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NEWS RELEASE

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PSC Resets Public Input Sessions in Big Rivers Rate Case *Electric utility is seeking rate increase to offset loss of aluminum smelter income*

FRANKFORT, Ky. (Dec. 11, 2013) – The Kentucky Public Service Commission (PSC) has rescheduled sessions at which members of the public will be able to provide comments on a request by Big Rivers Electric Corp. to increase rates.

A public meeting will be held on the evening of Monday, Dec. 16, in Henderson. A public comment session on Jan. 8, 2014, in Frankfort will be linked through video conference to sites in Owensboro, Paducah and Brandenburg.

The meeting and videoconference take the place of sessions originally scheduled for Dec. 10 that were postponed due to inclement weather.

The meeting in Henderson will begin with a presentation by PSC staff on the regulatory processes governing the case and an overview of the Big Rivers proposal. It will be followed by a public comment session with the members of the PSC.

The public comments will be recorded and will be available for viewing on the PSC website, psc.ky.gov.

The video conference in January will occur in conjunction with the evidentiary hearing in the case and will offer participants the opportunity to address the commission directly.

"We are sorry that we were unable to hold these public comment sessions as originally scheduled," PSC Chairman David Armstrong said. "However, the PSC is committed to offering ratepayers an opportunity to learn about the PSC's ratemaking process and to make their views known to the commission."

The Dec. 16 meeting in Henderson will be held in the Stagg Meeting Room of the Henderson Fine Arts Center on the campus of Henderson Community College, 2660 South Green Street. The public information session will begin at 5 p.m. CST, with public comments beginning no later than 6 p.m. CST.

For those unable to attend the meeting, a narrated slide presentation will be available on the PSC's YouTube channel, www.youtube.com/kypsc, on Dec. 18.

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PSC Resets Public Input Sessions in Big Rivers Rate Case – Page 2

The video conference public comment sessions on Jan. 8, 2014, will be held at 9 a.m. CST in Paducah and Owensboro and at 10 a.m. EST in Brandenburg. Locations will be announced at a later date.

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., and is owned by the three distribution cooperatives. Together, the three cooperatives serve about 112,000 customers in 26 counties in western Kentucky. The customers include about 20 large industrial facilities.

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.

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. The PSC has granted rehearing on one issue in that proceeding.

Big Rivers and Kenergy have 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.

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PSC Resets Public Input Sessions in Big Rivers Rate Case – Page 3

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.

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