

BOEHM, KURTZ & LOWRY

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Via Overnight Mail

April 11, 2012

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

RECEIVED

APR 12 2012

PUBLIC SERVICE
COMMISSION

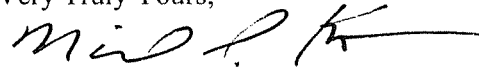
Re: Case No. 2012-00119

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.

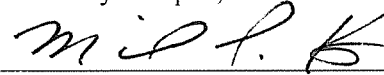
BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service
Richard Raff, Esq.
David C. Brown, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) or by mailing a true and correct copy by overnight mail, unless other noted, this 11TH day of April, 2012 to the following



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

Honorable James M Miller
Sullivan, Mountjoy, Stainback & Miller, PSC
100 St. Ann Street
P.O. Box 727
Owensboro, KY 42302-0727

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

In The Matter Of: The Application Of Big Rivers Electric Corporation :
For Approval to Issue Evidences of Indebtedness : Case No. 2012-00119

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

Dated: April 11, 2012

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. "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.
3. 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.
4. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
5. 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.
6. 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.
7. 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.
8. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
9. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
10. 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.
11. "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.
12. "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.
13. "CoBank" means CoBank, ACB and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
14. "CFC" means National Rural Utilities Cooperative Finance Cooperation and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
15. "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
Case No. 2012-00119**

- Q1-1. Provide a copy of all correspondence between BREC and CoBank regarding the transactions described in the Application.
- Q1-2. Provide a copy of all correspondence between BREC and CFC regarding the transactions described in the Application.
- Q1-3. Provide a copy of all correspondence between BREC and RUS regarding the transactions described in the Application.
- Q1-4. Provide a copy of all correspondence between BREC and Goldman Sachs regarding the transactions described in the Application.
- Q1-5. Provide a copy of all correspondence internally within BREC regarding the transactions described in the Application.
- Q1-6. Provide a copy of all studies, analyses, and correspondence that considered or addressed various financing alternatives, including the alternative selected and presented in this proceeding.
- Q1-7. Provide a copy of BREC's 2011 Annual Report as soon as it is available. If the 2011 Annual Report is not available, provide a copy of BREC's audited financial statements for 2011.
- Q1-8. Provide a copy of BREC's RUS Form 12 (inclusive of all schedules) for the year ended December 31, 2011.
- Q1-9. Provide copies of BREC's RUS Form 12 (inclusive of all schedules) for the periods ended February 29, 2012 and March 31, 2012 (if not yet available, provide as soon as it become available).
- Q1-10. Provide a copy of BREC's current By-Laws, marked to show all amendments, modifications, deletions or additions since January 19, 2007.
- Q1-11. Provide copies of the following documents referenced in BREC's First Supplemental Indenture dated as of June 1, 2010: (a) the First Mortgage Note, Series 2010A, (b) the 2010 Indenture, (c) the 2010 Financing Agreement, and (c) the Series 2010A Bonds.
- Q1-12. Provide copies of any and all agreements or contracts, or any modifications or amendments to any existing agreements or contracts, that have been entered into by BREC, or are contemplated to be entered into by BREC, related to or in conjunction with BREC's proposed new indebtedness to CoBank and CFC, with: (a) RUS, (b) any entity providing credit or liquidity support to either the Series 2010A Bonds, or the \$58.8 million in Series 1983 Pollution Control Bonds, (c) any investment banking institution, or (d) any other party.
- Q1-13. Provide copies of the most recent ratings letter and accompanying discussion of its most current rating from each of the three credit rating agencies that have issued a credit rating to BREC.
- Q1-14. Provide copies of all correspondence between BREC and each of the three credit rating agencies that have been exchanged since the date of issuance of each rating agency's most recent ratings letter applicable to BREC.

- Q1-15. Provide copies of all reports or presentations that have been prepared by BREC since January 1, 2011, for use by or presentation to any credit rating agency, investment banking institution, investment advisory service, credit support institution or institutional investment group or entity.
- Q1-16. Provide copies of all correspondence between BREC and Goldman Sachs, or between BREC and any other investment banking institution or any other investment advisory entity, with respect to the possible issuance by BREC of negotiable or non-negotiable first mortgage bonds or other evidences of long term indebtedness, and the terms and conditions, including pricing of such instruments, that BREC's institutional advisors believe could likely be achieved by BREC upon the issuance of such indebtedness.
- Q1-17. Provide from your records or the records of your investment advisor, Goldman Sachs, a list that is as comprehensive as possible of all first mortgage bonds and pollution control bonds that have been publicly issued or privately placed since January 1, 2010, by electric utilities in the United States (inclusive of investor owned, municipal, or cooperative electric utilities) that carry credit ratings in the BBB or Baa category. Such list should show the issuance date, the maturity date, the amount, and the interest rate on each debt obligation.
- Q1-18. Indicate whether the interest rates contemplated to be paid by BREC on its term indebtedness to CoBank and CFC are comparable to the interest rates that are paid by electric utilities that carry comparable institutional credit ratings. If the interest rates to be paid by BREC on the indebtedness to CoBank and CFC are higher than those of its rating peer group, please explain in detail the reasons for such interest rate differentials.
- Q1-19. Explain in narrative form why BREC is proposing to issue term debt to and through CoBank and CFC rather than to undertake market based issuances of indebtedness?
- Q1-20. Explain in narrative form why BREC proposes to use the proceeds from its issuance of indebtedness to CoBank and CFC to reduce the outstanding balance of the RUS Series A Note, bearing an interest rate of 5.75%, instead of reducing in whole or in part the outstanding balance on the Series 201A Bonds, bearing an interest rate of 6.00%.
- Q1-21. Explain in narrative form whether BREC believes, and the reasons underlying such beliefs, that BREC will be able to finance its capital expenditures for environmental compliance and, if so, how BREC plans to structure that financing.
- Q1-22. Explain in narrative form how the subject refinancing will affect BREC's capacity to finance, or the cost to finance, its anticipated capital expenditures for environmental compliance. Please include in your answer BREC's plans for this financing.
- Q1-23. Explain in narrative form whether BREC believes, and the reasons underlying such beliefs, that future issuances of debt that may be necessary to fund BREC's capital expenditures for environmental compliance can be obtained at an interest rate lower than 5.75%, the interest rate on the RUS Series A Note. (a) If BREC believes that the interest rate on future debt issuances to fund environmentally related capital expenditures will be less than 5.75%, then explain why BREC believes that new environmentally related debt can be issued at interest rates lower than the Series 2010A Bonds. (b) If BREC believes that the interest rate on future debt issuances to fund environmentally related capital expenditures will be greater than 5.75%, then explain why BREC intends to use the preponderance of the proceeds of its CoBank and CFC borrowings to reduce the principal balance of the RUS Series A Note (costing 5.75%) rather than to fund environmentally related capital expenditures (anticipated to cost greater than 5.75%).

Q1-24. With respect to BREC's RUS Series A Note:

- a. Show the stated amounts, the financial accounting amounts, the difference between the stated amounts and the financial accounting amounts, and the imputed interest rates for December 31, 2010 and 2011. If the imputed interest rate at December 31, 2011 was different than the imputed interest rate at December 31, 2010, please provide a complete explanation of such change.
- b. Assuming that BREC will use \$442 million in proceeds from the term debt to CoBank and CFC to reduce the RUS Series A Note to \$84.603 million, show the anticipated amounts as of December 31, 2012, for the stated amount, the financial accounting amount, and the imputed interest rate. If the imputed interest rate at December 31, 2012 will be different than the imputed interest rate at December 31, 2010, please provide a complete explanation of such change. If the imputed interest rate is unchanged from December 31, 2011 to December 31, 2012, please explain why the lower cost refunding of the RUS Series A Note does not cause a change in the imputed interest rate for financial accounting purposes.
- c. Explain why the imputed interest rate on the New RUS Promissory Note (bearing a stated interest rate of 5.75%) was 5.82%, while the imputed interest rate on the RUS Series A Note (the successor instrument to the New RUS Promissory Note, also bearing a stated interest rate of 5.75%) is 5.84%.
- d. Show the amount of the gain or loss that will be recognized by BREC for financial accounting purposes when \$442 million is paid to reduce the principal balance of the RUS Series A Note. If the imputed interest rate on the RUS Series A Note is changed because of the cost of the new debt with CoBank and CFC or for any other reason, please disaggregate the gain or loss to show the amounts attributable to (i) the debt repayment amount of \$442 million, and (ii) the change in the imputed interest rate. Also, explain whether this gain or loss will be expensed (a) during 2012, (b) over the remaining term of the RUS Series A Note, or (c) over the term of the debt issued to CoBank and CFC, and explain the reasoning for BREC's choice of accounting treatment for such gain or loss.

Q1-25. Please explain whether the lower cost refunding that BREC intends to obtain from CoBank and CFC, in part to make a significant reduction to the RUS Series A Note, will have any effect on the imputed interest rate used to calculate the balance of the RUS Series B Note for financial accounting purposes. If so, what change will occur in the financial accounting balance of the RUS Series B Note, and how will the gain or loss upon such change be handled for financial accounting purposes? If there will be no change, please explain why no change will occur to the imputed interest rate of the RUS Series B Note.

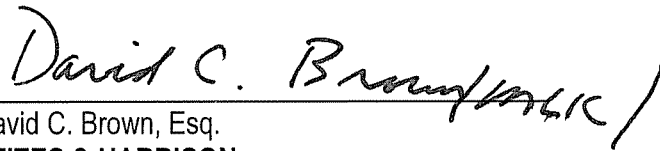
Q1-26. Provide a calculation of the net reduction in the smelter rate once financing is closed and for the next five years.

Respectfully submitted,



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**CO-COUNSEL FOR ALCAN PRIMARY PRODUCTS
CORPORATION**

April 11, 2012