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RECEIVED
MAR 26 2013
PUBLIC SERVICE
COMMISSION

Via Overnight Mail

March 25, 2013

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

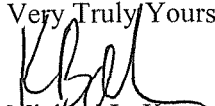
Re: Case No. 2012-00535

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of: 1) MOTION TO AMEND PUBLIC VERSION OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s SECOND SET OF DATA REQUESTS TO BIG RIVERS ELECTRIC CORPORATION; and 2) REDACTED VERSION of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S SECOND SET OF DATA REQUESTS TO BIG RIVERS ELECTRIC CORPORATION to be filed in the above-referenced docket. I also enclose a copy of the CONFIDENTIAL pages to be filed under seal.

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.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by mailing a true and correct copy by regular, U.S. Mail, unless other noted, this 25th day of March, 2013 to the following



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

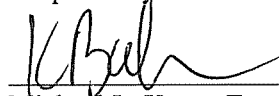
In The Matter Of: :
Application Of Big Rivers Electric Corporation For A : Case No. 2012-00535
General Adjustment In Rates :

MOTION TO AMEND PUBLIC VERSION OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s
SECOND SET OF DATA REQUESTS TO BIG RIVERS ELECTRIC CORPORATION

On March 14, 2013, Kentucky Industrial Utility Customers, Inc. ("KIUC") filed its Second Set of Data Requests to Big Rivers Electric Corporation ("Big Rivers"). Requests 2-37, 2-38 and 2-39 contain information that is subject to the pending Petition of Big Rivers for Confidential Protection that was filed with the Commission on February 28, 2013. KIUC should have filed Requests 2-37, 2-38 and 2-39 under seal and redacted the public version of these requests.

KIUC moves to amend its March 14, 2013 filing in order to correct this oversight. Attached is a REDACTED version of KIUC's 2nd Set of Data Requests to Big Rivers. This redacted version should replace the public version currently on file. Also attached are the CONFIDENTIAL pages of KIUC's 2nd Set of Data Requests to be filed under seal.

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

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**COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.**

March 25, 2013

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 26 2013

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF: THE APPLICATION OF BIG RIVERS
ELECTRIC CORPORATION FOR AN ADJUSTMENT OF
RATES

:
:
:
:
:

Case No. 2012-00535

REDACTED VERSION

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

Dated: March 14, 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.

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.

**SECOND SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO BIG RIVERS ELECTRIC CORPORATION
Case No. 2012-00535**

- Q2.1 Refer to the Company's response to Staff 2-14(b). Please provide the analysis relied on to respond to the question, including all electronic spreadsheets and all corporate financial model runs with formulas intact.
- Q2.2 Refer to second paragraph of the letter from RUS on pages 4 through 5 of the Company's response to Staff 2-15. What is the legal basis for the RUS demand, to the best of Big Rivers' knowledge? Does Big Rivers agree that RUS has the legal right to oversee its maintenance? If so, what is the legal basis for that right?
- Q2.3 Refer to the Company's response to Staff 2-21.
- a. Please confirm that the layup of Wilson by August 31, 2013 is not certain at this point in time.
 - b. At what date will the Company decide whether Wilson or one or more of the Coleman units will be laid up?
 - c. Backing up from the Century termination date, when will the Company need to finalize its plans for the Wilson lay up? When will it need to notify the Wilson employees under federal and state law?
 - d. When does the Company plan to layup Wilson if it proceeds with that plan?
 - e. When does the Company plan to layup one or more Coleman units if it does not proceed with the Wilson layup?
 - f. Please confirm that the Wilson unit operates at a lower fuel cost per kWh than the Coleman units and that if Wilson is laid up, the Company's fuel costs per kWh will increase, all else equal. Please provide a copy of all analyses performed by the Company that supports the response to this question
- Q2.4 Refer to the Company's response to Staff 2-32. Please provide the calculations in electronic format with formulas intact.
- Q2.5 Refer to page 14 of 17 of the Attachment to the Company's response to KIUC 1-4. Is the amount shown for the RUS 2009 Promissory Note – Series A of \$602,573,536 correct? If not, please provide the correct amount. Is the Company under any obligation to correct this semi-annual list of holder of obligations? If so, has the Company done so?
- Q2.6 Refer to page 17 of 31 of the Attachment to the Company's response to KIUC 1-5 wherein it states: "If Century load (~482 MW) went to zero, Big Rivers' charges for Sch26 and 26A would decrease significantly by a proportional amount. Correct."
- a. Please provide the Company's quantification of the reduction in the Schedule 26 and 26A charges if the "Century load . . . went to zero." Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact.
 - b. Please indicate whether the reduction quantified in response to part (a) of this question is reflected in the Company's revenue requirement, and if so, where it is reflected. If not, then please explain why it was not reflected and identify where the Company included the Schedule 26

and 26A charges and the total amount of these charges that was included in the revenue requirement.

- Q2.7 Refer to page 1 of 58 of the Attachment to the Company's response to KIUC 1-7. Please identify all incremental costs included in the Company's test year revenue requirement associated with the Smelters obtaining market access. This includes, but is not limited to, the need to operate the Coleman units and the layup of the Wilson unit instead of one or more of the Coleman units. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact.
- Q2.8 Refer to the Company's response to KIUC 1-20. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.9 Refer to the Company's response to KIUC 1-21. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.10 Refer to the Company's response to KIUC 1-22. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.11 Refer to the Company's response to KIUC 1-23. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.12 Refer to the Company's response to KIUC 1-27.
- a. Please indicate if Big Rivers has retained bankruptcy and/or restructuring counsel and/or consultants.
 - b. If the response to part (a) of this question is "yes," then identify the name of the firm(s) and individual(s) retained for this purpose and the date each firm/individual was retained.
 - c. Please indicate who retained each of the firm(s) and individual(s) identified in response to part (a) of this question, e.g., Big Rivers' management, Big Rivers' Board of Directors, outside counsel to Big Rivers.
 - d. For each of the firm(s) and individual(s) identified in response to part (a) of this question, please indicate if there is an engagement letter, purchase order, or correspondence associated with its (their) retention. If so, then please provide a copy of all such documents. If not, then please indicate how each such firm and individual were retained, the purpose of the retention, and the terms of the retention.
 - e. For each of the firm(s) and individual(s) identified in response to part (a) of this question, please provide the actual amount incurred by RUS expense account for each month from January 2012 through the most recent month for which actual data is available.
 - f. Please provide the amount for such expense included in the Company's test year expenses and revenue requirement. Provide a copy of all support for the amounts included in the test year revenue requirement.
 - g. Please indicate if the Company has deferred or plans to defer such expense.
 - h. If the Company or its counsel claim any privilege with respect to parts (a) through (g) of the question, then please state the specific information and the privilege that is claimed for that information and state specifically how the privilege is applicable and how the information requested intrudes upon or violates that privilege.

- i. Refer to the Company's response to AG 1-89(d) wherein it states that it "has not specifically engaged the services of any consultants to address the financial losses and load losses that may occur as a result of the Century and Alcan termination notices." Does this response include bankruptcy and/or restructuring counsel and/or consultants? Please provide a status report and whether the response and/or circumstances have changed.
- Q2.13 Refer to the Company's response to KIUC 1-29. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.14 Refer to the Company's response to KIUC 1-32. The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.15 Refer to the Company's response to KIUC 1-35.
- a. Is the Company's position that the magnitude of the rate increase sought in this proceeding will not result in reduced demand and lower energy sales to Rural and Large Industrial customers above and beyond the minimal reductions from the elasticity coefficient developed for the 2011 Load Forecast? Please explain your response.
 - b. Has the Company conducted a study or given consideration to the price elasticity of demand of the specific rate increase proposed in this case? If not, then please explain why the Company has not undertaken such a study and included the results in its test year revenues and expenses. If so, then provide a copy of the study, along with all supporting documentation, including, but not limited to, any electronic spreadsheets with formulas intact, all output reports used for any statistical analysis, and all source documents used to assess and determine the elasticity coefficient(s). In addition, provide a quantification of the decremental effect of the study elasticity coefficient on the Company's margins compared to the effects of the elasticity coefficient used in the test year filing projections (with net margins defined as gross revenues less variable expenses). Provide all assumptions, data, and computations, including electronic spreadsheets in support of the quantification of the decremental effect.
 - c. Please provide a copy of all internal and external correspondence addressing the price elasticity of demand on the test year forecast of sales and revenues, including, but not limited to, the consumption changes that may result from the specific rate increase proposed in this case.
- Q2.16 Refer to the Company's response to KIUC 1-36(d). The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.17 Refer to the Company's response to KIUC 1-36(e). The Company's response referred to its response to Staff 2-1, which did not provide the requested information. Please provide the requested information.
- Q2.18 Refer to the Company's response, which states that "the ECR revenue requirement is allocated based on Total Adjusted Revenue." Also refer to the "FAC, PPA, ES, SC" tab in the Company's Corporate Financial Model for 2013-2016 provided in response to Staff 2-36, which shows the total Eligible Costs for the ECR, computes the \$/mWh by dividing the eligible costs by total Company sales, and then includes the \$/mWh in the rates for each customer class. Is the methodology reflected in the CFM correct? If not, then please provide a revised CFM with the correct methodology.
- Q2.19 Refer to the Company's response to KIUC 1-40. Please provide the same information for the general plant associated with the Wilson facility.
- Q2.20 Refer to the Company's response to KIUC 1-41.

- a. Please provide the assumptions, data, and computations, including electronic spreadsheets with formulas intact.
- b. Please provide the calculation of the Wilson allocation factor using data for the test year. Please provide the assumptions, data, and computations, including electronic spreadsheets with formulas intact.

Q2.21 Refer to the Company's response to KIUC 1-42.

- a. Please provide the actual expense for 2012 by month in the same format as was provided for the test year.
- b. Please confirm that the "labor & labor related costs" includes employee welfare, pension, OPEB, and other benefits expense.
- c. Please provide a description of the Company accounting for employee welfare, pension, OPEB, and other benefits expense, e.g., are these costs recorded in account 926 or are they recorded in the functional O&M expense accounts. If the latter, then are the amounts recorded in account 926 related solely to the labor costs recorded in account 920? Please explain and cite to the relevant provisions of the RUS USOA relied on for the Company accounting for these expenses.

Q2.22 Refer to the Company's response to KIUC 1-42.

- a. Please provide the same information for the Coleman plant included in the test year in the same format as was provided for the Wilson plant.
- b. Please provide the actual expense for 2012 by month for the Coleman plant in the same format as was provided for the test year in response to part (a) of this question.

Q2.23 Refer to the Company's response to KIUC 1-45.

- a. Please provide the actual expense for 2012 by month for Wilson in the same format as was provided for the test year.
- b. Please provide the same information for the Coleman plant included in the test year in the same format as was provided for the Wilson plant.
- c. Please provide the actual expense for 2012 by month for Coleman in the same format as was provided for the test year in response to part (b) of this question.

Q2.24 Refer to the Company's response to AG 1-62. Please provide the source documents/analyses for the OSS \$/mWh each month shown in the attachment, including, but not limited to, the forward price curves and/or market prices and any calculations used to average the hourly prices to compute the monthly OSS \$/mWh.

Q2.25 Refer to the Company's response to KIUC 1-49.

- a. Please describe and provide all accounting effects and entries that will be required due to the layup of either the Wilson plant or the Coleman plant. This request does not seek the amounts of such entries, but rather a description of the accounting effects and the accounts that will be used for the entries. Please describe the effects that will be recorded in each entry.

- b. Please provide a copy of all analyses and/or research that address the accounting related to the layup of plants as well as all analyses and/or opinions obtained from professional advisors. If none, then please so state.

Q2.26 Refer to the Company's response to KIUC 1-57.

- a. Please state how the costs referenced in the question are irrelevant to this rate case proceeding if they are included in the revenue requirement.
- b. Please explain how the costs referenced in the question are protected by the attorney-client and attorney work product privilege.
- c. Please indicate if there are such costs in the Company's revenue requirement. If not, then please explain why the Company did not simply state this in response to KIUC 1-57 instead of asserting that the information requested was irrelevant and subject to various privileges.

Q2.27 Refer to the responses to KIUC 1-60, 1-61, and 1-62. Please provide a current status update for each of these requests to the extent not previously provided in a supplemental response to the original questions.

Q2.28 Please refer to the Tab 48 Attachments included in the Company's filing which detail the components of rate base by month for both the base and forecasted periods.

- a. Please provide a similar schedule which shows a breakdown of the rate base components for each month during the test year between the Coleman plant, the Wilson plant, and all other.
- b. Please provide a similar schedule which shows a breakdown of the rate base components for each month during the calendar year ended December 31, 2012 between the Coleman plant, the Wilson plant, and all other.

Q2.29 Provide an explanation in narrative form of the status of BREC's negotiations with Alcan over the issue of Alcan's ability to access the market for its electric power needs at the Sebree smelter. Provide all documentation in support of your response, including, but not limited to, correspondence, source documents and quantitative analyses.

Q2.30 Provide an explanation in narrative form of the status of BREC's negotiations with Alcan for a new power contract with BREC for the electric needs at the Sebree smelter. Provide all documentation in support of your response, including, but not limited to, correspondence, source documents and quantitative analyses.

Q2.31 Provide an explanation in narrative form of the status of BREC's negotiations with Century over the issue of Century's ability to access the market for its electric power needs at the Hawesville smelter. Provide all documentation in support of your response, including, but not limited to, correspondence, source documents and quantitative analyses.

Q2.32 Provide an explanation in narrative form of the status of BREC's negotiations with Century for a new power contract with BREC for the electric needs at the Hawesville smelter. Provide all documentation in support of your response, including, but not limited to, correspondence, source documents and quantitative analyses.

Q2.33 See BREC's Response to KIUC 1-36. Provide a detailed quantification of the \$10 million referenced in KIUC 1-36. Provide all assumptions, data, calculations, and electronic spreadsheets with formulas intact.

Q2.34 See BREC's Response to KIUC 1-36(a). Provide the "MISO power flow studies" referenced in BREC's Response.

- Q2.35 Provide an explanation and detailed quantification of any and all stranded costs that will be incurred by BREC as a result of Alcan's exit from the BREC system on or about January 31, 2014. Provide all assumptions, data, calculations, and electronic spreadsheets with formulas intact
- Q2.36 Provide an explanation and detailed quantification of any and all stranded costs that will be incurred by BREC as a result of Century's exit from the BREC system on or about August 20, 2013. Provide all assumptions, data, calculations, and electronic spreadsheets with formulas intact.
- Q2.37 [REDACTED]
- Q2-38 [REDACTED]
- Q2-39 [REDACTED]
- Q2.40 Confirm that Big Rivers' fully forecasted test period for the 12-months ending August 31, 2014 does not include the revenue impact caused by the loss of the Alcan load.
- Q2.41 Provide a projected test year in the instant proceeding that has been modified to reflect all known and measurable changes in both revenues and expenses arising from the scheduled termination of the Alcan electric service contract on January 31, 2014. In addition, provide a comparison of the initially submitted projected test year and the modified projected test year, with a written explanation of each change in revenue or expense, including specifically changes in revenues from off-system sales and changes in expenses attributable to the lay-up or retirement of generating capacity following the termination of the Alcan electric service contract.
- Q2.42 Provide copies of any written communications that Big Rivers, or any director, officer or other representative of Big Rivers, has received directly from a retail customer of one of the Members of Big Rivers that either supports or opposes the electric rate increase sought by Big Rivers in the instant proceeding.
- Q2.43 Provide copies of any written communication that Big Rivers, or any director, officer or other representative of Big Rivers, has received indirectly from any of its Members, pursuant to a written communication from a retail customer to a Member of Big Rivers, that either supports or opposes the electric rate increase sought by Big Rivers in the instant proceeding.
- Q2.44 For the years of 2012, 2013, and 2014 concluding with the projected test year in the instant proceeding, provide a schedule showing: (a) the average annual sale price per MWh projected in the final Big Rivers financial model submitted in Case No. 2007-00455; and (b) the average annual sales price per MWh, actual for 2012 and the first two months of 2013 and projected in the instant rate case for the remaining period.
- Q2.45 With respect to the Amended and Consolidated Loan Contract between Big Rivers and the United States of America (the "RUS Loan Contract"):
- a. provide a copy of the written plan that Big Rivers was required to submit to the RUS by March 8, 2013 in accordance with Section 4.23(c), along with copies of any and all documentation that was submitted by Big Rivers to RUS in support of the written plan;

- b. indicate the date and location of any meeting between the RUS and Big Rivers to discuss the corrective plan, identify any persons attending such meeting other than representatives of the RUS and Big Rivers, provide a copy of any presentations that were made at such meeting by Big Rivers or any other party in attendance, and provide a copy of all notes taken by Big Rivers' representatives at such meeting
- c. provide a copy of any and all written responses from RUS to Big Rivers accepting, rejecting or taking any other action with respect to the written plan submitted by Big Rivers;
- d. if Big Rivers failed to provide a written plan to RUS by March 8, 2013, provide copies of any and all correspondence from Big Rivers to RUS explaining why such written plan was not submitted on a timely basis and/or requesting an extension of time to submit such plan;
- e. provide a copy of any and all written responses from RUS to Big Rivers with respect to Big Rivers' failure to provide a written plan to RUS by March 8, 2013; and
- f. if Big Rivers failed to provide a written plan to RUS by March 8, 2013, then whenever such plan is submitted, immediately comply with parts (a) and (b) above.

Q2.46 With respect to Big Rivers' existing non-secured Revolving Credit Agreement with CFC:

- a. state whether the scheduled termination on August 20, 2013 of the Century agreement for electric service will constitute an Event of Default, or would have constituted an Event of Default under the original language of such agreement;
- b. if the termination of the Century agreement for electric service will not constitute an Event of Default, state whether the terms and provisions of such agreement have been modified in order to avoid an Event of Default, and if so, provide a copy of any such modification;
- c. if the termination of the Century agreement for electric service will not constitute an Event of Default because CFC has agreed to a waiver of default or a non-declaration of default or any similar action, provide a copy of the document evidencing such agreement by CFC;
- d. if no agreement has yet been reached with CFC that would avoid an Event of Default upon the termination of the Century agreement for electric service, please provide a copy of the notification that Big Rivers has provided to the Trustee of the Indenture under Section 9.2 of the Indenture requiring notification of any event that would, upon the passage of time, become an Event of Default. If no such notification has been provided by Big Rivers to the Trustee of the Indenture, explain why Big Rivers is not required to provide such notification; and
- e. if no agreement has yet been reached with CFC that would avoid an Event of Default upon the termination of the Century agreement for electric service, please provide a copy of the notification that Big Rivers has provided to RUS Under Section 4.9(a) of the RUS Loan Contract requiring notification of any event that would, upon the passage of time, become an Event of Default. If no such notification has been provided by Big Rivers to RUS, explain why Big Rivers is not required to provide such notification.

Q2.47 In the Commission Hearing in Case No. 2012-00492, Big Rivers CFO Billie Reichert testified that Big Rivers was in negotiations with CFC to modify the CFC Revolving Credit Agreement to create a Senior Secured Revolving Credit Agreement. Ms. Reichert further testified that the approval of no other creditor would be required to implement a secured credit agreement with CFC.

- a. if Big Rivers contends that the prior two sentences misstate or mischaracterize the substance of Ms. Reichert's testimony, restate the substance of Ms. Reichert's testimony with respect to Big Rivers' intention to secure the CFC revolving credit facility;
- b. if Big Rivers intends that the Senior Secured CFC Revolving Credit Agreement will be secured under the Indenture, explain why Big Rivers will not be required to obtain the consent of RUS for such action pursuant to Sections 5.9 and 8.1 of the RUS Loan Contract;
- c. if Big Rivers intends that the Senior Secured CFC Revolving Credit Agreement will be secured under the Indenture, cite the provision(s) of the Indenture that allow short term debt to be secured under the Indenture without the consent of either the Trustee or the existing debt-holders; and
- d. if Big Rivers intends that the Senior Secured CFC Revolving Credit Agreement will be secured outside of the Indenture, cite the provisions of both the Indenture and the RUS Loan Contract that allow for a security interest outside of the Indenture, and explain why Section 5.9(g) of the RUS Loan Contract does not apply to such course of action.

Q2.48 In the instant proceeding, Big Rivers has testified that its intention for the financing of approximately \$60 million in environmental compliance capital expenditures required to be in place by April 2015 will be funded by a bridge loan of \$60 million from CFC, to be refunded to CFC with a long term loan provided by RUS. With respect to this intended course of action:

- a. state whether CFC has agreed to extend the \$60 million term loan to Big Rivers, and if not, when Big Rivers expects to obtain such commitment from CFC;
- b. explain Big Rivers' alternative plan to obtain funding for the necessary environmental expenditures, or to otherwise achieve environmental compliance, if Big Rivers and CFC ultimately are unable to agree on the \$60 million bridge financing;
- c. state whether CFC is willing to extend the \$60 million term loan to Big Rivers in the absence of an irrevocable take-out commitment from RUS or another financing entity acceptable to CFC, and if so, state whether CFC will be willing to carry the \$60 million loan for an indefinite period in the event that Big Rivers is unable to negotiate a long term loan from another lending source;
- d. if CFC requires a take-out commitment from RUS as a condition to the \$60 million bridge loan, state whether Big Rivers has obtained a take-out commitment from RUS, and if so, provide a copy of the RUS commitment letter;
- e. if RUS has not yet provided the take-out commitment, when does Big Rivers expect to receive the take-out commitment from RUS;
- f. explain why RUS would offer a take-out commitment of \$60 million to Big Rivers at a time when Big Rivers has been downgraded to below investment grade by all three rating agencies and Big Rivers is required to submit a corrective plan to RUS that is acceptable to RUS in its sole discretion;
- g. if CFC will commit to provide the \$60 million bridge loan, but only upon an irrevocable take-out commitment from RUS, state whether CFC will allow Big Rivers to make draws on Big Rivers' revolving line of credit in order to finance on-going environmental capital expenditures; and
- h. if CFC will not make advances on the \$60 million bridge loan without a take-out commitment acceptable to CFC, and if CFC will not allow draws on Big Rivers' revolving credit line to fund environmental capital expenditures, explain how Big Rivers will finance its environmental capital


expenditures prior to receipt of a take-out commitment from RUS or another financing source acceptable to CFC.

- Q2.49 Refer to the response to KIUC 1-63 regarding the auditor's opinion for the Company's 2012 financial statements and a potential "going concern" qualification. Provide a copy of Big Rivers audited financial statements for 2013, including the audit opinion. If the audited financial statements are not yet available, provide the current status of the auditor's opinion, including the estimated date when KPMG will finalize and issue its opinion. Identify any contingencies that affect or will affect the issuance of the auditor's opinion, e.g., issuance of a Commission Order the pending Financing Application case.
- Q2.50 Provide copies of all letters of representation, letters of assurance, or other similar documents, that were requested by KPMG and that were executed and provided by any of Big Rivers' officers or directors in conjunction with KPMG's audit of Big Rivers' 2013 financial statements.
- Q2.51 Provide copies of all documents, including correspondence between Big Rivers and KPMG, that Big Rivers provided to KPMG in conjunction with KPMG's evaluation of whether Big Rivers' financial statements should carry a "going concern" qualification.
- Q2.52 State whether, in its evaluation of Big Rivers as an going concern, KPMG requested, and whether Big Rivers provided, any cash flow analyses that assumed that Big Rivers (a) does not receive the full amount of its rate increase request in the instant proceeding, or (b) is unable to obtain funding for its approximately \$60 million in environmentally related capital expenditures to be made in 2013 and 2014.
- Q2.53 KAR 5:001 sets forth the following requirements for use of a projected test year as follows. For each such requirement, please identify where in the Company's filing it complied with such requirement.
- Q2.54 Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:
- a. The prepared testimony of each witness the utility proposes to use to support its application, which shall include testimony from the utility's chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program;
 - b. The utility's most recent capital construction budget containing at a minimum a three (3) year forecast of construction expenditures;
 - c. A complete description, which may be filed in prefiled testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported;
 - d. The utility's annual and monthly budget for the twelve (12) months preceding the filing date, the base period, and forecasted period;
 - e. A statement of attestation signed by the utility's chief officer in charge of Kentucky operations, which shall provide:
 1. That the forecast is reasonable, reliable, made in good faith, and that all basic assumptions used in the forecast have been identified and justified;

2. That the forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for differences that exist, if applicable; and
3. That productivity and efficiency gains are included in the forecast.

- Q2.55 Refer to page 3 of 5 of the Attachment to the Company's response to AG 1-75(c). Is the incentive compensation included in the Company's test year revenue requirement or not? If so, then please provide a copy of all plan documents, or in the absence of plan documents, then provide a detailed description of the plan, the performance metrics, payout matrix, and list of participants.
- Q2.56 Refer to the Company's response to AG 1-91. Please provide an update on the current status of the Wilson and Coleman "evaluation" described therein. In addition, please provide a copy of all supporting documentation, including, but not limited to, reports, studies, analyses, and correspondence.
- Q2.57 Refer to the Company's response to AG 1-108. Please provide a current status report on the economic analysis. If completed, please provide the analysis. If not completed, then please explain why it has not been completed and provide the estimated completion date.

Respectfully submitted,



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