

ED WHITFIELD
1ST DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2368 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1701
(202) 225-3115
FAX: (202) 225-3547
www.house.gov/whitfield

COMMITTEE ON
ENERGY AND COMMERCE
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Congress of the United States
House of Representatives
Washington, DC 20515-1701

June 18, 2013

RECEIVED

JUN 20 2013

PUBLIC SERVICE
COMMISSION

Mr. David Armstrong
Commissioner
Kentucky Public Service Commission
PO Box 615
211 Sower Blvd.
Frankfort, Kentucky 40602

Case No. 2013-00035

Dear Mr. Armstrong:

My constituent, Dennis and Debbie Massey, Princeton, KY, has requested that I provide the enclosed information for your review.

Please feel free to contact Janet Walton of my staff at 270-885-8079 if we can provide any additional information.

Thank you for your assistance in this matter.

Sincerely,



Ed Whitfield
Member of Congress

~~P.S. If you would like to receive my monthly e-newsletter, please sign up on my website at www.whitfield.house.gov~~

EW:jw

DISTRICT OFFICES:

FIRST FLOOR
1403 SOUTH MAIN STREET
HOPKINSVILLE, KY 42240
(270) 885-8079
(800) 328-5629
FAX: (270) 885-8598

SUITE F
200 NORTH MAIN
TOMPKINSVILLE, KY 42167-1548
(270) 487-9509
FAX: (270) 487-0019

SUITE 224
222 FIRST STREET
HENDERSON, KY 42420
(270) 826-4180
FAX: (270) 826-6783

ROOM 104
100 FOUNTAIN AVENUE
PADUCAH, KY 42001
(270) 442-6901
FAX: (270) 442-6805

Ed Whitfield

1403 South Main Street

Hopkinsville, KY 42240

This letter is in reaction to the current ongoing debate about the rate increases that Kenergy is about to apply to our already high rate of electricity bill. We and many others like us are very worried about the rate increases scheduled to take place in the near future.

My wife and I are on a fixed income with no type of pay raise.

We struggle now to make ends meet. Our county, Caldwell has many elderly and poor income families and people who are already struggling day to day to pay our bills, without any additions of 20 or more % being added. Not only our county but also Crittenden and Webster counties also. There is very little industry and most people only make minimum wage or barely above it.

Just because two larger companies pull out from Big Rivers, doesn't mean we should be penalized and made to pay the difference that Kenergy or other electric companies may lose.

I'm not sure how these companies will get their electricity on the open market, but somehow it seems that Kenergy and Big Rivers will still be involved with the distribution. If it is this easy to buy electricity on the open market maybe, everyone should

try it and put even more of a hurt on the electric companies. What would they do then? Possibly lower their rates to also compete??

I know there are some open forums to hear the public's opinions, but some of us cannot make these meetings. This letter is my way of letting my opinion be heard.

The corporate officers and management should have to give up some of their salaries and bonuses to help out in this matter. How many of them live on \$20,000 - \$25,000 a year and could pay a hike in their electricity or any other bill as proposed by Big Rivers and Kenergy? Many people in our county and in the surrounding counties don't even make that much money due to minimum wages or some type of fixed incomes.

Since we don't have a way to buy electricity on the open market or even another provider of electricity in our area, what should we do?? Maybe we should choose what weeks we will eat and what weeks we will only have lights, heat, and cooling.

My bill would be lower by doing this, but I consider this unfair and don't see any of your executive, large salary people doing this to help others out.

The small, middle man seems to have to make up the loss that companies have with disregard to their financial status or opinions.

My understanding is that Kenergy and Big Rivers knew that this was a very likely possibility a few years ago, so why hasn't this subject been approached before now. My opinion is that Kenergy and Big Rivers didn't want the little man like me to have time to give an opinion or cause any kind of stink. They like to be in control and push people like us around. Did they think we could keep swallowing more and not take any kind of action to stop this??

We are looking for someone to listen and take our concerns seriously.

Please feel free to call us anytime. Our phone # [REDACTED]

Thank you for listening.

Sincerely,

Dennis and Debbie Massey

▼ letters to the editor

Big Rivers/Kenergy rate hike questioned

To the Editor:

This letter concerns the rate increase by Big Rivers Corp./Kenergy Corp.

Excuse me, I have a few questions. With college business classes and more than 30 years in institutional banking, I thought I knew how business worked. Apparently Big Rivers Corp./Kenergy Corp. has a new angle to doing business; especially when their customers are literally slaves to their services, except, of course, their two largest customers, who can choose to leave.

In normal business, you keep track of your customers and their needs and do what you can to maintain their business and still maintain a viable business. When you find out that your two largest customers are thinking about leaving, you find out what the problem is and work with them. Their leaving did not happen overnight and Big Rivers Corp./Kenergy Corp. knew, years in advance, that the two smelter customers were leaving. This gave them plenty of time to find new customers to replace the loss their leaving would make.

Speaking about the two smelters leaving. Who allowed or gave them the choice to buy their power from the open market? I would really like that answer and would like to know how much research was done to approve such a decision.

Did anyone think about what would happen to the one third remaining customers of Big Rivers Corp./Kenergy Corp. after two thirds left? How can Big Rivers Corp./Kenergy Corp. run a business with one third of their previous customers left to pay the costs of their own power used and the cost of the power the smelters used? This is not logical. Also, why do the remaining customers have to pay for equipment

and other debt acquired by Big Rivers Corp./Kenergy Corp.?

When a business cannot maintain their customer base, they reduce the production of their product or services, lay people off and look for new customers. They should also be reducing the pay and bonuses of the senior employees. Big Rivers Corp./Kenergy Corp. is holding their remaining customers, yes customers, prisoners or slaves.

It is wrong to expect a near impoverished area to pay for the poor business practices of Big Rivers Corp./Kenergy Corp. I will bet that Big Rivers Corp./Kenergy Corp. president and CEO, Mark Bailey, will not suffer in the 30 to 40 percent rate increase and he will continue to receive pay increases and bonuses.

By the way, who chose Big Rivers Corp./Kenergy Corp. as a service provider for this area? Did they do any research? Did they ask questions? Have they asked questions since learning about the problems of Big Rivers Corp./Kenergy Corp. and their strange way of doing business? Have they asked questions as to why the remaining customers have to make up for their losses because of their bad business choices?

This sounds like a breach of contract and a contract breaker event. We, or whoever is responsible for choosing our power source, need to find a new source of power and not have to pay for the problems of Big Rivers Corp./Kenergy Corp.

Thank you for letting me vent.

Iris Russell
P. O. Box 44
Princeton, Ky. 42445

From: Caldwell County Times Newspaper

Kenergy customers face electric rate hikes of 30-40 percent

By **CHUCK STINNETT**
The Gleaner

Deals to allow Western Kentucky aluminum smelters to buy electricity on the open market will leave customers of Henderson-based Kenergy Corp. facing possible electric rate increases of 30 to 40 percent, Big Rivers President and CEO Mark Bailey cautioned Monday.

The two smelters, Century Aluminum at Hawesville and Rio Tinto Alcan at Sebree, use about two-thirds of the power generated by Big Rivers, which also provides power to Kenergy, Jackson Purchase and Meade County rural electric co-ops. The co-ops service mostly rural homes and businesses in 22 Western Kentucky counties (including Caldwell).

On Monday, Big Rivers, Kenergy and Century an-

nounced a tentative agreement on a framework for allowing Century to acquire electricity on the open market. The deal, which has yet to be finalized, ensures that other customers won't have to bear any additional costs associated with importing that power. Some similar arrangement is expected to be pursued to keep the Sebree smelter in business.

Bailey warned the co-op customers will still have to bear higher rates to make up for the departures of Century and Alcan.

"I think there is a public perception, which is incorrect, that if we reach an agreement with Century, it negates the need for rate increases," Bailey said.

But Big Rivers still needs to pay for fixed costs — such as paying down debt on its power plants and employing workers at

power plants — that today are largely paid by Century and Alcan.

Big Rivers is moving forward with a proposed rate increase that will increase residential electric bills at Kenergy by an average of 18.6 percent, or about \$24 per month, starting in August. That's to make up for the loss of Century.

By the end of June, Bailey said, Big Rivers will file for a second increase that would kick in next January to make up for the loss of Alcan's smelter.

If approved by the Kentucky Public Service Commission, the two rate increases combined would raise rural electric bills by at least 30 percent, and it "may even be higher than that," Bailey said. "It could be" as high as 40 percent, he said.

(Story reprinted here through the Kentucky Press Association news service.)

1/20/81

From: Caldwell County Times Newspaper