developing such analyses and studies.

RESPONSE:

Neither Mr. Hayet nor any other KIUC witness has made any assumptions regarding the Company's ability to borrow or on interest rates other than those reflected in the Company's test year and corporate financial model provided in response to PSC 1-57.

Answer provided by Philip Hayet and Lane Kollen.

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48. Please provide all analyses and studies Mr. Hayet has performed regarding the impact of retiring the Wilson and Coleman generating stations on Big Rivers' ability to borrow or on the interest rates Big Rivers would pay if it is able to borrow.

RESPONSE:

Mr. Hayet has not conducted such analyses and studies.

Answer provided by Philip Hayet.

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49. Refer to the Direct Testimony of Philip Hayet at page 8, lines 4-7. Refer to the statement that "becoming a merchant generator has proven quite challenging for the most sophisticated and well financed companies..." Please provide a list of utility companies for which becoming a merchant generator has proven challenging, explain why that is the case, and provide support for this assertion.

RESPONSE:

Mr. Hayet is aware that several companies that have operated as merchant generators have experienced difficulties, and he is aware that due to the challenges they encountered, they had to declare bankruptcy. Since about 2001, this has included Mirant, Enron, NRG, Dynegy, Calpine, and AES Eastern Energy.

Answer provided by Philip Hayet.

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50. Refer to the Direct Testimony of Philip Hayet at page 11, lines 15-16, where Mr. Hayet states, "The impact on coal generation costs will far exceed the benefit of increased market sales revenues." Please provide the basis and support for this statement.

RESPONSE:

Mr. Hayet bases this statement on his experience that LMP based energy costs tend to be highly correlated to natural gas prices, and he also bases this statement on his experience of having reviewed market price forecasts that were derived with and without CO2 prices factored in. For example in the recent Kentucky Power Mitchell proceeding, AEP developed market price forecasts with and without CO2 costs included (See Company witness Scott Weaver's Exhibit SCW-3, filed December 19, 2012, Case No. 2012-00578). Furthermore, Mr. Hayet's view that CO2 should be accounted for in some way in utility planning studies is supported by a recent Synapse Report, entitled "2013 Carbon Dioxide Price Forecast".[1] Page 9 of the report indicates that utilities that have to make decisions regarding generating unit operation, expansion, and retirements should consider the impacts of performance standards that may be imposed for new and existing coal-fired sources. The report states that:

> Enforcement of the Clean Air Act creates an opportunity cost of greenhouse gas abatement: prudent utilities will take Clean Air Act compliance into consideration in their planning, either explicitly as a maximum allowable emissions rate, or implicitly as an effective carbon price.

Mr. Hayet believes that while market prices will be influenced by consideration of CO_2 costs, the impacts on individual generating units on a relative percentage basis will be much greater, and Mr. Hayet has considered a reasonable impact of carbon prices on market prices and generation production costs in his analysis.

Answer provided by Philip Hayet.

[1] http://www.synapse-energy.com/Downloads/SynapseReport.2013-11.0.2013-Carbon-Forecast.13-098.pdf

COMMONWEALTH OF KENTUCKY
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51. Refer to the Direct Testimony of Philip Hayet at page 31, lines 14-16. Please explain in detail the basis for Mr. Hayet's assumption that "the $/MWH impact on market prices would be half of the $/MWH impact on coal generating units," and provide all supporting studies and other documents.

RESPONSE:

In the same AEP exhibit referenced in the prior data response, there was, about a 13% increase in the on-peak market energy price in the case with CO2 costs compared to the case without CO2 costs in 2030, and about a 19% increase for the same comparison using the off-peak market energy price. Mr. Hayet's approach led to market prices with CO2 costs averaging to about 15% greater over all hours compared to what they were without consideration of CO2 costs. Mr. Hayet believed that was reasonable for purposes of the analyses he performed.

Answer provided by Philip Hayet.

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52. Refer to the Direct Testimony of Philip Hayet at page 32.
    a. Please describe the software used to develop the referenced production cost summary and each sensitivity; identify what licenses are required to run the software; and identify the software vendor.
    b. Provide the production cost summary and each sensitivity in electronic format with all formulas intact.
    c. Provide all inputs, outputs, input files, and output files, in electronic format with all formulas intact, used in the development of the production cost summary and each sensitivity.

RESPONSE:

a. Excel, which requires a license from Microsoft.

b. Please see the attached files entitled "*52-b CO2 Analysis – CONFIDENTIAL*".

c. Please see the attached files entitled "*52-c Report PCM – Big Rivers PCM Run 4-22-13 (2013-2027) – CONFIDENTIAL*".

Answer provided by Philip Hayet.

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53. Please explain whether Mr. Hayet's production cost summary and sensitivities include the impact on market prices from each of the following potential regulations: CCR, Cooling Water Intake, a successor to CSAPR, and fracking. If so, explain the methodology used to determine the impact of those potential regulations, identify where in the analysis those impacts are shown, and provide all supporting documents and calculations.

RESPONSE:

Mr. Hayet did not include impacts on market prices from the factors mentioned. Even if he did, it is likely that these factors would have offsetting impacts. First, it is possible that CCR and Cooling Water Intake regulations would have little on-going impacts on market prices, and second, if CSAPR regulations were imposed, those regulations might result in higher market prices, while if additional fracking occurs, that might result in driving market prices lower.

Answer provided by Philip Hayet.

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54. Please explain whether Mr. Hayet's production cost summary and sensitivities include the impact on fuel prices (and, therefore, market prices) from increased exports of natural gas. If so, explain the methodology used to determine the impact of this possibility, identify where in the analysis those impacts are shown, and provide all supporting documents and calculations.

RESPONSE:

Mr. Hayet believes that Big Rivers' market price forecast already included impacts from increased exports of natural gas. Mr. Hayet did not factor in anything beyond this.

Answer provided by Philip Hayet.

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KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S RESPONSE TO BIG RIVERS ELECTRIC CORPORATION'S FIRST REQUEST FOR INFORMATION

55. Please explain whether Mr. Hayet's production cost summary and sensitivities include the impact on fuel prices (and, therefore, market prices) from an increasing incidence of coal-fired generating plants converting to or being replaced by natural-gas fired generating plants. If so, explain the methodology used to determine the impact of this possibility, identify where in the analysis those impacts are show, and provide all supporting documents and calculations.

RESPONSE:

Mr. Hayet believes that Big Rivers' market price forecast already included impacts of an increasing incidence of coal-fired generating plants converting to or being replaced by natural-gas-fired generating plants. Mr. Hayet did not factor in anything beyond this.

Answer provided by Philip Hayet.

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KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S RESPONSE TO BIG RIVERS ELECTRIC CORPORATION'S FIRST REQUEST FOR INFORMATION

56. Are one of more of Domtar, Kimberly Clark, and Aleris involved in any discussions concerning proposed legislation that may be developed and introduced in the 2014 regular session of the Kentucky General Assembly that arises out of, relates to, or concerns electric service to their respective Kentucky facilities? If so, please describe in detail those discussions, and provide a copy of any documents that are related in any respect to those discussions.

RESPONSE:

Domtar, Kimberly Clark, and Aleris are not involved in any discussions concerning proposed legislation that may be developed and introduced in the 2014 regular session of the Kentucky General Assembly that arises out of, relates to, or concerns electric service to their respective Kentucky.

Answer provided by Counsel.