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Via Overnight Mail

April 19, 2010

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

RECEIVED

APR 19 2010

**PUBLIC SERVICE
COMMISSION**

Re: Case No. 2010-00043

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies each of the SECOND SET OF DATA REQUEST OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO BIG RIVERS ELECTRIC CORPORATION filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service

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 ordinary U.S. mail, unless other noted, this 19TH day of April, 2010 the following:

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Michael L. Kurtz, Esq.

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

In the Matter of:)	
)	
The Application of Big Rivers Electric Corporation)	Case No. 2010-00043
for Approval To Transfer Functional Control)	
of Its Transmission System to Midwest Independent)	
Transmission System Operator, Inc.)	

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

Kentucky Industrial Utility Customers, Inc. ("KIUC") requests the applicant, Big Rivers Electric Corporation ("Big Rivers") to respond to the Second Set of Data Requests herein.

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, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, on a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion, whether preliminary or final, and whether or not referred to in Big Rivers' direct testimony.
3. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.

4. "You" or "your" means the person whose filed testimony is the subject of these requests 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 request 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.

5. Definitions:

"MISO" – means the Midwest ISO and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

"ACES" - means

"CRA" – means Charles River Associates and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

"FERC" – means the Federal Energy Regulatory Commission.

"MCRSG" – means the Midwest Contingent Reserve Sharing Group.

"KPSC" – means the Kentucky Public Service Commission and/or any Commissioners, officials, staff representatives, or other State of Kentucky departments and organizations that act as agents who may have knowledge of the particular matter addressed.

"MTEP" - means the Midwest Transmission Expansion Plan.

"Relevant Period" – means January 1, 2009 through July 31, 2009.

INSTRUCTIONS

6. The Requests shall be deemed continuing so as to require or prompt further and supplemental production if at any time during this proceeding in the event you locate or obtain possession, custody or control of additional responsive Documents.

7. Any Studies, Documents, or other subject matter not yet completed that will be relied upon during the course of this proceeding should be provided as soon as they are completed. You are obliged to change, supplement and correct all answers to these Requests to conform to available

information, including such information as it first becomes available to you after the answers hereto are served.

8. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.

9. The answers should identify the person(s) supplying the information.

10. 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.

SECOND SET OF DATA REQUESTS

2-1. Please refer to Big Rivers' response to KIUC item 1-1, the December 17, 2009 Preliminary Economic Assessment of CRA.

- a. Did the Big Rivers Board of Directors ever get a final CRA Economic Assessment? If yes, please provide.
- b. Please explain why Big Rivers entered into the Memorandum of Understanding with MISO on December 11, 2010 when its Board did not have the CRA Preliminary Assessment at that time?
- c. Please provide all workpapers, computer models with cells in tact, assumptions and other documents used in the Preliminary Assessment.
- d. Please refer to page 13 of the Preliminary Assessment. Please calculate the "trade benefit" to Big Rivers of the Change Case (Big Rivers joins MISO) versus the Base Case (Big Rivers not in MISO) for the period 2011 through 2014 using the GE MAPS analysis. Please provide all back up documents, computer models and assumptions for this calculation. If the "trade benefit" for 2011 is different than the \$2.4 million "decreased cost to serve Big Rivers load" provided in response to KIUC item 2 please explain any differences.
- e. Please identify all differences between the December 17, 2009 CRA Preliminary Assessment and the February 1, 2010 CRA economic analysis presented in the testimony of Mr. Luciani. In particular, please explain why: 1) transmission expansion costs (MTEP) were included in the Preliminary Assessment but not the KPSC testimony; and 2) the Preliminary Assessment compared the Base Case (Big Rivers not in MISO) versus the Change Case (Big Rivers joins MISO) whereas the KPSC testimony compared the Change Case (Big Rivers joins MISO) versus the Stand Alone Case (200 mw of Smelter interruptible capacity, 65 mw Reid CT, and 152 mw coal stand by).

- f. On page 12 CRA identifies the wheeling charge from BREC into MISO as \$2.88/MWh. Was this the same charge used in Mr. Luciani's testimony? If not, what was used in the testimony and explain any differences.
 - g. On page 12 CRA, identifies the MISO wheeling charge into BREC as \$6.32/MWh on-peak and \$3.00/MWh off-peak. Were these the same charges used in Mr. Luciani's testimony? If not, what was used in the testimony and explain any differences.
- 2-2. Please provide all computer models with cells in tact, workpapers and all other documents that support your response to KIUC item 2-1.
- 2-3. Please refer to your response to KIUC item 1-5. Crocket states that the annual costs of self-supply in terms of lost opportunity margins at the time the decision to join MISO was \$29.8 million (400 MW times 8,760 times 85% capacity factor times \$10/MWh projected margins).
- a. For each month since the Unwind closed, please provide: 1) the dollar amount of the net margin on off-system sales realized by Big Rivers; 2) the MWh volume of off-system sales net of transmission losses; 3) the net price per MWh received by Big Rivers for its off-system sales.
 - b. Please compare the items referenced in item a. above with Big Rivers' budget projections.
 - c. What is Big Rivers' currently budgeted amounts for the items referenced in item a. above (1) assuming it does not join MISO and (2) assuming it does join MISO. This request seeks information for as long a forward period as the currently approved budget exists.
 - d. Given the capacity factors used by CRA in its analysis, does Rivers believe that the assumed 85% capacity factor of the coal units that would be idled is realistic? If Big Rivers did idle any coal generation for a stand alone scenario, which units would be idled in descending order and how many MW would be idled for each unit?
 - e. Does Big Rivers agree that the maximum capacity (MW) of coal units that would have to be idled under a stand alone scenario with no Smelter interruptible capacity is 352 MW (417 MW minus the 65 MW Reid CT) not 400 MW?
 - f. Please confirm that Big Rivers is required to maintain approximately 32 MW of reserves in the MISO case, which is the same amount of reserves as it maintained in the MCRSG arrangement.
 - g. Has Big Rivers calculated the cost of a stand alone scenario for a short-term period (for example September 1, 2010 through December 31, 2011) using current information including margins from off-system sales? If not, please explain why not.
- 2-4. Please refer to KIUC items 1-22 and 1-23.
- a. Do the forecasted exits fees of \$6 million in 2009 and \$3.5 million at the end of 2015 include Big Rivers' cost responsibility for transmission projects approved while it was a member? If not, please recalculate the exit fees to include such amounts.
 - b. Please confirm that the only document in the possession of Big Rivers that attempts to calculate MISO exit fees is the October 15, 2009 email from MISO.

- c. Please provide all documents, workpapers and computer models which support these exit fee calculations.
 - d. Please provide the same exit fee calculations for 2020.
- 2-5. Please refer to your response to KIUC item 1-24.
- a. Assuming that FERC approves Option A grandfather status for Big Rivers' non-Smelter load, what is the revenue impact expected to be for each year from 2011-2014? Please provide all computer models, workpapers and other documents which support your answer.
- 2-6. Please refer to PSC item 1-1. Please update this response.
- 2-7. Please refer to PSC item 1-2.
- a. Please provide all computer models with cells in tact, workpapers and other documents which support the \$8.8 million and \$3.8 million calculations.
 - b. Please provide the same information requested in PSC item 1-2 for each year from 2011 through 2020. Please include all computer models with cells in tact, workpapers and other documents which support this calculation.
 - c. Does the \$3.8 million cost, if GFA load is excluded, assume that (i) none of Big Rivers' wholesale power contracts have GFA status or (ii) only the wholesale power contracts with the Distribution Cooperatives have GFA status?
 - d. With reference to item (c) above, please provide the cost estimate for the scenario, either (i) or (ii), that is not implicit in your original response.
- 2-8. Please refer to PSC item 1-7.
- a. Please provide all computer models with cells in tact, workpapers and other documents which support the \$736,981 and \$147,396 calculations.
 - b. Please provide the same information requested in PSC item 1-7 for each year from 2011 through 2020. Please include all computer models with cells in tact, workpapers and other documents which support this calculation.
 - c. MISO estimates that Big Rivers' share of the 2009 MTEP costs, if Big Rivers had been a member of MISO in 2009, would have been \$736,981 with an annual revenue requirement of \$147,396 assuming 700 MW of load had GFA status. Please provide the same information assuming none of Big Rivers' load had GFA status.
- 2-9. Please refer to PSC item 1-15.
- a. Please provide all computer models with cells in tact, workpapers and other documents which support the calculations in your response.
 - b. Please provide all computer models with cells in tact, workpapers and other documents which support Tables 3-1, 3-2, 3-3 and 3-4 to Mr. Luciani's testimony, which served as the basis for this response.

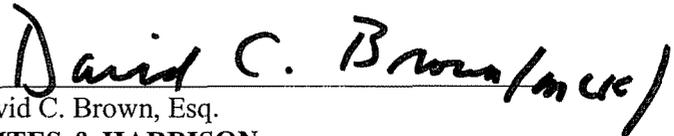
- c. Please confirm that the analysis performed in response to PSC item 1-15 and Tables 3-1, 3-2, 3-3 and 3-4 only considers production costs, and does not consider capital or other operation and maintenance costs that would be required to run the Big Rivers generating units at the much higher capacity factors assumed in the MISO case versus the Stand Alone case. Has Big Rivers attempted to calculate the additional capital and operating and maintenance costs necessary to run its generation at the higher capacity factors assumed for the MISO case? If yes, please provide that information. Does Big Rivers' management believe that it can operate its units at the capacity factors identified on Table 3-4 for the first five years of MISO membership without increased capital or operating and maintenance costs?
 - d. Please provide the off-systems sales margin information requested by Staff comparing the MISO case versus the Base Case from the December 17, 2009 Preliminary Assessment, not the Stand Alone Case offered in testimony.
- 2-10. Please provide the purchase power information requested in PSC item 1-16 comparing the MISO case versus the Base Case from the December 17, 2009 Preliminary Assessment, not the Stand Alone Case offered in testimony.
- 2-11. Please refer to PSC item 1-22. Does Big Rivers agree with Mr. Doying of MISO that "ARC participation, if allowed by the KPSC, can only enhance the positive financial impacts to Big Rivers"? Please explain your answer.
- 2-12. Please refer to Big Rivers' response to PSC 1-10. At what point in time will MISO seek FERC approval of its recommendation as to GFA status of certain of Big Rivers' wholesale contracts? What is MISO's best judgment as to when FERC will act on the recommendation? Will it be prior to or subsequent to the KPSC hearing and Order in this proceeding?
- 2-13. Please refer to Big Rivers' response to PSC 1-17.
- a. With respect to lines 14-16, please describe the specific areas of the 2011 budget that will or can be reduced to allow Big Rivers to absorb the additional MISO costs and still maintain the target margin in 2011?
 - b. With respect to lines 16-19, please explain the basis for your testimony that MISO costs under Schedules 10, 16 and 17 can be recovered under Big Rivers Non-FAC PPA tariff and the balance will be deferred using the deferral accounting for Non-smelter purchase power.
- 2-14. Please refer to KIUC 1-9. This request was intended for Big Rivers' management as to whether it believes MISO membership will result in an annual benefit of \$20 million to \$26 million. A response is requested from Big Rivers' management rather than from Mr. Luciani.
- 2-15. Please refer to KIUC 1-2, lines 27-28. For clarification, does the phrase "relative to being a member of the MCRSG" mean "compared to being a member of the MCRSG?"
- 2-16. Please refer to Big Rivers' response to KIUC 1-11 and 12. Is it not true that if Big Rivers found in a given year the approved MTEP costs to be unbearable and exited MISO, that it would still be required to pay its share of those costs as a non-member?
- 2-17. Please refer to Big Rivers' response to KIUC 1-14. Please provide all Documents relating to or reflecting Mr. Crockett's knowledge of the reserve sharing issue prior to April or May 2009 at which time Mr. Bailey was advised.

- 2-18. Please refer to Big Rivers' response to KIUC 1-16, lines 17-18. Please explain how Big Rivers believed it could structure a solution with TVA in order to address TVA's concerns.
- 2-19. Please refer to Big Rivers' response to KIUC 1-26. Please provide the information received from Hoosier Energy concerning its experiences with the market settlements area of MISO.
- 2-20. For each month during 2010 please provide the number, duration, amount in MW and cause of each event when Big Rivers was required to call on MISO for reserve sharing. This is a continuing request.

Respectfully submitted,



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April 19, 2010