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JUL 03 2013

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

July 2, 2013

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

Re: Case No. 2013-00221

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s FIRST SET OF DATA REQUESTS TO BIG RIVERS ELECTRIC CORPORATION for filing in the above-referenced matter.

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.

BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service
Quang Nyugen, Esq.
Richard Raff, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by U.S. Mail, unless other noted, this 2nd day of July, 2013 to the following:



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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF: JOINT APPLICATION OF
KENERGY CORP. AND BIG RIVERS ELECTRIC
CORPORATION FOR APPROVAL OF CONTRACTS
AND FOR A DECLARATORY ORDER

:
:
:
:
:

Case No. 2013-00221

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s
FIRST SET OF DATA REQUESTS
TO
BIG RIVERS ELECTRIC CORPORATION**

Dated: July 2, 2013

DEFINITIONS

1. "Document(s)" is used in its customary broad sense and includes electronic mail and all written, typed, printed, electronic, computerized, recorded or graphic statements, memoranda, reports, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.
2. "Correspondence" is used in its customary broad sense and includes electronic email, including all attachments, and all written mail, messages and communications between the persons or parties named in the request.
3. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion whether preliminary or final, and whether or not referred to in Big Rivers' direct testimony.
4. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.
5. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
6. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
7. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it.
8. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
9. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
10. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
11. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
12. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
13. "BREC" means Big Rivers Electric Corporation and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
14. "RUS" means the United States of America, Department of Agriculture, Rural Utilities Service and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total Company as well as Intrastate data, unless otherwise requested.

**FIRST SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO BIG RIVERS ELECTRIC CORPORATION
2013-00221**

- Q.1-1. Refer to page 29 lines 13-14 of Mr. Berry's Direct Testimony wherein states that the Century will pay Big Rivers for MISO charges that include "SSR costs relating to that [Hawesville] node."
- a. Please confirm that MISO may designate only one Coleman unit as an SSR or as many as all three of the Coleman units as SSRs. Please describe how MISO will make the decision on how many units and which units to designate as SSRs.
 - b. If the Company is required by MISO to continue operation of only one or two of the Coleman units as SSRs, then does the Company plan to idle the other units?
 - c. Please list and describe the specific costs that MISO will reimburse Big Rivers ("make whole payments") if MISO designates one or more of the Coleman units as SSRs.
 - d. Provide a quantification of the make whole payments for Coleman from MISO to reimburse Big Rivers if MISO designates one or more of the Coleman units as SSRs based on the test year costs included in the Company's revenue requirement in Case No. 2012-00535. Provide this information by unit. Provide a copy of all workpapers and source documents, including, but not limited to, electronic spreadsheets with formulas intact.
 - e. Please provide a quantification of the specific costs for Coleman that MISO will not reimburse Big Rivers for if MISO designates one or more of the Coleman units as SSRs based on the test year costs included in the Company's revenue requirement in Case No. 2012-00535. Provide this information by unit. Provide a copy of all workpapers and source documents, including, but not limited to, electronic spreadsheets with formulas intact.
 - f. Please provide a quantification of the specific costs for Coleman by unit and plant that are included in the Company's revenue requirement in Case No. 2012-00535 and a quantification of the costs that can be avoided for each unit that is idled. Provide a copy of all workpapers and source documents, including, but not limited to, electronic spreadsheets with formulas intact.
 - g. Please explain specifically how and from whom MISO will recover the make whole payments made to Big Rivers for the Coleman units designated as SSRs. Explain how these costs will be allocated to and recovered from each relevant Local Balancing Area, LSE or node.
 - h. Please confirm that under the MISO Attachment Y-2 Study Report, 91.63% of the Coleman SSR costs will be allocated to and recovered from Big Rivers. If this is not correct, then please explain the significance of the 91.63% set forth in Table 2 of the Report.

- i. Will the Hawesville node be considered an LBA? Please explain why or why not.
- Q.1-2. Refer to page 5 lines 9-11 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states that Big Rivers converted its Attachment Y-2 into an Attachment Y, seeking permission to idle the Coleman Station.
- a. Please provide a copy of the Company's Attachment Y-2.
 - b. Please indicate when the Company expects to obtain a decision on the Attachment Y-2 request.
- Q.1-3. Refer to page 5 lines 12-17 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he provides three reasons why it is appropriate for Big Rivers to idle Coleman Station, one of which is that Coleman has higher fuel costs than other Big Rivers units.
- a. If one or more of the Coleman units are designated as SSRs, then how will this affect the fuel costs included in and recoverable from customers through the Company's FAC?
 - b. Please provide a quantification of the effect on the fuel costs included in the Company's FAC and recoverable from customers if one or more of the Coleman units are designated as SSRs for the entirety of the test year in Case No. 2012-00535.
 - c. Please explain how the MISO make whole payments compensate Big Rivers for these increased fuel costs and whether the compensation reflects dollar for dollar recovery.
 - d. If one or more of the Coleman units are designated as SSRs, then how will this affect the environmental consumables included in and recoverable from customers through the Company's environmental surcharge rider?
 - e. Please provide a quantification of the effect on the environmental consumables included in the Company's environmental surcharge rider and recoverable from customers if one or more of the Coleman units are designated as SSRs for the entirety of the test year in Case No. 2012-00535.
- Q.1-4. Refer to page 5 lines 12-17 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he provides three reasons why it is appropriate for Big Rivers to idle Coleman Station, one of which is that Coleman has the least amount of pollution control equipment installed.
- a. Please explain why this is a reason to idle Coleman Station and how this affects the decision to idle Coleman Station.
 - b. If Big Rivers idles one or more of the Coleman units, does Big Rivers plan to defer the installation of any of the pollution control equipment previously approved by the Commission for recover through the environmental surcharge rider? If it does not plan to do so, then please explain why it should not defer these capital expenditures unless and until the unit is needed for service at some later date in the future.

- Q.1-5. Refer to page 5 lines 18-22 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states that whether Coleman is idled or Big Rivers is required to operate Coleman as an SSR, "*it will not cause a meaningful financial impact on the rate adjustment Big Rivers seeks in this proceeding.*" Please describe and provide a copy of all analyses that supports this statement.
- Q.1-6. Refer to page 18 lines 13-16 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states that "[u]nder the SSR status, MISO retains the revenue from the Coleman generation to help offset the operation cost so that, essentially, Coleman will not be part of Big Rivers' portfolio."
- a. Please explain how it is that MISO retains the revenue from the Coleman generation.
 - b. Please describe how the revenue is quantified, under what markets the revenue is obtained, and how that is reflected in the MISO make whole payments to Big Rivers.
- Q.1-7. Refer to page 19 lines 17-22 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states that the Commission should address the costs and revenues related to Century in Case No. 2013-00221. Mr. Berry further states that "*Century has agreed to pay Big Rivers for any additional out-of-pocket costs it incurs or commits to in connection with the Century Transaction*".
- a. Please list and describe each of the costs that Century has agreed to pay Big Rivers and the revenues that Century will provide Big Rivers.
 - b. Please describe how the Company and Century will quantify each of the costs and revenues identified in response to part (a) of this question.
 - c. Please provide a quantification of each of the costs that Big Rivers will incur and the related revenues that Century will pay to Big Rivers in the test year used in Case No. 2012-00535. Please quantify the effect of each of these costs and revenues on the revenue requirement in Case No. 2012-00535.
 - d. Please confirm that if the Wilson Station and the Coleman Station continue to operate, then Big Rivers will not incur severance costs and that the claimed revenue requirement in Case No. 2012-00535 should be reduced to remove the severance-related amortization estimated to idle the Wilson Station.
 - e. Please confirm that the MISO make whole payments will not provide recovery of capital expenditures at the Coleman Station.
 - f. Please confirm that the designation of the Coleman units as SSRs will not reduce or eliminate the market price risk associated the generation from those units.
- Q.1-8. Refer to page 7 lines 15-18 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states: "*MISO, through an SSR, will not pay for interest, depreciation, property tax, or property insurance for an SSR unit. MISO clearly states that an entity would incur those costs regardless of whether the unit was being used for reliability purposes.*" Please provide a copy of the MISO tariffs and all other source documents relied on for these assertions.

Q.1-9. Refer to page 7 line 22 through page 8 line 2 of Mr. Berry's Rebuttal Testimony in Case No. 2012-00535 wherein he states: "*Century – not Big Rivers or its members – will pay for all costs not reimbursed to Big Rivers related to operating the Coleman Station under SSR status.*"

- a. Please provide all support for the referenced statement.
- b. Please identify all costs that Big Rivers will incur, operating and capital, that Century will not pay for if Coleman is designated an SSR.

Q.1-10. Refer to page 44 lines 4-13 of Mr. Berry's Direct Testimony wherein he states the following:

"Offsetting transmission revenue against Century's SSR Costs obligation is reasonable as proposed in the Transaction documents because it will potentially allow the Hawesville Smelter to remain in operation until it can install equipment to eliminate the SSR condition at the Coleman Station. Big Rivers would have received no transmission revenue from Century if it had terminated smelting operations at the Hawesville Smelter. The advantage Kenergy and Big Rivers negotiated in the Century Transaction is that Big Rivers will receive the Century transmission revenue if and when there is no requirement for a SSR Agreement."

- a. Please explain how offsetting the transmission revenue against Century's SSR Costs obligation will allow the Hawesville Smelter to remain in operation. Please be specific.
- b. Please explain why Big Rivers and its non-Smelter customers should not retain the Century transmission revenues regardless of whether the Coleman units are designated as SSRs.
- c. Please confirm that the SSR costs are actual costs that Big Rivers will incur due to the operation of the Coleman units as SSRs.
- d. Please provide all other reasons why the Company believes that offsetting the transmission revenue against Century's SSR Costs obligation is reasonable.

Q.1-11. Please provide a copy of all correspondence and documents between BREC and Century since January 1, 2012 relating to Century market access and/or the contracts that BREC seeks approval of in this proceeding.

Q.1-12. See the Application of Kenergy and Big Rivers at Section III, Item 9 on page 5, which states that all legal authority for Kenergy to provide electric service to the Hawesville Smelter will terminate on August 20, 2013.

- a. Does Kenergy take the position that the existing Smelter Tariff under which electric service is provided to the Hawesville Smelter co-terminates with the termination of the 2009 Retail Electric Services Agreement between Kenergy and Century? If so, what is the basis for Kenergy to provide continuing electric service to the Sebree Smelter? Explain Kenergy's position in detail, citing applicable law.

- b. Does Kenergy take the position that the Smelter Tariff will no longer be available to Century upon the termination of the 2009 Retail Electric Services Agreement between Kenergy and Century? If so, explain Kenergy's position in detail, citing applicable laws or regulations.
- c. Does Kenergy take the position that if it has no legal authority or obligation to provide electric service to the Hawesville Smelter on or after August 20, 2013, Century would have the right to seek electric service from another electric supplier? If not, explain Kenergy's position in detail, citing applicable laws or regulations.

Q.1-13. See the Application of Kenergy and Big Rivers at Section IV, Item 15(c) beginning at page 12.

- a. Cite all applicable sections of the Loan Contract between Big Rivers and RUS under which RUS holds the right of approval for the Century Transaction.
- b. Cite all applicable sections of the Loan Contract between Big Rivers and RUS that set forth the schedule for RUS to decide upon approval of the Century Transaction, including the right of RUS to defer its decision in this matter.
- c. Provide copies of all written communications between Big Rivers and RUS addressing the proposed Century Transaction or the relationship between Century Transaction and the credit enhancement plan that Big Rivers submitted to RUS pursuant to the terms of the Loan Contract between Big Rivers and the RUS.
- d. State whether Big Rivers' management believes that RUS' decision to approve or decline to approve the proposed Century Transaction will be influenced by the decision of the Commission in the pending Case No. 2012-00535.
- e. Does Kenergy take the position that if RUS approval of the Century Transaction is not granted by August 19, 2013, Kenergy should have the right to disconnect electric service to a retail customer located within its franchise service territory? Explain Kenergy's position in detail, citing applicable laws or regulations.
- f. Describe in detail the creditor agreement default issue, citing the applicable sections of the Amended and Restated Revolving Credit Agreement between Big Rivers and the National Rural Utilities Cooperative Finance Corporation ("CFC") that could prevent Big Rivers from entering into the Century Transaction.
- g. Provide copies of all written communications between Big Rivers and CFC from August 19, 2012, to the present that address or discuss the creditor agreement default issue.
- h. State whether Big Rivers' management believes that the resolution of the creditor agreement default issue between Big Rivers and CFC will depend upon or be influenced by the decision of the Commission in the pending Case No. 2012-00535.

- i. Does Kenergy take the position that if the creditor agreement default issue between Big Rivers and CFC prevents Big Rivers from entering into the Century Transaction by August 19, 2013, Kenergy should have the right to disconnect electric service to a retail customer located within its franchise service territory? Explain Kenergy's position in detail, citing applicable laws or regulations.

- Q.1-14. If Big Rivers were unable to obtain the approval of RUS for the Century Transactions, or if Big Rivers were unable to enter into the Century Transactions upon a failure to resolve the existing creditor agreement default issue between Big Rivers and CFC, does Kenergy believe that the proposed Century Transaction could be restructured with a Member of MISO other than Big Rivers? Explain in detail whether such a restructuring with a Member of MISO other than Big Rivers would be possible.
- Q.1-15. Assuming the consent of Century, would Kenergy and Big Rivers be willing to agree to a temporary extension of the existing Retail Electric Services Agreement and the existing Wholesale Electric Service Agreement for the purposes of (a) allowing the Commission more time to examine the implications of the proposed Century Transaction, and (b) allowing time for Big Rivers to obtain the approval of RUS and to resolve the credit agreement default issue with CFC?
- Q.1-16. Does Kenergy contemplate that the Commission would retain regulatory oversight over the pricing and other contractual terms of a Bilateral Agreement between Kenergy and a third party Market Participant? If so, explain whether the necessity of obtaining Commission approval of a Bilateral Agreement would adversely affect the ability of the Hawesville Smelter to obtain market based pricing.
- Q.1-17. If Big Rivers were to be successful in selling Plant Wilson, how would that action affect the "must run" status of Plant Coleman or otherwise affect the economic drivers that are embedded in the proposed Century Transaction? Do the documents in the proposed Century Transaction provide for appropriate modifications in terms and conditions upon a sale of Plant Wilson by Big Rivers? If not, why not?
- Q.1-18. If Big Rivers were to be successful in selling Plant Coleman, how would that action affect the "must run" status of Plant Coleman or otherwise affect the economic drivers that are embedded in the proposed Century Transaction? Do the documents in the proposed Century Transaction provide for appropriate modifications in terms and conditions upon a sale of Plant Coleman by Big Rivers? If not, why not?
- Q.1-19. Explain in detail the purpose of the proposed Capacitor Agreement among Big Rivers, Kenergy and Century. Such explanation should address (a) whether the terms and conditions of the Capacitor Agreement will be effective if Plant Coleman is running or only if Plant Coleman is not running, (b) whether the existence of the contemplated capacitors at the Hawesville Smelter will affect the "must-run" status of Plant Coleman, (c) whether the existence of the contemplated capacitors will affect the costs that Century would be expected to bear with respect to Plant Coleman, (d) the implications for capacitor related costs if Big Rivers were to sell Plant Wilson, and (e) the implications for capacitor related costs if Big Rivers were to sell Plant Coleman.

- Q.1-20. For Kenergy customers who are presently provided MISO power on a backup basis, will their access to MISO backup power be adversely impacted in any way by the Kenergy-Century agreement - with or without the Coleman Station in operation?
- Q.1-21. For Kenergy customers who are presently provided MISO power on a backup basis, will these customers see any increased MISO costs as a result of SSR costs being socialized?
- Q.1-22. For Kenergy customers who are presently provided MISO power on a backup basis, will these customers see any increased MISO costs not related to SSR as a result of the Kenergy-Century agreement?

Respectfully submitted,



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Kurt J. Boehm, Esq.

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July 2, 2013

**COUNSEL FOR KENTUCKY INDUSTRIAL
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