

RECEIVED

JUN 26 2013

PUBLIC SERVICE  
COMMISSION

Ronald M. Sullivan  
Jesse T. Mountjoy  
Frank Stainback  
James M. Miller  
Michael A. Fiorella  
Allen W. Holbrook  
R. Michael Sullivan  
Bryan R. Reynolds\*  
Tyson A. Kamuf  
Mark W. Starnes  
C. Ellsworth Mountjoy

June 25, 2013

**Via FedEx Overnight Delivery**

Mr. Jeff Derouen  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

\*Also Licensed in Indiana

*In the Matter of:*

Application of Big Rivers Electric Corporation for a General Adjustment  
in Rates – Case No. 2012-00535

Dear Mr. Derouen:

Big Rivers Electric Corporation (“Big Rivers”) hereby files an original and ten (10) copies of a:

1. Second supplemental response to Item 54 of the Commission Staff’s Initial Request for Information dated December 21, 2013, and to which Big Rivers initially provided a response on January 29, 2013;
2. Revised response to Item 35 of the Kentucky Industrial Utility Customers’ Initial Request for Information date February 14, 2013; and
3. Revised response to Item 30 of Ben Taylor and the Sierra Club’s Initial Request for Information dated February 14, 2013.

Please confirm the Commission’s receipt of this information by having the Commission’s date stamp placed on the enclosed additional copy and returning to Big Rivers in the self-addressed, postage paid envelop provided.

A copy of this response has been provided by either first class U.S. postage or overnight express delivery to the attached service list.

Should you have any questions about this matter, please contact me.

Sincerely yours,



Tyson A. Kamuf

Telephone (270) 926-4000  
Telecopier (270) 683-6694

100 St. Ann Building  
PO Box 727  
Owensboro, Kentucky  
42302-0727

Service List  
PSC Case No. 2012-00535

Jennifer B. Hans  
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Dennis G. Howard, II  
Assistant Attorneys General  
1024 Capital Center Dr.  
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Frankfort, KY 40601

Mr. David Brevitz  
3623 SW Woodvalley Terrace  
Topeka, KS 66614

Mr. Bion C. Ostrander  
1121 S.W. Chetopa Trail  
Topeka, KS 66615

Mr. Larry Holloway  
830 Romine Ridge  
Osage City, KS 66523

Michael L. Kurtz, Esq.  
Kurt J. Boehm, Esq.  
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Roswell, Georgia 30075

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Gregory Starheim  
President & CEO  
Kenergy Corp.  
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Owensboro, KY 42302-1389

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Hardinsburg, KY 40143

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President and CEO  
Jackson Purchase Energy Corporation  
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Paducah, KY 42002-4030

Melissa D. Yates  
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Joe Childers  
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Shannon Fisk  
Senior Attorney  
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Philadelphia, PA 19103

Robb Kapla  
Staff Attorney  
Sierra Club  
85 Second Street  
San Francisco, CA 94105

Sarah Jackson  
Frank Ackerman  
Synapse Energy Economics  
485 Massachusetts Avenue, Suite 2  
Cambridge, MA 02139

**ORIGINAL**



Your Touchstone Energy® Cooperative 

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

APPLICATION OF BIG RIVERS )  
ELECTRIC CORPORATION FOR A ) Case No. 2012-00535  
GENERAL ADJUST IN RATES )

***Second Supplemental*** Response to Commission Staff's  
Initial Request for Information dated December 21, 2012

***Revised*** Response to Kentucky Industrial Utility Customers'  
Initial Request for Information dated February 14, 2013

***Revised*** Response to Ben Taylor and Sierra Club's  
Initial Request for Information dated February 14, 2013

**FILED: June 26, 2013**

**ORIGINAL**

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535

Second Supplemental Response to  
Commission Staff's Initial Request for Information  
dated December 21, 2012

January 29, 2013

First Supplement June 21, 2013

Second Supplement June 26, 2013

1 Item 54) *Provide the following information concerning the costs for the*  
2 *preparation of this case:*

3

4 a. *A detailed schedule of expenses incurred to date for the*  
5 *following categories:*

6 (1) *Accounting;*

7 (2) *Engineering;*

8 (3) *Legal;*

9 (4) *Consultants; and*

10 (5) *Other Expenses (Identify separately).*

11 *For each category, the schedule should include the date of*  
12 *each transaction; check number or other document*  
13 *reference; the vendor, the hours worked; the rates per hour;*  
14 *amount, a description of the services performed; and the*  
15 *account number in which the expenditure was recorded.*

16 *Provide copies of contracts or other documentation that*  
17 *support charges incurred in the preparation of this case.*  
18 *Identify any costs incurred for this case that occurred*  
19 *during the base period.*

20 b. *An itemized estimate of the total cost to be incurred for this*  
21 *case. Expenses should be broken down into the same*

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535

Second Supplemental Response to  
Commission Staff's Initial Request for Information  
dated December 21, 2012

January 29, 2013

First Supplement June 21, 2013

Second Supplement June 26, 2013

- 1 *categories as identified in (a) above, with an estimate of the*  
2 *hours to be worked and the rates per hour. Include a*  
3 *detailed explanation of how the estimate was determined,*  
4 *along with all supporting workpapers and calculations.*  
5 c. *Provide monthly updates of the actual costs incurred in*  
6 *conjunction with this rate case, reported in the manner*  
7 *requested in (a) above. Updates will be due when Big*  
8 *Rivers files its monthly financial statements with the*  
9 *Commission, through the month of the public hearing.*

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11 **Response)**

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**Witness)** DeAnna M. Speed

- a. Big Rivers filed its initial response on January 29, 2013 (“the January 29 response”). Big Rivers hereby supplements that response with the contracts of two additional professional organizations engaged to assist Big Rivers – Deloitte Financial Advisory Services LLP, and Haynes and Boone, LLP.
- b. There is no change to the January 29 response.
- c. There are no changes to previously provided schedules.

**BIG RIVERS ELECTRIC CORPORATION**

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535**


**VERIFICATION**

I, DeAnna M. Speed, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
DeAnna M. Speed

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by DeAnna M. Speed on this  
the 25<sup>th</sup> day of June, 2013.

  
Notary Public, Ky. State at Large  
My Commission Expires 8-9-2014



Deloitte Financial Advisory  
Services LLP  
JPMorgan Chase Tower  
2200 Ross Avenue, Suite 1600  
Dallas, TX 75201 6778  
USA

Tel: +1 214 840 7000  
www.deloitte.com

June 12, 2013

Mr. James M. Miller  
Sullivan, Mountjoy, Stainback & Miller, P.S.C.  
100 St. Ann Street, P.O. Box 727  
Owensboro, Kentucky 42302-0727

Re: Engagement to provide expert testimony to Kentucky Public Service Commission on behalf of Big Rivers Electric Corporation

Dear Mr. Miller:

#### UNDERSTANDING OF ROLE

This letter sets forth the agreement between Sullivan, Mountjoy, Stainback & Miller, P.S.C. ("Counsel") and Deloitte Financial Advisory Services LLP ("Deloitte FAS"), effective as of May 31, 2013, whereby Deloitte FAS personnel will provide to Counsel the services described herein (this "Engagement"). We understand that such services are being requested by Counsel in connection with Counsel's representation of Big Rivers Electrical Corporation (the "Company") in the above-entitled matter and related matters. We agree that William K. Snyder (the "Expert Witness") will be prepared to testify as to his work and opinions in the above-entitled matter.

We understand that the work product and files of the Expert Witness may be subject to discovery; however until such material are subpoenaed, they will be maintained by us as confidential in accordance with the terms hereof

Counsel agrees that it will advise Deloitte FAS in a timely manner of any applicable legal requirements concerning the services to be provided by Deloitte FAS, including, without limitation, the identification of any reports to be provided by Deloitte FAS, the formats of, and filing deadlines for, such reports, and the legal requirements, if any, concerning the retention of our notes, draft reports, or other work product. Deloitte FAS does not, in advance of obtaining sufficient relevant information and completing its analyses, provide any assurance that it will be able to support any position.

Deloitte FAS is prepared to provide assistance in reading the financial information and other data relevant to this matter in order to assist Counsel in its evaluation of the Intervenor's testimony regarding the potential impact of a Chapter 11 filing on the Company. The specific procedures to be performed by Deloitte FAS will be mutually established based on discussions with you as the Engagement progresses and additional information is obtained during the course of the Engagement. Deloitte FAS is also prepared to provide mutually agreeable assistance in any other areas that may be identified during the course of this Engagement.

The Company agrees that, without Deloitte FAS' prior written permission, any reports, schedules, documents, or other materials provided by Deloitte FAS ("Deloitte FAS Work product") are not to be



Mr. James M. Miller  
June 12, 2013  
[Page 2]

used, in whole or in part, by the Company for any purpose other than in connection with the resolution or disposition of the disputed matters or controversies that are the subject of this Engagement (the "Dispute"), and are not to be disclosed, quoted or referenced, in whole or in part, to any other person or entity ("third party") other than the Company's members and those third parties that are adverse to the Company in the Dispute, their legal counsel, other consultants to legal counsel in this matter and any court or other tribunal in which the Dispute is then pending. This Engagement shall not create privity between Deloitte FAS and any third party. Neither the Deloitte FAS Work product nor the services provided hereunder are intended for the express or implied benefit of any third party.

#### CONFLICTS

We performed an internal search for any potential client conflicts (the "Conflicts Search") based upon the names of the parties that you have provided (the "Involved Parties"). Nothing has come to our attention that, in our judgment, would impair our ability to objectively serve you in this Engagement. Except for the Conflicts Search, we have not undertaken any process to identify any other relationships with the Involved Parties. Company agrees that it will inform us promptly of additional parties to this matter or of name changes for those parties whose names were provided by Company.

As you know, Deloitte FAS and its affiliates have many clients and we are engaged by new clients every day. Therefore, we cannot assure that, following the completion of our Conflicts Search, an engagement relating to one or more of the Involved Parties will not be accepted. You can assist us in monitoring any potential future conflicts by promptly disclosing our retention to the other side, but of course only if consistent with your case strategy. Should any potential conflict come to the attention of our Engagement Principal, we will endeavor to resolve such potential conflict and will determine what action needs to be taken.

Any counsel representing parties involved in this matter may have in the past engaged, represented or opposed, and may currently or in the future engage, represent or oppose, Deloitte FAS, its affiliates or their respective personnel in connection with matters unrelated to this Engagement.

#### ENGAGEMENT STAFFING AND FEES

I will participate as Engagement Principal, maintaining overall responsibility for the engagement on behalf of Deloitte FAS. Amit Singh will serve as the engagement manager, coordinating daily management of the engagement assisted, as appropriate, by staff. Technical support may also be provided by other professionals who will be identified during the course of the Engagement.

We bill on a time and expense basis, with our fees determined by the tasks required and the related time spent. Our per-hour billing rates are as follows:

Title	Hourly Rate
Partners/Principals/Directors	\$525 - \$695
Senior Managers	\$450 - \$525
Managers	\$395 - \$450
Senior Associates	\$325 - \$395
Associates	\$250 - \$325
Paraprofessionals	\$150 - \$250

Mr. James M. Miller  
June 12, 2013  
[Page 3]

William Snyder	\$695
Amit Singh	\$425

We have also agreed to a blended rate cap of \$495 per hour. Each invoice will also apply the monthly blended rate cap such that you would pay each month the lesser of (x) fees billed at our actual rates during that month (after giving effect to the discounts above) and (y) fees calculated based upon the blended hourly rate of \$495.

Payments made hereunder shall be made to:

Bank Name: CITIBANK  
ABA #: 031100209  
Account Name: Deloitte Financial Advisory Services LLP  
Account #: 3874-0717

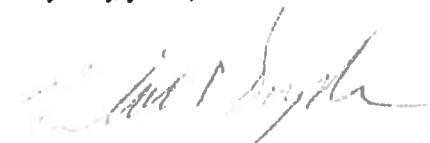
The scope of our services, as well as the complexity and duration of this Engagement, can vary greatly due to circumstances which may not be anticipated. Our fees and expenses are not contingent upon the final resolution of the matters that are the subject of this Engagement. It is our normal practice that we be paid in full for all work performed to date prior to our issuance of any report and/or providing testimony.

In addition, we will be compensated for any time and actual expenses (including, without limitation, reasonable legal fees and expenses) that we may incur in considering or responding to discovery requests or other requests for documents or information, or in participating as a witness or otherwise in any legal, regulatory, or other proceedings (including, without limitation, those unrelated to the matters that are the subject of this Engagement) as a result of Deloitte FAS' performance of these services.

The attached General Business Terms are incorporated by reference into this engagement letter. For the purposes of the attached General Business Terms, "Client" shall mean the Company.

If you agree to the terms of this letter and the attached General Business Terms, please sign and have your client sign the enclosed copy of this letter in the space provided and return it to me. If you have any questions, please call me at (214) 415 7167. We appreciate the opportunity to work for you and look forward to your prompt response.

Very truly yours,



William K. Snyder, Principal  
Deloitte Financial Advisory Services LLP

Encl.

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Mr. James M. Miller  
June 12, 2013  
[Page 4]

Accepted on behalf of Big Rivers Electric Corporation

By: James M. Miller

Title: Counsel for Big Rivers Electric Corporation

Date: James M. Miller

Sullivan, Mountjoy, Stainback & Miller, P.S.C.

June 12, 2013

APPENDIX A: GENERAL BUSINESS TERMS

1. Services.

- a) The services provided by Deloitte Financial Advisory Services LLP ("Deloitte FAS") (the "Services") under the engagement letter to which these terms are attached (the "Engagement Letter") will be performed under the Standards for Consulting Services of the American Institute of Certified Public Accountants. The Services may include advice and recommendations, but Deloitte FAS will not make any decisions on behalf of Client in connection with the implementation of such advice and recommendations.
- b) The Services may include, for purposes of gathering information, access to the work of other public accountants or to financial statements or financial information reported on by other public accountants; however, access is not for the purpose of affirming or evaluating the auditing procedures or related professional standards used by such other public accountants.
- c) Client acknowledges that draft or tentative reports, findings, conclusions or advice that are provided to Client, whether written or oral, may be subject to further revision by Deloitte FAS.

2. **Payment of Invoices.** Client will compensate Deloitte FAS under the terms of the Engagement Letter for the Services performed and expenses incurred, through the term or effective date of termination of this engagement. Deloitte FAS' invoices are due upon receipt. If payment is not received within thirty (30) days of the receipt of an invoice (i) such invoice shall accrue a late charge equal to the lesser of (a) 1½% per month or (b) the highest rate allowable by law, in each case compounded monthly to the extent allowable by law, and (ii) Deloitte FAS may also suspend or terminate the Services. Client shall be responsible for any taxes imposed on the Services or on this engagement, other than taxes imposed by employment withholding for Deloitte FAS' personnel or on Deloitte FAS' income or property.

3. **Term.** Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of the Services. This engagement may be terminated by Client or Deloitte FAS at any time on the delivery of written notice of termination to the other.

4. Deliverables and Working Papers.

- a) Deloitte FAS has rights in, and may, in connection with the performance of the Services, use, create, modify, or acquire rights in, works of authorship, materials, information, and other intellectual property (collectively, the "Deloitte FAS Technology").
- b) Upon full payment to Deloitte FAS hereunder, and subject to the terms and conditions contained herein, (i) the tangible items specified as deliverables or work product in the Engagement Letter (the "Deliverables") shall become the property of Client, and (ii) Deloitte FAS hereby grants Client a royalty-free, fully paid-up, worldwide, non-exclusive license to use the Deloitte FAS Technology contained in the Deliverables in connection with the use of such Deliverables. Except for the foregoing license grant, Deloitte FAS or its licensors retain all rights in and to all Deloitte FAS Technology.
- c) **Working Papers.** The working papers created by Deloitte FAS during this engagement are the property of Deloitte FAS. Client understands that Deloitte FAS does not retain working papers indefinitely.

5. Limitation on Damages and Actions.

- a) Deloitte FAS, its subsidiaries and subcontractors, and their respective personnel shall not be liable to Client for any claims, liabilities, or expenses relating to this engagement ("Claims") for an aggregate amount in excess of the fees paid by Client to Deloitte FAS pursuant to this engagement, except to the extent resulting from the recklessness, bad faith or intentional misconduct of Deloitte FAS or its subcontractors. In no event shall Deloitte FAS, its subsidiaries or subcontractors, or their respective personnel be liable to Client for any loss of use, data, goodwill, revenues or profits (whether or not deemed to constitute a direct Claim), or any consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement.
- b) In circumstances where any limitation on damages provision hereunder is unavailable, the aggregate liability of Deloitte FAS, its subsidiaries and subcontractors, and their respective personnel for any Claim shall not exceed an amount that is proportional to the relative fault that the conduct of Deloitte FAS and its subcontractors bears to all other conduct giving rise to such Claim.
- c) No action, regardless of form, relating to this engagement, may be brought by any party more than one year after the cause of action has accrued, except that an action for non-payment may be brought by a party not later than one year following the due date of the last payment owing to the party bringing such action.

6. **Client Responsibilities.** Client shall cooperate with Deloitte FAS in the performance of the Services, including providing Deloitte FAS with reasonable facilities and timely access to data, information and personnel of Client. Client shall be responsible for the performance of its personnel and agents, and ensuring the accuracy and completeness of all data and information provided to Deloitte FAS for purposes of the performance of the Services. Deloitte FAS' performance is dependent upon the timely and effective satisfaction of Client's responsibilities hereunder and timely decisions and approvals of Client in connection with the Services. Deloitte FAS shall be entitled to rely on all decisions and approvals of Client.

7. **Force Majeure.** Neither Client nor Deloitte FAS shall be liable for any delays or nonperformance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

8. **Independent Contractor.** It is understood and agreed that, with respect to the relationship between Deloitte FAS, on the one hand, and Client, on the other hand, (i) each party hereto is an independent contractor and neither party is nor shall be considered to be, nor shall purport to act as, the other's agent, partner, fiduciary, joint venturer, or representative.

9. **Confidentiality.** To the extent that, in connection with this engagement, either Deloitte FAS or Client (each the "receiving party") comes into possession of any confidential information of the other (the "disclosing party"), it will not disclose such information to any third

Sullivan, Mountjoy, Stainback & Miller, P.S.C.

May 31, 2013

party without the disclosing party's consent, using at least the same degree of care as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The disclosing party hereby consents to the receiving party disclosing such information: (a) as expressly permitted in the Engagement Letter; (b) to subcontractors, whether located within or outside of the United States, that are providing services in connection with this engagement and that have agreed to be bound by confidentiality obligations similar to those in this Section 8; (c) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards or rules, or in connection with litigation or arbitration pertaining hereto; or (d) to the extent such information (1) is or becomes publicly available other than as the result of a disclosure in breach hereof, (2) becomes available to the receiving party on a nonconfidential basis from a source that the receiving party believes is not prohibited from disclosing such information to the receiving party, (3) is already known by the receiving party without any obligation of confidentiality with respect thereto, or (4) is developed by the receiving party independently of any disclosures made to the receiving party hereunder. Nothing in this Section 9 shall alter Client's obligations under the Engagement Letter. Deloitte FAS, however, may use and disclose any knowledge and ideas acquired in connection with the Services to the extent they are retained in the unaided memory of its personnel.

**10. Professional and Regulatory Actions.** Without limiting any other right to terminate this engagement that Deloitte FAS may have under the Engagement Letter, these terms or law Deloitte FAS may terminate this engagement upon written notice to Client if Deloitte FAS determines that the performance of any part of the Services would be in conflict with law, or independence or professional rules.

**11. Survival and Interpretation.** All provisions which are intended by their nature to survive performance of the Services shall survive such performance, or the expiration or termination of this engagement. No affiliated or related entity of Deloitte FAS, or such entities' personnel, shall have any liability hereunder to Client and Client will not bring any action against any such affiliated or related entity or such entity's personnel in connection with this engagement. Without limiting the foregoing, such affiliated and related entities are intended third-party beneficiaries of these terms, and may in their own right enforce such terms. Each of the provisions of these terms shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise, notwithstanding the failure of the essential purpose of any remedy. Any references herein to the term "including" shall be deemed to be followed by "without limitation".

**12. Assignment and Subcontracting.** Except as provided below, none of the parties may assign any of its rights or obligations hereunder (including interests or claims) without the prior written consent of the other parties. Client hereby consents to Deloitte FAS assigning or subcontracting any portion of the Services to any affiliate or related entity whether located within or outside of the United States. Services performed hereunder by Deloitte FAS' subcontractors shall be invoiced as professional fees on the same basis as Services performed by Deloitte FAS personnel, unless otherwise agreed.

**13. Waiver of Jury Trial.** DELOITTE FAS AND CLIENT HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM RELATING TO THIS ENGAGEMENT.

**14. Entire Agreement, Amendment and Notices.** These terms and the Engagement Letter, including attachments, constitute the entire agreement between Deloitte FAS and Client with respect to this engagement, supersede all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by a written agreement signed by the parties. In the event of any conflict or ambiguity between these terms and the Engagement Letter, these terms shall control. All notices hereunder shall be (a) in writing, (b) delivered to the representatives of the parties at the addresses set forth in the Engagement Letter, unless changed by any party by notice to the other parties, and (c) effective upon receipt.

**15. Governing Law, Jurisdiction and Venue, and Severability.** These terms, the Engagement Letter, including attachments, and all matters relating to this engagement shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to the choice of law principles thereof). Any action based on or arising out of this engagement or the Services shall be brought and maintained exclusively in any state or federal court, in each case located in New York County, the State of New York. Each of the parties hereby expressly and irrevocably submits to the jurisdiction of such courts for the purposes of any such action and expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter may have to the laying of venue of any such action brought in any such court and any claim that any such action has been brought in an inconvenient forum. If any provision of these terms or the Engagement Letter is unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.

April 11, 2013

PRIVILEGED AND CONFIDENTIAL

Mr. Mark Bailey  
President and CEO  
Big Rivers Electric Corporation  
201 Third Street  
P.O. Box 24 Henderson, Kentucky 42419-0024

Via Email – [mark.bailey@bigrivers.com](mailto:mark.bailey@bigrivers.com)

Re: Engagement of Haynes and Boone, LLP to represent Big Rivers Electric Corporation

Dear Mr. Bailey:

On behalf of the firm of Haynes and Boone, LLP (the “Firm”), we appreciate Big Rivers’ decision to engage us to provide legal representation to Big Rivers Electric Corporation (“Big Rivers”). We look forward to this engagement, and we are confident that Big Rivers will be pleased with the quality of our work and our responsiveness to Big Rivers’ needs.

The purpose of this engagement letter is to confirm the terms on which the Firm will undertake to represent Big Rivers Electric Corporation in connection with the matters described below.

**1. Client Relationship**

The Firm is being retained by Big Rivers Electric Corporation solely as its counsel, and our representation pursuant to this letter does not include the representation of any other entity or any individual, including but not limited to any of Big Rivers’ affiliates, employees or agents.

**2. Scope of Representation**

You have asked us to provide Big Rivers with advice in connection with rate proceedings before the Kentucky Public Service Commission (the “Subject Matter”).

You acknowledge that we are not Big Rivers’ general counsel and that our acceptance of this engagement does not involve our representation of Big Rivers’ business or other interests with respect to any matter other than the Subject Matter.

We will provide legal services in connection with one or more specific matters. After completion of a matter, changes may occur in the applicable laws or regulations that

**Haynes and Boone, LLP**  
**Attorneys and Counselors**  
201 Main Street, Suite 2200  
Fort Worth, Texas 76102-3126  
Phone: 817.347.6600  
Fax: 817.347.6650

Mr. Mark Bailey  
April 11, 2013  
Page 2

could affect Big Rivers' future rights and liabilities. Unless Big Rivers engage us after completion of the matter to provide additional advice on issues arising from the Subject Matter, Big Rivers agrees that the Firm has no continuing obligation to advise Big Rivers with respect to future legal developments.

### **3. Staffing**

I will be the primary contact at the Firm for Big Rivers' representation; we will use other Firm lawyers and legal assistants to work on Big Rivers' engagement as we believe appropriate under the circumstances. We may delegate work to lawyers or support personnel with special experience in a given area or whom we otherwise believe will enable us to provide services on an efficient, timely and cost-effective basis. Regardless of who is working on a particular component of the engagement, we will always be available to discuss any aspect of our representation with Big Rivers.

### **4. Fee Arrangements**

Experience has shown that our relationship will be better if we begin with a clear understanding about our fees and the timing of their payment. You have agreed to pay us for the professional services that we render pursuant to the terms of this engagement letter and to reimburse us for the costs and expenses that we incur or pay on Big Rivers' behalf and charge to Big Rivers' account. Payment of our fees and costs is not contingent on the ultimate outcome of this engagement.

It is our normal practice to charge our clients for services rendered on the basis of the total hours worked and our hourly rates. We have agreed to discount those rates for Big Rivers as follows: (a) the hourly rates of our partners would be discounted to the lesser of (x) 90% of the current standard rate (i.e., a 10% discount off current standard rates) and (y) \$650; (b) The hourly rates associates would be capped at the lesser of their current hourly rate or \$395; and, (c) the hourly rates for all of our paralegals would be discounted to \$150. You have agreed to pay us on that basis, as modified below.

We have also agreed to a blended rate cap of \$495 per hour. Each invoice will also apply the monthly blended rate cap such that Big Rivers would pay each month the lesser of (x) fees billed at our actual rates during that month (after giving effect to the discounts above) and (y) fees calculated based upon the blended hourly rate of \$495.

In an effort to provide more effective service and reduce legal fees, where appropriate we utilize specialized professional consultants, paralegals, and case clerk staff. If this engagement extends beyond twelve months, Big Rivers and Haynes and Boone would annually confer in good faith to discuss an adjustment of the foregoing discounts and blended

Mr. Mark Bailey

April 11, 2013

Page 3

rate cap discussed above. Additionally, we will not charge for time spent traveling except and unless actual work is being done while traveling.

Each month, we will send Big Rivers an invoice statement requesting that payment be made, which amount Big Rivers agrees to pay within 30 days after the date of the invoice. Each invoice will reflect fees charged as described above.

## **5. Costs and Expenses**

Our invoices also will include charges for services and expenses customarily invoiced by law firms, in addition to fees for legal services performed in connection with the Subject Matter. These may include travel expenses, including mileage, parking, airfare, lodging, meals and ground transportation. Further, our invoices may include charges for items and services such as computerized legal research, long distance telephone, faxes, copying, document or image productions and other non-overhead expenses incurred for Big Rivers' benefit. Except for specialized word processing services, we will not make a separate charge for secretaries' work or overhead expenses.

The fees and services of third parties incurred in connection with our representation of Big Rivers, such as printers, experts, messenger and delivery services, process servers, court reporters, witness fees, and filing services, also will be charged to Big Rivers at the actual costs and expenses incurred. For any substantial expenses, Big Rivers agrees that it will pay the fees and expenses directly, and authorize us to make arrangements to have such third parties bill Big Rivers directly. Our Firm will pay more minor expenses and bill Big Rivers for those out-of-pocket expenditures made on Big Rivers' behalf.

## **6. Discharge and Withdrawal**

You will have the right at any time to terminate the Firm's representation of Big Rivers by delivering written notice of termination to us. The Firm will have the right to withdraw from its representation of Big Rivers at any time with Big Rivers' consent, or for good cause without Big Rivers' consent. For example, if Big Rivers does not honor the terms of this letter (including Big Rivers' or a third-party payor's failure to pay), or if Big Rivers fails or refuses to cooperate with us or to follow our advice on a material matter, or if we become aware of any fact or circumstance that would, in our view, render our continuing representation of Big Rivers ineffective, unlawful or unethical, then we will have good cause to withdraw.

If Big Rivers discharges us or we elect to withdraw, then Big Rivers will take all steps necessary to free us of any obligation to perform, including by executing any documents necessary to complete the termination of the representation, and we will take all steps that, in our view, are reasonably practicable to protect Big Rivers' interests. If a discharge or withdrawal



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occurs, then Big Rivers will pay us for all costs and expenses paid or incurred by us on Big Rivers' behalf, and it will pay us a reasonable fee for the professional services that we have rendered to Big Rivers to the date of termination, or in connection with an orderly transition, and for which we previously have not been paid.

Unless previously terminated, our representation of Big Rivers with respect to any matters for which we have been engaged will terminate when we send Big Rivers our final statement for services rendered. In the course of our representation of Big Rivers, we likely will come into possession of copies or originals of documents or other materials belonging to Big Rivers or others (collectively, "materials"). When the particular matter to which those materials relate has been concluded, we will make arrangements either to return the documents to Big Rivers, retain them in our storage facilities, or to dispose of the materials. Absent any other arrangements made with Big Rivers, on the expiration of five years after a matter file has been closed, all materials in the file may be destroyed. We may retain our own files, including lawyer work product, pertaining to the representation.

#### **7. Entire Agreement**

This letter constitutes the entire agreement between Big Rivers and the Firm regarding its engagement of the Firm to represent Big Rivers with respect to the Subject Matter, and is subject to no oral agreements or understandings. No obligation or undertaking that is not set forth expressly in this letter shall be implied on the part of either Big Rivers or the Firm. The foregoing notwithstanding, absent explicit agreement entered into between Big Rivers and the Firm with respect to matters other than the Subject Matter, the terms and conditions of this letter will apply to all subsequent engagements of the Firm by Big Rivers, and those terms and conditions shall govern any such engagement until a subsequent engagement letter is agreed upon.

#### **8. Conclusion**

We are pleased to have this opportunity to represent Big Rivers. If Big Rivers has any questions about any aspect of our engagement or our invoices at any time, please feel free to raise those questions. It is very important that we proceed on a clear and satisfactory basis in our work for Big Rivers. We are open to discussing all of these matters, including the amount of our invoices, and we encourage Big Rivers to be frank about them.

If this letter correctly reflects Big Rivers' understanding of the scope, terms, and conditions of our representation of Big Rivers with respect to the Subject Matter, please indicate Big Rivers' acceptance by executing the enclosed copy of this letter in the space provided below and return it to the attention of the undersigned at our office address set forth on the first page of

haynesboone

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this letter. By executing this letter, you will be acknowledging that you have read this letter and understand its terms.

Very truly yours,

HAYNES AND BOONE, LLP

By: 

**John D. Penn**

The foregoing is approved and agreed to:

**Big Rivers Electric Corporation**

Date: April 11, 2013

By: 

Name: Mark Bailey  
Title: President and CEO

cc: Client Accounting

**BIG RIVERS ELECTRIC CORPORATION**

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535**

**Revised Response to Kentucky Industrial Utility Customers'  
Initial Request for Information  
dated February 14, 2013**

**February 28, 2013  
Revised June 26, 2013**

1 **Item 35)** *Has Big Rivers conducted a study or given consideration to the*  
2 *price elasticity of demand of the rate increase proposed in this case? If no,*  
3 *explain why Big Rivers has not undertaken such a study. If yes:*

4

5 *a. Provide the study/analysis (with formulas intact) and all*  
6 *supporting documentation.*

7 *b. Does the rate increase requested by Big Rivers take the*  
8 *results of the price elasticity of demand into account?*  
9 *Explain in detail.*

10

11 **Response)** Big Rivers' 2011 Load Forecast included price elasticity in the  
12 residential SAE models used; however, the rate increase proposed in this case was  
13 not specifically projected at the time the models were completed. Thus, the 2011  
14 Load Forecast included price elasticity for residential customers on normal  
15 projected increases anticipated at the time, using a derived price elasticity  
16 coefficient of -.14, -.25, and -.26 for Jackson Purchase, Meade County and  
17 Kenergy, respectively, but did not give consideration to customer consumption  
18 changes that may result from the specific rate increase proposed in this case.  
19 Please see all documentation from the 2011 Load Forecast provided in response to  
20 AG1-233.

21

22 **Witness)** Lindsay N. Barron

**BIG RIVERS ELECTRIC CORPORATION**

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535**

**Revised Response to Ben Taylor and Sierra Club's Initial Request for  
Information dated February 14, 2013**

**April 25, 2013**

**Revised June 26, 2013**

- 1   Item 30)   *Refer to p. 6 lines 3-8 of the testimony of Lindsay N. Barron.*  
2  
3           *a. Produce the load forecast used in the development of Big*  
4           *Rivers' budgets and this application, and all attendant*  
5           *modeling (including input and output files) and*  
6           *workpapers in machine readable format with formulas*  
7           *intact.*  
8           *b. Identify all updates or changes made to the inputs or*  
9           *assumptions used in the 2011 Load Forecast in developing*  
10          *the load forecast for this application.*  
11          *(i) Explain the basis for each such update or change to the*  
12  
13   **Response)**  
14          a. Please see the spreadsheet provided in response to AG 1-231.  
15          b.  
16             1) Updated transmission loss rate.  
17             2) Century load changed to zero, effective August 20, 2013.  
18             3) Updated various direct serve load customers' demand and  
19             energy.  
20  
21  
22

**BIG RIVERS ELECTRIC CORPORATION**  
**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION**  
**FOR A GENERAL ADJUSTMENT IN RATES**  
**CASE NO. 2012-00535**

**Revised Response to Ben Taylor and Sierra Club's Initial Request for  
Information dated February 14, 2013**

**April 25, 2013**  
**Revised June 26, 2013**

- 1                   b. (i.)
- 2                   1) As a normal course of business Big Rivers' transmission loss
- 3                   rate percentage is recalculated in January of each year based
- 4                   on historical system information. Additionally as a result of
- 5                   the Century load going to zero, the percentage loss rate will
- 6                   increase. Big Rivers estimated this new percentage and
- 7                   incorporated it into the load forecast.
- 8                   2) On August 20, 2012 Big Rivers received a notice from Century
- 9                   indicating it would cease smelting operations effective August
- 10                  20, 2013.
- 11                  3) Big Rivers incorporates changes in the load forecast regarding
- 12                  the demand and energy requirements of direct serve customers
- 13                  as they become known

14  
15  
16  
17

Witness) Lindsay N. Barron

**BIG RIVERS ELECTRIC CORPORATION**

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION  
FOR A GENERAL ADJUSTMENT IN RATES  
CASE NO. 2012-00535**


**VERIFICATION**

I, Lindsay N. Barron, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
\_\_\_\_\_  
Lindsay N. Barron

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before me by Lindsay N. Barron on  
this the 25<sup>th</sup> day of June, 2013.

  
\_\_\_\_\_  
Notary Public, Ky (State at Large  
My Commission Expires 8-9-2014