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Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

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James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

January 26, 2009

Gary Bowles  
661-B Tippet Road  
Hanson, Kentucky 42413

RE: 2007-00455

Dear Mr. Bowles:

The Commission acknowledges receipt of your comments on January 26, 2009. Your comments have been filed in the record of the above-referenced case for the Commission's consideration.

You may view all documents filed in this case on the Commission's website at <http://psc.kv.gov>.

The Commission appreciates your interest and input.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff DeRouen".

Jeff DeRouen  
Executive Director

cc: Parties of Record

2007-00455

Dear Governor Beshear,

I'm writing to you once again, even though I doubt you ever saw my first letter, in concern to the (unwind) power contract dispute that state regulators from the U.S.C. listened in on at the recent hearings in Henderson.

I am sending also a copy recently that was sent in to the Henderson Gleason that pretty well tells it all.

It is amazing to me that with so many jobs at stake & the economy falling apart the way it has, a government would not who had approved the unwind deal before certain amount and vote the other way.

This (unwind) might be the only way we continue, we have been on shaky ground because of power costs for many years & now metal prices have dropped due to the economy to the lowest they've been in many years. With metal prices that were around 140 per pound last year it is now around 65 per pound. I don't know how far we get back ever now.

Please help us out!

Sincerely,

Clayton Bowles

661-B Tippett Road

Hanson, KY 42413

RECEIVED  
JAN 26 2009  
PUBLIC SERVICE  
COMMISSION

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## Citizen column

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# Unwind

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### Community deserves proper explanations

By **PAUL L. HOPPER**

There have been a number of articles in recent months regarding the Big Rivers' "unwind," the risk to the community of significant job and economic loss if the two aluminum smelters are forced to close, and the continued resistance of Henderson Municipal Power & Light's management and board of directors to come to an agreement with the other parties involved.

Last Tuesday and Wednesday, the Kentucky Public Service Commission conducted its hearing on the matter, which is subject to the commission's approval if it is to proceed at all.

For many years, I had the privilege to serve as a member of the Rio Tinto Alcan-Sebree Plant management team until my recent retirement. Now, as a private citizen and member of this community I feel compelled to express my deep concerns for our community's future if our elected officials and appointed boards continue down their current path.

Some points to consider:

1) Less than a dozen aluminum smelters remain in operation in the entire USA today. Alcoa recently announced the shutdown of two of those due to issues with affordable, available power.

2) The Sebree smelter alone provides the community with more than \$55 million per year in wages and benefits not including the dozens of retirees each year who receive pensions from that company and continue to live in our community.

3) The Sebree smelter pays millions in state and local taxes and contributes tens of thousands of dollars to local education and charitable organizations every year.

4) Additional millions of dollars return to local business annually. Recently in an article in The Gleaner, Royster Machine acknowledged the importance Alcan had played to its successful growth over the years.

5) Tens of millions of dollars of reinvestment into the Sebree smelter continue to be on hold as a result of a lack of agreement to the "unwind."

6) All told the Sebree smelter alone injects approximately \$90 million annually into the immediate area. If one includes the additional impact of the Century Aluminum

smelter as well, the economic impact can almost be doubled.

It is interesting to note that HMP&L and the Henderson City Commission are in the process of arranging to borrow more than \$12 million in bonds that local citizens and ratepayers will certainly be responsible for paying off, specifically for HMP&L renovation of the Station Two power plant. At the same time, HMP&L is rejecting a \$4 million dollar cash offer from E.On and a 67 percent increased payment over existing contract terms from Big Rivers for HMP&L surplus power.

This past Sunday, Ron Jenkins had an excellent article on "Short-term politics ... vision." In it he references the significant value brought to this community almost 40 years ago with the construction of the HMP&L Station Two and the aluminum smelters.

Mr. Gary Quick as HMP&L manager and Mr. Bill Smith as chairman of the HMP&L board are accountable to the Henderson city commissioners, who at this point "pledge full support and encouragement" of HMP&L and have been notably silent on the subject ever since. Not long ago, City Commissioner Robby Mills was quoted that he just couldn't understand why Henderson had a reputation for being "unfriendly to business." While many states and communities offer millions to entice industry and jobs to their area, our officials show little interest in negotiating an agreement that reflects the true value of these existing businesses to our community.

I would like to suggest that they quickly develop their explanations or excuses for their actions, or lack of it, on this matter. It is dangerously close to "killing the goose that lays the golden egg" that could result in a significant impact on the community's economy.

The community deserves specific explanation from all of them as to how this serves in the community's best interest!

**EDITOR'S NOTE: The writer is a retired superintendent and a Henderson County resident.**

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# The Gleaner

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