

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENERGY CORP.)	
FOR A REDUCTION IN REVENUE AND)	CASE NO. 2004-00446
ADJUSTMENT IN EXISTING RATES)	

O R D E R

On April 22, 2004, the Commission issued an Order finding that Kenergy Corp.'s ("Kenergy") 4 percent consolidation credit rider¹ would automatically expire on September 2, 2004 and ordering Kenergy to file an application no later than December 31, 2004 to extend the credit to all customers or to propose an alternative methodology to pass the increase in earnings to all ratepayers. We further directed Kenergy to address in its next application the disparity between customer classes. On December 16, 2004, the Commission accepted for filing an application by Kenergy seeking approval to reduce revenue and to adjust existing rates to begin addressing the disparity between customer classes. Kenergy proposes a decrease in its total annual normalized revenues of \$528,491.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), which represents five of Kenergy's industrial customers, Alcan Primary Products Corporation, Century Aluminum

¹ Kenergy was formed by the consolidation of Green River Electric Corporation and Henderson Union Electric Corporation in 1999. As part of the consolidation, Kenergy applied for and was granted a 4 percent rate reduction for all non-direct serve customers for 5 years. This rate reduction is referred to as the consolidation credit rider.

Company, Weyerhaeuser Company, Commonwealth Industries, Inc., and Kimberly Clark Corporation (“KIUC Members”), was granted full intervention in this proceeding. By Order of January 12, 2005, the Commission suspended Kenergy’s proposed rate adjustment pursuant to KRS 278.190(2) up to and including June 14, 2005, and established a procedural schedule. The procedural schedule afforded each of the parties the opportunity to file direct testimony and to engage in discovery, and set forth the date the proceeding was scheduled for hearing.

On April 20, 2005, Kenergy informed the Commission that the parties had reached a settlement and requested that the Commission cancel the remainder of the procedural schedule, including the hearing scheduled for April 26, 2005. The Commission granted that request on April 25, 2005.

On April 27, 2005, Kenergy filed an executed Settlement Agreement (“Agreement”), appended as Appendix A, along with sworn testimony to support the reasonableness thereof. The parties urge the Commission to review and accept the Agreement in its entirety as a reasonable resolution of the issues in this proceeding. While the overall reasonableness of the Agreement is an important factor, the Commission is bound by law to act in the public interest and review all elements of the Agreement.

After review of the Agreement and being otherwise sufficiently advised, the Commission finds that the Agreement is reasonable, is in the public interest, and should be accepted with two modifications.

The following is a synopsis of the terms of the Agreement, together with comments and modifications that the Commission finds necessary.

1. The parties agree that the KIUC Members will receive an annual rate reduction of \$75,000 effective June 1, 2005. They further agree that the remaining proposed rates and charges set forth in Kenergy's application will become effective on June 1, 2005. The Commission, in determining the overall reasonableness of these rates, has evaluated all revenue and expense adjustments proposed by Kenergy in light of its traditional rate-making treatment. In addition, it has considered the current economic conditions and the effect this proposal will have on Kenergy's TIER. Based on a review of all these factors and the evidence of record, the Commission finds that the proposal will result in earnings that fall within a range reasonable to both Kenergy and its customers and result in rates that are fair, just, and reasonable. The Commission finds that the rates included in Exhibits B and C to the Agreement, appended as Appendix B, to be fair, just, and reasonable. However, we find the effective date of the rates agreed to by the parties to be unacceptable. KRS Chapter 278 does not authorize the Commission to establish rates retroactively. See Pub. Serv. Comm'n v. Diamond State Tele. Co., 468 A.2d 1285, 1298 (Del. 1983)("A pervasive and fundamental rule underlying the utility rate-making process is that 'rates are exclusively prospective in application. . ."). Therefore, we find that the effective date of the rates should be for services rendered on and after the date of this Order.

2. Kenergy agrees to have a depreciation study performed and to file the study with the Commission within 5 years of the Commission's approval of the Agreement or in connection with its next rate case, whichever is earlier. The Commission finds this provision should be modified to state that Kenergy will file, and

seek approval of, a new depreciation study within 5 years of the Commission's approval of the Agreement or in connection with its next rate case, whichever is earlier.

3. The parties have agreed that the Agreement is subject to approval by the Commission, that the terms and conditions are inseparable, and that, in the event the Commission does not approve the Agreement in its entirety, either Kenergy or KIUC may withdraw from the Agreement.

IT IS THEREFORE ORDERED that:

1. The provisions of the Agreement, except as modified by this Order, are hereby incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Agreement, as modified herein, are approved.

3. The rates and charges set forth in Appendix B to this Order are approved for service on and after the date of this Order.

4. Any party wishing to exercise its right to withdraw from the Agreement because of modifications ordered herein shall notify the Commission in writing of its intent within 10 business days of the date of this Order.

5. If any party withdraws from the Agreement, this Order shall be vacated.

6. Within 20 days from the date of this Order, Kenergy shall file with the Commission revised tariff sheets setting out the rates and tariffs approved herein for service rendered on and after the date of this Order. These tariff sheets shall show their date of issue, the effective date, and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 14th day of June, 2005.

By the Commission

ATTEST:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00446 DATED JUNE 14, 2005

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into as of the 26th day of April, 2005, by and between **KENERGY CORP.** (“Kenergy”) and **KENTUCKY INDUSTRIAL UTILITIES CUSTOMERS, INC.** (“KIUC”);

WHEREAS:

(1) On December 16, 2004, Kenergy filed with the Kentucky Public Service Commission (“Commission”) an application for reduction in revenue and adjustment in existing rates in Case No. 2004-00446;

(2) KIUC was granted the right to intervene by order of the Commission dated January 12, 2005, and KIUC is the only intervenor in this case;

(3) Kenergy and KIUC have reached agreement on the amount of annual rate reductions for the five (5) industrial customers represented by KIUC, which are Alcan Primary Products Corporation, Century Aluminum Company, Weyerhaeuser Company, Commonwealth Industries, Inc. and Kimberly Clark Corporation (“KIUC Members”);

(4) Commission Staff has been notified of the above agreement and has informed counsel for Kenergy and KIUC that recommendation will be made to the Commission to approve these rate reductions and also to approve Kenergy’s other rates and charges as set forth in the application, with the proviso that Kenergy agree to have a

depreciation study performed within five (5) years or in connection with Kenergy's next rate case, whichever is sooner, and

(5) Kenergy and KIUC desire to set forth in writing the terms and conditions of their agreement;

NOW, therefore, in consideration of their mutual promises and covenants,

IT IS AGREED as follows:

1. The KIUC Members collectively shall receive an annual rate reduction of \$75,000.00 effective on June 1, 2005. Calculations showing revised energy adders and customer charges that will become effective for this annual rate reduction are set forth on attached "Exhibit A." Upon Commission approval Kenergy will promptly issue and submit for filing revised tariff sheets in the form as shown on attached "Exhibit B" and "Exhibit C."

2. Kenergy's remaining rates and charges set forth in its application in Case No. 2004-00446 shall become effective as proposed on June 1, 2005. Upon Commission approval Kenergy will promptly issue and submit for filing revised tariff sheets conforming to the proposed tariff changes set forth in Exhibit 3.B. of Kenergy's application, to become effective on June 1, 2005.

3. Kenergy shall have a depreciation study performed and shall file said study with the Commission within five (5) years of the Commission's approval of this Settlement Agreement, or in connection with Kenergy's next rate case, whichever is sooner.

4. The foregoing reduced rates for the KIUC Members and the remaining rates and charges as set forth in Kenergy's said application are fair, just, reasonable and non-discriminatory, and are in the best interest of the public. Further, settlement of this case is in the best interest of the parties hereto as it will allow the parties to promptly resolve their dispute without expending further time and incurring additional expense in the pending case. Kenergy offers the testimony of its President and CEO Mark A. Bailey in support of the reasonableness of the rates resulting from this settlement, being attached as "Exhibit D."

5. This Settlement Agreement is conditioned upon and subject to express approval of the Commission. The terms and conditions of this Settlement Agreement are inseparable from one another and accordingly are not severable by the Commission. In the event the Commission fails to approve this Settlement Agreement in its entirety, then either Kenergy or KIUC may withdraw from this settlement by notifying the other party and the Commission within 10 days of the Commission's action of such withdrawal and requesting the Commission to reinstate a procedural order and schedule a hearing in the subject case. In the event of such withdrawal this Settlement Agreement shall be deemed to be null and void and of no legal effect or consequence and the parties hereto shall be restored to status quo existing immediately prior to the execution of this Settlement Agreement; moreover, none of the terms herein shall be binding upon either party nor shall the Settlement Agreement, or any of its terms, be admissible in any judicial or administrative proceeding.

6. This Settlement Agreement constitutes the complete agreement and understanding by and between the parties hereto and any and all oral statements, representations or agreements made prior hereto or contemporaneously herewith shall be deemed to have been merged into this Settlement Agreement.

7. This Settlement Agreement shall inure to and be for the benefit of the parties hereto, their successors and permitted assigns.

8. This Settlement Agreement may be signed in counterparts.

IN TESTIMONY WHEREOF, witness the hands of the parties hereto this day and date first above written.

KENERGY CORP.

By Mark A. Bailey

Mark A. Bailey
(printed name)

President and CEO
(title)

KENTUCKY INDUSTRIAL UTILITIES CUSTOMERS, INC.

By _____

(printed name)

(title)

6. This Settlement Agreement constitutes the complete agreement and understanding by and between the parties hereto and any and all oral statements, representations or agreements made prior hereto or contemporaneously herewith shall be deemed to have been merged into this Settlement Agreement.

7. This Settlement Agreement shall inure to and be for the benefit of the parties hereto, their successors and permitted assigns.

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IN TESTIMONY WHEREOF, witness the hands of the parties hereto this day and date first above written.

KENERGY CORP.

By _____

(printed name)

(title)

**KENTUCKY INDUSTRIAL UTILITIES
CUSTOMERS, INC.**

By Michael L. Kurtz

Michael L. Kurtz

(printed name)

Attorney

(title)

KENERGY CORP.
CASE NO. 2004-00446
ALLOCATION OF \$75,000 REDUCTION TO KIUC MEMBERS

STEP 1

Allocate \$37,500 (50%) to the two smelters
 Allocate \$37,500 (50%) to the three Class B customers

STEP 2

Calculate the new energy adder:

**For administrative ease, round the energy adder to six decimal places
 and make up the difference in the customer charge.**

Two (2) Class A Smelters:

Reduction using .000045	=	\$36,640 (7,328,045,100 KWH x .00005 - .000045)
Reduction agreed to	=	<u>\$37,500</u>
Additional reduction needed		<u>\$860</u> = \$35.83
		24 monthly billings

New Energy Adder	-	.000045
New Customer Charge	-	\$2,614 (\$2,650 - \$36)

Three (3) Class B Customers:

Reduction Using .000166	=	\$36,723 (1,080,104,669 KWH x .0002 - .000166)
Reduction agreed to	=	<u>\$37,500</u>
		<u>\$777</u> = \$21.58
		36 monthly billings

New Energy Adder	-	.000166
New Customer Charge	-	\$1,028 (\$1,050 - \$22)

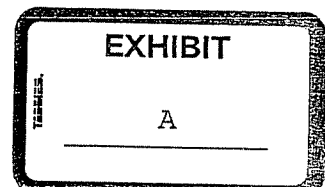
Reduction per customer:

Century Aluminum

4,197,538,000 KWH x .000045	=	\$188,889
12 x \$2,614	=	<u>\$ 31,368</u>
		\$220,258
Test Year Energy Adder	=	<u>\$241,677</u>
Reduction		<u>\$ 21,420</u>

Alcan Aluminum

3,130,507,100 KWH x .000045	=	\$140,873
12 x \$2,614	=	<u>\$ 31,368</u>
		\$172,241
Test Year Energy Adder	=	<u>\$188,325</u>
Reduction		<u>\$ 16,084</u>
Total Reduction Class A	=	<u>\$ 37,504</u>



Commonwealth

165,700,255 x .000166	=	\$27,506
12 x \$1,028	=	<u>\$12,336</u>
		\$39,842
Test Year Energy Adder	=	<u>\$45,739</u>
Reduction		<u>\$ 5,897</u>

Kimberly Clark

301,148,530 x .000166	=	\$49,991
12 x \$1,028	=	<u>\$12,336</u>
		\$62,327
Test Year Energy Adder	=	<u>\$72,830</u>
Reduction		<u>\$10,503</u>

Weyerhaeuser

613,255,884 x .000166	=	\$101,800
12 x \$1,028	=	<u>\$ 12,336</u>
		\$114,136
Test Year Energy Adder	=	<u>\$135,251</u>
Reduction		<u>\$ 21,115</u>
Total Reduction Cass B		<u>\$ 37,515</u>
Total All		<u>\$ 75,019</u>



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Third Revised SHEET NO. 32

CANCELLING PSC NO. _____

Second Revised SHEET NO. 32

CLASSIFICATION OF SERVICE
Schedule 32 – Large Industrial Customers Served Under Special Contract (Dedicated Delivery Points) – Class B

Commonwealth Aluminum

The monthly delivery point rate shall be:

- (R) Customer Charge.....\$1,028 Month
- Demand Charge of:
 - per KW of Billing Demand.....\$10.15
- (R) Energy Charge of:
 - per KWH..... .013881

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

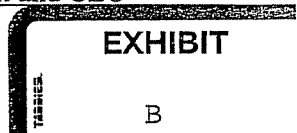
FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

DATE OF ISSUE _____ DATE EFFECTIVE June 1, 2005

ISSUED BY _____ TITLE President and CEO
SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.





Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 32A

CANCELLING PSC NO.

First Revised SHEET NO. 32A

CLASSIFICATION OF SERVICE
Schedule 32 – Large Industrial Customers Served Under Special Contract (Dedicated Delivery Points) – Class B

Weyerhaeuser Company

The monthly delivery point rate shall be:

- (R) Customer Charge.....\$1,028 Month
- Demand Charge of:
 - per KW of Firm Billing Demand.....\$10.15
- (R) Energy Charge of:
 - per KWH Sold by Kenergy to Weyerhaeuser..... .013881

NOTE: Customer has installed self-generation at site. Charges for backup and replacement power are billed per contract, which includes a \$0.000166 retail adder per KWH Consumed At Site.

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

DATE OF ISSUE _____ DATE EFFECTIVE June 1, 2005

ISSUED BY _____ TITLE President and CEO
SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 32B

CANCELLING PSC NO.

First Revised SHEET NO. 32B

CLASSIFICATION OF SERVICE

Schedule 32 – Large Industrial Customers Served Under Special Contract (Dedicated Delivery Points) – Class B

Kimberly Clark

The monthly delivery point rate shall be:

- (R) Customer Charge...\$1,028 Month
Demand Charge of:
per KW of Billing Demand...\$10.15
Energy Charge of:
per KWH... .013881

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

DATE OF ISSUE DATE EFFECTIVE June 1, 2005
ISSUED BY TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Third Revised SHEET NO. 34

CANCELLING PSC NO.

Second Revised SHEET NO. 34

CLASSIFICATION OF SERVICE

Schedule 34 – Smelter Customers Served Under Special Contracts – Class A

The Kenergy Corp. Smelter Tariffs for service to Alcan Primary Products Corporation, assignee of Alcan Aluminum Corporation, and Century Aluminum shall consist of Schedule A to the Agreement for Electric Service between Kenergy Corp. and Alcan Aluminum Corporation and Century Aluminum dated July 15, 1998, which Schedule A is hereby incorporated by reference as though fully set out herein. Alcan Primary Products Corporation and Century Aluminum shall be obligated to pay in accordance with the rates, charges and other terms and conditions set forth in said Schedule A including the applicable retail fee.

Notwithstanding any provision to the contrary contained in the attached Schedule A to the Agreement for Electric Service, Alcan Primary Products Corporation and Century Aluminum may be obligated to pay to Kenergy Corp. a transmission surcharge if necessary to recover a portion of any unforeseen increases in Big Rivers' transmission costs due to the Smelters' load, as set forth in the Commission's Order dated July 14, 1998, in Case No. 98-267.

DATE OF ISSUE DATE EFFECTIVE June 1, 2005

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

8 **In the Matter of:**)
9)
10 **THE APPLICATION OF KENERGY CORP.) CASE No. 2004-00446**
11 **FOR A REDUCTION IN REVENUE AND)**
12 **ADJUSTMENT IN EXISTING RATES)**
13
14

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16
17

TESTIMONY OF MARK A. BAILEY
IN SUPPORT OF SETTLEMENT

18 Q1. Please state your name, business address and position with Kenergy.

19
20 A. Mark A. Bailey, 6402 Old Corydon Road, Henderson, Kentucky 42420. I am
21 President and CEO of Kenergy.
22

23 Q2. Was your direct testimony filed in support of Kenergy's application in this case?
24

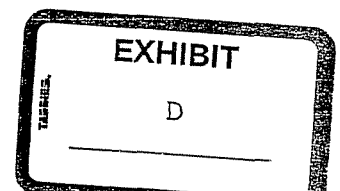
25 A. Yes.
26

27 Q3. In that testimony did you support Kenergy's proposed rates and give your opinion
28 that such rates were fair, just, reasonable and nondiscriminatory?
29

30 A. Yes.
31

32 Q4. In the application did Kenergy propose any rate reduction for the five (5)
33 industrial customers being represented by Kentucky Industrial Utilities
34 Customers, Inc. ("KIUC"), which are Alcan Primary Products Corporation,
35 Century Aluminum Company, Weyerhaeuser Company, Commonwealth
36 Industries, Inc. and Kimberly Clark Corporation ("KIUC" Members)?
37

38 A. No, it did not. However, KIUC did request a reduction to the KIUC Members of
39 \$288,000.00 annually based upon its cost of service analysis.
40



1
2 Q5. Has Kenergy entered into a settlement with KIUC regarding rate reductions for
3 the KIUC Members?

4
5 A. Yes.

6
7 Q6. What are the terms of the settlement?

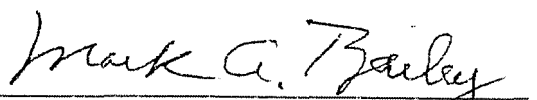
8
9 A. The KIUC Members collectively will receive an annual rate reduction of
10 \$75,000.00. This is to be divided equally between the Class A customers (Alcan
11 and Century Aluminum) and the Class B customers (Weyerhaeuser,
12 Commonwealth and Kimberly Clark). Both the energy adder and the customer
13 charge are being reduced to accomplish this annual reduction. Additionally, a
14 condition of Kenergy's is that the other rates and charges set forth in its
15 application in this case are to be approved as proposed. In accordance with the
16 stipulation of Commission Staff Kenergy is agreeing to have a depreciation study
17 performed within five (5) years or in connection with its next rate case, whichever
18 is sooner. The terms of the settlement are set forth in a Settlement Agreement that
19 must be approved by the Commission.

20
21 Q7. With this \$75,000.00 annual reduction in rates to the KIUC Members do you
22 believe that Kenergy will still have rates that are fair, just, reasonable and
23 nondiscriminatory?

24
25 A. Yes, I do. This concession to the KIUC Members, and their acceptance of it,
26 evidences a good faith effort on the part of both Kenergy and the KIUC Members
27 to build a stronger business relationship going forward. Certainly there is a range
28 of what is fair, just, reasonable and nondiscriminatory and the amount involved
29 will reduce Kenergy's test year TIER only by .07. With this rate reduction and
30 the approval of Kenergy's remaining rates and charges as proposed in the
31 application, I continue to believe that Kenergy will have rates that are fair, just,
32 reasonable and nondiscriminatory for all customers.

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34 Q8. Does this conclude your testimony at this time?

35
36 A. Yes.

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Mark A. Bailey

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STATE OF KENTUCKY

COUNTY OF HENDERSON

The foregoing was signed, acknowledged and sworn to before me by
MARK A. BAILEY this 26th day of April, 2005.

My commission expires September 29, 2005


Notary Public, State of Kentucky at Large

(seal)

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00446 DATED JUNE 14, 2005



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Third Revised SHEET NO. 32
CANCELLING PSC NO.
Second Revised SHEET NO. 32

CLASSIFICATION OF SERVICE
Schedule 32 - Large Industrial Customers Served Under Special Contract
(Dedicated Delivery Points) - Class B

Commonwealth Aluminum

The monthly delivery point rate shall be:

- (R) Customer Charge...\$1,028 Month
Demand Charge of:
per KW of Billing Demand...\$10.15
Energy Charge of:
(R) per KWH... .013881

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

DATE OF ISSUE DATE EFFECTIVE June 1, 2005

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.





Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Second Revised SHEET NO. 32A
CANCELLING PSC NO.
First Revised SHEET NO. 32A

CLASSIFICATION OF SERVICE
Schedule 32 - Large Industrial Customers Served Under Special Contract
(Dedicated Delivery Points) - Class B

Weyerhaeuser Company

The monthly delivery point rate shall be:

- (R) Customer Charge...\$1,028 Month
Demand Charge of:
per KW of Firm Billing Demand...\$10.15
Energy Charge of:
(R) per KWH Sold by Kenergy to Weyerhaeuser... .013881

NOTE: Customer has installed self-generation at site. Charges for backup and replacement power are billed per contract, which includes a \$0.000166 retail adder per KWH Consumed At Site.

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

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SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Second Revised SHEET NO. 32B
CANCELLING PSC NO.
First Revised SHEET NO. 32B

Table with 1 column and 2 rows: CLASSIFICATION OF SERVICE, Schedule 32 - Large Industrial Customers Served Under Special Contract (Dedicated Delivery Points) - Class B

Kimberly Clark

The monthly delivery point rate shall be:

- (R) Customer Charge...\$1,028 Month
Demand Charge of:
per KW of Billing Demand...\$10.15
Energy Charge of:
(R) per KWH... .013881

TAXES AND FEES

school Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

DATE OF ISSUE DATE EFFECTIVE June 1, 2005
ISSUED BY TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Third Revised SHEET NO. 34
CANCELLING PSC NO.

Second Revised SHEET NO. 34

CLASSIFICATION OF SERVICE
Schedule 34 – Smelter Customers Served Under Special Contracts – Class A

The Kenergy Corp. Smelter Tariffs for service to Alcan Primary Products Corporation, assignee of Alcan Aluminum Corporation, and Century Aluminum shall consist of Schedule A to the Agreement for Electric Service between Kenergy Corp. and Alcan Aluminum Corporation and Century Aluminum dated July 15, 1998, which Schedule A is hereby incorporated by reference as though fully set out herein. Alcan Primary Products Corporation and Century Aluminum shall be obligated to pay in accordance with the rates, charges and other terms and conditions set forth in said Schedule A including the applicable retail fee.

Notwithstanding any provision to the contrary contained in the attached Schedule A to the Agreement for Electric Service, Alcan Primary Products Corporation and Century Aluminum may be obligated to pay to Kenergy Corp. a transmission surcharge if necessary to recover a portion of any unforeseen increases in Big Rivers' transmission costs due to the Smelters' load, as set forth in the Commission's Order dated July 14, 1998, in Case No. 98-267.

DATE OF ISSUE _____ DATE EFFECTIVE June 1, 2005
ISSUED BY _____ TITLE President and CEO
SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.

