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June 1, 2012

VIA FEDEX

RECEIVED

Mr. Jeff DeRouen
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

JUN 04 2012

PUBLIC SERVICE
COMMISSION

Re: Alcan Aluminum
Market Energy Agreement

Dear Mr. DeRouen:

Attached on behalf of Kenergy Corp. ("Kenergy") and Big Rivers Electric Corporation ("Big Rivers") are copies of letters between Kenergy and Big Rivers (the "Big Rivers-Kenergy Letter"), and a second letter between Kenergy and Alcan Primary Products, Inc. ("Alcan") ("Kenergy-Alcan Letter") stating supplemental terms for a "Market Energy" purchase by Kenergy for Alcan. This purchase is being made pursuant to Section 2.3.2(c) of the Retail Electric Service Agreement dated as of July 1, 2009, by and between Kenergy and Alcan. There is a corresponding and substantially identical agreement of the same date between Kenergy and Big Rivers (the "Wholesale Agreement"). The purpose of this letter is to seek the concurrence of the Public Service Commission ("Commission") in Kenergy's view that the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter stating supplemental terms for a Market Energy transaction as contemplated in the Retail Agreement and the Wholesale Agreement does not require Commission approval.

As the Commission knows, the Wholesale Agreement and the Retail Agreement were approved by the Public Service Commission ("Commission") in 2009 in connection with a number of other transactions that are commonly and collectively referred to as the "unwind transaction."¹ Those agreements contain comprehensive and complicated arrangements for furnishing various types of electric service to Alcan, a very large, energy-intensive aluminum smelter.

¹ *In the matter of: The Applications of Big Rivers Electric Corporation for: (1) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (2) Approval of Transactions, (3) Approval to Issue Evidences of Indebtedness, and (4) 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, PSC Case Number 2007-00455.*

Section 2.3.2 of the Wholesale Agreement establishes a classification of electric services titled "Supplemental Energy." The types of service available under the Supplemental Energy classification include "Market Energy," which is described in Section 2.3.2(c). The agreement on calculation of charges for the various types of Supplemental Energy is stated in Section 4.3 of the Wholesale Agreement. More specifically, the methodology for charging for Market Energy is found in Section 4.3.3. The foregoing sections of the Wholesale Agreement, along with numerous other sections covering typical service contract terms like risk allocation, delivery point, payment terms, metering and such form the basis for Supplemental Energy transactions, including Market Energy, which can be called for and executed in a matter of hours. As is demonstrated by the Big Rivers-Kenergy Letter, for a Market Energy transaction, only the precise, current scheduling and pricing information required to complete a transaction. This is how the Wholesale Agreement and the Retail Agreement are intended to function.

Without the ability to execute Supplemental Energy transactions (including Market Energy transactions) expeditiously, Kenergy would be unable to respond in a timely manner to the demands of Alcan for periodic additional energy requirements. Kenergy views the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter as filling-in-the-blanks in a formula rate that has already been approved by the Commission, and which accordingly do not require further Commission approval. But out of an abundance of caution, Kenergy seeks the concurrence of the Commission in this position.

The Market Energy transaction represented in the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter is effective July 1, 2012, and Alcan has taken substantial steps to be in a position to use that additional energy in its production process beginning on that date. Kenergy accordingly requests expedited review by the Commission of this request.

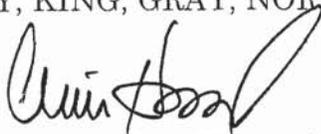
If for any reason the Commission disagrees with the conclusion reached by Kenergy, and in the interest of eliminating any doubt about the legality of the proposed Market Energy transaction in time to commence delivery of the Market Energy to Alcan on July 1, 2012, Kenergy asks that the Commission shorten the notice period from 30 days to 20 days pursuant to KRS 278.180. Kenergy submits that the foregoing demonstrates good cause for this request pursuant to KRS 278.180.

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Respectfully,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By

A handwritten signature in black ink, appearing to read "J. Christopher Hopgood". The signature is written in a cursive style with a large, sweeping flourish at the end.

J. Christopher Hopgood
counsel for Kenergy Corp.

JCH/cds

Encls.

COPY:

Mr. James M. Miller

Mr. Sanford Novick