

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENERGY CORP.)
AND BIG RIVERS ELECTRIC CORPORATION)
FOR APPROVAL OF CONTRACTS AND FOR)
A DECLARATORY ORDER) CASE NO. 2013-00413

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on January 6, 2014 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on January 6, 2014 in this proceeding;
- The written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the hearing conducted on January 6, 2014.

A copy of this Notice, the certification of the digital video record, exhibit list, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2013-00413/2013-00413_06Jan14_Inter.aspx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2013%20cases/2013-00413/>.

Done at Frankfort, Kentucky, this 8th day of January 2014.

A handwritten signature in cursive script, reading "Linda Faulkner", written in black ink. The signature is positioned above a horizontal line.

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

David Brown
Stites & Harbison, PLLC
1800 Providian Center
400 West Market Street
Louisville, KENTUCKY 40202

Edward T Depp
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KENTUCKY 40202

Jennifer B Hans
Assistant Attorney General's Office
1024 Capital Center Drive, Ste 200
Frankfort, KENTUCKY 40601-8204

J. Christopher Hopgood
Dorsey, King, Gray,
Norment & Hopgood
318 Second Street
Henderson, KENTUCKY 42420

Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

Honorable James M Miller
Attorney at Law
Sullivan, Mountjoy, Stainback
& Miller, PSC
100 St. Ann Street
P.O. Box 727
Owensboro, KENTUCKY 42302-0727

Robert A. Weishaar, Jr.
McNees Wallace & Nurick LLC
777 N. Capitol Street, NE, Suite 401
Washington, DISTRICT OF COLUMBIA

Melissa D Yates
Attorney
Denton & Keuler, LLP
555 Jefferson Street
P. O. Box 929
Paducah, KENTUCKY 42002-0929

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENERGY CORP)	CASE NO.
AND BIG RIVERS ELECTRIC CORPORATION)	2013-00413
FOR APPROVAL OF CONTRACTS AND FOR)	
A DECLARATORY ORDER)	

CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **January 6, 2014**. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on **January 6, 2014**.

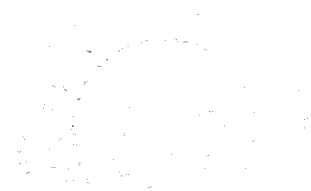
2. I am responsible for the preparation of the digital recording.

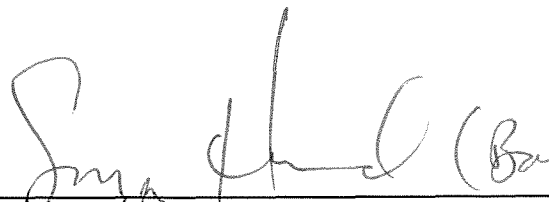
3. The digital recording accurately and correctly depicts the hearing.

4. The "Exhibit List" attached to this Certificate lists all exhibits introduced at the hearing on **January 6, 2014**.

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing on **January 6, 2014** and the time at which each occurred.

Given this 7th day of January, 2014.





Sonya Harward (Boyd), Notary Public
State-at-Large

My Commission Expires: Aug. 27, 2017



Session Report - Detail

2013-00413_06Jan2014

Kenergy Corp. and Big Rivers Electric Corporation

Date:	Type:	Location:	Department:
1/6/2014	Other	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Linda Breathitt; Jim Gardner
 Witness: Robert Berry - Big Rivers; Michael Early - Century Kentucky; Jason Youn - Century Sebree; Lane Kollen - KIUC; Greg Starheim - Kenergy
 Clerk: Sonya Harward

Event Time	Log Event
10:10:10 AM	Session Started
10:10:13 AM	Chairman Armstrong Note: Harward, Sonya
10:11:15 AM	Introductions Note: Harward, Sonya
10:13:31 AM	Chairman Armstrong asks for any motions. Note: Harward, Sonya
10:14:30 AM	Ms. Richert excused due to no questions.
10:14:43 AM	Atty. Hans - AG Note: Harward, Sonya
10:15:11 AM	Atty. Weishaar - Century Aluminum Sebree Note: Harward, Sonya
10:16:02 AM	Chairman Armstrong calls for Public Comments
10:16:16 AM	TIm West - Public Comment (Public Comment - Exhibit 1) Note: Harward, Sonya
10:21:45 AM	Atty. Miller - Big Rivers - calls Witness Robert Berry to the stand.
10:22:06 AM	Witness Berry is sworn in and adopts his testimony with changes. Note: Harward, Sonya Note: Harward, Sonya
10:27:30 AM	Atty. Weishaar cross examination of Witness Berry Note: Harward, Sonya
10:30:03 AM	Atty. Weishaar to Witness Berry Note: Harward, Sonya

10:34:39 AM	Century - Exhibit 1 Note: Harward, Sonya	Copy of an ad with job description for Lineman for Big Rivers.
10:43:23 AM	DATA REQUEST FROM CENTURY Note: Harward, Sonya	Recordings - MISO's instructions to Big Rivers regarding Oct. 10 curtailment of the Hawesville load.
10:45:15 AM	Atty. Hans cross examination of Witness Berry Note: Harward, Sonya	Reference to KIUC 1-12b, regarding no one conducting an economic analysis and Witness's Rebuttal Testimony, page 11, line 15-17, saying it makes no sense to conduct an economic analysis.
10:48:28 AM	Atty. Kurtz - KIUC - cross examination of Witness Berry Note: Harward, Sonya	Rebuttal Testimony, page 7, line 26, regarding contracts not being a rate.
10:49:08 AM	Atty. Miller Objection Note: Harward, Sonya	Objection to assuming witness is an attorney or has read revised code.
10:49:35 AM	Atty. Miller Objection Note: Harward, Sonya	Calls for legal conclusion about what is a rate under the law and witness has given as a lay person.
10:50:51 AM	Atty. Kurtz to Witness Berry Note: Harward, Sonya	Reference to Witness's Rebuttal Testimony, page 12, starting at line 14.
10:55:24 AM	KIUC - Exhibit 1 Note: Harward, Sonya	Letter from Century to Big Rivers, dated June 12, 2012
10:58:04 AM	KIUC - Exhibit 2 Note: Harward, Sonya	Letter from Alcan to Governor Steve Beshear dated August 23, 2012
11:01:17 AM	KIUC - Exhibit 3 Note: Harward, Sonya	Letter from Century to Big Rivers dated August 31, 2012
11:02:33 AM	Atty. Weishaar Objection Note: Harward, Sonya	KIUC Exhibits 1 and 3, Hawesville case already tried and decided by the Commission, trying to get additional information from Hawesville case into this case.
11:03:15 AM	Atty. Kurtz Note: Harward, Sonya	Defending the objection.
11:04:45 AM	Atty. Kurtz to Witness Berry Note: Harward, Sonya	Continued cross examination, discussing Alcan meeting with Big Rivers.
11:10:21 AM	Atty. Miller Objection Note: Harward, Sonya	No way witness knows how Sebree calculated numbers that appeared in its newsletter.
11:11:36 AM	Atty. Miller Objection Note: Harward, Sonya	Witness already stated that he can't confirm or deny the numbers being asked about.
11:13:27 AM	Atty. Raff - PSC - cross examination of Witness Berry Note: Harward, Sonya	Questioning about contract negotiations.
11:15:46 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Referencing Ex. 2 of Application, regarding previous Order by the PSC about live-line maintenance.
	Note: Harward, Sonya	Questioning about live-line maintenance.
11:22:31 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Questioning about transmission services.

11:25:20 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Referencing the application, page 14, starting in middle of page, regarding four agreements that Commission need not approve, or if they do need to make a decision, to approve. Why is Load Curtailment Agreement being treated differently from the other four agreements?
11:28:47 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Referencing Exhibit 23 to the Application, page 9, top of page, 6.6 - Jurisdiction. Questions about jurisdiction.
11:33:02 AM	Vice Chairman Gardner interjected with questions for Witness Berry Note: Harward, Sonya Note: Harward, Sonya	Questions regarding Load Curtailment Agreement for Hawesville. Also had follow-up questions about jurisdiction.
11:39:12 AM	Vice Chairman Gardner REQUEST Note: Harward, Sonya	Address issue in briefs from parties about jurisdiction.
11:40:36 AM	Vice Chairman Gardner additional question to Witness Berry Note: Harward, Sonya Note: Harward, Sonya	What is 'load' as it relates to Sebree? Witness Berry references Exhibit 5, page 6, of Electric Service Agreement for the answer.
11:41:54 AM	Atty. Raff resumed cross examination of Witness Berry	
11:44:00 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	References Witness's Direct Testimony, page 31, line 9.
11:44:52 AM	Atty. Raff to Witness Berry Note: Harward, Sonya Note: Harward, Sonya	Reference Commission Order in 13-221, Exhibit 2 to the Application, starting at middle of page 3 and continuing over to page 5, regarding history of Big Rivers and contracts with Kenergy and service to smelters and lease agreements with Western KY Energy Corporation and unwind transaction. Also referenced, page 16 of the Order, first paragraph, about Sebree transaction.
11:47:52 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Reference to Witness's response to AG 1-5. describing the differences between Hawesville and Sebree contracts.
11:50:33 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Reference to Witness's Direct Testimony, pages 38-39, regarding Big Rivers recovery of additional costs of Sebree and Hawesville transactions. Explain the cost of MISO zonal resource rates relating to the idling of plants.
11:53:28 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Reference to Witness's Direct Testimony, page 40, regarding what these schedules refer to?
11:56:05 AM	Atty. Raff to Witness Berry Note: Harward, Sonya	Questioning about Notice of Termination by Alcan.
11:58:09 AM	Lunch Break	
11:58:24 AM	Session Paused	
1:01:49 PM	Session Resumed	
1:02:13 PM	Vice Chairman Gardner cross examination of Witness Berry Note: Harward, Sonya	References application, regarding submission of agreements to RUS and when approval/rejection will be recieved.
1:04:27 PM	Vice Chairman Gardner to Witness Berry Note: Harward, Sonya	Questions about suggestions from Kollen Testimony and other statements.
1:09:46 PM	Vice Chairman Gardner to Witness Berry Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 12, lines 20-22, regarding what sort of obligations being discussed in those lines.

1:12:29 PM Vice Chairman Gardner to Witness Berry
Note: Harward, Sonya Referencing Witness's Direct Testimony, page 37, near lines 18-20, what do these lines mean?

1:14:52 PM Vice Chairman Gardner to Witness Berry
Note: Harward, Sonya Referencing Witness's Rebuttal Testimony, page 5, regarding some amended numbers.

1:20:52 PM Vice Chairman Gardner to Witness Berry
Note: Harward, Sonya Questioning, with respect to Coleman, about expenditures for MATS, etc.

1:23:25 PM Vice Chairman Gardner to Witness Berry
Note: Harward, Sonya Questioning about differences between Hawesville and Century transactions, referencing page 3 of Witness's response to AG 1-5.

1:27:01 PM Vice Chairman Gardner to Witness Berry
Note: Harward, Sonya Questioning about why there is a Curtailment Agreement.

1:29:13 PM Commissioner Breathitt cross examination of Witness Berry
Note: Harward, Sonya Also a few clarifying questions about various stations.
Note: Harward, Sonya Oct. 10 curtailment event was directed by MISO or by Big Rivers?

1:31:26 PM Atty. Miller redirect of Witness Berry
Note: Harward, Sonya Clarified some answers to questions that had been asked.

1:35:03 PM Witness Berry excused from the stand.

1:35:16 PM Atty. Hopgood calls Witness Gregory Starheim to the stand for Kenergy and is sworn in.
Note: Harward, Sonya President and CEO of Kenergy Corp.

1:36:51 PM Atty. Miller direct examination of Witness Starheim
Note: Harward, Sonya Accepts his testimony as still accurate.

1:37:29 PM Atty. Kurtz cross examination of Witness Starheim

1:38:25 PM KIUC - Exhibit 4
Note: Harward, Sonya Current Contract between Alcan and Kenergy

1:40:39 PM KIUC - Exhibit 5
Note: Harward, Sonya Letter from Alcan to Gregory Starheim and Mark Bailey dated January 31, 2013.

1:43:02 PM Atty. Raff cross examination of Witness Starheim
Note: Harward, Sonya Questioning about seeing newsletter about profitability at time Century gave notice of termination in Jan. 2013.

1:46:50 PM Atty. Raff to Witness Starheim
Note: Harward, Sonya Referencing response to AG 1-5, regarding tariff and if it should be cancelled as of Feb. 1, 2014.

1:49:32 PM Vice Chairman Gardner cross examination of Witness Starheim
Note: Harward, Sonya Referencing response to AG 1-5, follow up question about tariff.

1:52:29 PM Vice Chairman Gardner REQUEST
Note: Harward, Sonya In brief, address the language that is questionable in the tariff referenced in response to AG 1-5.

1:52:35 PM Atty. Raff follow up questions for Witness Starheim
Note: Harward, Sonya Questioning about what it means to be a market participant.

1:58:32 PM Vice Chairman Gardner follow up questions for Witness Starheim

2:01:23 PM Atty. Hopgood redirect of Witness Starheim
Note: Harward, Sonya Clarified some questions asked by other parties/PSC.

2:01:45 PM Witness Starheim excused from stand.

2:02:09 PM Atty. Kurtz calls Witness Lane Kollen to take the stand and is sworn in.
Note: Harward, Sonya Consultant for J. Kennedy and Associates.

2:03:35 PM Atty. Kurtz direct examination of Witness Kollen
Note: Harward, Sonya Witness Kollen accepts his testimony as accurate.

2:03:53 PM Atty. Miller cross examination of Witness Kollen
Note: Harward, Sonya Witness's Testimony, pages 2-3, regarding cases he's testified in.

2:05:00 PM	Big Rivers - Exhibit 1 Note: Harward, Sonya	Copy of home page of KIUC webpage.
2:08:14 PM	Atty. Miller to Witness Kollen Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 4, line 20.
2:09:11 PM	Big Rivers - Exhibit 2 Note: Harward, Sonya	Franklin Circuit Court, KIUC vs. KY PSC, Complaint case, stamped Sep. 11, 2013.
2:11:39 PM	Atty. Weishaar cross examination of Witness Kollen	
2:19:41 PM	Atty. Weishaar to Witness Kollen Note: Harward, Sonya	Continued questioning, concerning earnings, net cash flow, net plant profit, etc.
2:22:33 PM	Atty. Raff cross examination of Witness Kollen Note: Harward, Sonya	Witness's Testimony, page 7, regarding Sebree's right to terminate operations.
2:25:11 PM	Atty. Raff to Witness Kollen Note: Harward, Sonya	Referencing Testimony of Michael Early, page 4, regarding likelihood of Century Sebree shutting down.
2:28:05 PM	Vice Chairman Gardner cross examination of Witness Kollen Note: Harward, Sonya	Referencing Big Rivers - Exhibit 2 of this hearing
2:30:30 PM	Vice Chairman Gardner to Witness Kollen Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 18, regarding any changes he suggests to the language.
	Note: Harward, Sonya	Anything to add to discussion about Commission jurisdiction?
	Note: Harward, Sonya	Any additional reporting requirements to recommend?
	Note: Harward, Sonya	Did you participate in any political discussions?
2:35:27 PM	Vice Chairman Gardner to Witness Kollen Note: Harward, Sonya	Referencing Witness's Testimony at page 39.
2:37:05 PM	Commissioner Breathitt cross examination of Witness Kollen Note: Harward, Sonya	Question regarding Witness's Direct Testimony, page 35, line 5, how market access charge would be zero.
	Note: Harward, Sonya	And on page 37, line 4 and lines 13-14, what is meant by 'shut down', same as idle?
2:39:51 PM	Atty. Raff follow up questions for Witness Kollen Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 31, regarding concern in agreement between Century, Big Rivers, and Kenergy.
2:42:28 PM	Atty. Raff to Witness Kollen Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 34, line 19, regarding benchmark that should be adjusted annually.
2:46:42 PM	Commissioner Breathitt follow up questions to Witness Kollen Note: Harward, Sonya	Referencing Witness's Direct Testimony, page 37, line 12-20, about idling Wilson and Coleman.
2:48:36 PM	Atty. Kurtz redirect of Witness Kollen Note: Harward, Sonya	Clarified some questions asked by other parties/PSC.
2:51:25 PM	Atty. Miller re-cross of Witness Kollen Note: Harward, Sonya	Question about who pays rates.
2:52:44 PM	Atty. Hans re-cross of Witness Kollen Note: Harward, Sonya	Witness's Rebuttal Testimony, page 17, lines 17-20. Is this still a possible alternative?
2:53:58 PM	Atty. Miller re-cross of Witness Kollen Note: Harward, Sonya	Regarding market access fee.
2:55:03 PM	Atty. Kurtz redirect of Witness Kollen Note: Harward, Sonya	More clarifying questions.
2:55:43 PM	Witness Kollen dismissed from stand.	
2:56:00 PM	BREAK Note: Harward, Sonya	System was not paused but nothing was conducted on the record.

2:56:42 PM	Camera Lock Camera 1 Activated	
3:07:14 PM	Camera Lock Deactivated	
3:07:40 PM	Session Paused	
3:07:54 PM	Session Resumed	
3:08:01 PM	Witness Jason Young takes the stand and is sworn in.	
	Note: Harward, Sonya	Plant Manager at Century Sebree
3:08:49 PM	Atty. Weishaar direct examination of Witness Young	
	Note: Harward, Sonya	Accepted testimony as accurate.
3:09:20 PM	Atty. Hans cross examination of Witness Young	
	Note: Harward, Sonya	Witness's Direct Testimony, page 1, starting at line 10, regarding background.
3:10:56 PM	Atty. Hans to Witness Young	
	Note: Harward, Sonya	Questioning about economic analysis of the plant.
3:11:18 PM	Atty. Kurtz cross examination of Witness Young	
	Note: Harward, Sonya	Referenced Direct Testimony of Witness, page 1, line 24, about amount of aluminum produced.
	Note: Harward, Sonya	Referenced Direct Testimony of Witness, page 3, line 9, number of mWh per year used.
	Note: Harward, Sonya	Referenced Direct Testimony of Witness, page 4, line 19, 40 percent lower rate than what they are paying today.
	Note: Harward, Sonya	Referenced Direct Testimony of Witness, page 4, line 3, paying \$56 per mWh.
3:13:56 PM	KIUC - Exhibit 6	
	Note: Harward, Sonya	List comprised of monthly usage of mWh, annual usage of mWh, annual power bill, etc.
3:17:52 PM	Atty. Kurtz to Witness Young	
	Note: Harward, Sonya	Referenced Direct Testimony of Witness, page 5, line 8, regarding closing if agreement is not accepted.
3:20:28 PM	Atty. Weishaar Objection	
	Note: Harward, Sonya	Atty. Kurtz making statments currently not supported by the record, unless he has an exhibit addressing the statements.
3:20:50 PM	KIUC - Exhibit 7	
	Note: Harward, Sonya	Bank of America Merrill Lynch, 2013 US Basic Materials Conference, presentation at Century Aluminum on December 10, 2013
3:22:37 PM	Atty. Kurtz to Witness Young	
	Note: Harward, Sonya	Referencing page 6 of KIUC Exhibit 7 in this hearing.
3:28:05 PM	Atty. Raff cross examination of Witness Young	
	Note: Harward, Sonya	Financial statements that show that Sebree did not make \$29M in 2012 and statements that show what earnings and profits were.
3:28:44 PM	Atty. Weishaar	
	Note: Harward, Sonya	10Q for 2013 was already filed in record as part of LK-6. Showed loss of \$2.2M or so.
3:29:33 PM	DATA REQUEST FROM PSC STAFF	
	Note: Harward, Sonya	2012 finacncial reports and any updates to the 10Q.
3:29:59 PM	Commissioner Breathitt cross examination of Witness Young	
	Note: Harward, Sonya	Describe what the two products are that Sebree makes.
3:32:28 PM	Atty. Kurtz	
	Note: Harward, Sonya	10Q seems to be corporate, would like it to be provided on Sebree-specific basis.
3:33:07 PM	Atty. Weishaar	
	Note: Harward, Sonya	10Q, page 13 of 91, data specific to Sebree
3:34:12 PM	Witness Young is dismissed from the stand.	
3:34:37 PM	Witness Michael Early takes the stand and is sworn in.	
	Note: Harward, Sonya	Corporate Energy Director of Century Aluminum Company
3:35:58 PM	Chairman Armstrong asked for clarity about reason for Witness Early's appearance at Hearing.	

3:37:17 PM Atty. Weishaar direct examination of Witness Early
Note: Harward, Sonya Accepts his testimony as accurate.

3:37:53 PM Atty. Kurtz cross examination of Witness Early
Note: Harward, Sonya Whose decision would it be to close plant, and would they close if PSC approves all parts except for \$1.

3:41:51 PM Atty. Kurtz to Witness Early
Note: Harward, Sonya Continued questioning about Sebree's profitability.

3:44:40 PM Break

3:44:43 PM Session Paused

3:53:57 PM Session Resumed

3:54:02 PM Atty. Raff cross examination of Witness Early
Note: Harward, Sonya Referencing Testimony of Lane Kollen, and Witness's concern about the inaccuracy of financial statements given.

3:56:50 PM Atty. Raff to Witness Early
Note: Harward, Sonya Will Witness not be able to file financial statements for 2012?

3:57:13 PM Vice Chairman Gardner cross examination of Witness Early
Note: Harward, Sonya Questioning about curtailment.

4:04:35 PM Vice Chairman Gardner to Witness Early
Note: Harward, Sonya Questioning about jurisdiction for approval and/or enforcement.

4:09:38 PM Atty. Weishaar redirect of Witness Early
Note: Harward, Sonya Clarify why profitability or unprofitability should not be a factor in the decision making of this issue.

4:11:30 PM Atty. Raff re-cross of Witness Early
Note: Harward, Sonya Asking why specific approval needed about curtailment, whereas not for the other agreements in the contract.

4:13:45 PM Vice Chairman Gardner to Witness Early
Note: Harward, Sonya Has Centurey ever filed for any type of bankruptcy?

4:14:08 PM Witness Early dismissed from stand.

4:14:42 PM Timeline for upcoming filings.
Note: Harward, Sonya Century can provide information requested for financial records by Thursday, Jan. 9th, at noon.
Note: Harward, Sonya Briefs due Jan. 14. Vice Chairman reminds parties to address jurisdictional issues and market-access charge. Briefs should not exceed 20 pages.
Note: Harward, Sonya Responses to data requested here by Big Rivers can be provided by Tuesday, Jan. 7.

4:17:09 PM Atty. Weishaar
Note: Harward, Sonya Repeated objection to KIUC - Exhibits 1 and 3...they reference Hawesville Plant, not Sebree.

4:17:28 PM Atty. Kurtz Response to Objection
Note: Harward, Sonya Argues that Exhibits are relevant.

4:19:55 PM Chairman Armstrong
Note: Harward, Sonya Accepts KIUC Exhibits 1 and 3 into the record.

4:20:49 PM Adjourned

4:20:53 PM Session Paused

8:24:01 AM Session Ended



Exhibit List Report

2013-00413_06Jan2014

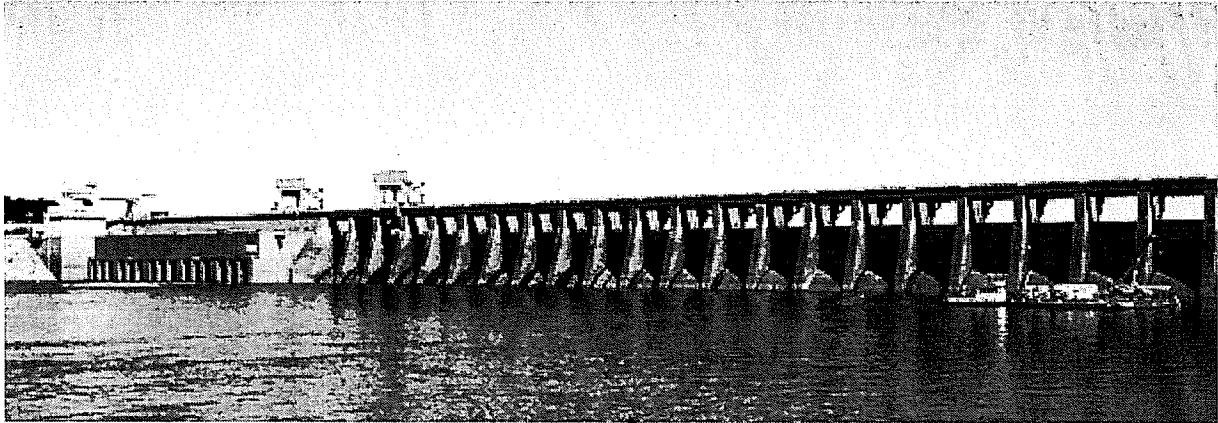
**Kenergy Corp. and Big Rivers
Electric Corporation**

Name:	Description:
Big Rivers - Exhibit 1	Copy of home page of KIUC webpage.
Big Rivers - Exhibit 2	Franklin Circuit Court, KIUC vs. KY PSC, Complaint case, stamped Sep. 11, 2013.
Century - Exhibit 1	Copy of an ad with job description for Lineman for Big Rivers.
KIUC - Exhibit 1	Letter from Century to Big Rivers, dated June 12, 2012
KIUC - Exhibit 2	Letter from Alcan to Governor Steve Beshear dated August 23, 2012
KIUC - Exhibit 3	Letter from Century to Big Rivers dated August 31, 2012
KIUC - Exhibit 4	Current Contract between Alcan and Kenergy
KIUC - Exhibit 5	Letter from Alcan to Gregory Starheim and Mark Bailey dated January 31, 2013.
KIUC - Exhibit 6	List comprised of monthly usage of mWh, annual usage of mWh, annual power bill, etc.
KIUC - Exhibit 7	Bank of America Merrill Lynch, 2013 US Basic Materials Conference, presentation at Century Aluminum on December 10, 2013
Public Comment - Exhibit 1	Document from Tim West

Next Board Meeting – February 20, 2014 – 10:00 a.m. Eastern (via Teleconference)

Member Sign In

Welcome to the Kentucky Industrial Utility Customers



KIUC is ... an association of major energy consuming companies who have joined together to solve problems related to the supply of electric power and natural gas to industrial facilities located in the state of Kentucky. Our common characteristic is that the supply of electric power and natural gas is essential to our manufacturing capabilities and the cost of this energy is an important element in our production cost and therefore has a direct impact on our competitiveness in the marketplace.

CURRENT MEMBERS

AAK USA K2, LLC	Ford Motor Company
AGC Automotive Americas Co.	Gallatin Steel
Air Liquide Industrial U.S. LP	GE Appliances and Lighting
Air Products & Chemicals, Inc.	International Paper dba Temple-Inland
AK Steel Corporation	Kimberly-Clark Corporation
Aleris International, Inc.	Lexmark International, Inc.
Calgon Carbon Corporation	Monument Chemical Kentucky, LLC (formerly Lonza)
Carbide Industries LLC	Marathon Petroleum LP
Cemex	MeadWestvaco
Century Aluminum	NewPage Corp.
Clopay Plastic Products Company, Inc.	North American Stainless
Corning Incorporated	Solae
Domtar Paper Co., LLC	Schneider Electric USA
Dow Corning Corporation	Toyota Motor Manufacturing, Kentucky, Inc
E. I. duPont de Nemours and Company	Wausau Paper Corp.
EQT Corporation	

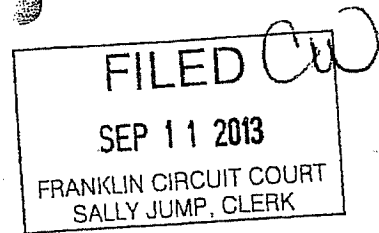
[Home](#) | [About](#) | [Members](#) | [In The News](#) | [Events](#) | [Contact](#)

P.O. Box 137 Covington, Kentucky 41012-0137 | Tel: 513.421.2255 | Fax: 513.421.2764
Copyright © 2013 Kentucky Industrial Utility Customers. All Rights Reserved | Designed by WebDitty, LLC

BREC EXHIBIT 1

FRANKLIN CIRCUIT COURT

Civil Action No. 13-CI-1078
Division II



KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

PLAINTIFF

vs.

COMPLAINT

KENTUCKY PUBLIC SERVICE COMMISSION

Serve: Chairman David L. Armstrong
Jeff R. Derouen
Richard Raff
Quang Nguyen
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY, BY AND THROUGH
HIS OFFICE OF RATE INTERVENTION

Serve: Attorney General Jack Conway
Jennifer Black Hans
Dennis G. Howard, II
Lawrence W. Cook
Attorney General
1024 Capitol Center Drive,
Suite 200
Frankfort, Kentucky 40601

BIG RIVERS ELECTRIC CORPORATION

Serve: James M. Miller
Tyson Kamuf
Sullivan, Mountjoy, Stainback & Miller
100 St Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

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

**Edward T. Depp
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, Kentucky 40202**

KENERGY CORPORATION

**Serve: J. Christopher Hopgood
Dorsey, King, Gray, Norment & Hopgood
318 Second Street
Henderson, Kentucky 42420**

**Gregory J. Starheim
President and CEO
Kenergy Corp.
P.O. Box 18
Henderson, Kentucky 42419**

JACKSON PURCHASE ENERGY CORPORATION

**Serve: Melissa D. Yates
Denton & Keuler, LLP
P.O. Box 929
Paducah, Kentucky 42002-0929**

**G. Kelly Nuckols
President and CEO
2900 Irvin Cobb Drive
P.O. Box 4030
Paducah, Kentucky 42002**

MEADE COUNTY RECC

**Serve: Thomas C. Brite
Brite & Hopkins, PLLC
83 Ballpark Road, P.O. Box 309
Hardinsburg, Kentucky 40143
Burns Mercer
P.O. Box 489
Brandenburg, Kentucky 40108**

CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP

**Serve: Bernard F. Lovely
Bowles, Rice, McDavid, Graff & Love, LLP
333 West Vine Street, Suite 1700
Lexington, Kentucky 40507**

Michael Early
Century Aluminum
One South Wacker Drive, Suite 1000
Chicago, IL 60606

David Brown
Stites & Harbison, PLLC
1800 Providian Center
400 West Market Street
Louisville, Kentucky 40202

Robert A. Weishaar, Jr.
McNees Wallace & Nurick LLC
777 N. Capital Street, NE, Suite 401
Washington, District of Columbia

DEFENDANTS

Kentucky Industrial Utility Customers, Inc. ("KIUC") for its complaint states as follows:

INTRODUCTION

This is an action by KIUC pursuant to KRS §278.410 to vacate and set aside the August 14, 2013, Order of the Public Service Commission of Kentucky ("Commission") in Case No. 2013-00221, In the Matter of: Joint Application Of Kenergy Corp. And Big Rivers Electric Corporation For Approval Of Contracts And For A Declaratory Order, and for declaratory and other relief pursuant to Section 2 of the Kentucky Constitution.

PARTIES

1. KIUC is a Kentucky non-profit Corporation. KIUC is a trade organization comprised of large industrial electric users with manufacturing operations located in Kentucky. KIUC members that are represented in this proceeding are Domtar Paper Co., LLC, Kimberly-Clark Corporation and Aleris

International, Inc. KIUC filed a Petition for intervention on June 14, 2013 and was made a party of record by Order of the Commission entered June 21, 2013.

2. The Commission is a body corporate with the power to sue and be sued in its corporate name. The Commission has exclusive jurisdiction to regulate the rates and services of utilities within the Commonwealth and is charged with enforcing the provisions of Chapter 278 and 279 of the Kentucky Revised Statutes.

3. The Attorney General of the Commonwealth of Kentucky (“Attorney General”), acting by and through his Utility Rate Intervention Division filed a Petition for intervention on June 14, 2013 and was made a party of record by Order of the Commission entered June 21, 2013.

4. Big Rivers Electric Corporation (“Big Rivers”) is a Kentucky corporation and a generating and transmission utility regulated by the Commission pursuant to KRS 278 and 279. Big Rivers sells its energy and capacity to its three cooperative member/owners, Kenegy Corp., Jackson Purchase Energy Corporation and Meade County Rural Electric Cooperative Corporation for resale to end use consumers.

5. Kenegy Corp. (“Kenegy”) is a Kentucky corporation regulated by the Commission pursuant to KRS 278 and 279 and a cooperative member/owner of Big Rivers. Kenegy purchases energy and capacity from Big Rivers and resells such energy and capacity to its members.

6. Jackson Purchase Energy Corporation (“JPEC”) is a Kentucky corporation regulated by the Commission pursuant to KRS 278 and 279 and a cooperative member/owner of Big Rivers. JPEC purchases energy and capacity from Big Rivers and resells such energy and capacity to its members. JPEC filed a Petition for intervention on June 25, 2013 and was made a party of record by Order of the Commission entered June 28, 2013.

7. Meade County RECC (“Meade RECC”) is a Kentucky corporation regulated by the Commission pursuant to KRS 278 and 279 and a cooperative member/owner of Big Rivers. Meade RECC purchases energy and capacity from Big Rivers and resells such energy and capacity to its members. Meade RECC filed a Petition for intervention on June 27, 2013 and was made a party of record by Order of the Commission entered June 28, 2013.

8. Century Aluminum of Kentucky General Partnership (“Century”) owns and operates an aluminum smelter in Hawesville, Kentucky that purchases energy and capacity and other electric service from Kenergy. Pursuant to KRS 278.016, 278.017 and 278.018, Kenergy is the exclusive and sole provider of energy, capacity and other electric service to Century, at rates that are subject to the exclusive jurisdiction of the Commission. Pursuant to KRS 278.030, the rates charged by Kenergy to Century must be “fair, just and reasonable.” Pursuant to KRS 278.170, the rates charged by Kenergy to Century shall not give Century “any unreasonable preference or advantage” or “subject any person to any unreasonable prejudice or disadvantage.” The Hawesville smelter is a huge energy consumer, constituting approximately 40% of the energy and capacity sold at retail on the Big Rivers’ system. Century filed a Petition for intervention on June 18, 2013 and was made a party of record by Order of the Commission entered June 21, 2013.

THE PROCEEDINGS

9. Case No. 2013-00221 was opened on June 12, 2013 when Kenergy and Big Rivers jointly filed an application with the Commission requesting approval of certain new agreements for electric service to Century commencing on and after August 20, 2013 (the Century transaction agreements”). These Century transaction agreements generally allow Century to buy energy, capacity and electricity-related services for its Hawesville, Kentucky smelter at market-based rates from Kenergy. Prior to the approval of the transaction agreements the Hawesville smelter was served by Kenergy at traditional cost-based rates which included a return of and a return on the generating capacity that was built by Big Rivers to serve the huge smelter load. Market-based rates are much lower than the cost of service rates from Big Rivers’ power plants, thus resulting in a 30% annual rate reduction (\$61.2 million per year) for Century. On the other hand, by granting Century market pricing, Big Rivers became saddled with uneconomic power generation known in the industry as “stranded costs”. According to Century, the Hawesville smelter was not economic at traditional cost based rates from the Big Rivers’ power plants and market

based rates were needed to keep the smelter viable. KIUC did not oppose market based pricing for Century, but testified that, if and when the smelter returns to profitability, Century should be required to pay a market access fee to off-set the stranded generation costs it caused. The stranded costs created by giving Century market pricing, as opposed to traditional cost-based pricing, is hundreds of millions of dollars. The August 14, 2013 Order approved the Century transaction agreements, thus effectively ruling that the market based rate for Century is: 1) “fair, just and reasonable”; and 2) does not give Century “any unreasonable preference or advantage” and does not “subject any person to any unreasonable prejudice or disadvantage” .

ASSIGNMENTS OF ERROR

I. VIOLATION OF KRS § 278.030(1)

The Commission’s August 14, 2013 Order approving the Century Transaction Agreements without making them subject to a future stranded cost charge is unreasonable and unlawful and violates KRS § 278.030(1).

10. On pages 20-23 of its Order the Commission discusses KIUC’s proposal that the Commission reserve authority to prospectively establish a just and reasonable stranded cost or market access charge on Century in the event that the Hawesville smelter becomes profitable in the future. The Commission stated that the imposition of a market access/stranded cost charge would upset the balance reached by the agreements.

11. The Commission’s finding with respect to a stranded cost charge is unlawful and unreasonable. KRS § 278.030(1) states:

“Every utility may demand, collect and receive fair, just, and reasonable rates for the services rendered or to be rendered by it to any person.”

12. Prior to the August 14, 2013 Order, Big Rivers’ rates were designed to recover the capacity costs it incurred to serve the Hawesville smelter. Capacity costs are the bricks and mortar power plant fixed costs. After the August 14, 2013 Order the Hawesville smelter will receive a 30% annual rate reduction

(\$61.2 million per year) through its market-based rate. In a related rate case proceeding, Big Rivers is seeking increased rates that will recover the uneconomic capacity costs incurred to serve the smelter from its remaining customers. The Commission's Order implicitly assumes that a fair, just and reasonable rate for the Hawesville smelter is a market-based price. The Commission failed to consider the capacity costs that became "stranded" or uneconomic when the Hawesville smelter entered into an arrangement for market-based pricing. The Commission's August 14, 2013 unlawfully and unreasonably failed to consider whether absolving Century from paying any of the costs stranded by its market pricing agreement is fair, just and reasonable to Century or will result in fair, just and reasonable rates for Big Rivers' remaining customers.

II. VIOLATION OF KRS § 278.170(1)

The Commission's August 14, 2013 Order approving the Century Transaction Agreements without making them subject to a future stranded cost charge is unreasonable and unlawful and violates KRS § 278.170(1).

13. KRS §278.170(1) states:

"No utility shall, as to rates or service, give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage, or establish or maintain any unreasonable difference between localities or between classes of service for doing a like and contemporaneous service under the same or substantially the same conditions."


14. The Commission's August 14, 2013 Order approves a rate making scheme in which the power plant costs stranded by the Hawesville smelters' contract for market-based rates may be allocated to Big Rivers' remaining customers. Century's Hawesville smelter will take electric generation service at market rates without any responsibility to pay for the stranded costs that it caused. The Commission's Order violates KRS §278.170(1) in that it acknowledges that there are costs stranded by Century's Hawesville smelter leaving the Big Rivers' system in order to receive market pricing, yet it failed to allocate these stranded costs to the cost-causer, Century. This preferential market-based pricing to

Century would subject other ratepayers to an “unreasonable prejudice or disadvantage” if the traditional cost-based rates paid by all other consumers includes the stranded costs caused by Century.

WHEREFORE, Kentucky Industrial Utility Customers, Inc. respectfully requests that:

1. The August 14, 2013 Order of the Commission in Case No. 2013-00221 be reversed and this matter remanded to the Commission for the entry of an order stating that a market-based rate that absolves Century from paying for the stranded costs it caused is not fair, just and reasonable, is unduly preferential to Century and subjects others consumers to unreasonable prejudice or disadvantage.
2. All other relief which it may be entitled.

Respectfully submitted



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ AND LOWRY

36 East seventh Street, suite 1510

Cincinnati, Ohio 45202

Ph: (513) 421-2255 Fax: (513) 421-2764

E-mail: MKurtz@BKLawfirm.com

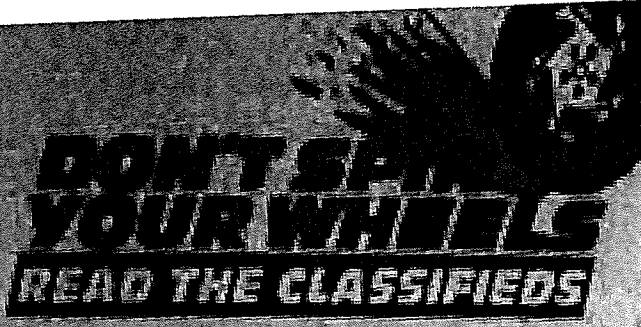
KBoehm@BKLawfirm.com

**KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.**

September 10, 2013

...
... 70-884-1888

... (New) Summit Climber
... 771-8522



Big Rivers

ELECTRIC CORPORATION

The "Business Energy" Company

LINEMAN (Job #IRC2233)

This position will climb transmission wood and steel poles and steel towers. Operate service trucks, cranes, digger derricks, and bucket trucks. Operate chainsaws, drills and other power tools. Manually dig with a shovel. Apply wood preservative chemicals. Operate mobile computers for mapping system and facilities maintenance. Qualifications include three years overhead lineman experience, Class A commercial driver's license with clean driving record, certified in glove and hot stick work on energized lines. Ability to lift/carry 75 pounds, perform heavy physical work and walk long distances over rough terrain. Have basic electrical training and ability to read blueprints and instruction manuals. Work outside in inclement weather day or night. Travel within service area and stay out of town overnight are requirements. Work overtime as required and report for emergency call in work anytime. Obtain Kentucky Wood Preservatives license within six months. Reside within 35 miles of the workplace within 12 months. Prefer graduate of lineman training from accredited program.

Please apply on-line at www.bigrivers.com - Careers or send resume

CENTURY EXHIBIT 1

Century ALUMINUM
**Hawesville
Operations**

June 12, 2012

Mark Bailey
President and CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419

Serge Gosselin
Plant Manager
Sebree Works - Aluminum
9404 State Route 2096
Robards, KY 42452

Re: June 14 Meeting with Governor Beshear.

Gentlemen:

As you know, Governor Beshear has requested a meeting with us on June 14th to address the issue of current power prices. As we have communicated to you and to the Governor, the Hawesville aluminum smelter cannot sustain operations at Big Rivers' current and projected power rates. We see this meeting as an opportunity to come to an agreement among the attendees on a plan to solve this pressing issue. So that all parties can be prepared to engage in meaningful negotiations on the 14th, we are proposing the following modifications to the rate provisions of the current contract. Specifically the rate provisions of the Retail and Wholesale Electric Service Agreements would be replaced by one of the following:

- (1) Power service would be provided by BREC from BREC resources, but the applicable rate would be a market-based rate for all MWh delivered to Hawesville with the rate equal to "day ahead" index market price at the MISO/BREC interface—the BREC.BREC MISO node; or
- (2) Power service would be provided by BREC from BREC resources, but the rate would be based on the actual variable operating costs incurred by BREC at specified units plus a fixed adder of \$XX/MWh not to exceed market price as defined in Section (1); or

Century Aluminum of Kentucky, General Partnership
Post Office Box 500
Hawesville, KY 42348

(270) 685-2493 Phone
(270) 852-2899 Fax

(3) At Hawesville's request, Big Rivers would obtain price quotes for 24X7 firm power with capacity for delivery at the MISO/Big Rivers interface – the BREC.BREC MISO node – in amounts (MWh) and durations (start date/end date) as requested by Hawesville. Big Rivers would acquire such forward purchases at the lowest available price provided the price met Hawesville's threshold. The rate for all power delivered to Hawesville would be:

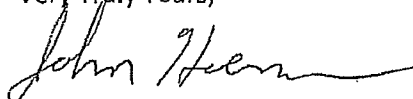
(a) The contract price (\$/MWh) for all MWh purchased and delivered under such forward contracts;

(b) The "day ahead" index price at the MISO/Big Rivers interface for all energy imbalance, including when load is not covered by a forward contract; and

Hawesville would have the right to curtail any portion of its load at any time, provided that under the third option Big Rivers would remarket any unused forward purchases and Hawesville would pay or receive a payment for the net difference. Hawesville would pay Kenergy the existing retail fee in \$4.12 of the Retail Agreement under each option.

We look forward to discussing this proposal at the meeting with the Governor. In the meantime, we are happy to discuss the proposal with you or answer any questions you may have.

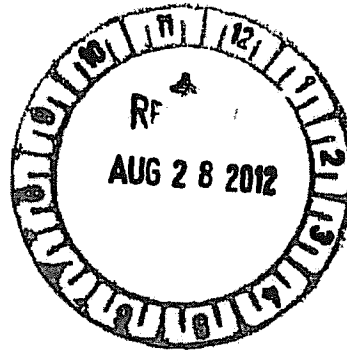
Very Truly Yours,



John Hoerner

Cc: Governor Steve Beshear; Chief of Staff, Mike Haydon

Alcan Primary Products Corporation
9404 State Route 2096
Robards, KY 42452
USA
T 270 521 7811
F 270 521 7305



August 23, 2012

The Honorable Steve Beshear
Governor of Kentucky
700 Capitol Avenue
Suite 100
Frankfort, KY 40601

Subject: Looking forward for the primary aluminum industry

Dear Governor Beshear,

As you are aware, the aluminum industry in Western Kentucky is facing major challenges which threaten the industry's short term prospects and its long term sustainability. Current aluminum prices are very low and continue to fluctuate daily. Aluminum smelting requires large and reliable quantities of electricity and constitutes the single largest production cost. As a consequence, in looking forward in our industry, current and forecasted energy prices represent the single greatest threat to the viability of this strategic industry in the Commonwealth.

This week, Century Aluminum (Hawesville smelter) announced its intention to exit its existing power contract with Big Rivers Electric Corporation (BREC) within 12 months. This is very disturbing news that will have a detrimental impact on the entire region. Sebree Works faces the same issues and therefore the identical risks as Century regarding the impact of power costs on short and long term profitability.

For months we have been working with authorities to try and find a long term solution for our efficient smelter. We are seeking prices that are fair for, and that allow us to be competitive in, our industry. Under the current situation of low London Metal Exchange (LME) aluminum prices and higher than worldwide average energy costs, we are already struggling to keep the operation even marginally profitable.

We wish to reiterate and emphasize that there is simply no way that the Sebree Works will be able to absorb any portion of the rate increases that will most certainly be sought by BREC in the event of the closure of Century's Hawesville smelter. The outcome of any increase in the rates to the Sebree Works could be its closure. We will therefore strongly oppose any scenario where additional costs are passed on to the Sebree Works and request your support regarding this issue.

We look forward to continued work with the Commonwealth and BREC to find a solution that will reduce the threat of closure to our operation and the resulting loss of thousands of direct and indirect jobs. We remain committed to working with all interested constituents and to finding and implementing innovative solutions quickly as did others ^{Case No. 2012-00535} worldwide.

Attachment for Response to AG 1-171

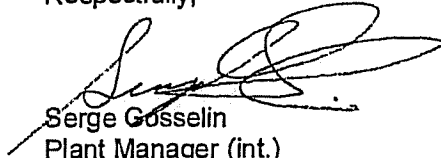
Witness: Robert W. Berry

Page 22 of 35

We have very high expectations regarding the study requested by the Public Service Commission and we're hoping that the consultants' forthcoming report will present effective and tangible solutions. This is a must for the whole region.

I conclude by reminding you that we're still available at any moment to work with all involved parties to reach a permanent and long term solution.

Respectfully,



Serge Gosselin
Plant Manager (int.)
Rio Tinto - Seabee Works Aluminum

cc: Mr. Larry Bond, Deputy Chief of Staff
Mr. David L. Armstrong, Chairman, Kentucky Public Service Commission
Mr. James W. Gardner, Vice Chairman, Kentucky Public Service Commission
Ms. Linda Breathitt, Commissioner, Kentucky Public Service Commission
Mr. Larry Hayes, Secretary, Cabinet for Economic Development
Ms. Stephanie Bell, Kentucky Cabinet for Economic Development
Senator David Williams, Kentucky Senate President
Senator Robert Stivers, Kentucky Senate Majority Leader
Representative Greg Stumbo, Kentucky House Speaker
Representative, Rocky Adkins, Kentucky House Majority Leader
Senator Dorsey Ridley
Representative John A. Arnold
Representative Jim Gooch
Representative David Watkins
Mr. Mark Bailey, Big Rivers Electric Corporation
Mr. Greg Starheim, Kenergy Corporation
Mr. Steve Schneider, Century Aluminum

Century ALUMINUM

August 31, 2012
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Attn: President & CEO

Dear Mr. Bailey:

I am writing on behalf of the 700 men and women who stand to lose their jobs here at the Hawesville aluminum smelter plant. Over the last two weeks, many of our employees have told me that they are so frustrated that you, along with the Big Rivers' management team, seem committed to a path that will guarantee the Hawesville plant closes and that utility rates for all of Big Rivers customers will go up at least 20 percent.

Frankly, we're all scratching our heads trying to figure out why you would choose to force this devastating impact on our region instead of accepting the solution we have proposed, a compromise that will save hundreds of jobs at the plant and ensure a lower rate increase for all Big Rivers customers – maybe even get rid of a rate increase altogether.

And what's worse is that rather than telling people the truth, Big Rivers has attempted to cover up your refusal to negotiate a fair deal for the Hawesville plant and for your customers, by trying to make Hawesville the fall guy for the stubborn and destructive path you have chosen.

I'm fed up, just like the rest of the employees at the Hawesville plant, and I won't stand by, letting you continue to deceive people that way.

You and I have been in meetings together, face-to-face, with the Governor's staff and the Big Rivers' Board of Directors as witnesses. We have discussed the facts regarding the need for a reduction in our power costs in order for the Hawesville plant to survive. Yet, you have not been honest and forthright with your customers and our employees about what was said in those meetings.

Since you refuse to tell the public the whole truth, I will. Here are the facts:

1. The Hawesville smelter NEVER asked for \$110 million in rate reductions. Yet, Big Rivers continues to say it.

The \$110 million was a number that you presented to me, in writing, as the amount of rate increase you would pass onto to Big Rivers customers if BOTH smelters in the region close. Yet, you continue to tell the community and ratepayers that Hawesville asked for \$110 million when we didn't, but won't tell them that you will raise their rates \$62 million if Hawesville closes and \$110 million if both smelters close.

2. If the Hawesville smelter shuts down, all Big Rivers customers are guaranteed to get hit with at least a 20 percent increase in their power bill.

You admitted to me that your customers will get hit with a 20 percent increase if Hawesville closes and you have said so to reporters. Unfortunately you also try to confuse the issue by saying the Hawesville plant's request will cost more and result in 37 percent increase with the average residential bill increasing \$1000 per year. You know that is not true. The 37 percent increase is based on the \$110 million number, which Hawesville has never asked for and is not seeking. In addition, for an average residential customer the 20 percent increase is about \$220 per year, NOT the \$1000 a year you claim.

3. If the Hawesville smelter closes, not only will the smelter jobs be lost, hundreds of coal jobs would be lost and, despite your denial, you will also plan to fire some of your own employees.

You told me in our meeting with the Governor's staff, which you confirmed to the newspapers that if the Hawesville plant shuts down Big Rivers will have to shut down power plants -- which will mean hundreds of Big Rivers employees would lose their jobs -- since our plant is your largest customer. I know it, the Governor's staff knows it and you should tell your employees the truth.

4. When you informed us that Big Rivers customers would see their rates increase 20 percent if the Hawesville plant closed, we offered to accept a solution that would save jobs and allow a smaller increase for electricity customers, if any at all.

In fact, under our proposal, if aluminum prices went high enough, there would be no rate increase for customers at all. But you refused even to consider our idea. Your continuing refusal guarantees that our employees, your employees and coal employees will lose their jobs AND rate payers will pay at least a full 20 percent more for electricity.

5. There is a rainy day fund of \$150 million that could be used – and that Big Rivers has used before – to completely avoid any rate increase for Big Rivers customers.

You refused to even discuss the use of those funds under our proposal and instead guaranteed at least a 20 percent rate increase for Big Rivers customers.

6. I met with the Big Rivers Board of Directors because you and the members of your board did not believe us that the Hawesville smelter needed a rate cut to remain open. We personally presented our financial numbers to you and your board, who collectively admitted the reports showed Hawesville is losing more than \$5 million a month at the smelter.

Following our presentation, without any review or discussion by your board, you immediately refused to change your position (without even meeting to discuss it) and proclaimed that avoiding the closure of the smelter was "not a priority" for you. To this date, you have continued to refuse to move off your original offer.

Those are the facts Mr. Bailey. Since you won't tell people, I had to.

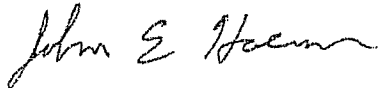
But setting the record straight is not what's most important. The most important thing is getting a fair deal done so that we can protect these jobs and the already-stretched pocketbooks of rate payers.

I am again offering a solution that will save smelter jobs, Big Rivers jobs and coal jobs AND result in a lower rate increase – possibly no rate increase at all – instead of continuing down the path you have chosen which will result in losing hundreds of jobs AND at least a 20 percent increase on all Big Rivers customers.

If you won't agree to work with me to prevent the dire consequences that will result from your plan, then at least agree to let the Public Service Commission decide – as they are supposed to – which proposal is best for the rate payers and communities of Western Kentucky.

This week Big Rivers said “We care about Century employees and their families. We want to do what's right.” Now is your chance, Mr. Bailey. Show our employees you mean what you say.

Sincerely,

A handwritten signature in cursive script that reads "John E. Hoerner".

John Hoerner

Vice President of North American Operations, Century Aluminum

RETAIL ELECTRIC SERVICE AGREEMENT

Dated as of July 1, 2009,

by and between

KENERGY CORP.

and

ALCAN PRIMARY PRODUCTS CORPORATION

with the New Transaction, either Party may terminate this Agreement without cost or penalty by providing written notice of termination to the other Party and Big Rivers no later than three Business Days after the first to occur of the following: (i) the last date on which a petition for re-hearing may be filed if such a petition has not been filed, (ii) the date on which the KPSC issues an order denying the request for re-hearing for any petition for re-hearing that may have been filed during the allowed period and (iii) if a rehearing occurs, following the date on which an order on rehearing is issued.

7.2.4 Termination Due to Business Judgment.

(a) Either Party may terminate this Agreement without cost or penalty by providing written notice of termination to the other Party and Big Rivers if it determines in its business judgment, exercised in good faith, that based on information considered by it, including information provided by Big Rivers, Big Rivers' operations cannot produce during the first five years of the Service Period the charges projected in Big Rivers' financial model and filed with the KPSC in the application for approval of the New Transaction.

(b) Alcan may terminate this Agreement without cost or penalty by providing written notice of termination to Kenergy and Big Rivers if it determines in its business judgment, exercised in good faith, that there has been a material adverse change in the production facilities of Alcan or a material change in economic or business factors external to the terms of the New Transaction, that would have a material adverse financial effect on Alcan if the New Transaction is consummated.

7.2.5 Alcan Wholesale Agreement Termination. Kenergy may terminate this Agreement if Big Rivers terminates the Alcan Wholesale Agreement prior to the Effective Date.

7.2.6 Effect of Pre-Effective Date Termination. If this Agreement is terminated in accordance with this Section 7.2, Kenergy and Alcan acknowledge and agree that the Existing Alcan Agreement and the Kenergy/LG&E Contract and all other related documents and agreements will continue in full force and effect as if this Agreement had not been executed and delivered by the Parties.

7.3 Termination After the Effective Date. This Agreement may be terminated after the occurrence of the Effective Date in accordance with this Section 7.3.

7.3.1 Termination for Closing of Sebree Smelter.

(a) Alcan may terminate this Agreement as of a date not less than one year from the date it provides written notice (a "Notice of Termination for Closure") to Kenergy and Big Rivers of the termination of this Agreement in accordance with this Section 7.3 in connection with the termination and cessation of all aluminum smelting operations at the Sebree Smelter.

(b) No termination pursuant to Section 7.3.1(a) may be effective prior to December 31, 2010. If Century has given a "Notice of Termination for Closure" under the Century Retail Agreement prior to the delivery of Notice of Termination for Closure by Alcan and if the Transmission Upgrade has not been completed at the time of such termination, Alcan

may not exercise its right to terminate this Agreement pursuant to this Section 7.3.1 with an effective date prior to December 31, 2011. To be effective, any Notice of Termination for Closure must be accompanied by a certificate of the president of Alcan Parent including a representation and warranty that it has made a business judgment in good faith to terminate and cease all aluminum smelting at the Sebree Smelter and has no current intention of re-commencing smelting operations at the Sebree Smelter.

7.3.2 Termination for Event of Default. This Agreement may be terminated following the occurrence and during the continuation of an Event of Default pursuant to Article 14.

ARTICLE 8

METERING

8.1 Metering Facilities. Kenergy will provide or cause to be provided metering facilities at the Point of Delivery which measure Hourly kW, kWh, kilovars, kilovar-hours and voltage fluctuation spectra.

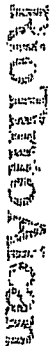
8.2 Reading. Kenergy will read or cause to be read the meters at the Point of Delivery on the last date of each month (or such other date as may be agreed upon by the Parties).

8.3 Testing. Kenergy will test, or cause to be tested, the calibration of the meters at the Point of Delivery by comparison of accurate standards at least once every twelve months (or more often if so required by Applicable Law) and will give Alcan not less than five Business Days' prior notice of such testing. Alcan will have the right to observe and participate in all meter tests. Meters registering not more than plus or minus 1% inaccurate will be deemed to be accurate (unless Applicable Law establishes a standard more stringent than 1%, in which case, the more stringent standard will apply). The reading of any meter which will have been disclosed by tests to be inaccurate will be corrected for the 60 days before such tests (or for such shorter period if applicable) in accordance with the percentage of inaccuracy found by such tests. If any meter should fail to register for any period, the Parties and Big Rivers will make mutually agreed upon estimates for such period from the best information available. If Alcan requests a special meter test, Kenergy shall cause such test to be conducted; *provided, however*, that if any special meter test made at the request of Alcan discloses that the meters are not more than plus or minus 1% inaccurate, Alcan shall reimburse Kenergy for the reasonable cost of such test. In all other respects, meters through which Kenergy delivers Energy to Alcan shall be installed, operated, maintained and tested in accordance with all Applicable Law and Prudent Utility Practice.

ARTICLE 9

OPERATIONAL MATTERS

9.1 Operations and Operational Responsibility. In carrying out the requirements of this Agreement, each Party will comply with the reliability criteria, standards, guidelines and



ALCAN PRIMARY PRODUCTS CORPORATION

January 31, 2013

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

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

Re: Retail Electric Service Agreement
NOTICE OF TERMINATION

Gentlemen:

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

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

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

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

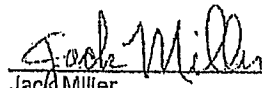
I am advised that, notwithstanding the notice of Century Aluminum of Kentucky ("Century") on August 20, 2012 to terminate its Retail Electric Service Agreement, dated July 1, 2009, Big Rivers and Kenergy have entered into negotiations with Century to waive the obligations of Section 7.3.1 of the Agreement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

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

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

ALCAN PRIMARY PRODUCTS CORPORATION

By:



Jack Miller
President

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

ALCAN CORPORATION

8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

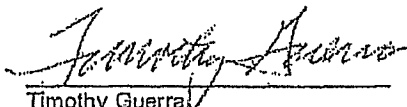
Office of the President

CERTIFICATE

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

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

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

By: 
Timothy Guerra
President
ALCAN CORPORATION

Case No. 2013-00413

Sebree Smelter Monthly Usage ¹	269,000 Mwh
Sebree Smelter Annual Usage	3,228,000 Mwh
Current Cost-Based Rate From Big Rivers ²	\$56/Mwh
Current Annual Power Bill	\$180,768,000
Market Pricing 40% Lower ³	\$33.6/Mwh
Rate Reduction From Market Pricing	\$72,307,200 (equivalent to increase in LME of \$353/tonne)
Rate Reduction At "Sebree Solution" Pricing Of \$43/Mwh	\$41,964,000 (equivalent to increase in LME of \$205/tonne)

¹ Jason Young Direct Testimony at p. 3.

² *Id.* at 4.

³ *Id.*

Bank of America Merrill Lynch 2013 US Basic Materials Conference

December 10, 2013

CenturyALUMINUM

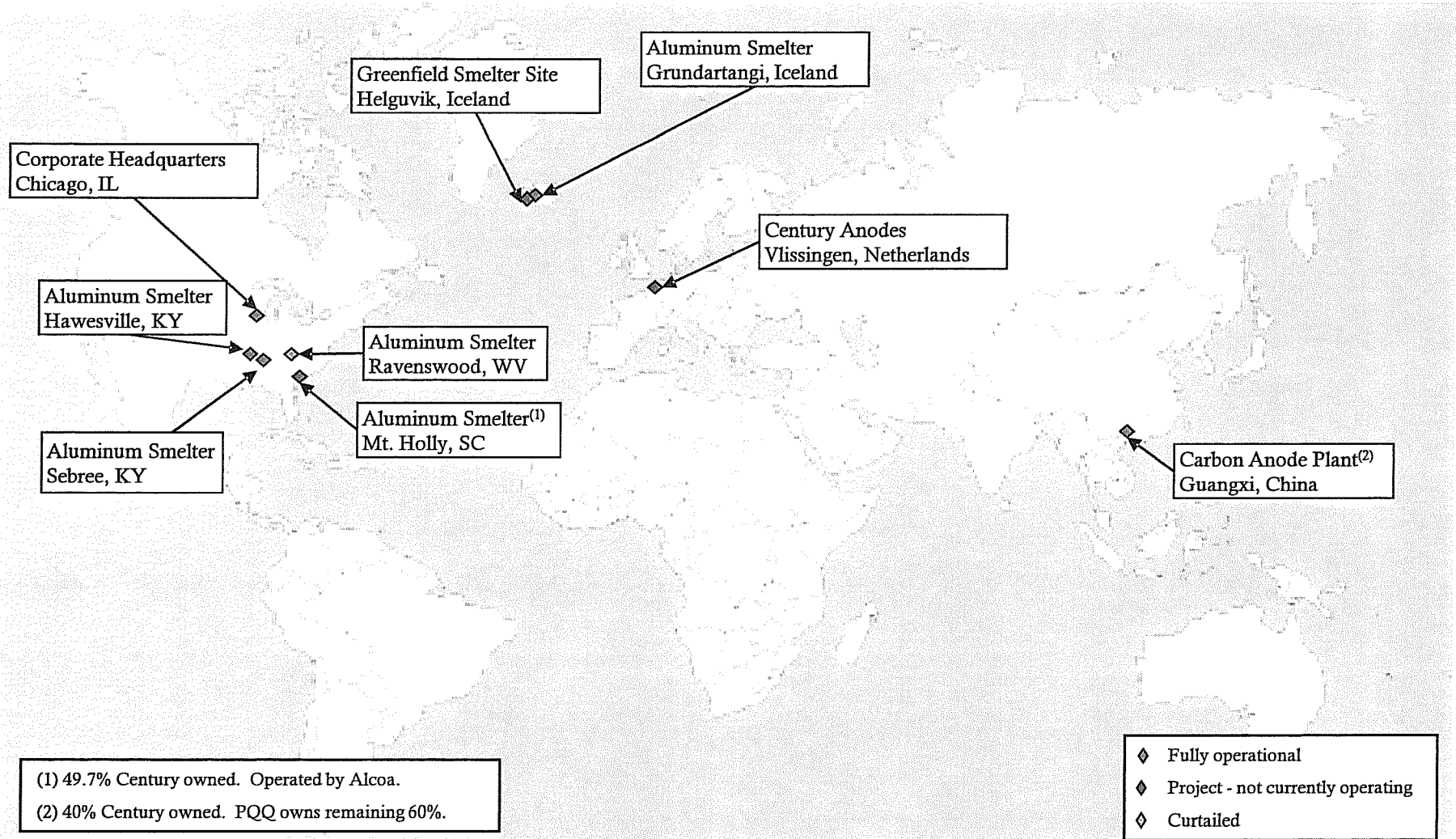
Cautionary Statement

This presentation and comments made by Century Aluminum management at the conference contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements about future, not past, events and involve certain important risks and uncertainties, any of which could cause our actual results to differ materially from those expressed in our forward-looking statements, including, without limitation, declines in aluminum prices or increases in our operating costs; deterioration of financial and economic conditions; weakening of the company's U.S. customer markets; our ability to successfully obtain long-term competitive power arrangements for each of our U.S. plants; additional delays or other changes in our ability to complete our Helguvik, Iceland smelter; and our ability to successfully manage and/or improve performance at each of our operating smelters. Forward-looking statements in this presentation include, without limitation, statements regarding the Company's future revenues (including future aluminum prices and premiums), costs (including power, alumina, finished anodes, carbon and selling, general and administrative); the Company's anticipated capital programs and liquidity; future global and local financial and economic conditions; our ability to complete our Helguvik, Iceland smelter, including securing a reliable power supply; our ability to restart operations at our Ravenswood, West Virginia smelter and our Vlissingen anode plant; our ability to successfully execute our key investment projects at our Grundartangi, Iceland smelter; our ability to successfully integrate the Sebree smelter operations and achieve the anticipated benefits of the Sebree acquisition; our ability to successfully finalize our wholesale power arrangement at our Hawesville smelter, achieve a similar wholesale power arrangement for our Sebree smelter and achieve an attractive long-term power solution for each of these plants; and our ability to control or reduce power costs at each of our U.S. plants. More information about these risks, uncertainties and assumptions can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K and in other filings made with the Securities and Exchange Commission.

Information provided in this presentation and discussion is based on information available as of September 30, 2013. We believe the expectations reflected in these forward-looking statements are reasonable, based on information available to us on the date of this presentation. However, given the described uncertainties and risks, we cannot guarantee our future financial performance, results of operations or financial condition and you should not place undue reliance on these forward-looking statements. Century undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, actual events, future events or otherwise.

In addition, throughout this conference call, we will use non-GAAP financial measures. Reconciliations to the most comparable GAAP financial measures can be found in the Appendix of today's presentation and on our website at www.centuryaluminum.com.

Century at a Glance



Century's Strategy

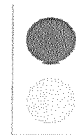
Safety/environmental – best-in-class performance and continuous improvement

- 2012 - best year at each facility
- 2013 metrics off vs. 2012
- 25% better than average peer facility



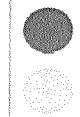
Improve cost structure – offensive/defensive

- Significant reduction in consolidated breakeven
- Manage energy price risk while preserving upside cash flow leverage



Invest upstream – key raw materials

- Acquisition/restart of Vlissingen anode operations
- Alumina exposure



Add production assets – attractive risk-adjusted cost

- Sebree acquisition terms and cash flow leverage



2014 Strategic Priorities

U.S.

- Hawesville
 - Manage energy price exposure
- Sebree
 - Finalize power contract
- Mt Holly
 - Address long term power supply (2015 +)
- Ravenswood
 - Structure package to enable restart

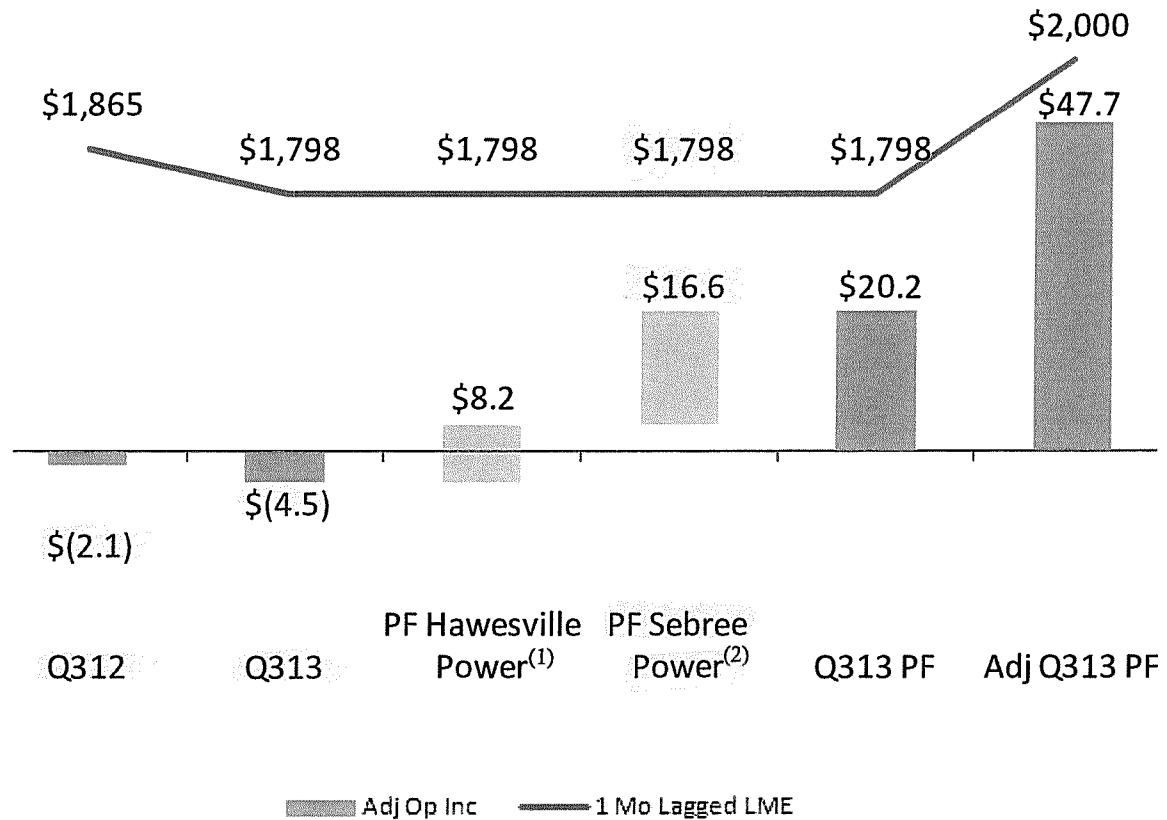
Iceland

- Grundartangi
 - Capacity creep project
- Helguvik
 - Finalize power supply

Netherlands

- Vlissingen
 - Restart anode production

Adjusted Operating Income (Loss)



(1) Based on 482MW and power cost improvement of ~\$15/MWh for half a quarter

(2) Based on 368MW and power cost improvement of ~\$23/MWh for an entire quarter

Appendix

CenturyALUMINUM

Appendix

- The following slides contain financial measures which are not based upon generally accepted accounting principles, or GAAP. The non-GAAP measure utilized is adjusted operating income (loss). The Company defines adjusted operating income (loss) as operating income (loss) adjusted for certain non-cash items from the statement of cash flows and certain non-recurring items.
- The Company's calculation of adjusted operating income (loss) may not be comparable to similarly titled measures reported by other companies due to differences in the components used in their calculations. The Company's management believes the presentation of adjusted operating income (loss) is a useful measure to help investors evaluate the Company's capacity to fund its ongoing cash operating requirements, including capital expenditures and debt service obligations. Adjusted operating income (loss) should not be considered as a substitute for operating income (loss) as determined in accordance with GAAP. The following slides include reconciliations of adjusted operating income (loss) to their most comparable GAAP financial measures.

Adjusted Operating Income (Loss)

GAAP Reconciliation

(\$MM)

	Q212	Q312
Operating loss	\$ (5.0)	\$ (13.3)
Depreciation	15.6	15.6
LCM adjustment	5.4	(8.2)
Litigation items	-	3.8
Adjusted operating income (loss)	<u>\$ 16.1</u>	<u>\$ (2.1)</u>

Adjusted Operating Income

GAAP Reconciliation

(\$MM)

	Q412	Q113
Operating income	\$ 2.6	\$ 0.2
Depreciation	15.6	15.7
LCM adjustment	-	5.8
Litigation reserve adjustment	-	(2.2)
Corporate relocation	-	2.2
Adjusted operating income	<u>\$ 18.3</u>	<u>\$ 21.7</u>

Adjusted Operating Income (Loss)

GAAP Reconciliation

(\$MM)

	<u>Q213</u>	<u>Q313</u>
Operating loss	\$ (23.9)	\$ (4.2)
Depreciation	16.2	17.2
Sebree power contract amortization	(2.7)	(11.7)
LCM adjustment	10.2	(5.8)
Corporate relocation	1.7	-
Adjusted operating income (loss)	<u>\$ 1.5</u>	<u>\$ (4.5)</u>

Century ALUMINUM

Introduction: thank commissioners for opportunity to express my opinion and concerns

My name is Tim West; my home address is 3819 Wood Trace, Owensboro KY, 42303 which makes me a Kenergy user and subject to whatever the outcome of this and any future proceedings may bring.

I also want to let everyone know for full disclosure that I am a 26 year employee of Big Rivers Electric Corporation in the electrical department at Sebree station.

But the hat I wear today is the one as the Big Rivers Generation Unit Chairman and spokes person for IBEW Local 1701, which is the representative for all bargaining unit generation and transmission employees at Big Rivers Electric. Local 1701 represents all matters concerning terms and conditions of employment. The # 1 term and condition is the safety of all who do work on big rivers property. My fellow brothers and sisters and Big Rivers Corporation have created a culture and expectation that "no one gets hurt in our house". It didn't happen over night, we went from having 110 recordable injuries in the early 80s, to 3 in 2013, with 2 of those happening in December. We have received 33 governor safety awards from this great commonwealth. Why do I bring this up, because I think this background is needed for clarification to understand my next point?

In this proceeding ,as they did in case number 2013-00221, Century is asking this esteemed body to force Big Rivers to do hot line maintenance on all its transmission lines. This work has been done safely by Big River's employees represented by IBEW Local 1701 since the smelters have been in existence by planning and de-energizing lines without one time causing them a reliability issue. To give the smelters live line maintenance would eliminate this work from IBEW Local 1701 members and give it to contractors, thus eliminating even more jobs from Big Rivers and IBEW Local 1701 than the 188 already targeted. If the smelters need reliability, I suggest the commissioner rule both Coleman and Wilson stations remain running under SSR Agreements and nothing will change in respect to reliability and Century would still get market rate savings. Savings which have been substantial so far with just Coleman at market rates and yes, that suggestion would save all 188 Big Rivers jobs too.

Right for analogy

Speaking of JOBS...Let's not forget how we arrived here today. We are all familiar with the politics. We have all heard or read the advertisements in the paper and on the radio that told the public the smelters would go out of business without market price power. Full page ads were ran telling the public that Century has been a part of their community for 30 years and want to be there for 20 more years. The ad stated that if Century could just have access to the market to get better power rates, they would save over 800 high-paying jobs. Fact of the matter is, they have market based rates at the Hawesville smelter, saving millions on power, but they still extended there Warn notice to there own employees there for the third time. That does not sound like much of a commitment.

Big Rivers and its employees are the ones bearing the brunt of job losses and the ire of the general public and other rate payers, when we are trying to do what's best for the economy of Western Kentucky. The entity that caused all this under the pretense of saving jobs and communities hasn't done anything to prove it won't pack up and leave anyway.

In conclusion, thank you commissioners for the opportunity to express critical concerns of my Brothers and Sisters with IBEW, local 1701. We appreciate your consideration and strongly urge you to stand by your previous position on live-line maintenance.

Sincerely,
Timothy F. West
Unit Chairman
Generation Group
IBEW Local 1701