

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

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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 )  
CORPORATIONS, (II) APPROVAL OF ) CASE NO. 2007-00455  
TRANSACTIONS. (III) APPROVAL TO ISSUE )  
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 )**

**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION TO ALCAN  
PRIMARY PRODUCTS CORPORATION AND CENTURY ALUMINUM OF  
KENTUCKY**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Alcan Primary Products Corporation (Alcan) and Century Aluminum of Kentucky ("Century"), General Partnership ("Alcan/Century") to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

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

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

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

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

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

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

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

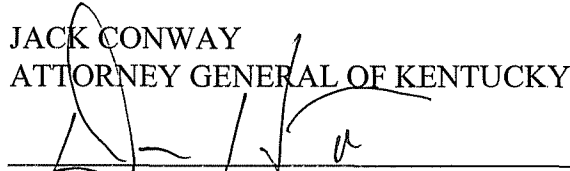
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of

destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL OF KENTUCKY



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## **CERTIFICATE OF SERVICE AND NOTICE OF FILING**

I hereby give notice that this the 1<sup>st</sup> day of February, 2008, I have filed the original and ten copies of the foregoing Attorney General's Initial Request for Information to Alcan Primary Products Corporation and Century Aluminum of Kentucky, General Partnership (“Alcan/Century”) with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to:

C. William Blackburn  
Big Rivers Electric Corporation  
P. O. Box 24  
Henderson, KY 42420

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

Honorable John N. Hughes  
124 West Todd Street  
Frankfort, KY 40601

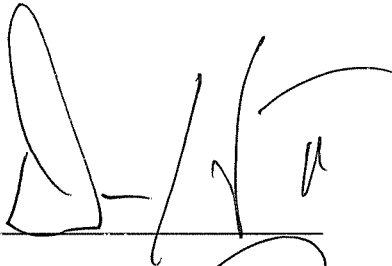
Honorable Frank N. King, Jr.  
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E.ON U.S. Services, Inc.  
220 West Main Street  
Louisville, KY 40202



Assistant Attorney General

**ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**  
**Case No. 2007-00455**

1. Please provide documents showing Alcan's calculations of anticipated annual costs of power by element paid to Big Rivers/Kenergy, compared to actual power costs paid over the last three years. (The word "anticipated" in this request means and assumes the proposed smelter contracts are in place.)
2. Please provide documents prepared by or for Alcan addressing and analyzing potential power agreements and options during the period 2006 and 2007.
3. Please provide documents showing Alcan's planning and analysis and options being considered to meet power needs in the future.
4. Please provide documents showing Century's calculations of anticipated annual costs of power by element paid to Big Rivers/Kenergy, compared to actual power costs paid over the last three years. (The word "anticipated" in this request means and assumes the proposed smelter contracts are in place.)
5. Please provide documents prepared by or for Century addressing and analyzing potential power agreements and options during the period 2006 and 2007.
6. Please provide documents showing Century's planning and analysis and options being considered to meet power needs in the future.
7. Please reference the testimony of Authier, page 2. Has management approved the new power contract?
  - a. If not, and the contract is not approved, would this not jeopardize the transaction?
  - b. If the new power contract is not approved, is it not premature for the Joint Applicants to seek approval of the unwind until such time as the contract is approved?
  - c. Is approval by management of Alcan and its ultimate participation in the unwind necessary to the success of the unwind? If not, please describe exactly why not.
8. Please reference the testimony of Authier, page 3. Provide the documents, presentations and studies associated with the Rio Tinto Alcan review and approval process for the new power contract, including those documents provided to Rio Tinto's CEO and to Rio Tinto's Investment Committee.

9. Please reference the testimony of Authier, page 3, lines 3-6. Is the type of contract at issue by Alcan in the unwind the type of contract which must be approved by Rio Tinto's Investment Committee? If not, why not?
  - a. If so, has Rio Tinto's Investment Committee approved the contract?
  - b. If not, and the contract is not approved, would this not jeopardize the transaction?
  - c. If the new power contract is not approved, is it not premature for the Joint Applicants to seek approval of the unwind until such time as the contract is approved?
  - d. Is approval by Rio Tinto's Investment Committee and Alcan's ultimate participation in the unwind necessary to the success of the unwind? If not, please describe exactly why not.
10. Please reference the testimony of Hale, page 2. Provide the documents, presentations and studies associated with the Board of Directors' review and approval process for the new power contract.
11. Please reference the testimony of Fayne, page 4, lines 7-13. For each smelter, provide the breakdown of current cost of production for each plant between alumina, labor, electricity and the next largest component (identify).
12. Please reference the testimony of Fayne, page 4, lines 7-13. For each smelter, provide the breakdown of the projected cost of production for each plant between alumina, labor, electricity and the next largest component (identify), assuming the new proposed power supply agreements.
13. Provide documents which show the Smelters' expectations regarding environmental costs and the environmental surcharge over the next ten years, assuming the new proposed power supply agreements.
14. Please reference the testimony of Fayne, page 14, lines 6-7. Provide documents upon which the statement "if industry analysts are correct that the long term LME price will be \$2100 per metric ton, then long-term operation of the Smelters at the rates projected in the financial model will be a close call."
15. Please reference the testimony of Fayne, page 15, lines 20-22 at "However there are some unknowns that must be resolved in the near term, the outcome of which could affect whether or not this transaction can be consummated." Describe the situations encompassed by your use of the term "unknowns."

16. Please reference the testimony of Fayne, page 15, lines 20-22: “However there are some unknowns that must be resolved in the near term, the outcome of which could affect whether or not this transaction can be consummated.” Does this statement mean that even if this transaction is approved by the Commission, the failure to resolve the “unknowns” could result in a failure of the transaction being consummated?
  - a. If so, is it prudent for the Commission to consider the application at this time?
  - b. If not, why not?
17. If the smelters can not identify the “unknowns” and the failure to resolve them could result in the transaction not being consummated, then is it prudent at this time for the Commission to consider approval of this transaction? If not, why not?
18. Please reference the testimony of Fayne, page 16, lines 1-3 where the smelters state “there is an outstanding issue with the City of Henderson. If the resolution issue of that issue imposes additional cost to the Smelters, the transaction may no longer be viable.”
  - a. Are the smelters aware that Big Rivers is not currently negotiating with the City of Henderson?
  - b. If the resolution is important enough to the smelters that the outcome could jeopardize the transaction, is it not in the best interest of the smelters to insist that Big Rivers resolve the issue/negotiations? If not, why not?
  - c. If not, do the smelters believe that if the transaction is approved and consummated that the City of Henderson will be handed a take-it-or-leave-it contract? If not, why not?
19. Please reference the testimony of Fayne, page 16, lines 6-7. State the cost of financing level at which “if the cost of financing is higher than reflected in the financial model, the transaction may no longer be viable.”
20. Please describe in detail the Smelters beliefs or opinions concerning Big Rivers financial, technical, operational and managerial abilities after the unwind versus prior to the unwind; i. e, bankruptcy.
21. Please reference the testimony of Mr. Coomes. Does the witness make the assumption that the smelters will remain in operation at current levels indefinitely if the unwind is approved, notwithstanding aluminum market conditions?
  - a. If so, on what does he base that assumption?



22. If the witness makes the assumption that a smelter is idled or closed, regardless of whether the unwind occurs, has he done any analysis on the impact on the utility rates for the residential class, the commercial class, or the industrial class?
- a. If not, why not?
  - b. If yes, please provide the analysis, data, and conclusions for each class.
  - c. If yes, please provide the analysis on the financial consequences to the community.