

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATIONS OF BIG RIVERS )  
ELECTRIC CORPORATION FOR: )  
(I) APPROVAL OF WHOLESALE TARIFF )  
ADDITIONS FOR BIG RIVERS ELECTRIC )  
CORPORATION, (II) APPROVAL OF )  
TRANSACTIONS, (III) APPROVAL TO ISSUE ) CASE NO. 2007-00455  
EVIDENCES OF INDEBTEDNESS, AND )  
(IV) APPROVAL OF AMENDMENTS TO )  
CONTRACTS; AND OF E.ON U.S., LLC, )  
WESTERN KENTUCKY ENERGY CORP., )  
AND LG&E ENERGY MARKETING, INC. )  
FOR APPROVAL OF TRANSACTIONS )

COMMISSION STAFF'S FIRST DATA REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY, GENERAL PARTNERSHIP

Alcan Primary Products Corporation ("Alcan") and Century Aluminum of Kentucky, General Partnership ("Century") (collectively "Smelters"), pursuant to 807 KAR 5:001, are to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before February 14, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the

preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Smelters shall make timely amendment to any prior responses if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Smelters fail or refuse to furnish all or part of the requested information, Smelters shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the direct testimony of Henry W. Fayne ("Fayne Testimony") at page 6, lines 22-23. Is the premium of \$0.25 per MWh above the large industrial rate that has been agreed to by the Smelters represent a purely non-cost-based premium? If no, explain in detail the cost basis for the \$0.25 per MWh premium.

2. Is Mr. Fayne aware that, by Order dated October 30, 2007 in Case No. 2007-00177,<sup>1</sup> the Commission conditionally authorized Big Rivers Electric Corporation ("Big Rivers") to construct 13.2 miles of 161 kV transmission line at an

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<sup>1</sup> Case No. 2007-00177, Application of Big Rivers Electric Corporation For a Certificate of Public Convenience and Necessity to Construct a 161 kV Transmission Line in Ohio County, Kentucky.

estimated cost of \$4.7 million that will be needed to export 850 MW of excess generating capacity in the event that both of the Smelters terminate their proposed power contracts prior to 2023?

a. If the entire cost of this transmission line is to be paid for entirely by the Smelters, explain in detail how that payment will be made and identify the specific rate mechanism by which that payment will be made.

b. If the cost of this transmission line is not to be made entirely by the Smelters, explain in detail the reasons why the entire cost should not be allocated to the Smelters.

c. The Fayne Testimony at pages 10-11 discusses a number of contract provisions which will allow the Smelters to reduce their consumption, with that power being sold off-system to the credit of the Smelters. Explain in detail whether the cost of this transmission line will be reflected as an offset to the amounts that would otherwise be credited to the Smelters for these sales.

3. Refer to the Fayne Testimony, page 14, lines 5-7. Provide all source material which supports the statement that, "industry analysts [project] that the long term LME price will be \$2100 per metric ton . . . ."

4. Refer to the Fayne Testimony, page 14, lines 12-14. Explain in detail the meaning of the term "large capital investments" and state the amounts and dates of these investments. Also state whether or not these investments will increase either Smelter's existing output or reduce its existing cost of production.

5. Refer to the Fayne Testimony, page 14, line 21, to page 15, line 1. Explain in detail the “financial commitments” that will be made by the Smelters, and indicate the amounts, timing, and purpose of each financial commitment.

6. Refer to the Fayne Testimony, page 15, lines 8-10. Explain in detail why the Smelters do not have sufficient information to agree or disagree with the Big Rivers’ financial forecast.

a. State whether any of the joint applicants have refused to provide information that was requested by the Smelters.

b. Provide a detailed list of the information that the Smelters believe would need to be reviewed to determine whether they agree or disagree with the Big Rivers financial forecast.

7. Provide a schedule which shows for each of the last three calendar years (2007, 2006, and 2005) the quantities of power, in MWh, purchased by Alcan from Western Kentucky Energy Corp. and the prices paid in dollars per MWh for each purchase. In addition, include on this schedule the quantities of power purchased in MWh, and the prices paid in dollars per MWh, for each individual purchase of power that was supplied by other than Western Kentucky Energy Corp. Each power purchase that was supplied by Big Rivers should be appropriately identified, but no other supplier needs to be identified.

8. Provide a schedule showing for Century the same information regarding the quantities of power purchased and the prices paid as provided for Alcan in response to the immediately prior question.

9. The Fayne Testimony, page 5, lines 1-6, states that the Smelters' current blended cost of power is \$35 per MWh, but in HWF Exhibit 1, page 2 of 2, the average Alcan rate is shown as \$27.76 per MWh and the average rate for Century is shown as \$30.73 per MWh. Explain the differences between the average electricity prices shown in HWF Exhibit 1 and the price stated in the Fayne Testimony, page 5.

10. Refer to the Fayne Testimony, HWF Exhibit 1, page 2 of 2. Provide the workpapers and source documents used to derive the numbers in the column titled, "Average Electricity Price." Also provide a projection of the average electricity price over the 5-year period 2008 through 2012 to the extent that such information is available to either Mr. Fayne, Alcan, or Century.

11. Provide the following information to the extent known to either Mr. Fayne, Alcan, or Century, about power purchased under fixed-price or formula rate contracts by each of the aluminum smelters listed in HWF Exhibit 1, page 2 of 2: Name of each power supplier, annual percentage of power supplied by each supplier, and length of term of each power contract, and average price per MWh paid under each contract in 2007.

12. What percentage of the annual output of the Alcan Sebree smelter is sold at the market price on the date of the sale, and what percentage of the output is sold at a price negotiated prior to the date of sale?

13. What percentage of the annual output of the Century Hawesville smelter is sold at the market price on the date of the sale, and what percentage of the output is sold at a price negotiated prior to the date of sale?



Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
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DATED: February 1, 2008

cc: Parties of Record