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## NEWS RELEASE

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### **PSC to Take Public Comments in Big Rivers Rate Case** *Electric utility is seeking rate increase to offset loss of second aluminum smelter as a customer*

**FRANKFORT, Ky. (Nov. 27, 2013)** – The Kentucky Public Service Commission (PSC) will offer opportunities next month for members of the public to provide comments on a request by Big Rivers Electric Corp. to increase rates.

A public meeting will be held on the evening of Tuesday, Dec. 10, in Henderson, and will be linked through video conference to sites in Owensboro, Paducah and Brandenburg.

The session will begin with a presentation by PSC staff on the regulatory processes governing the case and an overview of the Big Rivers proposal.

"These meetings are an opportunity for the public to learn how the PSC reaches a decision in cases such as this," PSC Chairman David Armstrong said. "The meetings also allow the PSC to hear directly from ratepayers in these matters."

Because Big Rivers provides power to an area extending from Meade County near Louisville to Ballard County on the Mississippi River, conducting simultaneous meetings by video conference is an efficient way to reach the entire service territory, Armstrong said. Big Rivers supplies power to the retail customers of Jackson Purchase Energy Corp., Kenergy Corp., and Meade County Rural Electric Cooperative Corp.

Big Rivers is seeking approval to adjust rates early next year in order to increase annual revenue by \$70.4 million. That amount is to partially offset the loss of about \$175 million in annual revenue that will occur when the Century Aluminum Co. smelter in Sebree ceases to be a customer at the end of January. The Sebree smelter accounts for about half of Big Rivers' power sales and total revenue.

The \$70.4 million is needed for Big Rivers to maintain financial stability and meet its debt obligations, the utility says. Big Rivers says it intends to offset the remaining revenue loss by idling electric power generating facilities and taking other steps to adjust for the loss of the Sebree smelter as a customer.

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In its application, Big Rivers estimates that the rate changes will increase typical monthly residential bills by about \$25 or \$30 per month, or about 21.5 percent. The amount of increase will vary with electric consumption and with which of Big Rivers' three distribution cooperatives serves the customer. Large industrial customers would see rates go up about 25 percent, the utility says.

However, Big Rivers is proposing to defer the impact of the rate increases by drawing on reserve funds established several years ago to offset rising rates. The utility estimates that the funds would postpone the rate increase for large industrial customers until July 2014 and for residential and small commercial customers until April 2015.

The current case follows a similar proceeding that stemmed from the departure of what was formerly Big Rivers' largest customer, the Century Aluminum smelter in Hawesville. The Hawesville smelter ceased to be a Big Rivers customer in August and began purchasing power at market-based rates under contract terms approved by the PSC.

An order approving a rate adjustment that accounted for the loss of the revenue from the Hawesville smelter was issued by the PSC Oct. 29.

Big Rivers has filed with the PSC a contract that sets out the terms under which Century's Sebree smelter would purchase market-based power rather than from the utility. That contract requires review and approval by the PSC in a separate proceeding before it can take effect. It is being considered concurrently with the rate case.

The public meetings are scheduled for (room locations will be announced at a later date):

### **Henderson - 5 p.m. CST**

Henderson Community and Technical College  
2660 S. Green St.

### **Owensboro - 5 p.m. CST**

Advanced Technology Center  
Owensboro Community & Technical College  
4800 New Hartford Road

### **Paducah - 5 p.m. CST**

West Kentucky Community & Technical College  
4810 Alben Barkley Drive

### **Brandenburg – 6 p.m. EST**

Meade County High School  
938 Old State Road

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Big Rivers is owned by the three distribution cooperatives to which it provides power. Together, the three cooperatives serve about 112,000 customers in 26 counties in western Kentucky. The remaining customers include about 20 large industrial facilities.

For those unable to attend the meetings, the informational presentation will be made available on the PSC website, [psc.ky.gov](http://psc.ky.gov), on the morning of Dec. 10. A video recording of the meetings also will be available on the website.

The Big Rivers application, the proposed Sebree smelter contract and related documents are available on the PSC website. The rate case number is 2013-00199. The smelter contract case is 2013-00413.

In addition to the public meetings, the PSC will conduct a formal evidentiary hearing in the case beginning at 10 a.m. EST Tuesday, Jan. 7, 2014. The hearing, which is scheduled to last three days, will be held at the PSC offices at 211 Sower Blvd. in Frankfort. It will be open to the public and may be viewed live on the PSC website.

The hearing on the proposed contract for the Sebree smelter will be held Monday, Jan. 6, 2014.

Written comments will be accepted through the conclusion of the evidentiary hearing. They may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the public meetings or at the PSC offices.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.