



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

John W. Clay  
Commissioner

May 29, 2009

## PARTIES OF RECORD

Re: Case No. 2007-00455 – Big Rivers Electric Corporation  
Case No. 2009-00186 – Kenergy Corp.

Attached is a copy of the memorandum which is being filed in the record of the above-referenced cases. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Richard Raff at 502/564-3940, Extension 263.

Sincerely,

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

Jeff Derouen  
Executive Director

RR/ew

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** Richard G. Raff *RGR*  
Staff Attorney

**DATE:** May 29, 2009

**SUBJECT:** Case No. 2007-00455 – Big Rivers Electric Corporation  
Case No. 2009-00186 – Kenergy Corp.

Pursuant to the May 14, 2009 email request of Big Rivers in Case No. 2007-00455 (the "Unwind" case), an informal conference was held at the Commission's offices on May 21, 2009. Attached hereto are copies of Big Rivers' request for the conference, the conference attendance list, and the agenda as proposed by Big Rivers and the E.ON parties for the Unwind case.<sup>1</sup>

By Order entered May 19, 2009, the Commission scheduled an informal conference in Case No. 2009-00186 (the Kenergy/Southwire service agreement case), which was held concurrently with the conference in the Unwind case. Case No. 2009-00186 is Kenergy's filing of a new agreement to provide electric service to Southwire Company, and a companion agreement between Kenergy and Big Rivers relating thereto.

The parties to the Unwind case presented a verbal status report relating to the efforts to close the Unwind Transaction. Discussion was held on the documents filed in the Unwind case on May 18, 2009, including the Indemnification Agreement, the Guarantee, and the Amended Restated Guarantee, among Big Rivers and the E.ON parties. Big Rivers indicated that a new issue had arisen with Henderson Municipal Power & Light regarding Big Rivers' intent to continue burning petroleum coke at the Station 2 units, and that negotiations were currently ongoing. Big Rivers also indicated that it anticipated a number of minor changes to the loan agreements with RUS and CFC, and that once those modifications had been made, both final and red-line versions of the agreements will be filed with the Commission.

Reference was made to discussions that had been held with Ambac Assurance Corporation regarding Big Rivers' need to refinance certain pollution control bonds

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<sup>1</sup> Participating by phone were: C. B. West, on behalf of HMP&L; and Melissa Yates, on behalf of Jackson Purchase Energy Corporation.

whose credit is being supported by Ambac. The parties indicated that they were unaware of any progress that may have been made by Century Aluminum in discussions with Southwire Company regarding the latter's request to extend the existing contract for the supply of molten aluminum.

Big Rivers and the E.ON parties stated that they had recently requested all of the necessary parties to the Unwind Transaction to indicate by May 26, 2009 if each was willing to proceed to a closing and, if so, their willingness to do so by June 2, 2009.

In Case No. 2009-00186, Kenergy presented a discussion of its proposed agreement for service to Southwire. The new service agreement will be necessary if the Unwind Transaction closes. The proposed agreement allows Southwire, at its option, to continue receiving electric service through its existing delivery point at the Century substation, or to elect service at a new delivery point which is the Big Rivers' National Aluminum substation. The costs to Southwire for service at the new delivery point were estimated as of last year to be \$228,000 for distribution facilities and \$410,000 for transmission facilities. Kenergy provided four exhibits consisting of: an aerial map; a one-line diagram of transmission facilities; a list of the transmission facilities and cost estimates for service at the new point of delivery; and a list of the distribution facilities and cost estimates for service at the new point of delivery. Copies of these exhibits are attached only to the original of this memo.

**Raff, Richard (PSC)**

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**From:** Jim Miller [jmiller@smsmlaw.com]  
**Sent:** Thursday, May 14, 2009 5:04 PM  
**To:** Raff, Richard (PSC)  
**Cc:** Riggs, Kendrick R.; Howard, Dennis (KYOAG); Adams, Paul (KYOAG); Cook, Larry (KYOAG); Brown, David; Michael Kurtz; Sturgeon, Allyson; Frank King; Melissa Yates; John N. Hughes; dmeade@pcmmlaw.com; Samford, David S (PSC)  
**Subject:** 2007-00455 Request for Informal Conference

Richard:

The Joint Applicants request that the Public Service Commission schedule an informal conference in this matter for next Wednesday, May 20, 2009, for purposes of reviewing the status of the Unwind Transaction.

Jim Miller

James M. Miller  
Sullivan, Mountjoy, Stainback & Miller, P.S.C.  
100 St. Ann Street  
P.O. Box 727  
Owensboro, KY 42302-0727  
Telephone (270) 926-4000  
Direct Dial (270) 691-1640  
Fax (270) 683-6694

**CONFIDENTIALITY STATEMENT:**

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENERGY CORP. FILING OF RETAIL SERVICE )  
 AGREEMENT TO SOUTHWIRE COMPANY AND )  
 WHOLESALE SERVICE AGREEMENT WITH BIG ) CASE NO. 2009-00186  
 RIVERS ELECTRIC CORPORATION )  
 )

and

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 ) CASE NO. 2007-00455  
 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 )

=====  
**May 21, 2009 Informal Conference**  
 =====

Please sign in:

NAME	REPRESENTING
<u>Jim Miller</u>	<u>BAEC / Smsm</u>
<u>Keith R. Pyri</u>	<u>BS&amp;D / EON</u>
<u>Paul Thompson</u>	<u>E.ON</u>
<u>Lonnie Bellar</u>	<u>E.ON</u>
<u>ALLYSON STURGEON</u>	<u>E.ON</u>
<u>Paul Adams</u>	<u>AG</u>
<u>Tim Dowdy</u>	<u>E.ON</u>

**NAME**

**REPRESENTING**

Mark Baile

Big Rivers

WAYNE HARRIS

CENTURY

David Sinclair

E.ON

Dan Arborough

E.ON

HENRY FAYNE

CENTURY

MATT POWELL

CENTURY

Rick Bertelson

PSC - legal

Melissa Yates (by phone)

Jackson Purchase and Meade Co. RECC

CB West (by phone)

HMPL

Quang D. Nguyen

PSC - Legal

Daryl Penley

PSC - F/A

JEFF JOHNSON

PSC

Andrew Melnykovych

PSC

NAME

REPRESENTING

David Brown

Rio Tinto Alcan - Century

Mike Kurtz

Rio Tinto / Alca - Century - KICK

Allan Eyre

Rio Tinto Alcan

GUY AUTHIER

RIO TINTO ALCAN

DONALD SEBERGER

RIO TINTO ALCAN

Kathi Allen

RIO TINTO / Century

BENOIT PERIN

RTA

Frank W. King

Kenergy

Kelly Jacob

JPEC

Oliver Hoff

PSC

DAVID CROCKETT

BIG RIVERS

Bob Berry

WKE

Richard Hoff

PSC - LEGAL

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE 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 ) CASE NO. 2007-00455**  
**CORPORATION, (II) APPROVAL OF )**  
**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 )**

**Agenda for Informal Conference at KPSC**  
**(May 21, 2009)**

1. Investment Grade Credit Rating
  - a. Moody's
  - b. S&P
  - c. Fitch
  - d. Joint letter giving notice filed with PSC
2. Indemnity Agreement
3. HMP&L
4. Revisions to Previously Filed Documents
  - a. May 5, 2009 filing
    - i. Creditor Consent
    - ii. 2 RUS Notes
  - b. May 15, 2009 filing
    - i. Clarification – Amended and Restated Guarantee of Termination Agreement
5. Southwire
6. Closing Date
  - a. Decision on whether to close by next Tuesday, May 26th
  - b. Closing June 2nd



# TABULATION SUMMARY

## W.O. # JR TAB 6-23-08

		KENERGY MATERIAL	KENERGY UNIT PRICE INSTALL	GROVES UNIT PRICE INSTALL	TOTAL COST ESTIMATE
GROVES	INSTALLATION	\$40,586.87		\$47,885.65	\$88,472.52
KENERGY	INSTALLATION - RW				
KENERGY	INSTALLATION - UG	\$25,080.28	\$8,217.88		\$33,298.16
GROVES	RETIREMENT			\$1,910.10	\$1,910.10
KENERGY	RETIREMENT - UG				
<b>TOTALS</b>		<b>\$65,667.15</b>	<b>\$8,217.88</b>	<b>\$49,795.75</b>	<b>\$123,680.78</b>

KVA NJ 6-23-08  
SHEET  
ATTACHED

*20% Contingency  
170' to bldg.*

*6/25/08  
Garre D Hamilton  
\$228K estimate*



Installation - Underground										Sheet		TOTAL	KENENERGY		TOTAL		KENENERGY	
UNIT NO.	1	2	3	4	5	6	7	8	9	10	UNITS	UNIT PRICE	MATERIAL	PRICE	INSTALL	PRICE	INSTALL	
UC1B		2			2						4	2808	\$780.40	\$3,121.60	\$1,418.19		\$5,072.79	
UM35-3E					1						1	3046	\$10,089.74	\$10,089.74	\$875.34		\$875.34	
UM5-VP		2			2						4	4739	\$128.72	\$514.88	\$125.49		\$784.38	
UM8-25					6						6	3001	\$34.81	\$209.46	\$130.73		\$784.38	
750 WCM ALUG	1	200			420						1,620	3594	\$4.88	\$11,145.84	\$0.57		\$1,085.40	

\$25,080.28  
 Total Cost Estimate \$33,288.16  
\$8,217.88

Retirement UNIT NO.						Sheet ###	TOTAL	UNIT PRICE RETIRE	TOTAL PRICE RETIRE
	1	2	3	4	5				
40-4 POLE							5 1008	\$103.10	\$515.50
45-4 POLE							1 1012	\$117.20	\$117.20
C1-2							3 1302	\$74.65	\$223.95
C1-3							1 1303	\$74.65	\$74.65
C7							2 1353	\$101.15	\$202.30
C6							2 1360	\$136.85	\$273.70
E3-10							2 1708	\$4.80	\$9.60
E3-3							2 1707	\$37.30	\$74.60
E15							1 1715	\$44.85	\$44.85
F1-3							2 1753	\$15.20	\$30.40
G39							1 3752	\$28.70	\$28.70
M2-1							4 1901	\$10.85	\$42.80
M2-2							2 1902	\$10.85	\$21.30
M5-1							9 2100	\$8.90	\$82.10
M5-2							1 2110	\$6.05	\$6.05
M2-10							12 2263	\$15.20	\$182.40

Total Cost Estimate \$1,910.10

## TABULATION SUMMARY

### W.O. # JR TAB 6-23-08 KVA

		KENERGY MATERIAL	KENERGY UNIT PRICE INSTALL	GROVES UNIT PRICE INSTALL	TOTAL COST ESTIMATE
GROVES	INSTALLATION			\$212.85	\$212.85
KENERGY	INSTALLATION - RW				
KENERGY	INSTALLATION - UG				
GROVES	RETIREMENT			\$129.25	\$129.25
KENERGY	RETIREMENT - UG				
<b>TOTALS</b>				<b>\$342.10</b>	<b>\$342.10</b>

NJ 6-23-08

May 20 09 11:57a

Engineering Dept

12708699688

p.7

Jun 23 08 11:11a

ENGINEERING-Owensboro

684 6100 3239

p. 7

INSTALLATION																
UNIT NO.	1	2	3	4	5						TOTAL UNITS	CODE	KENERGY UNIT PRICE MATERIAL	TOTAL PRICE MATERIAL	GROVES UNIT PRICE INSTALL	GROVES INSTALL LABOR ADDER
Assemblies-KVA Transformers (G Units) 15.25 KVA		1									1				\$212.85	\$212.85
Total Cost Estimate											\$0.00		\$212.85	\$212.85		

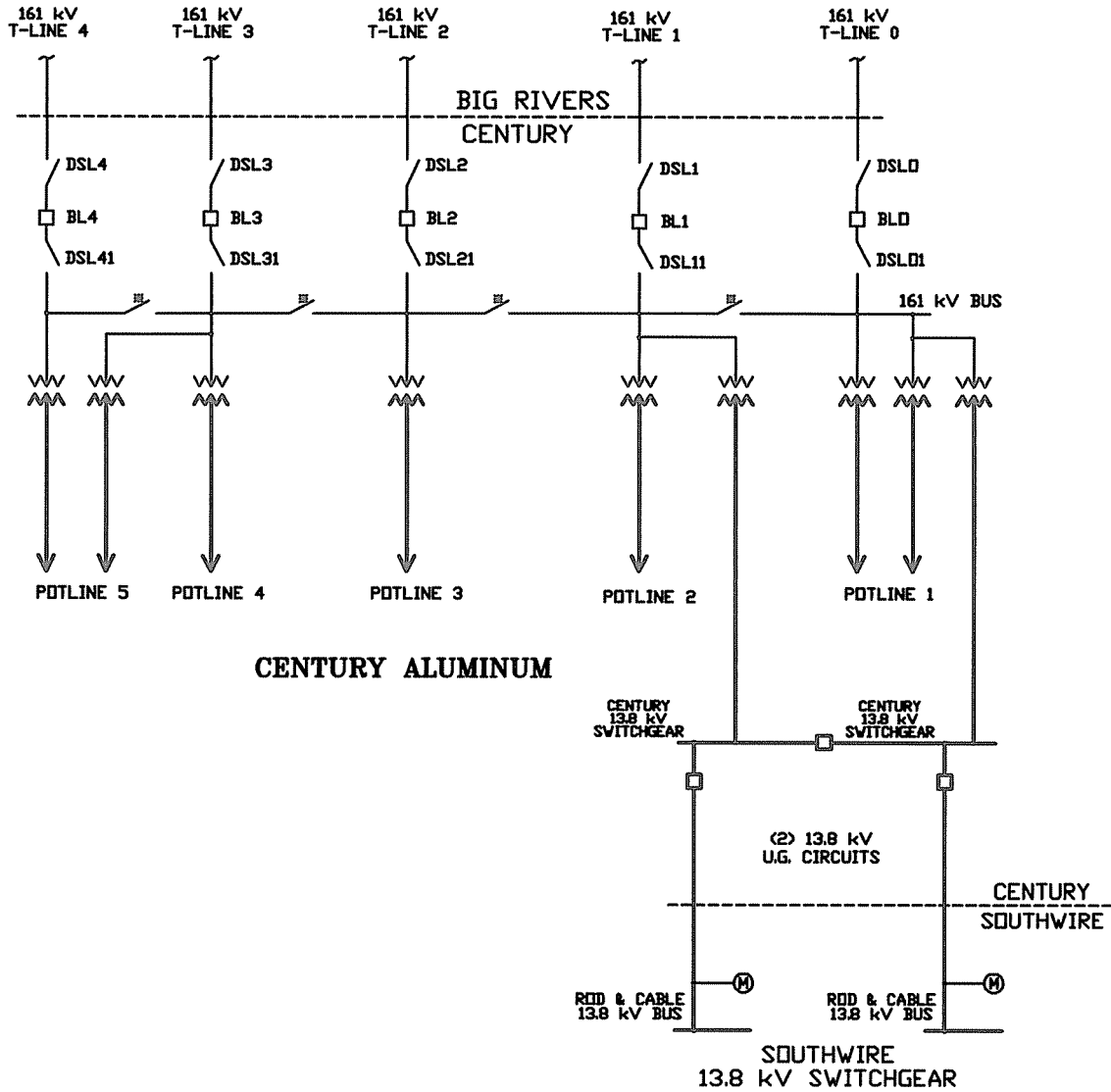


**BIG RIVERS ELECTRIC - KENTUCKY 62  
 NATIONAL AL - SOUTHWIRE R&C SERVICE UPGRADE**

NAME & DESCRIPTION OF CONSTRUCTION UNIT	QUANTITY	COST (EACH)	EXTENDED PRICE
<b>13.8 kV Lines Addition</b>			
JemStar meter	2	\$2,500	\$5,000
Switchgear Addition at Nat AI including (2) 1200 A main breaker cubicles, multi-ratio CTs, and surge arrestors	1	\$260,000	\$260,000
General Construction including foundation, ground grid, conduit, SCADA, misc interface	1	\$100,000	\$100,000
		<b>MATERIALS COST</b>	<b>\$365,000</b>
		<b>ENGINEERING COST</b>	<b>\$20,000</b>
		<b>ET&amp;S COST</b>	<b>\$10,000</b>
		<b>OVERHEADS</b>	<b>\$15,000</b>
		<b>Total Substation</b>	<b>\$410,000</b>



# BIG RIVERS COLEMAN PLANT



161 kV SWITCHING INTERCONNECTIVITY  
(NOT MEANT TO REPRESENT ACTUAL SWITCHES)

RC-100-3.3

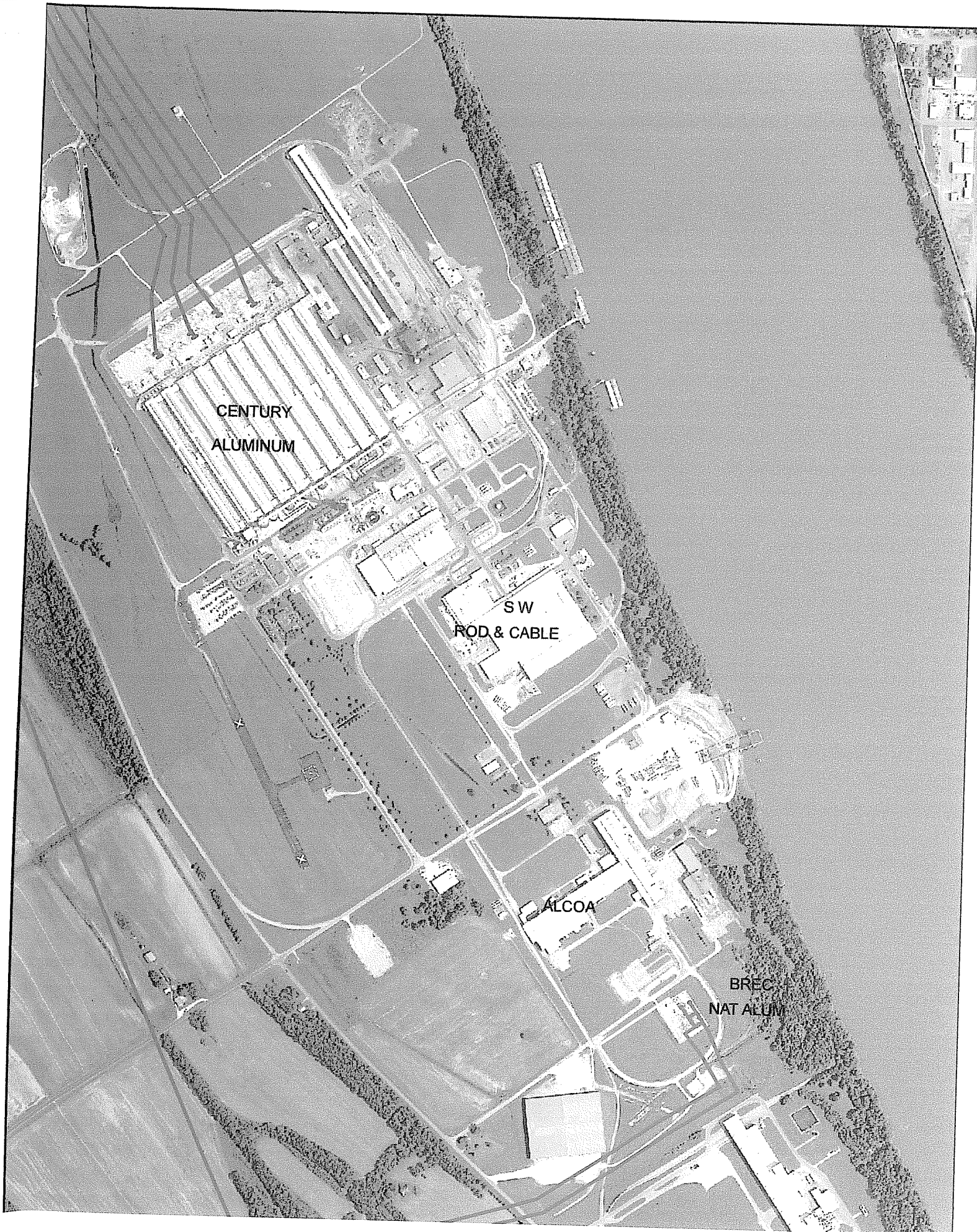
No.	BY	ENG	DATE	REVISION
1	RAK	RMW	5/18/09	ROD & CABLE ONE-LINE DIAGRAM

**BigRivers**  
Electric Corporation  
KENTUCKY 02  
HENDERSON, KENTUCKY

**DWG No.**  
**RC-100**

SEQ 3 | SH 3

**SOUTHWIRE ROD & CABLE  
ONE-LINE DIAGRAM  
OF EXISTING 13.8 kV SERVICE**



CENTURY  
ALUMINUM

SW  
ROD & CABLE

ALCOA

BREC  
NAT ALUM