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Via Hand Delivery

May 24, 2013

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

Re: Case No. 2012-00535

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies each of DIRECT TESTIMONY AND EXHIBITS OF LANE KOLLEN, STEVE HENRY, BILL CUMMINGS and KELLY THOMAS on behalf of KIUC for filing in the above-referenced matter.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place these documents of file.

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service
Quang Nyugen, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) and by mailing a true and correct copy by regular, U.S. Mail, unless other noted, this 24th day of May, 2013 to the following:

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MAY 24 2013

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

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

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

MAY 24, 2013

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

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

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

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

DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND INTRODUCTION

Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. Please state your occupation and your position with Kennedy and Associates.

A. I am a utility rate and planning consultant. I am a principal and the Vice President of Kennedy and Associates.

Q. Please describe your education and professional experience.

A. I earned a Bachelor of Business Administration in Accounting degree and a Master of Business Administration degree from the University of Toledo. I also earned a

Master of Arts degree in theology from Luther Rice University. I am a Certified Public Accountant ("CPA"), with a practicing license, a Certified Management Accountant ("CMA"), and a Chartered Global Management Accountant ("CGMA").

I have been an active participant in the utility industry for more than thirty years, initially as an employee of The Toledo Edison Company from 1976 to 1983 and thereafter as a consultant in the industry since 1983. I have testified as an expert witness on planning, ratemaking, accounting, finance, and tax issues in proceedings before federal and state regulatory commissions and courts on hundreds of occasions.

I have testified before the Kentucky Public Service Commission ("Commission") on dozens of occasions, including numerous cases involving Big Rivers Electric Corporation ("BREC" or the "Company") since 1986 and the complex interrelationships among the Company's creditors, the owners of the Sebree and Hawesville Smelters, and the Company's other Rural and Large Industrial customers. I was personally involved in and provided expert testimony in Case Nos. 9613 and 9885, in which I testified on behalf of the Attorney General regarding the Workout Plan in 1986 and 1987, respectively; Case No. 10217, in which I testified on behalf of Alcan Aluminum and National Southwire regarding the Workout Plan in 1988; Case No. 92-490 on behalf of the Kentucky Industrial Utility Customers, Inc. ("KIUC") and the Attorney General regarding fuel costs; Case No. 96-327 on behalf of KIUC regarding environmental costs; Case No. 97-204 on behalf of Alcan and Southwire regarding Restructuring; Case No. 2009-00040 on behalf of KIUC regarding emergency rate relief and cash requirements; Case No. 2011-00036 on behalf of KIUC regarding a base rate increase; and Case No. 2012-00063 on behalf of KIUC regarding environmental retrofits.

I also have testified before the Commission on numerous occasions in other utility base rate cases, environmental rate cases, and fuel adjustment cases on behalf of KIUC involving Kentucky Power Company, Louisville Gas and Electric Company, Kentucky Utilities Company, and East Kentucky Power Cooperative. My qualifications and regulatory appearances are further detailed in my Exhibit___ (LK-1).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of KIUC, a group of large customers taking electric service on the Big Rivers Electric Corporation system. The members of KIUC participating in this case are Aleris, Inc., Domtar, Inc., and Kimberly-Clark Corporation. These members of KIUC are the three largest customers in the Large Industrial class served by Big Rivers.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address and make recommendations in response to the Company's corrected request for a base rate increase of $72.968 million, of which the Company claims $63.029 million is attributable to the loss of the Century Aluminum, Inc. ("Century") load upon termination of its contract for service on August 20, 2013 and the Company's inability to economically sell the resulting excess energy into a depressed energy market. The Company attributes the remaining $9.939 million to other net revenue reductions and cost increases not related to the Century termination.

Q. Since the Company filed its Application in this case, have there been a series of events related to the Century and Alcan terminations?

A. Yes. In late April, Century entered into an agreement with Alcan Primary products, Inc. ("Alcan") to acquire the Sebree Smelter and also "reached a tentative agreement on the framework" for agreements with Big Rivers and Kenergy to access market power to operate the Hawesville Smelter after its present contract is terminated, according to published reports and clarifications as to the status of these latter agreements provided by Big Rivers' legal counsel in its response to KIUC's Motion for supplemental discovery.

Q. Do these events affect the revenue requirement or other substantive issues in this case?

A. I don't know. The record as of this date does not include any information regarding any revenue that will be received or the costs that will be incurred by Big Rivers for providing market access to the Smelters. KIUC filed a Motion seeking supplemental discovery on these issues, which Big Rivers opposed, and the Commission has not yet ruled on. While the continued operation of the Smelters certainly is good news for the regional economy, that does not lessen the importance of establishing fair, just, and reasonable rates for the remaining customers who had nothing to do with the Smelter terminations and do not have the same opportunities as the Smelters for market access and pricing.

II. SUMMARY OF KIUC'S RECOMMENDATIONS.

Q. Please summarize your testimony.

A. I recommend that the Commission reject the Company's request to impose 100% of the costs due to the Century termination and the resulting excess and uneconomic capacity on the Company's remaining customers. Instead, I recommend an equitable sharing of these costs between customers and creditors, consistent with the Commission's statutory obligation to set fair, just and reasonable rates. This recommendation is also consistent with the Commission's Orders in prior Big Rivers' rate case proceedings under similar circumstances. To reflect an equitable sharing of these costs along with various other adjustments, I recommend that the Commission increase base rates by no more than $25.292 million, a reduction of at least $47.676 million from the Company's corrected request for recovery of $72.968

million.[1]

This rate case was precipitated by two major events that were outside the control of the Company, its customers, and its creditors: 1) Century's one-year Notice of Termination for its 482 mW load, which will be effective on August 20, 2013 and will result in nearly 600 mW of physical excess generating capacity; and 2) a severely depressed wholesale energy market, which no longer provides the Company with an economic and profitable market alternative to the Smelter sales under their respective contracts, thus rendering the Company's physical excess capacity uneconomic so that it no longer is used and useful. The severely depressed energy market also significantly reduces the ability of the Company to sell its excess coal-fired generating units to a third party at or above net book value or to sell the capacity and energy to a third party pursuant to a purchased power agreement ("PPA") at prices sufficient to recover the Company's "all-in" fixed and variable costs.

In similar circumstances, the Commission previously determined that both customers and creditors have a role in addressing, resolving, and sharing the effects of generating capacity that is both physically and economically excess compared to

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[1] The Company's Application, filing requirements, schedules, and exhibits reflect a requested increase of $74.476 million. In response to Staff 2-36, the Company quantified adjustments that reduce its request by $1.508 million to $72.968 million; however, the Company did not revise all of its filing requirements, schedules, and exhibits to reflect these corrections. Consequently, for estimating the effects of the Company's increase on customer classes and the effects of the Alcan increase, I have used amounts that reflect the Company's original request, subject to the understanding that the request has been slightly reduced.

the needs of the utility's customers. The Commission first made this determination in 1987 when the Company first sought recovery of the unneeded Wilson plant costs. In that watershed case, the Commission *emphatically* rejected the Company's claims and those of the major creditors that customers alone were responsible for debt payments resulting from excess capacity:

> We emphatically reject the claims of REA, the banks, and Big Rivers that the members of the cooperative ultimately bear the total risk and responsibility for the utility's debts. The distribution cooperatives and their members do not stand in the same position as shareholders of an investor-owned company.[2]

The Commission added that "*Big Rivers' ratepayers should not have unlimited responsibility for the payment of Big Rivers' debt. Furthermore, they should not be required to provide all the revenues required to offset shortfalls arising from insufficient off-system sales.*"[3]

The Commission has for decades been grappling with the fundamental fact that the Big Rivers system is inherently unstable due to the size of the Smelters compared to the rest of the customer load. The solution now proposed by the Company is the same solution that it proposed in 1987, i.e., to assign 100% of the burden of the excess capacity to customers, rather than allocate the burden between customers and creditors. That solution was not then, and is not now, in the public

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[2] *In the Matter of Big Rivers Electric Corporation's Notice of Changes in Rates and Tariffs for Wholesale Electric Service and of a Financial Workout Plan*, Case No. 9613, Order dated March 17, 1987 ("1987 BREC Order") at 19.

[3] 1987 BREC Order at 37.

interest and will seriously damage the regional economy of Western Kentucky, ultimately harming all households and businesses that take service from the Distribution members served by Big Rivers.

This case is only the first of a series of spiraling rate increases that the Company will seek or that will be automatically implemented through riders or the expiration of surcredit riders over the next several years. While this case is still pending, Big Rivers plans to file for another base rate increase due to the loss of the Alcan load.[4] If there is no sharing with the Company's major creditors and the Company's requests are authorized in their entirety over the next eight months, I estimate that the combined effects of these two pancaked base rate cases, along with the related increases in the fuel adjustment clause ("FAC") and environmental cost recovery ("ECR"), will result in increases at wholesale to the residential and commercial customers in the Rural class exceeding 100% and to the Large Industrial class approaching 90%. These rate increases are so large because, under Big Rivers' proposal, the costs of 1,819 mW of generating capacity, sized for a much larger customer load, which included the Smelters, will be imposed exclusively on the remaining customer load of only 578 mW on average. Without the Smelters, Big Rivers will have a reserve margin of approximately 190%, which means that it has

---

[4] Even though the Alcan termination will occur within the test year, the Company has ignored the effects on revenues and expenses in the test year revenue requirement.

two and a half times the generating capacity that it needs to serve the native load, including a reserve margin.

In this case alone, the Big Rivers proposal will increase the costs to the average residential customer by approximately $286 per year, an increase at wholesale of 41.5%, and will increase the costs to the average Large Industrial customer by approximately 27.9%. Even these effects are understated and temporarily masked because of the Company's proposal to use additional amounts from the Economic Reserve, which will deplete these ratepayer funds more quickly, and effectively transfer them from the customers to the creditors if there is no equitable sharing as I propose in this case.[5]

If this Century rate increase is approved in its entirety, then the residential customers served by Kenergy, Meade County and Jackson Purchase will have the highest rates in Kentucky. If the Alcan rate increase is imposed on January 31, 2014

[5] It is ironic that the Company should actively seek to use more of the Reserve funds to mitigate the base rate increase in this proceeding. In Case No. 2011-0036, the Company's last base rate case, the Company strongly opposed the use of the Reserve funds to mitigate the effects of reducing the subsidies paid by the Large Industrial customers and Smelters to the Rural customers. In the Commission's Order in that proceeding, it stated: "[Big Rivers] argued that using the RER fund to mitigate the increase would be harmful to the Rural class in that it would exhaust the RER funds sooner than they would otherwise be exhausted. Big Rivers stated that 'the KIUC proposal merely shifts the effect of increasing the Rurals' rates from the present to the future," citing to Mr. Bailey's Rebuttal Testimony at 14. In that proceeding, the Commission declined to use the RER to mitigate the rate effects of eliminating the subsidy. If the Commission does not adopt the KIUC proposal to equitably share the costs of the Century and Alcan terminations between customers and creditors, the accelerated use of the Reserve funds in these cases will result in a shift of these funds from customers to creditors, increase the risk of the ticking time bomb due to the failure to reach a permanent resolution of the problem of excess capacity, and accelerate the depletion of the Reserve funds and the amount of automatic rate increases that will occur when the MRSM surcredit rider expires.

in its entirety, I estimate that the residential rates will be approximately 38% more than the next highest cost utility in Kentucky (Kentucky Power Company), and 52% more than the lowest cost utility in the state (Kentucky Utilities Company).

In addition to these two base rate increases caused primarily by the Century and Alcan terminations within the next 8 months, there will be an automatic rate increase for the Large Industrial customers when the Economic Reserve is fully depleted, which the Company estimates will occur in late 2015. It likely will be fully depleted earlier than the Company's estimates because of the Alcan termination, which the Company did not factor into its estimate. There also will be an automatic increase for the Rural customers after the Rural Economic Reserve is fully depleted, which also will be accelerated due to the Alcan termination and may occur as early as 2016.

During the "Unwind" transaction, a mere four year ago, Big Rivers repeatedly assured the Commission that if one or both Smelters terminated their contracts, the remaining customers would not be harmed. Big Rivers assured the Commission that the $35 million Transition Reserve would be more than sufficient to cover the loss of the Smelter load. Those assurances have turned out to be baseless. The Transition Reserve has since been redirected to fund capital expenditures and is no longer available to mitigate the rate impacts caused by the loss of the Smelter loads. The Transition Reserve was redirected because Big Rivers no longer can borrow in the credit markets due to its junk bond status. Even if it still were available to mitigate the rate impacts caused by the loss of the Smelter loads, the Transition Reserve would be woefully inadequate to compensate for the lost Smelter margins. Even though the Unwind transaction dramatically increased the risks and costs to the Rural and Large Industrial customers, the Company's creditors received significant benefits, including debt prepayments and the termination of the sale/leaseback transaction.

The Commission is charged statutorily with setting rates at just and reasonable levels at all times and cannot impose unjust and unreasonable rates, even temporarily. The market forces that led to this rate increase are unlikely to be temporary aberrations. The Company's own projections and other independent sources indicate that depressed wholesale power market conditions will last for at least the next several years. It would not be fair, just, or reasonable to "temporarily" impose inflated rates now in the hope that market conditions might improve years in the future, thereby causing the inflated rates to decrease.

Even though debt service is an important component of the cost of service, the Commission is not charged statutorily with setting rates to satisfy creditors. The extreme effects of losing the Century and Alcan loads on a much smaller customer base require that the Commission consider a broader range of issues, including the very structure of the utility itself.

The Company's debt ratings recently were downgraded by all three major rating agencies and presently are well below investment grade. The Company no longer can finance in the public debt markets. This calls into question the ability of Big Rivers to provide adequate service to customers. Imposing unreasonable rate increases on customers will not resolve Big Rivers' credit problems. Instead, such an approach could be the beginning of a death spiral in Western Kentucky where additional rate increases will be required to make up the lost revenue from the conservation and economic contraction caused by the Century and Alcan increases.

If the Commission sets rates at just and reasonable levels in accordance with its statutory mandate, then the decades-long uncertainty and instability associated with Big Rivers finally may be resolved with the following beneficial outcome: 1) the Smelters will continue to operate with market access and pricing (and, hopefully, prosper for the long term), 2) the three Member distribution cooperatives will obtain their wholesale power supplies either from a restructured Big Rivers that is sized more appropriately for the Rural and Large Industrial load or through purchase power agreements obtained through competitive supply solicitations and sized specifically for the Rural and Large Industrial load, and 3) the Commission will retain authority over the rates charged to customers.

III. THE FULL RATE IMPACT OF BIG RIVERS PROPOSAL IS A 41.5% WHOLESALE RATE INCREASE ON THE RURAL CLASS AND A 27.9% RATE INCREASE ON THE LARGE INDUSTRIAL CLASS.

Q. Big Rivers' Application and Notice to the Public states that the percentage

increase to Rural customers will be 29.4% and the percentage increase to the Large Industrial class will be 17.9%. Do these numbers accurately reflect the full rate impact to customers?

A. No. The effects of the Century termination are much greater than the *base* rate increases alone reflected in the Company's Application. Across *all* tariff components, the Company itself projects wholesale rate increases of $45.360 million, or ***41.5% for the Rural class***; $9.968 million, or ***27.9% for the Large Industrial class***, and $32.749 million, or ***20.9% for Alcan*** in the test year compared to the base year. These wholesale rate increases include the effects of the Century termination, reductions in market prices for energy, and other changes in net costs on base rates, FAC rates, ECR rates, Smelter surcharge and surcredit rates, and MRSM rates. The Company computed the revenues for the base year and test year by customer class and tariff, which includes the effects on these other rate components, and provided this information in its filing under Tab 59.[6]

I summarize the revenues for each of the three customer classes, Rural, Large Industrial, and Alcan, and tariff component within each class from the more detailed

[6] I used the Company's revenue calculations provided under Tab 59 in its filing. There were differences in the billing determinants between the test year and the base year (Rural sales increased and Large Industrial sales declined), which slightly overstate the increases for the Rural class and slightly understate the increases for the Large Industrial class, all else equal. In addition, as I noted in Footnote 1, the Company corrected its request and reduced it by $1.508 million in response to Staff 2-36. The amounts provided under Tab 59 that I used for comparison purposes reflect the Company's original request. If the corrections are incorporated, it would slightly reduce the percentage increases claimed by the Company for base rates and the percentage increases when computed across all tariff components.

information provided under Tab 59, and show the proposed increases in the test year compared to the base year on the following tables.

ESTIMATED RATE INCREASES TO RURAL CLASS DUE TO CENTURY TERMINATION

RURAL	BASE PERIOD		TEST YEAR		CENTURY INCREASE	
	Rural Rate	Rural Revenues	Rural Rate	Rural Revenues	Rural Rate Increases	Percent Increases
Base Rate - Demand	$9.50	$ 51,194,845	$16.95	$ 90,212,934	$ 39,018,090	76.2%
Base Rate - Energy		$ 71,988,650		$ 73,096,710	$ 1,108,060	1.5%
Non-Smelter Non-FAC PPA		$ (3,006,790)		$ (1,902,951)	$ 1,103,839	-36.7%
FAC		$ 8,424,822		$ 12,526,340	$ 4,101,518	48.7%
Environmental Surcharge		$ 6,134,626		$ 9,495,263	$ 3,360,637	54.8%
Smelter Surcredit		$ (9,950,005)		$ (4,234,736)	$ 5,715,269	-57.4%
MRSM (Economic Reserve)		$(15,595,604)		$(24,643,337)	$ (9,047,733)	58.0%
Totals	$0.0451	$109,190,543	$0.0634	$154,550,222	$ 45,359,679	41.5%
Avg Monthly Residential Bill @ 1300 kWh [(1)]		$ 101.53		$ 125.36	$23.83	
Avg Annual Residential Increase					$285.90	

[(1)] Includes $0.033/kWh for Member Cooperative Charges As Shown On Ex Wolfram-5.

ESTIMATED RATE INCREASES TO LARGE INDUSTRIAL CLASS DUE TO CENTURY TERMINATION

LARGE INDUSTRIAL	BASE PERIOD [(1)]		TEST YEAR [(1)]		CENTURY INCREASE [(2)]	
	Large Ind Rate	Large Industrial Revenues	Large Ind Rate	Large Industrial Revenues	Large Ind Rate Increases	Percent Increases
Base Rate		$ 41,207,958		$ 49,092,672	$ 7,884,714	19.1%
Non-Smelter Non-FAC PPA		$ (1,190,499)		$ (737,029)	$ 453,470	-38.1%
FAC		$ 3,326,534		$ 4,836,456	$ 1,509,922	45.4%
Environmental Surcharge		$ 6,544,407		$ 2,917,916	$ (3,626,491)	-55.4%
Smelter Surcredit		$ (3,961,339)		$ (1,676,953)	$ 2,284,387	-57.7%
MRSM (Economic Reserve)		$(10,240,767)		$ (8,778,285)	$ 1,462,482	-14.3%
Totals	$0.0374	$ 35,686,293	$0.0484	$ 45,654,778	$ 9,968,484	27.9%

ESTIMATED RATE INCREASES TO ALCAN CLASS DUE TO CENTURY TERMINATION

ALCAN	BASE PERIOD		TEST YEAR		CENTURY INCREASE	
	Alcan Rate	Alcan Revenues	Alcan Rate	Alcan Revenues	Alcan Rate Increases	Percent Increases
Energy		124,489,441		150,368,554	25,879,113	20.79%
Base Variable Energy		325,307		0	(325,307)	-100.00%
Back-Up Energy		214,355		0	(214,355)	-100.00%
Surplus Energy		(37,321)		0	37,321	-100.00%
Supplemental Energy		2,818		0	(2,818)	-100.00%
TIER Adjustment		9,294,224		9,303,467	9,243	-100.00%
Non-FAC PPA		(1,595,399)		(1,165,347)	430,052	-26.96%
FAC		11,032,520		16,176,808	5,144,288	46.63%
Environmental Surcharge		7,148,088		8,905,812	1,757,724	24.59%
Surcharge		5,876,534		5,912,468	35,934	0.61%
Adjustment		1,844		0	(1,844)	-100.00%
Totals	$0.0496	156,752,411	$0.0600	189,501,762	32,749,351	20.9%

Q. The increases shown on the preceding tables are much greater in dollar amount and on a percentage basis than the dollar amounts and percentages shown on Ex Wolfram-5 attached to Mr. Wolfram's Direct testimony and cited in the Company's Application. Please explain why they are greater.

A. The primary reason that the rate increases shown on the preceding tables are greater is that they include *all* of the increases across *all* tariff components in the test year, whereas the Company's Application and Ex Wolfram-5 reflect *only* the *base* rate increases sought by the Company while holding all of the other tariff components constant. In reality and in addition to the base rate increases, the Century termination will result in FAC rate increases to all customer classes due largely to the increases in average fuel cost per kWh resulting from the layup of the Wilson plant, less efficient operation of the remaining generating units, and the greater heat rates of the remaining generating units. The Century termination also will result in ECR rate increases to the Rural class. Further, there will be increases to the Rural and Large Industrial customer classes due to the lower Smelter surcredit because there no longer will be any Smelter surcharge revenue from Century to fund this surcredit once the Century termination is effective.

The actual total dollar and percentage increases would be even greater than shown in the preceding tables and those cited in its Application for the Rural class, but for the Company's proposal to increase the MRSM credit for that class by $9.048 million. This is a 58% increase in the use of the Economic Reserve.

The increase in the MRSM credit to the Rural class temporarily masks the total amount of the rate increase for that class caused by the Century termination, but the increased use of the Economic Reserve to mitigate the increases for the Rural class will accelerate the depletion of the Economic Reserve for both the Rural and Large Industrial classes, which will occur during 2015. At that time, the MRSM will end for the Large Industrial class and it automatically will result in another rate increase of $8.778 million, or 24.6% compared to the base year, to the customers in that class, as shown on the preceding table for the Large Industrial Class.

The MRSM will continue beyond that date for the customers in the Rural class only until the Rural Economic Reserve is fully depleted, which may occur during 2016. At that time, the MRSM will end for the Rural class and it will automatically result in another rate increase of at least $24.643 million, or 22.6% compared to the base year, to those customers, depending on the MRSM that is in effect at that time.

I also note that the Company proposes to collect almost the entire Rural increase through a 76% increase to the demand charge in that class. This rate design will make it difficult for the average customer to mitigate the rate increase through reductions in energy usage, all else equal, especially if the Member cooperatives seek to modify their rates by increasing their customer charges to reflect the increase in the demand component of their charges from Big Rivers.

Q. Why does it matter that the actual amounts and percentages are greater than reflected in the Company's Application in this proceeding?

A. The full rate impact across all tariff components of the Century and the Alcan terminations is what customers pay, not only the base rate impact in isolation. By including the impact on all tariff components, the Commission can assess the full magnitude of the increases on the households and businesses in Western Kentucky and make informed judgments regarding an equitable sharing of excess capacity costs between customers and creditors in setting just and reasonable rates.

IV. THE COMMISSION SHOULD ESTABLISH JUST AND REASONABLE RATES IN THIS CASE BY BALANCING THE COST BURDEN ASSOCIATED WITH BIG RIVERS' EXCESS CAPACITY, WHICH NO LONGER IS USED AND USEFUL, BETWEEN THE COMPANY'S CUSTOMERS AND ITS CREDITORS.

Q. How does the Commission set rates for public utilities in Kentucky?

A. By Kentucky statute, the Commission has been delegated the authority to set rates for public utilities operating within exclusive service territories. In setting rates, the Commission follows the legal standards set forth in Chapter 278 of the Kentucky Revised Statutes ("KRS"), including the requirement that rates charged to customers by monopoly electric utility service providers be fair, just and reasonable.[7] The Commission is charged with setting rates that are fair, just, and reasonable for generation and transmission ("G&T") cooperatives, Member distribution cooperatives, and investor-owned utilities.

Q. Is the Commission's approach to setting rates for G&T cooperatives similar to its approach for investor-owned utilities?

A. Yes. In the 1987 Big Rivers Order that I cited in the Summary section of my testimony, the Commission held that cooperatives organized under KRS 279 are

[7] *See* KRS 278.030.

subject to all of the provisions of KRS 278.[8] In that Order, the Commission described the scope of its authority and its implementation of the statutory requirement to set just and reasonable rates by balancing the equities and applying the used and useful standard in the same manner as for investor-owned utilities as follows:

> Rate base and debt service coverage for a cooperative utility must be determined by applying the same standards applicable to investor-owned utilities. Cooperatives, organized under KRS Chapter 279, "shall be subject to the general supervision of the Energy Regulatory Commission [predecessor of the Public Service Commission] and shall be subject to all the provisions of KRS 278.010 to 278.410(1). A cooperative's system is defined as consisting of "any plant, works, facilities and properties . . . used or useful in the generation, production, transmission or distribution of electric energy." KRS 279.010(8). In balancing the equities to determine just and reasonable rates, the used and useful standard must be applied to cooperatives in the same manner as it is applied to investor-owned utilities.

Thus, customers located in the exclusive service territory of and served by a cooperative utility are entitled to just and reasonable rates and the same protections from this Commission as customers served by an investor-owned utility.

Q. How does the Commission determine "fair, just, and reasonable" rates?

A. Based on my experience in Kentucky and the advice of KIUC's counsel in this proceeding, I understand that Kentucky courts have held that there is no single litmus

[8] Order, Case No. 9613 at 39. In that same Order, the Commission stated that "[r]ate base and debt service coverage for a cooperative utility must be determined by applying the same standards applicable to investor-owned utilities." [*Id.*].

test for determining whether rates are just and reasonable. Instead, "just and reasonable" is a concept that depends on the particular facts and circumstances of each case and balancing the equities among the utility and its customers and creditors. For example, Kentucky courts have held that rates to the Smelters that vary with the world-wide price of aluminum may be just and reasonable.[9]

Q. Do regulated utilities have a right to recover any and all of the costs that they incur?

A. No. A utility subject to the ratemaking authority of a government agency, such as the Commission, generally does not have an unrestricted right to recover any and all costs that it may incur. The minimum standards for recovery require that the costs be prudent, reasonable, and necessary to provide regulated utility service. In applying these standards, the Kentucky Commission generally does not allow utilities to recover the following costs:

- Advertising expenses and political donations;[10]
- Acquisition costs or expenses incurred through affiliate transactions that are in excess of market;[11]

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[9] *An Investigation of Big Rivers Electric Corporation's Rates for Wholesale Electric Service*, Case No. 9885, Order (Aug. 10, 1987).

[10] *See* 807 KAR 5:016.

[11] *See* KRS §278.2207.

- Unreasonable rate case expenses; [12]
- Unreasonable fuel costs (FAC);[13]
- Environmental costs related to off-system sales (ECR).[14]

In addition to the preceding list of costs that generally are disallowed, the Commission specifically has disallowed other costs that are not reasonable or used and useful in the provision of utility service. For example, the Commission denied recovery of the costs of Big Rivers' Wilson plant in two successive rate cases in the 1980s because the resulting increases in rates would not have been reasonable.[15] In another case, the Commission denied recovery of 25% of the costs associated with Louisville Gas and Electric Company's Trimble County Unit 1 because the

[12] *In the Matter of the Application of Big Rivers Electric Corporation for a General Adjustment in Rates*, Case No. 2011-00036, Order (Jan. 29, 2013) at 5-6.

[13] *See* 807 KAR 5:056. *An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation From November 1, 1991 to April 30, 1992*, Case No. 90-360-C, Order (July 21, 1994). In fact, the Commission's denial of unreasonable fuel costs, plus excess generating capacity that could not be sold in the wholesale market for adequate margins, was a factor in Big Rivers' 1996 bankruptcy.

[14] *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company D/B/A American Electric Power for the Six-Month Billing Periods Ending December 31, 1998 and December 31, 1991 and for the Two-Year Billing Period Ending June 30, 1999*, Case No. 2000-107 (Feb. 8, 2001).

[15] *In the Matter of Big Rivers Electric Corporation's Notice of Changes in Rates and Tariffs for Wholesale Electric Service and of a Financial Workout Plan*, Case No. 9613, Order (May 6, 1985) at 23 ("Big Rivers' current lack of a line of credit is due solely to the financial problems related to the Wilson plant. As stated many times in this record, the costs and problems attendant to the Wilson plant will not be reflected in Big Rivers' current rates").

generating capacity was excessive compared to the capacity necessary to serve the load of its customers.[16]

The Commission's role in setting fair, just, and reasonable rates transcends that of a mere auditor and requires the application of informed judgment to balance the conflicting demands of the utility's customers and its creditors/investors. Otherwise, any and all costs actually incurred by a regulated utility would be recoverable from customers, subject only to reviews for accuracy, and the utility and its lenders would have superior claims compared to customers with virtually no risk. Moreover, if all costs actually incurred were automatically recoverable, no utility ever would seek to restructure its debt through bankruptcy or otherwise. However, numerous investor-owned and cooperative utilities have used the bankruptcy process constructively to restructure their assets and operations, resolve excessive debt, and benefit customers, including: Big Rivers, Cajun Electric Power Cooperative, Wabash Valley Power Association, Colorado-Ute Electric Association, Eastern Main Electric Cooperative, Public Service Company of New Hampshire, El Paso Electric Company, and Pacific Gas & Electric Company.

Q. The Company's Indenture and its Wholesale Power Contracts with the Member distribution cooperatives require the Company to seek rate increases sufficient for it to comply with all covenants under the Indenture and require the

[16] *A Formal Review of the Current Status of Trimble County Unit No. 1*, Case No. 9934, Order (July 1, 1988) at 33.

Company's Board of Directors annually to review rates and seek increases to recover its costs plus a margin, including debt service. Given these requirements to seek rate increases, should the Commission presume that the rate increase sought in this proceeding necessarily will result in rates that are "fair, just and reasonable"?

A. No. The Commission has an independent statutory duty to set rates at "fair, just, and reasonable" levels for customers. In contrast, the Company's contractual requirements are concerned with setting rates at levels sufficient to recover all of the Company's costs, including the debt service necessary to repay its creditors. In other words, these agreements require the Board and the management of Big Rivers to do exactly what they have done in this case, i.e., seek rate increases to recover 100% of the costs associated with the Century termination from customers, and what it plans to so when it files the Alcan increase next month. The Company's Board and management are contractually obligated to seek these increases regardless of whether the increases will result in just and reasonable rates and regardless of whether the Board or management actually believe that the rates sought will be just and reasonable.

V. BIG RIVERS WILL HAVE 1,086 MW OF EXCESS CAPACITY THAT IS NOT "USED AND USEFUL" DURING THE TEST YEAR FILED IN THIS CASE.

Q. What factors should the Commission consider in determining whether Big Rivers' proposed rates are just and reasonable?

A. As I noted before, there is no one litmus test for this determination. The particular facts and circumstances of each case are different. However, one fundamental ratemaking principle is that just and reasonable rates should not include the costs of facilities that are not "used and useful" in providing electric service. This is an important principle in a ratemaking environment because there is no other way to protect the economic interests of customers who must buy electricity from only one supplier and have no other options. Customers of a monopoly supplier depend on the protection available only from their regulator because they need electric service if they are to live and work in the area served by that supplier. The Commission relied on this ratemaking principle, i.e., that the costs of the facilities must be used and useful in providing electric service, when it initially considered the rate increases for the Wilson plant sought by Big Rivers and for the Trimble County 1 plant sought by Louisville Gas and Electric Company.

Another factor that should be considered is the impact of the proposed increase on customers, particularly, if the impact will be sustained and compounded through subsequent increases, as will be the case with the Alcan termination and the depletion of the Reserves. The Commission should consider the sheer magnitude of the increases as well as the underlying reasons for the increases and the possibility and likelihood of resolution through other means.

Q. Does the "used and useful" standard apply to electric cooperatives as well as investor-owned utilities?

A. Yes. The Commission has determined that the used and useful standard must be applied to cooperatives in the same manner as it is applied to investor-owned utilities.[17] The Commission's determination is consistent with the Kentucky statute defining a cooperative system for ratemaking purposes as the "plant, works, facilities, and properties, and all parts thereof and appurtenances thereto, *used or useful* in the generation, production, transmission, or distribution of electric energy."[18]

Q. Did the Company include costs associated with facilities that are not "used and useful" in its request in this proceeding?

A. Yes. The loss of the Century load will result in excess capacity that is not used and useful in serving the remaining customers and the Company will not be able to sell

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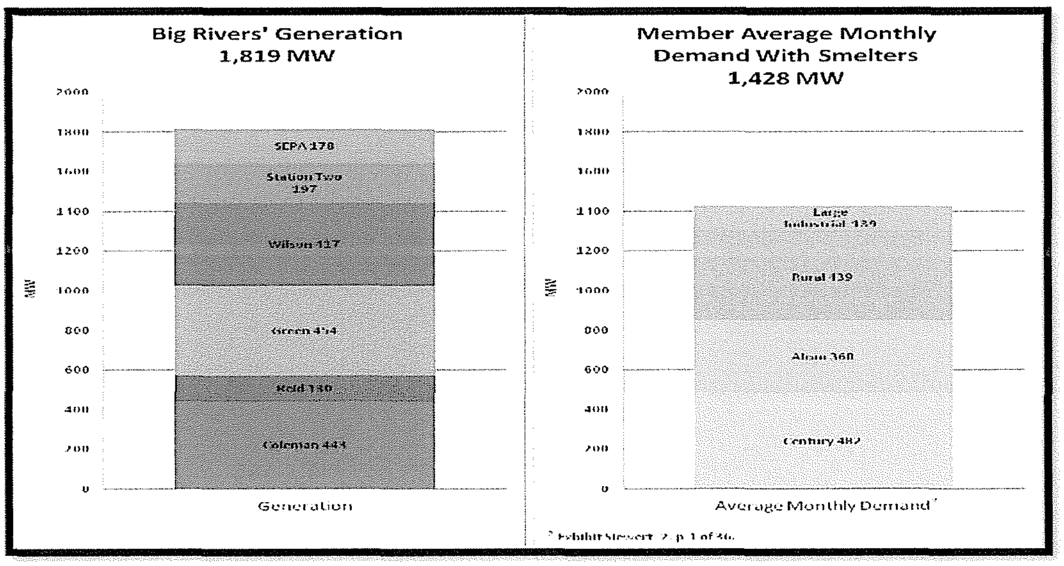
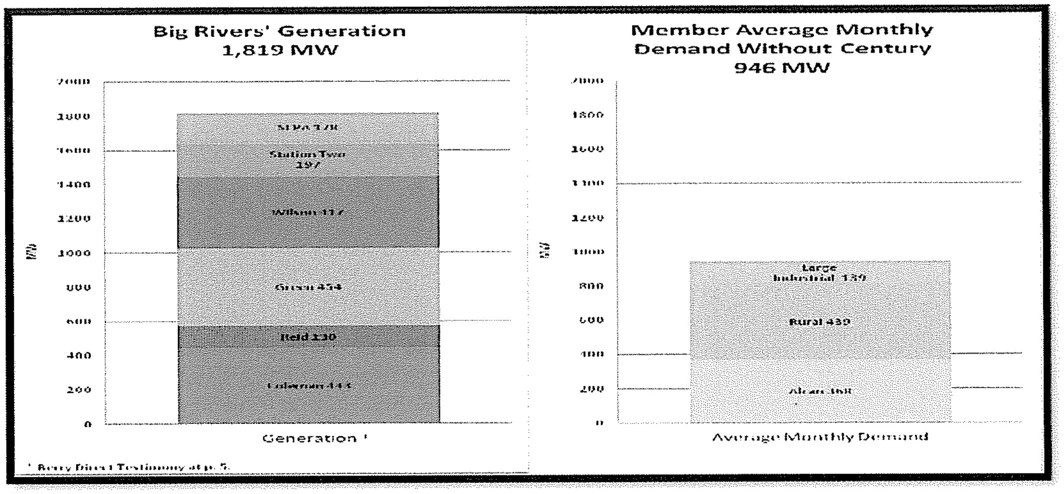
[17] 1987 BREC Order at 39.
[18] KRS 279.010(12) (emphasis added).

that energy into the market at prices sufficient to recover its costs for at least the next several years.

The following graph shows the Big Rivers' generating capacity and customer load as it exists today, prior to the Century and Alcan terminations. Currently, Big Rivers' owns 1,819 mW of generation, which serves 1,428 mW of average monthly demand, including the two Smelters. I obtained this information from Mr. Berry's Direct Testimony at 5 and the load information from Exhibit Siewert-2 page 1 of 36. I computed the average load in mW by summing the monthly loads and dividing by 12.



Century and Alcan have provided Notice to Big Rivers that they will terminate their contracts on August 20, 2013 and January 31, 2014, respectively.[19] After Century exits the Big Rivers' system, Big Rivers still will have 1,819 mW of capacity, but it will serve only 946 mW of average monthly demand as shown in the graph below.

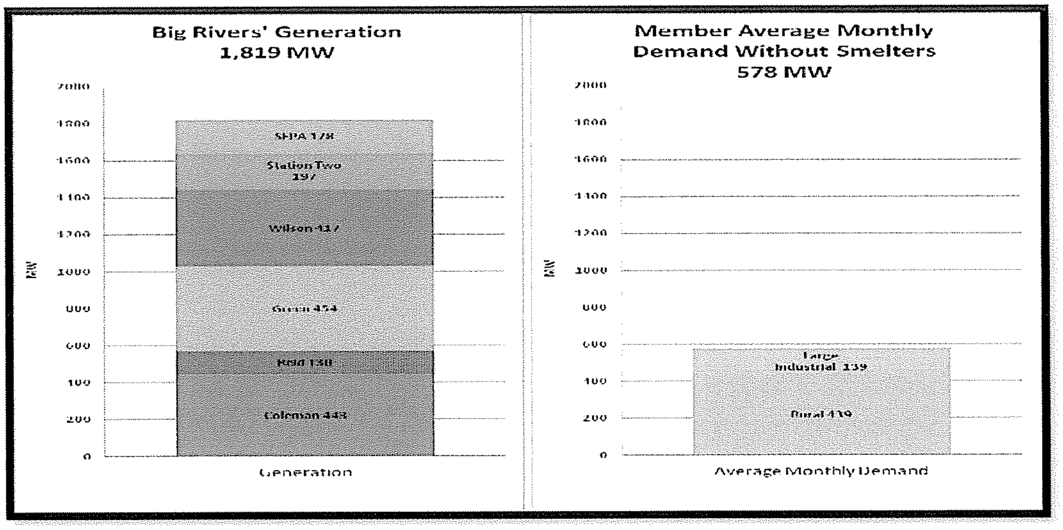


Despite the loss of the Century load, the Company nevertheless has included the unavoidable fixed costs (interest expense, margin, depreciation and non-fuel fixed O&M) related to that excess capacity in the revenue requirement.

The loss of the Alcan load for the last eight months during the future test year will result in *additional* excess capacity that is not used and useful and that cannot be sold economically into the market. After Alcan exits the Big Rivers' system Big

[19] The Smelters now seek indirect market access through Kenergy Corp. under current law and no longer will be covered by all-requirements contracts when they terminate service under their existing contracts.

Rivers still will have 1,819 MW of capacity, but it will serve only 578 MW of average monthly demand as shown in the graph below.



Despite the loss of both the Century and Alcan load, the Company nevertheless, has included the fixed costs related to that excess capacity in its revenue requirement.

Q. How does the Big Rivers' reserve margin compare to the reserve margins of other Kentucky public utilities before and after the Century and Alcan terminations?

A. The following table compares the reserve margins of Big Rivers to the other utilities in Kentucky and demonstrates the Company's rapidly escalating problem with excess capacity that is not used or useful in serving its remaining customers as the Century load is lost and then the Alcan load is lost.

Comparison of Reserve Margins
For Utilities in Kentucky

	Generating Capacity MW	Peak Load MW	Reserve Margin MW	Reserve Margin Percentage
Kentucky Power Company [(1)]	1,526	1,240	286	23%
Kentucky Utilities Company	5,104	4,292	812	19%
Louisville Gas and Electric Company	3,431	2,704	727	27%
Duke Energy Kentucky	1,141	894	247	28%
East Kentucky Power Cooperative	3,099	2,481	618	25%
Big Rivers With Smelters	1,819	1,478	341	23%
Big Rivers Without Century	1,819	996	823	83%
Big Rivers Without Century and Alcan	1,819	628	1,191	190%

Source data: FERC Form 1s, and RUS Form 12s, 10-K for KPCo, and BREC filing in this proceeding.

[(1)] The Kentucky Power Company generating capacity reflects its MLR share of the AEP system and its peak load is shown at the AEP system summer peak so the capacity and peak load are matched.

As shown on the table, the Company's present reserve margin of 23% is reasonable compared to other utilities in the Commonwealth and compared to the MISO planning reserve margin of 16.7%. However, the reserve margin first increases to an unreasonable level when the Century load is lost, from 23% to 83%, and then increases to an even more unreasonable level when the Alcan load is lost, from 83% to 190%.

This means that without the Smelters, Big Rivers will have two and a half times the generating capacity and reserve margin that it needs to meet the load of its remaining customers. The reserve margin provides a measure of the magnitude of the Company's excess capacity problem that must be addressed in this and future rate cases. To meet its peak load of 628 mW, including a 16.7% reserve margin, the Company needs only 733 mW, not 1,819 mW. The Company will have 1,086 mW of excess capacity.

VI. THE RESPONSIBILITY FOR PAYING FOR BIG RIVERS' EXCESS CAPACITY SHOULD BE SHARED BETWEEN BIG RIVERS' CUSTOMERS AND ITS CREDITORS

Q. How do you recommend the Commission treat the costs associated with Big Rivers' excess capacity for recovery purposes?

A. I recommend that the Commission balance the cost burden associated with Big Rivers' excess capacity, which no longer is used and useful, by equitably sharing that burden between the Company's customers and its creditors. To do so, the Commission should disallow a percentage of the $63.029 million increase in the revenue requirement caused by the Century termination and the loss of its load on the Big Rivers' system and the resulting excess capacity. This recommendation will require customers to bear a portion of the cost of the excess capacity, but also will require that creditors bear a portion of the cost, consistent with the fact that both customers and creditors have an economic interest in the impacts resulting from the Century termination. I address my recommendation and the effects on the Company's revenue requirement later in my testimony.

Q. Why do you recommend that the Commission balance the cost burden of Big Rivers' excess capacity, rather than imposing 100% of the costs associated with that capacity onto customers?

A. Assets that once were used and useful can be rendered no longer used and useful in two general ways. The first is through regulatory changes and the second is through market changes. Utilities generally are protected from stranded costs associated with regulatory changes. For example, one regulatory change would be deregulation. In that case, stranded costs resulting from deregulation would be the responsibility of the shopping customers. In contrast, the stranded costs resulting from market changes typically are shared among impacted parties.

In this case, market changes have rendered a significant amount of Big Rivers' generating capacity as excess and unnecessary to meet the needs of its remaining customers. It no longer will be used or useful, and in fact, the Company plans to layup either the Wilson or Coleman capacity due to the Century termination and additional power plants due to the Alcan termination. By market changes, I am specifically referring to the loss in value of coal-fired generation and the reduction in wholesale market prices from levels that Big Rivers assumed when it agreed to the one-year notice provision in the Smelter contracts. These market forces have resulted in excess capacity that is no longer physically or economically used and useful.

Since Big Rivers' capacity has been rendered no longer used and useful because of market changes, not regulatory changes, it is reasonable to equitably share the resulting cost burden between the Company's customers and its creditors. What is not reasonable is forcing customers to pay 100% of the costs associated with that excess capacity. Instead, the Commission should balance the interests of the Company's customers and creditors by sharing the cost burden associated with the Company's excess capacity among the parties. My recommendation achieves that equitable balance.

Q. Why else does it make sense to share the costs of Big Rivers' excess capacity between the Company's customers and its creditors?

A. The Commission has a statutory mandate to set rates at just and reasonable levels for Big Rivers and its customers, but there is no statutory requirement that the Commission set rates at levels sufficient to pay off all creditors, without regard for the rate impact on customers. In other words, the statutory requirement serves to protect customers from serving as the guarantor of the utility's obligations to creditors and establishes the Commission as the arbiter of the conflicting demands of customers and creditors.

Q. Has the Commission relied on this principle in prior Big Rivers' proceedings?

A. Yes. In Big Rivers' financial workout plan case, Case No. 9613, the Commission determined that customers should not be held responsible for 100% of Big Rivers' debts. Specifically, the Commission "*emphatically*" declared:

> We emphatically reject the claims of REA, the banks, and Big Rivers that the members of the cooperative ultimately bear the total risk and responsibility for the utility's debts. The distribution cooperatives and their members do not stand in the same position as shareholders of an investor-owned company. The REA, with its oversight and monitoring responsibility, bears a substantial amount of the risk associated with Big Rivers' actions. The creditor banks are compensated for the risks they take. Cooperative members must shoulder a portion of the risk, too, since they have a say in the affairs of the utility. Nor are the aluminum companies exempt from responsibility. Until the downturn of recent years, these companies or their predecessors were in frequent contact with Big Rivers' management. Rather than allocate the risk among all parties now, we have chosen to give the participants an opportunity to discuss the allocation among themselves as a revised workout plan is negotiated.[20]

The Commission also concluded that the application of the "used and useful" standard involves a balancing of interests, stating:

> The establishment of fair, just and reasonable rates involves a balancing of utility and ratepayer interests. After balancing these interests, the Commission may conclude in a given case that rates should be based upon prudent investments even where facilities are cancelled prior to completion of construction. On the other hand, in considering the need for facilities on an economic basis, the Commission may decide that it is not in the customers' interest to pay rates that include the cost of unneeded facilities.[21]

[20] 1987 BREC Order at 19.
[21] 1987 BREC Order at 37.

The Commission concluded that in applying the "used and useful" standard, it "must carry out a complex balancing of equities and allocation of risk."[22] The Commission ordered the parties to develop a workout plan that "must offer an equitable balance among all interests"[23] (the utility, customers, and creditors).

The Commission should apply the same reasoning and establish such an equitable balancing of all interests in this case.

Q. Is it equitable to require that the Company's customers pay for 100% of the costs associated with the Company's excess capacity?

A. No. The Rural and Large Industrial customers did not cause Big Rivers' financial problems resulting from the Century termination. Wholesale market prices and the value of the coal generating assets are now lower than Big Rivers assumed when it agreed to the one-year notice provision in the Smelter contracts as part of the Unwind transaction. This was a risk that Big Rivers and its creditors undertook when the Company entered into the Smelter contracts.

Further, Big Rivers' creditors were fully informed of the Smelter risk when they loaned money to the Company and when they consented to the Unwind transaction. Most recently, CoBank and CFC, as well as the rating agencies, were fully informed and well aware of the possibility of the Smelter terminations as a risk

[22] 1987 BREC Order at 39.
[23] 1987 BREC Order at 43.

factor when the creditors negotiated the terms of their loans to Big Rivers and before they actually loaned $537 million to Big Rivers in mid-2012. In fact, the Company provided a Disclosure Statement dated July 12, 2012 to these creditors prior to obtaining the loan proceeds in which it warned them of the risk of the Smelter terminations. In that Disclosure Statement, Big Rivers stated:

> The Smelters intervened in the Company's last rate case, and pressed their case by saying that keeping the Smelter rates low and predictable was important to reduce the risk that the Smelters would have to cease operations upon the next downward cycle in the world price of aluminum. The Smelters say that they are very sensitive to the price they pay for electricity because the cost of electricity is approximately one-third of the cost of the aluminum smelting process.
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> * * *
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> The Smelters have made public statements that the unanticipated magnitude of the current and future rate increases projected by Big Rivers as well as Big Rivers' recent evaluation of the impact of environmental legislation is what drives the current need for a statewide solution to the Smelters' increasing utility costs. Local representatives of Alcan informed economic development officials in state government in February of this year that projected power rates in 2013-2015 make it difficult for Alcan to envision a long-term future for the Sebree plant.
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> * * *
>
> Local representatives of Century have told Big Rivers and others in state government that rates at the status quo level are not sustainable for Century's Hawesville smelter even in the short term, and that $50/MWh power puts their smelter's viability at great risk. Century wrote Big Rivers on April 18, 2012, stating that at the current LME prices the Hawesville aluminum smelter cannot sustain operations at Big Rivers' current and projected power rates, and requesting to renegotiate the power rate provisions of its contract. Big Rivers has commenced discussions with Century relating to the sustainability of the Hawesville smelter. Century reported on April 24, 2012, that with the current power price forecast and assuming that the LME remains at its current level, the Hawesville plant is not viable from an economic standpoint.
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> * * *

> On June 14, 2012, at the request of the Governor of Kentucky, representatives of the Commonwealth met with representatives of Big Rivers and the Smelters to discuss ways to reduce the Smelters' costs in order to make them more economically viable. A number of approaches were discussed including, but not limited to, suggestions that Big Rivers reduce rates to the Smelters to a rate averaging about $35/MWh.
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> * * *
>
> Since the meeting on June 14th, the Smelters have advanced other proposals to Big Rivers requesting significant rate reductions for the Smelters. Big Rivers offered a counterproposal and it has been rejected by the Smelters. On June 25, 2012, Big Rivers advised the Smelters that the gap between their demand and the Big Rivers' proposal is far larger than Big Rivers has the ability to close. <u>There can be no assurances as to the outcome of this situation and as to whether one or both of the Smelters will give one year's notice, terminate its Smelter Agreement and close its smelting operations</u>. (Emphasis added).

In short, when CoBank and CFC loaned $537 million to Big Rivers in mid-2012, they did so fully informed regarding the Smelter termination risk. Thus, they cannot now legitimately claim that they have no responsibility for any of the costs of the excess capacity caused by the Smelter terminations. The creditors knowingly assumed this risk.

VII. DURING THE 2009 "UNWIND" TRANSACTION BIG RIVERS REPEATEDLY ASSURED THE COMMISSION THAT NON-SMELTER CUSTOMERS WOULD NOT BE HARMED IF THE SMELTERS TERMINATED THEIR ELECTRIC SERVICE CONTRACTS

Q. When it presented the Smelter contracts in the "Unwind" proceeding, did Big Rivers inform the Commission that it would seek to recover 100% of the lost Smelter margins from the remaining customers if one or both of the Smelters

exercised the right to terminate its contract?

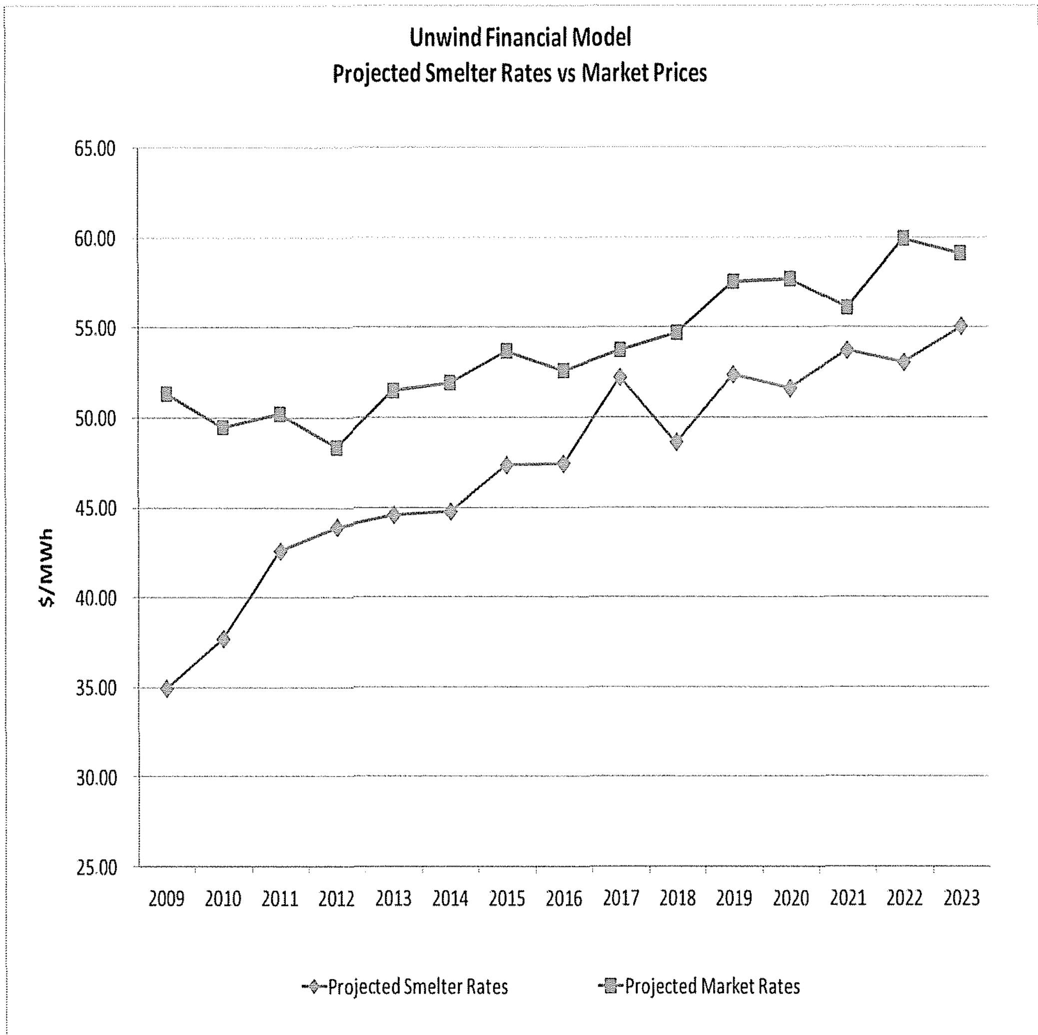
A. No. To the contrary, one of the fundamental concepts underlying the Commission's approval of the 2009 Unwind transaction,[24] was that Big Rivers would provide electric service to the Smelters if, and only if, the provision of service to the Smelters, or the subsequent termination of electric service to the Smelters, would *not* result in a rate burden to the non-Smelter customers. The Commission relied on this fundamental concept throughout the course of the Commission proceedings in the Unwind case.

Q. What representations were made during Case No. 2007-00455 to assure the Commission that the provision of electric service to the Smelters or the termination of service would not harm the non-Smelter customers or jeopardize their rates?

A. The entire structure of the 2009 Unwind transaction was premised on the assumption that the Company could earn wholesale market margins greater than those set forth in the Smelter contracts in the event that either Smelter terminated its contract. In the Unwind proceeding, the Company provided the Commission financial model projections showing wholesale market prices that were greater than the Smelter rates in each future year. The following chart shows the market prices and Smelter rates that the Company presented to the Commission during the 2009 Unwind case. The

[24] Case No. 2007-00455.

data was obtained from the Company's Financial Model attached as Exhibit 8 to the Company's Application in that case.



Both Big Rivers and the Smelters believed that the Smelter contract pricing represented an economic concession by Big Rivers for the purpose of allowing continued operation of the Smelters and enhancing employment opportunities for the region. The parties agreed that Big Rivers' net margins likely would be greater if Big Rivers were to sell its excess energy into the wholesale market rather than to sell its excess energy to Kenergy for resale to the Smelters.

Q. Did Big Rivers assure the Commission in the Unwind proceeding that providing service to the Smelters would not negatively affect the rates of the non-Smelter customers?

A. Yes. Big Rivers maintained that if one or both of the Smelters terminated their contracts, it would redirect the resulting excess power into the wholesale market. Big Rivers repeatedly assured the Commission that it would not look to its remaining customers in order to make up its lost margins from a Smelter contract termination.

In fact, the Transition Reserve Account was specifically set up so that in the *unlikely* event that the Smelters terminated their contracts and sales to the wholesale power market did not produce revenues greater than the Smelter rates, the Transition Reserve could be used to make up the difference. Company witness William Blackburn, in his Direct Testimony dated December 28, 2007 stated (pages 86-87):

> Although Big Rivers is confident that it could resell any power freed up by one of the Smelters should it determine to suspend operations, Big Rivers desired to provide the credit rating agency with demonstrable evidence that Big Rivers could financially survive a loss of one of the Smelters' loans even if market prices at the time of the shutdown were lower than the rates to the Smelters.
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> ***
>
> ...calculations demonstrate that $35 million would be an adequate Transition

> Reserve Account amount to withstand a three year period after the loss of one of the Smelters even if it coincided with a downturn in the market.
>
> ***
>
> I believe that in most situations involving a Smelter shutdown the spread between the wholesale market prices and Big Rivers' then-effective rates to the Smelter shutting down will be smaller than the amounts calculated in this estimate. This makes Big Rivers well-positioned to avoid any short-term adverse effect of one of the Smelters shutting down. Moreover, Big Rivers has been extremely successful in marketing power off-system during the past ten years. I am very confident that Big Rivers would continue to be successful in marketing any capacity returned to it as a result of a Smelter shutting down. In short, I believe Big Rivers would be able under most circumstances to remarket any returned capacity produced by a Smelter shut-down such that recourse to the Transition Reserve Account would not be necessary.

According to Mr. Blackburn, the Transition Reserve was created for the protection of creditors. If one or both of the Smelter's terminated their contracts, and Big Rivers estimates concerning the strength of the wholesale power market were incorrect and it could not remarket all of its excess power, the Transition Reserve Account, and *not* Big Rivers' remaining non-Smelter customers, would make up the difference. The Transition Reserve was meant to facilitate the remarketing of capacity from a Smelter shutdown without any implication whatsoever that the financial consequences of a shutdown of a Smelter would be resolved through rate increases to the remaining non-Smelter customers.

Q. Is the $35 million Transition Reserve Account still available to absorb any of the excess capacity costs resulting from the Smelter terminations?

A. No. The Transition Reserve no longer is available for this purpose. The Transition Reserve now is earmarked for capital expenditures in the ordinary course of business, replacing in part, the funding from the $60 million CoBank Loan that Big Rivers had planned to use for those expenditures. Due to the Company's inability to finance, the Commission authorized the Company to use the CoBank Loan to pay off the 1983 PCB Bonds.[25]

Q. In the Unwind proceeding, did Big Rivers provide any projections for Rural electric rates in the future?

A. Yes. Big Rivers stated that if the Commission approved the Unwind transaction as filed, then wholesale power rates to Rural customers would be $48.80/mWh in 2014.[26] The Commission apparently judged these projected 2014 rates to be excessive because when it approved the Unwind Transaction, the Commission ordered the establishment of a new and supplemental Rural Economic Reserve fund of $60.9 million that would be credited against Rural rates "*upon the exhaustion of the Non-Smelter Economic Reserve*."[27]

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[25] See Case No. 2012-00492, Order p. 4. (March 26, 2013).
[26] Case No. 2007-00455, Order of March 6, 2009, p. 24.
[27] *Id,* 25-26.

Q. How do the rates proposed by Big Rivers in this case compare to the rates that the Commission contemplated for the year 2014 in its Order approving the Unwind Transaction?

A. Big Rivers' proposed rates in this proceeding are significantly higher. When the Commission approved the Unwind transaction in 2009, it contemplated year 2014 Rural rates of $48.80/mWh less a credit from the Economic Reserve fund through the MRSM surcredit rider. The Unwind Financial Model, provided as Exhibit 8 to the Company's Application in the Unwind case, reflected year 2014 Rural rates of $47.26/mWh with no reduction for the Economic Reserve fund. In this proceeding, Big Rivers now proposes to increase the Rural rates to $73.54/mWh before the Economic Reserve credit. Of course, the rates in this proceeding do not include the effects of the Alcan rate increase that will follow in January 2014 to recover the costs of the additional excess capacity resulting from the Alcan contract termination. As I discussed earlier in my testimony, I estimate that the Alcan contract termination will increase the Rural rates another 66.6%. This will result in wholesale Rural rates of approximately $124.89/mWh before the MRSM credit, or $93.29/mWh after the MRSM credit, by February 1, 2014, all else equal. In other words, after the Century and Alcan rate increases, I estimate that Rural rates will be nearly ***triple*** the rates that Big Rivers projected for Rural customers in 2014 during the Unwind transaction, excluding the effects of the MRSM Economic Reserve credit for comparison purposes.

Q. In the Unwind proceeding, did Big Rivers and its creditors assume the risk that the wholesale market and the Transition Reserve would not provide adequate revenue for Big Rivers to service its debt obligations if one or both of the Smelters terminated their contracts?

A. Yes. In its Order approving the Unwind transaction, the Commission stated (page 7):

> Big Rivers viewed this [E.ON] proposal as an opportunity to improve its financial position for the benefit of itself and its members, as a means to obtain financing on more favorable terms, and as a way to better manage its long term power supply. After analyzing the risks associated with supplying power to the Smelters, including operating and maintaining generation, load concentration, fuel supply, and financial risks, <u>Big Rivers decided to enter into discussions to terminate, or "unwind", the 1998 lease transactions and agreements, with the intent of obtaining significant compensation for assuming those risks.</u> (Emphasis added).

In that same Order, the Commission continued (page 15):

> Although it would not be possible to guarantee the future financial health of the Smelters, providing them with a long-term supply of power priced at below market prices should enable them to maintain their current competitive positions and continue in operation over the long term. It was for this reason that Big Rivers entered into negotiations with the Smelters on new service agreements that will provide them power at competitive prices <u>while providing protections to Big Rivers and its non-Smelter customers against the risks inherent in resuming the role of power supplier to the Smelters.</u> (Emphasis added).

Big Rivers and its creditors received substantial compensation at the closing of the Unwind transaction in exchange for assuming the risk of serving the Smelters, including the possibility that the Smelters might terminate their contracts. The Rural and Large Industrial customers should not be held solely responsible now that the risks assumed by Big Rivers and its creditors have proven to be detrimental rather than beneficial to them.

Q. What were the "significant benefits" that the Commission referred to in its Order in the Unwind proceeding?

A. Big Rivers received approximately $756 million in cash and non-cash benefits (page 11). The Company's creditors received the following benefits (pages 10-21):

- Philip Morris Credit Corporation received approximately $122 million, as payment in full for the failed sale/leaseback transaction.
- Bank of America received approximately $6 million.
- RUS received approximately $140 million and commitments to pay another $260 million in the future.

VIII. THE COMPANY'S TEST YEAR REFLECTS ERRONEOUS ASSUMPTIONS, INCLUDING THE ASSUMPTION THAT ALCAN WILL NOT TERMINATE ITS CONTRACT ON JANUARY 31, 2014

Q. Is the Company's projected test year accurate and are the assumptions consistent with known circumstances in the test year?

A. No. The Company's test year is not accurate and reflects assumptions that are incorrect. The most glaring of these incorrect assumptions is that the Company assumed it will continue to provide service to and receive revenues from Alcan even after the Alcan contract is terminated on January 31, 2014. In other words, the

Company's test year reflects eight months of revenues from Alcan after January 31, 2014 despite the fact that Alan no longer will take service from Big Rivers after January 31, 2014.

The Company's test year also assumes that it will not layup any additional generating units or otherwise reduce variable or fixed costs in response to the Alcan contract termination.

The Company's projected test year also does not reflect any revenues from Century to recover any of the costs that it has imposed or will impose on the Big Rivers system if it continues to operate the Sebree and Hawesville Smelters by accessing market power and pricing.

In addition, the test year does not reflect any reductions in sales and revenues due to customer response and lower usage after the implementation of the Century rate increase or the Alcan increase.

Further, the test year does not reflect the fact that the Company did not and will not issue new debt to retire the pollution control debt that will mature on June 1, 2013.

Q. Should the Commission adjust the Company's base revenue requirement to reflect the lost revenues and margins due to the Alcan contract termination or the reductions in costs due to the layup of additional generating units in this proceeding?

A. No. I don't recommend that the Commission adjust the base revenue requirement in this proceeding to correct these errors. Although the lost revenues and margins from Alcan can be quantified accurately, the reduction in costs can only be estimated due to the Company's unwillingness to quantify the effects in response to discovery. Nevertheless, there will be no change in the base revenue requirement on a total Company basis, except for the unknown (at this time) fixed cost reductions, such as the layup of additional power plants, all else equal.[28] However, the Alcan termination will result in a re-allocation of the base revenue requirement to the remaining customers, all else equal.

The Alcan termination will result in huge additional proposed increases to the Rural and Large Industrial customer classes, the only remaining customers after the Alcan termination. After January 31, 2014, Alcan no longer will provide any contribution toward the Company's fixed costs. The Company has indicated that it intends to file for an additional base rate increase in June 2013 to recover those lost contributions from the remaining Rural and Large Industrial customers that will be effective on February 1, 2014 (the Alcan increase).

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[28] Big Rivers was asked to provide its plans to address the loss of the Alcan load within the test year in numerous discovery requests (KIUC 1-20, 1-21, 1-22, 1-23, 1-29, 1-32, 1-36, 2-8, 2-9, 2-10, 2-11, 2-13, 2-14, 2-16, 2-17). The Company refused to provide any information even though the loss of revenue and the Company's actions to address the loss of revenue and the additional excess capacity clearly fall within the projected test year.

IX. THE LOSS OF THE ALCAN LOAD DURING THE TEST YEAR MAY RESULT IN AN ADDITIONAL 66.6% RATE INCREASE TO THE RURAL CLASS AND 61.9% INCREASE TO THE LARGE INDUSTRIAL CLASS, AND WHEN THE RESERVE ACCOUNTS ARE DEPLETED, THE REMAINING BIG RIVERS CUSTOMERS WILL SUFFER ADDITIONAL AUTOMATIC INCREASES.

Q. Have you quantified the effects of the Alcan termination on the Rural and Large Industrial classes that will occur within the test year if there is no equitable sharing of excess capacity costs between customers and creditors?

A. Yes. I estimate that the Alcan termination will result in base, ECR, and Smelter surcredit rate increases to the Rural class of $72.767 million, or another 66.6% at wholesale compared to the base year, in addition to the increases for the Century termination sought in this proceeding.[29] In making this estimate, I assumed that revenues and variable costs would be reduced in the same proportion as the Company quantified for the Century termination on Mr. Berry's Exhibit Berry-4. However, I did not assume that there were any fixed cost reductions due to the

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[29] These quantifications assume a proportional reduction in costs based on the Company's quantification of the effects of the Century termination in this case. This assumption was necessary in order to make a reasonable quantification of the effects of the Alcan termination within the test year due to the Company's unwillingness to provide more specific information in response to discovery, as I previously noted.

Company's unwillingness to identify or quantify the fixed cost reductions in response to discovery.[30]

If, however, the Company is able to reduce fixed costs in response to the Alcan termination in the same manner and proportion that it plans to reduce fixed costs in response to the Century termination, then the Alcan termination will result in base, ECR, and Smelter surcredit rate increases to the Rural class of $55.867 million, or 51.2% at wholesale compared to the base year, in addition to the increases for the Century termination sought in this proceeding.

In addition to the base rate increase, there also will be a FAC increase if there are additional plant layups, similar to the increase projected for the Wilson layup, although I was not able to quantify these increases due to the Company's unwillingness or inability to provide such quantifications in response to discovery.

I estimate that the sum of the Century and Alcan rate increases to the Rural class through January 31, 2014 will be an astounding $118.127 million, or 108.2% at wholesale compared to the base year, assuming no fixed cost reductions. This translates to an increase of $761 annually for the average Rural residential customer using 1300 kWh per month. This residential rate increase of $761 per year does not

[30] I also assumed that the Company would not attempt to increase the MRSM credit and thus, temporarily, mask the full effect of these additional rate increases. If, however, the Company were to attempt to increase the MRSM credit, it will accelerate the depletion of the Reserve accounts and thus, increase the Reserve increases that will automatically occur once the Reserve accounts are depleted. In other words, the MRSM credit would only be temporary, would transfer funds from customers to creditors, and would not affect the ultimate rate increases when the Century, Alcan and Reserve increases are accumulated and fully in effect.

include the additional rate increase that will go into effect automatically when the MRSM is terminated due to the ultimate depletion of the Rural Economic Reserve.

I estimate that the Alcan termination will result in additional, base, ECR, and Smelter surcredit rate increases to the Large Industrial class of approximately $22.104 million, or another 61.9% at wholesale, compared to the base year, in addition to the increases for the Century termination sought in this proceeding, assuming that there are no fixed cost reductions. If, however, the Company is able to reduce its fixed costs in response to the Alcan termination in the same manner and proportion that it plans to reduce its fixed costs in response to the Century termination, then the Alcan termination will result in base, ECR, and Smelter surcredit rate increases to the Large Industrial class of $16.970 million, or 47.6% at wholesale compared to the base year, in addition to the increases for the Century termination sought in this proceeding. There also will be FAC increases if there are additional plant layups.

I estimate that the sum of the Century and Alcan rate increases to the Large Industrial class through January 31, 2014 will be $32.072 million, or 89.9%, compared to the base year, assuming no fixed cost reductions. The 89.9% rate increase to the Large Industrial customers does not include the additional rate increase that will go into effect automatically when the MRSM is terminated due to the ultimate depletion of the Economic Reserve.

I summarize the Company's requested Century increase and the estimated Alcan and Reserve increases for the Rural and Large Industrial classes on wholesale rates, if there is no equitable sharing of excess capacity costs between customers and creditors or any other adjustments to the Company's request in this proceeding, and assuming there are no fixed cost reductions after the Alcan termination, on the following table.[31]

SUMMARY OF ESTIMATED RURAL AND LARGE INDUSTRIAL CLASS INCREASES

	Rural Class			Large Industrial Class		
	$ Revenue	$/kWh	% Increase	Revenue	Rate/mWh	% Increase
Revenues Before Rate Increases (Base Year kWh)	109,190,543	0.045103		35,686,293	0.037440	
Century Rate Increase (Test Year kWh)	45,359,679	0.018616	41.54%	9,968,484	0.010563	27.93%
Total After Century Rate Increase (Test Year kWh)	154,550,222	0.063430	41.54%	45,654,778	0.048379	27.93%
Alcan Increase	72,767,178	0.029865	66.64%	22,104,012	0.023798	61.94%
Total After Century and Alcan Increases	227,317,400	0.093295	108.18%	67,758,789	0.071801	89.87%
Economic Reserve and Rural Economic Reserve Increases	24,643,337	0.010114	22.57%	8,778,285	0.009302	24.60%
Total After Century, Alcan, and Reserve Increases	251,960,737	0.103409	130.75%	76,537,074	0.081103	114.47%

I provide my calculations in support of the preceding table on my Exhibit___(LK-2).

Q. How will the Rural residential customer rates after the Century and Alcan increases compare to the residential customer rates for other utilities in the Commonwealth?

[31] The rates shown in the table are the Big Rivers wholesale rates. At retail, the Rural rates would be $0.033/kWh more to account for Member distribution expenses.

A. The Rural residential customer rates after the Century increase alone will be greater than any other utility in the state and after the Alcan and Reserve increases will be significantly greater than the other utilities in the state. I show these rates on the following table. I obtained the information for the other utilities from the SNL financial database.

Kentucky Residential Rate Comparison
For Residential Customer Using 1300 Kwh per Month
Using Tab 59 As Source for Big Rivers and 2012 FERC Form 1s As Source for Others

	Big Rivers Before Rate Increases	Big Rivers After Century Increase	Big Rivers After Alcan Increase	Big Rivers After Reserve Increase
Rural Class Electric Revenue ($)	$ 109,896,030	154,550,222	$ 227,317,400	$ 251,960,737
Rural Class Electricity Sold (MWh)	2,436,557	2,436,557	2,436,557	2,436,557
Rural Revenue per MWh	$ 45.10	$ 63.43	$ 93.29	$ 103.41
Distribution Charge per MWh	$ 33.00	$ 33.00	$ 33.00	$ 33.00
Rural Revenue (Incl Distr) per KWh	$ 0.0781	$ 0.0964	$ 0.1263	$ 0.1364
Average Monthly Residential Bill at 1300 KWh	$ 101.53	$ 125.36	$ 164.18	$ 177.33

	Kentucky Power Company	LG&E Company	Kentucky Utilities Company	Duke Energy Kentucky, Inc.
Residential Electric Revenue ($)	$ 205,798,905	$ 383,159,861	$ 523,091,322	$ 127,926,561
Residential Electricity Sold (MWh)	2,240,727	4,259,211	6,307,896	1,459,567
Residential Revenue per MWh	$ 91.84	$ 89.96	$ 82.93	$ 87.65
Residential Revenue per KWh	$ 0.0918	$ 0.0900	$ 0.0829	$ 0.0876
Average Monthly Residential Bill at 1300 KWh	$ 119.40	$ 116.95	$ 107.80	$ 113.94

After the Alcan rate increase hits on January 31, 2014, I estimate that the residential rates of Kenergy, Meade County and Jackson Purchase, will be approximately 38% more than the next highest cost utility in Kentucky (Kentucky Power Company), and 52% more than the lowest cost utility in the state (Kentucky Utilities Company).

After the Reserve rate increase hits in 2016 or earlier, I estimate that the residential rates of Kenergy, Meade County and Jackson Purchase, will be approximately 49% more than the next highest cost utility in Kentucky (Kentucky Power Company), and 64% more than the lowest cost utility in the state (Kentucky Utilities Company).

Q. Please describe how the Company used the Economic Reserve and will use the Rural Economic Reserve to mitigate the effects of these rate increases and how rates will be impacted when these Reserves no longer are available for use in the MRSM surcredit.

A. The Company has masked the effect of the rate increases due to the Century termination by increasing the MRSM surcredit for the Rural class. However, this MRSM surcredit offset is only temporary because the surcredit will terminate for customers in the Large Industrial class when the Economic Reserve is fully depleted and then it will terminate for customers in the Rural class when the Rural Economic Reserve is fully depleted. When the MRSM terminates, the full effect of the rate increases due to the Century and Alcan terminations will automatically hit the Rural and Large Industrial customers.

Any use of the Reserves to reduce the rate impact of the Century and Alcan increases will accelerate the depletion of these reserves and accelerate and increase the Reserve rate increases. As Mr. Bailey noted in his Rebuttal Testimony in Case No. 2011-00036, this will only temporarily reduce rates. Once the Reserves are depleted, rates will increase to the same or greater levels than if the MRSM surcredit never existed.

Q. Would it be reasonable to accelerate the use of the Reserve funds in order to provide the balance between the Company's customers and its creditors that you referred to previously?

A. No. This will not provide a reasonable balance because the entirety of the impact of the excess capacity and the Smelter terminations still would be imposed on customers under such a scenario. There would be no sharing between customers and creditors because the Economic Reserve and the Rural Reserve belong to the Company's customers, not to its creditors. They are customer assets that were established for a specific purpose and are reflected on the Company's balance sheet as ratepayer funds. The Commission mandated that the Economic Reserve be used to mitigate FAC and ECR rates when it approved the Unwind transaction. The Rural Economic Reserve was established to benefit the customers in the Rural class after the Economic Reserve is depleted, which the Company projects will occur in 2015.

Q. Would it be reasonable to accelerate the use of the reserve funds in an effort to "buy time" in the hope that a more permanent solution might be found in the future?

A. No. Any attempt to accelerate the use of the reserve funds to keep rates artificially low for an abbreviated period in the hope that market conditions may change would be tantamount to transferring the reserve funds from the Company's customers to its creditors. It also would create a ticking time bomb where rates will explode upward once the Reserve funds are depleted. The Economic Reserve and the Rural Reserve should continue to be used to judiciously and prudently offset increases in the FAC and ECR rates until the funds are depleted. Both the FAC and ECR rates will increase upon the loss of each Smelter's load and the Reserve funds will be needed to mitigate those increases now more than ever; these customer funds should not be transferred to creditors.

Q. Has the Company reflected reductions in customer usage and revenues as a result of these huge rate increases in the test year revenue requirement?

A. No. The Company assumed almost no reduction in customer usage in the development of its sales forecasts for the test year as a result of these huge rate increases. It assumed that the relatively minor effects on sales of a smaller rate increase several years ago would be applicable to the huge rate increases due to the Century and Alcan terminations. The Company offered no empirical support for this proposition.

Q. Is it likely that rate increases of this magnitude will affect customer usage and require even greater subsequent rate increases in order to recover the revenue requirement?

A. Yes. Rate increases of this magnitude will cause economic harm to customers in all customer classes and result in attempts to reduce usage in the near term and long term. However, the ability of a Rural customer to reduce its power bill through conservation will be hindered by Big Rivers proposed rate design. Big Rivers has proposed a 76.2% increase in the Rural demand charge and only a 1.5% increase in the Rural energy charge. Such a dramatic increase in the fixed cost component of the bill is clearly an attempt to guarantee the utility's revenue stream, while at the same time making conservation less effective for the customers.

The large increases being proposed here will impact the competitiveness of the commercial and industrial customers that serve customers beyond western Kentucky and may cause some commercial customers and industrial customers to reduce their usage or even cease operations.

Q. If there is significant customer response to these huge increases and customers significantly reduce their usage, what will be the impact on the remaining customers in the Rural and Large Industrial classes?

A. Big Rivers will have to file another rate case to recover the additional lost margins. As I previously discussed, Big Rivers' Board of Directors and management are contractually obligated by the Indenture and the all requirements contracts with its Members to seek rate increases in order to recover the costs it incurs, regardless of the magnitude of the increases and regardless of whether the resulting rates will be fair, just and reasonable.

This in turn will cause greater percentage rate increases in the future due to the reduction in the remaining customers and their usage, and thus, the load and customer base available to absorb the costs reflected in the revenue requirement. For example, if there is a ten percent reduction in usage due to the Century and subsequent rate increases to recover these losses in contributions toward fixed costs, then rates will spiral upward by yet another ten percent, all else equal.

X. THE COMPANY'S REVENUE REQUIREMENT IS EXCESSIVE AND SHOULD BE REDUCED TO REFLECT AN EQUITABLE SHARING OF EXCESS CAPACITY COSTS BETWEEN CUSTOMERS AND CREDITORS AND TO CORRECT OTHER ERRORS.

Q. Does the Company's revenue requirement still include the entirety of the interest expense, Contract TIER, depreciation expense, insurance expense, and

property tax expense for the Wilson plant?

A. Yes.

Q. Is that appropriate?

A. No. It is not appropriate to impose the entirety of the Company's revenue requirement due to the Century termination and, ultimately, the Alcan termination, on the Rural and Large Industrial customers without equitably sharing these impacts with the Company's creditors. After the Century and Alcan terminations, the Company will have significant excess capacity that no longer is used and useful.

The proposed layup of the Wilson plant still leaves the Company with excess capacity. The Century termination reduces the Company's peak load by 482 mW and its capacity requirements by that amount plus another 80 mW due to the avoided reserve margin requirements. The Company presently has 1,819 mW of capacity, including owned capacity and contractual rights to capacity, according to Company witness Robert Berry. The reduction in the Company's capacity requirements from the termination of the Century load is 562 mW, or 31% of the Company's total available capacity. Yet the Wilson plant is only 417 mW, or 23% of the Company's total available capacity. Thus, the layup of the Wilson plant to reduce the payroll costs does not address the other fixed costs to maintain and own the Wilson plant, which include other fixed O&M expense, interest expense. TIER, depreciation expense, insurance expense, and property tax expense.

The Wilson capacity will be idled because the available generation cannot be sold into the market at prices that exceed the all-in costs of the capacity. The Wilson unit is the Company's lowest cost operating unit. The Company's excess capacity position will be exacerbated with the Alcan termination. The Company will be forced into idling additional generation within the test year, although it has refused in response to discovery to identify the other units that it will idle.

Q. Do you recommend that the entirety of the Company's excess generation, which no longer is used and useful, be allocated to the creditors instead of customers?

A. No. Although there are compelling arguments that the excess generation and the related costs should be allocated solely to creditors instead of solely to customers, I nevertheless recommend an equitable sharing of the impact of the Century termination, and subsequently, the Alcan termination. In addition, I recommend that this sharing be based on the Rural and Large Industrial sales as a percentage of the Company's total sales prior to the Century and Alcan terminations. In other words, I recommend that 31.3% of the net cost of excess capacity resulting from the Century termination be recovered from the Rural and Large Industrial customers and that 68.7% of it ultimately be shared by the Company's creditors. Alcan temporarily would share 26.0% of the excess capacity cost allocated to the customers until rates again are reset in January 2013 in conjunction with the Alcan termination and the related rate increase.

This sharing between customers and creditors also would apply to the impact of the Alcan termination in the Alcan rate case. Consequently, the Rural and Large Industrial customers would share 31.3% of the rate impact of the Century and Alcan terminations and the resulting excess capacity and the creditors would share the remaining 68.7%.

This sharing is equitable because the Rural and Large Industrial customers did not cause the excess capacity and should not be required to pay for the entirety of the cost. Arguably, they should not be required to pay for any of the cost of capacity that no longer is used and useful in providing utility service. However, the equitable sharing that I propose provides a balanced approach.

I also note that my recommendation applies only to the base rate increase. Customers still will incur the entirety of the FAC and ECR rate increases.

Q. Have you quantified the effect of your recommendation?

A. Yes. The effect is to reduce the Company's revenue requirement by $43.301 million to reflect my recommendation to share 68.7% of the base rate impact of the excess capacity caused by the Century termination with the Company's creditors. To calculate this amount, I multiplied the Company's quantification of the base rate increase caused by the Century termination, net of cost reductions, or $63.029 million, times the 68.7% allocation to the creditors.

Q. Are there other errors in the Company's proposed revenue requirement and should the Commission correct those errors?

A. Yes. The Company included $4.375 million for the interest expense and related TIER on a new $58.8 million pollution control bond issue that it no longer plans to issue. When the Company filed this case, it planned to issue this new debt in March 2013 and use the proceeds to refund and retire the existing pollution control debt held by Dexia, which was scheduled to mature on June 1, 2013. Although the Company sought authorization to issue this debt in Case No. 2012-00492, it later amended its request and effectively withdrew it; the Company no longer plans to issue this debt.

Q. How did you quantify the interest and the related TIER included in the revenue requirement?

A. I multiplied the $58.8 million bond issue times the Company's assumed 6.0% interest rate times the 1.24 Contract TIER. I obtained the $58.8 million and the 6.0% interest rate from the Company's calculation of interest in the test year reflected in the Corporate Financial Model Excel workbook provided in response to Staff 2-36. These inputs are found on the Debt worktab in the workbook under the PCB debt section.

Q. What is the net effect of your recommendations on the Company's proposed revenue requirement?

A. The net effect is a reduction of $47.676 million in the Company's corrected proposed increase of $72.968 million, or an increase of no more than $25.292 million.

Q. Should the Commission adopt the Company's proposal to eliminate the Rural subsidy and set rates at cost of service?

A. Yes. It generally is appropriate to set rates at cost of service. It is especially so here. As a condition to approving the Unwind transaction, the Commission required LG&E Energy to contribute an additional $60.9 million to fund the Rural Economic Reserve. The RER now stands at approximately $64 million. The RER will provide rate protection once the Economic Reserve is depleted, but only for the Rural Class. The Large Industrial customers have no such protection. Because of the added protection the RER provides to the Rural customers, it is particularly unreasonable to ask the Large Industrial customers to continue to subsidize the Rural Class.

In addition, Big Rivers proposes to *increase* the MRSM surcredit for the Rural Class by $9.0 million annually, while *reducing* the MRSM surcredit for the Large Industrial customers by $1.5 million. This increase in the credit amount for the Rural customers will deplete the Economic Reserve earlier and will penalize the Large Industrial class. This proposed redistribution of the Economic Reserve to benefit the Rural class and harm the Large Industrial class is another reason why the base rate subsidy between the two classes should be eliminated.

Q. How does the revenue requirement that you recommend compare to the Company's request on a customer class basis?

A. The following table summarizes the Company's request compared to the effects of my recommendations, including the elimination of the remaining base rate subsidy provided by the Large Industrial and Smelter classes to the Rural class. These increases, based on Big Rivers' cost of service study provided in response to Staff 2-36, result from first increasing the Rural rates by $9.071 million so that the Rural class rate of return is equal that of the combined Large Industrial/Smelter classes, and then spreading the remainder of the KIUC increase on rate base in order to maintain the equalized rate of return. It is interesting to note that the amount of the Rural subsidy ($9.071 million) is equal to the $9.0 million increase to the Rural MRSM surcredit. This means that the Rural subsidy elimination is being funded by the Economic Reserve, not by the Rural customers, and at the expense and to the harm of the Large Industrial customers. In this manner, the Company managed to "eliminate" the subsidy paid by the Large Industrial customers through base rates, but did so by using the Large Industrial customers' share of the Economic Reserve.

Because of the contractual link between the Large Industrial and Smelter rates, the spread of the Large Industrial increase between demand and energy affects the distribution of the increase between the Large Industrial class and the Smelter class. For purposes of this analysis, I have assumed that the demand and energy charges are increased by equal percentages. These increases also incorporate the shift in Environmental Surcharge revenues resulting from the base rate increases. I provide more detail in support of the class allocations on my Exhibit___(LK-3).

COMPARISON OF COMPANY AND KIUC PROPOSED RATE INCREASES
IN TOTAL AND BY CUSTOMER CLASS
($ MILLION)

Customer Class	BREC Rate Increase	KIUC Rate Increase
Rurals	39.381	16.767
Large Industrials	8.221	2.066
Smelter	25.367	6.459
Total System	72.968	25.292

Q. **Does the Company have any options with respect to depreciation expense that could reduce its costs as the result of the planned layup of the Wilson plant and that could reduce its revenue requirement?**

A. Yes. If the Commission directs it to do so, the Company potentially could cease depreciation on the Wilson plant because it no longer will be in service. If market prices remain depressed and the Company is unable to sell the plant, enter into a PPA sufficient to recover its costs, or acquire new load that is willing and able to pay the "all-in" costs, then the Wilson plant will be placed in inactive status and mothballed; it will not be returned to service for the foreseeable future. The Company presently projects that the plant will not be in service for at least the next six years.

The Commission could direct the Company to cease depreciation on the plant for ratemaking purposes. The Company then could cease depreciation in accordance with the requirements of the RUS Uniform System of Accounts. Generally, the accounting for depreciation expense follows ratemaking, which is why the Company and other utilities in the state are required to seek the Commission's authorization to change their depreciation rates. To comply with the RUS USOA, the plant costs could be transferred from Plant in Service to Plant Held for Future Use.

Q. What effect would the cessation of depreciation on the Wilson plant have on the Company's revenue requirement in this proceeding?

A. If the Commission directs the Company to cease depreciation on the Wilson plant, it would reduce the revenue requirement by $20.031 million before the equitable sharing of the costs of excess capacity and the allocation of those costs to customers that I recommend. It would reduce the revenue requirement by $6.270 million in addition to the other adjustments that I propose if the Commission adopts my recommendation to allocate the costs of excess capacity between customers and creditors. The $6.270 million is equal to 31.3% of the $20.031 million.

XI. THE COMMISSION SHOULD NOT ASSUME THAT THE RATE INCREASES ARE ONLY TEMPORARY BECAUSE THE COMPANY'S COAL-FIRED GENERATING UNITS WILL CONTINUE TO BE UNECONOMIC FOR THE FORESEEABLE FUTURE

Q. Are the Century, Alcan, and Reserve rate increases and the other related rate increases that will follow these only temporary?

A. No. These rate increases will be permanent unless and until the Company's power plants again are economic. The power plants will not be economic unless and until there are sustained and significant increases in market prices that are not offset by a contemporaneous increase in costs to Big Rivers, i.e., escalating coal prices or a future carbon tax affecting coal-fired generation. This is true regardless of whether the Company sells the energy output into MISO or sells the capacity and energy through one or more bilateral contracts. Market prices also will determine the ability of the Company to sell the power plants themselves at prices equal to or greater than net book value. In response to Staff 2-21(c), Big Rivers stated that its current Financial Model assumes that the Wilson plant will not be restarted until 2019, or six years from now.

Q. Does the Company acknowledge that the rate increases should not be considered temporary?

A. Yes. The Company prepared and provided to the Member cooperatives a "Rate Case Fact Sheet" dated December 14, 2012 in which it stated the following:

> It is Big Rivers' and its Members' plan to reduce expenses and replace system load, combined with an eventual recovery of prices in the wholesale power market, will enable Big Rivers to reduce its rates in the future. However, because we cannot know if and when and under what circumstances these favorable events will occur, Big Rivers cannot characterize its proposed rate increase as "temporary."

The Company provided a copy of this Rate Case Fact Sheet in response to AG 1-133. I have attached a copy of the relevant pages of the Company's response to AG1-133 as my Exhibit___(LK-4).

Q. Are market conditions likely to change in the short or medium term to provide a solution to Big Rivers' excess capacity and to reduce the effect on customers?

A. No. There is a low probability that market conditions will improve sufficiently and quickly enough to make a difference in this case, the Alcan increase case, or the other related future rate increases. Therefore, it would be unreasonable to set rates based on hopeful, but unfounded, speculation that market conditions will significantly improve for Big Rivers in the short or medium term. This is true for both regulatory and economic reasons.

First, raising rates temporarily to an unreasonable level in the hope that market conditions may improve and ultimately allow rates to decline back down to a reasonable level is not an option. My understanding is that rates set by the Commission must always be fair, just and reasonable under Kentucky law. Rates cannot be set at unreasonable levels, even temporarily. Moreover, it is bad public policy to gamble on an improvement in market conditions that may or may not occur at some unknown time in the future. Rates should be set at reasonable levels based upon what is known when they are set, not based on speculation about future market conditions.

Second, the likelihood is very low in the near to intermediate term that the financial fortunes of Big Rivers will be turned around through an increase in the wholesale market price of energy, an increase in the value of coal-fired generation, moving out of MISO to PJM, entering into a long term purchase power agreement, finding a new wholesale distribution cooperative member willing to pay above market rates, or attracting a new end-use customer to locate on the system that is large enough to make a difference.

In its financial model, Big Rivers projects a very depressed wholesale energy prices through at least 2017. The Big Rivers forecast is confirmed by forward market prices reported for the MISO region. These energy prices for many months do not even cover Big Rivers' variable cost of production. And with the Smelters and their 850 mW load at a 98% load factor exiting the system, Big Rivers' variable costs of production will increase even higher, especially its fuel costs. The fact that it cannot even recover its variable costs in the market is one reason why the Company plans to idle Wilson and will be required to idle additional plants.

On April 5, 2013, MISO released the results of its first capacity auction under its recently enhanced resource adequacy construct. The system-wide clearing price for the 2013-2014 planning year was $1.05 per mW-day. In other words, the Company's excess capacity has a market value of nearly $0, at least in the near-term. For comparative reference purposes, $1.05 per mW-day is equal to $0.32 per kW month, which is a mere 1.9% of the $16.95 per kW month proposed for the Rural class demand charge in this case.

In January 2013, SNL Energy released its Regional Reserve Margin Outlook for ISO New England, New York ISO, PJM, Electric Reliability Council of Texas, California ISO, Southwest Reserve Sharing Group, Northwest Power Pool, and MISO. MISO has a substantial capacity oversupply situation which is expected to last until late in the next decade. "SNL Energy's expected case for MISO sees surplus conditions of nearly 10,000 MW or more for the next few years, with at least 4,000 MW of excess from 2016-2020 (see Figure 8). After 2020, we expect the surplus to slowly decline due to demand growth." The market value of any excess generating capacity in MISO, especially coal fired capacity and its attendant environmental risk, is low and can be expected to stay low at least in the near to intermediate term. Therefore, selling a power plant is not likely to yield even net book value, let alone a significant economic gain for Big Rivers.

The low market value of coal generation was recently highlighted in two recent and well-publicized transactions. On March 31, 2013, the *Wall Street Journal* reported that three coal-fired power plants totaling 4,100 mW of capacity were sold in March by Dominion Resources to Energy Capital Partners at "just over $100" per kW of capacity.[32] The article compared this sales price to Department of Energy estimates to build new coal-fired capacity "at about $3,000 per kilowatt."[33] The article also cited another sale in March of this year of 4,100 mW of capacity by Ameren to Dynegy for the assumption by Dynegy of $825 million in nonrecourse debt. The article stated that "Dynegy is getting paid $200 million to take the coal plants."[34]

Entering into a long term PPA, in lieu of selling the power plants, also is not likely to provide any relief. Such a PPA necessarily would be priced to reflect the depressed current market conditions and therefore would not likely provide full cost recovery. Further, because Big Rivers no longer is investment grade, the counterparty risk of doing business with it likely would put off potential purchasers.

An attempt to exit MISO and join PJM in the hopes of receiving more for capacity also is probably not a realistic or effective solution. First, there is an open issue as to whether adequate transmission capacity exists to do this.[35] Then there is the extended regulatory approval process that must be completed before this Commission and before the FERC. Finally, Big Rivers still would be responsible for its share of MTEP projects approved during its membership in MISO. An exit from

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[32] "There is Life After Death for Coal Power," *The Wall Street Journal*, *available at* http://online.wsj.com/article/SB10001424127887323361804578390561956760382.html.

[33] *Id.*

[34] *Id.*

[35] In response to SC 1-4, in which the Sierra Club sought the Company's projections for capacity and energy prices in the PJM, the Company stated: "Big Rivers is a MISO participant and does not currently have transmission access to the PJM market."

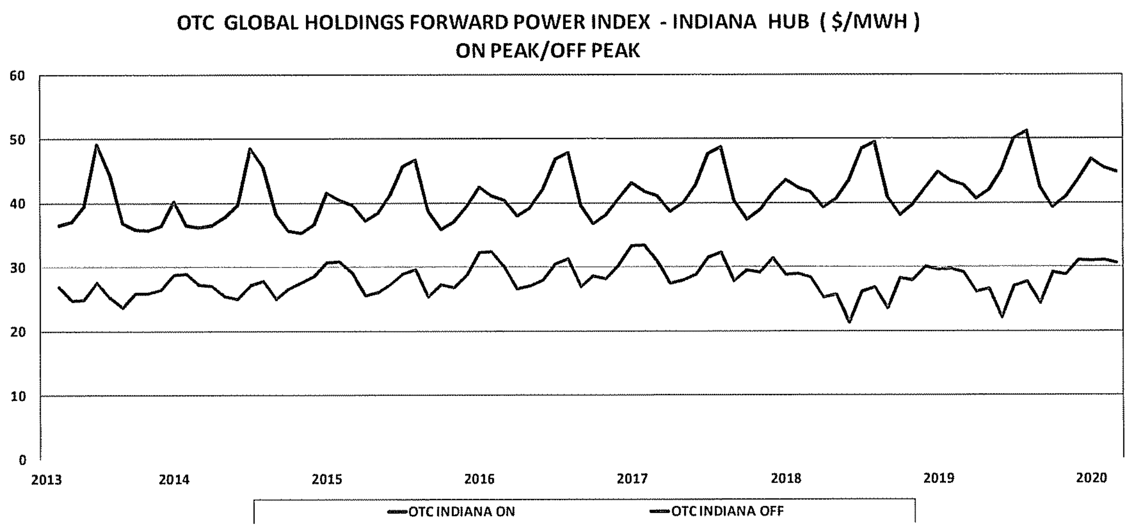
MISO undoubtedly would require a very large exit fee. If the Smelters are included in the MTEP cost responsibility calculation, then the exit fee would be even greater.

Hoping that a new distribution cooperative can be served at a wholesale rate above market assumes that the new customer will act irrationally. There is no basis to assume that a new wholesale customer willingly will pay more than market value for energy or capacity. In fact, the very reason that Big Rivers' costs are above market is the primary reason that the Smelters plan to exit the system. Moreover, in the case of TVA cooperatives, there is typically a five year notice provision in their contracts.

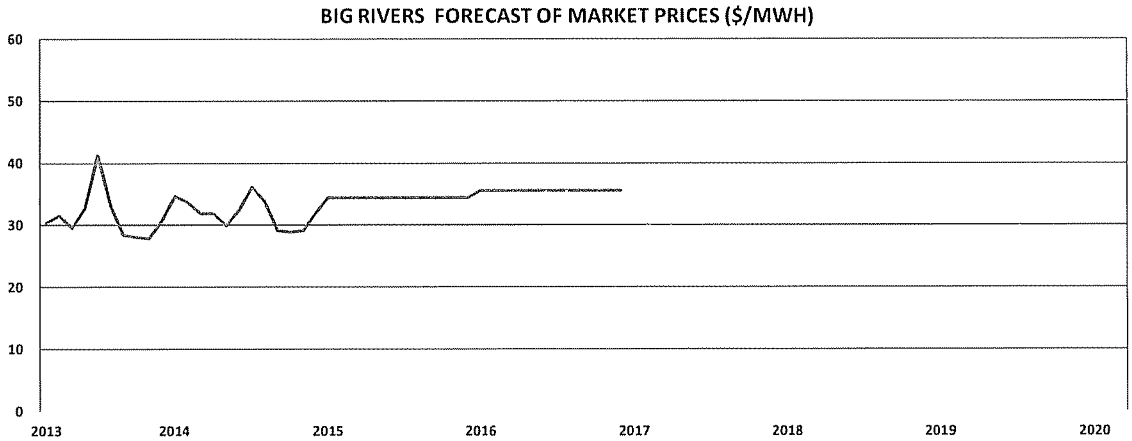
Holding out hope that a large energy intensive retail load may be incentivized to locate in the service territories of Kenergy, Meade County or Jackson Purchase is unfounded. Large loads desire rate certainty, which certainly is not the case here. Moreover, the Company's proposal to assign all responsibility for Big Rivers' excess capacity to the Rural and Large Industrial customers runs directly counter to any economic development goals. The best way to attract a new energy intensive load is to equitably balance the costs of excess capacity between the Company's customers and creditors. Minimizing rate increases through such balancing will promote economic development. Big Rivers' proposal to dramatically increase rates in this proceeding and the risk exposure to additional huge rate increases in subsequent proceedings will dampen and even kill economic development.

Q. Do available forward market prices indicate that the present depressed power market will recover in the next several years?

A. No. To the contrary, the evidence is that the present depressed power market will extend for at least the next several years. I show the MISO forwards at the Indiana hub in the following graph. These forward market prices demonstrate that the market does not expect rising prices for at least the next seven years.



The Company's own market price projections demonstrate that there is no market expectation of rising market prices for at least the next four years. I show the Company's projections of market prices used in its corporate financial model in the following graph.

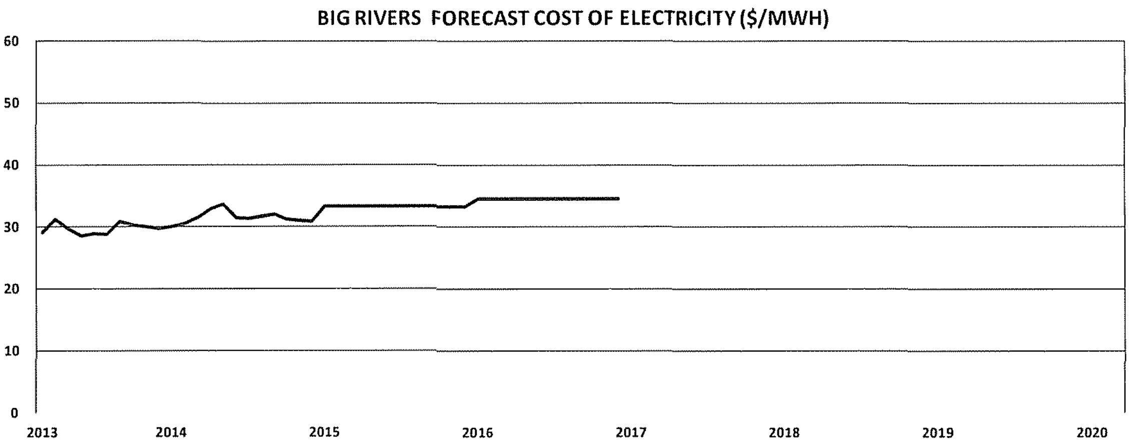


Q. How do these projected market prices compare to the Company's production costs?

A. The Company's production costs on an all-in basis are much greater than these projected market prices, which indicates that the power plants are uneconomic and will remain uneconomic on an all-in basis for at least the next seven years.

The Company's variable production costs also are greater than or only minimally less these market prices, or at least the off-peak market prices. This confirms that the excess capacity is uneconomic because in order to operate, the market price must exceed the variable cost to operate. The units cannot be cycled off and on, or even significantly up and down, between peak and off-peak hours.

The following graph shows the Company's projected variable production costs from the corporate financial model that it provided in response to Staff 2-36. I should note that these projections are unrealistically low because they assumed that the Alcan load would continue through 2016 and that only the Wilson plant would be idled in response to the Century termination. However, in reality, the Company's variable production costs will increase when it loses the Alcan load and is required to layup additional power plants, which will result in a greater costs due to less efficient system operation and the greater heat rates of the remaining units.



XII. IF AN EQUITABLE SHARING WITH CREDITORS ULTIMATELY LEADS TO A RESTRUCTURING OF THE COMPANY AND ITS DEBTS, THAT PROCESS CAN BE BENEFICIAL TO CUSTOMERS

Q. Company witnesses Mr. Mark Bailey and Ms. Billie Richert state in their Direct Testimonies that if the Commission does not grant the full amount of the

requested rate increase, Big Rivers could default on its credit agreements.[36] **Please respond.**

A. I agree that is a possibility, but it is not a justification to impose rates that are not fair, just, and reasonable. If anything, it is another reason for an equitable sharing between customers and creditors because it could lead to voluntary creditor concessions or, alternatively, a restructuring of the Company and its debts through the legal process specifically created for that purpose.

Ultimately, there are only two economic interests involved in the issue of who pays for the Company's excess generating capacity caused by the Smelter terminations and the depressed wholesale power market: the customers and the creditors. The cost impact should not be borne 100% by customers. There should be an equitable sharing between customers and creditors. The Commission has no statutory mandate to set rates at excessive levels in order provide sufficient revenues to avoid credit defaults.

As the Commission noted with respect to the aluminum market in its Order in the previous Big Rivers' rate case,[37] despite the Commission's broad scope of regulatory authority under KRS Chapter 278, the Commission cannot control or even

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[36] Big Rivers President Mark Bailey indicated that BREC is in a "*precarious financial position*" and that if it does not receive the "*full amount of the rate increase it is seeking*" it will not have access to capital markets. (Direct Testimony of Mark Bailey p. 7-9) Big Rivers' witness Billie Richert states that "*without rate relief, it will be unable to attract capital and to meet its debt covenant obligations, and it faces potential default on its credit agreements.*" (Direct Testimony of Billie Richert p. 40).

[37] Case No. 2011-00036, Order of November 17, 2011; p. 40.

influence market pricing. Likewise, the Commission cannot set wholesale electric prices that will allow Big Rivers to earn sufficient revenue from selling its excess capacity into the market so that Big Rivers is able to meet its credit obligations.

Q. Who are the Company's creditors?

A. The Company's has three primary creditors: the National Rural Utilities Cooperative Finance Corporation ("CFC"), CoBank ACB ("CoBank"), and the RUS. CFC is a national cooperative that provides financial services and is the "premier lender for electric cooperatives, including RUS borrowers and non-RUS borrowers," according to its website. CFC had $20.5 billion in assets as of February 28, 2013, according to financial information from its most recent 10-Q filing available on the SEC website.

CoBank is a national cooperative bank serving cooperatives throughout the nation. CoBank provides loans, leases, export financing, and other financial services to agribusinesses and rural power, water, and communications providers in all 50 states, according to its website. CoBank had $92.5 billion in assets as of December 31, 2012 and earned 15.2% on average common equity in 2012, according to financial information on its website.

The following table shows the principal amounts owed to each creditor that it used to compute the interest expense for the test year and the annual interest expense on these principal amounts included in the test year revenue requirement.

Big Rivers Electric Corporation
Principal and Interest Expense by Creditor
During the Test Year
$ Millions

Lender	Average Debt Outstanding	Interest Expense
CFC	284.705	12.693
CoBank	223.690	9.752
RUS Series A and B Notes	218.471	12.699
Polution Control Bonds	141.321	8.470
ECP Borrowing	40.410	1.155
CFC CTC Loan	40.394	2.214
Less: Capitalized Interest		(2.480)
Add: Amortization-Debt Expense		0.505
Total	948.990	45.008

The interest expense and TIER included by the Company in its test year revenue requirement are based on the Company's projection of debt outstanding and the related interest rates on a monthly basis throughout the test year. This detail is found in the Company's Corporate Financial Model provided in response to Staff 2-36 on worktabs "Debt" and "Pat."

I note that the debt outstanding and the interest expense shown on the preceding table do not reflect changes in the Company's financing that were necessary due to its inability to refinance the pollution control debt held by Dexia maturing on June 1, 2013 with new pollution control debt or its inability to finance the environmental expenditures through additional debt issuances. These changes were approved by the Commission in Case No. 2012-00492 after the Company made its filing in this proceeding.

Q. If Big Rivers defaults on its credit agreements, what will be the likely consequences?

A. If the Company defaults, or is likely to default, on its credit agreements, there are two primary consequences or outcomes. First, the creditors can make voluntary concessions. Such concessions could include restructuring the Company's assets and related debt, reductions in the principal outstanding, reductions in the interest rates, longer repayment periods, or combinations of these concessions, among others. A voluntary debt restructuring by Big Rivers' three primary creditors, RUS, CFC and Co-Bank, would be a constructive outcome. However, if the Commission imposes the entire excess capacity burden on customers, then the incentive of creditors to cooperate and provide voluntary concessions will be greatly reduced, if not eliminated.

Second, if the creditors are unwilling or unable to make sufficient concessions, then Big Rivers can make a voluntary filing before the U.S. Bankruptcy Court to restructure the Company, its cost structure, and its debts and loan agreements. If the Company enters bankruptcy, the filing itself results in an automatic stay against actions by its creditors to collect the debt outstanding and on interest payments. The interest payments do not continue to accrue and do not need to be paid in the future. The automatic stay on interest payments also results in the Company reporting no interest expense on its accounting books or on its income statement. There will be a significant increase in the Company's internal cash generation and in its margins, all else equal. The ability to retain the cash collected from customers that otherwise would have been paid to creditors provides the Company additional cash to finance its operations and capital requirements and provides the Company additional leverage for concessions in negotiations with its creditors.

Q. Has the Company previously and have other utilities filed for Chapter 11 protection?

A. Yes. Big Rivers and numerous other utilities have filed for bankruptcy and used the legal process to restructure or liquidate. Nearly 15 years ago, Big Rivers used the bankruptcy process to restructure its debt and terminate above market coal contracts.[38] This process resulted in a sharing between customers and creditors. In its July 12, 2012 Disclosure Statement, the Company described the causes of its 1996 bankruptcy filing and the beneficial results of the restructuring process as follows:

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[38] This Commission found that certain coal contracts were not reasonable and denied Big Rivers FAC recovery of the costs. The former General Manager of Big Rivers ultimately went to prison for his role in a kick-back scheme involving those overpriced coal contracts and the fraud perpetrated against customers through excessive FAC rates.

> In September 1996, Big Rivers filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The filing was precipitated largely by the Company's inability to sell its capacity in excess of that required to serve its Members at prices sufficient to cover all of its costs, which shortfall was exacerbated by long-term coal contracts under which prices had escalated well above market prices. In July 1998, a bankruptcy court-approved Plan of Reorganization (the "Plan of Reorganization") became effective. The Plan of Reorganization fundamentally changed the operations of the Company and resulted in the restructuring of the Company's long-term debt.

In addition to Big Rivers, numerous other electric cooperatives have filed to restructure under Chapter 11, including Cajun Power Cooperative, Inc. (1994), Colorado Ute Electric Association, Inc. (1990), Eastern Maine Electric Cooperative (1987), and Wabash Valley Power Association, Inc. (1985).

In addition to these cooperatives, numerous investor-owned utilities have filed to restructure under Chapter 11, including Pacific Gas and Electric (2001), Public Service Company of New Hampshire (1988), Columbia Gas Systems Inc. (1991) and El Paso Electric Company (1992).

Q. Do you recommend that the Commission order a bankruptcy filing by Big Rivers?

A. No. I recommend that the Commission establish fair, just and reasonable rates that equitably allocate excess capacity costs between customers and creditors. Once those rates are determined, then Big Rivers, its Board of Directors, and the creditors can decide how to proceed, whether through voluntary concessions and restructuring or through involuntary restructuring.

Q. Should the Commission view the circumstances present in this case as an opportunity to finally resolve the continuing uncertainty and instability associated with Big Rivers and the Smelters?

A. Yes. The Commission is presented with an opportunity in this case to finally resolve the continuing uncertainty and instability associated with Big Rivers and to establish rates for the Member cooperatives and their customers at fair, just, and reasonable levels for a sustained period of time. If resolved fairly and equitably, the Smelters will continue to operate and purchase their power requirements in the market at whatever prices and terms are available (and, hopefully, prosper over the long term); the three Member distribution cooperatives will obtain a stable power supply and stable pricing either from a restructured Big Rivers that is more appropriately sized for the Rural and Large Industrial load or through PPAs with other suppliers obtained through competitive supply solicitations; and the Commission will retain authority over the rates charged to customers.

Q. Does this complete your testimony?

A. Yes.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

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

EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

MAY 24, 2013

EXHIBIT ____ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

EXPERIENCE

1986 to Present: **J. Kennedy and Associates, Inc.:** Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to 1986: **Energy Management Associates:** Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to 1983: **The Toledo Edison Company:** Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.
Airco Industrial Gases
Alcan Aluminum
Armco Advanced Materials Co.
Armco Steel
Bethlehem Steel
Connecticut Industrial Energy Consumers
ELCON
Enron Gas Pipeline Company
Florida Industrial Power Users Group
Gallatin Steel
General Electric Company
GPU Industrial Intervenors
Indiana Industrial Group
Industrial Consumers for
  Fair Utility Rates - Indiana
Industrial Energy Consumers - Ohio
Kentucky Industrial Utility Customers, Inc.
Kimberly-Clark Company
Lehigh Valley Power Committee
Maryland Industrial Group
Multiple Intervenors (New York)
National Southwire
North Carolina Industrial
  Energy Consumers
Occidental Chemical Corporation
Ohio Energy Group
Ohio Industrial Energy Consumers
Ohio Manufacturers Association
Philadelphia Area Industrial Energy
  Users Group
PSI Industrial Group
Smith Cogeneration
Taconite Intervenors (Minnesota)
West Penn Power Industrial Intervenors
West Virginia Energy Users Group
Westvaco Corporation

Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
Cities in AEP Texas Central Company's Service Territory
Cities in AEP Texas North Company's Service Territory
Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation
Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

**Expert Testimony Appearances
of
Lane Kollen
as of May 2013**

Date	Case	Jurisdict.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.

**Expert Testimony Appearances
of
Lane Kollen
as of May 2013**

Date	Case	Jurisdict.	Party	Utility	Subject
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.

**Expert Testimony Appearances
of
Lane Kollen
as of May 2013**

Date	Case	Jurisdict.	Party	Utility	Subject
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.

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Date	Case	Jurisdict.	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.

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Date	Case	Jurisdict.	Party	Utility	Subject
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.

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Date	Case	Jurisdict.	Party	Utility	Subject
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95 12/95	U-21485 (Supplemental Direct) U-21485 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.

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Date	Case	Jurisdict.	Party	Utility	Subject
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.

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Date	Case	Jurisdict.	Party	Utility	Subject
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	Ct	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.

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Date	Case	Jurisdict.	Party	Utility	Subject
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.

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Date	Case	Jurisdict.	Party	Utility	Subject
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.

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Date	Case	Jurisdict.	Party	Utility	Subject
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas-New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.

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Date	Case	Jurisdict.	Party	Utility	Subject
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Heallthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.

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09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider. Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow- through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated programs costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.

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03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.

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11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses in account 923; storm damage expense and accounts 924, 228.1, 182.3, 254 and 407.3; tax NOL carrybacks in accounts 165 and 236; ADIT; nuclear service lives and effect on depreciation and decommissioning.
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses in account 923; storm damage expense and accounts 924, 228.1, 182.3, 254 and 407.3; tax NOL carrybacks in accounts 165 and 236; ADIT; nuclear service lives and effect on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Panel with Thomas K. Bond, Cynthia Johnson, and Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Panel with Thomas K. Bond, Cynthia Johnson, and Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Supplemental Rebuttal Panel with Thomas K. Bond, Cynthia Johnson, and Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.

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06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Panel with Victoria Taylor	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-564, 2007-565, 2008-251 2008-252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.

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02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	U-21453, U-20925 U-22092 (Subdocket J) Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct-Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U-20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E	CO	CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.

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09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.
10/09	09A-415E	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	LA	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.
12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal	LA	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.
03/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Depreciation expense and effects on System Agreement tariffs.

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04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.
04/10	2009-00458, 2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.
08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, the Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPCO	AFUDC adjustments in Formula Rate Plan.

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11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Depreciation rates and expense input effects on System Agreement tariffs.
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
03/11 04/11	ER10-2001 Direct Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc and Entergy Arkansas, Inc.	EAI depreciation rates.
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, including resolution of S02 allowance expense, variable O&M expense, and tiered sharing of off-system sales margins.
04/11 05/11	38306 Direct Supplemental Direct	TX	Cities Served by Texas-New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company and Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders.
08/11	ER-11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.

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08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Direct Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.

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10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.
10/12	120015-EI Direct Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.

EXHIBIT ____ (LK-2)

ESTIMATED RATE INCREASES TO RURAL CLASS DUE TO CENTURY TERMINATION [1]

RURAL	Base Period [1]			Test Year [1]			Century Increase on Aug 21, 2013 [2]		
	Rural Bill Units	Rural Rate	Rural Billing	Rural Bill Units	Rural Rate	Rural Billing	Rural Rate	Rural Billing	Rural Percent
Demand	5,388,931	9.50	51,194,845	5,322,297	16.95	90,212,934	7.45	39,018,090	76.21%
Energy	2,420,925,805	0.029736	71,988,650	2,436,557,000	0.030000	73,096,710	0.000264	1,108,060	1.54%
Base Rate	2,420,925,805	0.050883	123,183,494	2,436,557,000	0.067025	163,309,644	0.0164684	40,126,150	32.57%
Non-Smelter Non-FAC PPA	2,420,925,805	(0.001242)	(3,006,790)	2,436,557,000	(0.000781)	(1,902,951)	0.000461	1,103,839	-36.71%
FAC	2,420,925,805	0.003480	8,424,822	2,436,557,000	0.005141	12,526,340	0.001661	4,101,518	48.68%
Environmental Surcharge	2,420,925,805	0.002534	6,134,626	2,436,557,000	0.003897	9,495,263	0.001363	3,360,637	54.78%
Surcredit	2,420,925,805	(0.004110)	(9,950,005)	2,436,557,000	(0.001738)	(4,234,736)	0.002372	5,715,269	-57.44%
Economic Reserve	2,420,925,805	(0.006442)	(15,595,604)	2,436,557,000	(0.010114)	(24,643,337)	(0.003672)	(9,047,733)	58.01%
Rate Increases ($/kWh), Billings, %		0.045103	109,190,543		0.063430	154,550,222	0.0186163	45,359,679	41.54%
Cumul Rate Increases ($/kWH), Billings, %							0.063430	45,359,679	41.54%
Distribution Rates ($/kWh)[1]		0.033000					0.033000		
Retail Rates ($/kWH) Bef and Aft Increase		0.078103					0.096430		23.8%
Avg Monthly Residential Bill @ 1300 kWh		$101.53					$125.36		
Average Annual Residential Increase							$285.90		

[1] Base Period and Test Year Amounts from Tab 59 of Company's filing in Case No. 2012-00535

[2] Century Increase computed as difference between Test Year and Base Period revenues/billings.

ESTIMATED RATE INCREASES TO LARGE INDUSTRIAL CLASS DUE TO CENTURY TERMINATION [1]

LARGE INDUSTRIAL	Base Period [1]			Test Year [1]			Century Increase on Aug 21, 2013 [2]		
	Large Industrial Bill Units	Large Industrial Rate	Large Industrial Billing	Large Industrial Bill Units	Large Industrial Rate	Large Industrial Billing	Large Industrial Rate	Large Industrial Billing	Large Industrial Percent
Demand	1,700,070	10.50	17,850,735	1,674,594	12.41	20,781,712	1.91	2,930,977	16.42%
Energy	953,161,521	0.024505	23,357,223	943,698,679	0.030000	28,310,960	0.005495	4,953,737	21.21%
Base Rate	953,161,521	0.043233	41,207,958	943,698,679	0.052022	49,092,672	0.0083551	7,884,714	19.13%
Non-Smelter Non-FAC PPA	953,161,521	(0.001249)	(1,190,499)	943,698,679	(0.000781)	(737,029)	0.000468	453,470	-38.09%
FAC	953,161,521	0.003490	3,326,534	943,698,679	0.005125	4,836,456	0.001635	1,509,922	45.39%
Environmental Surcharge	953,161,521	0.006866	6,544,407	943,698,679	0.003092	2,917,916	(0.003774)	(3,626,491)	-55.41%
Surcredit	953,161,521	(0.004156)	(3,961,339)	943,698,679	(0.001777)	(1,676,953)	0.002379	2,284,387	-57.67%
Economic Reserve	953,161,521	(0.010744)	(10,240,767)	943,698,679	(0.009302)	(8,778,285)	0.001442	1,462,482	-14.28%
Rate Increases ($/kWh), Billings, %		0.037440	35,686,293		0.048379	45,654,778	0.0105632	9,968,484	27.93%
Cumul Rate Increases ($/kWH), Billings, %							0.048003	9,968,484	27.93%

[1] Base Period and Test Year Amounts from Tab 59 of Company's filing in Case No. 2012-00535

[2] Century increase computed as difference between Test Year and Base Period revenues/billings

ESTIMATED RATE INCREASES TO ALCAN DUE TO CENTURY TERMINATION[1]

ALCAN	Base Period [1]			Test Year [1]			Century Increase [2]		
	Bill Units	Rate	Billing	Bill Units	Rate	Billing	Rate	Billing	Percent
Energy	3,159,206,400	0.039405	124,489,441	3,159,206,400	0.047597	150,368,554		25,879,113	20.79%
Base Variable Energy	14,918,211	0.021806	325,307					(325,307)	-100.00%
Back-Up Energy	5,422,732	0.039529	214,355					(214,355)	-100.00%
Surplus Energy	(1,075,243)	0.034709	(37,321)					37,321	-100.00%
Supplemental Energy	93,586	0.030114	2,818					(2,818)	-100.00%
TIER Adjustment	3,159,206,400	0.002942	9,294,224	3,159,206,400	0.002945	9,303,467		9,243	0.10%
Non-FAC PPA	3,159,206,400	-0.000505	(1,595,399)	3,159,206,400	(0.000369)	(1,165,347)		430,052	-26.96%
FAC	3,159,206,400	0.003492	11,032,520	3,159,206,400	0.005121	16,176,808		5,144,288	46.63%
Environmental Surcharge	3,159,206,400	0.002263	7,148,088	3,159,206,400	0.002819	8,905,812		1,757,724	24.59%
Surcharge	3,159,206,400	0.001860	5,876,534	3,159,206,400	0.001872	5,912,468		35,934	0.61%
Adjustment			1,844			0		(1,844)	-100.00%
Rate Increases ($/kWh), Billings, %		0.049618	156,752,411		0.059984	189,501,762	0.010366	32,749,351	20.89%
Cumul Rate Increases ($/kWH), Billings, %									

[1] Base Period and Test Year Amounts from Tab 59 of Company's filing in Case No 2012-00535

[2] Century Increase computed as difference between Test Year and Base Period revenues/billings.

ESTIMATED RATE INCREASES TO RURAL CLASS DUE TO CENTURY TERMINATION

RURAL	BASE PERIOD		TEST YEAR		CENTURY INCREASE	
	Rural Rate	Rural Revenues	Rural Rate	Rural Revenues	Rural Rate Increases	Percent Increases
Base Rate - Demand	$9.50	$ 51,194,845	$16.95	$ 90,212,934	$ 39,018,090	76.2%
Base Rate - Energy		$ 71,988,650		$ 73,096,710	$ 1,108,060	1.5%
Non-Smelter Non-FAC PPA		$ (3,006,790)		$ (1,902,951)	$ 1,103,839	-36.7%
FAC		$ 8,424,822		$ 12,526,340	$ 4,101,518	48.7%
Environmental Surcharge		$ 6,134,626		$ 9,495,263	$ 3,360,637	54.8%
Smelter Surcredit		$ (9,950,005)		$ (4,234,736)	$ 5,715,269	-57.4%
MRSM (Economic Reserve)		$ (15,595,604)		$ (24,643,337)	$ (9,047,733)	58.0%
Totals	$0.0451	$109,190,543	$0.0634	$154,550,222	$ 45,359,679	41.5%
Avg Monthly Residential Bill @ 1300 kWh (1)		$ 101.53		$ 125.36	$23.83	
Avg Annual Residential Increase					$285.90	

(1) Includes $0.033/kWh for Member Cooperative Charges As Shown On Ex Wolfram-5.

ESTIMATED RATE INCREASES TO LARGE INDUSTRIAL CLASS DUE TO CENTURY TERMINATION

LARGE INDUSTRIAL	BASE PERIOD (1)		TEST YEAR (1)		CENTURY INCREASE (2)	
	Large Ind Rate	Large Industrial Revenues	Large Ind Rate	Large Industrial Revenues	Large Ind Rate Increases	Percent Increases
Base Rate		$ 41,207,958		$ 49,092,672	$ 7,884,714	19.1%
Non-Smelter Non-FAC PPA		$ (1,190,499)		$ (737,029)	$ 453,470	-38.1%
FAC		$ 3,326,534		$ 4,836,456	$ 1,509,922	45.4%
Environmental Surcharge		$ 6,544,407		$ 2,917,916	$ (3,626,491)	-55.4%
Smelter Surcredit		$ (3,961,339)		$ (1,676,953)	$ 2,284,387	-57.7%
MRSM (Economic Reserve)		$ (10,240,767)		$ (8,778,285)	$ 1,462,482	-14.3%
Totals	$0.0374	$ 35,686,293	$0.0484	$ 45,654,778	$ 9,968,484	27.9%

ESTIMATED RATE INCREASES TO ALCAN CLASS DUE TO CENTURY TERMINATION

ALCAN	BASE PERIOD		TEST YEAR		CENTURY INCREASE	
	Alcan Rate	Alcan Revenues	Alcan Rate	Alcan Revenues	Alcan Rate Increases	Percent Increases
Energy		124,489,441		150,368,554	25,879,113	20.79%
Base Variable Energy		325,307		0	(325,307)	-100.00%
Back-Up Energy		214,355		0	(214,355)	-100.00%
Surplus Energy		(37,321)		0	37,321	-100.00%
Supplemental Energy		2,818		0	(2,818)	-100.00%
TIER Adjustment		9,294,224		9,303,467	9,243	-100.00%
Non-FAC PPA		(1,595,399)		(1,165,347)	430,052	-26.96%
FAC		11,032,520		16,176,808	5,144,288	46.63%
Environmental Surcharge		7,148,088		8,905,812	1,757,724	24.59%
Surcharge		5,876,534		5,912,468	35,934	0.61%
Adjustment		1,844		0	(1,844)	-100.00%
Totals	$0.0496	156,752,411	$0.0600	189,501,762	32,749,351	20.9%

ESTIMATED RATE INCREASES TO RURAL CLASS DUE TO CENTURY AND ALCAN TERMINATIONS [1]

RURAL	Century Increase Aug 21, 2013 [2]				Alcan Increase Feb 1, 2014 [3]			
	Rural Rate Aft Increase		Rural Billings	Rural Percent	Rural Rate Aft Increase		Rural Billings	Rural Percent
Demand		$	39,018,090	76.21%				
Energy		$	1,108,060	1.54%				
Base Rate		$	40,126,150	32.57%				
Non-Smelter Non-FAC PPA		$	1,103,839	-36.71%				
FAC		$	4,101,518	48.68%				
Environmental Surcharge		$	3,360,637	54.78%				
Surcredit		$	5,715,269	-57.44%				
Economic Reserve		$	(9,047,733)	58.01%				
Rates ($/kWh), Billings, $ and % Increases	0.063430	$	45,359,679	41.54%	0.09329451	$	72,767,178	66.64%
Sum of Century and Alcan Increases						$	118,126,856	108.18%
Avg Monthly Residential Bill @ 1300 kWh		$	23.83			$	164.18	
Average Annual Residential Increase from Base Period		$	285.90			$	751.79	
Rate Increases if Proportional Red in Fixed Costs						$	55,867,385	51.17%
Sum of Century and Alcan Increases if Red in Fixed Costs						$	101,227,064	92.71%

(1) Base Period and Test Year Amounts from Tab 59 of Company's filing in Case No. 2012-00535

(2) Century Increase computed as difference between Test Year and Base Period revenues/billings.

(3) Alcan Increase computed as sum of Century lost contribution from Ex Berry-4 scaled down to Alcan and Century Increase allocated to Alcan; then allocated to Rural Class on proposed test year revenues from Ex Wolfram-5

ESTIMATED RATE INCREASES TO LARGE INDUSTRIAL CLASS DUE TO CENTURY AND ALCAN TERMINATIONS[1]

LARGE INDUSTRIAL	Century Increase Aug 21, 2013[2]			Alcan Increase Feb 1, 2014[3]		
	Large Ind Rate aft Increase	Large Industrial Billing	Large Industrial Percent	Large Ind Rate aft Increase	Large Industrial Billing	Large Industrial Percent
Demand		$ 2,930,977	16.42%			
Energy		$ 4,953,737	21.21%			
Base Rate		$ 7,884,714	19.13%			
Non-Smelter Non-FAC PPA		$ 453,470	-38.09%			
FAC		$ 1,509,922	45.39%			
Environmental Surcharge		$ (3,626,491)	-55.41%			
Surcredit		$ 2,284,387	-57.67%			
Economic Reserve		$ 1,462,482	-14.28%			
Rates ($/kWh), Billings, $ and % Increases	0.048003	$ 9,968,484	27.93%	0.071801297	$ 22,104,012	61.94%
Sum of Century and Alcan Increases					$ 32,072,496	89.87%
Rate Increases if Proportional Red in Fixed Costs					$ 16,970,472	47.55%
Sum of Century and Alcan Increases if Red in Fixed Costs					$ 22,104,012	75.49%

[1] Base Period and Test Year Amounts from Tab 59 of Company's filing in Case No. 2012-00535

[2] Century Increase computed as difference between Test Year and Base Period revenues/billings.

[3] Alcan Increase computed as sum of Century lost contribution from Ex Berry-4 scaled down to Alcan and Century Increase allocated to Alcan; then allocated to Rural Class on base rates less all fuel

CLASS ALLOCATION OF INCREASE DUE TO ALCAN TERMINATION ($000)

	Rural	Large Ind	Total Rural + Large Ind	
Tot Proposed Rev in Test Year bef Alcan Increase	178,797	54,312	233,109	Ex Wolfram-5
Class Revenues as Percentage of Total	76.70%	23.30%	100.00%	

CALCULATION OF FEBRUARY 2014 RATE INCREASE DUE TO ALCAN TERMINATION

	No Reduct In Fixed Costs	Prop Reduct In Fixed Costs
Century Contribution to Fixed Costs and Margin Base Year [1]	92,397,332	63,028,536
Alcan Energy	3,159,206	3,159,206
Century Energy	4,210,987	4,210,987
Ratio of Alcan to Century	75.0229%	75.0229%
Alcan Contribution to Fixed Costs and Margin Base Year	69,319,189	47,285,857
Century Increase Allocated to Alcan [2]	25,552,000	25,552,000
Total Alcan Contribution to Fixed Costs & Margin aft Century Increase	94,871,189	72,837,857
Allocation of Alcan Rate Increase to Rural Class	72,767,178	55,867,385
Allocation of Alcan Rate Increase to Industrial Class	22,104,012	16,970,472

[1] Exhibit Berry-4

[2] Exhibit Wolfram - 5

SUMMARY OF ESTIMATED RURAL AND LARGE INDUSTRIAL CLASS INCREASES

	Rural Class			Large Industrial Class		
	$ Revenue	$/kWh	% Increase	Revenue	Rate/mWh	% Increase
Before Rate Increases (Base Year kWh)	109,190,543	0.045103		35,686,293	0.037440	
Century Rate Increase (Test Year kWh)	45,359,679	0.018616	41.54%	9,968,484	0.010563	27.93%
After Century Rate Increase (Test Year kWh)	154,550,222	0.063430	41.54%	45,654,778	0.048379	27.93%
Alcan Increase	72,767,178	0.029865	66.64%	22,104,012	0.023798	61.94%
After Century and Alcan Increases	227,317,400	0.093295	108.18%	67,758,789	0.071801	89.87%
Economic Reserve and Rural Economic Reserve Increases	24,643,337	0.010114	22.57%	8,778,285	0.009302	24.60%
After Century, Alcan, and Reserve Increases	251,960,737	0.103409	130.75%	76,537,074	0.081103	114.47%

EXHIBIT ____ (LK-3)

KIUC Rate Impact Analysis
Calculation of Increases by Rate Class

	Rurals	Lg Ind + Smelter	Large Industrials	Smelter	Total System
Rate Base	587,196,907	650,548,730	157,501,117	493,047,612	1,237,745,636
Allocation vector	0.4744	0.5256	0.1272	0.3983	1.0000
Present Revenues	139,267,110	209,876,300	46,077,677	163,798,623	349,143,410
Big Rivers proposed increases	39,380,581	33,587,550	8,220,635	25,366,916	72,968,131
BREC Proposed % Increases	28.3%	16.0%	17.8%	15.5%	20.9%
KIUC INCREASE					
Utility Operating Margins - Pro Forma	(14,754,369)	(6,296,648)	(4,612,906)	(1,683,742)	(21,051,017)
Rate of Return	-2.51%	-0.97%			
Increase to equalize present ROR	9,070,902	-			9,070,902
Additional KIUC Increase (on rate base)	7,695,425	8,525,673			16,221,098
KIUC Proposed Increases	16,766,327	8,525,673			25,292,000
KIUC Proposed % Increases	12.0%	4.1%			7.2%
ADJUSTMENT TO ES REVENUES DUE TO INCREASE					
TIER Adjustment Charge		9,319,659		9,319,659	9,319,659
ES Revenues	8,815,889	11,916,097	2,944,366	8,971,731	20,731,985
Surcharge Revenues	(4,235,358)	4,235,358	(1,677,110)	5,912,468	-
Adjusted Present Revenue Base	134,686,579	184,405,186	44,810,421	139,594,765	319,091,766
Adjusted KIUC Revenue Base	151,151,294	193,232,472			344,383,766
ES Revenues - KIUC Proposed	9,099,344	11,632,641			20,731,985
Change in ES Revenues	283,455	(283,455)			-
KIUC Increase - Base Rates	16,482,871	8,809,129			25,292,000
Large Industrial and Smelter Rate Design					
Billing Energy		4,102,905,079	943,698,679	3,159,206,400	
Proposed Energy Charge	5.3%	0.025811	0.025811	0.025811	
Present Energy Charge		0.024505	0.024505	0.024505	
Revenue Increase from Energy		5,358,216	1,232,429	4,125,786	
Revenue Increase from Demand		3,450,913			
Billing Demand/Equivalent Dem		6,090,594	1,674,594	4,416,000	
Increase in Demand Charge		0.57	0.57	0.57	
Change in demand revenues		3,450,913	948,820	2,502,093	
Change in energy revenues		5,358,216	1,232,429	4,125,786	
Change in base revenues	16,482,871	8,809,129	2,181,250	6,627,879	25,292,000
Change in ES revenues	284,548	(284,548)	(115,456)	(169,093)	-
Change in Total Revenues	16,767,420	8,524,580	2,065,794	6,458,786	25,292,000
Percent Increase	12.0%	4.1%	4.5%	3.9%	7.2%

EXHIBIT ____ (LK-4)

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

Item 133) ***Reference the Wolfram testimony at pp. 38-39. Please produce copies of any and all communications regarding the cost impact estimates between Big Rivers, its consultants and its member-owners.***

Response) Big Rivers objects to the extent that this request seeks communications that are subject to the attorney-client and attorney work product privileges. Notwithstanding this objection, and without waiving it, please see the attached documents.

Witness) Mark A. Bailey

Marty Littrel

From: Marty Littrel
Sent: Friday, December 14, 2012 4:05 PM
To: 'Renee Jones'
Subject: RE: Rate case materials - Kenergy

Thanks Renee...

From: Renee Jones [mailto:RJones@kenergycorp.com]
Sent: Friday, December 14, 2012 3:56 PM
To: Marty Littrel
Subject: RE: Rate case materials - Kenergy

Marty, I can't open that sitx attachment. Can you create a PDF or Word doc and resend?

I haven't read this stuff yet, but it surely is pretty looking. Great job!

Thanks!

R

From: Marty Littrel [mailto:Marty.Littrel@bigrivers.com]
Sent: Friday, December 14, 2012 2:52 PM
To: Renee Jones
Cc: David Hamilton; Greg Starheim
Subject: Rate case materials - Kenergy

Renee:

This email contains the following attachments:

1. A confidential fact sheet for use in-house by co-op personnel – **NOT** to be used publically until or after the **January 15, 2013** rate filing.
2. Three versions of a letter to distribution members:
    - Text-only Word document
    - PDF set-up for in-house printing
    - PDF set-up for printing in 2 spot colors by a commercial print vendor
3. Zip file with InDesign source files (of the member letter) for use by an outside vendor

Attached are drafts to assist in your communication efforts relating to the upcoming 2012 rate case. The attached "**fact sheet**" should provide key information to your employees, Board of Directors and consumer-membership to assist from passing along incorrect information. In addition, the "fact sheet" provides greater detail than the "Letter to your Members" should you need more specific information.

Rate Case Fact Sheet
December 14, 2012

Big Rivers provides the following background information and comments in connection with potential distribution cooperative press releases/media queries about the upcoming Big Rivers rate case filing:

1. This material is **NOT** to be used for public information until or after the **January 15, 2013** rate case filing.
2. Big Rivers filed a Notice of Intent with the Kentucky Public Service Commission in December 2012 to file an application for a general adjustment of rates that will be filed on **January 15, 2013**.
3. The 2012 Rate Case has been assigned **Case No. 2012-00535**.
4. The Century notice was notice that it had terminated its retail electric service agreement with Kenergy effective **August 20, 2013**.
    a. It's likely the rate increase will take effect on **August 20, 2013** and retail consumers will probably first see the effects of the rate increase in the bills they receive in September.
5. Big Rivers strongly discourages public disclosure of estimates **not** approved by Big Rivers for public disclosure that may change before the filing is made on January 15, 2013.
6. Based on the current situation, electric rates are expected to increase by the following amounts, beginning August 2013:
    a. Residential member – estimated **19%** increase
    b. Business and industry – estimated **17%** increase
    c. Smelter (RTA) – estimated **16%** increase
7. Total Annual Revenue Request → **$74,476,120**

Approximate Breakdown in Annual Revenue Request
- **$62 Million – Century Revenue Loss**
- **$15 Million – Off System Sales Margins**
- **$2 Million – Depreciation Study Rate Change**
- **($4) Million – Savings from 2012 Refinancing of existing RUS debt**

8. The rate increase proposed by Big Rivers is not driven <u>**solely**</u> by the Century contract termination.

    a. Although the Century contract termination impact represents a significant portion of the revenue increase, Big Rivers is also seeking additional revenue that is necessary for Big Rivers to comply with its credit agreement requirements, and to properly maintain the facilities that produce the power delivered to Big Rivers' members.

9. It is Big Rivers' and its Members' plan to reduce expenses and replace system load, combined with an eventual recovery of prices in the wholesale power market, will enable Big Rivers to reduce its rates in the future. However, because we cannot know if and when and under what circumstances these favorable events will occur, Big Rivers cannot characterize its proposed rate increase as "temporary."

    a. The increase can be characterized as an increase in electric rates that could be reduced if and when power sales to replace the Century load are obtained through either successful **Economic Development** activities and/or through **Energy Services'** efforts in the wholesale power market (increase in wholesale market energy sales and/or selling power to other utilities).

    b. Keep in mind, the rate increase requested in the January 15, 2013 rate case filing is still lower than the combined bailout originally requested by both smelters ***($110 million combined)***. But this filing ONLY deals with the contract termination of one smelter (Century Aluminum).

10. Big Rivers and its three distribution member owners are working hard to attract new load (Economic Development and Energy Services) to mitigate the rate increase required to fill the void encountered by Century leaving the system.

    a. In addition, Big Rivers has undertaken multiple cost cutting measures to help alleviate the increase required to fiscally operate the business such as:

        i. Deferral of over **$19.5 million** in plant maintenance expense in 2012.
        ii. Re-negotiations for fuel and reagent contracts occurred in 2012 along with continuous improvements to reduce unit heat rates to result in lower operational expenses.
        iii. Deferred filling a number of job vacancies.
        iv. Decreased company vehicle inventory and associated expenses.
        v. Reduced employee benefit costs by adjusting the plan design for medical coverage, revising the eligibility requirements for post-retirement medical coverage (after 2013) and moving to a self-insured medical plan.
        vi. Refinanced **$442 million** in debt that reduced annual interest expense, **AND...**
        vii. Could idle or sell one of its power plants to further reduce operational expenses.