BOEHM, KURTZ & LOWRY

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RECEIVED

MAY 06 2013 PUBLIC SERVICE COMMISSION

Via Overnight Mail

May 3, 2013

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

Re: <u>Case No. 2012-00535</u>

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of: 1) KIUC's PETITION FOR LEAVE TO CONDUCT SUPPLEMENTAL DISCOVERY; and 2) KIUC's SUPPLEMENTAL 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 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 3rd day of May, 2013 to the following

Mark A Bailey, President CEO **Big Rivers Electric Corporation** 201 Third Street Henderson, KY 42419-0024

Honorable Thomas C Brite Attorney At Law Brite & Hopkins, PLLC 83 Ballpark Road P.O. Box 309 Hardinsburg, KY 40143

David Brown, Esq. Stites & Harbison, PLLC 1800 Providian Center 400 West Market Street Louisville, KY 40202

Jennifer B Hans Lawrence W. Cook Dennis G. Howard, II Assistant Attorney General's Office 1024 Capital Center Drive, Ste 200 Frankfort, KY 40601-8204

J. Christopher Hopgood Dorsey, King, Gray, Norment & Hopgood 318 Second Street Henderson, KY 42420

Burns E Mercer, Manager Meade County R.E.C.C. P. O. Box 489 Brandenburg, KY 40108-0489

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

(\$

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

G. Kelly Nuckols President & Ceo Jackson Purchase Energy Corporation 2900 Irvin Cobb Drive P. O. Box 4030 Paducah, KY 42002-4030

Billie J Richert Vice President Accounting, Rates & CFO **Big Rivers Electric Corporation** 201 Third Street Henderson, KY 42419-0024

Donald P Seberger **Rio Tinto Alcan** 8770 West Bryn Mawr Avenue Chicago, IL 60631

Melissa D Yates, Esq. Denton & Keuler, LLP 555 Jefferson Street P. O. Box 929 Paducah, KY 42002-0929

Gregory Starheim President and CEO Kenergy Corp. Post Office Box 18 Henderson, KY 42419-0018

Edward T. Depp Dinsmore & Shohl LLP 101 South Fifth Street Suite 2500 Louisville, KY 40202

Joe Childers Joe F. Childers & Associates 300 Lexington Building 201 West Short Street Lexington, KY 40507

RECEIVED

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

MAY 06 2013

PUBLIC SERVICE

COMMISSION

In	The	Matter	Of:	

: : Case No. 2012-00535

:

:

Application Of Big Rivers Electric Corporation For A General Adjustment In Rates

PETITION FOR LEAVE TO CONDUCT SUPPLEMENTAL DISCOVERY OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s

Comes now Kentucky Industrial Utility Customers, Inc. ("KIUC") and Petitions the Kentucky Public Service Commission for leave to conduct supplemental discovery on Big Rivers Electric Corporation ("Big Rivers) for the limited purpose of issuing data requests to Big Rivers regarding its recently announced agreement with Century Aluminum Co.

On April 29, 2013, Century announced that it had reached a deal with Big Rivers and Kenergy that would allow it to access the open market for electric power supply to its Hawesville facility. Century's Press Release states:

"[T]oday announced that they have reached a tentative agreement on the framework for providing market priced power to the Hawesville smelter. Under the arrangement, the electric cooperatives would purchase power on the open market and pass it through to Century at the market price plus additional costs incurred by them. The arrangement is intended to have no impact on the current rate proposal of Big Rivers or the related flowthrough rate proposal of Kenergy, each currently pending before the Kentucky Public Service Commission." (Press Release Attached)

In a separate press release also issued on April 29, 2013, Century announced that it has reached an agreement with Rio Tinto to acquire Alcan's Sebree smelter. That Press Release states:

"[Century] has entered into a definitive agreement to acquire substantially all of the assets of the Sebree aluminum smelter from a subsidiary of Rio Tinto Alcan, Inc. Sebree, located in Henderson County, Kentucky..."(Press Release Attached)

Obviously, these are very significant events that raise several questions regarding the rates proposed by Big Rivers in this case. For example, is Big Rivers receiving any consideration through the agreement with Century that should offset the requested rate increase? Are Big Rivers and its non-smelter ratepayers being appropriately compensated for any costs incurred by Big Rivers in facilitating market access?

KIUC petitions the Commission for leave to issue supplemental discovery for the limited purpose of obtaining information regarding Big Rivers' announced agreement with Century. KIUC's information requests are attached to this filing.

Respectfully submitted,

Michael L. Kurtz, Esq. Kurt J. Boehm, Esq. **BOEHM, KURTZ & LOWRY** 36 East Seventh Street, Suite 1510 Cincinnati, Ohio 45202 Ph: (513) 421-2255 Fax: (513) 421-2764 E-Mail: <u>MKurtz@BKLlawfirm.com</u> <u>KBoehm@BKLlawfirm.com</u>

COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

May 3, 2013

ATTACHMENT 1

Return to: Previous Page

Century, Big Rivers and Kenergy Reach Tentative Agreement on Framework for Market Priced Power for Hawesville Smelter

4-29-13 9:00 AM EDT

http://media.marketwire.com/attachments/200510/225875_century_aluminum_logo.gif http://at.marketwire.com/accesstracking/AccessTrackingLogServlet? PrId=1011468&ProfileId=051205&sourceType=1

MONTEREY, CA -- (Marketwired) -- 04/29/13 -- Century Aluminum of Kentucky, a wholly owned subsidiary of Century Aluminum Company (NASDAQ: CENX), Kenergy Corp. and Big Rivers Electric Corp. today announced that they have reached a tentative agreement on the framework for providing market priced power to the Hawesville smelter. Under the arrangement, the electric cooperatives would purchase power on the open market and pass it through to Century at the market price plus additional costs incurred by them. The arrangement is intended to have no impact on the current rate proposal of Big Rivers or the related flow-through rate proposal of Kenergy, each currently pending before the Kentucky Public Service Commission. The framework is subject to the negotiation of definitive agreements and approvals from various third parties, including the boards of directors of all parties, the KPSC, the Rural Utilities Service and others. The parties intend to move as expeditiously as possible to finalize the agreement in advance of the expiration of the current power contract on August 20, 2013.

The Hawesville smelter, located in Hancock County, KY, has a rated capacity of 244,000 tonnes of primary aluminum and employs approximately 650 men and women.

Century Aluminum Company, the parent of Century Aluminum of Kentucky, owns primary aluminum capacity in the United States and Iceland. Century's corporate offices are located in Monterey, California. More information can be found at <u>www.centuryaluminum.com</u>.

Big Rivers Electric Corporation is a customer (Member) -owned, not-for-profit, wholesale electric generation and transmission cooperative headquartered in Henderson, Kentucky that is owned by three distribution cooperative Members -- Jackson Purchase Energy Corporation, headquartered in Paducah; Kenergy Corp, headquartered in Henderson; and Meade County Rural Electric Cooperative Corporation, headquartered in Brandenburg. These Member cooperatives deliver retail electric power and energy to over 113,000 residential, commercial, and industrial customers in portions of 22 western Kentucky counties.

Kenergy Corp. is a nonprofit electric cooperative that serves 55,282 members in 14 counties in western Kentucky, including Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Lyon, McLean, Muhlenberg, Ohio, Union and Webster. The corporate headquarters is located in Henderson, Ky.

Cautionary Statement

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are

statements about future, not past, events and involve certain important risks and uncertainties, any of which could cause our actual results to differ materially from those expressed in our forward-looking statements. Such risks and uncertainties may include, without limitation, whether or not the parties are able to agree to definitive documentation reflecting the tentative agreement and obtain all necessary approvals and consents, whether or not certain proposed equipment upgrades are agreed to and completed and whether or not the market pass through arrangement can be completed prior to the expiration of the current power contract. Forward-looking statements in this press release include statements regarding the completion of an agreement to provide, and the ultimate provision of, market priced power to the Hawesville smelter and whether or not such an arrangement would have any impact on rate proposals currently pending before the Kentucky Public Service Commission. More information about these risks, uncertainties and assumptions can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K and in other filings made with the Securities and Exchange Commission. We do not undertake, and specifically disclaim, any obligation to revise any forward-looking statements to reflect the occurrence of future events or circumstances.

Certified Advisors for the First North market of the OMX Nordic Exchange Iceland hf. for Global Depositary Receipts in Iceland:

Atli B. Gudmundsson, Senior Manager -- Corporate Finance, Landsbankinn hf. Steingrimur Helgason, Director -- Corporate Finance, Landsbankinn hf.

Century Aluminum Contacts:

Clair Nichols (media) 502-649-8956

Shelly Harrison (investors) 831-642-9357

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ATTACHMENT 2

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PRODUCTS AND SERVICES

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(0)

SOURCE: Century Aluminum Company

Century Aluminum

April 29, 2013 09:20 ET

Century Aluminum Announces Agreement to Acquire Sebree, KY Smelter

MONTEREY, CA--(Marketwired - Apr 29, 2013) - Century Aluminum Company (NASDAQ: CENX) announced today that its wholly owned subsidiary has entered into a definitive agreement to acquire substantially all of the assets of the Sebree aluminum smelter from a subsidiary of Rio Tinto Alcan, Inc. Sebree, located in Henderson County, Kentucky, employs over 500 men and women and has an annual production capacity of 205,000 metric tons of primary aluminum.

"We are well acquainted with the Sebree smelter and its excellent management team and talented group of employees," commented Michael Bless, President and CEO. "We believe that, with these facilities under common ownership, we will derive real benefits in better serving customers and through improving both operations with the sharing of best practices in safety, technical and operational practices and procedures. My colleagues and I are anxious to welcome Sebree's men and women into the Century group of companies."

"We believe Sebree, like Hawesville, is globally competitive in every area other than the cost of power," continued Mr. Bless. "Maintaining operations at these plants, and the thousands of direct and indirect jobs they provide and support, is critical for the entire western Kentucky community. Gaining access to competitive energy is a crucial for the continued viability of these plants, and we hope that the tentative agreement we have reached for Hawesville will be the first step towards obtaining market priced power."

Pursuant to the terms of the agreement, Century will acquire the smelter for \$61 million in cash (after \$4 million in purchase price deductions) and will receive \$71 million in working capital, subject to customary adjustments. As part of the transaction, RTA will retain all historical environmental liabilities of the Sebree smelter and has agreed to fully fund the pension plan being assumed by Century's subsidiary at closing.

The transaction is subject to certain closing conditions, including the consent of Kenergy Corp. to the assignment of the smelter's existing power contract, which will terminate on January 31, 2014.

Century Aluminum Company owns primary aluminum capacity in the United States and Iceland. Century's corporate offices are located in Monterey, Calif. More information can be found at www.centuryaluminum.com.

Cautionary Statement

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements about future, not past, events and involve certain important risks and uncertainties, any of which could cause our actual results to differ materially from those expressed in our forward-looking statements. Such risks and uncertainties may include, without limitation, further declines in aluminum prices or increases in our operating costs; worsening of global financial and economic conditions; our ability to successfully obtain long-term competitive power arrangements for the Hawesville and Sebree plants; and our ability to obtain the necessary consents and satisfy the necessary conditions to complete the acquisition of the Sebree plant. Forward-looking statements in this press release include statements regarding our ability to complete the acquisition of the Sebree plant, derive benefits from the common ownership of the Sebree and Hawesville plants and obtain competitive power contracts for the Hawesville and Sebree plants. More information about these risks, uncertainties and assumptions can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K and in other filings made with the Securities and Exchange Commission. We do not undertake, and specifically disclaim, any obligation to revise any forward-looking statements to reflect the occurrence of future events or circumstances.

Certified Advisors for the First North market of the OMX Nordic Exchange Iceland hf. for Global Depositary Receipts in Iceland:

Atli B. Gudmundsson, Senior Manager -- Corporate Finance, Landsbankinn hf. Steingrimur Helgason, Director -- Corporate Finance, Landsbankinn hf.

Contact Information

Century Aluminum Contacts:

Clair Nichols (media) 502-649-8956

Shelly Harrison (investors) 831-642-9357



View Release

About Mark
Site Map

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COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

:

IN THE MATTER OF: THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR AN ADJUSTMENT OF RATES : Case No. 2012-00535 :

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s SUPPLEMENT SET OF DATA REQUESTS

ТО

BIG RIVERS ELECTRIC CORPORATION

Dated:

May 3, 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.

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

Q3.1 On April 29, 2013 Century Aluminum issued a press release stating the following:

Century Aluminum of Kentucky, a wholly owned subsidiary of Century Aluminum Company (NASDAQ: CENX), Kenergy Corp. and Big Rivers Electric Corp. today announced that they have reached a tentative agreement on the framework for providing market priced power to the Hawesville smelter. Under the arrangement, the electric cooperatives would purchase power on the open market and pass it through to Century at the market price plus additional costs incurred by them. The arrangement is intended to have no impact on the current rate proposal of Big Rivers or the related flow-through rate proposal of Kenergy, each currently pending before the Kentucky Public Service Commission. The framework is subject to the negotiation of definitive agreements and approvals from various third parties, including the boards of directors of all parties, the KPSC, the Rural Utilities Service and others. The parties intend to move as expeditiously as possible to finalize the agreement in advance of the expiration of the current power contract on August 20, 2013.

- a. Please provide a copy of the tentative agreement(s).
- b. Please indicate if the Company agrees with Century that the "arrangement is intended to have no impact on the current rate proposal of Big Rivers" pending before the Commission. Please explain what factors the Company considered in reaching this conclusion.
- Q3.2 Please describe in detail the role and responsibilities that Big Rivers, Kenergy, and Century each will have pursuant to the "arrangement" and the functions and activities that Big Rivers specifically will perform pursuant to the "arrangement."
- Q3.3 Please describe and quantify the costs that Big Rivers and Kenergy each will incur to provide Century market access.
- Q3.4 Please provide a copy of all analyses prepared by or on behalf of Big Rivers and/or Kenergy to identify and quantify the costs that it will incur to provide Century market access.

Q3.5 Please provide a quantification of the costs that Big Rivers and/or Kenergy each will incur to provide Century market access for the test year, including an allocation of each Company's present costs as well as any incremental costs to do so, and the amounts included in the Company's test year revenue requirement in this case. If Big Rivers does not agree that there should be an allocation of any of the Company's present costs, then please explain why it does not agree.

Respectfully submitted,

Michael L. Kurtz, Esq. Kurt J. Boehm, Esq. **BOEHM, KURTZ & LOWRY** 36 East Seventh Street, Suite 1510 Cincinnati, Ohio 45202 Ph: (513) 421-2255 Fax: (513) 421-2764 E-Mail: <u>MKurtz@BKLlawfirm.com</u> <u>KBoehm@BKLlawfirm.com</u>

COUNSEL FOR KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

May 3, 2013