

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

March 15, 2013

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

*Also Licensed in Indiana

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Blvd
Frankfort, KY 40602-06 15

RECEIVED

MAR 18 2013

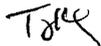
PUBLIC SERVICE
COMMISSION

Re: In the Matter of: Application of Big Rivers Electric Corporation for an
Adjustment of Rates, PSC Case No. 2012-00535

Dear Mr. Derouen:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten (10) copies of (i) an updated response to Tab 38 of Big Rivers' application; (ii) updated responses to Items 43 and 54 of the Commission Staff's First Request for Information; (iii) updated or revised responses to Items 75(d), 76(d), 206, and 232 of the Attorney General's First Request for Information; (iv) certain attachments that were inadvertently omitted from Big Rivers' initial responses to Items 9, 33, 73, 97, 126, 136, 138, and 239 of the Attorney General's First Request for Information; and (v) a petition for confidential treatment. Additionally, enclosed is one (1) sealed and confidential copy of certain attachments that are being submitted under the petition for confidential treatment and that were inadvertently omitted from Big Rivers' initial responses to Items 143, 162, and 233 of the Attorney General's First Request for Information. I certify that on this date, a copy of this letter and the attachments hereto were served on each of the persons on the attached service list by Federal Express, except that the confidential material has only been provided to persons that have signed a confidentiality agreement.

Sincerely,



Tyson Kamuf

cc: Billie J. Richert
Service List

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

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

www.westkylaw.com

MAR 18 2013

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

In the Matter of:

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

**PETITION OF BIG RIVERS ELECTRIC CORPORATION FOR CONFIDENTIAL
PROTECTION**

1. Big Rivers Electric Corporation (“Big Rivers”) hereby petitions the Kentucky Public Service Commission (“Commission”), pursuant to 807 KAR 5:001 Section 13 and KRS 61.878, to grant confidential protection to (i) portions of two financial reports Big Rivers is filing as an update to Tab 38 to its application in this matter, and (ii) attachments that Big Rivers is filing with this petition that were inadvertently omitted from Big Rivers’ initial response to Items 143, 162, and 233 of the Attorney General’s First Request for Information (“AG 1-143,” “AG 1-162,” and “AG 1-233,” respectively). The information Big Rivers seeks to protect as confidential is hereinafter referred to as the “Confidential Information.”

2. One (1) copy of the pages of the Tab 38 financial reports containing Confidential Information, with the Confidential Information highlighted with transparent ink is being filed with this petition. A copy of the pages containing Confidential Information, with the Confidential Information redacted, is being filed with the original and each of the ten (10) copies of Big Rivers’ updated response to Tab 38 filed with this petition. The attachments to AG 1-143, AG

1 1-162, and AG 1-233 are confidential in their entirety. One (1) sealed copy of
2 those attachments is being filed with this petition on a CD marked
3 CONFIDENTIAL. The CONFIDENTIAL CD is redacted from the original and ten
4 (10) copies of Big Rivers' updated data request responses filed with this
5 petition. 807 KAR 5:001 Sections 13(2)(a)(3), 13(2)(b).

6 3. A copy of this petition with the Confidential Information redacted
7 has been served on all parties to this proceeding. 807 KAR 5:001 Section
8 13(2)(c). A copy of the Confidential Information has been served on all parties
9 that have signed a confidentiality agreement.

10 4. The Confidential Information is not publicly available, is not
11 disseminated within Big Rivers except to those employees and professionals
12 with a legitimate business need to know and act upon the information, and is
13 not disseminated to others without a legitimate need to know and act upon the
14 information.

15 5. If and to the extent the Confidential Information becomes generally
16 available to the public, whether through filings required by other agencies or
17 otherwise, Big Rivers will notify the Commission and have its confidential
18 status removed. 807 KAR 5:001 Section 13(10)(a).

19 6. As discussed below, the Confidential Information is entitled to
20 confidential protection based upon KRS 61.878(1)(c)(1), which protects "records
21 confidentially disclosed to an agency or required by an agency to be disclosed
22 to it, generally recognized as confidential or proprietary, which if openly
23 disclosed would permit an unfair commercial advantage to competitors of the

1 entity that disclosed the records.” KRS 61.878(1)(c)(1); 807 KAR 5:001 Section
2 13(2)(a)(1).

3 **I. Big Rivers Faces Actual Competition**

4 7. Big Rivers competes in the wholesale power market to sell energy
5 excess to its members’ needs. Big Rivers’ ability to successfully compete in the
6 wholesale power market is dependent upon a combination of its ability to get
7 the maximum price for the power sold, and keeping the cost of producing that
8 power as low as possible. Fundamentally, if Big Rivers’ cost of producing a
9 kilowatt hour increases, its ability to sell that kilowatt hour in competition with
10 other utilities is adversely affected. As is well documented in multiple
11 proceedings before this Commission, Big Rivers’ margins are derived almost
12 exclusively from its off-system sales.

13 8. Big Rivers also competes for reasonably priced credit in the credit
14 markets, and its ability to compete is directly impacted by its financial results.
15 Any event that adversely affects Big Rivers’ margins will adversely affect its
16 financial results and potentially impact the price it pays for credit. As was
17 described in the proceeding before this Commission in the Big Rivers unwind
18 transaction case, Big Rivers expects to be in the credit markets on a regular
19 basis in the future.¹

20

¹ See Order dated March 6, 2009, in *In the Matter of: Joint Application of Big Rivers, E.ON, LG&E Energy Marketing, Inc., and Western Kentucky Energy Corporation for Approval to Unwind Lease and Power Purchase Transactions*, PSC Case No. 2007-00455, pages 27-30 and 37-39.

1 *Regulatory Account*, PSC Case No. 2012-00063 (granting confidential treatment
2 to Big Rivers' O&M expenses, and off-system sales and revenues).

3 **III. Disclosure of the Confidential Information Would Permit an**
4 **Unfair Commercial Advantage to Big Rivers' Competitors**

5
6 12. Disclosure of the Confidential Information would permit an unfair
7 commercial advantage to Big Rivers' competitors. As discussed above, Big
8 Rivers faces actual competition in the wholesale power market and in the credit
9 market. It is likely that Big Rivers would suffer competitive injury if that
10 Confidential Information was publicly disclosed.

11 13. The Confidential Information contained in the Tab 38 update
12 includes material related to Big Rivers' recent power market transactions. If
13 that information is publicly disclosed, potential power suppliers and buyers
14 would have insight into the prices Big Rivers is willing to buy and sell those
15 items at and could manipulate the bidding process, leading to higher prices or
16 lower revenues for Big Rivers and impairing its ability to compete in the
17 wholesale power and credit markets. In PSC Case No. 2003-00054, the
18 Commission granted confidential protection to bids submitted to Union Light,
19 Heat & Power ("ULH&P"). ULH&P argued, and the Commission implicitly
20 accepted, that if the bids it received were publicly disclosed, contractors on
21 future work could use the bids as a benchmark, which would likely lead to the
22 submission of higher bids. Order dated August 4, 2003, in *In the Matter of:*
23 *Application of the Union Light, Heat and Power Company for Confidential*
24 *Treatment*, PSC Case No. 2003-00054. The Commission also implicitly
25 accepted ULH&P's further argument that the higher bids would lessen

1 ULH&P's ability to compete with other gas suppliers. *Id.* Similarly, potential
2 power suppliers manipulating Big Rivers' bidding process would lead to higher
3 costs or lower revenues to Big Rivers and would place it at an unfair
4 competitive disadvantage in the wholesale power market and credit markets.

5 **IV. Time Period**

6 14. Big Rivers requests that the Confidential Information remain
7 confidential for a period of five (5) years from the date of this petition, which
8 should allow sufficient time for the data to become outdated so that it could
9 not be used to determine similar confidential information at that time. 807
10 KAR 5:001 Section 13(2)(a)(2).

11 **V. Conclusion**

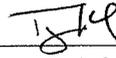
12 15. Based on the foregoing, the Confidential Information is entitled to
13 confidential protection. If the Commission disagrees that Big Rivers is entitled
14 to confidential protection, due process requires the Commission to hold an
15 evidentiary hearing. *Utility Regulatory Com'n v. Kentucky Water Service Co.,*
16 *Inc.*, 642 S.W.2d 591 (Ky. App. 1982).

17 WHEREFORE, Big Rivers respectfully requests that the Commission
18 classify and protect as confidential the Confidential Information.

19 On this the 15th day of March, 2013.
20

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Respectfully submitted,



James M. Miller
Tyson Kamuf
SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C.
100 St. Ann Street
P. O. Box 727
Owensboro, Kentucky 42302-0727
Phone: (270) 926-4000
Facsimile: (270) 683-6694
jmillersmsmlaw.com
tkamuf@smsmlaw.com

Edward T. Depp
Dinsmore & Shohl LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202
Phone: (502) 540-2347
Facsimile: (502) 585-2207
tip.depp@dinsmore.com

Counsel for Big Rivers Electric
Corporation

Service List
PSC Case No. 2012-00535

Jennifer Black Hans
Lawrence W. Cook
Dennis G. Howard, II
Assistant Attorneys General
1024 Capital Center Dr.
Suite 200
Frankfort, KY 40601

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

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

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

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Boehm, Kurtz & Lowry
36 E. Seventh St., Suite 1510
Cincinnati, Ohio 45202

Lane Kollen
J. Kennedy and Associates, Inc.
570 Colonial Park Dr., Suite 305
Roswell, Georgia 30075

Russell L. Klepper
Energy Services Group, LLC
316 Maxwell Road, Suite 400
Alpharetta, Georgia 30009

David C. Brown, Esq.
Stites & Harbison, PLLC
400 W. Market Street, Suite 1800
Louisville, KY 40202

Donald P. Seberger, Esq.
Special Counsel
Rio Tinto Alcan
8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

Gregory Starheim
President & CEO
Kenergy Corp.
6402 Old Corydon Road
P.O. Box 18
Henderson, Kentucky 42419-0018

J. Christopher Hopgood, Esq .
318 Second Street
Henderson, Kentucky 42420

Burns Mercer
Meade County RECC
1351 Hwy. 79
P.O. Box 489
Brandenburg, Kentucky 40108

Thomas C. Brite, Esq.
Brite & Hopkins, PLLC
83 Ballpark Road
P.O. Box 309
Hardinsburg, KY 40143-0309

G. Kelly Nuckols
President and CEO
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P.O. Box 4030
Paducah, KY 42002-4030

Melissa D. Yates
Denton & Keuler, LLP
555 Jefferson Street
Suite 301
Paducah, KY 42001

David O'Brien Suetholz
Neal B. Hayes
Kircher Suetholz & Grayson PSC
515 Park Avenue
Louisville, KY 40208

BIG RIVERS ELECTRIC CORPORATION

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

VERIFICATION

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


Billie J. Richert

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Billie J. Richert on this
the **15** day of March, 2013.

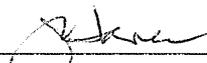

Notary Public, Ky. State at Large
My Commission Expires 8-8-2016

BIG RIVERS ELECTRIC CORPORATION

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

VERIFICATION

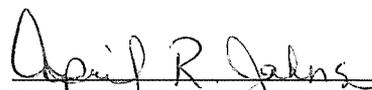
I, James V. Haner, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



James V. Haner

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by James V. Haner on this
the 15th day of March, 2013.



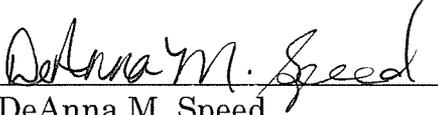
Notary Public, Ky. State at Large
My Commission Expires 8-9-2014

BIG RIVERS ELECTRIC CORPORATION

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

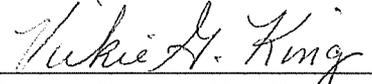
VERIFICATION

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


DeAnna M. Speed

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by DeAnna M. Speed on this
the 15th day of March, 2013.


Notary Public, Ky. State at Large
My Commission Expires 03/03/14

ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

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

**Second Updated Responses to the Big Rivers Application
Tab 38 originally filed January 15, 2013**

**Second Updated Responses to the Commission Staff's
Initial Request for Information dated December 21, 2012**

**First Updated Responses to the Office of the Attorney General's
Initial Request for Information dated February 14, 2013**

**Supplemental Responses to the Office of the Attorney General's
Initial Request for Information dated February 14, 2013**

FILED: March 18, 2013

ORIGINAL

Big Rivers Electric Corporation
Case No. 2012-00535
Forecasted Test Period Filing Requirements
(Forecast Test Year 12ME 08/31/2014; Base Period 12ME 04/30/2013)

1 Tab No. 38 – January 15, 2013
2 First Update Tab No. 38 – February 15, 2013
3 Second Update Tab No. 38 – March 18, 2013
4 Filing Requirement
5 807 KAR 5:001 Section 10(9)(o)
6 Sponsoring Witness: Ms. Billie J. Richert
7

8 **Description of Filing Requirement:**
9

10 *Complete monthly budget variance reports, with narrative*
11 *explanations, for the twelve (12) months prior to the base*
12 *period, each month of the base period, and any subsequent*
13 *months, as they become available.*
14

15 **Response:**
16

17 Attached hereto are the monthly variance reports for
18 December 2012 and January 2013, respectively. The
19 November 2012 report was provided with the First Update on
20 February 15. With its application filed on January 15, 2013,
21 Big Rivers provided monthly variance reports, with
22 narrative explanations, for May 2011 through October 2012.
23
24

Monthly Financial Report – December 2012

RECEIVED

MAR 18 2013

PUBLIC SERVICE
COMMISSION

The logo for Big Rivers Electric Corporation features the words "Big Rivers" in a large, serif font, with "ELECTRIC CORPORATION" in a smaller, sans-serif font below it. A stylized wave graphic is positioned above the text.

Your Touchstone Energy Cooperative 

Financial Report
December 2012
(\$ in Thousands)

Board Meeting Date: February 26, 2013



Summary of Statement of Operations YTD - December

	2012			2011	
	Actual	Budget	Fav/(UnFav) Variance	Actual	Fav/(UnFav) Variance
Revenues	568,342	618,737	(50,395)	561,989	6,353
Cost of Electric Service	558,090	612,135	54,045	556,657	(1,433)
Operating Margins	10,252	6,602	3,650	5,332	4,920
Interest Income/Other	1,025	95	930	268	757
Net Margins - YTD	11,277	6,697	4,580	5,600	5,677
January - YTD	2,302	3,907	(1,605)	2,052	250

Statement of Operations – December Variance to Budget

	Current Month			Year-to-Date			Explanation
	Actual	Budget	Variance Fav/(UnFav)	Actual	Budget	Variance Fav/(UnFav)	
ELECTRIC ENERGY REVENUES	47,926	54,557	(6,631)	563,385	614,725	(51,340)	[A] Pages 7, 9-13, 16-21
OTHER OPERATING REVENUE AND INCOME	361	334	27	4,957	4,012	945	[B], [C] Page 22
TOTAL OPER REVENUES & PATRONAGE CAPITAL	48,287	54,891	(6,604)	568,342	618,737	(50,395)	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,943	4,542	599	48,055	54,962	6,907	[A] Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-FUEL	21,249	23,379	2,130	226,369	240,841	14,472	[A] Pages 8, 14-15
OPERATION EXPENSE-OTHER POWER SUPPLY	8,646	8,192	(454)	111,465	126,165	14,700	[A] Pages 8, 14-15, 23
OPERATION EXPENSE-TRANSMISSION	1,035	905	(130)	10,119	10,723	604	[C] Page 24
OPERATION EXPENSE-RTO/ISO	193	228	35	2,262	2,471	209	
OPERATION EXPENSE-CUSTOMER ACCOUNTS	297	0	(297)	297	0	(297)	[B] Page 26
CONSUMER SERVICE & INFORMATIONAL EXPENSE	256	52	(204)	886	724	(162)	
OPERATION EXPENSE-SALES	45	73	28	191	1,102	911	[B] Page 27
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,622	1,965	(657)	26,429	25,926	(503)	[C] Page 28
TOTAL OPERATION EXPENSE	38,286	39,336	1,050	426,073	462,914	36,841	
MAINTENANCE EXPENSE-PRODUCTION	3,285	2,638	(647)	41,170	58,890	17,720	[B], [C] Page 29
MAINTENANCE EXPENSE-TRANSMISSION	302	305	3	4,608	3,933	(675)	[B], [C] Page 30
MAINTENANCE EXPENSE-GENERAL PLANT	31	8	(23)	184	101	(83)	
TOTAL MAINTENANCE EXPENSE	3,618	2,951	(667)	45,962	62,924	16,962	
DEPRECIATION & AMORTIZATION EXPENSE	3,426	3,547	121	41,090	41,911	821	[C] Page 31
TAXES	0	0	0	4	1	(3)	
INTEREST ON LONG-TERM DEBT	3,799	3,739	(60)	45,033	44,647	(386)	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(45)	(108)	(63)	(766)	(678)	88	
OTHER INTEREST EXPENSE	46	0	(46)	148	0	(148)	
OTHER DEDUCTIONS	121	43	(78)	546	416	(130)	
TOTAL COST OF ELECTRIC SERVICE	49,251	49,508	257	558,090	612,135	54,045	
OPERATING MARGINS	(964)	5,383	(6,347)	10,252	6,602	3,650	
INTEREST INCOME	213	3	210	963	62	901	[B], [C] Page 34
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	0	0	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	3	0	3	62	33	29	
EXTRAORDINARY ITEMS	0	0	0	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	(748)	5,386	(6,134)	11,277	6,697	4,580	

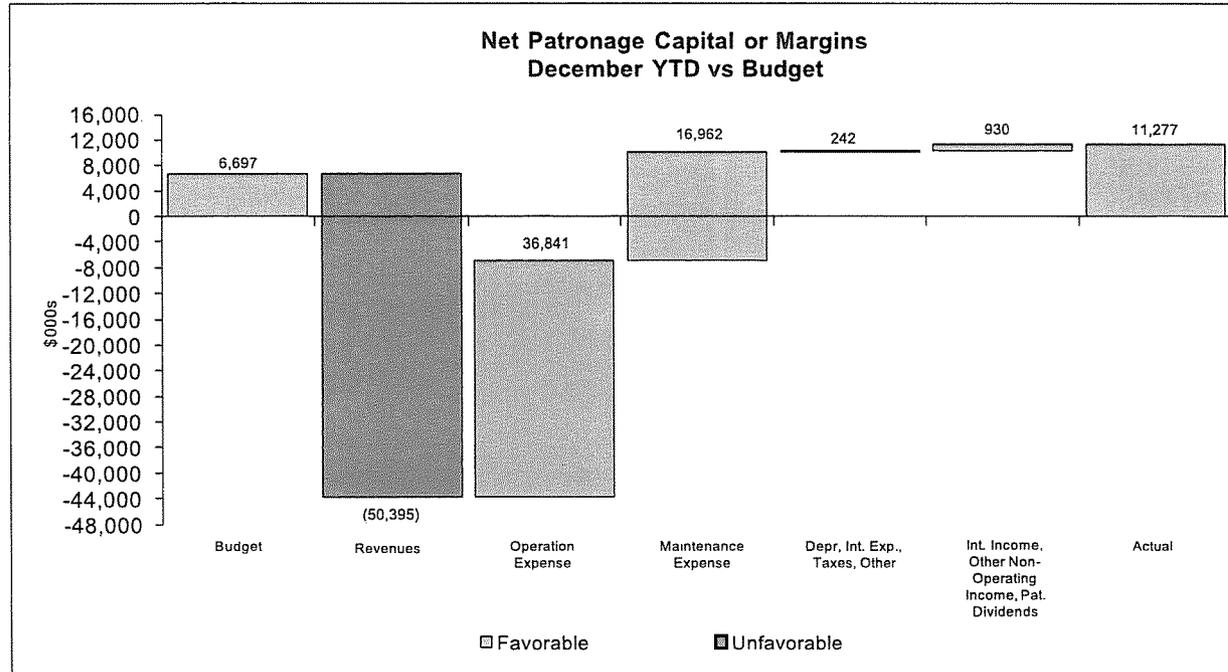
YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

Statement of Operations – December Variance to Prior-Year

	Current Month			Year-to-Date			Explanation
	Actual	Prior Year	Variance Fav/(UnFav)	Actual	Prior Year	Variance Fav/(UnFav)	
ELECTRIC ENERGY REVENUES	47,926	47,411	515	563,385	558,372	5,013	[A] Pages 7, 9-13, 16-21
OTHER OPERATING REVENUE AND INCOME	361	380	(19)	4,957	3,617	1,340	[B], [C] Page 22
TOTAL OPER REVENUES & PATRONAGE CAPITAL	48,287	47,791	496	568,342	561,989	6,353	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	3,943	4,673	730	48,055	50,410	2,355	[A] Pages 8, 14-15, 23
OPERATION EXPENSE-PRODUCTION-FUEL	21,249	19,074	(2,175)	226,369	226,229	(140)	[A] Pages 8, 14-15
OPERATION EXPENSE-OTHER POWER SUPPLY	8,646	9,729	1,083	111,465	112,262	797	[A] Pages 8, 14-15, 23
OPERATION EXPENSE-TRANSMISSION	1,035	841	(194)	10,119	9,183	936	[B], [C] Page 24
OPERATION EXPENSE-RTO/ISO	193	212	19	2,262	2,530	268	[B] Page 25
OPERATION EXPENSE-CUSTOMER ACCOUNTS	297	0	(297)	297	0	(297)	[B] Page 26
CONSUMER SERVICE & INFORMATIONAL EXPENSE	256	193	(63)	886	632	(254)	
OPERATION EXPENSE-SALES	45	44	(1)	191	185	(6)	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	2,622	2,855	233	26,429	26,557	128	
TOTAL OPERATION EXPENSE	38,286	37,621	(665)	426,073	427,988	1,915	
MAINTENANCE EXPENSE-PRODUCTION	3,285	3,895	610	41,170	42,896	1,726	[C] Page 29
MAINTENANCE EXPENSE-TRANSMISSION	302	564	262	4,608	4,681	73	
MAINTENANCE EXPENSE-GENERAL PLANT	31	7	(24)	184	141	(43)	
TOTAL MAINTENANCE EXPENSE	3,618	4,466	848	45,962	47,718	1,756	
DEPRECIATION & AMORTIZATION EXPENSE	3,426	3,252	(174)	41,090	35,407	(5,683)	[B], [C] Page 31
TAXES	0	(30)	(30)	4	98	94	
INTEREST ON LONG-TERM DEBT	3,799	3,789	(10)	45,033	45,715	682	[C] Page 32
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(45)	(40)	5	(766)	(548)	218	
OTHER INTEREST EXPENSE	46	0	(46)	148	59	(89)	
OTHER DEDUCTIONS	121	17	(104)	546	220	(326)	[B] Page 33
TOTAL COST OF ELECTRIC SERVICE	49,251	49,075	(176)	558,090	556,657	(1,433)	
OPERATING MARGINS	(954)	(1,284)	320	10,252	5,332	4,920	
INTEREST INCOME	213	6	207	963	150	813	[B], [C] Page 34
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	0	0	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	3	4	(1)	62	9	(53)	
EXTRAORDINARY ITEMS	0	0	0	0	109	(109)	
NET PATRONAGE CAPITAL OR MARGINS	(748)	(1,274)	526	11,277	5,600	5,677	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

Variance Analysis Summary

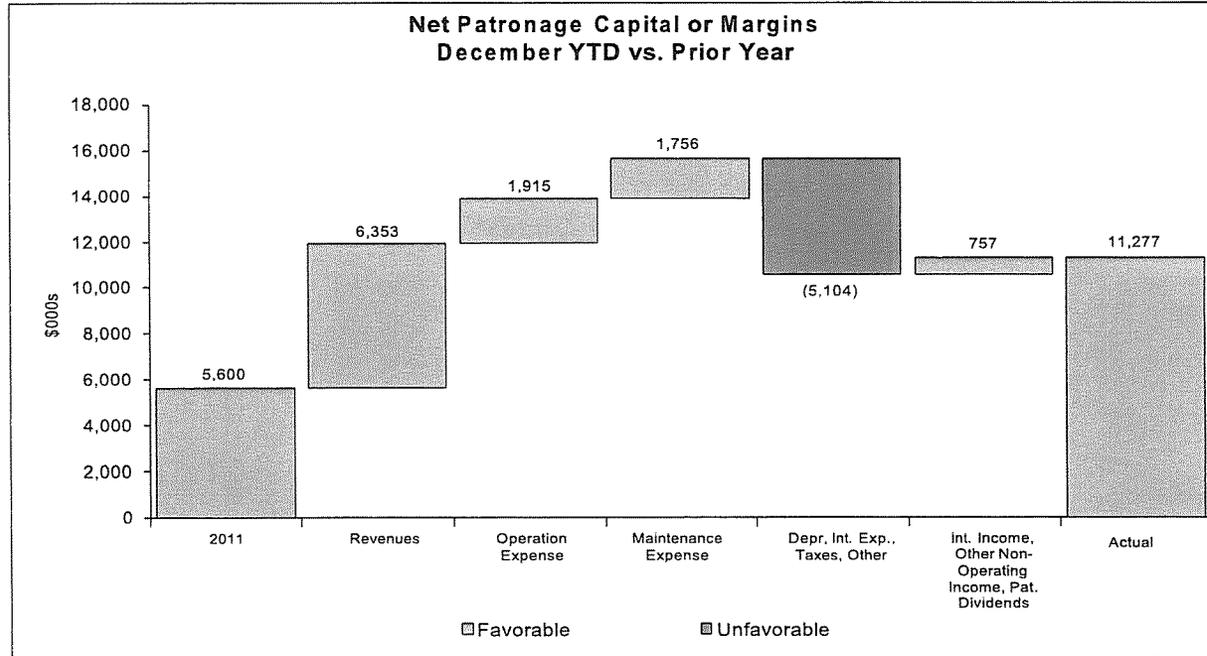


Financial Commentary

Year-to-Date

- December YTD 2012 Margins were \$4,580 favorable to budget.
 - Revenues were unfavorable \$50,395 primarily due to lower off-system price & volume along with lower rural volume and lower rates for all customers (see page 7).
 - Operation Expense was favorable \$36,841 – driven by lower variable costs \$32,824 primarily due to lower pricing (see page 8). The remainder of the variance is made up of favorable plant and fixed departmental expenses (see pages 23-24 & 26-28).
 - Maintenance Expense was favorable \$16,962 primarily due to the scope reduction of the Wilson planned outage, cancellation of the Green 2 planned outage, cancellation of the planned outage on the combustion turbine and cancellation of the Coleman 1 & 3 planned outages to offset the lower power market (see pages 29-30).
 - Interest Income/Other is favorable \$930 primarily due to the interest income on the capital term certificates that were part of the financing that took place earlier this year (see page 34).

Variance Analysis Summary



Financial Commentary

Year-to-Date

- December YTD 2012 margins were \$5,677 favorable to 2011.
 - Revenues were favorable \$6,353 primarily due to the 9/1/2011 rate increase, a higher smelter TIER Adjustment Charge (\$2.75/MWh vs \$1.95/MWh in 2011) and higher transmission revenue, mostly offset by lower off-system price and volumes (see pages 7 & 22).
 - Operation Expense was favorable \$1,915 – driven by lower variable costs \$5,142, due to volume, partially offset by higher expenses associated with Station-Two and higher Fixed Departmental Expenses (see pages 8 & 23-26).
 - Maintenance Expense was favorable \$1,756 due to reduced spending this year to offset the lower off-system market (see page 29).
 - Depreciation, Interest Expense, Taxes & Other combined were higher \$5,104 due to higher depreciation expense, partially offset by lower interest expense (see pages 31-33).
 - Interest income was favorable due to the interest income on the capital term certificates (see page 34).

Revenue YTD December

	Actual 2012	Budget 2012	Variance	Actual 2011	2011 Variance
MWh Sales					
Rural	2,321,479	2,377,958	(56,479)	2,371,106	(49,627)
Large Industrial	961,298	961,547	(249)	973,092	(11,794)
Smelter	7,424,472	7,317,072	107,400	6,854,819	569,653
Off-System/Other					
Total					
Revenue - \$/MWh					
Rural	50.58	53.10	(2.52)	46.78	3.80
Large Industrial	43.15	45.89	(2.74)	41.68	1.47
Smelter	48.52	51.80	(3.28)	44.48	4.04
Off-System/Other					
Total					
Revenue - Thousands of \$					
Rural	117,417	126,261	(8,844)	110,911	6,506
Large Industrial	41,476	44,124	(2,648)	40,560	916
Smelter	360,208	378,995	(18,787)	304,880	55,328
Off-System/Other					
Total					

Revenue Price / Volume Analysis December 2012

	Price / Volume		
	Price	Volume	Total
Rural	(5,845)	(2,999)	(8,844)
Large Industrial	(2,636)	(12)	(2,648)
Smelter	(24,350)	5,563	(18,787)
Off-System/Other			



Your Traditional Energy Cooperatives

Variable Operations Cost YTD December

	Actual 2012	Budget 2012	Variance	Actual 2011	2011 Variance
Variable Operations (VO) Cost - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

YTD December 2012 Variable Operations Expense

	Actual	Budget	Fav/(UnFav)	Price Variance Fav/(UnFav)	Volume Variance Fav/(UnFav)	Fav/(UnFav)
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						



Your Local Energy Cooperative

Net Sales Margin YTD December

	Actual 2012	Budget 2012	Variance	Actual 2011	2011 Variance
Net Sales Margin - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

Net Sales Margin Price / Volume Analysis December 2012

	Price / Volume		
	Price	Volume	Total
Rural			
Large Industrial			
Smelter			
Off-System/Other			



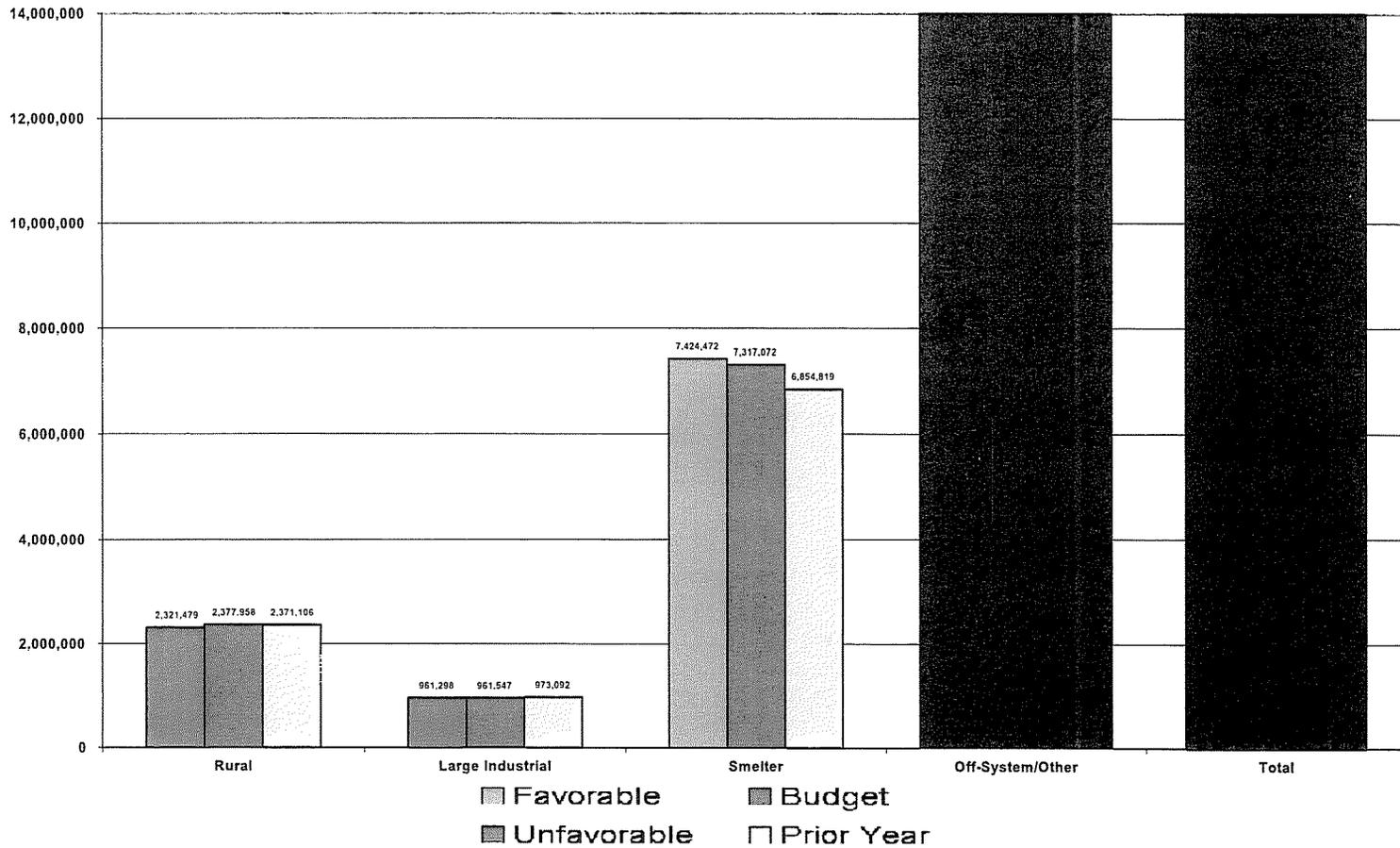
Your True and Only Energy Cooperative

Member Rate Stability Mechanism YTD December

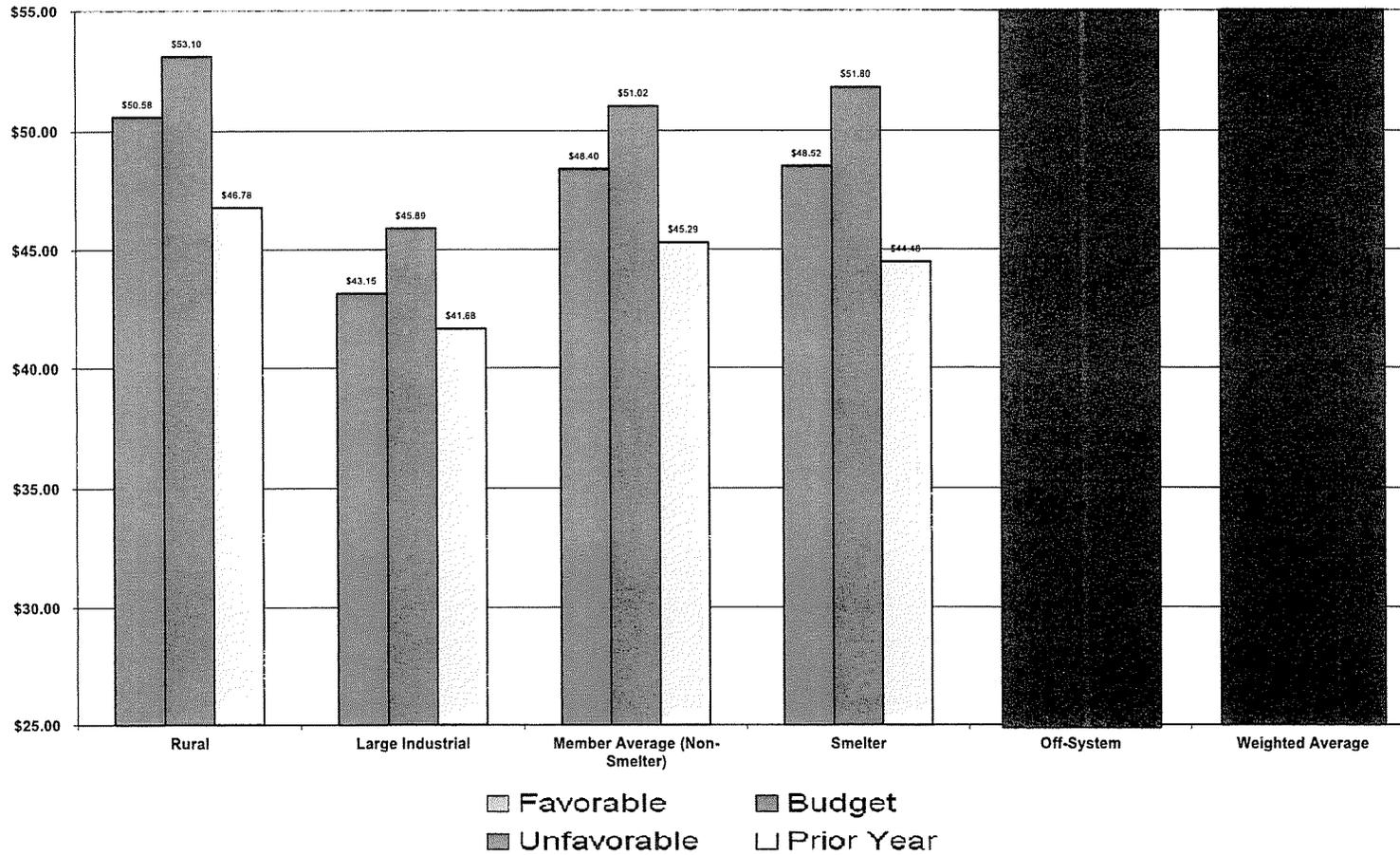
	<u>Actual</u> <u>2012</u>	<u>Budget</u> <u>2012</u>	<u>2012</u> <u>Variance</u>	<u>Actual</u> <u>2011</u>	<u>2011</u> <u>Variance</u>		<u>Actual</u> <u>2012</u>	<u>Budget</u> <u>2012</u>	<u>2012</u> <u>Variance</u>	<u>Actual</u> <u>2011</u>	<u>2011</u> <u>Variance</u>
<u>MRSM - \$/MWh</u>						<u>Net Revenue - \$/MWh</u>					
Rural	(6.11)	(8.71)	2.60	(6.22)	0.11	Rural	44.47	44.39	0.08	40.56	3.91
Large Industrial	(6.11)	(8.71)	2.60	(6.22)	0.11	Large Industrial	37.04	37.18	(0.14)	35.46	1.58
Total	(6.11)	(8.71)	2.60	(6.22)	0.11	Total	42.29	42.31	(0.02)	39.07	3.21
<u>MRSM - Thousands of \$</u>						<u>Net Revenue - Thousands of \$</u>					
Rural	(14,197)	(20,778)	6,581	(14,751)	554	Rural	103,220	105,483	(2,263)	96,160	7,060
Large Industrial	(5,873)	(8,307)	2,434	(6,054)	181	Large Industrial	35,603	35,817	(214)	34,506	1,097
Total	(20,070)	(29,085)	9,015	(20,805)	735	Total	138,823	141,300	(2,477)	130,666	8,157

<u>Economic Reserve Balance</u>			
<u>Cumulative-to-Date</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Original Deposit	\$ 157,000		
Interest Earnings	3,203		
Withdrawals	<u>(79,560)</u>		
Ending Balance 12/31/2012	\$ 80,643	\$ 72,067	\$ 8,576
<u>YTD December 2012</u>			
Beg. Balance 1/1/2012	\$ 100,601		
Interest Earnings	439		
Withdrawals	<u>(20,397)</u>		
Ending Balance 12/31/2012	\$ 80,643	\$ 72,067	\$ 8,576

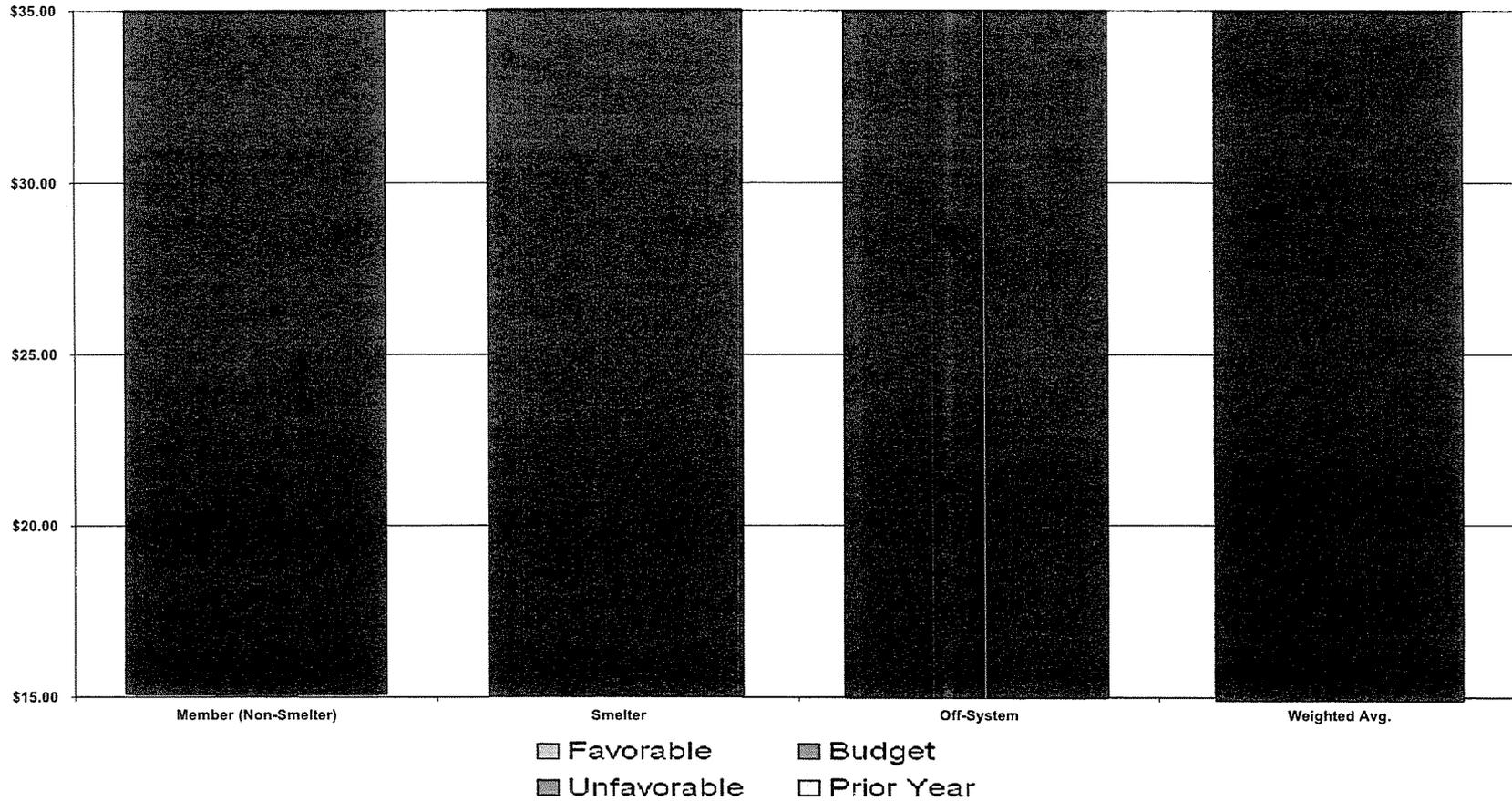
MWH Sales YTD - December



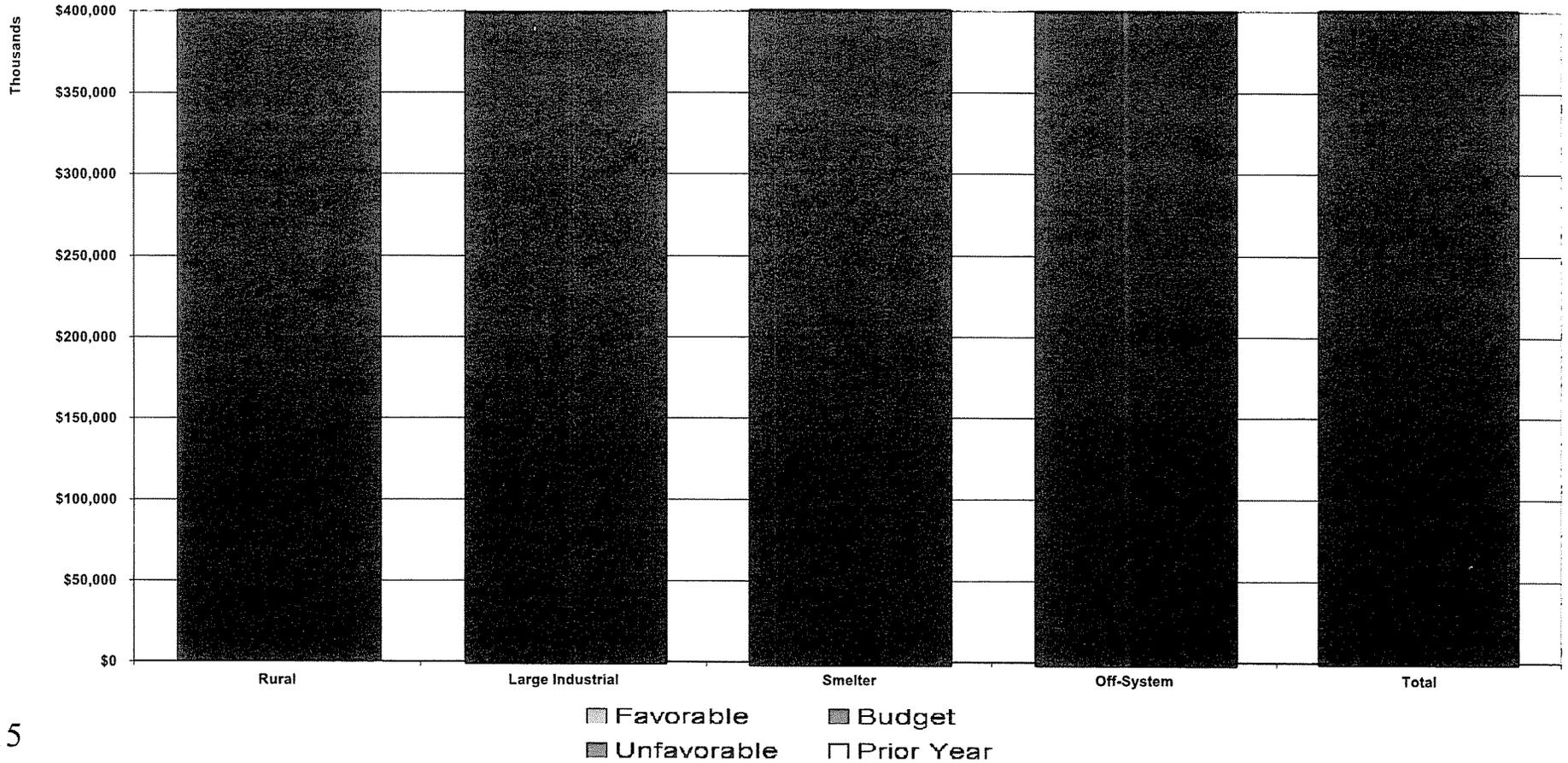
Revenue - \$/MWh Sold YTD - December



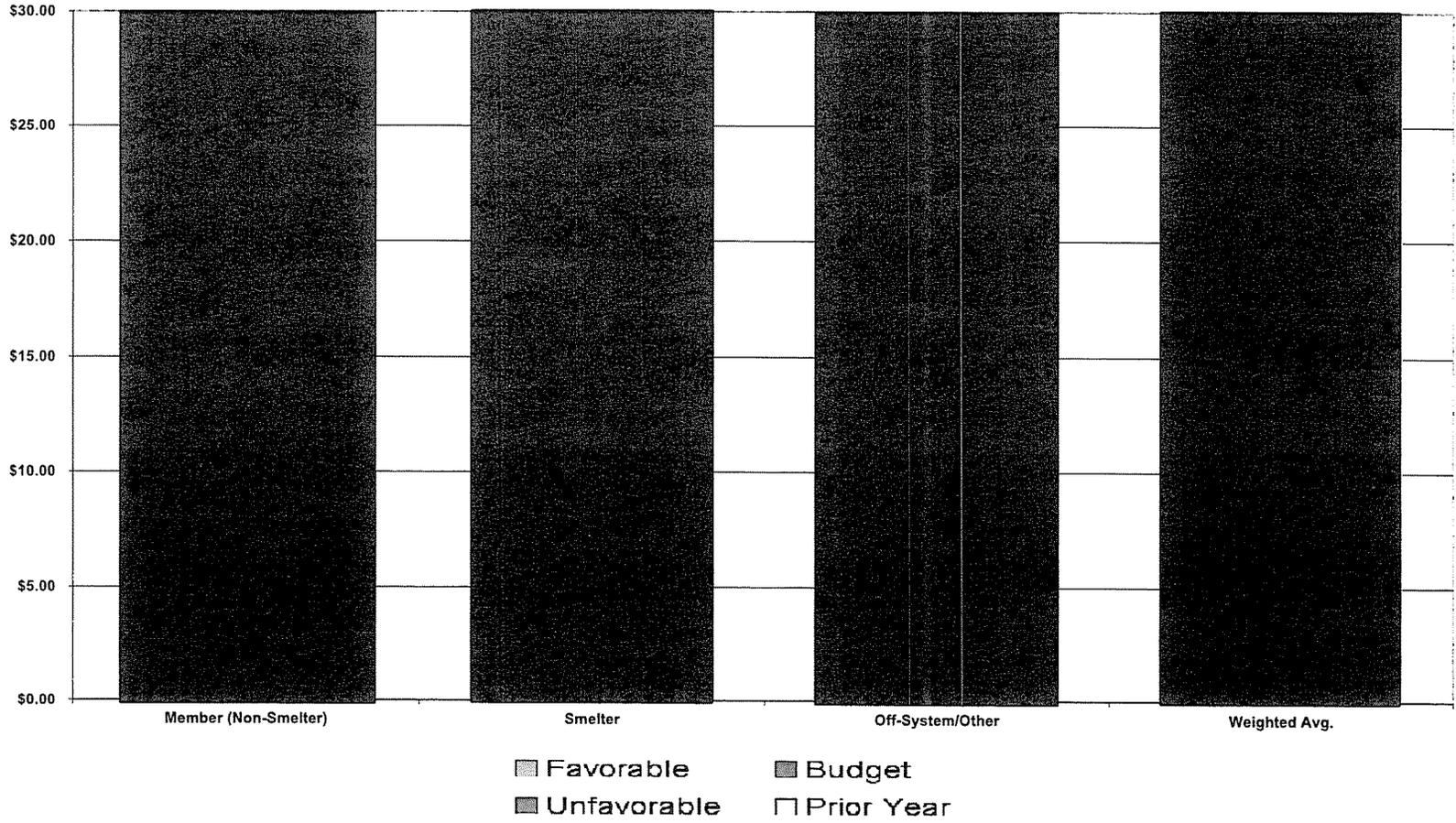
Variable Operations - \$/MWh Sold YTD - December



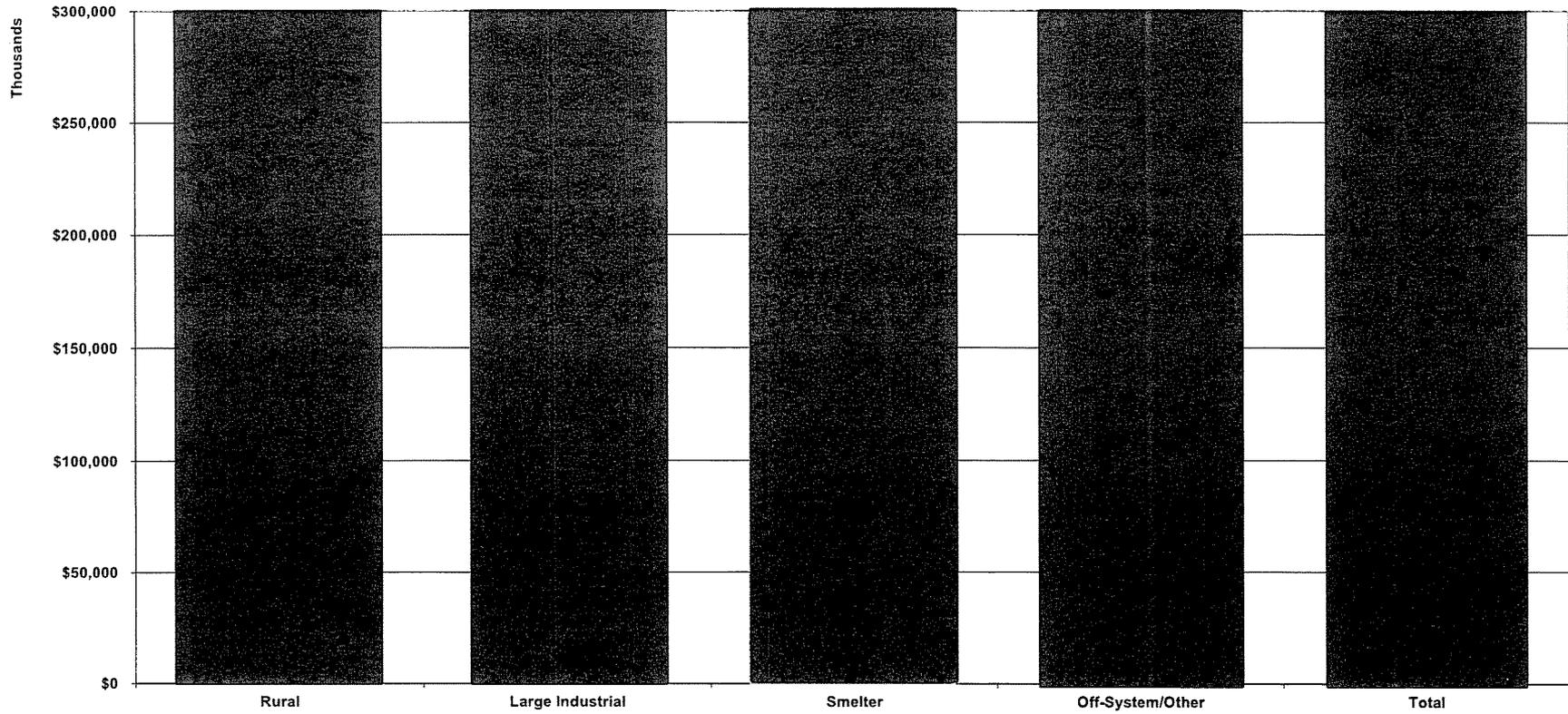
Variable Operations Cost YTD - December



Net Sales Margin - \$/MWh YTD – December

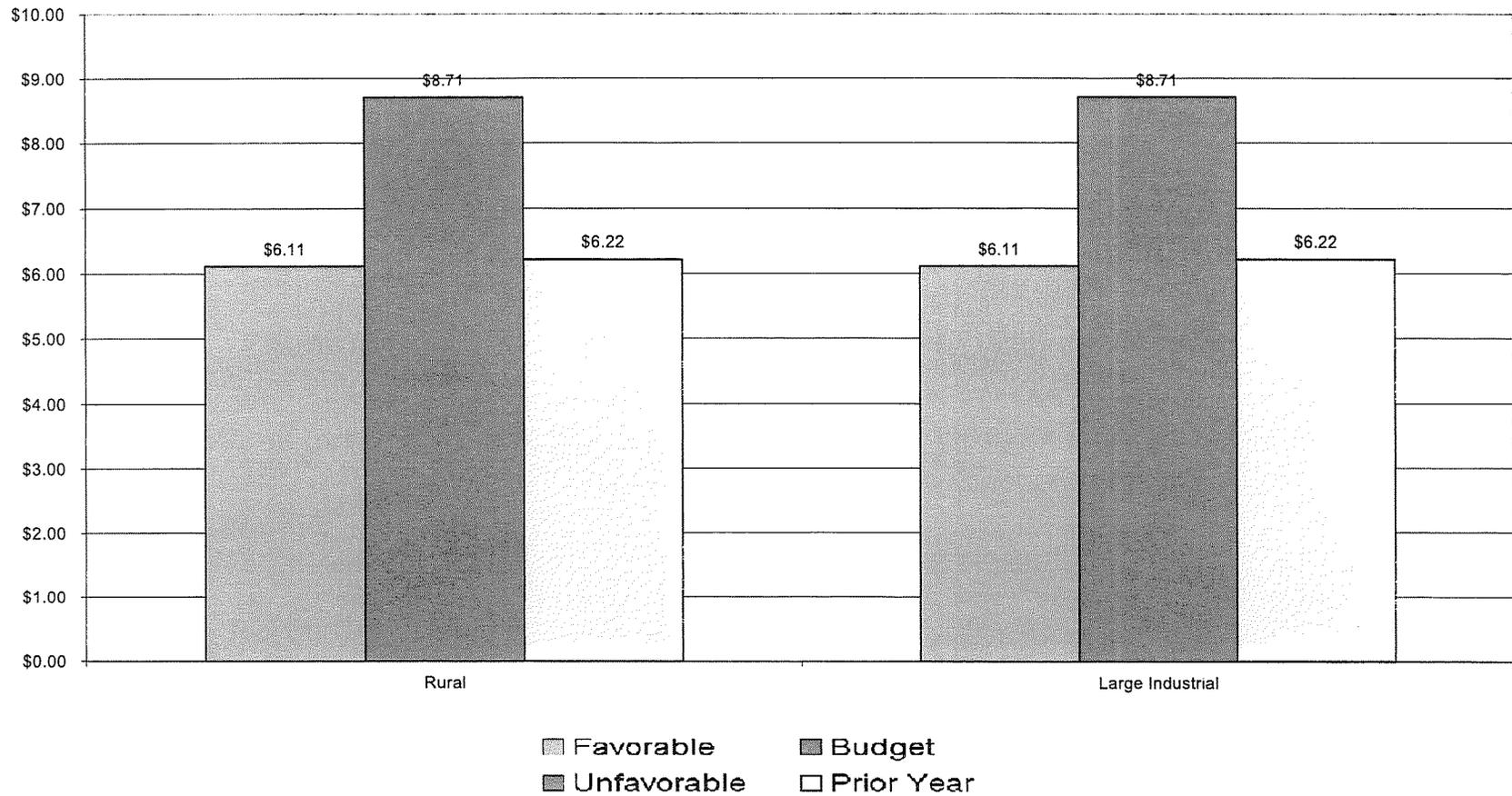


Net Sales Margin YTD – December

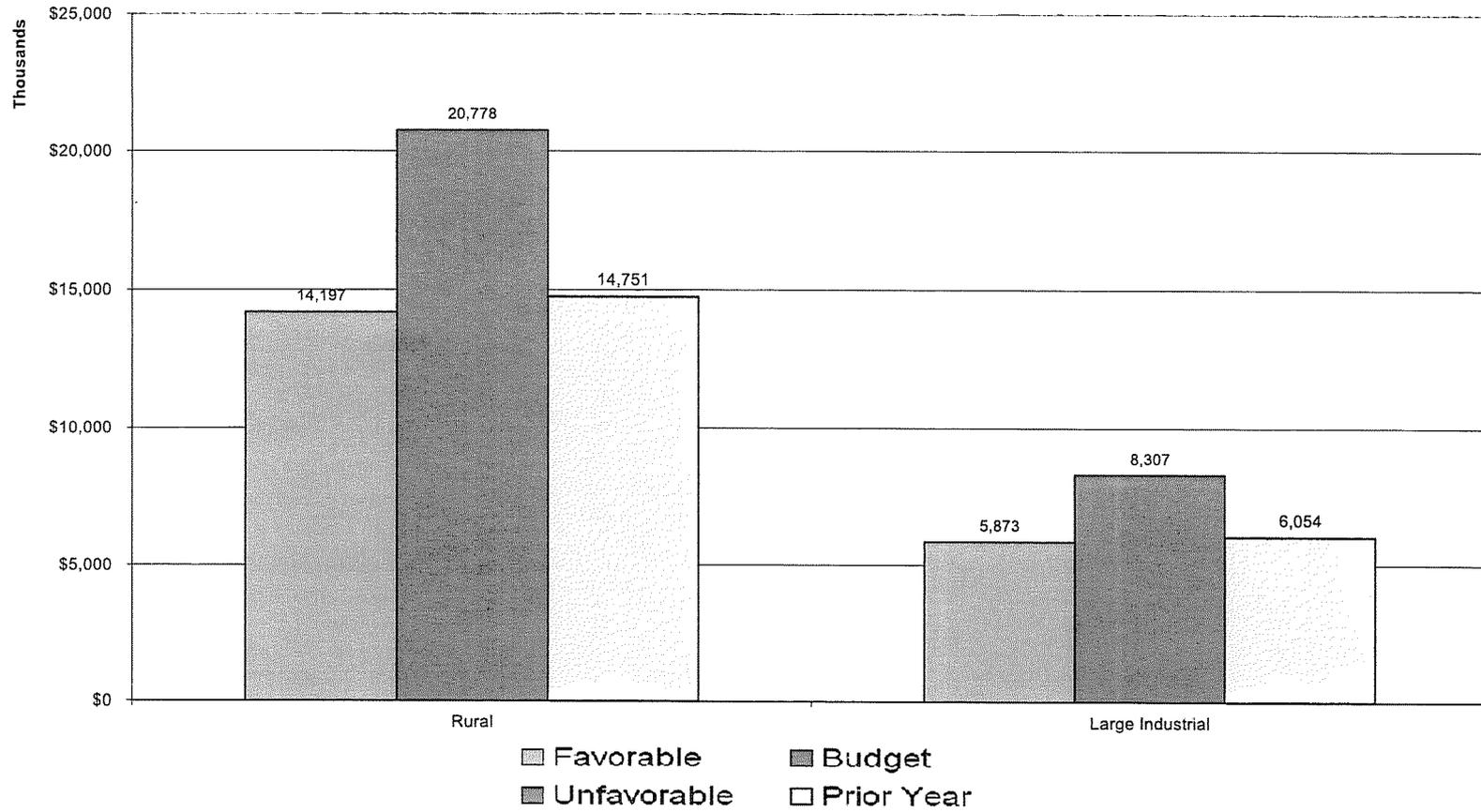


Favorable
 Budget
 Unfavorable
 Prior Year

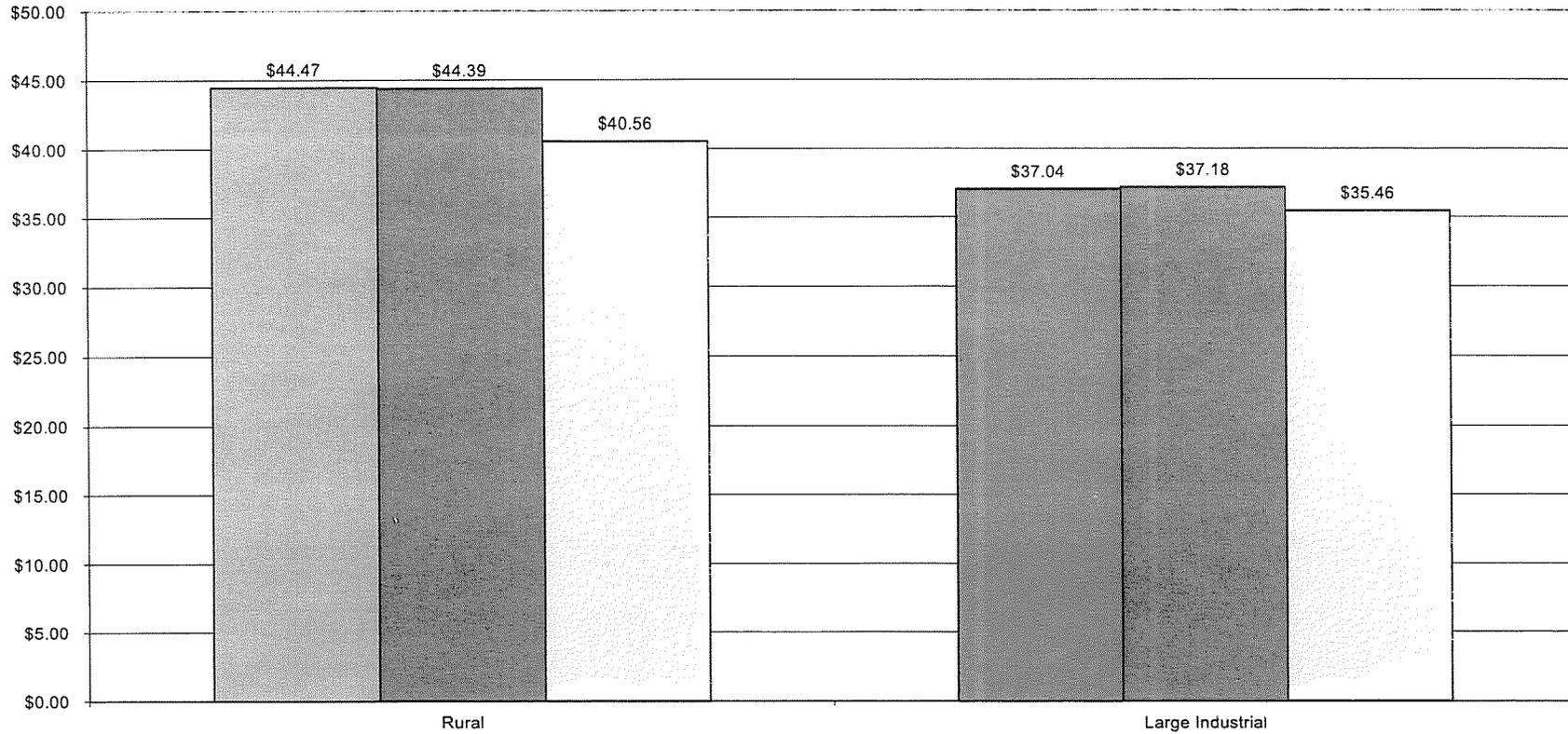
MRSM - \$/MWh YTD - December



MRSM YTD - December

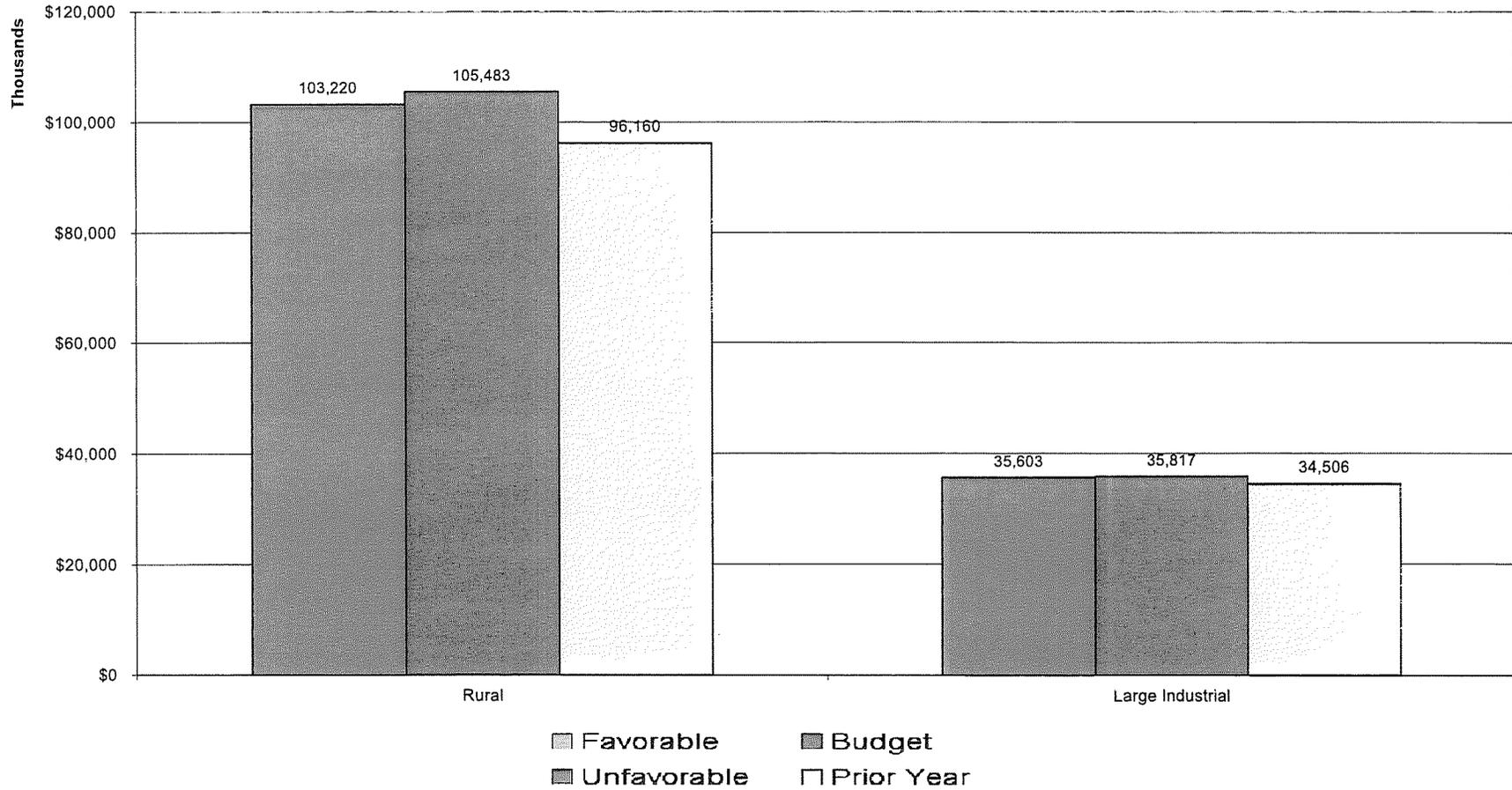


Net Revenue (Excl. MRSM) - \$/MWh YTD - December



Favorable
 Budget
 Unfavorable
 Prior Year

Net Revenue (Excl. MRSM) YTD - December



Other Operating Revenue and Income

	2012			2011	
	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2011 Actual</u>	<u>Variance Fav/(Unfav)</u>
December YTD	4,957	4,012	945	3,617	1,340

The favorable current and prior-year variance is due to higher transmission revenue this year.

Non-Variable Production and Other Power Supply – Operations

	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2011 Actual</u>	<u>Variance Fav/(Unfav)</u>
December YTD	63,978	67,233	3,255	61,848	(2,130)

Current Year Variances

Power Supply transmission reservation	643
Station II & Plant Operations reductions (Labor & Non-labor)	3,248
Depreciation/Other	(636)
Non-Variable Production and Other Power Supply - Operations	3,255

Prior-Year Variances

Power Supply transmission reservation	(29)
Station-Two O&M [driven by higher outage & labor expense in 2012]	(1,078)
Station-Two [higher depreciation expense]	(1,140)
Other	117
Non-Variable Production and Other Power Supply - Operations	(2,130)

Operation Expense – Transmission

	2012			2011	
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
December YTD	10,119	10,723	604	9,183	(936)

Favorable to budget as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 30).

Unfavorable variance to prior-year driven by higher TVA transmission and MISO expenses.

Operation Expense – RTO/ISO

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
December YTD	2,262	2,530	268

Favorable to prior year due to lower MISO administrative expenses, driven by the year-over-year lower sales volumes.

Operation Expense – Customer Accounts

	2012			2011	
	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2011 Actual</u>	<u>Variance Fav/(Unfav)</u>
December YTD	297	0	(297)	0	(297)

The unfavorable current and prior-year variance is due to the reserve for doubtful accounts.

Operation Expense – Sales

		2012		
		Variance		
		<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
December YTD		191	1,102	911

Favorable to budget due to spending for energy efficiency/demand side management programs being budgeted to Operation Expense – Sales, but charged to Customer Service & Informational Expense.

Operation Expense – Administrative & General

	2012		
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
December YTD	26,429	25,926	(503)

Unfavorable to budget due to expenses associated with the on-going rate case [KY PSC case # 2011-00036] and higher labor expense charged to the A&G accounts.

Maintenance Expense – Production

	2012			2011	
	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2011 Actual</u>	<u>Variance Fav/(Unfav)</u>
December YTD	41,170	58,890	17,720	42,896	1,726

The favorable YTD variance vs. budget is due to scope reduction of planned outages to offset the lower power market. The Green facility is favorable due to the cancellation of the unit 2 planned outage. The Coleman station is also favorable due to the cancellation of the unit 1 and unit 3 outages. The planned outage on the gas turbine was also cancelled. The planned outage at the Wilson facility was reduced in scope.

The favorable variance to prior-year is driven by the reduced spending during 2012 to offset the lower power market.

Maintenance Expense – Transmission

	2012		
			Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
December YTD	4,608	3,933	(675)

Unfavorable to budget primarily due to higher labor expense in the maintenance accounts. This is partially offset in Operation Expense – Transmission as a larger percentage of labor is being charged to maintenance accounts than was budgeted (see page 24).

Depreciation & Amortization Expense

	2012			2011	
			Variance	2011	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
December YTD	41,090	41,911	821	35,407	(5,683)

Favorable to budget due to lower capital spending. This is partially offset by higher depreciation charged to the Station-Two accounts (see page 23).

Unfavorable to prior-year due to the higher depreciation rates that are in effect as a result of the 2010 depreciation study and a higher plant in service balance being depreciated.

Interest on Long-Term Debt

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
December YTD	45,033	45,715	682

Interest on long-term debt is lower than prior-year due to using funds from the \$35m Transition Reserve to prepay the RUS Series A Note.

Other Deductions

	2012	2011	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
December YTD	546	220	(326)

Other deductions are higher than prior-year due to expenses related to higher amortization of debt expense and expenses related to the sales tax payments.

Interest Income

	2012			2011	
	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2011 Actual</u>	<u>Variance Fav/(Unfav)</u>
December YTD	963	62	901	150	813

Favorable to budget and prior-year due to the interest income on the capital term certificates that were part of the financing that took place earlier this year.

North Star – YTD December

	2012			2011	
	Actual	Budget	Fav/(UnFav) Variance	Actual	Fav/(UnFav) Variance
Total Cost of Electric Service	558,090	612,134	54,044	556,657	(1,433)
Other Operating Revenues & Income	(4,957)	(4,012)	945	(3,617)	1,340
Smelter Avoidable Base Charge	(358)	0	358	(2,933)	(2,575)
Off-System Sales/Other					
Interest Income	(963)	(62)	901	(151)	812
Other Non-Operating Income	0	0	0	(9)	(9)
Other Capital Credits & Pat. Dividends	(61)	(33)	28	(109)	(48)

Member MWh	10,707,249	10,656,577	50,672	10,199,019	508,230
------------	------------	------------	--------	------------	---------

North Star - \$/kWh

TIER

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
Interest on Long-Term Debt	45,033	44,647	(386)
Net Margins	[REDACTED]		
TIER - YTD December	[REDACTED]		
TIER (12 months ending 12/31)	[REDACTED]		

Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

Capital Expenditures*

Year-to-Date

	Actual	Budget	Fav/(UnFav)
IT	1,631	2,116	485
Generation	29,826	54,884	25,058
Transmission	9,683	12,459	2,776
Other	1,254	17,481	16,227
Total	42,394	86,940	44,546

Explanation:

IT was favorable \$485 due to the cancellation of the Oracle Extensions project.

Generation was favorable by \$25,058. Coleman Station was favorable \$13,467 due to the C1 and C3 outage deferrals. Wilson Station was favorable \$7,563 primarily due to outage scope reductions/deferrals. Green Station was favorable by \$3,934 due to the G2 outage deferral, as well as the reduction of the FGD project and cancellation of the Coal Sampler project. Station-Two was favorable \$94 due to favorability of the H1 Burner Replacement project.

Transmission was favorable \$2,776 primarily due to deferral of the White Oak Substation project.

Other was favorable \$16,227 mainly due to the delay of the MATS project, as well as cancellation of the CSAPR project. Additionally, the PCI Analyzer Software project was cancelled.

Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2011 <u>Actual</u>	<u>Fav/(Unfav)</u>
December 31st	110,172	32,443	77,729	44,850	65,322

The December 31, 2012 cash balance compared to budget is favorable due to the borrowing that occurred in July and lower capital expenditures due to the cancellation of scheduled outages.

The favorable variance to prior-year is driven by the borrowing this year.

Lines of Credit <u>As of December 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625

Monthly Financial Report – January 2013

RECEIVED

MAR 18 2013

PUBLIC SERVICE
COMMISSION



Your Touchstone Energy Cooperative 

RECEIVED

MAR 18 2013

PUBLIC SERVICE
COMMISSION

Financial Report
January 2013
(\$ in Thousands)

Board Meeting Date: March 14, 2013



Summary of Statement of Operations YTD - January

	2013			2012	
	Actual	Budget	Fav/(UnFav) Variance	Actual	Fav/(UnFav) Variance
Revenues	50,999	51,769	(770)	46,876	4,123
Cost of Electric Service	48,867	48,033	(834)	44,830	(4,037)
Operating Margins	2,132	3,736	(1,604)	2,046	86
Interest Income/Other	170	171	(1)	6	164
Net Margins - YTD	2,302	3,907	(1,605)	2,052	250



Your Local Power Cooperative

Statement of Operations – January Variance to Budget

	Current Month		Variance Fav/(UnFav)	Explanation
	Actual	Budget		
ELECTRIC ENERGY REVENUES	50,638	51,457	(819)	[A] Pages 7, 9-13, 16-21
OTHER OPERATING REVENUE AND INCOME	361	312	49	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	50,999	51,769	(770)	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,375	4,620	245	[A] Pages 8, 14-15, 22
OPERATION EXPENSE-PRODUCTION-FUEL	21,531	22,037	506	[A] Pages 8, 14-15
OPERATION EXPENSE-OTHER POWER SUPPLY	9,328	7,631	(1,697)	[A] Pages 8, 14-15, 22
OPERATION EXPENSE-TRANSMISSION	771	788	17	
OPERATION EXPENSE-RTO/ISO	238	207	(31)	
OPERATION EXPENSE-CUSTOMER ACCOUNTS	0	0	0	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	48	68	20	
OPERATION EXPENSE-SALES	0	5	5	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,751	2,252	501	[B], [C] Page 23
TOTAL OPERATION EXPENSE	38,042	37,608	(434)	
MAINTENANCE EXPENSE-PRODUCTION	3,304	2,735	(569)	[B], [C] Page 24
MAINTENANCE EXPENSE-TRANSMISSION	279	384	105	
MAINTENANCE EXPENSE-GENERAL PLANT	23	20	(3)	
TOTAL MAINTENANCE EXPENSE	3,606	3,139	(467)	
DEPRECIATION & AMORTIZATION EXPENSE	3,414	3,440	26	
TAXES	0	0	0	
INTEREST ON LONG-TERM DEBT	3,804	3,802	(2)	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(34)	(2)	32	
OTHER INTEREST EXPENSE	0	0	0	
OTHER DEDUCTIONS	35	46	11	
TOTAL COST OF ELECTRIC SERVICE	48,867	48,033	(834)	
OPERATING MARGINS	2,132	3,736	(1,604)	
INTEREST INCOME	170	171	(1)	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	
EXTRAORDINARY ITEMS	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	2,302	3,907	(1,605)	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.



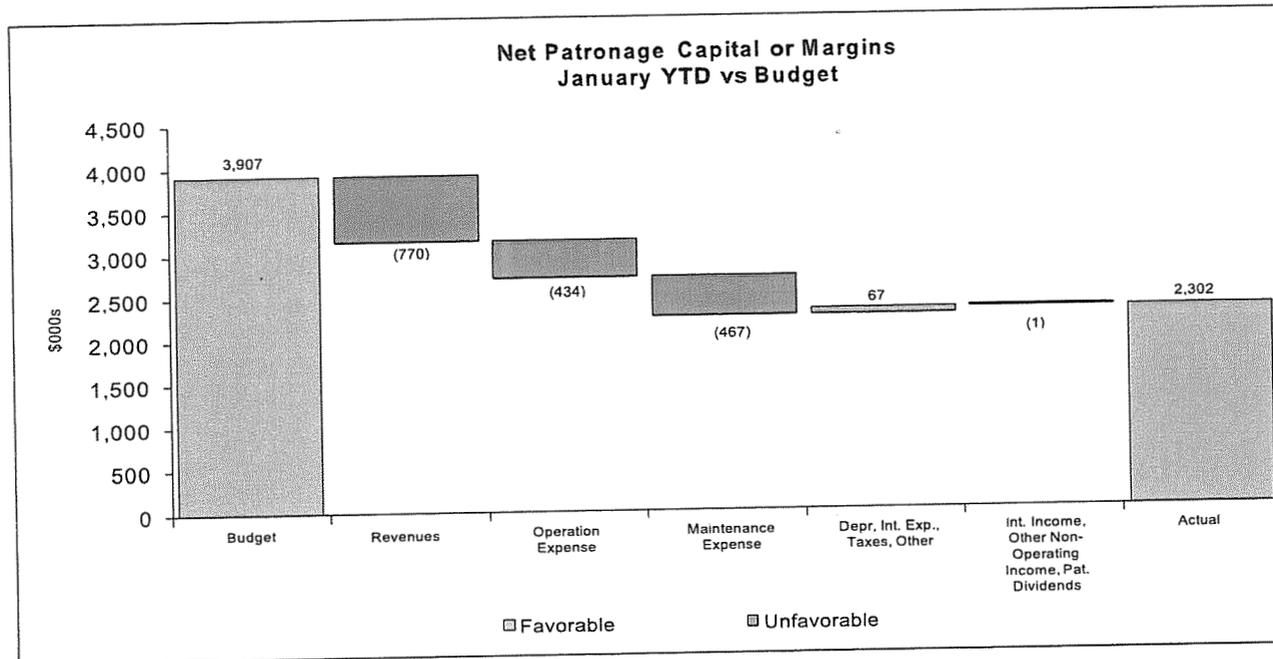
Your Electric Energy Corporation

Statement of Operations – January Variance to Prior-Year

	Current Month		Variance Fav/(UnFav)	Explanation
	Actual	Prior Year		
ELECTRIC ENERGY REVENUES	50,638	46,502	4,136	[A] Pages 7, 9-13, 16-21
OTHER OPERATING REVENUE AND INCOME	361	374	(13)	
TOTAL OPER REVENUES & PATRONAGE CAPITAL	50,999	46,876	4,123	
OPERATION EXPENSE-PRODUCTION-EXCL FUEL	4,375	3,973	(402)	[A] Pages 8, 14-15, 22
OPERATION EXPENSE-PRODUCTION-FUEL	21,531	16,904	(4,627)	[A] Pages 8, 14-15
OPERATION EXPENSE-OTHER POWER SUPPLY	9,328	10,234	906	[A] Pages 8, 14-15, 22
OPERATION EXPENSE-TRANSMISSION	771	818	47	
OPERATION EXPENSE-RTO/ISO	238	209	(29)	
OPERATION EXPENSE-CUSTOMER ACCOUNTS	0	0	0	
CONSUMER SERVICE & INFORMATIONAL EXPENSE	48	15	(33)	
OPERATION EXPENSE-SALES	0	(4)	(4)	
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	1,751	2,026	275	[B] Page 23
TOTAL OPERATION EXPENSE	38,042	34,175	(3,867)	
MAINTENANCE EXPENSE-PRODUCTION	3,304	3,159	(145)	
MAINTENANCE EXPENSE-TRANSMISSION	279	315	36	
MAINTENANCE EXPENSE-GENERAL PLANT	23	17	(6)	
TOTAL MAINTENANCE EXPENSE	3,606	3,491	(115)	
DEPRECIATION & AMORTIZATION EXPENSE	3,414	3,397	(17)	
TAXES	0	0	0	
INTEREST ON LONG-TERM DEBT	3,804	3,824	20	
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(34)	(70)	(36)	
OTHER INTEREST EXPENSE	0	0	0	
OTHER DEDUCTIONS	35	13	(22)	
TOTAL COST OF ELECTRIC SERVICE	48,867	44,830	(4,037)	
OPERATING MARGINS	2,132	2,046	86	
INTEREST INCOME	170	6	164	
ALLOWANCE FOR FUNDS USED DURING CONST	0	0	0	
OTHER NON-OPERATING INCOME - NET	0	0	0	
OTHER CAPITAL CREDITS & PAT DIVIDENDS	0	0	0	
EXTRAORDINARY ITEMS	0	0	0	
NET PATRONAGE CAPITAL OR MARGINS	2,302	2,052	250	

YTD Explanations: [A] Net Sales Margin, [B] 10% of line item and \$250,000 or [C] 10% of margins and \$500,000.

Variance Analysis Summary

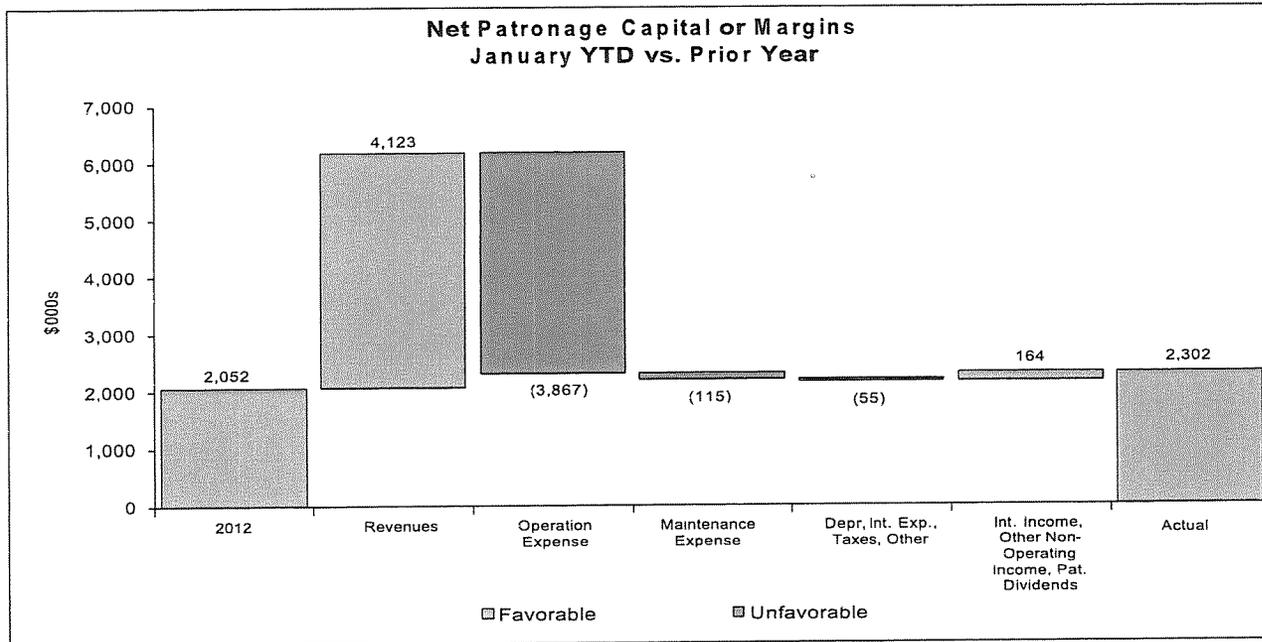


Financial Commentary

Year-to-Date

- January 2013 Margins were \$1,605 unfavorable to budget.
 - Revenues were unfavorable \$770 primarily due to lower peak for rurals, as well as lower FAC rate and lower OSS pricing (see pages 7, 9-13, 16-21).
 - Operation Expense was unfavorable \$434 – driven by higher purchase power volumes (see page 8).
 - Maintenance Expense was unfavorable \$467 primarily due to forced outage repairs and timing of maintenance expenses at Coleman, Green and Station 2 (see page 24).
 - Depreciation/Interest Expense/Other was favorable \$67 primarily due to slightly lower depreciation expense, as well as higher capitalized interest.

Variance Analysis Summary



Financial Commentary

Year-to-Date

- January 2013 margins were \$250 favorable to 2012.
 - Revenues were favorable \$4,123 largely due to volumes, most of which is from OSS (see pages 7, 9-13, 16-21).
 - Operation Expense was unfavorable \$3,867 – driven by higher fuel cost \$4,912, mostly due to volume, partially offset by lower purchase power \$709.
 - Maintenance Expense was unfavorable \$115 due to forced outage repairs and timing during 2013.
 - Depreciation, Interest Expense, Taxes & Other combined were higher \$55 due to slightly higher depreciation expense, as well as less interest capitalized in 2013.
 - Interest income was favorable due to the interest income on the capital term certificates.



Your Touchstone Energy Cooperative

**Revenue
YTD January**

	Actual 2013	Budget 2013	Variance	Actual 2012	2012 Variance
MWh Sales					
Rural	235,718	249,207	(13,489)	224,313	11,405
Large Industrial	82,265	78,513	3,752	79,778	2,487
Smelter	630,197	627,043	3,154	625,756	4,441
Off-System/Other					
Total					
Revenue - \$/MWh					
Rural	49.41	52.39	(2.98)	47.71	1.70
Large Industrial	43.35	44.78	(1.43)	42.43	0.92
Smelter	48.35	49.92	(1.57)	47.79	0.56
Off-System/Other					
Total					
Revenue - Thousands of \$					
Rural	11,646	13,056	(1,410)	10,703	943
Large Industrial	3,566	3,515	51	3,385	181
Smelter	30,473	31,301	(828)	29,905	568
Off-System/Other					
Total					

**Revenue Price / Volume Analysis
January 2013**

	Price / Volume		
	Price	Volume	Total
Rural	(704)	(706)	(1,410)
Large Industrial	(117)	168	51
Smelter	(986)	157	(828)
Off-System/Other			

**Variable Operations Cost
YTD January**

	<u>Actual</u> <u>2013</u>	<u>Budget</u> <u>2013</u>	<u>Variance</u>	<u>Actual</u> <u>2012</u>	<u>2012</u> <u>Variance</u>
Variable Operations (VO) Cost - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
VO Cost - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

**YTD January 2013
Variable Operations Expense**

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(UnFav)</u>	<u>Price Variance</u> <u>Fav/(UnFav)</u>	<u>Volume Variance</u> <u>Fav/(UnFav)</u>	<u>Fav/(UnFav)</u>
Reagent						
Fuel						
Purchased Power						
Non-FAC PPA (Non-Smelter)						



Your Touchstone Energy Cooperative

**Net Sales Margin
YTD January**

	<u>Actual</u> <u>2013</u>	<u>Budget</u> <u>2013</u>	<u>Variance</u>	<u>Actual</u> <u>2012</u>	<u>2012</u> <u>Variance</u>
Net Sales Margin - \$/MWh					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					
Net Sales Margin - Thousands of \$					
Rural					
Large Industrial					
Smelter					
Off-System/Other					
Total					

**Net Sales Margin
Price / Volume Analysis
January 2013**

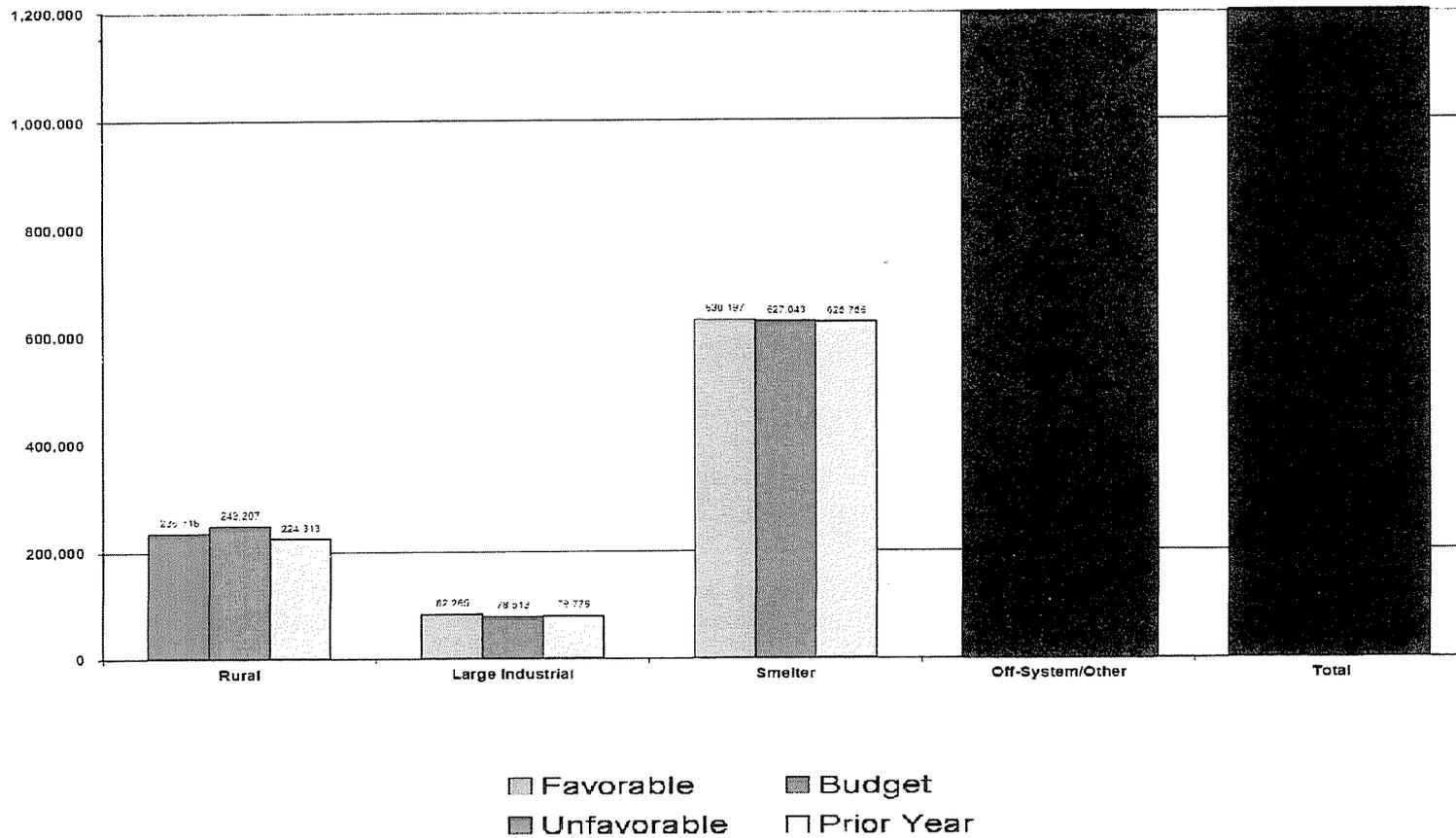
	<u>Price / Volume</u>		
	<u>Price</u>	<u>Volume</u>	<u>Total</u>
Rural			
Large Industrial			
Smelter			
Off-System/Other			

Member Rate Stability Mechanism
YTD January

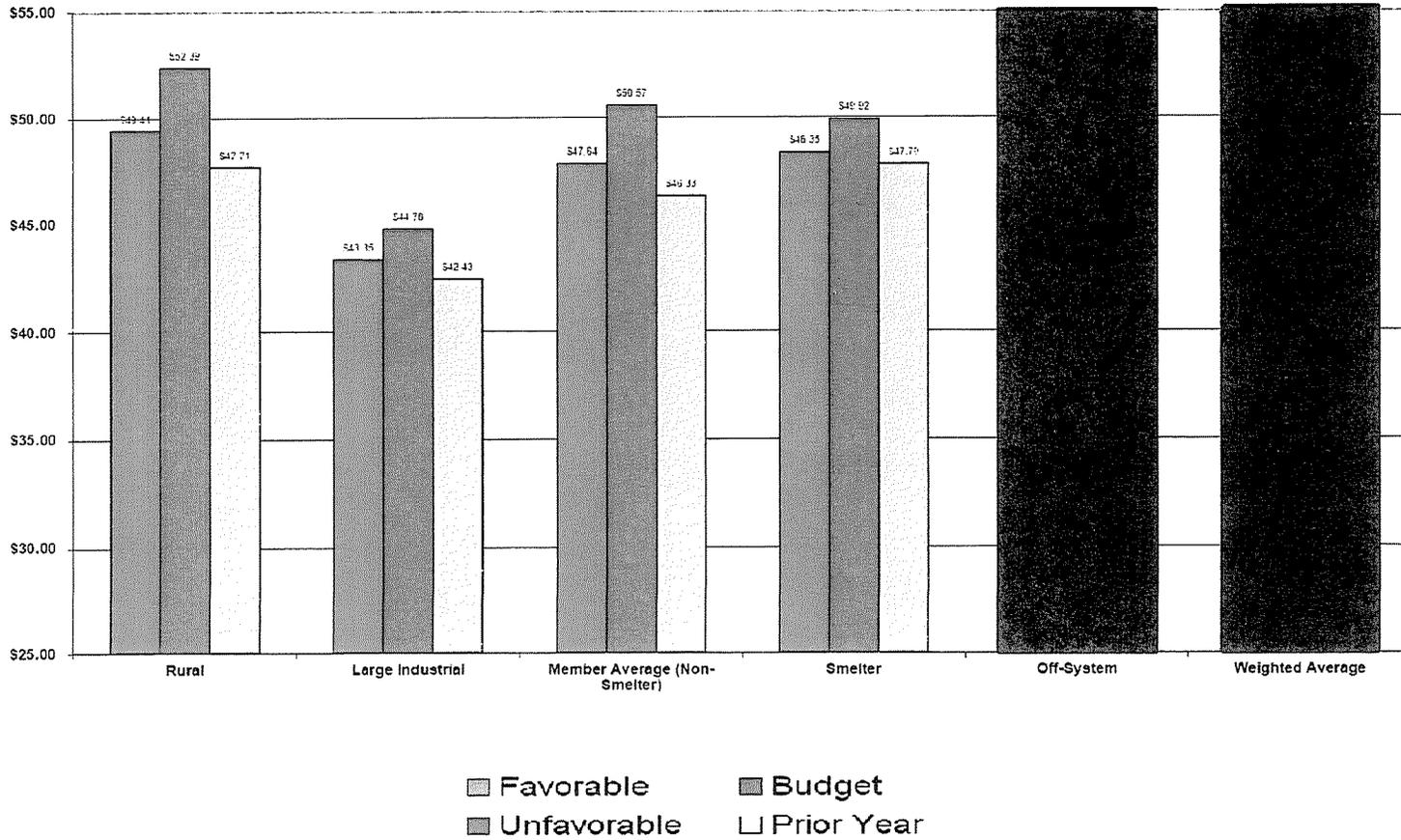
	<u>Actual</u> <u>2013</u>	<u>Budget</u> <u>2013</u>	<u>2013</u> <u>Variance</u>	<u>Actual</u> <u>2012</u>	<u>2012</u> <u>Variance</u>		<u>Actual</u> <u>2013</u>	<u>Budget</u> <u>2013</u>	<u>2013</u> <u>Variance</u>	<u>Actual</u> <u>2012</u>	<u>2012</u> <u>Variance</u>
<u>MRSM- \$/MWh</u>						<u>Net Revenue - \$/MWh</u>					
Rural	(6.07)	(7.64)	1.57	(5.99)	(0.08)	Rural	43.34	44.75	(1.41)	41.72	1.62
Large Industrial	(5.74)	(7.21)	1.47	(5.99)	0.25	Large Industrial	37.61	37.57	0.04	36.44	1.17
Total	(5.98)	(7.53)	1.55	(5.99)	0.01	Total	41.86	43.04	(1.18)	40.34	1.51
<u>MRSM- Thousands of \$</u>						<u>Net Revenue - Thousands of \$</u>					
Rural	(1,430)	(1,903)	473	(1,341)	(89)	Rural	10,216	11,153	(937)	9,362	854
Large Industrial	(472)	(566)	94	(479)	7	Large Industrial	3,094	2,949	145	2,906	188
Total	(1,902)	(2,469)	567	(1,820)	(82)	Total	13,310	14,102	(792)	12,268	1,042

<u>Cumulative-to-Date</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Original Deposit	\$ 157,000		
Interest Earnings	3,229		
Withdrawals	(80,972)		
Ending Balance 01/31/2013	\$ 79,257	\$ 78,160	\$ 1,097
<u>YTD January 2013</u>			
Beg. Balance 1/1/2013	\$ 80,643		
Interest Earnings	26		
Withdrawals	(1,412)		
Ending Balance 01/31/2013	\$ 79,257	\$ 78,160	\$ 1,097

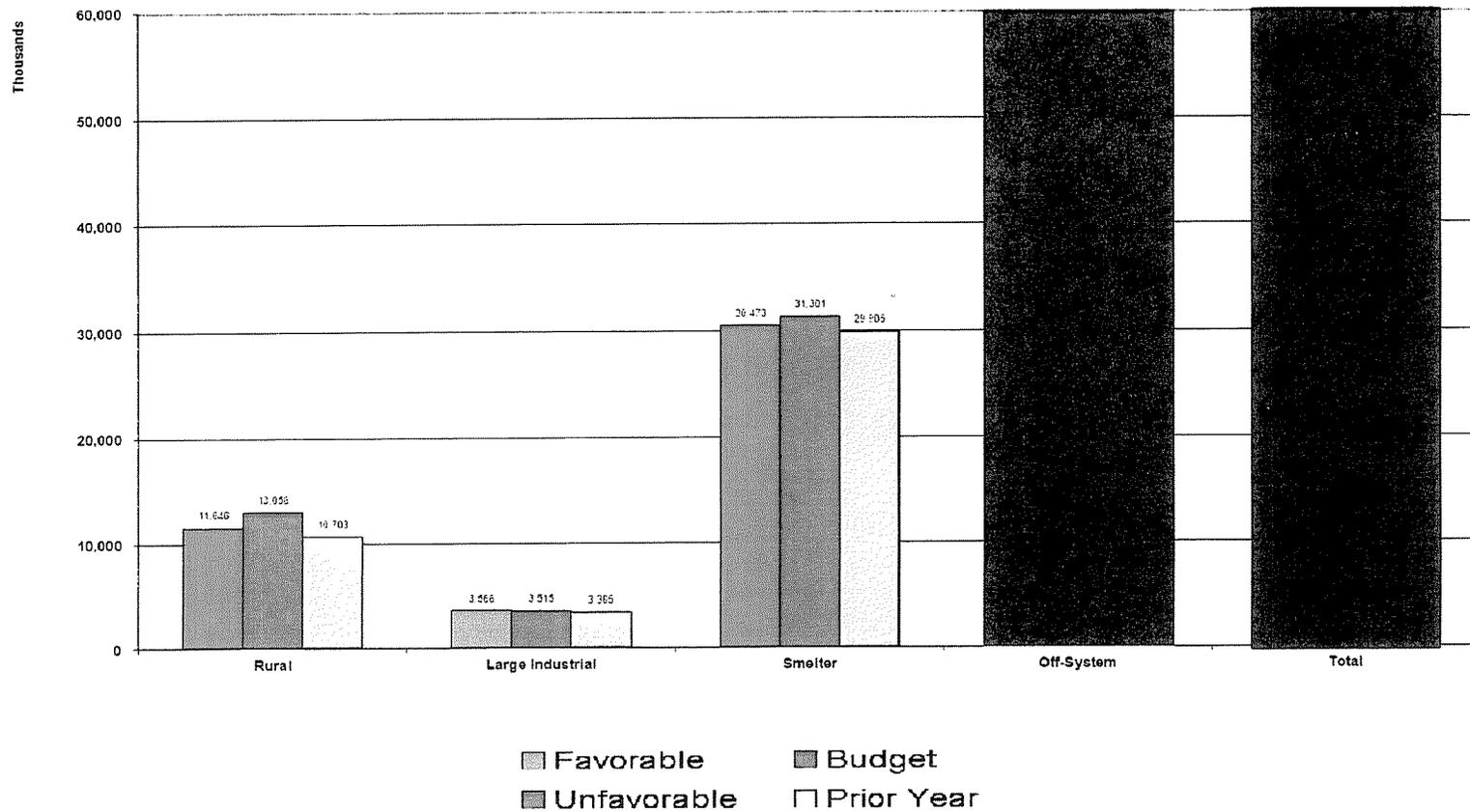
MWH Sales YTD - January



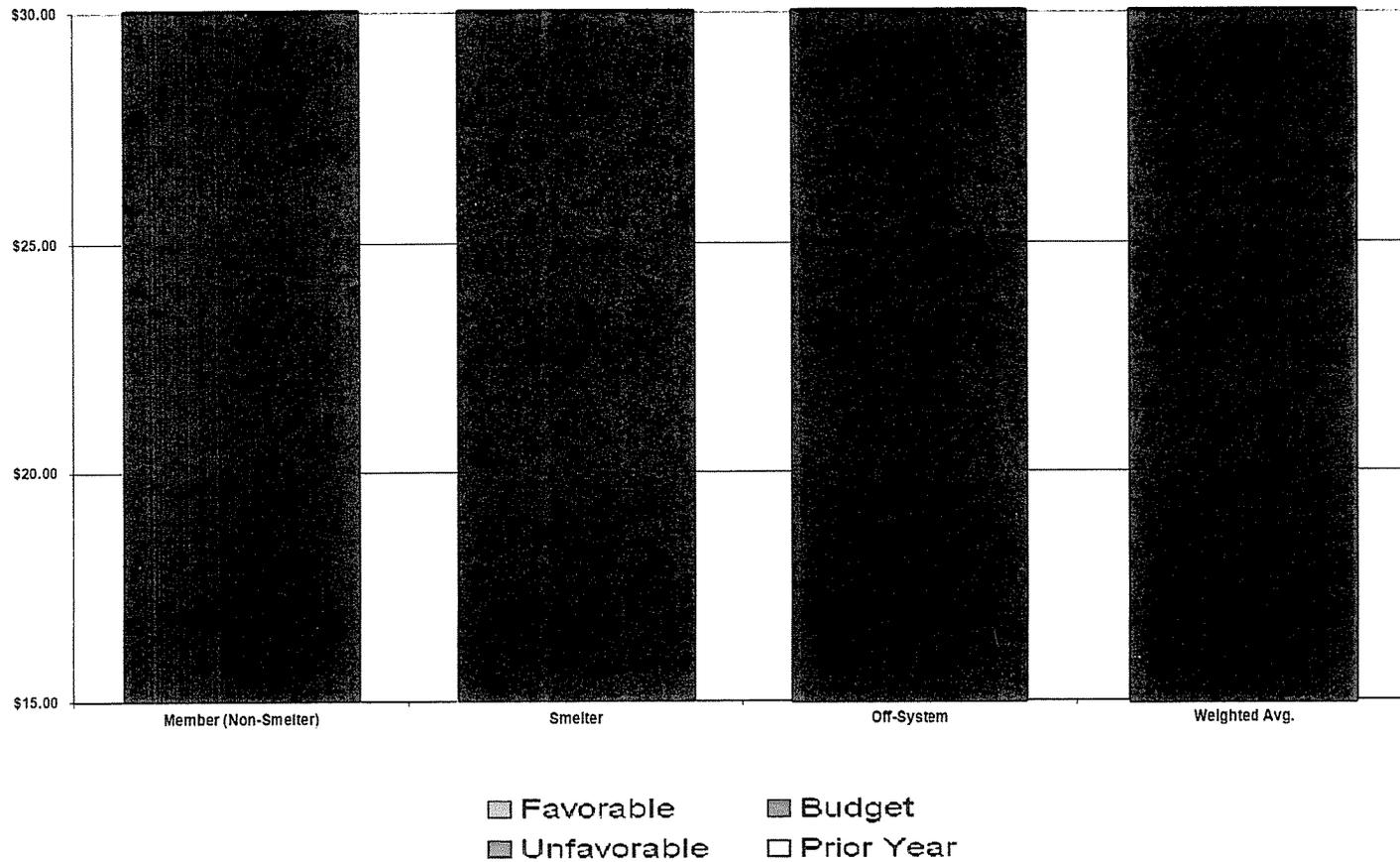
Revenue - \$/MWh Sold YTD – January



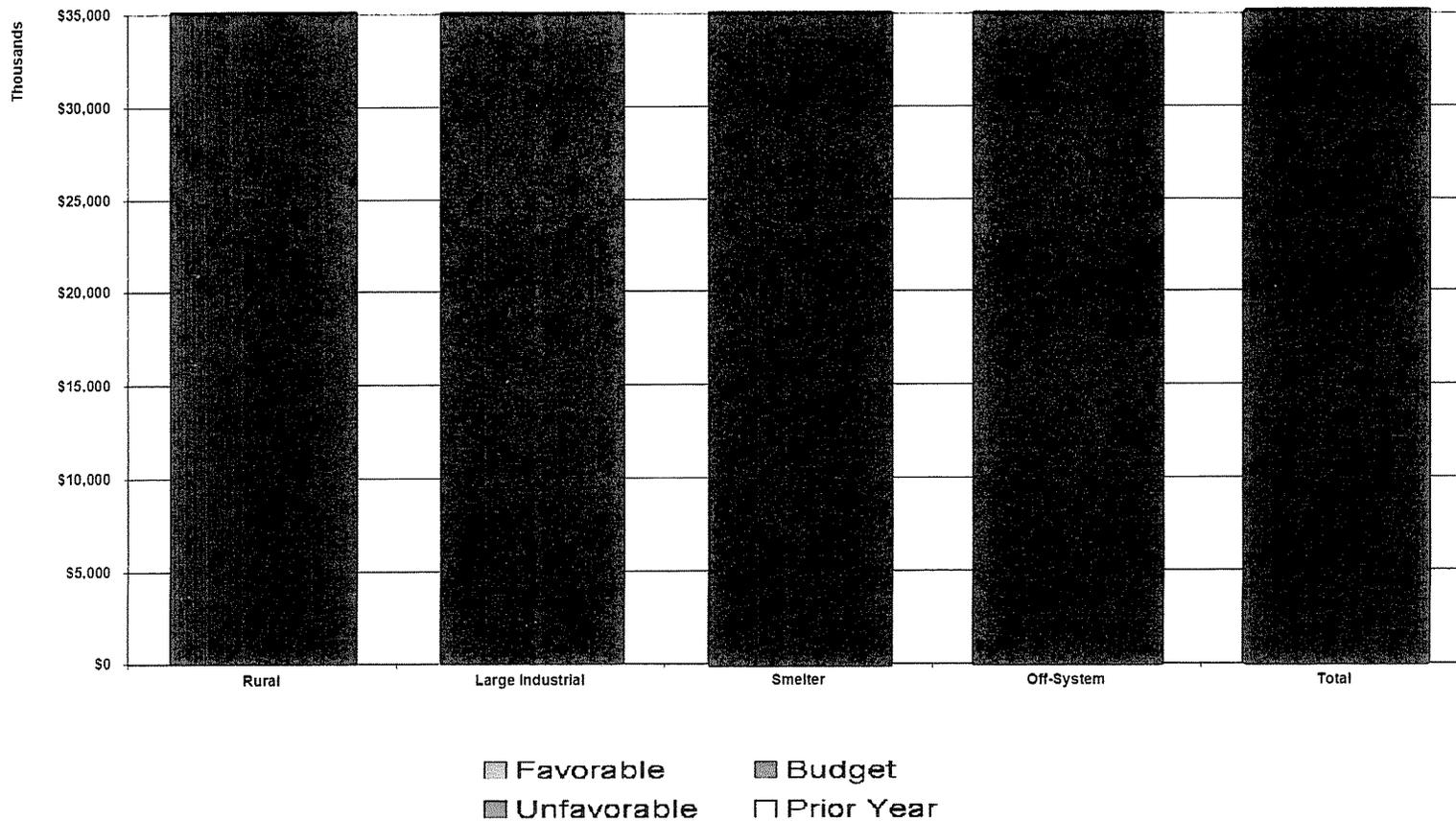
Revenue YTD - January



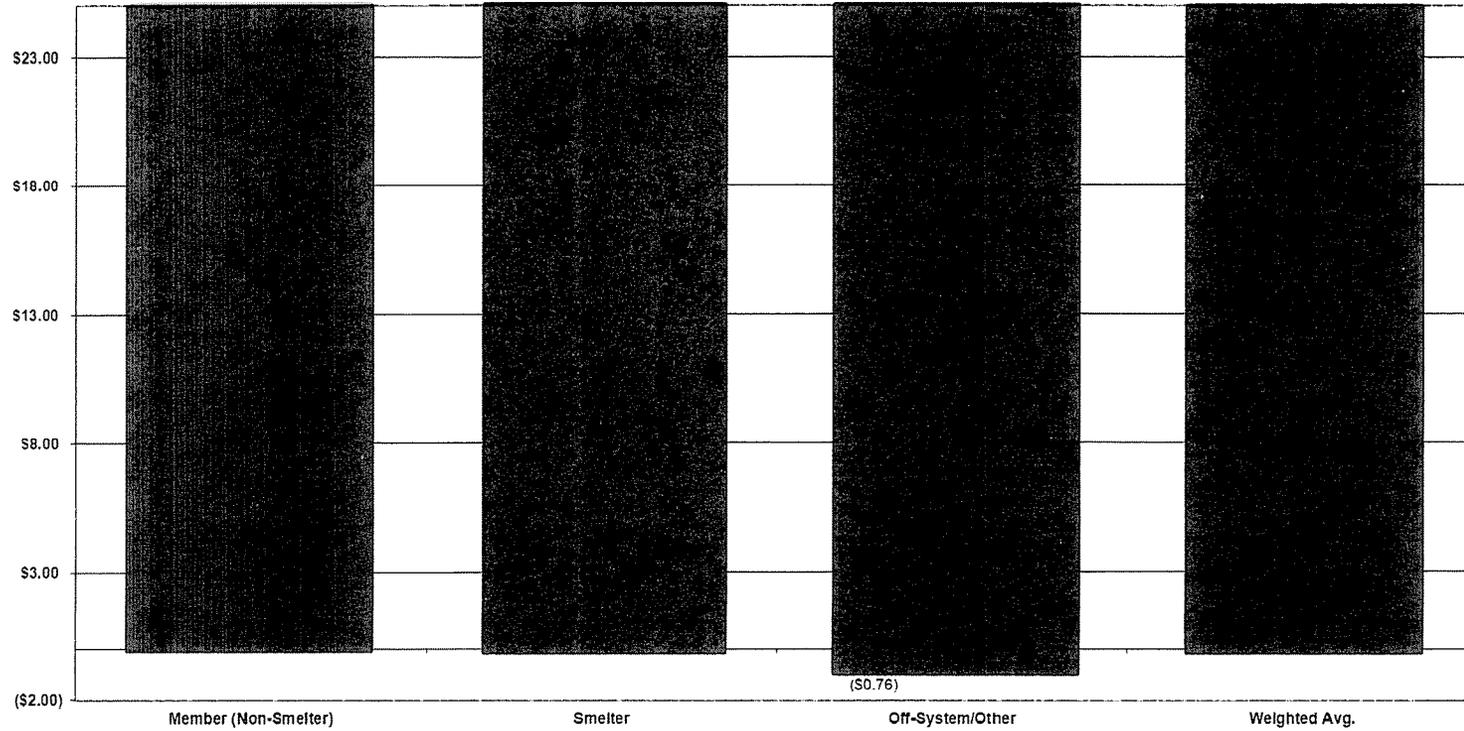
Variable Operations - \$/MWh Sold YTD – January



Variable Operations Cost YTD – January

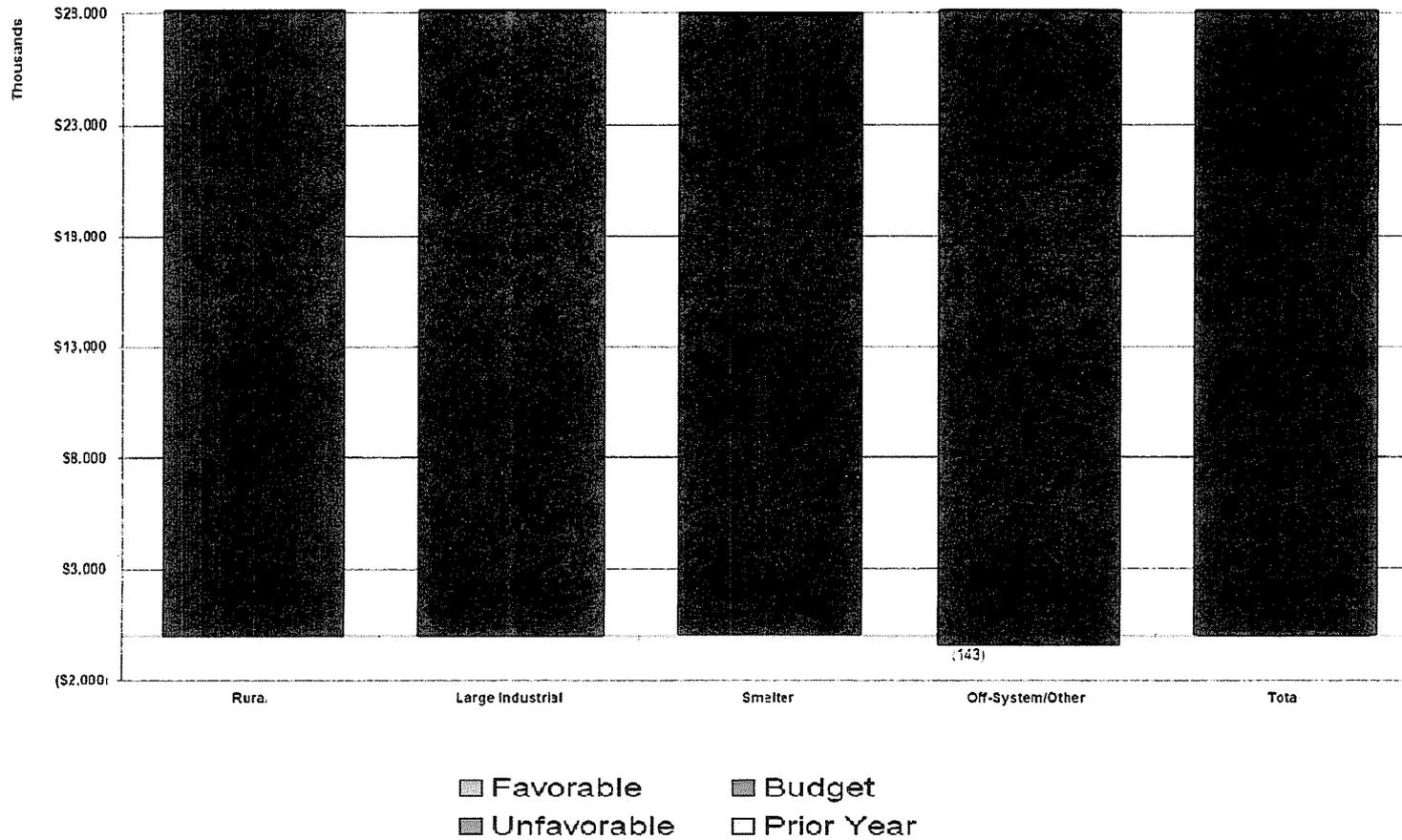


Net Sales Margin - \$/MWh YTD – January

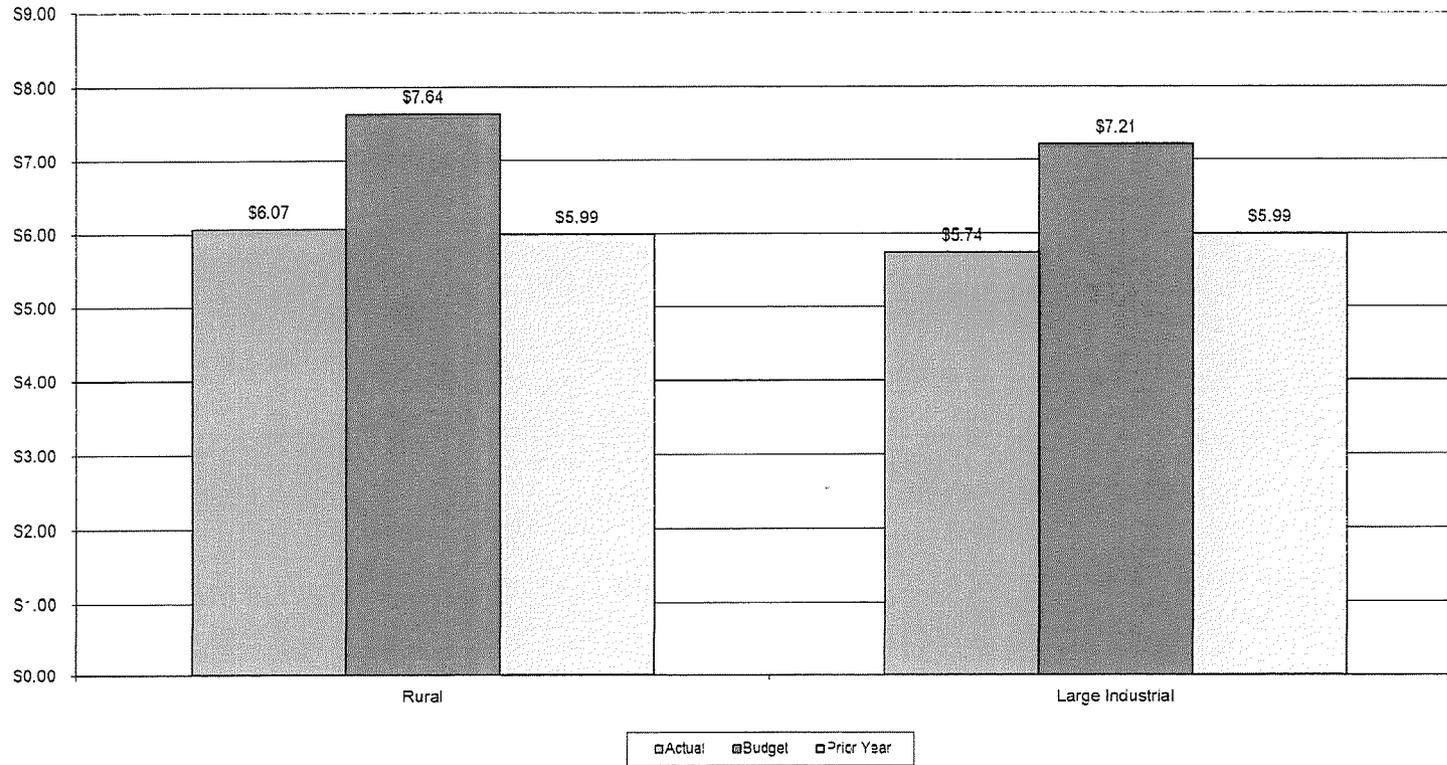


Favorable
 Budget
 Unfavorable
 Prior Year

Net Sales Margin YTD – January

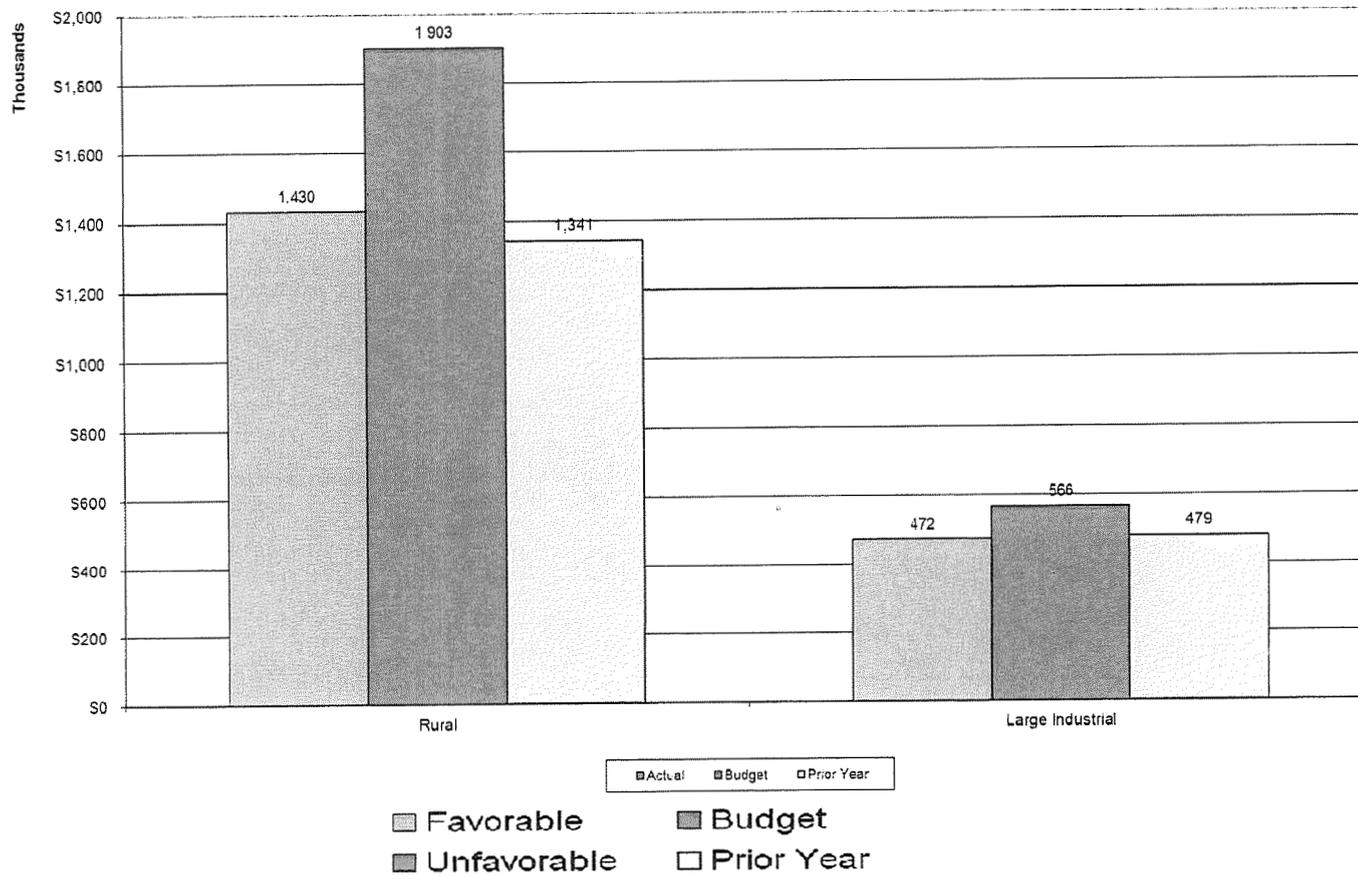


MRSM - \$/MWh YTD - January

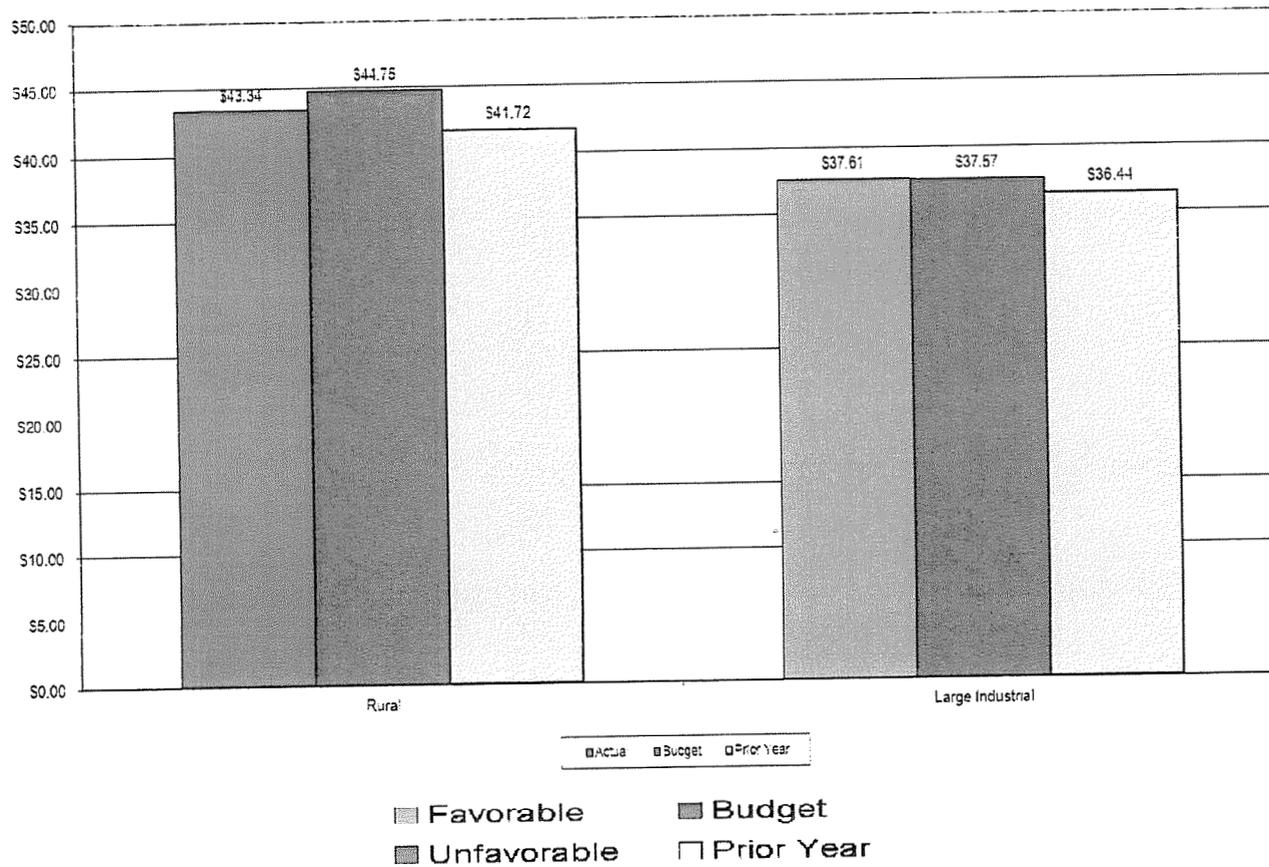


Favorable Budget
 Unfavorable Prior Year

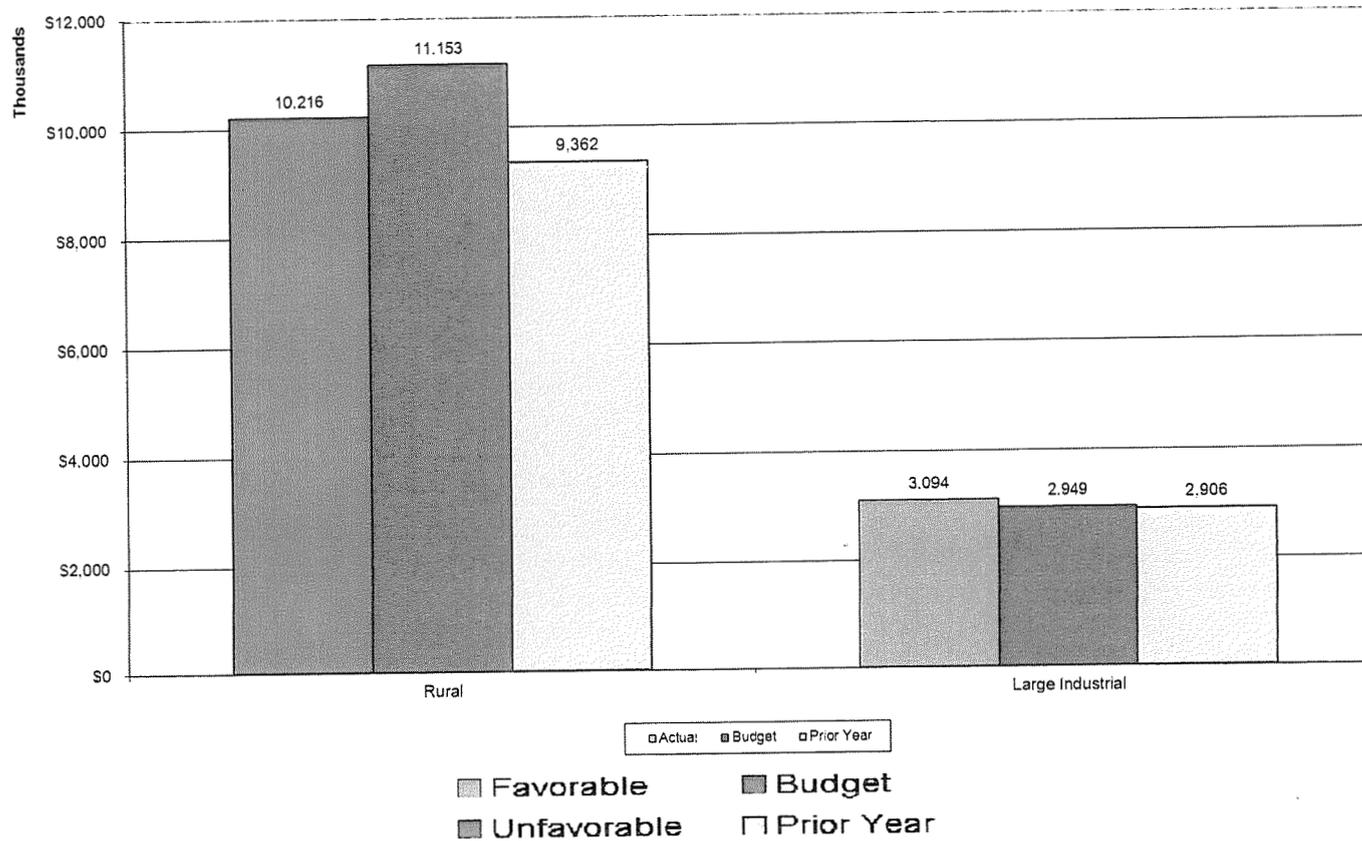
MRSM YTD - January



Net Revenue (Excl. MRSM) - \$/MWh YTD – January



Net Revenue (Excl. MRSM) YTD - January





Non-Variable Production and Other Power Supply – Operations

	<u>Actual</u>	<u>Budget</u>	<u>Variance Fav/(Unfav)</u>	<u>2012 Actual</u>	<u>Variance Fav/(Unfav)</u>
January YTD	5,205	5,173	(32)	5,542	337

Prior-Year Variances

Station-Two Plant O&M Non-labor

Other

Non-Variable Production and Other Power Supply - Operations

<u>Fav/(UnFav)</u>
342
<u>(5)</u>
337

Operation Expense – Administrative & General

	Variance			2012	Variance
	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	<u>Actual</u>	<u>Fav/(Unfav)</u>
January YTD	1,751	2,252	501	2,026	275

Current and prior-year favorable variances are attributable to timing of expenses associated with Information Systems (HP invoicing) and other A&G departments.

Maintenance Expense – Production

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
January YTD	3,304	2,735	(569)

The unfavorable variance is driven by forced outage repairs at Coleman (\$170), as well as timing of maintenance expenditures at Green (\$166) and Coleman (\$288).

North Star – YTD January

	2013			2012	
	Actual	Budget	Fav/(UnFav) Variance	Actual	Fav/(UnFav) Variance
Total Cost of Electric Service	48,867	48,033	(834)	44,830	(4,037)
Other Operating Revenues & Income	(361)	(312)	49	(374)	(13)
Smelter Avoidable Base Charge	0	0	0	(126)	(126)
Off-System Sales/Other					
Interest Income	(170)	(171)	(1)	(6)	164
Other Non-Operating Income	0	0	0	0	0
Other Capital Credits & Pat. Dividends	0	0	0	0	0
Member MWh	948,181	954,763	(6,582)	929,847	18,334
North Star - \$/kWh					



TIER

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
Interest on Long-Term Debt	3,804	3,802	(2)
Net Margins	[REDACTED]		
TIER - YTD January	[REDACTED]		
TIER (12 months ending 1/31)	[REDACTED]		

Notes:

TIER = (Net Margins + Interest on Long-Term Debt) divided by Interest on Long-Term Debt

Capital Expenditures*

	Year-to-Date		
	Actual	Budget	Fav/(UnFav)
IS	2	50	48
Generation	716	785	69
Transmission	623	556	(67)
Other	6	17	11
ECP	0	0	0
Total	1,347	1,408	61

Explanation:

IS was favorable \$48 due to the timing of expenditures associated with the Members' replacement of iSeries CIS/BIS (AS400 systems).

Generation was favorable by \$69 due to timing of capital expenditures. Station-Two was favorable \$417 due to timing of the H2 Catalyst replacement. Green Station was unfavorable \$157 primarily due to the G1 and G2 FGD Rehabilitation project. Wilson Station was unfavorable \$105 due to timing associated with the Stack Lightning Elimination project. Coleman Station was unfavorable \$86 due to timing of the conveyor belt project.

Transmission was unfavorable \$67 due to timing of several projects.

Other was favorable \$11 due to timing of the Copy Machine project for Human Resources.

* Gross of the City's share of Station Two. Includes capitalized interest.



Cash & Temporary Investments

	<u>Actual</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>	2012 <u>Actual</u>	<u>Fav/(Unfav)</u>
January 31st	112,287	107,684	4,603	46,616	65,671

The January 31, 2013 cash balance compared to budget is favorable due to the beginning balance favorability, partially offset by changes in working capital.

The favorable variance to prior-year is driven by the borrowing in 2012.

Lines of Credit <u>As of January 31st</u>	
Original Amount	\$100,000
Letters of Credit Outstanding	(5,375)
Advances Outstanding	0
Available Lines of Credit	\$ 94,625

BIG RIVERS ELECTRIC CORPORATION

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

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

January 29, 2013

First Update February 15, 2013

Second Update March 18, 2013

1 Item 43) *As the historical data becomes available, provide detailed*
2 *monthly income statements for each forecasted month of the base period,*
3 *including the month in which the Commission hears this case.*

4

5 **Response)** Big Rivers' detailed monthly income statement for the month ended
6 January 31, 2013 (the third forecasted month of the base period) is attached
7 hereto. Big Rivers will provide detailed monthly income statements for the
8 remaining forecasted months included in the base period, including the month in
9 which the Commission hears this case, as the historical data becomes available.

10

11

12 **Witness)** Billie J. Richert

13

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		BORROWER DESIGNATION KY0062		
		PERIOD ENDED Jan-13		
INSTRUCTIONS - See help in the online application				
SECTION A. STATEMENT OF OPERATIONS				
ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	46,502,203.58	50,637,532.97	51,456,924.00	50,637,532.97
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	373,872.96	361,735.27	312,167.00	361,735.27
4. Total Operation Revenues & Patronage Capital (1 thru 3)	46,876,076.54	50,999,268.24	51,769,091.00	50,999,268.24
5. Operating Expense - Production - Excluding Fuel	3,972,740.12	4,374,814.94	4,620,091.00	4,374,814.94
6. Operating Expense - Production - Fuel	16,903,878.80	21,530,735.67	22,037,483.00	21,530,735.67
7. Operating Expense - Other Power Supply	10,234,058.03	9,327,766.57	7,630,830.00	9,327,766.57
8. Operating Expense - Transmission	818,025.74	771,222.43	787,567.00	771,222.43
9. Operating Expense - RTO/ISO	208,911.34	238,285.13	207,423.00	238,285.13
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	15,200.89	48,058.06	68,227.00	48,058.06
13. Operating Expense - Sales	<3,938.52>	0.00	5,514.00	0.00
14. Operating Expense - Administrative & General	2,026,264.87	1,750,852.41	2,251,334.00	1,750,852.41
15. Total Operation Expense (5 thru 14)	34,175,141.27	38,041,735.21	37,608,469.00	38,041,735.21
16. Maintenance Expense - Production	3,158,935.04	3,304,250.72	2,735,208.00	3,304,250.72
17. Maintenance Expense - Transmission	315,086.59	278,635.78	384,048.00	278,635.78
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	17,409.28	22,681.93	19,697.00	22,681.93
21. Total Maintenance Expense (16 thru 20)	3,491,430.91	3,605,568.43	3,138,953.00	3,605,568.43
22. Depreciation and Amortization Expense	3,396,407.46	3,414,040.31	3,440,168.00	3,414,040.31
23. Taxes	0.00	0.00	0.00	0.00
24. Interest on Long-Term Debt	3,823,910.12	3,804,033.29	3,801,778.00	3,804,033.29
25. Interest Charged to Construction - Credit	<69,840.00>	<33,562.00>	<2,288.00>	<33,562.00>
26. Other Interest Expense	13.80	12.07	0.00	12.07
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	13,077.18	35,139.67	46,160.00	35,139.67
29. Total Cost Of Electric Service (15 + 21 thru 28)	44,830,140.74	48,866,966.98	48,033,240.00	48,866,966.98
30. Operating Margins (4 less 29)	2,045,935.80	2,132,301.26	3,735,851.00	2,132,301.26
31. Interest Income	5,655.03	169,429.37	170,736.00	169,429.37
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	0.00	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
38. Net Patronage Capital Or Margins (30 thru 37)	2,051,590.83	2,301,730.63	3,906,587.00	2,301,730.63

BIG RIVERS ELECTRIC CORPORATION

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

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

January 29, 2013

First Update February 15, 2013

Second Update March 18, 2013

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

3

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

6 (1) *Accounting;*

7 (2) *Engineering;*

8 (3) *Legal;*

9 (4) *Consultants; and*

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

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

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

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

BIG RIVERS ELECTRIC CORPORATION

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

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

January 29, 2013

First Update February 15, 2013

Second Update March 18, 2013

1 *categories as identified in (a) above, with an estimate of the*
2 *hours to be worked and the rates per hour. Include a*
3 *detailed explanation of how the estimate was determined,*
4 *along with all supporting workpapers and calculations.*

- 5 c. *Provide monthly updates of the actual costs incurred in*
6 *conjunction with this rate case, reported in the manner*
7 *requested in (a) above. Updates will be due when Big*
8 *Rivers files its monthly financial statements with the*
9 *Commission, through the month of the public hearing.*

10
11 **Response)**

- 12 a. Copies of invoices supporting additional charges incurred are
13 attached hereto. Bid Rivers has redacted time entries for matter
14 that are unrelated to this rate case.
15 b. There is no change to the response provided on January 29, 2013.
16 c. Please see Big Rivers' response to Item 54a above. Also, Big
17 Rivers attaches hereto an updated schedule of rate case costs
18 incurred-to-date through January 2013.

19
20 **Witness)** DeAnna M. Speed

21



INVOICE

Date: January 31, 2013	Invoice #: 135
Client: Big Rivers Electric Corporation 201 Third Street Henderson, Kentucky 42420	Project: 2012-2013 General Cost of Service & Rates Review For Services Provided in January 2013

#	Item	Description	Qty	Rate	Amt
1	Consulting Services	John Wolfram – consulting support for 2012-2013 COSS & Rates Study. Conference calls; testimony review and pre-filing review meeting at Big Rivers; review of responses to PSC-1 data request	101.5 hours	\$175.00	\$17,762.50
2	Consulting Services	Irv Hurst – review of draft direct testimony; pre-filing review meeting at Big Rivers	35.5 hours	\$150.00	\$5,325.00
3	Expenses	See next page			\$742.23
TOTAL					\$ 23,829.73

Please remit payment to Catalyst Consulting LLC at the address listed above. Thank you.

BRBALSHT
18660000
0314
0999

A/P Rcvd 2/4/13

COPY



EXPENSE DETAIL

JOHN WOLFRAM

**Big Rivers Electric Corporation
2012-2013 General Cost of Service & Rates Review
January 2013**

	Item	Description	Qty	Rate	Amt
1	Mileage	1/3 Travel to BR	161.5	0.565	\$91.25
2	Meals	1/3 Lunch	1	5.65	\$5.65
3	Meals	1/3 Dinner: JW, Hurst	1	79.77	\$79.77
4	Lodging	1/3 Hotel - Hampton: JW	1	97.23	\$97.23
5	Lodging	1/3 Hotel - Hampton: Hurst	1	97.23	\$97.23
6	Meals	1/4 Lunch	1	13.80	\$13.80
7	Mileage	1/8 Travel to BR to Hotel	153	0.565	\$86.45
8	Meals	1/8 Dinner: JW, Hickman	1	29.60	\$29.60
9	Mileage	1/9 Travel - Hotel to BR to home	153	0.565	\$86.45
10	Mileage	1/29 Travel to BR	274	0.565	\$154.81
		TOTAL			\$ 742.23

DINSMORE & SHOHL LLP

Charleston WV Cincinnati OH Columbus OH Dayton OH Frankfort KY Lexington KY
Louisville KY Morgantown WV Philadelphia PA Pittsburgh PA Washington DC Wheeling WV

Federal I.D.: 31-0263070

Big Rivers Electric Corporation
201 Third Street
P.O. Box 24
Henderson KY 42419-0024

February 6, 2013
Invoice # 2999219

Billing Attorney - Edward Tip Depp

Client Number - 75569.2
Matter: Rate Case → 2012 Rate Case

Remittance Advice

For Professional Services Rendered Through January 31, 2013:

Current Fee for Hours Worked	\$ 11,460.00
Attorney Costs	\$ 179.22
	<hr/>
Total Due for Professional Services	\$ 11,639.22
	<hr/> <hr/>

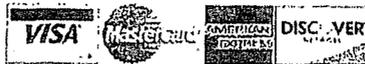
Payment Due on Receipt

Please Return a Copy of this Remittance Advice with your Payment to:

Dinsmore and Shohl LLP
P.O. Box 640635
Cincinnati, Ohio 45264-0635

or

We accept Visa, Mastercard, American Express and Discover
Please call (513) 977-8131 to initiate credit card payment.



BRBALSHT
18660000
0314
0999

Dinsmore & Shohl LLP
Client Number – 75569.2
Matter: Rate Case

February 6, 2013
Invoice # 2999219

Summary of Current Hours Worked

<u>Timekeeper</u>	<u>Staff Level</u>	<u>Hours</u>	
Edward Tip Depp	Partner	37.70	
Kurt R Hunt	Associate	0.60	
	Total Hours / Fees	38.30	\$ 11,460.00

Summary of Current Attorney Costs Incurred

Other Travel	\$ 179.22	
	Total Attorney Costs	\$179.22
	Current Amount Due This Invoice	\$11,639.22

Detail of Current Hours Worked

Date	Timekeeper	Hours	Description
01/02/13	ETD	6.20	Review updated testimony in preparation for meetings at Big Rivers; review email from Mr. Castlen regarding Public Service Commission data requests and responses to same; prepare for meeting at Big Rivers regarding same.
01/03/13	ETD	12.20	Meeting at Big Rivers to review draft testimony of all witnesses providing direct testimony; work revising testimony regarding same; travel regarding same.
01/04/13	ETD	10.00	Meeting at Big Rivers to review draft testimony of all witnesses providing direct testimony; work revising testimony regarding same; travel regarding same; teleconferences and emails with Mr. Kelly regarding same.
01/06/13	ETD	1.40	Review and respond to emails with Mr. Wolfram regarding revisions to direct testimony and other application filing requirement documents; work on and review same.
01/07/13	ETD	1.00	Review draft, updated testimony for Mr. Kelly; teleconference with Mr. Kelly regarding revisions to same; voicemail from Mr. Kelly regarding same.
01/08/13	ETD	1.10	Review and respond to emails with and teleconferences with Mr. Kelly, Mr. Miller, Mr. Berry, and Mr. Wolfram regarding revisions to draft testimony; work regarding same.
01/10/13	ETD	0.50	Rate case status call.
01/17/13	ETD	0.70	Prepare for and participate in rate case status call.
01/18/13	ETD	0.20	Review and respond to emails with Mr. Pepiton regarding initial discovery requests.
01/22/13	ETD	0.80	Review and respond to emails with Mr. Kamuf regarding KIUC motion to renounce rate effect; review same; review and respond to emails with Mr. Hunt regarding upcoming rate case call.
01/23/13	ETD	0.70	Review "no deficiency" letter from Public Service Commission; email with Mr. Miller regarding same; review draft response to KIUC motion to renounce; review and respond to emails with Mr. Kamuf and Mr. Hunt regarding same.
01/24/13	KRH	0.60	Analyzed draft response to KIUC motion; attended weekly status conference call.
01/24/13	ETD	0.70	Review and respond to email with Mr. Hunt regarding rate case status call; review draft response to KIUC motion to renounce; review and respond to emails with Mr. Kamuf and Mr. Wolfram regarding same.
01/28/13	ETD	0.40	Review KIUC reply in support of motion to require renounce.
01/29/13	ETD	0.20	Review and respond to emails with Mr. Kamuf regarding order on rehearing in prior rate case.
01/30/13	ETD	0.80	Review and respond to emails with Mr. Wolfram regarding order on rehearing in prior rate case; review order on rehearing.
01/31/13	ETD	0.80	Review Alcan notice of termination; review and respond to emails with Mr. Miller regarding same; prepare for and participate in rate case

Dinsmore & Shohl LLP
Client Number – 75569.2
Matter: Rate Case

February 6, 2013
Invoice # 2999219

status call.

Total Hours 38.30



ORRICK

Big Rivers Electric Corp.
201 Third Street
P.O. Box 7024
Henderson, KY 42420
Attn: Billie Richert, CPA, CJTP
VP Accounting & Interim Chief Financial Officer

February 7, 2013
Client No. 8814
Invoice No. 1403373

Orrick Contact: Carl F. Lyon

FOR SERVICES RENDERED through January 31, 2013 in connection
with the matters described on the attached pages:

	\$	497.50
		<u>(37.31)</u>
SUBTOTAL	\$	460.19
DISBURSEMENTS as per attached pages:		0.00
TOTAL CURRENT FEES & DISBURSEMENTS (Pay this Amount):	\$	<u>460.19</u>

Matter(s): 8814/1 - Rate Case *2012 Case # 2012-00535*

DUE UPON RECEIPT

*BRBALSHT
18660000
0314
0999*

In order to ensure proper credit to your account,
please reference your INVOICE and CLIENT numbers on your remittance.
For inquiries, call: (304) 231-2701. Fax (304) 231-2501.

REMITTANCE COPY - PLEASE RETURN WITH PAYMENT

REMITTANCE ADDRESS:

*Orrick, Herrington & Sutcliffe LLP
Lockbox #774619
4619 Solutions Center
Chicago, IL 60677-4006
Reference: 8814/ Invoice: 1403373*

**ELECTRONIC FUNDS
TRANSFERS:**

*ACH & Wire Transfers:
ABA Number 121000248
SWIFT CODE: WFBIUS6S
Account Number: 4123701088
Wells Fargo
420 Montgomery Street
San Francisco, CA 94104
Account of
Orrick, Herrington & Sutcliffe LLP
Reference: 8814/ Invoice: 1403373
E.I.N. 94-2952627*

OVERNIGHT DELIVERY:

*Orrick, Herrington & Sutcliffe LLP
c/o Wells Fargo
Attn: Lockbox #774619
350 East Devon Avenue
Itasca, IL 60143
(213) 614-3248
Reference: 8814/ Invoice: 1403373*



O R R I C K

Big Rivers Electric Corp.
201 Third Street
P.O. Box 7024
Henderson, KY 42420
Attn: Billie Richert, CPA, CJTP
VP Accounting & Interim Chief Financial Officer

February 7, 2013
Client No. 8814
Invoice No. 1403373

Orrick Contact: Carl F. Lyon

For Legal Services Rendered Through January 31, 2013 in Connection With:

Matter: 1 - Rate Case

01/23/13	C. Lyon	Re: Rate Case - Review e-mail and respond to questions.	0.20	199.00
01/25/13	C. Lyon	Re: Rate Case - Telephone conference with J. Miller re: issues.	0.30	298.50
		Total Hours	0.50	
		Total For Services		\$497.50
		Less 7.5 % Discount		(37.31)
		Total Fees	0.50	\$460.19

Timekeeper Summary	Hours	Rate	Amount
Carl F. Lyon	0.50	995.00	497.50
Total All Timekeepers	0.50		\$497.50
		Less Discount	(37.31)
		Total Fees	\$460.19

Total For This Matter \$460.19

Big Rivers Electric Corp.
Attn: Billie Richert
VP Accounting & Interim CFO
P. O. Box 24
Henderson, KY 42419-002

Invoice # 116,434
Our file # 17356 00502
Billing through 01/31/2013

Rate Case 2013 =/s 2012 Rate Case

BALANCE SUMMARY

Balance Forward As Of Last Invoice	\$27,388.00
Payments Applied Since Last Invoice	-\$27,388.00
Total current charges	\$41,980.50
BALANCE DUE	\$41,980.50

FOR PROFESSIONAL SERVICES RENDERED

01 01 2013	JMM	Review and prepare comments on draft testimony.	5.90	220.00	1,298.00
01 01 2013	TAK	Work on rate case.	0.60	170.00	102.00
01 02 2013	JMM	Work with witnesses on testimony; prepare for meeting.	3.40	220.00	748.00
01 02 2013	TAK	Work on rate case; calls with Al Yockey and John Wolfram.	5.80	170.00	986.00
01 02 2013	TW	12/31/12 time entry - Assembled new drafts of testimony into binder.	0.60	75.00	45.00
01 03 2013	JMM	Attend all-day application review in Henderson.	10.30	220.00	2,266.00
01 03 2013	TAK	Work on rate case; drive to and from Big Rivers.	11.10	170.00	1,887.00
01 04 2013	JMM	Attend second day of application review and revision in Henderson.	9.50	220.00	2,090.00
01 04 2013	TAK	Work on rate case; drive to and from Big Rivers.	11.30	170.00	1,921.00
01 05 2013	JMM	Review documents and research re issues identified in application review.	2.20	220.00	484.00
01 06 2013	JMM	Review latest drafts of certain testimony.	2.20	220.00	484.00
01 06 2013	TAK	Work on rate case.	0.40	170.00	68.00
01 07 2013	JMM	Review and comment on revisions to testimony; review and comment on revisions to exhibits; prepare for meeting on Tuesday.	1.60	220.00	352.00
01 07 2013	TAK	Work on rate case; phone calls with Al Yockey and John Wolfram.	5.30	170.00	901.00
01 08 2013	JMM	Review and comment on testimony and application; meet with witnesses at Big Rivers; various conferences	5.40	220.00	1,188.00

		throughout day.			
01 08 2013	TAK	Work on rate case; drive to and from Big Rivers.	14.40	170.00	2,448.00
01 08 2013	TW	Replaced draft documents of testimony and exhibits.	0.70	75.00	52.50
01 09 2013	JMM	Review and respond to revisions to testimony; conference with Bob Berry and Lindsay Barron; conferences with Wolfram and Kamuf; research; drafting.	4.50	220.00	990.00
01 09 2013	TAK	Work on rate case; conference with James Miller; drive to and from Big Rivers.	11.20	170.00	1,904.00
01 10 2013	JMM	Review and comment on revisions to testimony; conference call with team.	2.30	220.00	506.00
01 10 2013	TAK	Work on rate case; conference call; drive to and from Big Rivers.	11.50	170.00	1,955.00
01 11 2013	JMM	Meet re logistical items at Big Rivers; conferences with Billie Richert, Bob Berry and Wolfram.	0.90	220.00	198.00
01 11 2013	TAK	Work on rate case; drive to and from Big Rivers.	10.40	170.00	1,768.00
01 13 2013	JMM	Review final drafts of documents for filing; comment on same; prepare for meetings upcoming.	1.10	220.00	242.00
01 14 2013	JMM	Review and respond to final questions throughout day re contents and preparation of application and logistics for serving same; preparation for meeting on rate case; conference call re preparation for meeting; prepare and obtain confidentiality agreements from certain intervenors; research for and respond in writing to question from Al Yockey.	4.60	220.00	1,012.00
01 14 2013	TAK	Conference with Billie Richert, Bob Berry, Jim Miller, John Wolfram; drive to and from Big Rivers; work on rate case.	6.50	170.00	1,105.00
01 15 2013	JMM	Prepare for and travel to Frankfort for meeting with Attorney General re rate case.	8.00	220.00	1,760.00
01 15 2013	TAK	Calls with Al Yockey, Travis Siewert; work on rate case.	0.50	170.00	85.00
01 16 2013	JMM	Conference with Klepper; arrange for copies of filing; conference with Berry; conference with Wolfram and Kamuf; review research from Wolfram and Kamuf; conference with Al Yockey; conference with Mark Bailey; work with confidentiality agreement and logistics issues; conference with Lyon.	2.20	220.00	484.00
01 16 2013	TAK	Work on rate case.	0.80	170.00	136.00
01 17 2013	JMM	Participate in rate case update conference call; conference with Depp.	0.60	220.00	132.00
01 17 2013	TAK	Work on rate case; phone call with John Wolfram; conferences with Nick Castlen.	3.00	170.00	510.00
01 18 2013	JMM	Respond to request for information; tracking of service	0.80	220.00	176.00

Date	Initials	Description	Hours	Rate	Amount
		documents.			
01 18 2013	TAK	Work on rate case.	1.80	170.00	306.00
01 22 2013	JMM	Review KIUC motion; conferences with one or more of Kamuf, Billie Richert and Mark Bailey; consider response.	1.10	220.00	242.00
01 22 2013	TAK	Conference with Jim Miller; phone calls with John Wolfram; call with Mark Bailey, Billie Richert, Jim Miller, work re: data request responses/KIUC motion.	3.70	170.00	629.00
01 23 2013	JMM	Review and comment on first draft of response to KIUC motion; conferences with Wolfram and Kamuf.	1.00	220.00	220.00
01 23 2013	TAK	Phone calls with Jim Miller, John Wolfram, Tip Depp, Chris Hopgood; work re: data request responses, KIUC motion.	6.20	170.00	1,054.00
01 24 2013	JMM	Conferences with counsel; review and comment on drafts and revisions to response to KIUC motion; preparation for discovery; conference call with team; conference with Mark Bailey.	2.80	220.00	616.00
01 24 2013	TAK	Work on data request responses; drive to and from Big Rivers.	9.30	170.00	1,581.00
01 25 2013	JMM	Conference with Wolfram; conference with Kamuf; respond to AG request for location of smelter documents; conference with Billie Richert; respond to various messages re data request responses; consider various issues; respond to Nick Castlen inquiry; final review and comment on response to KIUC motion.	2.90	220.00	638.00
01 25 2013	TAK	Work on data request responses; drive to and from Big Rivers.	14.70	170.00	2,499.00
01 28 2013	JMM	Conferences with Cook and Howard; conference with Kamuf, Wolfram and Yockey.	0.70	220.00	154.00
01 28 2013	TAK	Work on data request responses; drive to and from Big Rivers.	15.30	170.00	2,601.00
01 31 2013	JMM	Prepare for and participate in weekly team conference call; review Alcan filing.	0.70	220.00	154.00
01 31 2013	TAK	Conference call; research.	5.90	170.00	1,003.00

TIMEKEEPER SUMMARY

JMM	Miller, James	74.70	\$220.00	16,434.00
TAK	Kamuf, Tyson	149.70	\$170.00	25,449.00
TW	Wright, Trisha	1.30	\$75.00	97.50
Total fees for this matter				41,980.50

BILLING SUMMARY

TOTAL PROFESSIONAL SERVICES	\$41,980.50
TOTAL OUT-OF-POCKET EXPENSES	\$0.00
TOTAL CURRENT CHARGES	\$41,980.50

Big Rivers Electric Corp.
17356 - 116,434

TOTAL BALANCE DUE UPON RECEIPT

\$41,980.50

Big Rivers Electric Corporation
Case No. 2012-00535
Second Monthly Update of Schedule of Rate Case Costs Incurred-To-Date

Line No.	Month Booked	Check Number	Vendor	Invoice Number	Amount	Account	Description	Base Period
1	Jan-2013	527061	Catalyst Consulting LLC	135	\$ 23,829.73	186	Consulting	
2	Jan-2013	527311	Dinsmore & Shohi LLP	2999219	11,639.22	186	Legal	
3	Jan-2013	527606	Orrick, Herrington & Sutcliffe	1403373	460.19	186	Legal	
4	Jan-2013	527432	Sullivan, Mountjoy, Stainback & Miller	116,434	41,980.50	186	Legal	
5			Total - January 2013		77,909.64			
6			Total To-Date December 2012		292,830.12			
7			Total To-Date January 2013		\$ 370,739.76			

Notes(s): Costs associated with this Rate Case are currently booked to a deferred debit account on the balance sheet pending approval from the KPSC to defer costs in a regulatory asset to be amortized over three years.

BIG RIVERS ELECTRIC CORPORATION

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

First Updated Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013

February 28, 2013
First Update March 18, 2013

- 1 Item 75) *Regarding company proposed adjustments related to salary*
2 *and wage increases: show all components of the Company's payroll*
3 *adjustment and provide information in the following format along with*
4 *supporting documentation). Show all payroll information separately for*
5 *"exempt" and "non-exempt" labor; and, show all information separately*
6 *for both "expensed" and "capitalized" amounts.*
- 7
- 8 a. *Show actual unadjusted payroll (per books before Company*
9 *adjustment), payroll adjustment increases, and adjusted*
10 *payroll for both exempt and non-exempt on an "expensed"*
11 *and "capitalized" basis. Identify the percent of payroll*
12 *expensed versus capitalized in all cases.*
- 13 b. *Show the amount of overtime versus regular time labor*
14 *included in the actual test period unadjusted payroll,*
15 *payroll adjustment increases, and adjusted payroll for both*
16 *exempt and non-exempt (and show expensed versus*
17 *capitalized amounts).*
- 18 c. *Show the amount of short-term and long-term incentives*
19 *included in actual test period 2012 unadjusted payroll,*
20 *payroll adjustment increases, and adjusted payroll for both*
21 *exempt and non-exempt (and show expensed versus*
22 *capitalized amounts).*

BIG RIVERS ELECTRIC CORPORATION

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

First Updated Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013

February 28, 2013
First Update March 18, 2013

- 1 d. *Show the amount of Supplemental Executive Retirement*
2 *Plan (“SERP”) pay included in actual test period*
3 *unadjusted payroll, payroll adjustment increases, and*
4 *adjusted payroll for both exempt and non-exempt (and show*
5 *expensed versus capitalized amounts).*
- 6 e. *Show the amount of deferred compensation pay included in*
7 *actual test period unadjusted payroll, payroll adjustment*
8 *increases, and adjusted payroll for both exempt and non-*
9 *exempt (and show expensed versus capitalized amounts).*
- 10 f. *Show the amount of bonuses included in actual test period*
11 *unadjusted payroll, payroll adjustment increase, and*
12 *adjusted payroll for both exempt and non-exempt (and show*
13 *expensed versus capitalized amounts).*
- 14 g. *Show the amount of severance pay (and similar type pay)*
15 *included in actual test period unadjusted payroll, payroll*
16 *adjustment increases, and adjusted payroll for both exempt*
17 *and non-exempt (and show expensed versus capitalized*
18 *amounts).*
- 19 h. *Show the amount of pay for outside temporary services and*
20 *contract labor (and similar type pay) included in actual*
21 *test period unadjusted payroll, payroll adjustment*

BIG RIVERS ELECTRIC CORPORATION

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

First Updated Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013

February 28, 2013

First Update March 18, 2013

1 *increases, and adjusted payroll for both exempt and non-*
2 *exempt (and show expensed versus capitalized amounts).*

3 i. *Show all other non-recurring or one-time labor amounts*
4 *(and identify and explain each of these components)*
5 *included in actual test period unadjusted payroll, payroll*
6 *adjustment increases, and adjusted payroll for both exempt*
7 *and non-exempt (and show expensed versus capitalized*
8 *amounts).*

9 j. *Show all amounts related to storm damage (separately*
10 *identify how much of regular and overtime payroll is*
11 *related to storm damage) included in actual test period*
12 *unadjusted payroll, payroll adjustment increases, and*
13 *adjusted payroll for both exempt and non-exempt (and show*
14 *expensed versus capitalized amounts).*

15 k. *Show the amount of any one-time union payments included*
16 *in actual test period unadjusted payroll, payroll*
17 *adjustment increases, and adjusted payroll for both exempt*
18 *and non-exempt (and show expensed versus capitalized*
19 *amounts).*

20 l. *Show the amount of all other categories of payroll (for each*
21 *category greater than \$100,000) included in actual test*
22 *period unadjusted payroll, payroll adjustment increases,*

BIG RIVERS ELECTRIC CORPORATION

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

First Updated Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013

February 28, 2013
First Update March 18, 2013

1 *and adjusted payroll for both exempt and non-exempt (and*
2 *show expensed versus capitalized amounts).*

3
4 **Response)**

- 5 a. February 28 response unchanged.
6 b. February 28 response unchanged.
7 c. February 28 response unchanged.
8 d. Please see the revised schedule attached hereto.
9 e. February 28 response unchanged.
10 f. February 28 response unchanged.
11 g. February 28 response unchanged.
12 h. February 28 response unchanged.
13 i. February 28 response unchanged.
14 j. February 28 response unchanged.
15 k. February 28 response unchanged.

16
17
18 **Witness)** James V. Haner

19

Big Rivers Electric Corporation
Case No. 2012-00535
Statement of Supplemental Executive Retirement Plan
2011, Base Period Ending 4/13/13,
Forecasted Test Period Budget 08/31/14, 2015 Budget

Type of Filing: Original - _____; Updated - _____; Revised - X
 Workpaper Reference No(s). - _____

Year	Classification	Annual Actual Payroll		
		Expensed	Capitalized	Total
YTD 2011	Exempt Labor	20,858		20,858
YTD 2011	Non-Exempt Labor			-
		20,858	-	20,858
Base Period	Exempt Labor	20,890		20,890
Base Period	Non-Exempt Labor			-
		20,890	-	20,890

SERP pay is not allocated in the forecasted test period budget or the 2015 budget.

BIG RIVERS ELECTRIC CORPORATION

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

First Updated Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013

February 28, 2013
First Update March 18, 2013

1 Item 76) *Provide all of the payroll information requested in the*
2 *previous data request (#74, above) on an actual per book basis for each of*
3 *the calendar periods 2011 through 2013 YTD, including showing exempt*
4 *and non-exempt payroll separately and showing expensed versus*
5 *capitalized payroll separately. If all detailed information is not readily*
6 *available, provide as much detail as possible. For each category of*
7 *payroll costs above (overtime, short-term incentives, long-term incentives,*
8 *bonuses, SERP, temporary/contract labor, severance pay, deferred*
9 *compensation, etc.), when the amount from year-to-year varies by either*
10 *5% or \$200,000, explain the reason for the change and provide supporting*
11 *documentation.*

12

13 **Response)** Regarding the following schedules which were filed on February 28,
14 2013 –

15

- 16 1. Schedule 76(a) remains unchanged.
- 17 2. Schedule 76(b) remains unchanged.
- 18 3. Schedule 76(c) remains unchanged.
- 19 4. A Revised Schedule 76(d) is attached hereto.
- 20 5. Schedule 76(e) remains unchanged.
- 21 6. Schedule 76(f) remains unchanged.

22

BIG RIVERS ELECTRIC CORPORATION

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

***First Updated* Response to
Office of the Attorney General's Initial Request for Information
dated February 14, 2013**

**February 28, 2013
First Update March 18, 2013**

1

2 **Witness) James V. Haner**

3

Big Rivers Electric Corporation
Case No. 2012-00535
Statement of Supplemental Executive Retirement Plan
YTD 2011, YTD 2012, Jan 2013

Type of Filing: Original - ____; Updated - ____; Revised - X
 Workpaper Reference No(s). - _____

Year	Classification	Actual Bonuses		
		Expensed	Capitalized	Total
YTD 2011	Exempt Bonuses Pay	20,858	-	20,858
YTD 2011	Non-Exempt Bonus Pay	-	-	-
		20,858	-	20,858
YTD 2012	Exempt Bonuses Pay	20,890	-	20,890
YTD 2012	Non-Exempt Bonuses Pay	-	-	-
		20,890	-	20,890
Jan 2013	Exempt Bonuses Pay	2,410	-	2,410
Jan 2013	Non-Exempt Bonuses Pay	-	-	-
		2,410	-	2,410

Century ALUMINUM

August 20, 2012

Kenergy Corporation
6402 Old Corydon Road
Henderson KY 42420
Attn: President & CEO

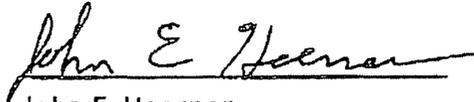
Via Fax: (270) 826-3999
With duplicate sent by overnight courier.

Re: Notice of Termination

Mr. Starheim:

Pursuant to §7.3.1 of the Retail Electric Service Agreement dated July 1, 2009, Century Aluminum Company provides you with this notice of termination of the contract, with termination to be effective on August 20, 2013. Attached, as required by §7.3.1.(b), is the certificate of the President of Century Aluminum Company.

Very Truly Yours,



John E. Hoerner
Vice President
North American Operations

cc: Big Rivers Electric Corporation
201 Thlrd Street
Henderson KY 42420
Attn: President & CEO
Via Fax: (270) 827-2558
With duplicate sent by overnight courier.

Century Aluminum Company
2511 Garden Road
Building A, Suite 200
Monterey, CA 93840

831-842-9962 FAX
831-842-9962 FAX
2012-00535

Attachment for Response to AG 1-9

Witness: Mark A. Bailey

Certificate of Michael A. Bless

1. I am Michael A. Bless, President and Chief Executive Officer of Century Aluminum Company, the parent company of Century Aluminum of Kentucky General Partnership which owns and operates a primary aluminum smelter at Hawesville, Kentucky.
2. On August 20, 2012, pursuant to the direction of its Board, Century Aluminum Company provided notice of termination to Kenergy Corporation and Big Rivers Electric Corporation under §7.3.1 of the Retail Electric Service Agreement dated July 1, 2009, with such termination to be effective on August 20, 2013.
3. Pursuant to §7.3.1.(b) of the contract and consistent with the termination notice, I represent and warrant that Century Aluminum Company has made a business judgment in good faith to terminate and cease all aluminum smelting at the Hawesville smelter and has no current intention of recommencing smelting operations at the Hawesville smelter.



A handwritten signature in black ink, appearing to read "Michael A. Bless".

Michael A. Bless
President and CEO
Century Aluminum Company

August 20, 2012

ALCAN PRIMARY PRODUCTS CORPORATION

January 31, 2013

Mr. Gregory Starheim
 President and CEO
 Kenergy Corp.
 Post Office Box 18
 Henderson, Kentucky 42419

Mr. Mark Bailey
 President and CEO
 Big Rivers Electric Corporation
 201 Third Street
 Henderson, Kentucky 42420

Re: Retail Electric Service Agreement
NOTICE OF TERMINATION

Gentlemen:

This letter constitutes written Notice of Termination, in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between Alcan Primary Products Corporation ("**APPC**"), a wholly-owned subsidiary of Alcan Corporation, and Kenergy Corp. ("**Kenergy**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").

On January 15, 2013, Big Rivers Electric Corporation ("**Big Rivers**") filed an Application with the Kentucky Public Service Commission (the "**KPSC**") for an increase in base rates (the "**Application**"). According to Big Rivers, the Application, if approved, would result in a rate increase of nearly 16%. There is already substantial doubt that the Sebree Smelter is sustainable at the current rate being charged to APPC. The increase contemplated by Application would remove all doubt whatsoever and ensure that the Sebree Smelter is unprofitable and therefore unsustainable. Under the circumstances, APPC has no choice but to furnish this Notice of Termination.

As you are aware, Section 7.3.1 of the Agreement requires the President of Alcan Corporation, the corporate parent of APPC, to represent and warrant that (i) the decision to give this Notice of Termination reflects a business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter, and (ii) it has no current intention of re-commencing smelting operations at the Sebree Smelter. Under the present

circumstances, Mr. Timothy Guerra, the President of Alcan Corporation, makes those representations and warranties in the Certificate attached hereto.

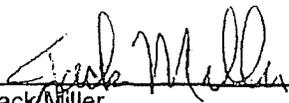
I am advised that, notwithstanding the notice of Century Aluminum of Kentucky ("**Century**") on August 20, 2012 to terminate its Retail Electric Service Agreement, dated July 1, 2009, Big Rivers and Kenergy have entered into negotiations with Century to waive the obligations of Section 7.3.1 of the Agreement and to otherwise assist Century to access market power in order to keep Century's Hawesville, Kentucky smelter open beyond August 20, 2013. Big Rivers and Kenergy have consistently and routinely indicated that they would keep the Sebree Smelter and Century's Hawesville smelter on equal footing in terms of their respective agreements. Therefore, in the event APPC decides in the future that market power might be an option to keep the Sebree Smelter operational, APPC would expect the same accommodations from Big Rivers and Kenergy on terms no less favorable than those offered to Century.

APPC appreciates the recent efforts of Big Rivers in offering proposals that would restructure the rate formula and other basic terms and conditions of the Agreement. While we are not in agreement at the present time, we welcome continuation of those discussions during the pendency of the rate case in hopes of reaching a mutually acceptable accord. We believe that further discussions would not be inconsistent with this Notice of Termination and indeed are appropriate in order to find ways to retain the jobs and preserve the economic benefits of those jobs for the Commonwealth of Kentucky.

Should you have any questions about this Notice of Termination, please do not hesitate to contact me or any of my colleagues listed below.

ALCAN PRIMARY PRODUCTS CORPORATION

By:



Jack Miller
President

cc: Mr. Serge Gosselin
Mr. Donald P. Seberger

ALCAN CORPORATION

8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

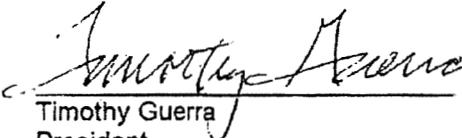
Office of the President

CERTIFICATE

The undersigned, Timothy Guerra, a resident of the State of Illinois, hereby represents and warrants that:

1. He is the duly elected President of Alcan Corporation, a Texas corporation (the "**Company**");
2. The Company is the owner of 100% of the issued and outstanding stock of Alcan Primary Products Corporation, a Texas corporation ("**APPC**") APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").
3. By letter dated and delivered concurrently herewith, APPC has furnished written Notice of Termination in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between APPC and Kenergy Corp. (the "**Notice of Termination**").
4. The decision to furnish the Notice of Termination reflects APPC's and the Company's business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter and that they have no current intention of recommencing operations at that location.

Dated as of the 31st day of January, 2013.

By: 

Timothy Guerra
President

ALCAN CORPORATION

Big Rivers Electric Corporation
Case No. 2012-00535

Attachment to Response for AG 1-73(c)
Amounts Expensed & Capitalized in Other Rate Case Proceedings

Vendor	Total	A/C 923	A/C 928
2010			
Burns & McDonnell	\$ 84,241	\$ 84,241	\$ -
D.R. Eicher Consulting	1,160	1,160	
The Prime Group	92,452	92,452	
Sullivan, Mountjoy, Stainback & Miller P.S.C.	29,462	23,282	6,180
Total 2010	\$ 207,315	\$ 201,135	\$ 6,180
2011			
American Management Consulting LLC	\$ 18,281	\$ -	\$ 18,281
The Brattle Group	1,575		1,575
Burns & McDonnell	111,526	692	110,834
GDS Associates, Inc.	4,342	2,740	1,602
Hogan & Lovells, LLP	928,707		928,707
Orrick, Herrington, Sutcliffe	2,441		2,441
The Prime Group	331,170	37,976	293,194
Public Financial Management	79,166		79,166
Sullivan, Mountjoy, Stainback & Miller P.S.C.	418,880		418,880
Total 2011	\$ 1,896,088	\$ 41,408	\$ 1,854,680

Big Rivers Electric Corporation
Case No. 2012-00535

Attachment to Response for AG 1-73(c)
Amounts Expensed & Capitalized in Other Rate Case Proceedings

Vendor	Total	A/C 923	A/C 928
2012			
Burns & McDonnell	\$ 40,412	\$ -	\$ 40,412
Catalyst Consulting LLP	14,613		14,613
Hogan & Lovells, LLP	94,737		94,737
The Prime Group	6,563		6,563
Sullivan, Mountjoy, Stainback & Miller P.S.C.	136,545		136,545
Total 2012	\$ 292,870	\$ -	\$ 292,870
YTD January 2013			
Catalyst Consulting LLP	\$ 263	\$ -	\$ 263
Sullivan, Mountjoy, Stainback & Miller P.S.C.	812		812
Total YTD 2013	\$ 1,075	\$ -	\$ 1,075

**Big Rivers Electric Corporation
Case No. 2012-00535**

**Attachment to Response for AG 1-75(d)
Statement of Supplemental Executive Retirement Plan
2011, Base Period Ending 4/13/13, Forecasted Test Period Budget 08/31/14, 2015 Budget**

Type of Filing: Original - ; Updated - ; Revised -
Workpaper Reference No(s) - _____

Year	Classification	Annual Actual Payroll		
		Expensed	Capitalized	Total
YTD 2011	Exempt Labor	57,850		57,850
YTD 2011	Non-Exempt Labor			-
		<u>57,850</u>	<u>-</u>	<u>57,850</u>
Base Period	Exempt Labor	47,540		47,540
Base Period	Non-Exempt Labor			-
		<u>47,540</u>	<u>-</u>	<u>47,540</u>

SERP pay is not allocated in the forecasted test period budget or the 2015 budget.

**Big Rivers Electric Corporation
Case No. 2012-00535**

Attachment to Response for AG 1-76(d)
Statement of Supplemental Executive Retirement Plan
YTD 2011, YTD 2012, Jan 2013

Type of Filing: Original - ; Updated - ; Revised -
Workpaper Reference No(s). - _____

Year	Classification	Actual Bonuses		Total
		Expensed	Capitalized	
YTD 2011	Exempt Bonuses Pay	57,850	-	57,850
YTD 2011	Non-Exempt Bonus Pay	-	-	-
		<u>57,850</u>	<u>-</u>	<u>57,850</u>
YTD 2012	Exempt Bonuses Pay	60,177	-	60,177
YTD 2012	Non-Exempt Bonuses Pay	-	-	-
		<u>60,177</u>	<u>-</u>	<u>60,177</u>
Jan 2013	Exempt Bonuses Pay	6,921	-	6,921
Jan 2013	Non-Exempt Bonuses Pay	-	-	-
		<u>6,921</u>	<u>-</u>	<u>6,921</u>

Big Rivers Electric Corporation
Case No. 2012-00535
Attachment to Response for AG 1-97
PCM Inputs

New BREC Case Study Descriptions Deterministic 2013 – 2016 Budget
Run

MR/ED = Must Run Commit, Economic Dispatch

EC/ED = Economic Commit/Economic Dispatch [dispatched “by week”]

“CAIR” Base Case:

- Century gone as of 8/20/13 and beyond.
- **4% haircut for MISO LMP prices FC**
- CAIR still in effect,
 - 2.0 multiplier applied to SO₂ allowance price FC 2013 & 2014
 - 2.86 multiplier applied to SO₂ allowance price FC 2015 & beyond
 - NO_x allowance allocation reduction 2015 and beyond
- MATS in effect in **April, 2015**
- Allowances have value with liquid market.
- All units in MR/ED all weeks, all years
 - Except for R-CT
 - Except for R-1:
 - On natural gas in EC/ED in **2014** and beyond
- Track how many allowances to be purchased each year to comply with CAIR. Please calculate annual NO_x and seasonal NO_x separately.

“CAIR sensitivity 1” Case: Same as base case, except

- Both smelters are still here.
- No 4% reduction on MISO LMP prices

“CAIR sensitivity 2” Case: Same as base case, except

- No 4% reduction on MISO LMP prices.
- **Coleman laid up** as of 9/1/13 and beyond – **Utilize Coleman Laid Up fuel pricing**

Big Rivers Electric Corporation
Case No. 2012-00535
Attachment to Response for AG 1-97
PCM Inputs

“CAIR sensitivity 3” Case: Same as base case, except

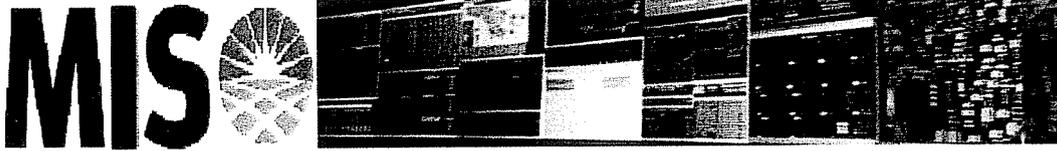
- No 4% reduction on MISO LMP prices.
- **Wilson laid up** as of 9/1/13 and beyond – **Utilize Wilson Laid Up fuel pricing**

“CAIR sensitivity 4” Case: Same as base case, except

- No 4% reduction on MISO LMP prices.

Monthly Inputs Settings & Updates:

- Use deterministic studies on all runs
- BREC system transmission losses rate at **1.09%** for exhibits calcs.
- Planned outage schedule has been updated
- City Capacity allocation for exhibits calcs:
 - 6/1/12 to 5/31/13 115 MW
 - 6/1/13 to 5/31/14 120
 - 6/1/14 to 5/31/15 125
 - 6/1/15 to 5/31/16 125
 - 6/1/16 to 5/31/17 125
- Assume fuel is 100% hedged 2013-2016
- Fuel Inventory module - **OFF**
- Transmission losses module - **ON**
- Annual emissions dispatching - **OFF**

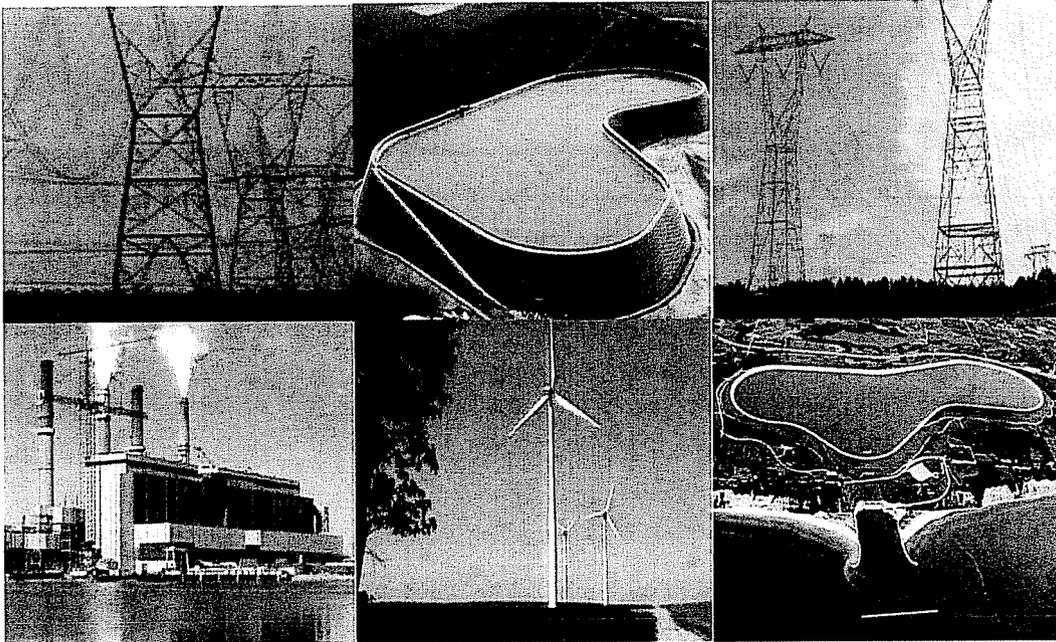


Contains Critical Energy Infrastructure Information - Do Not Release

First Contingency Incremental Transfer Capability Study for Big Rivers Electric Corporation [BREC]

July 6, 2011

By
David A. Mendonsa, P.E.



First Contingency Incremental Transfer Capability Study for Big Rivers Electric Corporation [BREC]

A First Contingency Incremental Transfer Capability (FCITC) Study was conducted for Big Rivers Electric Corporation to assess transfer capability five years from now, in year 2016. FCITC measures the maximum increase in power transfer that can take place between a **source system** and a **sink system** without violating thermal ratings of transmission lines or transformers. The MISO MTEP11, 2016 Summer Peak model with a security constraint economic dispatch, served as the case for these studies. Four FCITC transfers were studied, including:

- 1) Southern Indiana to BREC
- 2) BREC to Southern Indiana
- 3) TVA to BREC
- 4) BREC to TVA

The FCITC results for the four transfers are provided. The first contingency causing thermal violations, the associated overloaded transmission system element and the definition of the transfers are also provided.

1) Southern Indiana to BREC Transfer

A high transfer from Southern Indiana to BREC was analyzed. The observed transfer capability of 1568 MWs is limited by [REDACTED]

[REDACTED] The results of this transfer study are summarized below in Table 1. Loss of [REDACTED]

[REDACTED] will initiate implementation of operating guide [REDACTED]. The provisions of this operating guide to mitigate [REDACTED]

[REDACTED]
[REDACTED]
This operating guide may also restrict the Southern Indiana to BREC transfer capability to 1568 MWs.

BREC Transfer Capability Study

Transfer	Southern Indiana to BREC
FCITC	1568 MWs
Limiting Element	[REDACTED]
TDF (%) on the Limiting Element	8.25%
FCITC Flow on the Limiting Element	129.4 MWs
Base Flow on the Limiting Element	46.7 MWs
Limiting Flow on the Limiting Element	176 MWs
Rating of the Limiting Element	176 MWs
Contingency Description	[REDACTED]

Table 1. – Southern Indiana to BREC Transfer

The definition of the Southern Indiana to BREC transfer is provided below:

Source of Transfer: SIndiana_Export; Scaling up of generation, including offline generation, in Area 207 – HE, Area 208 – Duke Energy Indiana, Area 212 – Duke Energy Ohio and Kentucky and Area 216 – IP&L

Sink of Transfer: BREC_Import; Scaling down of BREC generation

2) BREC to Southern Indiana Transfer

A high transfer from BREC to Southern Indiana was analyzed. The observed transfer capability of 1210 MWs is limited by [REDACTED] due to Category A “Base Case” thermal overload at this transfer level. The results of this transfer study are summarized below in Table 2. The second FCITC limitation is 1768 MWs. The [REDACTED] is the limiting element due to Category A “Base Case” thermal overload at the 1768 MW transfer level.

BREC Transfer Capability Study

Transfer	BREC to Southern Indiana
FCITC	1210 MW
Limiting Element	[REDACTED]
TDF (%) on the Limiting Element	20.37%
FCITC Flow on the Limiting Element	246.4 MW
Base Flow on the Limiting Element	88.6 MW
Limiting Flow on the Limiting Element	335 MW
Rating of the Limiting Element	335 MW
Contingency Description	Base Case

Table 2. – BREC to Southern Indiana Transfer

The definition of the BREC to Southern Indiana transfer is provided below:

Source of Transfer: BREC_Export; Scaling up of generation in Area 314 – BREC

Sink of Transfer: Indiana_Import; Scaling down of generation, including offline generation, in Area 207 – HE, Area 208 – Duke energy Indiana, Area 210 SIGE, Area 212 – Duke Energy Ohio & Kentucky, Area 216 – IP&L and Area 217 - NIPS

3) TVA to BREC Transfer

A high transfer from TVA to BREC was analyzed. The observed transfer capability of 1870 MWs is limited by [REDACTED] with the Category B contingency loss of [REDACTED]. The results of this transfer study are summarized below in Table 3. As the transfer from TVA is increasing and the BREC generation is diminishing, the majority of the increasing transfer will flow from TVA. However, as transfer flow from TVA is increasing, load on the [REDACTED] [REDACTED]. At the above transfer level of 1870 MWs, a Category B contingency loss of [REDACTED] will result in the thermal overloading of [REDACTED].

BREC Transfer Capability Study

Loss of [REDACTED] will initiate implementation of operating guide [REDACTED]. The provisions of this operating guide to mitigate potential low voltage and thermal overloads [REDACTED]. This operating guide may also restrict the TVA to BREC transfer capability to 1870 MWs.

Transfer	TVA to BREC
FCITC	1870 MW
Limiting Element	[REDACTED]
TDF (%) on the Limiting Element	6.92%
FCITC Flow on the Limiting Element	129.3 MW
Base Flow on the Limiting Element	46.7 MW
Limiting Flow on the Limiting Element	176 MW
Rating of the Limiting Element	176 MW
Contingency Description	[REDACTED]

Table 3. – TVA to BREC Transfer

The definition of the TVA to BREC transfer is provided below:

Source of Transfer: TVA_Export; Scaling up of specific generating units in Area 347 – TVA

Sink of Transfer: BREC_Import; Scaling down of BREC generation

4) BREC to TVA Transfer

A high transfer from BREC to TVA was analyzed. The observed transfer capability of 1263 MWs is limited by [REDACTED] due to Category A “Base Case” thermal overload at this transfer level. The results of this transfer study are summarized below in Table 4. The second FCITC limitation is 1752 MW. The [REDACTED]

BREC Transfer Capability Study

████████████████████ is the limiting element due to Category A “Base Case” thermal overload at the 1752 MW transfer level

Transfer	BREC to TVA
FCITC	1263 MW
Limiting Element	████████████████████
TDF (%) on the Limiting Element	19.52%
FCITC Flow on the Limiting Element	246.4 MW
Base Flow on the Limiting Element	88.6 MW
Limiting Flow on the Limiting Element	335 MW
Rating of the Limiting Element	335 MW
Contingency Description	Base Case

Table 4. – BREC to TVA Transfer

The definition of the BREC to TVA transfer is provided below:

Source of Transfer: BREC_Export; Scaling up of generation in Area 314 – BREC

Sink of Transfer: TVA_Import; Scaling down of generation in Area 347 – TVA

CONCLUSIONS:

BREC import of power from either Southern Indiana generation or TVA is limited by ██████████ ██████████ with the Category B contingency loss of ██████████. Loss of service of ██████████ ██████████ will require operating guide ██████████ to be implemented to mitigate potential low voltage and thermal overloads in ██████████ ██████████. The operating guide may limit BREC import of power.

Export of power from BREC to either Southern Indiana or TVA is limited by the ██████████ ██████████. The re-dispatch of area generation, particularly at ██████████, may reduce potential emergency loading on this line and allow additional power to be exported.



201 Third Street (42420)
P. O. Box 24
Henderson, KY 42419-0024
270- 827-2561
www.bigrivers.com

Interoffice Memorandum

To: Mark A. Bailey
From: Charles W. Blackburn
Cc: James V. Haner
Date: January 17, 2012
RE: Retirement Notice

During December 2011, I completed my 34th year of service to Big Rivers. Due to personal and family issues I have concluded that a change in my working career is needed, which leads me to the decision to announce my retirement effective January 31, 2012.

I want to take this opportunity to express my appreciation to Big Rivers' Board of Directors and you for having the confidence in me to serve in my current capacity.

January 16, 2013

WTS
Mark A. Bailey
President & CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

RE: Retirement

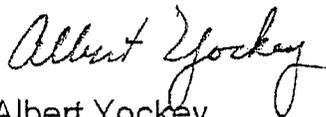
Dear Mark:

After much thoughtful pray, I have reached the conclusion that I need to submit my retirement notice effective Thursday, January 31, 2013.

It has been my privilege to serve as vice president during a time period when Big Rivers was taking back control of its generation assets. This amazing transformation has positioned Big Rivers to serve its members well into the next decades.

May God bless Big Rivers and its Members.

Yours truly,



Albert Yockey
Vice President Governmental Relations
& Enterprise Risk Management

C: James V. Haner

BIG RIVERS ELECTRIC CORPORATION

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

Response to the Office of the Attorney General's
Initial Request for Information
Dated February 14, 2013

February 28, 2013

- 1 **Item 206)** *Provide spreadsheets with formulas and links intact, and related*
2 *documents which show how Big Rivers estimated and accounted for the effects of a) price*
3 *elasticity of demand for electricity, and b) demand side management programs in its*
4 *financial presentation of the rate case request (budgets, financial and operational*
5 *modeling, test period results).*
6
7 **Response)** Please see the attachments to AG 1-233 for all load forecast model inputs and
8 outputs including price elasticity. Also see KIUC 1-35 for a discussion of Big Rivers'
9 consideration of the price elasticity of demand in its 2011 Load Forecast.
10
11 **Witness)** Lindsay N. Barron

BIG RIVERS ELECTRIC CORPORATION

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

**Response to the Office of the Attorney General's
Initial Request for Information
Dated February 14, 2013**

February 28, 2013

1 **Item 222)** *Assuming that the smelters are able to continue to*
2 *operate with an alternative power supplier, and must take MISO*
3 *transmission service, please provide a detailed answer to the*
4 *following questions:*

5

6 **Response)** No response required.

7

8 **Witness)** Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

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

**Response to Attorney General's
Initial Request for Information
Dated February 14, 2013**

February 28, 2013

- 1 **Item 232)** *Please provide the complete spreadsheet labeled Big Rivers*
2 *LTFC2011.xlsx referenced in cell F2 in the tab labeled "Demand Inputs" of spreadsheet*
3 *"Demand Energy Budget 2013-2016.xlsx" provided in response to PSC 1-57.*
4
5 **Response)** Please see the attachments to AG 1-233.
6
7 **Witness)** Lindsay N. Barron