

Commonwealth of Kentucky

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30TH SENATE DISTRICT

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BRANDON SMITH

SENATE MAJORITY WHIP

June 4, 2014

Case No. 2013-00199

Chairman David L. Armstrong
Vice-Chairman James W. Gardner
Commissioner Linda K. Breathitt
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort KY 40602

Re: Management Audit of Big Rivers Electric Corporation

Dear Commissioners:

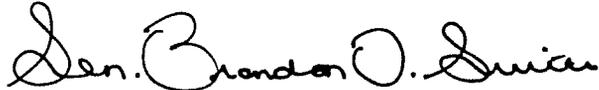
As a member of Senate leadership and Vice Chairman of the Natural Resources and Energy Committee, I support the Commission's decision in Case No. 2013-00199 to engage an independent consultant to perform a management audit of Big Rivers. Big Rivers' electric rates are an important factor in the budgets of many struggling households and in the operating costs of employers. The recent increases in Big Rivers' rates have put additional financial pressure on these households and employers. I understand that the audit will address, broadly, what actions Big Rivers took prior to the rate increase as well as going forward what actions Big Rivers needs to take to roll-back these rate increases as quickly as possible or, at least, minimize any further rate increases.

I understand that Big Rivers has shut down the Coleman generator and has no current plan to operate the Wilson generator beyond early 2015. I understand that the scope of the audit includes whether selling power from these generators to customers other than the three member cooperatives of Big Rivers, selling these generators to third parties, or other arrangements are in the best interest of Big Rivers' customers. Continued operation of these plants, whether by Big Rivers or others, would benefit both Kentucky coal producers and the employees at these plants. I also understand from the Commission's order that continued operation of Coleman would address a transmission reliability issue that threatens operation of the Hawesville smelter and the associated transmission revenues that Big Rivers receives from the smelter that help lower rates of other customers.

I understand that the Attorney General, the Kentucky Industrial Utility Customers, the Sierra Club, and Century Aluminum have requested that the Commission expand the audit procedures to allow greater participation by interested parties—in effect, to allow interested parties the same opportunity to participate as Big Rivers. I agree. A transparent audit process is necessary to assure the acceptability of the final report and of the actions the Commission takes pursuant to the report.

I look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "Sen. Brandon D. Smith". The signature is written in a cursive style with a large initial "S" and "B".

Senate Brandon D. Smith
Senate Majority Whip

Stephen S. Huffman

From: Stephen S. Huffman
Sent: Wednesday, June 04, 2014 12:08 PM
To: Stephen S. Huffman; Moira Mulligan
Subject: RE:

RECEIVED

Case No. 2013-00199

JUN 04 2014

PUBLIC SERVICE
COMMISSION

From: Stephen S. Huffman
Sent: Wednesday, June 04, 2014 12:04 PM
To: Stephen S. Huffman; Moira Mulligan
Subject:

3:00pm
Capitol Annex
2nd Floor, Majority Whip Senator Brandon Smiths office
Room 242
POC Kelly Becknell

4:00pm
PSC-deliver letter

JUN 04 2014 3E