

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS )  
ELECTRIC CORPORATION, INC. )  
FOR AN ADJUSTMENT OF RATES )

Case No. 2012-00535

RECEIVED  
FEB 14 2013  
PUBLIC SERVICE  
COMMISSION

ATTORNEY GENERAL'S FINAL SET OF INITIAL DATA REQUESTS  
**PUBLIC REDACTED VERSION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits his Final Set of Initial Requests for Information to Big Rivers Electric Corporation [hereinafter referred to as "Big Rivers"]. The Attorney General's "Preliminary Initial Data Requests" are incorporated herein, and his latest data requests begin at number 191. These requests are to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Big Rivers with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts

thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other

forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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President and CEO  
Big Rivers Electric Corporation  
201 Third St.  
Henderson, KY 42420

Billie Richert, CFO  
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this 14<sup>th</sup> day of Feb., 2013

  
\_\_\_\_\_  
Assistant Attorney General

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1. Please state whether the company will agree to update its responses to all data requests when the company updates its filing from budgeted to actual amounts.
2. Provide an electronic spreadsheet copy of all supporting workpapers, calculations and source documents for the models provided by Big Rivers in response to PSC 1-57 with formulas, links and references intact.
3. On an ongoing basis, please describe steps and actions being taken by Big Rivers, if at all, in anticipation of filing for bankruptcy reorganization, the current status of those steps and actions, and anticipated further steps, actions and anticipated timing.
4. On an ongoing basis, please provide documents which show analysis conducted by or for Big Rivers regarding the potential disposition of: (a) Big Rivers' transmission assets; and/or b) any of Big Rivers' generating units.
  - a. Has Big Rivers considered selling all or any portion of its transmission assets to an independent transmission operator? If not, why not?
5. On an ongoing basis, please provide documents which show the substance and status of conversations between Big Rivers and its creditors.
6. On an ongoing basis, please provide documents which show the substance and status of conversations between Big Rivers and the credit rating agencies.
7. Please provide the "final" Financial Model produced to the Commission in the "Unwind" case (2007-00455), in electronic spreadsheet format with all formulae intact.
8. Please provide a narrative description of all measures Big Rivers has undertaken in an attempt to keep Alcan Primary Products Corporation ["Alcan"] and Century Aluminum of Kentucky General Partnership ["Century"] on its system. Include in your description any discussions with government officials at the federal, state, county and / or municipal levels, and provide copies of any and all relevant documents in this regard.
9. Please provide copies of the notices of termination that both Alcan and Century provided to Big Rivers.
10. Please provide any and all presentations Big Rivers made to any and all rating agencies, investment firms, investment banking institutions, investment advisory services, credit support institutions, private placement firms, participants in existing or proposed lines



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of credit, institutional investment groups or other entities of any type regarding Big Rivers' financing, since January 1, 2011.

11. Provide copies of any and all correspondence and documents of any type or sort between Big Rivers and Goldman Sachs relevant to Big Rivers' proposed refinancing which is the subject of Case No. 2012-00492.
12. Please provide copies of credit reports for Big Rivers between January 1, 2011 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).
13. Please provide the corporate credit and bond ratings assigned to Big Rivers since the year 2009 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.
14. Please describe the potential ramifications, if any, the company may face if it fails to maintain an investment grade credit rating from at least two rating agencies.
15. Provide a copy of any and all agreements by which Big Rivers, through its member, Kenergy, provides electric service to the two smelters.
16. Please provide Financial Model runs modified to reflect:
  - a. the amended refinancing request currently before the PSC in Case No. 2012-00492; and,
  - b. the notice of termination provided by Alcan.
17. Please provide Financial Model "sensitivity" runs performed by Big Rivers since August 2012 which use alternate assumptions regarding:
  - a. departure of smelter load;
  - b. debt financing;
  - c. market prices for off-system sales;
  - d. alternative scenarios regarding implementation of the Load Concentration Analysis and Mitigation Plan; and/or
  - e. any other alternate assumptions to those contained in the financial model presented in this case.
18. Please provide the reasons for the decreases (both historic and projected) in Big Rivers' off-system sales.

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- a. Given that utilities throughout the eastern U.S. will be shutting down many coal-fired generation plants, does Big Rivers foresee a potential for increasing its off-system sales? If so, when? If not, why not?
19. Please state whether any studies currently are being conducted, or have been conducted pertaining to congestion constraints which could inhibit the ability of Big Rivers to sell its excess power off system. If any, please identify any and all such studies and provide copies of same.
20. Please state whether the completion of Big Rivers' transmission expansion plans, in particular but not limited to the Vectren 345 kV interconnection, would make it possible for Big Rivers to wheel power into the service territories of American Electric Power's members' service territories (including but not limited to Kentucky Power Co.). If not, why not?
21. Reference the application in general, regarding the amounts of the requested rate increases.
- a. Confirm that the application states that the increase Big Rivers is seeking for the rural class is \$40.7 million, or 29.4%, and that the increase for the large industrial class, if approved, would be \$8.2 million, or 17.9%. Confirm also that these calculations are calculated gross of the Member Rate Stability Mechanism ("MRS�").
  - b. Reference the Motion of KIUC for Big Rivers to File a Corrected Notice ("KIUC Motion"). Confirm that in this motion, KIUC states the actual increases (in percentages) will be 38.4% for the rural class, and 27.0% for the large industrial class, when the proposed increases are calculated net of the MRS�.
  - c. Reference Big Rivers' Response to KIUC's Motion, wherein Big Rivers states that the projected increases, when calculated net of the MRS�, total 35.8% for the rural class, and 22.1% for the large industrial class.
  - d. Please clarify the projected increases for both classes, both gross of the MRS� and net of the MRS�.
  - e. Please state whether the notices the member distribution cooperatives will publish in their rate flow-through cases will be based on the calculations gross of the MRS� or net of the MRS�. If gross, explain fully why.
22. Regarding Big Rivers' proposal to recover the approximately \$63 million of revenue which will be lost once Century leaves Big Rivers' system, please confirm that this figure represents stranded costs which will be passed onto the remaining ratepayers. If Big Rivers does not agree, please provide a complete explanation as to why not.

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- a. At the time the "Unwind Case" (Case No. 2007-00455) was underway, and during the five-years period during which Big Rivers negotiated the Unwind, did it not foresee the potential for stranded costs? If not, why not?
  - b. Why should stranded costs be passed on to non-smelter ratepayers?
  - c. Explain why stranded costs should not be paid by Big Rivers' creditors.
23. Now that both Century and Alcan have provided their respective notices of termination to both Big Rivers and Kenergy, will any smelter agreements remain in force and effect? If so, identify precisely which one(s).
- a. Will Big Rivers continue to use the "Contract TIER" principle which was an essential aspect of the smelter agreements? If so, state why. Explain in complete detail.
  - b. What discussions / negotiations has Big Rivers had with Century and/or Alcan regarding contract TIER since February 2012? Provide a complete description with any documents related to same.
24. Please reference the Application at p. 4, wherein Big Rivers asserts that the effective date of new rates must coincide with the date of Century's departure from the Big Rivers system, that of August 20, 2013.
- a. What will happen if the PSC does not approve Big Rivers' proposed rates, especially by the date requested?
  - b. Now that Alcan has given its notice of termination, will Big Rivers change the effective date of new rates? If not, why not?
25. State whether Big Rivers maintains a risk management program.
- a. If so, please identify the areas of risk the plan covers.
  - b. Please provide a copy of any risk manual the company maintains.
  - c. State whether the company has ever retained the services of any consultants to address risk management, and if so, please provide a copy of any and all reports generated by any such consultants.
  - d. State whether the company has a risk management committee, or any committee that addresses risk management. If so, identify all persons, together with their respective credentials, who are members of the committee.
  - e. State whether Big Rivers has an audit committee, or any other committee which addresses risks that do or could arise in an audit committee. If so, identify all persons who are members of the committee.

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- f. State whether any committee dealing with Risk Management in general, and any committee which deals with risks that an Audit committee would traditionally address, has ever addressed the financial risks of losing one or both smelters. If so, provide a list of any and all reports produced by any such committee. If not, why not?
  - g. Please provide copies of the minutes of any such committees, and any documents related to same.
- 26. State whether Big Rivers has ever conducted any studies or consulted with any external consultants regarding the ability of Big Rivers Electric Corp. to maintain its independence from its three member-owners, including but not limited to: (a) the ability of Big Rivers' corporate governance structure to make decisions in the best interest of Big Rivers; and (b) how to address any potential conflicts of interest with its member owners. If so, please provide copies of any and all reports or findings produced from any such studies / consultants. If not, explain why not.
- 27. Please state whether the company has obtained financing for its ECR construction projects, as identified in Case No. 2012-00063. If not, please explain what steps the company is taking or will take to secure this financing.
- 28. Given the fact of Century's and Alcan's notices of termination, and given Big Rivers' current financial difficulties, has the company given all the required disclosures to government agencies (e.g., the U.S. Securities and Exchange Commission), financial institutions and ratings agencies? If any such disclosure was given to the SEC, please provide a copy of same.
- 29. If the PSC should award the full amount of new revenues Big Rivers seeks in the instant application, thus achieving a 1.24 TIER:
  - a. Would it still be able to meet its debt service covenants?
  - b. Would additional borrowing be required or even implied?
  - c. Would it be able to meet industry standard maintenance and operating requirements without having to defer any maintenance or capital investments?
- 30. Reference the application at p. 4, wherein Big Rivers discusses the elimination of the subsidy the rural class has been receiving. Please explain how this comports with the Commission's prior rulings regarding the principle of gradualism.
- 31. Please produce a chart depicting variable costs for each month from January of 2011 through the end of the fully forecasted test year, contrasted with budgeted variable costs for each of those months.

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32. Provide a copy of all additional supporting workpapers, calculations, and source documents for the testimony, exhibits, schedules, forecasts, and revenue requirement adjustments sponsored by (or addressed in part by) Company witnesses Mr. Bailey, Ms. Richert, Mr. Yockey, Mr. Berry, Mr. Crockett, Ms. Speed, Ms. Barron, Mr. Haner, Mr. Kelly, Mr. Siewert and Mr. Wolfram. When applicable, provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.
33. Provide a working electronic copy of the Company's 2011, 2012 and 2013 YTD Trial Balance in the following format (if possible) showing account balances for the current month, current YTD and comparison to the prior YTD. Provide or identify amounts on a GAAP versus regulatory (or non-GAAP) basis. **Provide updates on a monthly basis as new monthly data becomes available.**
34. Provide a working electronic copy of the Company's 2011, 2012 and 2013 YTD General Ledger in the following format (if possible) showing account balances for the current month, current YTD and comparison to the prior YTD with all monthly (and annual) activity by account number. Provide or identify amounts on a GAAP versus regulatory (or non-GAAP) basis. **Provide updates on a monthly basis as new monthly data becomes available.**
35. Explain the difference between the Company's audited financial records (GAAP-based) and any subsidiary financial records maintained on a regulatory basis, and identify all amounts included in the rate proceeding that are on a regulatory or non-GAAP basis (or indicate if all records are on a GAAP basis). For each account or type of revenue, expense, asset and liability on a regulatory or non-GAAP basis, explain the rationale and basis for maintaining records on this basis and identify the difference in the amounts between GAAP and regulatory/non-GAAP amounts. For example, identify differences in depreciation expense, accumulated depreciation, deferred taxes, and net plant due to differences in depreciation rates maintained for GAAP/audited financials versus depreciation rates maintained for regulatory/rate proceeding purposes.
36. Volume I, Tab 3 states that Big Rivers annual reports for calendar years prior to 2012 are on file with Commission and Big Rivers is preparing its 2012 report and anticipates filing this with the Commission no later than March 31, 2013 (Tab 35 includes Annual Reports for 2007 through 2011). Provide a copy of the 2012 annual report when it is filed with the Commission.

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37. For the period(s) 2010 through 2013 YTD (**with updates on a continuing basis**) provide a copy of all reports and results from audits or reviews of management/organization, safety, construction, service quality, and any other audits/reviews performed by company personnel, contractors, consultants, state and federal regulatory agencies, state and federal tax authorities, and any other state and federal government agencies.
38. Provide the Company's Board of Director Minutes and Executive Session Minutes, as well as any documents related thereto, for the periods 2010 through 2013 YTD (**with updates on a continuing basis**).
39. For the periods 2010 through 2013 YTD (**with updates on a continuing basis**), please provide the following: Management business plans and all other similar plans (including annual plans and all other short/long-term plans) that address issues and matters related to (but are not limited to) financial, operational, regulatory, construction, safety/service quality, legal, acquisition/merger, marketing, and other business areas.
40. Provide a list of all financial and operational monitoring reports and related statistics that are regularly made available to Company management for their review for the periods 2010 through 2013 YTD (and which are not included in the Company's filing) that address issues and matters related to (but not limited to) financial, operational, regulatory, construction, safety/service quality, legal, acquisition/merger, marketing and other business areas. Briefly describe the purpose of each report.
41. The Company's filing at Tab 40 includes the audited financial statements for 2011/2010 comparative years. Address the following:
  - a. Provide the 2012/2011 comparative audited financials when they become available (and provide an estimated date when they will become available).
  - b. In addition, provide the audited financial statements for comparative years 2010/2009, 2009/2008, and 2007/2006.
42. Regarding the audited financial statements for 2012/2011 (that are still pending) and for 2011/2010, provide: (i) a list of all auditor adjustments made to the financial statements; and (ii) a list of all auditor adjustments identified but not posted to the financial statements (and explain why the adjustments were not posted to the financials).
43. Provide copies of all current written contracts in place (other than the "Smelter Agreements" from the "Unwind" transaction) and explain in detail all informal agreements in place (commonly understood terms, conditions or amounts between parties) between the Company, other Cooperatives, member-owners Jackson Purchase

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Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation, affiliates, related parties, third parties, vendors, consultants, customers, maintenance arrangements and other arrangements with smelters, contracts for rent or lease of administrative buildings and other generation and other plant facilities, management fees paid to member-owners and other entities, debt holders, and all others that affect revenues, expenses, assets, liabilities, operations and other matters impacting the company. If certain contracts are voluminous or the Company has questions regarding their relevance or importance to the AG, the Company should contact the Office of Attorney General regarding these matters. This information should be updated throughout the proceeding. The Company should provide a summary of each contract that includes the following information at the minimum:

- a. The name and description of the entity that has a contract (or informal agreement) with the Company.
  - b. A description of the services, products and economic transactions between the Company and the entity.
  - c. Summarize the general purpose of contract/agreement, terms, conditions, rates/prices, and financial amounts to be paid and received by each contracting entity over the term of the arrangement.
  - d. Identify the term/length of the contract, including the beginning and ending date of current contract/agreement. Explain if it is anticipated the current contract will be replaced by a new contract/agreement and explain why or why not.
  - e. Explain if there was a prior contract/agreement in place.
  - f. Summarize major changes in terms, conditions, rates/prices and other financial arrangements between the current and prior contract/agreement.
  - g. Explain all terms and fees for early contract termination.
  - h. Explain if the contract/agreement rates/prices and financial amounts are based on negotiations, historical embedded costs, incremental costs, or fair market value (and provide related supporting documentation if available).
  - i. Explain if the contract is considered to be confidential or public and explain why.
44. The Company's filing raises or addresses various concerns about its current and future financial and operating condition (e.g., Mr. Bailey, p. 7, line 18 "precarious financial position"). Address the following and **provide updates on a continuing basis**:
- a. Explain and provide copies of all correspondence, discussion notes, or identify if the Company has had discussions with its auditors (or intends to have discussions) for the current 2012 audit period (or in the most recent 5 years) regarding "going concern" issues or a "going concern notice" that would be potentially expressed in the auditor's opinion letter for the pending

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2012 audited financial statements. A "going concern" notice might indicate that the auditors have substantial doubt about the Company's ability to continue as a "Going Concern."

- b. Explain and identify all financial and other issues that have been raised as potential "going concern" issues by the Company or its auditors for the 2012 audit period. For example, problems that might cause auditors to have concerns about the Company's ability to remain in business include significant losses, a serious decline in sales/revenues, loss of a major customer, defaults on debt, negative cash flow, loan covenant violations, contingent liabilities, lawsuits against the company and other concerns.
  - c. Explain if the auditors have affirmatively indicated to the Company that there are no "going concern" issues for the 2012 audited period, and provide copies of related correspondence or other documents, and indications from the auditors.
  - d. Explain the current status of discussions with auditors and the auditor's current position regarding "going concern" issues.
45. Explain if the Company (or its legal representatives) have conducted due diligence upon another entity for the period 2010 through 2013 YTD, or if other entities (or their legal representatives) have conducted due diligence upon the Company for the period 2010 through 2013 YTD, regarding all matters and issues. If the answer is "yes", then explain the reason for the due diligence, provide the recommendations and actions taken to date related to the due diligence, and provide copies of related supporting documentation and correspondence addressing the due diligence. Explain the current status of this due diligence **provide updates on a continuing basis**.
46. The Company's Application and some of the testimony of witnesses in this proceeding refer to various financial concerns (e.g., Mr. Bailey, p. 7, line 18 "precarious financial position"), TIER coverage issues, and other matters contributing to the Company's viability or financial status. Address the following:
- a. Provide copies of all internal reports, analysis, and documents that are regularly reviewed and monitored by Company personnel on an on-going basis in regards to earnings, TIER coverage, and other measures or events impacting Company earnings and operations issues. Provide these reports for the years 2011 through 2013 YTD, and **provide updates on a continuing basis**.
47. Tab 38 states the Company will provide variance reports for subsequent months as they become available. Provide a comprehensive list of all updated reports and other



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documents that the Company will provide throughout this proceeding and explain how often these reports and documents will be updated and provided (monthly, quarterly, etc.).

48. The Company's financial status and proposed revenue increase of \$74.5 million could change monthly as actual financial and other data becomes available to replace projected data that is included in this filing. Address the following **and provide updated information on a continuing basis**:

- a. Explain if the Company plans to periodically update its filing and its proposed revenue increase by substituting actual information for forecasted/budgeted data, and thus updating financial data for the base period April 30, 2013, the forecasted test period ending August 31, 2014, and budgeted amounts for 2015 and 2016. Will the company periodically update its filing? If not, why not?.
- b. If the Company does plan to periodically update its filing by substituting actual information explain how often and when (specific dates) the Company will update its filing and the manner it will use to update its filing (explain if the Company will provide updated exhibits and also file "supplemental" testimony to explain these changes).
- c. Provide and cite to precedent in prior rate cases before the Commission for this approach of updating the filing and the related proposed revenue increase. Provide a cite to Company witness testimony in this proceeding that addresses this matter.
- d. If the Company does not plan to periodically update its filing, explain how the proposed revenue increase of \$74.5 million can be deemed to be reasonable, accurate, and reflecting most recent amounts and events.
- e. Explain if the Company believes the burden of proof rests with the Company or with interveners to update the Company's filing to reflect more accurate and recent actual amounts (which also assists in providing more accurate projected amounts) and cite to Commission precedent for the approach proposed by the Company.

49. Please reference the Bailey testimony, p. 7, wherein he states "Big Rivers is in a precarious financial position."

- a. Was this not anticipated? If so, when?
- b. What actions did the company take to prevent it from reaching this point?

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50. Mr. Bailey's testimony (p. 8, lines 3 and 4) refers to corporate-wide cost cutting, reducing plant maintenance and deferring outages. Also, Tab 28 refers to 807 KAR 5:001 Sec. 10(9)(e) which requires that the utility chief officer attest that "productivity and efficiency gains are included in the forecast." Address the following and **provide updates on a continuing basis**:

- a. Provide a detailed list and description of all specific productivity and efficiency gains, corporate-wide cost cutting, plant maintenance cost reductions, and other similar cost cutting and productivity measures that have been implemented by the Company from 2010 through 2013 YTD (and which are planned for future years) and identify the starting and ending date for each cost-cutting/savings measure. For each of these cost-cutting/savings measures, provide the amounts and related calculations, assumptions, and supporting documentation for each year/period and explain if it is a permanent or temporary cost-cutting/saving measure (or if it is a one-time or recurring measure).
- b. Regarding the cost-cutting/savings items and amounts in (a) above, describe and identify the amounts included in this rate proceeding in each of the periods calendar year 2011, base period ending April 30, 2013, forecasted test period August 31, 2014, and budget years 2015 and 2016. In each case, provide calculations, assumptions, and supporting documentation, and show cost cutting/savings amounts by account number. Identify how much of the cost-cutting/saving measure is already reflected on the books and how much is reflected in each Company proposed adjustment and forecasted amount and reconcile all cost-cutting/savings amounts to the rate filing.
- c. For amounts in (a) and (b) above, provide the impacts on all revenues, expenses, assets, and liabilities and other matters in this rate case and show impacts by both account number and cost category (payroll, depreciation, taxes, etc.).
- d. Identify all cost-cutting/savings measures that have not been included in the Company's rate filing and explain the reasons for excluding these amounts.
- e. For all cost-cutting/savings measures reflected in this rate filing, explain if it is a result of specific voluntary actions or changes implemented by the Company or explain if it is primarily the result of events/actions beyond the Company's control and which caused certain costs to decline or go away (i.e., a loss of a major customer or changes in the status of smelters).
- f. Regarding items (a) through (e) above, please cite to Company witness testimony that addresses these matters or explain why these matters are not addressed by witnesses.

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51. Mr. Bailey's testimony (p. 8, lines 8 to 13) states that on August 20, 2013, Century's smelter power contract terminates and it represents about 40% of the internal load, and this represents about \$63 million of the total \$74.5 million revenue deficiency in this case. Address the following and **provide updates on a continuing basis**:
- a. Provide calculations, assumptions, and supporting documentation for the \$63 million revenue requirement impact related to the loss of Century, and describe and show the impact by account number and cost category (payroll, depreciation, plant asset, etc.) for all revenues, expenses, assets, and liabilities and reconcile to the amounts and Company-proposed adjustments included in this rate filing.
  - b. Provide the information in (a) above regarding the loss of Century in this rate filing for each of the periods, including the base period ending April 13, 2013 (if there is any impact before the August 20<sup>th</sup> date that Century leaves the system), forecasted period ending August 31, 2014, and the budget periods 2015 and 2016.
  - c. Explain if the impact of the loss of Century is treated as a flash-cut impact on revenue requirements or if part of the impact on revenue requirements is amortized or spread over several years/periods and provide related supporting calculation.
  - d. Explain and describe all costs that the Company has incurred from 2002 to present to meet Century's load, or were otherwise incurred specifically because of Century, and show the amount of these expenses and capital costs by account number for each year.
  - e. Regarding the amounts in (d) above, identify all of these costs that the Company has included as part of its \$63 million revenue deficiency impact related to the loss of Century.
  - f. Identify all plant costs by account number and description that are stranded by the loss of Century, and identify those costs that the Company seeks to recover in this rate case (as part of the \$63 million revenue deficiency impact) and those costs that the Company does not seek to recover in this rate filing.
52. Regarding the loss of load from the Century smelting operation and the estimated \$63 million revenue requirement impact, address the following and **provide updates on a continuing basis**:
- a. Explain in more detail the specific rate case treatment that Big Rivers is proposing for all revenue and cost impacts in this rate case related to the loss of Century and the \$63 million revenue requirement impact.

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- b. Identify and provide all known precedent and prior cases before the Commission (and in other jurisdictions) that have addressed similar issues for the loss of a major utility customer like the Century smelter and explain the Commission's decisions and treatment of revenue loss, costs, and related issues in those cases (it is not necessary to provide the actual documentation related to any precedent, but provide a cite to the related case number, utility, and year if the information can be obtained electronically by the AG).
  - c. Explain if Big Rivers seeks similar treatment in this case (regarding the lost load from the Century smelting operation) based on prior Commission decisions related to similar issues in other utility cases, or explain all unique or different conditions regarding the loss of Century that require a unique or different treatment of this issue in this proceeding. Provide all supporting documentation.
53. Identify and explain any specific relevant terms and conditions in the contracts between Big Rivers and Century, and Big Rivers and Alcan that may not have been met by Big Rivers, Century, or Alcan, or which are being contested by either party, and explain Big Rivers' position regarding these matters and the status of all unresolved matters (provide all supporting documentation).
- a. Provide copies of correspondence and documentation between Big Rivers, Alcan and/or Century regarding the discussion or negotiation of all related issues, and summarize the current position of each party at this point in time.
  - b. Provide copies of all correspondence between Big Rivers, Alcan and/or Century regarding the Notices of Termination from Alcan and Century.
  - c. Explain if the contract addresses or requires an "exit fee" to be paid by Century upon its voluntarily leaving the Big Rivers system and provide a calculation of this exit fee, the status of this exit fee, and explain if such exit fee is reflected in revenue requirement calculations in this proceeding. If no such provision exists, explain why Big Rivers did not insist upon it during the five (5) year period it was negotiating the Unwind.
  - d. Regardless of whether an exit fee is required by the contract, provide Big Rivers' position on the exit fee issue and the amounts of any exit fee that it believes is reasonable (and provide related calculations and supporting documentation).
  - e. Explain if the Commission has addressed the issue of exit fees for similar situations in prior utility cases, provide a citation to these Commission decisions and a summary of the decision (or cite to cases in other jurisdictions

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for which Big Rivers has information), and explain if Big Rivers agrees or disagrees with these prior decisions and explain why.

54. Mr. Bailey (page 9, lines 2-8) states that the Company must demonstrate to the rating agencies regulatory support for Big Rivers' financial health, including an increase that will allow Big Rivers to have access to capital markets, maintain its utility plant, meet loan covenants (achieve at least a 1.10 MFIR), and maintain at least two investment grade credit ratings. Address the following and **provide updates on a continuing basis**:

- a. For the period 2011 through 2013 YTD, provide copies of all reports, correspondence, and documentation provided by Big Rivers to rating agencies regarding the Company's financial health and related issues addressed at Mr. Bailey's testimony above.
- b. For the period 2011 through 2013 YTD, provide copies of all reports, correspondence, and documentation provided by rate agencies to Big Rivers regarding concerns with the Company's financial health and related issues addressed at Mr. Bailey's testimony above.
- c. Regarding items (a) and (b) above, provide the most recent specific requirements and recommendations of rating agencies and provide related supporting documentation (reports, etc.).
- d. For the period 2011 through 2013 YTD, provide the amount paid by Big Rivers to outside consultants to address matters in (a) to (c) above, and provide the names of all consultants, the amounts paid by account number, a copy of all contracts, and a copy of all reports and recommendations of the consultants.
- e. For the period 2011 through 2013 YTD, provide the amount paid by Big Rivers to rating agencies regarding the matters in (a) to (c) above, and provide the names of the rating agencies, the amounts paid by account number, a copy of all contracts, and a copy of all reports and recommendations of the rating agency.
- f. Explain if the rating agencies have expressed an opinion or made recommendations regarding various significant issues facing Big Rivers (i.e., loss of Century smelter, status with Alcan smelter and / or loss of its load, depreciation rates, rate case, etc.), and provide all related documentation from rating agencies addressing these matters.

55. Mr. Bailey's testimony states that its loan agreements require Big Rivers to achieve a 1.10 MFIR (p. 9, lines 6 to 8), the contracts with the Smelters limit Big Rivers to a 1.24

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TIER (p. 9, lines 14 to 19) and also states that the difference in net margins between Big Rivers making a 1.24 contract TIER and having a MFIR fall below 1.10 is only about \$7 million (p. 10, lines 1 to 6). Also, Big Rivers' loan agreements require it to maintain two investment grade credit ratings (Bailey, p. 10, lines 15 to 21). Ms. Richert states the 1.24 TIER is subject to "defined Adjustments" (p. 6, line 23) and explains how excess TIER is returned to Smelter and customer classes (p. 8, lines 8 to 21). Address the following and **provide updates on a continuing basis**:

- a. Explain if Big Rivers has ever failed to meet the 1.10 MFIR and/or failed to maintain two investment grade credit ratings as required by loan agreements and identify those periods/years of noncompliance, and explain the consequences and actions by the loan entities. Or explain if any noncompliance was waived or allowed an exception and provide related documentation addressing this matter. Provide supporting documents for those years showing that the 1.10 MFIS was not met and documentation from the loan entities explaining the consequences and their actions.
  - b. Explain the "defined Adjustments" allowed for TIER calculations and provide supporting documentation.
  - c. For the years 2010 through 2013 YTD, provide copies of periodic compliance documents that Big Rivers provides to both loan entities and the Smelters regarding compliance/noncompliance calculations and supporting documents related to the 1.10 MFIR, maintaining two investment grade credit ratings, and the 1.24 TIER requirements. In all cases, provide calculations and explain the "defined Adjustments" in all calculations.
56. Mr. Bailey's testimony (p. 10, lines 21 to 22, and p. 11, lines 1 to 19) states that a 1.24 Contract TIER is low for an investment grade-rated G&T cooperative and Ms. Richert provides Exhibit Richert-2 regarding a table of G&Ts and their related TIER and MFIR at June 2012 (p. 9, lines 5 to 7). Provide the source documents supporting Exhibit Richert-2, and provide the related TIER/MFIR data for June 2011.
57. Mr. Bailey's testimony (p. 11, lines 1 to 19) addresses Big Rivers' concerns with its investment grade credit ratings by rating agencies. Address the following and **provide updates on a continuing basis**:
- a. Provide all rating agencies investment grade rating of Big Rivers for the period 2010 through 2013 YTD, and provide related supporting documentation for those ratings.
  - b. For Moody's, Fitch, and other rating agencies, identify those factors that could cause a downgrade in Big Rivers' credit ratings and provide supporting

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documentation. In each case, explain where Big Rivers currently stands in regards to these factors that could cause a downgrade.

- c. Explain in more specificity how Fitch defined "insufficient, inadequate or untimely regulatory support from the Kentucky Commission," (Bailey testimony, p. 11).

58. Reference the Bailey testimony at p. 12, and the Berry testimony at p. 22.

- a. Explain why mitigation will take 3 years?
- b. When was the 3-year mitigation period forecasted? Was it done in 2009, when the Unwind Transaction took place?
- c. Explain fully why the length of time necessary to achieve mitigation was not factored into the wholesale and retail contracts with Century and Alcan, and why no effort was made to begin mitigation efforts when aluminum prices reached any certain threshold amounts.

59. Reference the Bailey testimony at p. 13, lines 5-12. Why was the principle of gradualism abandoned?

60. Reference the Bailey testimony at p. 14, line 10. Has he spoken to Kenergy CEO Starheim and the other member CEOs about the anticipated member retail impacts? Please provide copies of any and all correspondence, reports and/or any related documents in this regard.

61. Provide a comparison of the October 2008 Unwind Financial Model filed with the Commission as Exhibit 79 in Case No. 2007-00455 (Commission approval of "Unwind Transaction") and per Commission's November 17 Order in the 2011 rate case (per Ms. Richert testimony, p. 8, lines 3 to 7) to the information including in this current rate case proceeding (and related projected financial results, adjustments, transactions, credit ratings, TIER/MFIR and other factors) and address the following:

- a. Identify and explain all differences between Big Rivers' "Unwind Transaction" model in the prior proceeding to related amounts and projections included in this rate proceeding, and provide supporting calculations and assumptions for all differences.
- b. Provide all updates to the original "Unwind Transaction" model, from the prior proceeding through 2013 YTD, and provide supporting documentation.
- c. Identify material changes to the Financial Model and its structure, comparing the model filed in this rate case to the financial model presented in the "Unwind" case.

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62. Ms. Richert's testimony (p. 12, lines 4 to 14) explains the decline in off-system sales as contributing to Big Rivers' precarious financial condition, noting the 2011 Rate Case test period off-system sales net sales margin was \$19.4 million (for twelve months ending October 31, 2010), and the similar net sales margin is projected at \$4.4 million for the projected twelve months ending August 31, 2014 in this proceeding. Address the following and **provide updates on a continuing basis**:
- a. Provide calculations and supporting documents of the \$19.4 million net sales margin from the prior proceeding and show gross sales (by source), offsets, and net sales margin by month.
  - b. For the period November 31, 2010 through 2013 YTD provide actual amounts (and provide projections from 2013 through calendar year 2015 and 2016 included in this proceeding) for gross sales (by source), offsets, and net sales margin for each month. In all cases, explain and show the reasons for significant changes from month to month.
63. Ms. Richert's testimony (p. 12, lines 22 to 24) states that the July 2012 refinancing of RUS debt will provide expense savings that will offset the annual revenue deficiency by about \$4 million. Address the following and **provide updates on a continuing basis**:
- a. Provide all documentation and calculations supporting the July 2012 RUS debt refinance.
  - b. Provide documentation and calculations supporting the change in interest expense, principal payments, debt outstanding and other costs related to the July 2012 RUS refinance.
  - c. Explain and provide all calculations regarding the \$4 million savings cited by Ms. Richert.
  - d. Explain how the refinance of debt impacted the calculation of TIER and MFIR.
  - e. Identify and describe all consulting and other costs that Big Rivers incurred related to the refinancing of debt, and provide amounts by expense/capital account number (and identify the names of all outside consultants). Explain and show all of these costs that are included in this rate proceeding.
64. Reference the Richert testimony at p. 14, lines 2-3, wherein it is stated that Big Rivers "has secured some additional net cost savings" since the 2011 rate case. Please fully identify and quantify any and all such savings.



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65. Ms. Richert's testimony (p. 14, line 8 to 16) states that the forecasted test period of September 1, 2013 through August 31, 2014 was selected because it is the first full twelve calendar months following the termination of the Century contract and is representative of Big Rivers' expected operations and financial condition after that date. Address the following and **provide updates on a continuing basis**:

- a. Identify all amounts and adjustments in this forecasted test period ending August 31, 2014 that Big Rivers considers to be "known and measurable", and identify all amounts and adjustments that are not considered to be "known and measurable", and explain why Big Rivers believes such amounts and adjustments are, or are not, "known and measurable."
- b. Provide Big Rivers' definition of "known and measurable" and provide citation to prior Commission rate cases that supports this definition.

66. Ms. Richert's testimony (p. 17, lines 7 to 15) addresses the use of Burns & McDonnell as the vendor for the depreciation study. Address the following and **provide updates on a continuing basis**:

- a. Provide the consulting costs/fees paid to Burns & McDonnell for the depreciation study in the 2011 Rate Case and for the depreciation study in this rate case, and show amounts expensed and capitalized by account number and description, and explain the reasons for differences in these consulting costs/fees.
- b. Provide copies of invoices from Burns and McConnell for the depreciation studies in the 2011 Rate Case and in the current proceeding.
- c. Identify the amounts of Burns & McDonnell consulting fees included in the current rate proceeding by account number, explain if these amounts are amortized, and provide supporting calculations.

67. Reference Richert Exhibit-3.

- a. How do depreciation rates approved by RUS compare to industry standards for a prudent utility?
- b. How long has RUS been concerned about deferrals on major inspections and maintenance?
- c. Please produce all relevant communications and related documents to/from RUS.
- d. Please indicate whether the plan for deferring maintenance was the result of action by Big Rivers' board of directors. If so, please provide a copy of all relevant documents including minutes and resolutions. If it was not the result of

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- action by the board of directors, please identify who was responsible for making the decision(s).
- e. Please indicate whether the company would agree to allow an expert working on behalf of the Attorney General, and any other intervenor or PSC staff, to inspect Big Rivers' facilities.
68. Please refer to line 10, page 17 of the Richert testimony, where it refers to "process issues" related to Burns & McDonnell's performance of the previous depreciation study for Big Rivers.
- a. List and describe each of the "process issues that arose during the development and completion of the [depreciation] study".
- b. Describe in detail how each of those "process issues" have since been resolved.
69. Provide complete copies of all correspondence and documents related thereto between Big Rivers and Burns & McDonnell, since the selection of Burns & McDonnell to perform the depreciation study for the 2011 rate case.
70. Provide copies of all employment contracts with Big Rivers officers/executives, along with employment contracts of predecessor officer/executives from 2010 through 2013 YTD and **provide updates on a continuing basis.**
71. Provide copies of "golden parachute" agreements and contracts with current Big Rivers officer/executives and for predecessor officer/executives from 2010 through the current date. Identify all "golden parachute" amounts paid from 2010 through 2013 YTD for each employee and show amounts paid by account number and year and **provide updates on a continuing basis.**
- a. Provide copies of any other agreement(s), or cite to any verbal agreements that indicate any compensation or remuneration of any type or sort that would or could be paid to Big Rivers' executives in the event Big Rivers files bankruptcy .
72. Address the following regarding all payments to outside attorneys and legal representation.
- a. Provide all legal costs expensed and capitalized by account number and vendor name for each year 2010, through 2013 YTD and for all forecasted periods. Explain the services provided by each attorney.
- b. Provide copies of invoices for all payments to attorneys from 2011 through 2013 YTD.

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- c. Regarding (a) and (b), identify all recurring and nonrecurring legal fees.
  - d. Regarding (a) and (b), identify all amounts paid as retainers or under a fixed-fee arrangement and provide supporting documentation.
73. Regarding the Company adjustment related to rate case costs, address the following and **provide updates on a continuing basis**.
- a. For all rate case costs included in this rate case, show actual amounts expensed, deferred, and capitalized by the year they were actually incurred or paid, and show actual versus projected amounts included in this rate proceeding. Provide amounts for each specific consultant and attorney.
  - b. For all actual amounts in (a) for each consultant, and for all subsequent actual amounts paid provide copies of the consultants invoices. Show each consultant's hourly billing rate and number of hours for all services performed.
  - c. In addition to amounts included in rate case costs in this proceeding, provide amounts expense and capitalized by account number and by consultant/attorney for each of the years 2010, 2011, 2012, and 2013 YTD. And provide copies of actual invoices and show each consultant's hourly billing rate and number of hours for all services performed.
  - d. Regarding (a), show the number of years that rate case costs are amortized by consultant or in total, explain the reason for this amortization period, and reconcile to the Company's rate case expense adjustment.
  - e. For (a) to (d) above, identify the amounts related to fixed-fee arrangements and retainers.
74. For all outside services consultants and professional fees not previously addressed (regulatory, legal, accounting, research and development, customer service, broker fees, rating agencies, financial, auditing, management studies, compensation studies, special studies, economic, software, service quality, safety, lobbying, public relations, training, etc.) provide the following information for 2011, 2012, and 2013 YTD and **provide updates on a continuing basis**:
- a. Provide the name of the vendor, a brief description of services or products provided, and the amount expensed and capitalized by account number.
  - b. Provide copies of applicable contracts, purchase orders, and engagement letters.

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- c. Provide a copy of all invoices when the total paid to each vendor equals or exceeds \$25,000 per year or if the total contract exceeds \$50,000.
  - d. Provide copies of studies, reports, and recommendations provided by outside consultants.
  - e. Identify all amounts by vendor that are nonrecurring and describe the nonrecurring nature of such costs.
  - f. Identify those amounts impacted by Company proposed adjustments in this rate case, and identify and quantify the related adjustment.
75. Regarding Company proposed adjustments related to salary and wage increases: show all components of the Company's payroll adjustment and provide information in the following format along with supporting documentation). Show all payroll information separately for "exempt" and "non-exempt" labor; and, show all information separately for both "expensed" and "capitalized" amounts.
- a. Show actual unadjusted payroll (per books before Company adjustment), payroll adjustment increases, and adjusted payroll for both exempt and non-exempt on an "expensed" and "capitalized" basis. Identify the percent of payroll expensed versus capitalized in all cases.
  - b. Show the amount of overtime versus regular time labor included in the actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - c. Show the amount of short-term and long-term incentives included in actual test period 2012 unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - d. Show the amount of Supplemental Executive Retirement Plan ("SERP") pay included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - e. Show the amount of deferred compensation pay included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).

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- f. Show the amount of bonuses included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - g. Show the amount of severance pay (and similar type pay) included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - h. Show the amount of pay for outside temporary services and contract labor (and similar type pay) included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - i. Show all other non-recurring or one-time labor amounts (and identify and explain each of these components) included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - j. Show all amounts related to storm damage (separately identify how much of regular and overtime payroll is related to storm damage) included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - k. Show the amount of any one-time union payments included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
  - l. Show the amount of all other categories of payroll (for each category greater than \$100,000) included in actual test period unadjusted payroll, payroll adjustment increases, and adjusted payroll for both exempt and non-exempt (and show expensed versus capitalized amounts).
76. Provide all of the payroll information requested in the previous data request (#74, above) on an actual per book basis for each of the calendar periods 2011 through 2013 YTD, including showing exempt and non-exempt payroll separately and showing expensed versus capitalized payroll separately. If all detailed information is not readily available, provide as much detail as possible. For each category of payroll costs above (overtime, short-term incentives, long-term incentives, bonuses, SERP, temporary/contract labor, severance pay, deferred compensation, etc.), when the amount from year-to-year varies by either 5% or \$200,000, explain the reason for the change and provide supporting documentation.

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77. Regarding the prior data request (#74, above), provide supporting documentation and an explanation for the changes in the amount and percent of payroll expensed versus capitalized for each of the years 2010 through 2012 (explain if this has a correlation to the amount of construction activity or identify reasons causing the change). Provide supporting documentation to show and explain the anticipated expensed versus capitalized percentage in 2013.
78. For the period January 1, 2007 through and including 2013 YTD, explain if the Company has ever changed its practice or policy regarding method of payment, amount of payment, or mix of payment between base salary, short and long term incentives, SERP, and deferred compensation. If applicable, list each and every such practice or policy that was changed, the year in which that practice or policy was changed, and provide accurate and complete copies of any and all documentation related to each change.
79. Please refer to the Barron Direct Testimony at page 5, lines 11-18: Provide the latest load forecast performed by outside consultant for Big Rivers, and identify the outside consultant. Information should be provided in electronic file format compatible with Microsoft Office programs.
- a. Provide documents and workpapers which show if and how the loss of employment from closure of the Century and Alcan smelting facilities is taken into consideration in performing the load forecast, especially as it pertains to forecasted residential and small business demand.
80. Please refer to the Barron Direct Testimony at page 5, lines 11-18: Provide the latest load forecast updated by Big Rivers' Staff. Information should be provided in electronic file format compatible with Microsoft Office programs.
- a. Provide documents and workpapers which show if and how the loss of employment from closure of the Century and Alcan smelting facilities is taken into consideration in performing the load forecast, especially as it pertains to forecasted residential and small business demand.
81. Please refer to the Barron Direct Testimony beginning at page 6, line 14: Provide, on a monthly basis, the number of residential customers, number of small commercial customers, small commercial energy use per customer and residential energy consumption per customer for each subcategory used to develop load forecast. Information should be provided in electronic file format compatible with Microsoft Office programs.

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82. Please refer to the Barron Direct Testimony beginning at page 6, line 14: Provide the actual number of residential customers, number of small commercial customers, small commercial energy use per customer and residential energy consumption per customer for each subcategory for the years of 2010, 2011 and 2012 on a monthly basis. Information should be provided in electronic file format compatible with Microsoft Office programs.
83. Provide all load forecast documentation submitted to the RUS that was used by the RUS in their July 16, 2012 approval. Information should be provided in electronic file format compatible with Microsoft Office programs.
84. Provide documents which show Big Rivers' then-planned uses of revolving credit facilities from CoBank and CFC in 2009, 2010, and 2011.
85. Provide all documents which contain analysis supporting Big Rivers' conclusion that it "had to defer maintenance outages in each of the years 2010, 2011, and 2012 because that was the only option for Big Rivers to meet the minimum margins for interest ratio ('MFIR')", as stated at page 8 lines 12-14 of the Berry testimony (emphasis added).
86. Provide copies of all "previous third party inspection reports", per Berry testimony at page 17, line 8.
87. Please refer to the Berry Direct Testimony at page 7, line 1: Provide five year benchmarking study completed in August 2012 for period from April 2007 through March 2012.
88. Please refer to the Berry Direct Testimony at page 15, line 7: Provide all referenced Staff assessments and risk evaluations.
89. Please provide a complete and current copy of Big Rivers' "Load Concentration Analysis and Mitigation Plan" ["Mitigation Plan"], together with any and all supplements thereto.
  - a. Please describe with specificity each and every step Big Rivers has taken to date in implementation of that plan.
  - b. Please identify and describe each and every action taken by BREC since January 1, 2012 which could reasonably be viewed as mitigating against risks associated with load concentration.
  - c. Please provide any and all analyses, studies, including related financial, market and economic forecasts and associated planning models, utilized to develop the Mitigation Plan.

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- d. Describe whether the company has engaged the services of any consultants to address the financial losses and load losses that will occur from the pending departures of both Century and Alcan. If any, please provide any and all reports, plans or analyses and any and all documents related thereto produced by any such consultants.
90. Please reference the Berry testimony at p. 20, beginning at line 17. Please provide copies of all responses to RFPs. These documents may be provided under seal of confidentiality, if necessary.
91. Please refer to the Berry Direct Testimony at page 22, line 10: Provide all studies, analyses, reports, evaluations, etc. developed and presented and used in the management decision to justify the selection of the Wilson Station to be idled.
92. Please refer to the Berry Direct Testimony at page 26, line 10: Provide Charles River Associates Analysis of Big Rivers' Contingency Reserve Options.
93. Please refer to the Berry Direct Testimony at page 29, line 5: Provide historical and projected MISO costs used to develop Big Rivers forecast in electronic format compatible with Microsoft Office programs
94. Please refer to the Berry Direct Testimony at page 29, line 10: Provide historical values associated with MISO FTR Market settlements used to develop Big Rivers forecast in electronic format compatible with Microsoft Office programs
95. Please refer to the Berry Direct Testimony at page 29, line 16: Provide historical values used to develop Big Rivers' forecast for MISO non-administrative and non-transmission related costs in electronic format compatible with Microsoft Office programs
96. Please refer to the Berry Direct Testimony at page 30, line 18: Provide calculations and results used to determine "realized revenues" from the TVA transmission path in 2012 as well as the calculations and assumptions that were used to use this 2012 "realized revenue" to forecast projected revenues. Provide information in electronic format compatible with Microsoft Office programs.
97. Please refer to the Berry Direct Testimony at page 31, line 13: Provide the generating operating characteristics (capacity, heat rates, outage rates, ramp rates, fuel contract information, demand and energy forecasts and other production cost model input) that Big Rivers supplied ACES to run the production cost model used in the application in electronic format compatible with Microsoft Office programs.



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98. Please refer to the Berry Direct Testimony at page 31, line 13: Provide the ACES production model output used in the Big Rivers financial model used in the application in electronic format compatible with Microsoft Office programs.
99. Please refer to the Berry Direct Testimony at page 31, line 13: Provide the ACES PAR model output data that is used in the application by Mr. Siewert in electronic format compatible with Microsoft Office programs.
100. Please refer to Exhibit Berry 1: Provide list of planned major outage activities for each unit for each outage for 2013 and 2014.
101. Please refer to Exhibit Berry 1: Provide any changes to the 2013 and 2014 outage schedule from implementation of the Load Concentration Mitigation Plan. Detail should include all major outage activities for each unit and each outage.
102. Please refer to Exhibit Berry 2: Provide detailed Fixed Departmental Expenses for all units by year and by routine and outage.
103. Please refer to Exhibit Berry 2: Provide any changes to the detailed Fixed Departmental Expenses for all units by year and by routine and outage from implementation of the Load Concentration Mitigation Plan.
104. Please refer to Exhibit Berry 3: Provide detail of each item in capital construction budget 2013-2014 by unit and year. Include description of implementation and if and why an outage or derate is required for implementation (as well as expected duration of outage or derate), reason for performance of activity (environmental requirement, recommended maintenance, industry issue, etc.), and whether activity is scheduled based on expected run hours, age, commitment or expected inspection results or other basis for schedule.
105. Please refer to Exhibit Berry 3: Provide all details of any changes to each item in capital construction budget 2013-2014 by unit and year caused by implementation of Load Concentration Mitigation Plan. Information should include details previously provided including changes to implementation (as well as expected duration of outage or derate), changes to reason for performance of activity (environmental requirement, recommended maintenance, industry issue, etc.), and changes to whether activity is scheduled based on expected run hours, age, commitment or expected inspection results or other basis for schedule.
106. Please refer to Exhibit Berry 4: Provide Wilson Lay-Up plan as well as all scheduled activities to occur during Wilson Lay-Up as well as details regarding Wilson Lay-Up

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plan security, operating, maintenance and administration staff necessary to implement the plan.

107. If Big Rivers decides to idle the Wilson plant, which carries the lowest variable costs on Big Rivers' system, describe how this will change MISO's economic dispatch of Big Rivers' generation units.

- a. Does Big Rivers agree that if Wilson is idled, its sales to MISO will be reduced? If not, why not?
- b. Provide an analysis of Big Rivers' expected sales to MISO through all of the forecasted test period, both with Wilson being idled, and with Wilson not being idled.
- c. In the event Big Rivers idles the Wilson plant, please confirm that the plant will remain in the company's rate base and that ratepayers will continue to pay for various costs associated with the plant.
- d. Please confirm that the budget included in the filing, which forms the basis for Big Rivers' fully forecasted test period assumes Wilson is idled.
- e. Please provide a summary depicting the expected net total projected savings of shuttering the plant, for as long of a time period as such projections have been made.
- f. Please provide the specific amount of cost that Big Rivers' ratepayers will bear for keeping the Wilson plant in the company's rate base in the event the plant is idled.

108. Please provide a copy of any and all economic analysis(es ) upon which Big Rivers bases or will base its decision to close the Wilson generation unit, and/or any other generation unit(s).

- a. Explain fully why idling Wilson is better and more cost-effective than selling it.

109. Please refer to Crockett Direct at page 5, line 6: Provide quantitative and qualitative description of benefits Big Rivers has received from reductions of transmission congestion and off-system sales and purchase since joining MISO.

110. Has MISO performed any studies upon which Big Rivers will or may rely in making any decision regarding the idling of any particular plant? If so, please provide a copy of any and all such studies, and any other documents related thereto.

111. If Big Rivers implements the proposed plan to idle one or more generation plants, describe or discuss fully the following items:

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- a. if Big Rivers does not yet know which plant(s) will be idled, how can it be certain that its severance expense will total \$4.6 million, as indicated in the Speed and Haner testimonies? Given the uncertainty as to which plant(s) could be idled, is it appropriate to include \$4.6 million of projected severance costs in its budget?;
  - b. discuss how the timing of the idling will coincide with any severance of employees;
  - c. discuss how the severance will affect Big Rivers' unemployment insurance costs, and whether that cost will be passed on to ratepayers, and if so, how;
  - d. discuss the complete plans Big Rivers has regarding any potential re-hiring of the employees necessary to operate the generating plant(s) in the event that off-system sales should increase enough to justify re-starting the idled plant(s);
  - e. discuss the projected length of time required to re-fire any previously idled coal-fired plants and to prepare them to generate power;
  - f. provide estimates of the projected length of time required for all preparations that would be required for Big Rivers' transmission system to handle and transport power, including but not limited to the measures MISO would have to take to make transmission available to handle the re-started generation load;
  - g. provide the projected costs of re-firing and restarting previously idled coal-fired plants;
  - h. provide any and all projected costs of freeing up and obtaining transmission rights when any idled plants are re-fired and generation is restarted;
  - i. in the event Big Rivers re-starts the idled plants, describe whether the company may have to re-idle them again depending on the need for off-system sales, whether in the MISO footprint or elsewhere. If so, provide the projected total costs of doing so, including the severance of employees.
  - j. If Big Rivers maintains contracts with any union employees, describe whether the contract would allow for: (i) a potential permanent severance of employees; (ii) a potential temporary severance of employees; and/or (iii) a potential series of lay-offs and re-hiring of employees.
  - k. given the nation-wide shortage of skilled electrical workers, how does Big Rivers propose to recruit the employees necessary to re-start and run any idled generation plant(s) in the event re-starting becomes cost-effective?
112. Reference the Haner testimony, p. 11, wherein he states that severance benefits for bargaining unit employees are subject to collective bargaining. If so, describe why Big Rivers' estimated severance costs are known and certain, and thus eligible for recovery from ratepayers?

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113. Provide a cost-benefit analysis which illustrates the total of all costs associated with idling generation plant(s) (including but not limited to stranded costs), contrasted with the costs of leaving the plant(s) running.
114. Given the fact that Kentucky Utilities Co. ("KU") recently announced publicly that it will retire several generation facilities (at least one of which is located close to Big Rivers' service territory), has Big Rivers explored the possibility of selling the Wilson plant, or other generation / transmission facilities to KU? If so, please describe fully the company's efforts in this regard, and the results, if any.
115. Please refer to Crockett Direct at page 5, line 18: Provide detail on the Engineering supervision cost estimates on each line and substation construction project identified on the latest Big Rivers three- year construction plan. Information should include final spreadsheets, project descriptions, etc. in electronic format compatible with Microsoft Office programs.
116. Please refer to Crockett Direct at page 5, line 18: Provide any changes to the Engineering supervision cost estimates on each line and substation construction project identified on the latest Big Rivers three-year construction plan from implementation of the Load Concentration Mitigation plan.
117. Please refer to Crockett Direct at page 5, line 21: Provide detail on the 2013 and 2014 cost estimates recommended for communication system additions and replacements as well as background information supporting recommendations. Information should include final spreadsheets, project descriptions, etc. in electronic format compatible with Microsoft Office programs.
118. Please refer to Crockett Direct at page 5, line 21: Provide any changes to the 2013 and 2014 cost estimates recommended for communication system additions and replacements from implementation of the Load Concentration Mitigation plan.
119. Please refer to Crockett Direct at page 5, line 21: Provide detail on the 2013 and 2014 estimated cost estimates from the transmission maintenance program capital construction projects and "capital equipment purchases involving little or no labor expenses" as well as background information supporting recommendations. Information should include final spreadsheets, project descriptions, etc. in electronic format compatible with Microsoft Office programs.
120. Please refer to Crockett Direct at page 5, line 21: Provide any changes to the 2013 and 2014 estimated cost estimates from the transmission maintenance program capital construction projects and "capital equipment purchases involving little or no labor expenses" from implementation of the Load Concentration Mitigation plan.

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121. Please refer to Crockett Direct beginning at page 8, line 3: Provide system drawings and diagrams depicting Big Rivers' transmission facilities, their interties to other transmission owners, as well as depicting phase 1 and phase 2 transmission projects. Information may be provided in accessible viewable electronic format (PDF, etc.).
122. Please refer to Crockett Direct beginning at page 8, line 3: Provide any changes to system drawings and diagrams depicting Big Rivers' transmission facilities, their interties to other transmission owners, as well as depicting phase 1 and phase 2 transmission projects from implementation of the Load Concentration Mitigation plan.
123. Please refer to Crockett Direct beginning at page 8, line 3: Provide system drawings and diagrams depicting regional transmission facilities to which Big Rivers is interconnected (overview of interconnected MISO and TVA system, etc.). Information may be provided in accessible viewable electronic format (PDF, etc.).
124. Please refer to Crockett Direct beginning at page 8, line 3: Provide cost detail of phase 2 transmission project. Information should include final spreadsheets, project descriptions, etc. in electronic format compatible with Microsoft Office programs.
125. Please refer to Crockett Direct beginning at page 8, line 3: Provide any changes to cost detail of phase 2 transmission project from implementation of Load Concentration Mitigation plan.
126. Please refer to Crockett Direct beginning at page 8, line 3: Provide copy of all reports, spreadsheets, etc. provided as part of the MISO assessment of transfer capability from the Big Rivers transmission zone into other MISO zones and TVA.
127. Provide Exhibit Barron-3 in electronic format. Spreadsheet should include all related formulas and other worksheets linked to cells printed in the Exhibit in an electronic format compatible with Microsoft Office programs.
128. Please refer to Exhibit Barron 3: Provide Actual 2010, 2011, 2012 Billing Demands and Energy on a monthly basis for comparison to Exhibit Barron-3, in electronic format. Spreadsheet should include all related formulas and other worksheets linked to cells printed in the Exhibit in an electronic format compatible with Microsoft Office programs.
129. Reference the Siewart testimony at pp. 11, lines 15-22. As to Big Rivers' budgeting for costs associated with HMPL, has Big Rivers included all costs associated with the rulings arising out of the litigation / arbitration with HMPL?

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- a. Please identify all costs associated with pursuing this litigation/ arbitration, state whether the company is seeking to recover any portion or all of those costs in the instant rate filing, and if so, state where those costs are identified in the application.
130. Reference the Siewart testimony, p. 12. The modeling inputs appear to adopt assumptions about debt service on the pollution control bonds/financing case - 6% interest rate. Given that Big Rivers has filed a modified application in Case No. 2012-00492, does any of this testimony need to be revised to reflect the modified plan filed in that case?
  131. Provide spreadsheets linked to formulas in Big Rivers Financial Model in Exhibit Siewert-2 electronically in format compatible with Microsoft Office programs. Spreadsheets should include all formulas and links and include any spreadsheets linked to Big Rivers Financial Model in Exhibit Siewert-2.
  132. Please refer to Wolfram Direct p.23 1.3 through 1.22 and Wolfram Exhibit 3: Please explain in detail the logic behind using the PROFIX functional vector to allocate costs of FERC accounts 500, 502, 505, 506, 514, 548, and 557 and how this relates to the FERC Predominance Methodology. Please include in the response exactly how costs in these accounts are unrelated to kilowatt hour levels of output.
  133. Reference the Wolfram testimony at pp. 38-39. Please produce copies of any and all communications regarding the cost impact estimates between Big Rivers, its consultants and its member-owners.
  134. Provide the names and dates of service for each of Big Rivers' last three (3) chief financial officers (regardless of whether they were permanent or interim CFOs), together with the reasons for their departure from Big Rivers.
    - a. State whether any of these former CFOs are currently employed by Big Rivers, as an employee, consultant or any other capacity whatsoever
  135. Please provide copies of all documents that were provided to the Big Rivers' Board of Directors pertaining to the departures of Mark Hite and Bill Blackburn from employment at Big Rivers.
  136. Please provide a copy of all documents pertaining to the departure of Mark Hite and Bill Blackburn from employment at Big Rivers.
  137. Please provide copies of all documents that were provided to the Big Rivers' Board of Directors pertaining to the departure of Albert Yockey from employment at Big Rivers.

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138. Please provide a copy of all documents pertaining to the departure of Albert Yockey from employment at Big Rivers.
139. Please refer to Big Rivers' tariff "Standard rate - LICX - Large Industrial Customer Expansion", beginning at Sheet 45 Section 1. Specifically describe how this tariff and its provisions helps or hinders Big Rivers' implementation of the Load Concentration Analysis and Mitigation Plan.
- a. Please explain the import and applicability of the new definition of "Third Party Suppliers" in the proposed tariff sheet number 46.
140. Please refer to Kelly Direct, Depreciation Study at II-1 to II-30: Provide the latest updated Boiler Condition Spreadsheet for all units covered by depreciation study. Information should include electronic format compatible with Microsoft Office programs.
141. Please reference the Depreciation Study, Engineering Assessment, p. II-7 in vol. 5 of the Application. Does Big Rivers agree with the following statement found therein: "Since the Unwind Closing in 2009, Big Rivers has been unable to perform major maintenance . . . on a schedule consistent with prudent utility operations."
- a. If so, please explain fully why Big Rivers has not been performing major maintenance on a schedule consistent with prudent utility operations.
- b. If Big Rivers disagrees with the statement, provide a complete explanation as to why not.
- c. Provide a schedule depicting the inspections that have not been performed.
- d. Please describe why the inspections referenced in this statement are in fact necessary.
- e. On what does RUS base its definition of "prudent utility operations?"
142. Please provide all Big Rivers correspondence to RUS that includes the subject of "scheduled major inspections and maintenance per prudent utility operations" as contained in Richert Exhibit 3.
143. Please provide all documents that were provided to the Big Rivers Board of Directors regarding the planning and execution of corporate-wide cost-cutting business strategies referenced at page 23, lines 7-14 of the Richert testimony.
144. Please provide all documents that were provided to the Big Rivers' Board of Directors regarding the planning and execution of business strategies including implementation of cost deferral measures referenced at page 23, lines 7-14 of the Richert testimony.

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145. Please identify any other parts of the business strategies besides corporate-wide cost-cutting and cost deferral measures that were part of Big Rivers' approach for attaining its MFIR for the period referenced in the Richert testimony at page 23.
146. Please provide complete source documentation for all inputs into the Financial Model, in electronic spreadsheet readable file format.
147. Please refer to Speed Direct at page 11, line 7: Provide assumptions, data, and summary of fuel procurement contracts Big Rivers provided to ACES in development of the production cost modeling used as an input to the Big Rivers Financial model used in this case. Information should include spreadsheets, etc., in electronic format compatible with Microsoft Office programs.
148. Please refer to Speed Direct at page 11, line 7: Provide production cost model output data received from ACES for inclusions in the Big Rivers financial model used in this case. Information should include input and output spreadsheets, etc. in electronic format compatible with Microsoft Office programs.
149. Please refer to Speed Direct at page 11, line 7: Provide any changes to information provided to ACES or production cost model outputs from implementation of the Load Concentration Mitigation plan.
150. Please refer to Speed Direct at page 11, line 20: Provide details of the emission fee budget included in the Big Rivers financial model used in this case. Information should include spreadsheets, etc. in electronic format compatible with Microsoft Office programs.
151. Please refer to Speed Direct at page 12, line 9: Provide details of volume and price of off-system sales related to the production cost model included in the Big Rivers financial model used in this case. Information should include input and output spreadsheets, etc. in electronic format compatible with Microsoft Office programs.
152. Please refer to Speed Direct at page 13, line 10: Provide HMP&L general and administrative costs allocated to Big Rivers cost estimate provided to Big Rivers' budget department and included in the Big Rivers' financial model used in this case.
153. Please refer to Speed Direct at page 14, line 3: Provide Big Rivers' calculation of its share of the costs related to the dispatch and operation of HMP&L's Station Two generating station included in the Big Rivers' financial model used in this case. Information should include spreadsheets, etc. in electronic format compatible with Microsoft Office programs.



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154. Please refer to the Speed testimony at page 18, line 21. Provide documents and presentation materials associated with Board of Directors' consideration of the 2013 budget. Include all supporting workpapers and documents.
155. Please refer to the Speed testimony at page 18, line 21. Provide documents and presentation materials associated with Board of Directors' consideration of the 2014-2016 financial plans. Include all supporting workpapers and documents.
156. Please provide coincident peak demands on a monthly basis for the rurals, large industrials, and each smelter for the years 2010, 2011 and 2012, as well as the hour and date of each coincident peak.
157. Please provide non-coincident peak demands on a monthly basis for the rurals, large industrials, and each smelter for the years 2010, 2011 and 2012, as well as the hour and date of each non-coincident peak.
158. Please provide monthly energy use for the rurals, large industrials and each smelter for the years 2010, 2011 and 2012.
159. Please provide all workpapers associated with Exhibit Wolfram-3, in electronic spreadsheet format.
160. Please refer to Exhibit Wolfram-5, page 1: Please explain why the witness used "Coincident Peak" allocation for Rural Delivery Point Service and "Non-Coincident Peak" allocation for Large Industrial Customer Delivery Point Service.
161. Please refer to Wolfram Direct at page 18, line 14: Provide details of activities and backup cost estimates related to all non-recurring labor expenses related to lay-up of Wilson plant.
162. Provide copies of Big Rivers' RUS Financial and Operating Report Electric Power Supply, RUS Form 12 or its successor, including all schedules, for the years ending December 31, 2009; December 31, 2010; December 31, 2011; and December 31, 2012 (when and if available).
163. Provide documents which show draws by Big Rivers on its revolving credit facilities with CoBank and CFC over the past 18 months.
164. Provide documents which identify and show the purpose and amounts of all asset reclassifications between accounts since consummation of the "Unwind" transaction in Docket No. 2007-00455, over \$25,000 in amount.
165. Provide fiscal year end budget and budget variance reports, since 2008.

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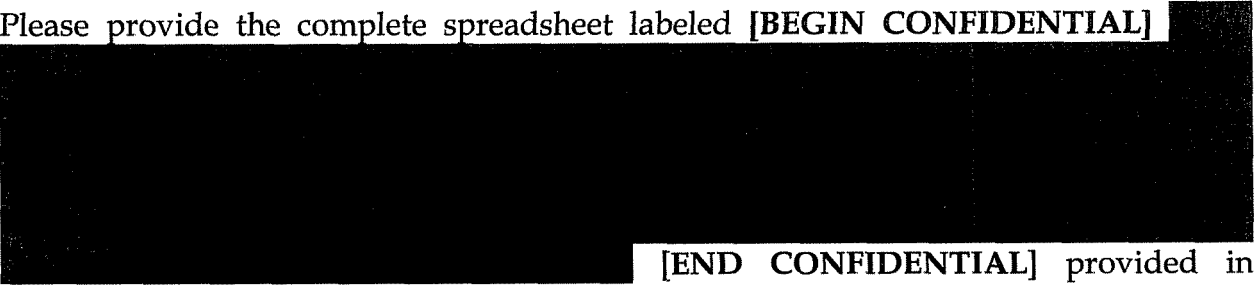
166. Provide a copy of each draft budget provided to the smelters under the terms of the smelter agreements, since 2010.
- a. Provide copies of all correspondence, emails, etc. between Big Rivers and the smelters regarding those draft budgets.
167. Please provide copies of the summary results of all Financial Model runs provided to the Big Rivers Board of Directors in the period January 1, 2012 to current.
168. Please provide copies of the summary results of all Financial Model runs provided to the Big Rivers senior management in the period January 1, 2012 to current.
169. Please provide documents which show the monthly balance of the Economic Reserve beginning with the consummation of the "Unwind" transaction to the current date.
170. Please state whether there has been any use of funds from either the Rural Economic Reserve or the Transition Reserve since the consummation of the "Unwind" transaction to the current date. If there has (have) been use(s) of these funds provide the date, amount and purpose for such draw.
171. Provide all correspondence between Big Rivers and Alcan since January 1, 2012 to current.
172. Provide all correspondence between Big Rivers and Century since January 1, 2012 to current.
173. Provide all documents associated with the MISO evaluation of Big Rivers membership.
174. Are there any additional steps required to terminate the TIER rebate mechanism and requirement at the point Alcan terminates its Smelter Agreement, or would the TIER rebate mechanism and requirement expire automatically at that point?
175. Assume Big Rivers Financial Model projections provided in this case. Please state when Big Rivers' financial modeling indicates:
- a. the Economic Reserve will be exhausted; and,
- b. the Rural Economic Reserve will be exhausted.
176. Please refer to the current bylaws provided in response to PSC 1-1. Please provide documents which show and explain the purposes and reasons for the substantive changes (non-typographical) to the bylaws indicated by "blackline."
177. Please refer to the Financial Policy provided in response to PSC 1-2, at item 4.d. Explain the distinction between interest rate hedging for "speculative" purposes, and for non-

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speculative purposes, and specifically how Big Rivers makes and applies the distinction between the two hedging purposes.

178. Please refer to the Financial Policy provided in response to PSC 1-2, at item 5. Please provide copies of all documents presented to and considered by the Board in connection with the past three "Annual Fiscal Reviews."
179. Please provide the Sargent & Lundy environmental compliance study produced by Big Rivers in Case No. 2012-00063. If necessary, please provide under seal of confidentiality.
180. Please provide the monthly payments, that Big Rivers has made to MISO for Network Integrated Transmission Service, as well as the corresponding monthly coincident peak demand, and the hour and date of the CP demand, for Kenergy, Jackson Purchase, and Meade County load, and each smelter, if the smelter load is treated separately, since Big Rivers began taking service under the MISO OATT.
181. Please Provide Big Rivers formula rate filings, and the spreadsheets used to develop each filing, for each year that Big Rivers has made such filings under Attachment O of the MISO OATT.
182. Please identify and describe the provisions of BREC's "All Requirements" contract with Kenergy that would permit Kenergy to serve Smelter load from "the Market."
183. Provide documents which show calculation of the monthly MRSM credits per the tariff, showing source data for each element of the calculation, for January 2011 to date.
184. Provide documents which show calculation of the monthly Unwind Surcredit amounts per the tariff, showing source data for each element of the calculation, for January 2011 to date.
185. Please provide documents which show Big Rivers' current debt service costs by debt issuance or obligation on an annual basis through 2018, including principal payments, interest payments, amortizations and other costs of debt.
  - a. Provide a reconciliation of any differences between these current debt service costs, and the debt service costs depicted and included in the Financial Model provided in response to PSC 1-57.
186. Please refer to "Big Rivers Budget 2013 - 2016" provided in response to PSC 1-57. Provide 2012 financial and operating information at the equivalent level of detail, in electronic spreadsheet format.

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187. Provide the "User's Manual" or equivalent documentation for the Financial Model which shows and describes inputs, input sources, steps and operations of the model, etc.
188. Please refer to the "Electric Rev" tab of the Big Rivers Budget 2013 - 2016. Please provide the calculations and supporting workpapers for the monthly amounts contained in the Revenue Adjustment Rates at rows 18-21, and 33 - 36, for 2013.
189. Provide a run of the Financial Model which uses actual financial and operating results for 2012 as inputs.
190. Please provide the complete spreadsheet labeled **[BEGIN CONFIDENTIAL]**  **[END CONFIDENTIAL]** provided in response to PSC 1 - 57 discovery.
191. Reference the Smelter Retail Electric Service Agreements, § 7.3.1.
- a. Confirm that under this section, when a smelter gives notice of termination of its power supply agreement, the smelter is obligated to actually close its facilities and will no longer be in operation.
  - b. Confirm that both smelters' notice of termination falls under this section.
  - c. Confirm that both smelters will completely cease operations in Kentucky. If not, why not?
192. Reference Big Rivers' responses to KIUC 2-1 in Case No, 2012-00492, pp. 2 and 8 / 167. Confirm that Big Rivers is currently in negotiations with Century for a new agreement with Big Rivers and Kenergy.
- a. Clarify as to whether Big Rivers and Century have already agreed to enter into a new agreement and merely work out the details, or whether it remains uncertain that the two parties can reach any new agreement.
  - b. Clarify the nature of Big Rivers' / Kenergy's role in any such new agreement. Will it be to supply power as it currently does, on an all-requirements basis, or will Big Rivers assist Century in obtaining market power via deregulated sales? Please provide as many details as possible.
  - c. Describe the status of any similar negotiations Big Rivers is having with Alcan.

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193. Reference Big Rivers' responses to KIUC 2-1 in Case No. 2012-00492, p. 7/167.

- a. Confirm that Fitch's downgrade of Big Rivers' 2010A bonds indicates: "The [smelter] contracts further provide for termination on one years' notice without penalties subject to certain conditions including the termination and cessation of all aluminum smelting operations at the relevant facilities." [emphasis added]

194. Reference Big Rivers' response to KIUC 2-1 in Case No. 2012-00492, pp. 26-27/167.

- a. Confirm that Alcan's letter dated January 31, 2013 in which it gives notice of termination of its retail electric service agreement ("Alcan Notice"), states as follows: "I am advised that, notwithstanding the notice of . . . [Century] on August 20, 2012 to terminate its Retail Electric Service Agreement, dated July 1, 2009, Big Rivers and Kenergy have entered into negotiations with Century to waive the obligations of Section 7.3.1 of the Agreement and to otherwise assist Century to access market power in order to keep Century's . . . smelter open beyond August 20, 2013."
- b. Will Big Rivers confirm that its negotiations with Century and/or Alcan include waiver of Smelter Retail Electric Service Agreement §7.3.1? If not, why not? If so, cite to any and all authority received from the Kentucky Public Service Commission authorizing any such waiver.
- c. Will Big Rivers provide the same offer to Alcan that it apparently is providing to Century?
- d. Please explain the reference in the Alcan Notice, p. 2, to Big Rivers' proposal to "restructure the rate formula and other basic terms and conditions." Please provide a detailed summary of the proposed changes, and whether any working agreements have been reached.
- e. Will any different or new restructure of the rate formula or other basic terms and conditions be different than those considered by the PSC in the Unwind case approval? If yes, please explain in detail.

195. If Big Rivers confirms that it is at least attempting to re-negotiate fundamental terms and premises of the Smelter Agreements, does Big Rivers believes it is appropriate to continue to pursue its attempt to pass stranded costs on to remaining ratepayers?

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196. Reference the article at the hyperlink below, from the "Courier Press News," dated Feb. 1, 2013.  
(<http://m.courierpress.com/news/2013/feb/01/rio-tinto-alcan-aluminum-smelter-gives-12-month-no/> ). Confirm that Kenergy President and CEO Greg Starheim is quoted in this article as saying that " . . . [the smelters'] senior executives [are] saying they're going to shut the plant. . . . That termination notice is a legally binding document."
- a. Confirm that in that same article, Big Rivers' President and CEO Mark Bailey is quoted as saying, "They're saying their current plan is to cease operations in 12 months, and they have no current plans to restart." If the smelters plan to continue operations, describe in complete detail how the smelters will obtain a power supply. Describe the role Big Rivers and Kenergy would play in obtaining that power.
197. If either Century or Alcan, or both, fail to comply with the term of their respective agreements requiring them to cease operations at their respective plants upon termination of their agreements, does Big Rivers believe it has an effective remedy? If so, would it pursue any remedy, including but not limited to recovery of the stranded costs the smelters appear willing for other ratepayers to pay?
198. If one or both smelters continue operations in the Commonwealth of Kentucky and obtain power from the unregulated market, what, if any, amendments would Big Rivers seek to its application in this matter? If so, please describe in detail.
199. Reference the Richert testimony at p. 38, regarding the Rural Economic Reserve. Please confirm that Big Rivers' Financial Model indicates this fund will be exhausted by 2017. Please also confirm this estimate assumes Alcan remains on the system. Please recalculate the date the fund will become fully dissipated based on Alcan's departure in January 2014.
200. Reference the Berry testimony at p. 5. Given that the U.S. Army Corps of Engineers repair work to Wolf Creek dam is being completed ahead of schedule, has Big Rivers performed any analyses or studies regarding: (a) when the Southeastern Power Administration (SEPA)'s provision of 178 MW of power to Big Rivers will be restored; and (b) if so, whether that could change Big Rivers' order of economic dispatch? If your response to either (a) and/or (b) above is "yes," please provide copies of any and all such analyses/studies, and any and all other documents associated therewith.

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201. Has Big Rivers conducted any economic feasibility studies regarding whether its customers can afford the proposed \$74.5 million rate increase? If so, please provide copies together with any and all documents associated therewith. If not, why not?
- a. Has Big Rivers conducted any economic feasibility studies regarding whether its customers can afford the total rate impact that will result in the event both smelters leave Big Rivers' system, as has now occurred? If so, please provide copies together with any and all documents associated therewith. If not, why not?
202. Please reference Big Rivers' petition in Case No. 2013-00034 (IRP filing), in which it states "As a result of the loss of the Century load, Big Rivers maintains that any load forecasts and assumptions concerning the resources that Big Rivers would utilize to meet its load and load growth are likely to change substantially over the next year." (Emphasis added.) Can Big Rivers explain to the Commission, the other parties and Big Rivers' customers why the load forecasts in the current base rate case are reliable if they are not reliable for the IRP case?
203. Please refer to page 33 of the PSC Order in Case No. 2007-00455 dated March 6, 2009, where the Commission finds "all necessary actions to correct the deficiencies are scheduled to be performed as part of Big Rivers' 2009 - 2011 Production Work Plan." Provide documents which show each of the deficiencies, and the date at which they were corrected by Big Rivers per the Production Work Plan.
204. Identify each of these deficiencies which were not corrected within the 2009 - 2011 Production Work Plan (if any).
205. Please provide a list of all entities that Big Rivers has entered a confidentiality agreement with in the last two years, regarding items such as provision of financing to Big Rivers, review of strategic alternatives for Big Rivers, possible sale of generating assets, possible sale of transmission assets, possible sale of the utility, possible sale of output of Big Rivers generating assets, etc.
206. Provide spreadsheets with formulas and links intact, and related documents which show how Big Rivers estimated and accounted for the effects of a) price elasticity of demand for electricity, and b) demand side management programs in its financial presentation of the rate case request (budgets, financial and operational modeling, test period results).
207. Provide any economic feasibility tests undertaken by or for Big Rivers with regard to the ability of the end-user to pay his/her/its bill and thus the ability of same to

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continue to take the projected amount of load and not decrease usage thus affecting the overall demand on the system.

208. Please state and describe the potential financial impact of all current material issues (known to Big Rivers) in dispute with the City of Henderson regarding the operation of HMPL Station Two. Please use a materiality threshold of \$500,000.
209. Please state and describe the financial impact of all material issues which were in dispute with the City of Henderson regarding the operation of HMPL Station Two, but were resolved since June 1, 2012.
210. Confirm that under the RUS loan, if Big Rivers fails to have two investment grade credit ratings it must implement a corrective plan satisfactory to RUS, or it is an event of default. Further confirm that a lockbox arrangement may be imposed by RUS for failure to maintain two investment grade credit ratings.
  - a. Please provide a list of all events which could constitute an event of default, and indicate whether Big Rivers is in default as to each identified event.
211. On an updated basis through this proceeding, indicate if and when RUS requires a lockbox arrangement.
212. Provide documents which show the priority of cash disbursements from lockbox funds, under the RUS required lockbox arrangement, as between creditors, vendors, operating funds, capital expenditures, etc.
213. Provide all communications since January 1, 2013 between Big Rivers and any of its representatives, and RUS regarding "corrective plans" triggered by failure to maintain two investment grade credit ratings.
214. Provide periodic updates including subsequent communications regarding the status of "corrective plan" events between RUS and Big Rivers.
215. Provide such "corrective plan" promptly upon agreement between Big Rivers and RUS regarding such a plan.
216. Please provide any analysis that has been developed by or for Big Rivers evaluating how Alcan and/or Century (collectively "the smelters") could purchase power directly from other power suppliers under current state law.



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217. Does Big Rivers believe that the smelters would be required to obtain Kenergy's approval or concurrence to buy power directly from alternate power suppliers under current state law? Please explain your answer.
218. Does Big Rivers believe that should the smelters obtain Kenergy's approval or concurrence to buy power directly from alternate power suppliers that Kenergy would be in violation of its all requirements agreements with Big Rivers? Please explain your answer.
219. Does Big Rivers believe that the smelters can pursue alternative power supply contracts without violating the smelters' agreements with Big Rivers? Please explain your answer.
220. Does Big Rivers believe there would be any federal regulatory obstacles for the smelters to obtain short term or long term power supplies from alternative providers? Please explain your answer.
221. Does Big Rivers believe that the smelters are required to obtain MISO transmission service even if they use a power supplier other than Big Rivers? Please explain your answer.
222. Assuming that the smelters are able to continue to operate with an alternative power supplier, and must take MISO transmission service, please provide a detailed answer to the following questions:
223. Would the smelters be allowed to obtain energy only power supplies from short term markets with no contracted capacity under the MISO tariff?
224. Would the smelters be required to obtain both firm capacity and energy to receive firm transmission service under the MISO tariff?
225. If the smelters are able to obtain firm MISO transmission service, does Big Rivers contemplate they would be required to obtain firm generation capacity to be purchase energy from the MISO market?
226. Under the MISO tariff, would Century load be charged additional ancillary service charges if Big Rivers is required to operate Coleman to maintain local transmission service reliability if Coleman is not the most economical unit to dispatch?
227. Provide documents which show each debt covenant Big Rivers must observe and maintain to avoid "default" on its debt obligations.

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228. Did the production cost model provided in response to PSC 1-57 (PSC 1-57 – Big Rivers 2013-2016 – CONFIDENTIAL.xlsx) include input from a MISO market price forecast that assumed restrictions on CO2 emissions? If so please provide an updated production cost model without any assumed restrictions on CO2 emissions.
229. Please provide any other production cost model runs similar to that provided in response to PSC 1-57 that were performed as sensitivity runs to different assumed market or regulatory conditions. Please explain and describe why these sensitivity runs were selected and why they were rejected.
230. Regarding the Cost of Service Study spreadsheet (COSS spreadsheet) provided in PSC 1-57 (PSC 1-57 – Big Rivers 2013 Cost of Service Study – CONFIDENTIAL.xlsx), please provide responses to the following:
- a. Indicate all costs on the spreadsheet that would be excluded if transmission costs were removed and Kenergy Corp, Jackson Purchase Energy Corporation, and Meade County RECC, purchased transmission service directly from MISO, instead of having the service bundled in the rates charges by Big Rivers.
  - b. Exclude all of the costs detailed above from the referenced spreadsheet and provide the resulting spreadsheet.
  - c. Provide the most recent Big Rivers MISO filing for recovery of transmission service Annual Transmission Revenue Requirements (ATRR) under the MISO OATT.
  - d. Provide the most current and the historic (each year Big Rivers transmission service has been provided through MISO) Big Rivers ATRR for Network Integrated Transmission Service (NITS) customers whose load is in the Big River's transmission pricing zone.
  - e. Provide the related monthly load ratio share for each customer provided MISO NITS in the Big Rivers transmission pricing zone for each year Big Rivers has placed its transmission service under the MISO OATT. Information should include description of each customer and historic monthly load ratio shares of the ATRR.
231. Please provide the complete spreadsheet labeled **BRECMISOMonthlyLoadForecast2012-09.xlsm** referenced in cells A2 and I2 in the tab

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labeled "EnergyInputs" of spreadsheet "Demand Energy Budget 2013-2016.xlsx" provided in response to PSC 1-57.

232. Please provide the complete spreadsheet labeled Big Rivers LTFC2011.xlsx referenced in cell F2 in the tab labeled "DemandInputs" of spreadsheet "Demand Energy Budget 2013-2016.xlsx" provided in response to PSC 1-57.

233. Please provide the member STC files referenced in cell A2 in the tab labeled "DemandInputs" of spreadsheet "Demand Energy Budget 2013-2016.xlsx" provided in response to PSC 1-57.

234. Please provide the complete spreadsheet labeled BRECMIKSOmonthlyLoadForecast2012-05.xlsm referenced in cell A1 in the tab labeled "HMPLMonthly" of spreadsheet "Demand Energy Budget 2013-2016.xlsx" provided in response to PSC 1-57.

235. Please describe what is meant by [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

236. Please provide [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

237. Please provide [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

238. Please provide [BEGIN CONFIDENTIAL]

[END  
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239. Please refer to the following tabs and cells in the Financial Model provided in response to PSC 1-57, and provide supporting documentation and associated Excel spreadsheets with formulas, references and links intact for the following cells:

- a. Tab "Stmnts RUS": cells E131:E185 (excluding those cells with referenced worksheet tab or formula calculation);
- a. Identify the witness who can testify to the veracity of each of these inputs.
- b. Tab "Regulatory Charge": cells M6:U6; K7; K32; K38; K43; M41:T41; and T46.
- c. Tab "Fuel": cells K21:22.
- d. Tab "O&M": cells V85; Z85; AB85; Z68; O176:AM176.
- e. Tab "CapEx & Depr": cells O6:AM6; O8:AM8; O16:AM16; O19:AM19; O20:AM20; O37:AM51.
- f. Tab "Debt": cells P17:AN17; P18:AN18; P24:AN25; P30:AN34; P48:AN50; P57:AN57; P107:AN108; Q118; P114:AN115; P121:AN124.
- g. Tab "Rates": cells K23; M26:AK26; M28:AK28.
- h. Tab "FAC, PPA, ES, SC": cells M52:AK52; M15.
- i. Tab "ECP": proportions in cells G14:Y17; F53; F55; F57.

240. Please refer to the following tab and cell in the Financial Model provided in response to PSC 1-57: cell D55 ("Interest Rate") of the "Debt tab.

- a. Please state whether modifying the interest rate input in D55 will flow through to modify the base period and test period results depicted on the "Stmnts RUS" tab of the Financial Model.
- b. If modifying the interest rate input does modify the outputs on the "Stmnts RUS" tab, identify and explain each step that must be taken to achieve that result.
- c. If modifying the interest rate input does not modify the outputs on the "Stmnts RUS" tab, explain why not.
- d. If modifying the interest rate input does not modify the outputs on the "Stmnts RUS" tab, explain where and how within the Financial Model interest rates can be modified with the effects flowing through to the "Stmnts RUS" tab.

241. Please refer to the following tab and cell in the Financial Model provided in response to PSC 1-57: cell D3 ("Inflation") of the "O&M" tab.

- a. Please state whether modifying the inflation input in D3 will flow through to modify the base period and test period results depicted on the "Stmnts RUS" tab of the Financial Model.
- b. If modifying the inflation input does modify the outputs on the "Stmnts RUS" tab, identify and explain each step that must be taken to achieve that result.

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- c. If modifying the inflation input does not modify the outputs on the "Stmts RUS" tab, explain why not.
- 242. If modifying the inflation input does not modify the Operating Statement outputs on the "Stmts RUS" tab, explain where and how within the Financial Model inflation can be modified with the effects flowing through to the "Stmts RUS" tab.
- 243. State and describe what consequences credit rating downgrades will have on Big Rivers under the MISO OATT or membership agreement.
- 244. Confirm that any spreadsheets provided by Big Rivers to the Attorney General will not contain any cells or worksheets that are protected, locked, or require permissions for full operation of the spreadsheets and its inputs.
  - a. If any such spreadsheets have been provided to date, please provide spreadsheet copies which are unlocked/unprotected.
- 245. Provide a working electronic copy of the Company's 2011, 2012, and 2013 YTD Payroll Register and/or Labor Distribution Report (or similar documents) which show the following (also see the AG's Initial Data Requests, DRs 75, 76, and 77 also on the subject of labor and payroll), and provide updates on a monthly basis as new data becomes available:
  - a. Monthly and YTD payroll data for each specific employee showing gross payroll, each deduct and withholding, net pay, total hours worked, regular hours, overtime hours, sick hours, non-productive time (if tracked), payroll expensed and capitalized by account number for each employee, and payroll expensed and capitalized by account number on a cumulative basis for all employees (the employee's name, social security number and other information can be redacted, but employee number/ID and job description should be provided to be able to confirm total employee count without duplication). If possible, this information should be able to be sorted by exempt (management) and non-exempt (non-management/hourly/union) employees.
  - b. Monthly and YTD payroll data (summarized at higher level and not showing employee-specific data) in as much detail as possible and which amount can be traced to the general ledger monthly entry by expense and capitalized/asset numbers (and that can be traced to amounts at underlying detailed payroll records by employee).

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- c. Please reconcile the amounts in (a) and (b) above to payroll costs included in the base period April 30, 2013 and forecasted test period August 31, 2014 (showing all adjustments and revisions by employee or employee grouping).
246. Provide the following amounts by account number and account description (separately show expensed and capitalized amounts) included in each of the periods and included in Big Rivers' filing: i) actual calendar year 2011; ii) actual 2012; iii) actual 2013 YTD; iv) base period April 30, 2013; v) forecasted test period August 31, 2014; and vi) budget calendar year 2015. And provide all related supporting documentation, calculations (including working Excel spreadsheets), a cite to where such amounts are included in any model or spreadsheet included in the Company's filing, description of such amounts, an explanation of how the amounts were determined, why it is appropriate to include the related amounts in the related period and in the Big Rivers forecasted test period August 31, 2014, and identify all related nonregulated amounts that have been included and excluded from the periods above (with an explanation for this treatment):
- a. Rate case expense identified by each outside consulting expert (including costs of legal, accounting, cost of service, rate design, depreciation, finance issues, credit ratings, and all other outside professional expertise). Also see the AG's Initial Data Requests, DRs 66, 72, and 73 seeking some of this same information.
  - b. Other professional costs not related to (or included in) rate case expense. Also see the AG's Initial Data Requests, DR 74 seeking some of this same information.
  - c. Other legal expense costs not related to (or included in) rate case expense. Also see the AG's Initial Data Requests, DR 72, seeking some of this same information for Burns & McDonnell.
  - d. Payroll costs allocated between regulated and nonregulated expensed and capitalized for each executive/officer (show amounts by type of compensation per Tab x). Also see the AG's Initial Data Requests, DR 75 and 76 seeking some of this same information.
  - e. Payroll costs allocated between regulated and nonregulated expensed and capitalized for all other management (salary), union (hourly wages), and others. Also see the AG's Initial Data Requests, DR 75 and 76 seeking some of this same information.
  - f. Overtime costs allocated between regulated and nonregulated expensed and capitalized, and included in (e) above. Also see the AG's Initial Data Requests, DR 75 and 76 seeking some of this same information.
  - g. Total payroll costs allocated regulated and nonregulated expensed and capitalized, along with the percent of payroll costs allocated between expensed and capitalized (including an explanation for the reason of any

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shift between expensed and capitalized payroll costs). Also see the AG's Initial Data Requests, DR 77, seeking this information for the period 2010 through 2012.

- h. Write-offs of assets and other costs.
- i. Severance costs.
- j. Property/ad valorem taxes.
- k. Penalties and fines.
- l. Dues and memberships in industry organizations, social clubs, subscriptions to studies/utility data, and other.
- m. Charitable and other donations.
- n. Advertising.
- o. Nonrecurring and/or extraordinary costs (costs that are unique to a specific time period above or are not recurring for each of the periods noted above and explain why the amounts are nonrecurring).
- p. Cost savings, cost reductions, economies of scale, and all other savings reflected in each period (and explanation of when and how the cost savings and reductions were implemented).

247. Regarding the Big Rivers Financial Model and all related revenue, expense, taxes, and other amounts for the actual calendar year 2011, base period April 30, 2013, forecasted period August 31, 2014 and budget year 2015 and 2016 (and also related to specific amounts in the prior data request) - - provide a detailed explanation (and all other supporting documentation) of all assumptions, drivers, factors, inflation/deflation amounts, and calculations included in the Financial Model that are used to determine revenues, expenses, taxes, and other amounts for the previously mentioned periods (and used to determine changes between these periods). In all cases, explain why the assumptions, drivers, factors, and calculations are reasonable (and cite to any related precedent in prior cases before the Commission).

248. Provide copies of all capital budgets (capitalized plant investment) for each of the calendar years 2008 through 2013 YTD, all forecasted budgets for future years, and all prior year and forecasted budgets produced on a "five-year" or multi-year basis (which have not been previously provided). In all instances when actual capital investment is now available, provide a variance analysis comparing the prior budget to the subsequent actual amounts and identify the variance and the reasons for variances. If possible, provide budgets in as much detail as possible, including by work order or major project (minimal level would be per primary account number). Also see the AG's Initial Data Requests, DR 165, seeking similar information, although this new data request clarifies the request for other detailed information if available.

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249. Provide copies of all operating budgets (operating revenues and expenses from the income statement) for each of the calendar years 2008 through 2013 YTD, all forecasted budgets for future years, and all prior year and forecasted budgets produced on a "five-year" or multi-year basis. In all instances when actual results are now available, provide a variance analysis comparing the prior budget to the subsequent actual amounts and identify the variance and the reasons for variances. If possible, provide budgets in as much detail as possible, including by functional description such as payroll, rent, consulting costs, etc. (minimal level would be per primary account number). Also see the AG's Initial Data Requests, DR 165, seeking similar information, although this new data request clarifies the request for other detailed information if available.
250. This DR clarifies the AG's Initial Data Request, DR 41, asking for copies of audited financial statements. The Company's filing at Tab 40 includes only the auditor's "opinion" page and not the actual financial statements, and thus DR 41 seeks all of the actual related financial data from 2006 through the 2012 audited financials when available (DR 41 may have given the impression that the financial statements for 2011/2011 were already available and these were not being sought, but that is incorrect).
251. Provide the "statements of interest and principal due" and related amortization schedules showing principle payment, interest expense, and RUS/FFB service charge (such as a 1/8 fee or similar charge for RUS financing included with or separated from interest expense amounts) due by dates (month/years) from RUS/FFB and other creditors and debtholders for the period 2011 through 2016 (and through the remainder date of all loans). Reconcile interest expense shown at these statements from creditors to interest expense included in Big Rivers' filing for the periods actual calendar 2011, base period April 30, 2013, forecasted test period August 31, 2014, and budget calendar years 2015 and 2016, and explain the reason for all differences (including the explanation of all other types of interest expense).
252. RUS has historically added 1/8 percent (or some similar figure) to FFB loans for the RUS servicing of the loan (administrative fee, etc.), and in recent years the FFB has separated this amount out in statements sent to companies. Address the following:
- a. Identify the percentage (1/8 percent or some other percentage) and amount of this service/administrative fee for the periods actual calendar years 2010, 2011, base period April 30, 2013, forecasted test period August 31, 2014, and budget calendar years 2015 and 2016.
  - b. Explain how Big Rivers records this service/administrative fee, and if it records such amounts as interest expense, or some other amount, and show



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amounts per books by account number for the period 2010 through 2013 YTD.

- c. Explain why this service/administrative fee should be treated as "interest expense" and be subject to treatment as interest expense in the TIER and MFIR calculations and provide precedent for Big Rivers' treatment of such amounts.
- d. Explain if such amounts are recorded as "interest expense" for purposes of all income tax filings, and provide copies of income tax documentation to show the treatment.

253. Provide the following payroll costs and related cost of living (COLA) and pay raises:

- a. Provide the base salaries and wages for each employee for calendar year 2012 and show all adjustments and pay raises (cost of living adjustments – COLA and all other types of pay raises and bonuses) for each employee to arrive at payroll costs included in the base period April 30, 2013 and forecasted test period August 31, 2014. Explain the reason for each "type" of pay raise among employee groups (union pay raises, pay raises specific to management, etc.).
- b. Provide the average (or actual, if applicable) annual cost of living adjustment (COLA) and salary increase for officers, management, nonmanagement, and union employees for the actual periods 2009 to 2013, and show the range of these pay raise percentages for each of these groups. Provide documentation (such as Board of Direct Minutes, etc.) authorizing the actual pay raises.
- c. In regards to (a) and (b) above, provide the projected pay raise percentages for each employee included in the base period April 30, 2013, forecasted test period August 31, 2014, and budget calendar year 2015 and 2016. Explain how projected amounts were determined and provide supporting documentation.
- d. Identify the date/month that pay raises are effective each year.

254. Identify the most recent date that Big Rivers (or an outside consultant hired by Big Rivers) compared its employee compensation levels to publicly available compensation studies or other compensation studies, provide a copy of the publicly available or confidential compensation studies used for comparison, provide a copy of the report or analysis and its findings, provide all assumptions underlying the

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review, explain the results of the findings, and identify all increases in payroll that were implemented as a result of the review.

255. Provide the following regarding severance costs:

- a. Provide the amount of severance costs by expense account in the calendar year 2011, 2012, 2013 YTD, base period April 30, 2013, and forecasted test period August 31, 2014, and provide supporting documentation and calculations. Identify the number of officer, management, and union employees to which the severance payments are related for each period.
- b. Explain and identify all one-time severance payments by years and show all amounts that are amortized over several years and show amounts amortized by year and account number. Identify the number of officer, management, and union employees to which the severance payments are related for each period.
- c. Provide a copy of Big Rivers' severance policy related to (a) and (b) above and explain the components of severance payments, including compensation, insurance, other benefits, insurance, job hunting costs, moving costs, etc.
- d. Identify all severance payments by account number included in the August 31, 2014 forecasted test period related to each of the officers/executives (and identify amounts and related payments terms for each officer) that have previously left Big Rivers.

256. Provide the amount of all actual and projected write-offs of all assets and other costs for the periods 2011 through 2013 actual YTD (and provide an ongoing update), base period April 30, 2013, forecasted test period August 31, 2014. Provide amounts by account number and account description, provide an explanation for the reason for the write-off, explain why such amounts are included in Big Rivers' filing (if included), and identify where such amounts have been included in Big Rivers' filing.

257. Per Tab 51, provide the amount and percent of Big Rivers' ownership in ACES and show related income/loss and other related revenues, expenses, and tax impact included in Big Rivers' filing for calendar year 2011, base period April 30, 2013, forecasted test period August 31, 2014, and budget calendar years 2015 and 2016. Otherwise, explain all of the impacts of Big Rivers' ownership in ACES on the current filing and provide supporting documentation.

258. Provide copies of Big Rivers' compensation and benefits policy.

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259. Provide a list and description of changes in accounting policies or new accounting policies implemented by Big Rivers from the date of the last rate case through 2013 YTD (and provide continuing updates).
260. Provide the amount of casualty loss expense and related insurance proceeds from storms, accidents, automotive, and other matters by expense account. Show amounts included in the forecasted test period August 31, 2014.
261. Provide a description of pending and settled lawsuits costs, litigation, and contingent liabilities by account number for the period 2012, 2013 YTD, and the forecasted test period August 31, 2014. Describe all pending lawsuits and litigation related to the above costs.
262. Identify and explain the amounts of reimbursements, subsidies, or proceeds received from federal agencies or other entities for expenses and/or capital invested in environmental or other approved measures for the calendar years 2012 through 2013 YTD (along with continued updates) and the forecasted test period August 31, 2014. Provide copies of documentation including application for such funds and other documentation describing the program. Explain how such amounts are treated on Big Rivers' books, show the amounts by account number for the related expense/capital investment, amount of reimbursement, a copy of the related journal entries, and a copy of the documentation showing the reimbursement.
263. Provide the amount and description of software expensed in one year (not capitalized and amortized) by account number, and as included in Big Rivers' filing for calendar year 2012, 2013 YTD, and forecasted test period August 31, 2014.
264. Provide a document showing the aging (showing the number of days/months the material/supply has been in inventory and the most recent date when that particular type of material/supply was withdrawn for usage) for each type of material/supply in the Material and Supplies account for the periods 2011, 2012, and in the forecasted test period August 31, 2014.
265. Provide a description of the amounts included in the Prepayments account (by subaccount) for the periods 2011, 2012, and in the forecasted test period August 31, 2014, explain why such amounts are prepaid, identify the period for which they are prepaid, and identify the corresponding expense account where such amounts are expensed (and provide the corresponding expense for the same periods as above).
266. Per Tab 48, explain why Cash Working Capital is based on 1/8 of adjusted Annual O&M.

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267. Please refer to the following tabs and cells in the file "Big Rivers Budget 2013 - 2016 (Confidential).xlsx" provided in response to PSC 1-57. Provide supporting documentation and associated Excel spreadsheets with formulas, references and links intact for the input values in the following cells:

- a. "Other Exp": input values for cells in rows 15 and 21;
- b. "DSL": input values for cells in rows 10-14;
- c. "Interest Exp": input values for cells in rows 14; 22-23; 27; and 32;
- d. "Depreciation": input values for cells in rows 14 - 17;
- e. "Insurance": input values for cells in rows 14 - 21;
- f. "Prop Tax": input values for cells in rows 14 - 22;
- g. "Energy Services": input values for cells in rows 15 - 20;
- h. "Labor": input values for cells in rows 14 - 45;
- i. "Non-fuel VO": input values for cells in rows 14 - 70;
- j. "FDE": input values for cells in rows 8 - 40;
- k. "Prod O&M": input values for cells in rows 14 - 32;
- l. "Net Generation": input values for cells in rows 9 - 84;
- m. "Pur Pwr": input values for cells in rows 13 - 64;
- n. "Fuels": input values for cells in rows 14 - 25;
- o. "Other Rev": input values for cells in rows 15 - 41; and,
- p. "Electric Rev": input values for cells in rows 11 - 424.

268. Please provide a laymen's description of Big Rivers' "defeased sale/leaseback transaction."

269. Ms. Speed (Tab 68, page 13, lines 10 to 17) states that Henderson Municipal Power & Light (HMP&L) provides BREC's budget department staff with an estimate of their G&A costs allocated to BREC for HMP&L's current fiscal year, and the cost sharing agreement is described in Section 4.2 of the Station Two G&A Allocation Agreement filed on May 5, 2009, in Case No. 2007-00455. Address the following:

- a. Provide a copy of the cited HMP&L cost sharing agreement in Section 4.2 of the Station Two G&A Allocation Agreement filed on May 5, 2009 in Case No. 2007-00455 (cost sharing agreement). Identify and describe all amendments and changes to the cost sharing agreement since the May 5, 2009 timeline.
- b. Provide HMP&L G&A costs allocated to BREC (and related supporting workpapers) for the periods 2010, 2011, 2012, 2013 YTD, April 30, 2013, and included in the forecasted test period August 31, 2014. Provide all documentation and calculations to show how actual amounts from 2012

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were adjusted to arrive at HMP&L's estimated amounts to include in this rate filing.

- c. Explain if BREC has any input regarding revisions to the G&A costs submitted by HMP&L for 2011, 2012, and estimated amounts included in this filing and identify all changes proposed and implemented as a result of BREC's input.
- d. Identify how much and what percentage of HMP&L's total G&A costs are allocated to BREC for the periods 2011, and 2012 and the estimates provided for this filing.

270. Ms. Speed (Tab 68, page 15, lines 7 to 9) states that BREC's filing includes amortization for the environmental compliance plan (ECP) as approved by the Commission Order dated October 1, 2012 in Case No. 2012-00063. Address the following:

- a. Explain where the ECP amortization costs are included in the list of rate case adjustments at Tab 50 Attachment – 807 KAR 5:001 Section 10(10)(d) of Ms. Richert, or explain why this is not treated as a rate case adjustment. Provide the total amount and show amounts amortized by month as included in the model and for the test period August 31, 2014.

271. Ms. Speed (Tab 68, page 15, lines 16 to 22, and page 16, lines 1 to 10) states that amortization of rate case expense of \$1.6 million is budgeted to begin September 2013 for 36 months. Address the following and **provide updates on a continuing basis** (also see the AG's Initial Data Requests, DR 73, related to rate case costs in this proceeding):

- a. Provide the estimated rate case expense of \$1.6 million by account number, vendor, a description of services provided, and a copy of the related contracts.
- b. Reconcile the estimated rate case expense amounts and adjustment to amounts shown at Tab 52 Attachment, pages 1 through 4, and identify expenses by account number, vendor, a description of services provided by each vendor, and a copy of the related contract for all amounts at Tab 52 whose contracts were not provided in (a) above. Explain if the amount of \$1,622,868 at page 2 of Tab 52 Attachment are intended to represent the estimated rate case expenses of \$1.6 million addressed by Ms. Speed, and explain how the amounts of \$528,658 at page 4 of Tab 52 Attachment relate

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to the estimated rate case expense of \$1.6 million (or explain the difference between the costs shown at pages 2 and 4 of Tab 52 Attachment.

- c. Provide all rate case costs actually incurred by month through 2013 YTD (that are subject to the \$1.6 million rate case estimate in this case), by account number, by vendor name, a description of services provided, copies of invoices, and provide a copy of all reports and work product provided to BREC by the consultant. **Provide updated amounts on a continuing basis.**
- d. Explain if rate case expenses for Rate Case No. 2011-00036 are included in the \$1.6 million estimate of rate case expense addressed by Ms. Speed or explain if these prior rate case costs are included in the test period for August 31, 2014 rate period, and identify amounts by account number and explain why these costs should be included in this rate case filing.

272. Per Tab 52 Attachment page 2 of 4, address the following **and provide updated amounts on a continuing basis:**

- a. Explain why the costs of \$1,622,868 related to August 31, 2014 for each vendor are included in the rate filing and explain why they should be recovered in the rate filing. Identify all vendor names and related costs lumped together in the amount of \$718,408 for account 923 "Outside Services Employed" and \$432,620 for account 923 "Outside Services Power Supply."
- b. For each vendor in (a) above, for 2011, 2012, and 2013 YTD, provide expenses by account number and explain the reasons for the changes in costs for each year.
- c. For each vendor in (a) above, provide a description of services by each vendor, copies of contracts, copies of invoices, and provide a copy of all reports and work product provided to BREC by the consultant.

273. Per Tab 52 Attachment, page 1 of 4, for costs of Membership Dues included in the August 31, 2014 test period, provide the following **and provide updated amounts on a continuing basis:**

- a. Explain why the costs of \$999,240 related to August 31, 2014 for each vendor are included in the rate filing and explain why these costs should be recovered in the rate filing.
- b. Provide a description of each vendor, the services or product provided, and a website reference.

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- c. For each vendor in (a) above, for 2011, 2012, and 2013 YTD, provide expenses by account number and explain the reasons for the changes in costs for each year.
  - d. For each vendor, identify the annual dues amount and provide the most recent 2012 or 2013 invoices to show the annual dues amount, and explain why amounts included in the August 31, 2014 test period are greater than the most recent dues amount invoice.
  - e. Explain if 100% of the dues amount is included in the rate filing, or identify amounts not sought for recovery in rates and explain the reason (i.e., some amounts related to lobbying, nonregulated, etc.).
  - f. For each vendor in (a) above, for 2011, 2012, and 2013 YTD, provide expenses by account number and explain the reasons for the changes in costs for each year.
274. Ms. Speed (Tab 68, page 16, lines 11 to 19) addresses Lines of Credit (LOC) fees and amortization of upfront LOC fees. Identify all LOC fees and related amortization costs by account number and vendor name for 2011, 2012, 2013 YTD, and August 31, 2014, and explain reasons for increases and decreases in these costs for each period. Provide copies of related invoices for these costs for the most recent 12 month period.
275. For plant additions and CWIP included in filing subsequent to December 31, 2012, and included in the August 31, 2014 test period balances, provide the amount of related retirements for each asset and provide workpapers showing the calculation of retirements included in the test period. Otherwise, explain why offsetting retirements were not included in the filing.
276. For plant additions and CWIP included in filing subsequent to December 31, 2012, and included in the August 31, 2014 test period balances, identify all plant additions that are: a) revenue producing; b) non-revenue producing; and c) will lead to expense savings due to reduced maintenance and other efficiencies. Provide the amount of revenues and expense savings included in the August 31, 2014 test period by account number that are related to these plant additions, or otherwise explain why such amounts were not included in the test period.
277. Address the following regarding depreciated assets:
- a. For the calendar year ending 2011, 2012, 2013 YTD, the test period August 31, 2014 and for budgeted year 2015, provide all individual (subaccount) assets that are fully depreciated (by account number and plant description)

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and show gross asset amounts, related accumulated depreciation and resulting net book value.

- b. Explain if depreciation expense is still being calculated on the amounts in (a) above and included in depreciation expense in the August 31, 2014 test period and provide this related depreciation expense by account and plant description.
- c. If the assets are fully depreciated, explain why depreciation is still being calculated on such amounts and included in the test period and provide related supporting documentation and calculations.
- d. For each account in (a) above that is fully depreciated, provide the amount of plant additions to that account for the most recent 2-year period, and explain if such assets are technologically obsolete, not being used, or includes significant amount of assets requiring significant repairs.

278. Per Tab 55 Attachment, pages 1 and 2, explain the following and provide related supporting documentation:

- a. Explain why [BEGIN CONFIDENTIAL] [REDACTED]
- e. [REDACTED] [END CONFIDENTIAL].

279. Per Tab 31 Attachment 1 and 2, pages 1 to 10, explain the following and provide related supporting documentation:

- [REDACTED] Explain why [BEGIN CONFIDENTIAL] [REDACTED]



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[REDACTED]

c.

[REDACTED]

**[END CONFIDENTIAL]**