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RECEIVED

MAR 29 2010

PUBLIC SERVICE
COMMISSION

Via Overnight Mail

March 26, 2010

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

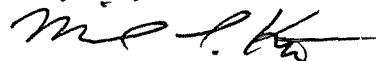
Re: Case No. 2010-00043

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies each of: 1) FIRST SET OF DATA REQUEST OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR; and 2) FIRST 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 26th day of March, 2010 to the following:

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Michael L. Kurtz, Esq.

RECEIVED

MAR 29 2010

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Application of Big Rivers Electric Corporation
for Approval To Transfer Functional Control
of Its Transmission System to Midwest Independent
Transmission System Operator, Inc.

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Case No. 2010-00043

FIRST SET OF DATA REQUESTS
OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (KIUC)
TO
BIG RIVERS ELECTRIC CORPORATION

Kentucky Industrial Utility Customers, Inc. ("KIUC") requests the applicant, Big Rivers Electric Corporation ("Big Rivers") to respond to the First 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.

FIRST SET OF DATA REQUESTS

Mark A. Bailey

Q.1-1. Prior to the filing of this Application, Big Rivers relayed estimates to KIUC and/or the Smelters that the dollar impact to Big Rivers to join the Midwest ISO (“MISO”) could be in the range of (a) a cost of \$8 million a year, (b) a cost of \$30 million a year or (c) a benefit of \$600,000 a year. Please provide copies of all Documents and Studies received from MISO, ACES, CRA or other third parties that are the source(s) of these estimates. If the estimates were the result of internal calculations, please provide a copy of all Studies, including work papers, relating to those calculations.

Q.1-2. Assume the projected 2010 cost profile of Big Rivers as reflected in its operating and capital budgets as they existed on July 17, 2009, the closing date of the Unwind Transaction. Alcan, Century and KIUC wish to understand the incremental financial impact resulting from the unexpected development that Big Rivers can no longer participate in the MCRSG but rather must join MISO. Has Big Rivers, CRA, or any other firm acting on behalf of Big Rivers performed a study or otherwise estimated the incremental cost of MISO membership compared to projected operations where reserve sharing was provided by the MCRSG. If so, please provide copies of all

such Studies, including work papers. If not, please state the information and assumptions that would be required to perform such an analysis.

Q.1-3. If not included in your responses to Item 1 or Item 2, please provide all Documents and Studies to/from Big Rivers, CRA, and MISO, or any other firm acting on behalf of Big Rivers relating to the estimate of the benefits and/or costs to Big Rivers to join MISO.

Q.1-4. Please provide copies of all Documents and Studies to/from Big Rivers, Dan Becker, and/or ACES relating to (a) the estimate of cost or benefit to Big Rivers to join MISO or (b) of alternative solutions to the reserve sharing issue.

Q.1-5. Please provide all Documents and Studies generated internally by Big Rivers relating to an estimate of benefits and cost to Big Rivers to join MISO. Please include in your response all agendas, minutes or other Documents considered or reflecting actions, including directives and decisions, by the Big Rivers Board of Directors.

Q.1-6. Please provide all Documents between Big Rivers and the following entities relating to the possibility of Big Rivers participating with said entities in reserve sharing after December 31, 2009:

- (a) Southeast Power Pool
- (b) Tennessee Valley Authority
- (c) LGE/KU
- (c) VACAR

Q1-7. Please provide all Documents between Big Rivers and Southern Illinois Power Cooperative (“SIPC”), and related Studies, regarding the acquisition of capacity by Big Rivers from SIPC to meet its reserve requirements.

Q1-8. Please provide all Documents and Studies to/from Big Rivers and any third party relating to the cost for additional staff personnel, technology, software, training of personnel, and participation in communications and meetings (including travel) that would be required if Big Rivers joined MISO.

- Q1-9. Does Big Rivers believe that the net annual dollar amount of benefits (“benefit amount”) to Big Rivers joining MISO will be in the range of \$20 million to \$26 million? If not, please state the benefit amount or net cost that Big Rivers would expect to receive from MISO membership and the basis of this expectation, including Studies related thereto.
- Q1-10. Did Big Rivers consider the possibility of joining MISO at any time within the three-year period prior to December 31, 2009? If the answer is in the affirmative, please provide all Documents and/or Studies related to the consideration by Big Rivers in joining MISO during this timeframe.
- Q1-11. If Big Rivers believes that there is a net benefit to joining MISO, please explain why Big Rivers did not already join MISO prior to the present contingency reserve crisis?
- Q1-12. Refer to page 10, lines 11-15 of your direct testimony. Please identify the business and financial risks that Big Rivers will assume by joining MISO, over and above the additional costs incurred by Big Rivers to cover MISO-related charges for transmission expansion, administrative charges and fees; FERC administrative charges; and additional staffing costs and related operating charges. Please state with specificity those areas of risk and the potential financial impact of those risks on Big Rivers and, potentially, its customers.
- Q1-13. Has Big Rivers conducted any studies of the financial risk to Big Rivers of the costs of transmission expansion in MISO that could be passed on to Big Rivers through the transmission cost allocation and recovery mechanisms now being considered by MISO through the Regional Expansion Criteria Benefit (RECB) Stakeholder process, such as the Injection-Withdrawal approach or the Highway-Byway approach? If yes, please provide copies of all such studies including electronic copies with all formulas intact. If no, then in light of the pending submission of MISO on July 15, 2010 of its compliance filing to FERC of the proposed solution to the transmission expansion cost allocation and recovery issue, please explain why such studies have not been conducted as part of Big Rivers’ evaluation of the costs and benefits of MISO membership.

- Q1-14. Refer to page 6, line 11, of your direct testimony. Please state how Big Rivers became aware of the contingency reserve sharing issue during the April or May 2009 timeframe. Please provide all Documents relating to your response.
- Q1-15. Refer to page 7, line 1 of your direct testimony. Please state how and when Big Rivers became aware that it would not be able to purchase contingency reserves through MISO's Ancillary Services Market without having to join MISO. Please provide all Documents relating to your response.
- Q1-16. Refer to page 7, lines 12-19 of your direct testimony. Please provide the basis of your belief that, as late as September 2009, Big Rivers (a) would be able to participate in reserve sharing with TVA, and (b) would not incur substantial additional costs in obtaining a replacement source of reserve energy. Please provide all Documents relating to your response.
- Q1-17. Please provide all Documents generated during the Relevant Period by which Big Rivers advised or reported to its member Distribution Cooperatives that (a) Big Rivers may lose access to reserve sharing through the Midwest Contingency Reserve Sharing Group ("MCRSG") and may have to join MISO, and (b) the estimated financial impact on Big Rivers to join MISO.
- Q1-18. Please provide all Documents generated during the Relevant Period by which Big Rivers advised or reported to KIUC, Alcan, Century, and to the KPSC that (a) Big Rivers may lose access to reserve sharing through the MCRSG and may have to join MISO, and (b) the estimated financial impact on Big Rivers to join MISO. To the extent Big Rivers believes it advised either KIUC, Alcan, Century, or the KPSC verbally, please provide a complete explanation including dates, location, persons present and other relevant facts related to such contact and conveyance of information.

David G. Crockett

- Q1-19. Your testimony cites various alternative strategies that Big Rivers explored in lieu of membership with MISO, in its efforts to remain in compliance with NERC contingency reserve requirements for balancing authorities. Please provide all Documents, including copies of written communications and electronic messages, associated with the exploration and assessment of these alternative strategies, forward from the point in time that Big Rivers became aware that it would need to secure contingency reserves from alternative sources in the absence of reserves through MCRSG.
- Q1-20. Refer to page 18, lines 13-14 of your direct testimony. Please identify the non-MISO members that in 2009 have implemented alternative solutions to joining MISO and how those alternative solutions were accomplished.
- Q1-21. Refer to page 26, lines 20-22 and page 27, lines 1-3 of your direct testimony. Besides E.ON, please identify the independent power producers or other entities Big Rivers contacted to investigate purchasing quick start units or capacity.
- Q1-22. Refer to page 35, line 4 of your direct testimony. Please provide all Documents, Studies and work papers supporting the estimate of exit fees from MISO in 2009 and 2015.
- Q1-23. Has Big Rivers, MISO, or any other party estimated Big Rivers' exit fees for any year after 2015? If so, please provide all Documents, Studies and work papers supporting the estimate of such exit fees.
- Q1-24. Please provide Big Rivers' understanding of the financial impact on Big Rivers if its wholesale contracts, or certain of them, are not "grandfathered" as that term is described in your direct testimony.
- Q1-25. Refer to page 43, lines, 6-9, of your direct testimony. Please explain the difference between a transfer of "functional" control versus "operational" control of the transmission system.

Q1-26. In support of Big Rivers estimates of costs and impacts associated with membership in MISO, has Big Rivers engaged in discussions with other G&T cooperatives that have either joined recently or have been long-standing members, regarding the internal costs and the impact on operating processes attributable to participation in MISO? Please provide all Documents, including hard copy and electronic communications, regarding such discussions?

Ralph L. Luciani

Q1-27. Please identify and provide a copy of all testimony you have sponsored before FERC or a state regulatory commissions addressing the issue of whether an entity should join or leave an RTO.

Q1-28. Refer to page 3 of your direct testimony. Please provide the five cost-benefit Studies, in hard copy and electronic format, with all formulas intact. If such Studies are proprietary and not available, please provide an executive summary and detailed description of the methodology, key mathematical algorithms, main assumptions including timeframe, software, data including sources, and results of each study.

Q1-29. Please explain and describe in detail the “qualitative risks” to Big Rivers in joining MISO as that term is used on pages 5 and 29 of your direct testimony. Please include in your response the reasons why you did not undertake to quantify such risks or risk categories. Please also include in your response the data and information you would require in order to quantify any and all categories of risks included within “qualitative risks”, as that term is used in your testimony.

Q1-30. Did any of the five cost benefit Studies referenced on page 3 of your direct testimony undertake to quantify any of or all categories of risks included within “qualitative risks” as that term is used in your direct testimony?

Q1-31. Please state whether you have ever recommended or provided an opinion in a FERC or a state regulatory proceeding that an entity not join an RTO? If your response is Yes, for each such

testimony please identify the entity and RTO in question, the date of such recommendation, Documents and quantitative Studies related to such recommendation, and the basis for your negative recommendation or opinion.

Q1-32. Refer to page 11, lines 20-23 and page 12, lines 1-3 of your direct testimony. Please explain why the smelter alternative would require the smelters to be off-line more than 90 minutes. What assumptions are you making about Big Rivers' ability to purchase replacement power by the end of the 90 minute period?

Q1-33. Refer to pages 25-26 of your direct testimony. Please provide all work papers supporting your calculation of the amounts Big Rivers would pay to cover MISO administrative fees and FERC administrative charges. Please provide such workpapers in hard copy and electronic format, with all formulas intact.

Q1-34. Refer to pages 27-28 of your direct testimony. Please provide all Studies and related work papers, and Documents, supporting your conclusion for the \$22 million cost of 200 MW of reserves in 2011. For the Studies and conclusion reaching this amount, please provide such workpapers in hard copy and electronic format, with all formulas intact. If the Studies and related work papers do not clearly indicate the assumptions and sources for data, please describe the reasoning and support underlying such assumptions as well as the sources for data used in said Studies.

Q1-35. Refer to page 29, lines 12-14 of your direct testimony. You state that the amount of "investment in new high-voltage transmission in the Midwest ISO region over the next decade... is uncertain." Is it plausible that this new investment amount over the next decade or two may reach into the billions of dollars? What would be Big Rivers' likely share of each billion dollars of such investment costs?

Q1-36. Refer to page 29, lines 17-19 of your direct testimony. Please provide your understanding of the proposed changes in the cost allocation methods and charging procedures related to transmission services, now under discussion within MISO, under the Regional Expansion Criteria Benefits (RECB) Stakeholder process. Have you explored or assessed the impact that the transmission cost allocation methods being explored by or under the RECB Stakeholder process will have on Big Rivers; and the likely MISO charges incurred by Big Rivers for transmission service under the proposed methods? If the answer is yes to either of the two parts of this question, please provide all Studies relating to such assessments including workpapers in electronic format with formulas intact.

Q1-37. Refer to pages 29-30 of your direct testimony. Please provide all Studies and workpapers supporting your testimony that Big Rivers would benefit from MISO's ability to transport power from wind power sources. In making this conclusion, have you taken into account Big Rivers' share of the Midwest Transmission Expansion Plan (MTEP) costs that could be allocated to Big Rivers under either of the two leading methods of cost allocation – Injection-Withdrawal and Highway-Byway – now being considered within the RECB Stakeholder process in MISO? In making this conclusion, what have you assumed about the cost of wind power relative to other generation resources and the demand for transmission service by wind resources?

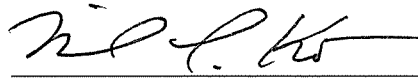
Q1-38. Refer to page 31, lines 10-17 of your direct testimony. Please provide all Documents, Studies and workpapers supporting your testimony that Big Rivers would receive a benefit from Joining MISO by the avoidance of being “bypassed” by entities seeking to transport power to/from TVA, SPP and MISO.

Q1-39. Refer to page 31, line 17, through page 21, line 7 of your direct testimony. Please provide all Documents, Studies and workpapers quantifying or estimating the “uplift” payments Big Rivers would be required to bear as a participant in MISO.

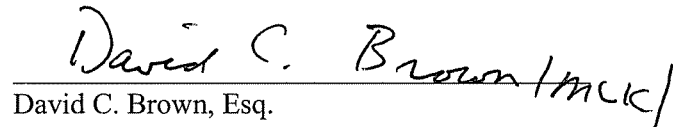
Q1-40. Refer to page 31, of your direct testimony. What would be the impact on LMP prices from additional wind power flowing through and out of MISO to the east and south?

Q1-41. Please provide all Documents, Studies and workpapers quantifying or estimating the MTEP payments Big Rivers would be required to bear as a participant in MISO.

Respectfully submitted,



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PRODUCTS CORPORATION**

March 26, 2010