

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL TO TRANSFER FUNCTIONAL CONTROL OF ITS TRANSMISSION SYSTEM TO MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.)	CASE NO.
)	2010-00043
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DATA REQUEST OF COMMISSION STAFF
TO BIG RIVERS ELECTRIC CORPORATION

Big Rivers Electric Corporation ("Big Rivers"), pursuant to 807 KAR 5:001, is to file with the Commission the original and nine copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 7, 2010. 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 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.

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

Careful attention should 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the Direct Testimony of Mark A. Bailey at page 13.
 - a. Has Big Rivers found any new options to satisfy its Contingency Reserve Obligations on a long term basis since the original filing?
 - b. If so, identify and describe those options.
2. Refer to the Direct Testimony of Clair J. Moeller at page 19.
 - a. Will the Midwest Independent Transmission System Operator ("Midwest ISO") seek to include grandfathered agreement ("GFA") load in transmission cost allocation in the July 2010 filing with the Federal Energy Regulatory Commission ("FERC")?
 - b. Are there any other changes that will be proposed in the July 2010 FERC filing that will impact Big Rivers? If yes, explain and quantify the cost to Big Rivers.

3. Refer to the Direct Testimony of Ralph L. Luciani (“Luciani Testimony”) at page 5.

a. What discount rate was utilized to determine the net present values (net benefits) in the benefit analyses?

b. Explain how the discount rate was computed.

4. Refer to the Luciani Testimony at page 30.

a. Since the original filing, have any of the uncertainties mentioned in the testimony been quantified?

b. If yes, provide the financial implications for Big Rivers, including the cost of exit fees.

5. A March 15, 2010 article in *Electric Utility Week*, p.35, states that FERC released an initial decision that, if affirmed by the full commission, could help clear the path for 60 municipal systems to join Midwest ISO. If all municipal systems join Midwest ISO, what operational and financial impacts would this have on Big Rivers?

6. Assuming Big Rivers becomes a member of the Midwest ISO, will Big Rivers be obligated to pay a share of any transmission projects that were approved prior to Big Rivers’ membership? If yes, explain in detail the total estimated cost of the approved transmission projects and the derivation of Big Rivers’ share.

7. Provide an estimate of the amount that Big Rivers would have been obligated to pay for any transmission projects approved by the Midwest ISO in 2009 if Big Rivers had been a member for all of 2009. Include an explanation of how this estimate was calculated.

8. If Big Rivers becomes a Midwest ISO member and later withdraws, explain the basis, the amount, and the derivation of any financial obligation for Big Rivers arising from:

- a. Transmission projects that were approved by the Midwest ISO prior to Big Rivers' membership;
- b. Transmission projects that were approved by the Midwest ISO during the time of Big Rivers' membership; and
- c. Any non-transmission capital project or expenditure.

9. Refer to pages 37 – 38 of the Direct Testimony of David G. Crockett ("Crockett Testimony"). Provide the cost of the Reserves Agreement under which Big Rivers will satisfy its contingency reserve obligation during the period January 1, 2010 to September 1, 2010.

10. Page 42 of the Crockett Testimony states that firm power and transmission contracts in effect as of a certain date might be eligible to be "grandfathered." Describe the specific transmission contracts that might be eligible for this "grandfather" status.

11. Provide a detailed explanation of the process for obtaining approval by FERC of grandfathered transmission contracts. Include a description of the criteria used to determine the eligibility for being grandfathered and state whether or not each of the Big Rivers contracts is likely to be grandfathered.

12. If an existing transmission contract is grandfathered, will it continue in that status indefinitely? If no, explain the time limit on such status.

13. If the existing transmission contracts are not grandfathered, explain the operational and financial implications to Big Rivers and to the other parties to the contracts.

14. Explain the amount and derivation of any application fees or entry fees that Big Rivers will be obligated to pay as a condition of joining the Midwest ISO.

15. Provide an estimate of the relative net revenues that Big Rivers could expect to receive in 2011 from selling its surplus energy into the Midwest ISO day-ahead energy market as a Midwest ISO member. Provide the same information if Big Rivers is a market participant but not a Midwest ISO member. If the revenues would be the same or essentially the same under either scenario, explain the reasons why.

16. In the event that Big Rivers purchases energy in the Midwest ISO day-ahead market, provide an estimate, with supporting calculations and explanation, of the cost to Big Rivers as a Midwest ISO member. Provide the same information if Big Rivers is a market participant but not a Midwest ISO member. If the costs would be the same or essentially the same under either scenario, explain the reasons why.

17. Refer to pages 7 – 9 of the Direct Testimony of C. William Blackburn concerning the costs Big Rivers is estimated to incur due to becoming a member of the Midwest ISO and the impact those costs will have on its financial condition.

a. The answer at lines 9 – 12 on page 9 of the testimony reflects Mr. Blackburn's belief that the estimated additional costs Big Rivers will incur as a member of the Midwest ISO will not prevent it from meeting the "[t]ests required under its credit agreements" and will not necessitate an immediate rate adjustment for Big Rivers.

Explain whether this belief is based exclusively on the estimates provided by Mr. Ralph L. Luciani in his testimony and exhibits submitted as Exhibit 4 of Big Rivers' application.

b. Provide any quantitative or economic analysis relied upon by Mr. Blackburn, if any, other than that provided by Mr. Luciani in forming his belief as stated at lines 9 – 12 on page 9 of his testimony.

c. At page 15 of its application in Case No. 2009-00441¹ currently pending before the Commission, Big Rivers states that it currently projects margins of \$6.20 million for 2010, and \$4.79 million for 2011. Explain whether these projected margins are based on Big Rivers becoming a member of the Midwest ISO effective September 1, 2010. If they are not so based, provide the projected margins that are based on such membership.

d. Big Rivers application in Case No. 2009-00441 also states that its Indenture to U.S. National Bank Association, Trustee, First Mortgage Obligations, provides that Big Rivers must maintain a "margins for interest ratio of 1.10." Explain whether this has the same meaning as a 1.10 Times Interest Earned Ratio.

18. Explain in detail the Midwest ISO's proposed tariff to allow Aggregators of Retail Customers ("ARC") to sell demand response directly into the Midwest ISO market without first offering that demand response to the customers' Load Serving Entity ("LSE"). Include with this explanation a discussion of the amount and basis for the compensation to be paid to an ARC, as well as the compensation or cost to the LSE.

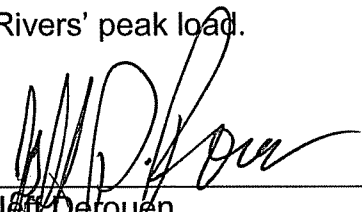
¹ Case No. 2009-00441, Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness, filed November 13, 2009.

19. When does the Midwest ISO anticipate its proposed ARC tariff to be approved by the FERC?

20. Explain the extent to which the recent FERC decision to initiate an investigation of issues relating to demand response indicates that Midwest ISO's proposed methodology for compensating ARCs will not be approved as proposed.

21. Will any of Big Rivers' customers, including but not limited to the two aluminum smelters, be eligible to participate in the ARC tariff as proposed by Midwest ISO? If no, explain which customers will not be eligible to participate and the reasons for their non-eligibility. If yes, explain the approvals, if any, that an ARC must receive from either Big Rivers or this Commission to participate under the Midwest ISO demand response tariff as proposed.

22. Explain in detail the operational and financial impacts to Big Rivers if retail customers on its system elect to participate as ARCs. The explanation should include a discussion of all relevant factors, including participation by customers with a low level of consumption, participation by customers with a high level of consumption, participation by customers at times that do not coincide with Big Rivers' peak load, and participation by customers at times that do coincide with Big Rivers' peak load.



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