## DORSEY, KING, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

JOHN DORSEY (1920-1986) FRANK N. KING, JR. STEPHEN D. GRAY WILLIAM B. NORMENT, JR. J. CHRISTOPHER HOPGOOD S. MADISON GRAY

HENDERSON, KENTUCKY 42420

TELEPHONE (270) 826-3965 TELEFAX (270) 826-6672 www.dkgnlaw.com

March 26, 2009

**FEDEX** 

RECEIVED

Mr. Jeff Derouen Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40601 MAR 27 2009
PUBLIC SERVICE
COMMISSION

Re: Kenergy Corp.

Amendment to Agreement for Tier 3 Energy

(Century)

Wholesale Supplier: Big Rivers Electric

Corporation

Dear Mr. Derouen:

Enclosed are the original and one copy of two (2) documents, one being Amendment to Agreement for Tier 3 Energy (Century) referred to as "2009 Amendment" and the other Consent. In past filings pertaining to amendment and extensions of the underlying Agreement for Tier 3 Energy dated November 29, 2007, a Request for Power has been included; however, because the subject transaction pertains to curtailment, such document is not included.

As stated in the recitals of the 2009 Amendment, Century plans to shut down one of its aluminum production potlines and the curtailment provisions will provide Kenergy opportunities for added flexibility and economy in serving Century. In order that the curtailment provisions may go into effect without delay, we request that the Commission accept the enclosures as an informational filing and not require advance notice before said provisions can become effective. However, if the Commission determines that this filing requires advance notice before becoming effective, we respectfully request that the notice period be shortened to 20 days. Please note that if the enclosures need to be accepted as special contracts, both documents comprise the retail special contract and, of course, the 2009 Amendment is the wholesale special contract.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

sy .

Frank N. King, Jr.

Attorney for Kenergy Corp.

FNKJr/cds

Copies/w/Encls.:

David Brown

David Spainhoward

James Miller
David Hamilton

CONSENT

Century Aluminum of Kentucky General Partnership ("Century") hereby agrees with

Kenergy Corp. ("Kenergy") and Big Rivers Electric Corporation ("Big Rivers") that Century has

reviewed the Amendment To Agreement for Tier 3 Energy (Century) dated March 18, 2009

between Big Rivers and Kenergy (the "2009 Amendment"), attached hereto, and hereby consents

to the execution, delivery and performance of the 2009 Amendment by Kenergy and Big Rivers

for all purposes.

In consideration of Kenergy entering into the 2009 Amendment, Century hereby assumes

full responsibility for providing Big Rivers with all designations permitted or required under the

2009 Amendment.

Dated: March 18, 2009

CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP

By: METALSCO, LLC

By:

Robert R. Nielsen

Vice President and Secretary

## AMENDMENT TO AGREEMENT FOR TIER 3 ENERGY (CENTURY)

THIS AMENDMENT TO AGREEMENT (the "2009 Amendment") is entered into as of this (9<sup>th</sup> day of March, 2009, by and between KENERGY CORP., a Kentucky electric cooperative corporation organized under KRS Chapter 279 ("Kenergy"), and BIG RIVERS ELECTRIC CORPORATION, a Kentucky electric cooperative corporation ("Supplier" or "Big Rivers").

## **RECITALS**

- A. Kenergy and Supplier entered into an Agreement for Tier 3 Energy dated November 29, 2007, which agreement has been amended by: (i) a First Amendment to Agreement for Tier 3 Energy dated June 6, 2008; (ii) an Extension of First Amendment dated September 5, 2008; (iii) a Supplemental Extension of First Amendment dated October 14, 2008; and (iv) an Extension Agreement to Agreement for Tier 3 Energy and First Amendment (Century) dated November 26, 2008 (the Agreement for Tier 3 Energy dated November 29, 2007, together with all such amendments, the "Agreement").
- B. The purpose of the Agreement is for Supplier to provide a supply of wholesale energy to Kenergy for resale to its retail customer, Century Aluminum of Kentucky General Partnership ("Century").
- C. Century announced publicly on March 3, 2009, its plan to shut down one of its aluminum reduction potlines at the Hawesville Facility.
- D. Supplier and Kenergy desire to amend the Agreement to provide Kenergy opportunities for added flexibility and economy in serving Century.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the

parties agree to amend the Agreement, as follows:

- 1. The Agreement is amended as of the effective date of this 2009 Amendment to add the following new Section 12.07 to the Agreement:
  - 12.07 <u>Customer Curtailed Energy</u>. Subject to Supplier's right to make a Permitted Curtailment and the terms of this Section 12.07, Kenergy may designate all or any portion of Block A Energy, Block B Energy or Block A-1 Energy which Supplier is otherwise obligated to deliver to Kenergy as "Customer Curtailed Energy."
  - (a) If Kenergy designates an amount of Energy as Customer Curtailed Energy in accordance with this Section 12.07, Supplier will attempt to market that Energy into the wholesale power market on a day-ahead basis. If Supplier is selling other Energy into the wholesale power market on a day-ahead basis in the same hour that it is also selling Customer Curtailed Energy into the wholesale power market, Supplier reserves the right to attribute to the Customer Curtailed Energy the lowest price received by Supplier in that hour for day-ahead Energy sales.
  - (b) For avoidance of doubt, designation by Kenergy of all or any portion of Block A Energy, Block B Energy or Block A-1 Energy as Customer Curtailed Energy shall not relieve Kenergy of its obligation to pay Supplier for all Block A Energy, Block B Energy or Block A-1 Energy as though Kenergy had made no such designation.
  - (c) The designation by Kenergy of Customer Curtailed Energy shall be in writing, in a form specified by Supplier which shall include but not be limited to statements identifying the portion of Block A Energy, Block B Energy or Block A-1 Energy to be sold and the associated times and duration of the requested sales.. The written designation of Customer Curtailed Energy shall be delivered to Supplier by 2:00

p.m., prevailing time in Henderson, Kentucky, two days prior to the date specified in the designation, or such shorter period that is acceptable to Supplier in its sole discretion, as the date on which the Customer Curtailed Energy is available for sale into the wholesale power market. As examples, a written designation of Customer Curtailed Energy delivered by Kenergy to Big Rivers by 2:00 p.m. on a Monday would allow Customer Curtailed Energy to be sold by Supplier as early as the next Wednesday, and a written designation of Customer Curtailed Energy must be delivered by Kenergy to Big Rivers by 2:00 p.m. on a Thursday for Customer Curtailed Energy to be sold by Supplier on the next Saturday, Sunday or Monday.

- (d) Supplier agrees to make the following credits to an invoice issued to

  Kenergy under this Agreement for any Billing Month during which Kenergy has made

  Customer Curtailed Energy available to Supplier for sale into the wholesale power

  market:
  - (1) \$20.327 per MWh; plus
- Curtailed Energy into the wholesale power market, net of all costs incurred by Supplier in making that sale including but not limited to associated purchased power costs, losses, transmission charges, ancillary services charges, MISO charges, and imbalance charges (including any energy imbalance charges that result from Supplier's system being short of Energy during the period in which the Customer Curtailed Energy is being sold into the wholesale power market); provided, however, that the credits to Kenergy under this Section 12.07(d) shall not exceed the sum of the charges to Kenergy during the same billing period for Block A Energy, Block B Energy and Block A-1 Energy.

- 2. This 2009 Amendment shall become effective on the date it is executed and delivered by the Parties. Notwithstanding the effective date of this 2009 Amendment, the obligations of the Parties under the new Section 12.07 to the Agreement shall not be enforceable until the KPSC accepts the 2009 Amendment, if required, in accordance with its statutory authority, authorizing Supplier and Kenergy to perform those obligations. Kenergy shall promptly provide written notice to Century and Supplier when that condition has been satisfied or not required. Unless waived by Supplier in writing, the condition contained in this section shall not be deemed satisfied until Supplier has received such notice. Failure of any such acceptance shall not affect the previously approved rates, terms and conditions contained in the Agreement.
- 3. All other terms and conditions of the Agreement shall remain in full force and effect except to the extent a term or condition may be in conflict with a term or condition in this 2009 Amendment.

IN WITNESS WHEREOF, this Extension Agreement is hereby executed as of the day and year first above written.

KENERGY CORP.

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President and CEO

**BIG RIVERS ELECTRIC CORPORATION** 

Mark A. Bailey

President and Chief Executive Officer