

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC	)	
CORPORATION FOR AN APPROVAL OF ITS	)	
2012 ENVIRONMENTAL COMPLIANCE PLAN,	)	
FOR APPROVAL OF ITS AMENDED	)	CASE NO.
ENVIRONMENTAL COST RECOVERY	)	2012-00063
SURCHARGE TARIFF, FOR CERTIFICATES OF	)	
PUBLIC CONVENIENCE AND NECESSITY,	)	
AND FOR AUTHORITY TO ESTABLISH A	)	
REGULATORY ACCOUNT	)	

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 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 August 6, 2012. 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 response 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 the Direct Testimony of Stephen J. Baron ("Baron Testimony"), Baron Exhibit\_(SJB-2) which was filed under petition for confidentiality. Provide this Exhibit for the years 2017 and 2018.

2. Refer to the Baron Testimony, Baron Exhibit\_(SJB-3) which was filed under petition for confidential treatment.

a. Explain how the 2016 Base Case Revenues were derived. Include in your response specific cell references to the Big Rivers Financial Forecast (2012-2026) Base Case which was filed on June 14, 2012 under petition for confidential treatment.

b. Confirm that this exhibit shows that, under the KIUC proposal, the Rural Economic Reserve would be depleted by \$3,387,759 more in 2016 than under Big Rivers' proposal.

c. Provide this Exhibit for the years 2017 and 2018.

3. Refer to the Direct Testimony of Lane Kollen (“Kollen Testimony”) at pages 8-9, wherein Mr. Kollen provides factors that he believes weigh against environmental compliance Projects 4 (Wilson Unit 1 scrubber) and 5 (Green Unit 2 SCR) included in the Build Case but not in the Buy Case. On page 9, Mr. Kollen lists one of the factors as being “the flexibility that the Buy Case affords the Commission to subsequently revisit the Build alternative if the economics support such a decision in the future.” Is Mr. Kollen suggesting that Big Rivers should buy power and mothball the Wilson and Green units? If yes, what costs does Mr. Kollen believe would be associated with mothballing the plants?

4. Refer to the Kollen Testimony at pages 17 and 18. Provide Mr. Kollen’s definition of fixed production maintenance expense as discussed here. Include examples of fixed production maintenance expenses as defined here. Identify fixed production maintenance expenses that could be reduced by 25 percent in the event of the loss of smelter load.

5. Refer to the Kollen Testimony at page 18, line 5. Provide all support for the \$133 million reduction in net present value that would result from a 25 percent reduction in fixed production maintenance expense.

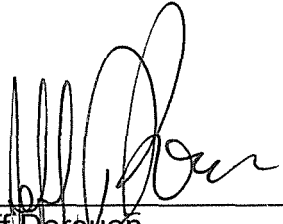
6. Refer to the Kollen Testimony at page 23, lines 8-13. Reference is made to average rate increases for the rural and large industrial classes of 69 percent under the Build Scenario and the Smelters terminating their contracts and 84 percent increase under the Buy Scenario and the Smelters terminating their contracts. Provide all support for these percentage increases.

7. State fully and succinctly the KIUC recommendation. If the KIUC recommendation is for Big Rivers to forego Projects 4 and 5 of its proposed environmental compliance plan and instead pursue the Buy Scenario, would KIUC agree that the Buy Scenario is not without risk? Does KIUC have any suggestions on ways to mitigate some of the risk associated with pursuing the Buy Scenario?

8. Refer to the Kollen Testimony, page 29, lines 12 thru 15. Did KIUC consider the likely commodity, equipment and labor cost increases associated with the delay of Projects 4 and 5? If so, provide an estimate of the potential increases and provide support for the estimates.

9. Refer to pages 30-31 of the Kollen Testimony at which Mr. Kollen discusses Big Rivers' credit rating. Is Mr. Kollen aware that Fitch Ratings recently reaffirmed Big Rivers BBB-rating on the \$83.3 million County of Ohio, Kentucky's pollution control refunding revenue bonds series 2010A?

10. Refer to the Direct Testimony of Philip Hayet ("Hayet Testimony"), pages 21 and 22. Provide electronic versions of the analysis used to prepare the tables on pages 21 and 22 of the Hayet Testimony. List all assumptions and identify all data sources used in the analysis.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED       JUL 30 2012      

cc: Parties of Record

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