

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC) CASE NO.
CORPORATION FOR AN ADJUSTMENT OF RATES) 2012-00535

COMMISSION STAFF'S REQUEST FOR INFORMATION
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than June 7, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KIUC shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made, or though correct when made, is now incorrect in any material respect. For any request to which KIUC fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to page 14 of the Direct Testimony of Exhibits of Lane Kollen (“Kollen Testimony”), wherein Mr. Kollen provides two tables that he states were developed using Tab 59 of Big Rivers Electric Corporation’s (“Big Rivers”) application.

a. Refer to the Rural table. For the five items listed under the Base Rate Demand and Base Rate Energy items, explain why the amounts in the “Base Period” and “Test Year” columns differ slightly from those that appear in Tab 59 on pages 3 of 8 and 7 of 8, respectively.

b. Refer to the Large Industrial table. For the five items listed under the Base Rate item, explain why the amounts in the “Base Period” and “Test Year” columns differ slightly from those that appear in Tab 59 on pages 4 of 8 and 8 of 8, respectively.

2. Refer to pages 15-16 of the Kollen Testimony. Starting at the end of page 15, Mr. Kollen states that “...the Century termination will result in FAC rate increases to all customer classes due largely to the increases in average fuel cost per kWh resulting from the layup of the Wilson plant, less efficient operation of the remaining generating units, and the greater heat rates of the remaining generating units.” Explain the reason for the less efficient operation of the remaining generating units.

3. Refer to pages 50-52 of the Kollen Testimony regarding Mr. Kollen's rate comparison of the residential customers served by Big Rivers' member distribution cooperatives and the four investor-owned electric utilities operating in Kentucky.

a. Lines 4-5 on page 51 indicate that Mr. Kollen obtained information for the investor-owned utilities from the SNL financial database. Explain whether Mr. Kollen attempted to obtain rate information from any other sources for distribution cooperatives operating in Kentucky that are served by either the Tennessee Valley Authority or East Kentucky Power Cooperative, Inc. ("EKPC").

b. Explain whether Mr. Kollen was aware that rate information for the EKPC distribution cooperatives is available on the Commission's website.

c. Mr. Kollen's comparison is based on an average monthly residential bill for a customer using 1,300 kWh. Explain whether Mr. Kollen was aware that the average monthly bill for a residential customer using 1,300 kWh that is served by an EKPC distribution cooperative is approximately \$125.

4. Refer to page 54 of the Kollen Testimony, lines 6-15, wherein he expresses opposition to accelerated use of the Economic and Rural Economic Reserve Funds. Refer also to page 61 of the Kollen Testimony, lines 16-18, which state that "[i]n addition, Big Rivers proposes to *increase* the MRSM surcredit for the Rural Class by \$9.0 million annually, while *reducing* the MRSM surcredit for the Large Industrial customers by \$1.5 million." State whether Mr. Kollen is aware that the reserve funds are depleted in accordance with a formula set out in Big Rivers' Member Rate Stability Mechanism tariff. If the answer is yes, explain whether Mr. Kollen is proposing that the tariff be altered and, if so, how it should be altered.

5. Refer to pages 63-64 of the Kollen Testimony concerning the possible cessation of depreciation on Big Rivers' Wilson generating facility.

a. The answer beginning at line 14 and continuing to line 20 of page 64 discusses the revenue requirement impact if Big Rivers were to cease depreciating the Wilson plant. Provide the calculation of the \$20.031 million revenue requirement reduction referenced on line 15 showing the exact dollar amounts rather than rounded amounts as are used in the testimony.

b. Confirm that \$20.031 million would be the amount by which Big Rivers' revenue requirement would be reduced if Mr. Kollen's recommendation for sharing the costs of Big Rivers' unneeded capacity between customers and creditors were not adopted by the Commission.

6. Refer to Exhibits LK-2 and LK-3. Provide these exhibits in Excel spreadsheet format with the formulas intact and unprotected.

7. Refer to page 5, lines 18-21, of the Kollen Testimony. With the recommended revenue increase, for how long would Big Rivers be able to continue paying all of its existing debt and its existing financial obligations?



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DATED MAY 31 2013

cc: Parties of Record

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