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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENERGY CORP. AND)
BIG RIVERS ELECTRIC CORP. FOR APPROVAL) CASE NO. 2013-00221
OF CONTRACTS AND FOR A DECLARATORY)
ORDER)

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Big Rivers Electric Corporation [hereinafter referred to as "Big Rivers" or "BREC" or "the company" and collectively as "the Joint Applicants"] and Kenergy Corporation [hereinafter referred to as "Kenergy" or "the company" and collectively "the Joint Applicants"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

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

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

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

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

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

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

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

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

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

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

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

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

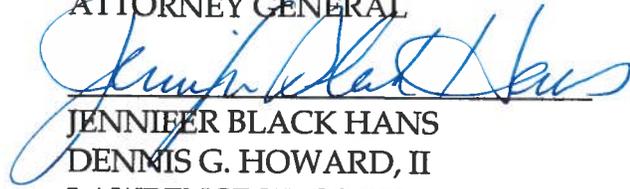
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

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

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

(14) The Attorney General reserves the right to pose additional data requests on or before the due date specified in the Commission's procedural schedule or by motion and upon further order of the Commission.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL

A handwritten signature in blue ink, appearing to read "Jennifer Black Hans", is written over a horizontal line.

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Certificate of Service and Filing

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

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this 2nd day of July, 2013


Assistant Attorney General

**Joint Application of Kenergy Corp. and
Big Rivers Electric Corp. for Approval of
Contracts and for a Declaratory Order
Case No. 2013-00221**

Attorney General's Initial Data Requests to the Joint Applicants

1. Reference the Application and the proposed agreement(s) filed for approval. Please provide any and all analysis performed for Big Rivers and Kenergy regarding all costs and benefits of the proposed agreement(s).
2. Reference the Application and the proposed agreements filed for approval, and as to the same, please provide the following:
 - a. Provide all presentations made to the Big Rivers and Kenergy Board(s) of Directors regarding the Application and agreement(s). Please consider this an ongoing request for information.
 - b. Provide all presentations made by Big Rivers and/or Kenergy to RUS, CFC, CoBank, or any other creditors and to the credit rating agencies regarding the Application and agreement(s). Please consider this an ongoing request for information.
3. Reference the Application at page 3, paragraph 4 and at page 11-12, paragraph 14. Please explain how the Kenergy/Big Rivers Wholesale Electric Service Agreement dated July 1, 2009 was approved by the Commission over 3 months earlier on March 6, 2009 in PSC Case No. 2007-00455.
4. Reference the Application at page 4, paragraph 6. Please explain what is meant by Big Rivers' "unmitigated revenue loss resulting from the termination by Century Kentucky" in light of Big River's rate application in Case No. 2012-00535.
 - a. Has Big Rivers not proposed to recover all of these revenues in its rate filing, Case No. 2012-00535?
 - b. If no to a., please detail what other revenue loss may result and provide all studies, analysis performed, inclusive of workpapers, detailing this additional sum.
 - c. If no to a., please advise if and when Big Rivers intends to seek recovery of this additional revenue loss from its member cooperatives.
5. Reference the Application at page 6, paragraph 10, subparagraph b.

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- a. Under the Arrangement Agreement, please confirm that Big Rivers will be the market participant to provide services for Kenergy to perform the Electric Service Agreement with Century.
 - b. Please provide a detailed analysis of all costs Big Rivers will incur in providing these services and all benefits Big Rivers will receive for providing these services. Analysis should detail how this arrangement benefits Big Rivers and Big Rivers' remaining customers.
6. Reference the Application at page 6, paragraph 10, subparagraph c. Please describe why the Direct Agreement applies even if Big Rivers is no longer the market participant under the Arrangement Agreement and why specifically Century would not just procure these services directly from MISO.
7. Reference Appendix 2 to the Application, Testimony of Gregory J. Starheim ("TE Starheim") at page 10, lines 5-14. Regarding the Hawesville Node, please answer the following questions:
- a. When specifically did Big Rivers establish the Hawesville Node in MISO?
 - b. Under what authority did Big Rivers establish the Hawesville Node separate and apart from Big Rivers other commercial pricing node in MISO?
 - c. Please identify and provide copies of the relevant state or federal tariffs established reflecting this distinction.
 - d. Please identify and provide all relevant Internet links and/or copies of MISO filings relating to the establishment of the Hawesville Node.
8. Reference TE Starheim at page 12, line 17 to p. 14 at line 2. Regarding the current Retail Electric Service Agreement referenced and the "mechanics" by which Century may purchase "Market Energy" from Kenergy, please answer the following:
- a. Please describe the type of energy defined under Section 2.3.2(c) of the 2009 Retail Agreement.
 - b. Between July 1, 2009 and June 30, 2013, how many times has Century requested that Kenergy acquire energy under the terms of Section 2.3.2(c) of the 2009 Retail Agreement?
 - c. For each occasion described under (b), please provide the details concerning the amount and duration of the energy supplied.

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9. Reference TE Starheim at page 20, line 20 and page 21, line 3. Please explain what is meant by "above and beyond the increase necessary to replace the load" and provide any and all minutes of the meetings of the Kenergy Board of Directors and/or any communications on behalf of the Kenergy Board of Directors reflecting the sentiment of the Board that the Century transaction proposed not lead to additional rate increases.
10. Reference Appendix 3 to the Application, Testimony of Robert W. Berry ("TE Berry") at page 8, lines 1-3.
 - a. Please describe how Big Rivers will be compensated for the services it provides Kenergy under special contracts.
 - b. Please provide all estimated costs of providing these services and all estimated compensation for the services provided.
11. Reference TE Berry at page 10, lines 5-16 – Please describe how Big Rivers proposes to collect the MISO energy costs at the Hawesville Node from Kenergy and specifically which sections of the agreement(s) address this.
12. Reference TE Berry at page 18, lines 1-19. Please verify that Century's operations are such that third party protective relay activation to curtail load is feasible without consequences to environmental obligations or Century smelting equipment. Please explain your answer in detail.
13. Reference TE Berry at page 26, lines 17-20. Please provide details of all costs incurred by Big Rivers related to the Century transaction to date and ongoing as these costs are incurred.
14. Reference TE Berry at page 27, lines 1-18.
 - a. Please describe any and all electric services and financial transmission rights Big Rivers has purchased to deliver to Century Kentucky.
 - b. Please describe any financial transmission rights that Big Rivers currently has that are being dedicated to Century Kentucky as a result of this agreement.

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15. Reference TE Berry at page 28, lines 18 – 22. Please provide a detailed description of the "Century's specified financial transmission rights."
16. Reference TE Berry at page 29, lines 7-21. Please provide a detailed description of the following:
 - a. Applicable RTO charges and related MISO tariff sections involved with these charges;
 - b. Any estimate or analysis performed by Big Rivers to estimate the portion of SSR costs that would be assigned to the Hawesville Smelter node; and
 - c. Big Rivers' estimates of costs related to specific transmission upgrades applicable to the Hawesville Smelter node.
16. Reference TE Berry at page 30, line 19 to page 31, line 3. Please provide any analysis Big Rivers has performed in developing the Excess Reactive Demand Charge and any analysis of estimate of the related MISO charges per kilovar.
17. Reference TE Berry at page 43, line 7 to page 44, line 15. Please provide information related to the following:
 - a. Please provide the details regarding Big Rivers' estimate that transmission revenue attributable to Century will be approximately \$7.7 million a year, including any analysis conducted and related workpapers.
 - b. If Century were to buy transmission service directly from MISO, please describe the amount of transmission revenue and the SSR costs that Century would pay compared to the amount they will pay under the Direct Agreement using estimates.
 - c. Please describe in detail, with explicit mathematical expressions, exactly how SSR costs assigned to Century are offset by Century's transmission revenue.
18. Reference paragraph 15.1 of the Electric Service Agreement at Appendix 4 of the Application. Regarding paragraph 15.1.7, please explain each circumstance that would trigger default under this paragraph and, specifically, the parties whose action or involuntary proceedings against whom could trigger this paragraph.
19. Reference paragraph 4.1 of the Direct Agreement at Appendix 6 of the Application. Presuming approval by the Commission and execution of this agreement by the parties, please answer and provide information related to the following:

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- a. If Big Rivers' other market locations are required by MISO to pay a share of the SSR costs, does this reduce Century's payment obligations (paragraph 4.1.(a)(ii)2)?
 - b. If Century's SSR costs are less than Century's transmission revenue allocation, what would Century pay if anything (paragraph 4.1(a)(ii)1)?
 - c. If Century's SSR costs are less than Century's transmission revenue allocation (paragraph 4.1(a)(ii)1) would Big Rivers be obligated to pay Century?
 - d. Please explain how Century's compensation for its use of the transmission system is the same or different under paragraph than if Century were to directly take MISO transmission service and Big Rivers were to recover its transmission costs through the MISO tariff?
 - e. With respect to the response to d. above, please explain whether the approach reflected in paragraph 4.1 is more or less beneficial to Big Rivers' customers? Please provide specific quantification of the benefits, including relevant workpapers.
20. Reference the Rebuttal Testimony of Robert W. Berry in Case No. 2012-00535 at p. 20, lines 10-13, wherein he states: "At the time of filing of this rebuttal testimony MISO had not identified what Century's Base Load would be, and Century has accordingly not been in a position to state whether it will or will not operate if a SSR Agreement is required."
- a. Please provide all communications, correspondence, requests for analysis, analytic reports and any other documents between MISO and Big Rivers relevant to Century's base load or the transmission costs to serve Century. Please consider this an ongoing request for information.
 - b. Do the Joint Applicants, Big Rivers and Kenergy, have an agreement with Century or not?
 - c. Even presuming the Commission approves the proposed agreements according to the expedited schedule sought by the Joint Applicants, is there a possibility that Century will not sign the agreements and will cease operating its Hawesville Smelter?
 - d. If the answer to c. is yes, please provide all scenarios under which Century may change its mind and not sign the agreements.

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- e. Please provide any written communications between and among the Joint Applicants and Century regarding the terms under which final execution of the agreements will occur.
 - f. Since the date of Berry's Rebuttal Testimony referenced above, has MISO identified what Century's Base Load will be or has there been any other information updating this issue?
21. Reference PSC Staff's First Data Request to Big Rivers Item 57 in Case No. 2007-00455 (February 1, 2008) ("the Unwind Case") and Big Rivers Response thereto (filed on February 14, 2008):

Item 57) Explain whether or not Big Rivers considered requiring the smelters to pay, by December 31, 2010, the full cost of the transmission facilities authorized in Case No. 2007-00177, with some portion of that cost credited back to the smelters in each year that they remain in operation between 2011 and the expiration date of their rate contracts in 2023?

Response) Yes. Big Rivers did consider charging the Smelters with the phase two transmission cost and providing a credit back to the Smelters over the life of the contract. Big Rivers decided this method of dealing with the additional transmission cost would provide a platform for the Smelters to negotiate for a portion of future off-system sales, if they were to exit before the expiration of their contract. If a Smelter terminates its contract early, Big Rivers will take the surplus energy to the market and apply the additional revenue that it receives above the Smelter contract price to offset future rate increases to its Members.

It is impossible to look at only one aspect of the Smelter Agreements and decide if a different approach should have been taken. The entire agreements must be viewed as a whole.

Witness) C. William Blackburn

Regarding the foregoing question and response, please answer the following questions:

- a. Please confirm that the agreements resulting from the Unwind Case did not include an exit fee or other penalty if the Smelters decided to exit before 2023, as Century has done.

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- b. In the negotiations resulting in the proposed agreements in this matter, did Big Rivers consider requiring Century to pay the full cost of the transmission facilities that Century will require to remain in operation?
 - c. If no to b., why did Big Rivers elect to not follow the Commission's direction as reflected above?
 - d. In the negotiations resulting in the proposed agreements in this matter, did Big Rivers consider terms that would incentivize Century to continue the operation of the Hawesville Smelter or otherwise subject Century to an exit fee if it closes the Hawesville Smelter before 2023?
 - e. If no to d., why not?
 - f. What is the termination date for each of the agreements proposed and why was that termination date chosen?
 - g. Does Big Rivers advocate the same position in this matter, as reflected in the response to Item 57 propounded by the Commission in the Unwind Case, specifically that the Commission must take the entire agreements as a whole and not look at the specific aspects? Please explain in detail.
22. Regarding the SSR payments addressed in the proposed agreements, please respond to the following and identify the specific agreement and paragraph underlying the Joint Applicants' response:
- a. Under the proposed agreement(s), will Century pay all the incremental costs of operating Coleman?
 - b. Under the proposed agreement(s), will Century pay all the fixed O & M costs of operating Coleman?
 - c. As defined or otherwise addressed by the agreement(s), explain the difference, if any, between the incremental costs of operating Coleman and the fixed O & M costs of operating Coleman.
 - d. Under the proposed agreement(s), will Century pay any of Big Rivers' transmission costs if the incremental Coleman costs that Century pays under the SSR agreement, if any, exceed Big Rivers' transmission costs to serve Century? Please explain in detail.
23. Under the proposed agreement(s), what incentive does Century have to quickly and properly install capacitors and other equipment necessary to allow Coleman to idle under MISO reliability requirements? Please identify the specific agreement and paragraph underlying the Joint Applicants' response.

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24. If Century makes the investment as proposed by the agreements, will Century pay all of Big Rivers transmission costs to serve Century? Please identify the specific agreement and paragraph underlying the Joint Applicants' response.
25. If the Application and agreement(s) are approved and the agreements finalized, does Big Rivers plan to seek or otherwise implement downward rate adjustments to reflect any and all additional revenue resulting from the agreement(s)?
 - a. If yes, please explain how and when Big Rivers will do so.
 - b. If no, please confirm that Big Rivers will recover revenue relating to serving Century via both the agreements and from its non-smelter rate classes. Please explain the company's answer.
26. If the Application and agreement(s) are approved and the agreements finalized, is there anything in the agreements to preclude Century from returning to Big Rivers system for the delivery of wholesale power supply?