

**BOEHM, KURTZ & LOWRY**

ATTORNEYS AT LAW  
36 EAST SEVENTH STREET  
SUITE 1510  
CINCINNATI, OHIO 45202  
TELEPHONE (513) 421-2255  
TELECOPIER (513) 421-2764

**RECEIVED**

**MAR 06 2008**

**PUBLIC SERVICE  
COMMISSION**

**VIA OVERNIGHT MAIL**

March 5, 2008

Beth A. O'Donnell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

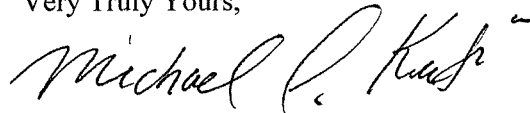
**Re: Case No. 2007-00455**

Dear Ms. O'Donnell:

Please find enclosed the original and twelve (12) copies each of the DATA RESPONSES OF ALCAN PRIMARY PRODUCTS CORPORATION AND CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP TO THE ATTORNEY GENERAL'S SUPPLEMENTAL REQUEST FOR INFORMATION and the COMMISSION STAFF SUPPLEMENTAL REQUEST FOR INFORMATION filed in the above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service been served. Please place these documents of file.

Very Truly Yours,



Michael L. Kurtz, Esq.  
**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment

cc: David C. Brown, Esq.  
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by overnight mail (unless otherwise noted) to all parties on the 5<sup>th</sup> day of March, 2008.

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

Honorable Dennis G Howard II  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

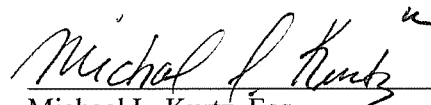
Honorable John N Hughes  
Attorney at Law  
124 West Todd Street  
Frankfort, KY 40601

Honorable Frank N King, Jr.  
Attorney at Law  
Dorsey, King, Gray, Norment & Hopgood  
318 Second Street  
Henderson, KY 42420

Honorable James M Miller  
Attorney at Law  
Sullivan, Mountjoy, Stainback & Miller, PSC  
100 St. Ann Street  
P.O. Box 727  
Owensboro, KY 42302-0727

Honorable Kendrick R Riggs  
Attorney at Law  
Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
500 W Jefferson Street  
Louisville, KY 40202-2828

Honorable Allyson K Sturgeon  
Attorney at Law  
E.ON U.S. Services, Inc.  
220 West Main Street  
Louisville, KY 40202

  
\_\_\_\_\_  
Michael L. Kurtz, Esq.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2007-00455

RECEIVED

MAR 06 2008

PUBLIC SERVICE  
COMMISSION

RESPONSES TO  
COMMISSION STAFF'S SUPPLEMENTAL REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP

---

1. Staff Request

Refer to the response to the Commission Staff's First Data Request to Alcan and Century dated February 1, 2008, Item 4.

a. Concerning the additional capital investments planned by Alcan:

(1) How definite are Alcan's plans to rebuild the anode baking furnace and make annual investments to sustain existing operations?

(2) For how long has Alcan been planning to rebuild the anode baking furnace?

(3) Explain why Alcan's rebuild of the anode baking furnace is contingent upon the Commission's approval of the Unwind Transaction.

(4) Is Alcan's decision to rebuild the anode baking furnace contingent on the Commission's approval of the Unwind Transaction or upon the consummation of the Unwind Transaction? Explain the response.

Our Response

(1) Alcan has already been granted the environmental permits necessary to proceed with the rebuild of the baking furnace and has the design in hand as well as the approval of the annual sustaining budget.

(2) Alcan has been planning for this rebuild for about 18-24 months.

(3) The extent of work to be done to the baking furnace will depend upon the Commission's approval of the Unwind Transaction and upon the actual consummation of the Unwind Transaction. If the Unwind is not consummated and the current contract continues in effect with an expiration in 2011, Alcan plans only to patch, rather than rebuild, the furnace. The benefits obtainable through 2011 would not be sufficient to justify making the full capital investment to rebuild the baking furnace

(4) Please see our response to Staff Request 1(a)3.

Witness Responsible: H.W. Fayne

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2007-00455**

**RESPONSES TO  
COMMISSION STAFF'S SUPPLEMENTAL REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP**

---

**1. Staff Request (Continued)**

b. Concerning the additional capital investments planned by Century:

(1) How definite are Century's plans to improve energy efficiency and make annual investments to sustain existing operations?

(2) For how long has Century been planning to make the energy efficiency improvements?

(3) Explain why Century's implementation of the energy efficiency improvements is contingent upon the Commission's approval of the Unwind Transaction.

(4) Is Century's decision to improve energy efficiency contingent on the Commission's approval of the Unwind Transaction or upon the consummation of the Unwind Transaction? Explain the response.

**Our Response**

- (1) The CAPEX plan to improve the energy efficiency at Hawesville has been approved by senior management and the Board of Directors, contingent on obtaining a power supply arrangement that will provide the opportunity for Hawesville to continue to operate beyond the term of its current contract.
- (2) The CAPEX plan to improve the energy efficiency at Hawesville has been under development for several years.
- (3) The implementation of the energy efficiency improvements is contingent upon the Commission's approval of the Unwind Transaction and upon the actual consummation of the Unwind Transaction. The benefits obtainable through 2010 would not be sufficient to justify making the capital investment and benefits beyond 2010 would be uncertain absent a new power supply. Therefore, the significant capital investment could not be justified if there were no contract beyond 2010.
- (4) Please see our response to Staff Request 1(b)3.

Witness Responsible: H.W. Fayne

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2007-00455**

**RESPONSES TO  
COMMISSION STAFF'S SUPPLEMENTAL REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP**

---

**2. Staff Request**

Assume for purposes of this question that the Commission approves the Unwind Transaction as proposed. After considering the Unwind Financial Model and based on what is known today, would Alcan and Century commit to remaining on the Big Rivers' system beyond 2011? Explain the response.

**Our Response**

Both Alcan and Century have invested hundreds of millions of dollars in the Kentucky smelters and are committed to operating them as long as it is economically feasible to do so. Based on the long term outlook for LME prices and the Unwind Financial Model, both Alcan and Century expect that they will be able to continue operations well beyond 2011. Each company's decision to make substantial additional capital investments if the Unwind is consummated attests to the fact that the smelters believe that they will be able to operate well beyond the expiration of their current contracts in order to obtain the benefits that the capital expenditures are intended to provide.

Nonetheless, the smelters' ability to continue to operate will depend on (1) Big River's ability to operate reliably and to keep its costs at or below the levels reflected in the Unwind Financial Model and (2) the actual LME price, which is determined by global supply and demand.

Witness Responsible: H.W. Fayne

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2007-00455

RESPONSES TO  
COMMISSION STAFF'S SUPPLEMENTAL REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP

---

3. Staff Request

Refer to the Smelters' response to Commission Staff's First Data Request, Item 4.

- a. Describe in detail Century's plans to invest approximately \$46 million during 2008-2009 to improve energy efficiency at its facility.
- b. Will Century's energy efficiency projects result in a net reduction in Century's peak demand, total energy consumption, or load factor? If yes, explain in detail.
- c. If yes to part (b) above, explain in detail how Century has considered the impact of that reduction in the formulation of its power contract with Big Rivers, and explain in detail whether this load reduction has been incorporated into Big Rivers' financial model.

Our Response

- a. Major pieces of equipment (including main step down transformers, voltage regulating transformers and circuit breakers) will be upgraded to allow increased amperage. New mold boxes and upgrades to transportation equipment are planned for longer anode lengths. New anode assemblies will be purchased and rodding equipment upgraded for increased amperage.
- b. The energy efficiency project will not result in a net reduction in Century's peak demand, total energy consumption, or load factor. The improved energy efficiency will be used to increase production.
- c. See response above.

Witness Responsible: H.W. Fayne

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2007-00455

RESPONSES TO  
COMMISSION STAFF'S SUPPLEMENTAL REQUEST TO  
ALCAN PRIMARY PRODUCTS CORPORATION AND  
CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP

---

4. **Staff Request**

Refer to the direct testimony of Henry W. Fayne, page 14, lines 15-17.

- a. State how much money Western Kentucky Energy Corporation ("WKEC") has agreed to pay "at closing to offset the higher cost projected by Big Rivers through 2010 and 2011," the names of the entities who will receive this money, and the amounts each will receive.
- b. Explain in detail whether the sum of money to be paid by WKEC has been reflected in the Big Rivers' Unwind Model, and if so, explain where it is reflected.

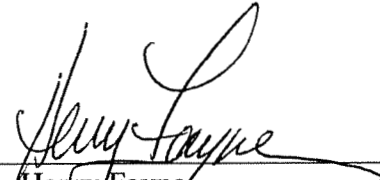
**Our Response**

- a. The closing payment by E.ON to the smelters has been disclosed to the Staff and the Attorney General under a petition of confidentiality. Please refer to the confidential response of E.ON to Item 83 of the Attorney General's Initial Request to Big Rivers. The names of the entities that will receive the payment at closing are Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership. The amount each will receive has not yet been determined.
- b. The sum of money to be paid by WKEC has not been reflected in the Big River's Unwind Model since the Unwind Model is intended to describe the financial performance of Big Rivers after the Unwind and the projected rates that Big Rivers expects to charge the Smelters and the non-smelter members.

Witness Responsible: H.W. Fayne

**VERIFICATION**

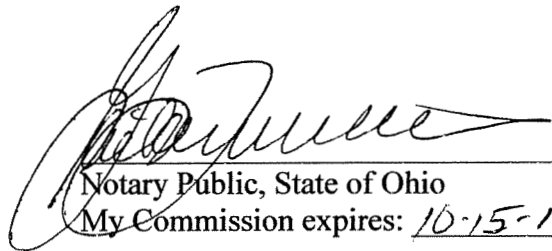
I verify, state and affirm that the foregoing responses for which I am listed as a witness are true and correct to the best of my knowledge and belief.

  
Henry Fayne

State of Ohio  
Franklin County

Subscribed and sworn to before me by Henry Fayne on this the 3 day of March, 2008.



  
Notary Public, State of Ohio  
My Commission expires: 10-15-11