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RECEIVED  
SEP 13 2013  
PUBLIC SERVICE  
COMMISSION

**Via Overnight Mail**

September 13, 2013

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

**Re: Case No. 2013-00199**

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.

The information filed under seal is information that Big Rivers sought confidential treatment through a Petition for Confidential Treatment dated September 3, 2013. KIUC redacted this information in order to protect Big River's interests in keeping this information confidential.

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.

Jody Kyler Cohn, Esq.

**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment

cc: Certificate of Service  
Quang Nyugen, Esq.  
Richard Raff, Esq.  
Jeff Cline (cover ltr only)

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by U.S. Mail, unless other noted, this 18<sup>th</sup> day of September, 2013 to the following:



Michael L. Kurtz, Esq.  
Kurt J. Boehm, Esq.  
Jody Kyler Cohn, Esq.

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 18 2013

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF: THE APPLICATION OF BIG RIVERS :  
ELECTRIC CORPORATION FOR AN ADJUSTMENT OF : Case No. 2013-00199  
RATES :

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

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On September 16, 2013, Kentucky Industrial Utility Customers, Inc. ("KIUC") filed its Second Set of Data Requests to Big Rivers Electric Corporation ("Big Rivers"). Requests 2-4, 2-11 and 2-37 contain information that is subject to the pending Petition of Big Rivers for Confidential Protection that was filed with the Commission on September 3, 2013. KIUC should have filed Requests 2-4, 2-11 and 2-37 under seal and redacted the public version of these requests.

KIUC moves to amend its September 16, 2013 filing in order to correct this oversight. Attached is a REDACTED version of KIUC's 2<sup>nd</sup> 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 2<sup>nd</sup> Set of Data Requests to be filed under seal.

Respectfully submitted,



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Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

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

September 18, 2013

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
SEP 19 2013  
PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF: THE APPLICATION OF BIG RIVERS :  
ELECTRIC CORPORATION FOR AN ADJUSTMENT OF : Case No. 2013-00199  
RATES :

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**PUBLIC VERSION**

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s**

**SECOND SET OF DATA REQUESTS**

**TO**

**BIG RIVERS ELECTRIC CORPORATION**

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Dated: September 16, 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**

- Q.2-1. Based on the Company's production cost projection, for each year between 2014 and 2027, provide hourly results for the following:
- a. Hourly load by each load category Big Rivers' models in its production cost model (BREC load, HMPL load, etc.)
  - b. Hourly unit generation by each unit that serves load (hydro, HMPL gen, BREC gen, etc.)
  - c. Hourly purchases by each purchase type
  - d. Hourly sales by each sale type
  - e. Hourly unit operating costs by each unit that serves load, hourly purchase costs for each purchase type, and hourly sales cost for each sale type
  - f. Hourly market price for each market price forecast modeled and as entered in the production cost model. Also, indicate which loads are priced against which market price forecast, and which generating units are priced against which market price forecast.
  - g. Please state whether based on the hourly results provided from above, and the hourly market price results provided from above, enough information is available to calculate the same monthly production costs that are supplied in the PCM file. If not please supply a list of items that are needed in addition to what has been requested above, and supply the additional hourly values that are necessary. Please supply this information electronically with all formulas intact.
- Q.2-2. In the PCM file - Big Rivers PCM Run 4-22-13 (2013-2027).xlsx, tab Monthly Net Market Positions, there are columns - Sum of Net Purchases, and Sum of Net Sales. Please provide a narrative explanation of how these values are derived, and state what individual purchases and sales sum together to make up Net Purchases and Net Sales. Please provide those individual monthly purchases and sales electronically, with all formulas intact for each month from 2013 to 2027.
- Q.2-3. Provide the file - Summary of SEPA Charges 2013-2016.xlsx, which was referenced in row 72 of the Monthly Sources and Uses tab of the PCM file - Big Rivers PCM Run 4-22-13 (2013-2027).xlsx.
- Q.2-4. Please explain and supply (electronically with all formula intact) the derivation of row 45 (HMPL Excess to BREC) of tab - Monthly Sources and Uses in the PCM file - Big Rivers PCM Run 4-22-13 (2013-2027).xlsx? [REDACTED]
- Q.2-5. The Company's response to Staff 2-14 indicates that the ACES forward power market price projection was based on broker values that are updated daily for the near term. Please provide copies of the broker values that were used in the format that ACES received them in, and explain how they were acquired. Also, provide all workpapers that were used to derive the market price forecast that was entered into the

production cost model covering the period 2013 to 2027. Please provide this information electronically with all formula intact.

Q.2-6. Why did Big Rivers believe it was important to rely on forward market price forecasts in Case No. 2012-00063 (Environmental Cost Recovery Case) that included CO2 impacts, but not in this proceeding?

Q.2-7. While some utilities incorporate impacts of CO2 costs in their planning analyses, Big Rivers has chosen not to.

- a. Why does Big Rivers consider its approach to be more reasonable?
- b. The Company's response to KIUC 1-16 appears to suggest that the Company only incorporates in its planning assumptions information that is known today. If this is true please explain why the Company has included an assumption that it would add 800 MW of new load over the study period.

Q.2-8. Company witness Barron's testimony at page 6, beginning at line 4 states that the RUS reviewed the Company's load forecast and that Big Rivers is currently awaiting approval.

- a. Please provide a copy of the Company's request/filing/application seeking RUS approval of the Company's load forecast. Provide a copy of all documents and analyses provided to the RUS in support of the application or in response to inquiries.
- b. Provide a copy of the RUS approval when received and a copy of the RUS approval of the Company's most recent prior load forecast.
- c. Please describe the RUS review and approval process and provide a copy of all legal and procedural requirements for such a review and approval process.
- d. Please describe the purpose, significance and applicability of the RUS approval. Address the applicability for any known RUS purpose or the applicability to the Commission's ratemaking authority, if any.
- e. Is it the Company's understanding that if the RUS approves the load forecast that in effect the RUS will approve the assumption that 800 MW of load will be added to the Big Rivers system during the study period in the amounts and in the years reflected in the load forecast? If not, then identify which assumptions and components of the forecast the RUS approval will apply to and for what purpose(s).

Q.2-9. The Company's response to PSC 2-14 states that Wood Mackenzie's no carbon case was used in the development of the forward market price forecast and that a new update is expected anytime. Please provide the new update when it is available exactly as received from Wood Mackenzie, and also supply the hourly market forecast after making all changes necessary to prepare the data for entry into the PAR production cost model. This data should contain all of the standard adjustments that the Company ordinarily makes to prepare the data for production cost modeling. Please provide this hourly for the entire 2014 - 2027 study period, and provide it electronically with all formula intact. Also, please supply all workpapers, electronically with all formula intact, used in the conversion of the market price data from the format received from Wood Mackenzie to the format required for entry into the PAR model. Also, please supply the Wood Mackenzie gas price forecast, electronically, consistent with this market price forecast.



- Q.2-10. The Company referred to Hedged Fuel, Contract Fuel, and Spot Fuel in its response to KIUC 1-12. Please explain the differences between each of these, and how the different fuel prices were used in the analyses the Company performed.
- Q.2-11. The 2016/2017 Base Residual Auction in PJM resulted in a Resource Clearing Price for the RTO of \$59.37/MW-day, which is about \$1.78/kW-month (<http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/2016-2017-base-residual-auction-report.ashx>). If PJM prices are so low, please provide the economic rationale explaining why the MISO Capacity Market Prices for ACES, Wood Mackenzie, IHS Global, would be so much higher (around [REDACTED] for the same time period per the response to KIUC 1-13). Why wouldn't capacity owners in PJM offer capacity in the MISO market, which would then drive down prices in MISO and bring prices between MISO and PJM closer together.
- Q.2-12. Where in the Company's analysis does the market capacity cost appear? Please provide the spreadsheet, worktab and cell location.
- Q.2-13. The following 3 long-term financial forecasts were supplied:
- Financial Forecast (2014-2017) 5-16-2013 (Filed Confidential).xlsx
  - Financial Forecast (2014-2026) 8-15-2013 (capacity market 50%).xlsx
  - Financial Forecast (2014-2026) 8-15-2013 (capacity market base case).xlsx
- Please identify and describe the differences in assumptions and data among the forecasts and describe the purpose and use of each forecast.
- Q.2-14. Concerning the following 2 production cost results files that were supplied:
- Big Rivers PCM Run 4-22-13 (2013-2027).xlsx
  - Big Rivers PCM Run All Running 4-22-13 (2013-2027).xlsx
- Please identify and describe the differences in assumptions and data among the forecasts and describe the purpose and use of each of these production cost results.
- Q.2-15. Please supply the same revenue requirement information as supplied in response to KIUC 1-21 and 1-22 (for Wilson and Coleman), but for the entire period of 2014 through 2027. Please supply this electronically with all formula intact.
- Q.2-16. The Company's response to KIUC 1-46 states that the run attached to PSC 2-14 shows Coleman and Wilson idled, then profitably back in service in May 2018 and July 2019 respectively. Please provide, or specify where the Company already provided, the Company's analysis showing that Wilson and Coleman are profitably back in service on the dates specified. Please provide a narrative explanation of how the economic evaluation was performed that shows this.
- Q.2-17. See file = Financial Forecast (2014-2027) 5-16-2013.xlsx , worktab = Bud. Adj., some of the cells around AD23 refer to the files Wilson RUS Loan Application Scenario V2.xlsx, or Coleman RUS Loan Application Scenario V2.xlsx, which do not appear to have been provided. Please provide those files electronically, and any other files referenced by those. If there are any other workpapers, memos, reports, emails etc. concerning how the data in those files were developed, please provide that information electronically, with all formula intact.
- Q.2-18. In the file = Financial Forecast (2014-2026) 8-15-2013 (capacity market 50%).xlsx, worktab = Bud. Adj, the cells around AD23 are either pasted in or refer to files that have not been provided such as Coleman

Scenario V2.xlsx. Please provide those files electronically, and any other files referenced by those. If there are any other workpapers, memos, reports, emails etc. concerning how the data in those files were developed, please provide that information electronically, with all formula intact.

Q.2-19. In the file = Financial Forecast (2014-2017) 5-16-2013 (Filed Confidential).xlsx, worktab = Bud. Adj contains no values. What is the implication of this tab having no values, versus the other Financial Forecast models having values in the Bud. Adj worktab? Please provide a detailed explanation.

Q.2-20. The financial forecast file - "Financial Forecast (2014-2027) 5-16-2013.xlsx" contains references to files that were not supplied, though the same files may have been supplied, but with different names. It appears there are 17 files referenced from the financial model, which are identified in a screen print found below. Please provide these files, or if they already have been provided with different names, then please provide a translation between the 17 file names and the file names of the files that were provided already in Big Rivers' confidential data responses.

Source	Type
2013-16 Capital Plan (Alcan RC) 4-12-2013.xlsx	Worksheet
2013-2014 Depreciation-New Rates-Net Value (Alcan RC) with CWIP.xlsx	Worksheet
2014 ALCAN.xlsx	Worksheet
2014-2016 Forecast Support (Debt Work Paper - 2013 03).xlsm	Worksheet
2015 ALCAN.xlsx	Worksheet
2015-2016 Depreciation-New Rates-Net Value (Alcan RC) with CWIP.xlsx	Worksheet
2016 ALCAN.xlsx	Worksheet
Big Rivers PCM Run 4-22-13 (2013-2027).xlsx	Worksheet
CFC 2012 Term Equity Loans and Investments in CTCs.xlsx	Worksheet
CoBank, CFC, and Series A Note (rev 07-27-12).xlsx	Worksheet
Coleman RUS Loan Application Scenario V2.xlsx	Worksheet
Debt (PCB and RUS B) July 2011.xlsx	Worksheet
Debt Work Paper - 2012 09.xlsx	Worksheet
Demand Energy Budget 2013-2017 for Alcan Rate Case-2013-04-18.xlsx	Worksheet
Demand Energy Budget 2018 thru 2026.xlsx	Worksheet
Financial Forecast (3 + 9) 05-7-13.xlsx	Worksheet
Wilson RUS Loan Application Scenario V2.xlsx	Worksheet

Q.2-21. It appears that the source of the capital expenditures for the financial models is the spreadsheet "2013-16 Capital Plan (Alcan RC).xlsx". However, the capital expenditures in that spreadsheet do not extend out beyond 2016. It also appears that costs in the financial model that are beyond 2016 are derived by escalating prior year values at an inflation rate. Please explain why this approach has been used as opposed to developing long-term forecasts for capital expenditures.

Q.2-22. Please explain why no Baseline capital costs have been included for Wilson and Coleman after the units are brought back into service. If that was an oversight, please provide the annual values that should be included. Please state whether the Company is aware of any other costs for Wilson or Coleman that have not been included in the Company's analysis, and provide an annual schedule of those costs by cost category.

Q.2-23. In the spreadsheet - 2013-16 Capital Plan (Alcan RC).xlsx, two categories of HAPS/MATS costs appear, HAPS/MATS - Capitalized Interest, and HAPS/MATS Project. Please discuss what these relate to, and

provide a schedule breaking these costs down to the specific project being performed, and the unit where the project is being performed.

- Q.2-24. The tab, ECP, in the financial model has a pasted in value in cell F14. Please provide a detailed breakdown of what makes up that cost, and provide an explanation of how that value is used in the financial model analysis.
- Q.2-25. Please provide a similar table to what was provided in response to KIUC 1-67, but provide the savings for each year through 2019, at which time both units will be brought back on line. Please provide this electronically with all formulas intact.
- Q.2-26. Please provide a similar table to what was provided in response to KIUC 1-29, but provide the information for the entire period of 2013 through 2027. It is sufficient to provide the information on an annual basis and just for the Coleman and Wilson plants. Please provide this information electronically with all formula intact.
- Q.2-27. The Company's response KIUC 1-53 contain historic fixed and variable O&M values for Coleman and Wilson. Please identify the originating spreadsheet, worktab and cell where the fixed and variable O&M costs for Coleman and Wilson are loaded into (for the 2014 - 2027 case) that ultimately flow to the Financial Model. Also, identify which line or lines in the worktab - Stmts RUS of the financial model - Financial Forecast (2014-2027) 5-16-2013.xlsx, the Coleman and Wilson fixed and variable O&M are included in.
- Q.2-28. With regard to the Wilson Plant Costs found in the response to KIUC 1-21 (Rows 1-9), and the financial forecasts model - Financial Forecast (2014-2027) 5-16-2013.xlsx, please provide the following for all the values contained in the table from KIUC 1-21:
- The cell reference (file, tab, row, column) of where the exact values can be found in the financial model or in the associated model spreadsheets.
  - If the values are not incorporated directly into the financial model or the associated model spreadsheets, please explain why not.
  - If the values are incorporated in an indirect way, please explain how they have been incorporated.
  - If the values are embedded in an item used in the financial model or associated model spreadsheets, please provide that cost value, the other values comprising this value, and the cell reference of that value in the financial model or linked spreadsheet.
- Q.2-29. With regard to the Coleman Plant costs found in the response to KIUC 1-22 (Rows 1-9), please provide the same information as requested in the prior question.
- Q.2-30. Refer to the Company's response to KIUC 1-2(b). Please provide the calculation of the 1846.5 mW of capacity that was sought in this request, but was not provided in the response.
- Q.2-31. Refer to the Company's response to KIUC 1-2(i). Please provide the calculations of the reserve margins for the load forecast period that were sought in this request, but were not provided in the response.
- Q.2-32. Refer to the Company's response to KIUC 1-48 in which it provides the assumptions used for "replacement load" starting in 2016 at 100 mW, additional annual increments of 100 mW from 2017

through 2019 and then additional annual increments of 200 mW from 2020 through 2021. Please provide all support for these load growth assumptions, including all underlying assumptions, such as the composition and sources of the additional load, the pricing discounts necessary to entice and obtain each of these loads, if any, and whether each of these loads is new load due to a new facility or load transferred from and presently served by another utility or supplier.

- Q.2-33. Refer to page 3 lines 2-3 of the Company's response to KIUC 1-51 wherein Mr. Berry states that "It just does not make sense for Big Rivers to retire these plants and deprive Members of the future benefits these plants will provide." Please provide a copy of all economic studies performed by the Company to demonstrate and quantify that there are "future benefits" on a net present value basis.
- Q.2-34. Refer to the Company's response to KIUC 1-58. Please provide all support for the assumption of a 2% TVA rate increase.
- Q.2-35. Refer to the file Demand Energy Budget 2013-2017.xlsx.
- a. Please indicate if the Company's BOD approved this Demand Energy Budget 2013-2017, and if so, for what purpose(s) it was approved. If so, then please provide all documents that were provided to the BOD prior to its approval, including all support for the projected new load and related assumptions, and a copy of all documentation of the BOD's approval of this Demand Energy Budget.
  - b. Please identify each of the projected new loads that will commence taking service on January 1, 2016. Describe the status of each such new load and the terms used to attract the new load, e.g., discounted tariff rates, fixed price contracts, etc.
  - c. Please identify each of the projected new loads that will commence taking service on January 1, 2017. Describe the status of each such new load and the terms used to attract the new load, e.g., discounted tariff rates, fixed price contracts, etc.
  - d. Please provide a copy of all analyses prepared by, available to Big Rivers through its various economic development affiliations/memberships, and/or otherwise relied on by Big Rivers to assess the lead time necessary for a new Large Industrial load to locate and develop a new site and production facility.
  - e. Please provide the source of the "Projected New Load MW" line item (line 38). Provide all analyses in support of and underlying this projection.
  - f. Please provide the source of the load factor that was used to derive the "Projected New Load MWh" line item (line 74). Provide all analyses in support of and underlying this assumption.
  - g. Please separate the new load into Rural Residential, Rural Commercial, and Large Industrial for each month 2016-2017.
  - h. Please identify, describe, and provide a copy of all programs adopted or that the Company plans to adopt to increase its Rural Residential load by 2016 for purposes of the "Projected New Load."
  - i. Please identify, describe, and provide a copy of all programs adopted or that the Company plans to adopt to increase its Rural Commercial load by 2016 for purposes of the "Projected New Load."

- j. Please identify, describe, and provide a copy of all programs adopted or that the Company plans to adopt to increase its Large Industrial load by 2016 for purposes of the "Projected New Load."

Q.2-36. Refer to the Company's response to PSC 2-16.

- a. Has the Company offered discounts off the tariffed rates that it proposes in this proceeding to attract any of the potential customer loads? If so, please provide this additional detail for each such transaction identified in response to PSC 2-16.
- b. If the Company has offered discounts off the tariffed rates that it proposes in this proceeding, then please provide all principles relied on for this purpose and the quantitative basis for each such discount. Also provide all documentation of these principles and their application to the specific transactions set forth in the response to PSC 2-16.
- c. Does the Company plan to offer discounts off the tariffed rates that it proposes in this proceeding to attract any of the potential customer loads?
- d. Is the Company agreeable in principle to discounting the tariffed rates that it proposes in this proceeding to attract potential customer loads? If so, then provide all principles the Company will apply for such discounts and describe how it plans to determine and quantify the discount for a potential customer load.
- e. If the Company has offered or is willing to offer discounts off the tariffed rates that it proposes in this proceeding, identify the officers who approved these discounts and indicate if the Company's BOD approved these discounts. Provide all documentation.
- f. Is it the Company's position that it can discount tariffed rates without approval by the Commission? If the Company's position is that it must obtain the Commission's approval to discount tariffed rates, does the Company plan to do so, and if so, when does it plan to do so?
- g. Is the Company aware of any other cooperative or other supplier that has successfully acquired customer loads that previously were supplied by TVA?

Q.2-37. Refer to the Company's response to PSC 2-16 with respect to the [REDACTED] transaction.

- a. Please provide a current status report on this transaction, including the Company's quantifications of the net margin (gross revenues less variable costs) that the Company projects for each month during the term of the transaction.
- b. Please provide the amount of the net margin included in the Company's test year revenue requirement, if any. Provide all assumptions, data, and computations, including electronic workpapers with formulas intact.

Q.2-38. Please provide a schedule of the Company's temporary investments at month end by type of investment from January 2011 through the most recent month for which actual information is available. Also provide the interest income for each month.

Q.2-39. Please provide a schedule of the Company's temporary investments at month end by type of investment from January 2013 through December 2013 based on the Company's budget for 2013 and for January

2014 through December 2017 based on the corporate financial model forecast for those years consistent with the Company's rate filing in this proceeding. Also provide the interest income for each month.

- Q.2-40. The Company included amortization expense of \$102,110 to reflect a 5 year amortization of the capacity replacement charges projected for February 2014 through May 2014 assuming the shutdown of the Coleman plant. This amount is shown on Wolfram Reference Schedule 1.14. However, the Company excluded \$442,329 in surcredit revenue for February 2014 through December 2014, according to Mr. Wolfram at 14.
- a. Please confirm that if the Coleman plant is not shutdown during this period that the Company will not incur the capacity replacement charges.
  - b. Please indicate if there are any capacity replacement charges assuming the shutdown of the Wilson plant in the test year. If so, then please provide the charges by month and the total amount included in the test year revenue requirement.
  - c. Please provide the Company's best estimate at this time as to whether Coleman will be shutdown during some or all of the period February 2014 through January 2015. Describe the basis for the Company's best estimate and provide a copy of all documentation that addresses whether Coleman will be shutdown during this period.
  - d. Please provide the Company's best estimate at this time as to whether Wilson will be shutdown during some or all of the period February 2014 through January 2015. Describe the basis for the Company's best estimate and provide a copy of all documentation that addresses whether Coleman will be shutdown during this period.
  - e. Mr. Wolfram states at 14 that "the surcredit [revenue] amounts in the forecast test period are non-recurring and should be eliminated." Please explain why the capacity replacement charges should not be eliminated given that they too are nonrecurring.
- Q.2-41. Refer to the Company's response to KIUC 1-24 regarding steps taken or that will be taken to reduce the Company's property tax expense on the Wilson and Coleman plants.
- a. Please provide the Company's understanding of the statutory bases for the valuation of the Company's property for property tax purposes.
  - b. Please provide the Company's understanding of all other bases for the valuation of the Company's property for property tax purposes.
  - c. Please describe the Company's understanding as to the methods and the application of the methods used by each of the applicable taxing authorities for the valuation of the Wilson and Coleman plants for property tax purposes in 2011, 2012, and 2013.
  - d. Please confirm that one method used to determine the valuation of the Company's property for property tax purposes is the income method whereby the tax assessor computes the valuation based on the net present value of the future income stream of the property.
  - e. Please confirm that one method used to determine the valuation of the Company's property for property tax purposes is the market value whereby the tax assessor computes the valuation by using comparables or other sources of market value.
  - f. Please provide all evidence that the market value of the Wilson and Coleman plants is greater than or equal to the net book value of those plants.

- g. Please explain why the Company has taken no steps to appeal and/or negotiate downward the valuation of the Wilson and Coleman plants for property tax purposes knowing that it intends to shut down both plants.

Q.2-42. Refer to the Company's response to KIUC 1-42(a).

- a. Please describe the capital expenditures shown for the Wilson plant in 2014. Are these related solely to the layup in the same manner that the capital expenditures for the Coleman plant are related solely to the layup?
- b. Please indicate if any of the capital expenditures shown for HAP/MATS in 2014 are for the Wilson or Coleman plants. If so, then provide the amounts for each plant in 2014 and explain why these capital expenditures will not be delayed until a later date commensurate with a return to service of the plants.

Q.2-43. Refer to the Company's response to AG 1-41 showing the dates of the most recent actual and scheduled outages due to maintenance on the Company's transmission lines.

- a. For each of the transmission lines, please provide the dates of the actual 2013 outages and the projected dates in 2013 for any outages that have not yet occurred.
- b. For each of the transmission lines, please provide the actual maintenance expense for each outage that has occurred in 2013 and provide the projected maintenance expense for each outage that has not yet occurred in 2013.

Q.2-44. Refer to the Company's response to SC 1-25 and the description of the Company's model inputs for developing the rural peak demand model starting at the bottom of page 3 and continuing on the top of page 4 of this response. Please provide all support for the 50% reduction in the elasticity effect for peak load compared to the elasticity effect for energy.

Q.2-45. Please refer to the model inputs and outputs provided in response to SC 1-25.

- a. Please confirm that GDS determined the price elasticity effect based on historic price data for Big Rivers from 1995-2012.
- b. Please confirm that the historic price data reflects essentially flat or declining prices for all years until 2012.
- c. What is the rationale for assuming that the magnitude of the combined price increases on an "all-in" basis resulting from the loss of the Century and Alcan loads will have the same elasticity effects on average as the historical period where price changes were not of this magnitude? Please provide all support relied on for your response.
- d. Please describe the price elasticity analyses the Company performed for the commercial customers in the Rural class, if any. If none, please confirm that the Company agrees that residential and commercial customers have different price elasticity responses.
- e. Please confirm that the Company's price elasticity analyses do not address the loss or addition of customers, but rather address the average customer energy usage for actual customers in the historic years.

Q.2-46. Please refer to the Company's response to AG 1-52 page 3 of 64.

- a. Please provide a copy of the Company's revised capitalization policy.
- b. Please identify and describe all reasons for revising the Company's capitalization policy.
- c. Please indicate whether the test year expense in the Company's filing reflects the Company's revised capitalization policy.
- d. If the response to part (c) of this question is that it does not, then please provide a quantification of the proforma expense that would be necessary to reflect the Company's revised capitalization policy.

Q.2-47. Please refer to the Company's response to AG 1-52 page 5 of 64.

- a. Please provide a quantification of the savings from the termination of the CoBank line of credit. Provide all assumptions, data, computations, including electronic spreadsheets with formulas intact.
- b. Please indicate whether the savings from the termination of the CoBank line of credit are reflected in the test year revenue requirement.

Q.2-48. Please refer to the Company's response to AG 1-52 page 62 of 64.

- a. Please describe the methodology for the Company's Incentive Pay Award calculations for each year 2012, 2013, and the test year.
- b. Please provide the amount of Incentive Pay Award expense included in the test year revenue requirement. Provide the underlying calculations of the amount(s). Provide all assumptions, data, computations, including electronic spreadsheets with formulas intact.
- c. Please identify each employee/position eligible for the Company's Incentive Pay Award, the targets used to determine the amount of the award(s) for each such employee/position, and the amount of the award(s) paid to each employee/position in each year 2012, budgeted for 2013, and projected for the test year.
- d. Please provide a copy of all Incentive Pay Award materials provided to the Company's BOD in 2011, 2012, and 2013. In addition, please describe all actions taken by the BOD in each of those years to approve the Incentive Pay Award plan, targets, and rates. Provide all documentation of those actions, including all materials provided to the BOD for this purpose and each BOD motion or resolution addressing these Incentive Pay Award plan issues.

Q.2-49. Refer to the Company's response to AG 1-53 page 13 of 56.

- a. Please provide a copy of the Big Rivers-KU Amended Interconnection Agreement.
- b. Please provide a copy of all other Big Rivers interconnection agreements.
- c. Please provide the transfer capacity pursuant to each of the interconnection agreements provided in response to parts (a) and (b) of this question.

Q.2-50. Refer to the Company's response to AG 1-53 page 26 of 56.



- a. Please provide a copy of all materials relied on by Mr. Haner for his comments to the BOD, including, but not limited to, all analyses and indicative bids for the cost of insurance coverage for 2014.
- b. Please provide the most recent analyses and indicative bids for the cost of insurance coverage for 2014.
- c. Please provide a schedule showing the Company's actual insurance expense for each type of coverage in 2010, 2011, 2012, 2013, and the test year.
- d. Please indicate whether the Company expects its insurance expense to decline or increase in 2014 when it markets its coverages.

- Q.2-51. Refer to the Company's response to AG 1-158 page 10 of 13. Please provide the underlying support, including all assumptions, data, computations, and electronic workpapers with formulas intact, to compute the price (\$/mWh) shown on this page.
- Q.2-52. Refer to the Debt tab on the Company's Financial Forecast (2014-2017) 5-16-2013.xlsx. Provide the source of the ECP financing and the source of the interest rate assumption.
- Q.2-53. Refer to the Company's response to KIUC 1-8(d). Please provide a "yes" or "no" response.
- Q.2-54. Refer to the Company's response to KIUC 1-8(e). Please respond to the question posed. The response merely cited to the response to PSC 2-15, which generally describes the status of negotiations to sell the Company's generating stations and the prices at which they have been offered. PSC 2-15 does not address the Company's bidding strategy and/or guidelines for the sale of Wilson and Coleman plants or the output of the plants, which is what was requested in KIUC 1-8(e).
- Q.2-55. Refer to the Company's response to KIUC 1-9(c), which asked if the Company had set a minimum sales prices of something greater than net book value and to provide related documents. The Company's response referred to its response to PSC 2-16; however, that response does not answer KIUC 1-9(e). Please response to KIUC 1-9(e) with a "yes" or "no" answer and then any relevant explanation and copies of the documents requested.
- Q.2-56. Please refer to the Company's response to KIUC 1-10, which sought all studies "to assess the economic viability of the Wilson and Coleman plants and the timing of their return to service." The Company's response referred to the response to PSC 2-14. PSC 2-14 cited the Company's PCM and most recent financial model. In Case No. 2012-00535, the Company provided a plant by plant net margin analysis. Please indicate whether the Company has a similar analysis based on its projections in this proceeding. If so, please provide a copy of it in electronic format with all formulas intact. In addition, either confirm that the Company has conducted no other economic studies or provide all such studies in accordance with KIUC 1-10.
- Q.2-57. Please supply a copy of the Company's most recent IRP, and state whether it included an assumption that the Company would acquire hundreds of MWs of new load between 2014 and 2027. If not, please explain why not.
- Q.2-58. If the Company has a written plan or written instructions to employees about how they should be actively marketing for new load, please supply all documentation that may exist.

- Q.2-59. Please provide a market price forecast, consistent with the 2014 - 2027 forecast that the Company already developed in this case, but which includes CO2 impacts. Please provide all workpapers including original source data and the calculations used to derive the final hourly market price forecasts. Please also provide all workpapers required to convert the forecast into PAR hourly input format. Please supply the natural gas and coal price forecasts that are consistent with the CO2 market price forecast. Please provide all assumptions associated with the CO2 forecast including the annual CO2 forecast that was assumed. Please provide all of this information electronically with all formula intact.
- Q.2-60. If a market price forecast with CO2 impacts considered that is consistent with the forecast derived in the Alcan case is not available, please provide the most recent pair of long term market price forecasts that the Company has used for any production cost modeling purpose, one with CO2 impacts included and the other without the CO2 impacts included. In addition, please provide all workpapers, including original source data and the calculations used to derive the final hourly market price forecasts. Please also provide all workpapers required to convert the forecasts into PAR hourly input format. Please supply the natural gas and coal price forecasts that are consistent with these market price forecasts. Please provide all assumptions associated with the CO2 forecast including the annual CO2 forecast that was assumed. Please provide all of this information electronically with all formula intact.
- Q.2-61. Please clarify what is meant in the response to AG 1-76 in which it states Wilson costs are excluded from the O&M, PCM, and Fuel worksheets in the financial model. Does that mean in the financial model no Wilson costs are included at all, or that in the attachment to the Company's response to AG 1-76, certain costs for Wilson have been excluded, while other costs for Wilson have been included?
- Q.2-62. The Company's response to AG 1-76 contains a table of Plant Layup Savings given the Alcan revenue loss.
- a. Please provide detailed annual calculations and supply work papers of the Alcan revenue loss, and source all spreadsheets down to the identification of specific cells indicating where the data came from to calculate the Plant Layup savings.
  - b. Please repeat the above response, but provide the same information for each of the savings items including Variable Costs, Wilson Non-Labor Expenses, and Wilson Labor Reduction.
  - c. Please provide all information identified above electronically with all formula intact.
- Q.2-63. Please provide the same information (including each subpart of the immediately prior question) for Plant Layup Savings associated with the Century revenue loss.
- Q.2-64. The Company was asked in Staff 2-14 for the Company's analysis or study to support the decision when to return idled units to operational status. Where in the response is such an analysis provided? How did the Company make its decision concerning the optimal years for which to return the units to service. Please supply the missing analysis electronically with all formula intact, and explain how the Company determined the optimal time for returning the units to service. If no analysis was conducted, please supply a one word response either yes or no answering whether a study was conducted.
- Q.2-65. The Company's response to AG 1-195 and AG 1-201 gives an allocation of gross interest expense to Wilson and Coleman, respectively. The Company also provided an allocation of interest expense by plan to Wilson and Coleman in its responses to KIUC 1-21 and 1-22. Please reconcile the differences in the allocations in these responses.

Q.2-66. Concerning the Company's response to AG 1-105:

- a. Please supply a workpaper identifying where the data may be found that was used to calculate the \$73 million in fixed costs that will be saved during 2014 through 2016 by idling Wilson.
- b. Please supply a workpaper identifying where the data may be found that was used to develop the table that was attached to AG 1-105.
- c. Please provide the above information electronically with all formula intact.

Q.2-67. Concerning the Company's response to AG 1-106:

- a. Please supply a workpaper identifying where the data may be found that was used to calculate the \$78 million in fixed costs that will be saved during 2014 through 2016 by idling Coleman.
- b. Please supply a workpaper identifying where the data may be found that was used to develop the table that was attached to AG 1-106.
- c. Please provide the above information electronically with all formula intact.

Respectfully submitted,



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