COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATIONS OF BIG RIVERS ELECTRIC CORPORATION FOR: (I) APPROVAL OF WHOLESALE TARIFF ADDITIONS FOR BIG RIVERS ELECTRIC CORPORATION, (II) APPROVAL OF TRANSACTIONS, (III) APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS, AND (IV) APPROVAL OF AMENDMENTS TO CONTRACTS; AND OF E.ON U.S., LLC, WESTERN KENTUCKY ENERGY CORP., AND LG&E ENERGY MARKETING, INC. FOR APPROVAL OF TRANSACTIONS	)	CASE NO. 2007-00455

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST 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 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 6, 2008. 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 responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests 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 January 31, 2008 Errata Filing to the Application ("January 31 Errata"). Concerning Exhibit A to the Alcan and Century Retail Electric Service Agreements and Exhibit A to the Alcan and Century Wholesale Electric Service Agreements:

a. Explain the purpose or function of Exhibit A.

b. Identify the source of all data in Exhibit A where "Assumption" is listed in the column labeled "Derivation." Explain why each assumption is reasonable.

c. Provide all supporting schedules referenced in the "Derivation" column.

2. Refer to the January 31 Errata, Appendix A to the Alcan and Century Retail Electric Service Agreements, the Non-FAC Purchased Power Adjustment Factor ("Non-FAC PPA"), and Appendix A to the Alcan and Century Wholesale Electric Service Agreements, Non-FAC PPA.

a. Absent the Non-FAC PPA, explain how Big Rivers would normally recover the costs of purchased power not otherwise recoverable under the Fuel Adjustment Clause ("FAC").

b. Explain in detail why Big Rivers, Alcan, and Century concluded that the proposed Non-FAC PPA was necessary.

c. Explain how the Purchased Power Base of $0.00175 was determined.

d. The proposed Non-FAC PPA appears to be modeled in a manner similar to the FAC. Explain why that approach was followed for the Non-FAC PPA.

e. Explain why the proposed Non-FAC PPA does not include periodic reviews of the mechanism.

3. Refer to the January 31 Errata, Appendix B to the Alcan and Century Wholesale Electric Service Agreements, the proposed Big Rivers Bylaw Provisions.

a. Provide a comparison of the current version of Big Rivers' Bylaws with the proposed provisions. Explain in detail the reason(s) for each change between the current and proposed provisions.

b. Prepare a sample calculation that compares how patronage capital is currently allocated to patrons and how patronage capital would be allocated to patrons under the proposed provisions.

4. Refer to the response to the Commission Staff's First Data Request dated February 1, 2008 ("Staff First Request"), Item 1.

a. The responses to Item 1(c)(3) and 1(c)(4) make reference to Big Rivers and E.ON U.S. LLC filing a "pre-merger notification." Explain what pre-merger notification is required in conjunction with the Unwind Transaction.

b. Provide the current status of the February 7, 2008 ruling requests from the Kentucky Department of Revenue.

c. Describe what has been done as of the date of the response to this data request concerning the International Brotherhood of Electrical Workers' contracts.

5. Refer to the response to the Staff First Request, Item 3. Based upon this response, there are documents relating to the Unwind Transaction which still have not been submitted for Commission review. Provide the date by which Big Rivers anticipates submitting all documents to the Commission associated with the Unwind Transaction.

6. Refer to the response to the Staff First Request, Item 8(b).

a. Based upon this response, after the completion of the Unwind Transaction will the capital items listed in the response to Item 8(a) be reflected on Big Rivers' books at original cost with a corresponding amount of accumulated deprecation?

b. Is the accounting treatment described by Big Rivers in the response to Item 8(b) consistent with the Rural Utilities Service ("RUS") Uniform System of Accounts ("USoA")? Include citations to the appropriate sections of the RUS USoA.

7. Refer to the response to the Staff First Request, Item 12(b). The response did not adequately address the question. Concerning the Unwind Model as

filed in the Application, pages 3 and 4 of 37, Big Rivers was asked to explain in detail why the Times Interest Earned Ratio ("TIER") Related Rebate, as shown on lines 45, 66, and 96, and the TIER Adjustment on line 89 were fixed inputted amounts rather than formula-driven amounts based on the terms and conditions of the applicable Smelter contract provisions. The response describes revisions to the January 31 Errata version of the Unwind Model and the version of the Unwind Model provided in response to Items 10 and 12. Provide the originally requested information.

8. Refer to the following versions of the Unwind Model: the original version submitted with the Application ("12.28.07 Version"), the January 31 Errata version ("01.31.08 Version"), and the version supplied in the response to the Staff First Request, Item 12(b) ("02.14.08 Version").

a. Explain why references to carbon taxes and carbon allowance cost have been included in the 02.14.08 Version, at page 5, lines 122 and 123; page 7, lines 189 and 190; and page 38, lines 514 through 516.

b. Refer to page 12 for all three versions of the Unwind Model. Explain why the smelter sales for Century and Alcan, shown on lines 2 and 3, are different in the 01.31.08 Version compared to the other two versions of the Unwind Model.

c. Refer to page 14 of the 02.14.08 Version. Explain why this page does not appear in the hard copies of the other two versions of the Unwind Model.

d. Refer to page 32 of the 12.28.07 Version and 01.13.08 Version and page 33 of the 02.14.08 Version. Explain in detail why the TWH and MW sales for

Alcan and Century are not the same in all three versions of the Unwind Model. Indicate which set of TWH and MW sales levels are correct.

e. Refer to pages 23 and 28 of the 02.14.08 Version. Explain why the book depreciation for income tax purposes was figured at 60 years, as shown on page 28, when the depreciation years shown on page 23 start at 52 years and decline to 37 years. In addition, would Big Rivers agree that using 60 years rather than the years shown on page 23 would result in larger balances for deferred income taxes? Explain the response.

f. Which version of the Unwind Model most accurately reflects Big Rivers' expectations and recommendations in conjunction with the Unwind Transaction? Include the reason(s) why the selected version is considered the most accurate.

9. Refer to the response to the Staff First Request, Item 15, and Big Rivers' response to the Attorney General's Initial Request for Information dated February 1, 2008 ("AG's Initial Request"), Item 5.

a. Given the current situation in financial markets, how likely does Big Rivers believe it is that the mix of debt instruments as reflected in the 02.14.08 Version reflects what will actually be undertaken in conjunction with the Unwind Transaction?

b. Given the current situation in financial markets, would the alternative discussed by Big Rivers in the response to the AG's Initial Request, Item 5 be a more likely financing option? Explain the response.

10. Refer to the response to the Staff First Request, Item 16(b).

a. Reconcile the annual sales data for 2006 and 2007 with the response to Item 12(b), the 02.14.08 Version of the Unwind Model, Input section, annual sales data for 2006 and 2007, shown on page 33. Explain in detail any differences between the sales data.

b. Provide a version of the schedule shown in the response to Item 16(b) which includes the anticipated annual sales for 2008 through 2011 for these sales groups as shown in the 02.14.08 Version of the Unwind Model. For each sales group, include the percentage change in annual sales from year to year for all the years included in the revised schedule.

c. Given the annual sales trends shown for the period 2000 through 2007 for the class groups, explain why the annual sales levels incorporated into the Unwind Model for 2008 through 2011 are reasonable.

11. Refer to the response to the Staff First Request, Item 25. Does Big Rivers believe the depreciation reserve ratios provided in this response are higher than or lower than what would be considered "normal" depreciation reserve ratios for a generating and transmission cooperative? Explain the response.

12. Refer to the response to the Staff First Request, Item 26. Provide the following accounting entries made to Big Rivers' books relating to the Coleman Scrubber:

a. Entries when the Coleman Scrubber was placed into service in January 2007.

b. Entries, if any, required at the end of calendar year 2007.

c. Entries expected to be made in conjunction with the consummation of the Unwind Transaction. For purposes of this response, assume the Unwind Transaction is completed on April 30, 2008.

13. Refer to the response to the Staff First Request, Item 28.

a. Does Big Rivers agree that the RUS USoA provides that utilities owning emission allowances shall account for those allowances at cost?

b. Does Big Rivers agree that while the market value of the 14,000 sulfur dioxide ("SO_2") emission allowances may represent a portion of the consideration being provided by E.ON to Big Rivers as part of the Unwind Transaction, the market value does not necessarily reflect the cost of those emission allowances? Explain the response.

14. Refer to the response to the Staff First Request, Item 33(d). In this response Big Rivers states, "It did not want to utilize its limited resources to complete a study that might not be needed." Big Rivers' last depreciation study was completed in 1998. Given the date of the last depreciation study, would Big Rivers agree it should have been planning for, and probably undertaking, a new depreciation study, regardless of whether the Unwind Transaction occurred or not? Explain the response.

15. Refer to the response to the Staff First Request, Item 34.

a. If Big Rivers does not establish regulatory assets and regulatory liability accounts for its non-Smelter customers, would Big Rivers need to propose for those customers a tariff rider similar to the Non-FAC PPA Factor included in the proposed Alcan and Century Retail and Wholesale Electric Service Agreements? Explain the response.

b. The Non-FAC PPA included in the Alcan and Century Retail and Wholesale Electric Service Agreements does not appear to include a periodic review of the mechanism by the Commission. If Big Rivers were to utilize a Non-FAC PPA for the non-Smelter customers, would Big Rivers agree that period reviews would be desirable? Explain the response.

16. Refer to the response to the Staff First Request, Item 35(b).

a. Provide a yearly reconciliation of the Market Sales shown in this response with the "Other" annual sales shown in the response to Item 16(b).

b. Provide a reconciliation of the Market Sales shown in this response for 2006 and 2007 with the off-system sales shown in the response to Item 12(b), the 02.14.08 Version of the Unwind Model, page 33.

17. Refer to the response to the Staff First Request, Item 43(c).

a. In responding to Item 43(c), explain why Big Rivers assumed it would sell banked SO_2 emission allowances after 2012.

b. Does Big Rivers agree that all SO_2 emission allowances awarded to it by the Environmental Protection Agency carry a zero cost? If no, provide the cost of these allowances and explain in detail how the cost was determined.

c. From a long-term planning perspective, which of the following scenarios would be more reasonable:

(1) Bank the SO_2 emission allowances and have them available for utilization in future years and not being subject to price fluctuations in the allowance market.

(2) Selling allowances as reflected in the Unwind Model and then buying allowances in the future and being subject to price fluctuations in the allowance market.

18. Refer to E.ON's response to the AG's Initial Request, Item 134.

a. On pages 66 and 67 of 68 of the "WKE Multi Pollutant Plan Study" are a series of recommendations concerning environmental compliance issues.

(1) Was Big Rivers aware of this study and its recommendations?

(2) If Big Rivers knows, indicate which of these recommendations were implemented by E.ON and WKE and the dates of implementation.

b. On page 14 of 62 of the "Un-regulated Generation (WKE) Multi-pollutant Position Report and Proposed Compliance Plan" is a discussion of the possible lay-up or permanent shut-down of Reid Unit 1.

(1) Was Big Rivers aware that E.ON and WKE had considered shutting down Reid Unit 1 as early as 2009?

(2) Assuming that the Unwind Transaction is consummated, what are Big Rivers' long-term plans concerning the utilization of Reid Unit 1?

19. Refer to the response to the Staff First Request, Item 38. Big Rivers states that there are no regular full-time WKE employees other than those in the Henderson, Kentucky headquarters and at the generating plants.

a. Where is the fuel procurement function presently located?

b. Explain whether the employees that currently perform the fuel procurement function are WKE employees. If not, by whom are they employed?

c. Explain whether the employees currently performing the fuel procurement function for WKE will become employees of Big Rivers.

20. Refer to the Smelters' response to Staff First Request, Item 4. Will the $46 million in energy efficiency projects planned by Century result in a change in Century's peak demand, total energy consumption, or load factor? If yes:

a. Explain in detail how Big Rivers has considered the impact of that change in the formulation of the power contract with Century.

b. Explain in detail whether that change has been incorporated into Big Rivers' financial model, and state how it has been incorporated.

21. Refer to your response to Staff First Request, Item 40, the February 6, 2008 report from Hill & Associates, page 8. Explain in detail the actions that Big Rivers has taken to date, or will take, to implement the recommendation regarding the barges and the identities of the entities providing the barging services.

22. Refer to the response to Staff First Request, Item 46. Big Rivers states that the base fuel cost is an integral part of the negotiations among Big Rivers, its Members, and the Smelters.

a. Explain the importance of the base fuel cost to the negotiations other than determining the amount of the Economic Reserve.

b. On page 15 of Exhibit 25 of the application, Big Rivers states that the financial model used to evaluate the unwind arrangement with E.ON, the agreements with the Smelters, and Big Rivers' financing plan are predicated on the immediate implementation of an FAC with a fuel cost of $.01662 per kWh, which is different from the average actual fuel burn of WKE for 2007, which is shown in Big Rivers' response to Item 46 of Staff's First Request. Explain why a negotiated fuel cost was used, rather than WKE's actual incurred cost.

c. Utilizing the 02.14.08 Version of the Unwind Model, provide a rerun which reflects an additional $5.90 per MWh of fuel cost included in base rates so that for the second half of 2008 the FAC is zero.

23. Has Big Rivers received or does it expect to receive as part of the proposed unwind transaction anything of value that is not fully and completely set forth in the Big Rivers' Unwind Model? If yes, explain in detail.

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DATED: February 25, 2008

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