

December 18, 2013

RECEIVED

DEC 23 2013

PUBLIC SERVICE  
COMMISSION

Public Service Commission  
PO Box 615  
Frankfort, KY 40602

RE: Case # 2013-00199  
ANOTHER BIG RIVERS RATE INCREASE REQUEST

To Whom It May Concern:

We are customers of Kenergy Corp., rural electric co-op which buys power from Big Rivers. We are requesting the Public Service Commission to please NOT allow Big Rivers Electric Corp ANOTHER rate increase. This proposed rate will increase out monthly bill \$20.00 to \$30.00 per month. You just recently approve a rate increase that increases our monthly bill around \$17.00 dollars a month. WHERE DOES IT STOP!

These rate increases are due to Big Rivers losing their contract with two aluminum smelters because their rates were to high. It is obvious there is a management issue. There are several places they could reduce cost. One being closing satellite offices where customers pay their bills. These are a tremendous cost to build and maintain., plus salaries for staff. A 44 cent stamp would be cheaper. Our once nice brick local satellite office was torn down and a new one was built. This has been done all over the region. Also, the mowing is out sourced instead of utilizing an employee.

The DB Wilson Plant was built, but not really needed which started the price increases to help pay for the cost of the plant. My husband worked at the mines adjoining the DB Wilson Plant. The mines was unable to secure a contract with Big Rivers which could have allowed coal to be dumped directly into their hopper. Instead ,Big Rivers had contracts with Green River coal and transported coal several miles which proved to be doctored contracts which led to corruption charges and jail time. Another example of mismanagement.

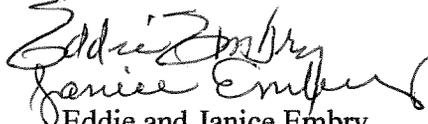
Anyone can run a business if you do not have to worry about management guidelines and are able to raise your price for your product every time you make a bad decision. They are holding us (the members) hostage by increasing their rates unnecessarily.

They are robbing us if PSC continues to allow the rate increases. They need to work on their managerial skills instead of trying to raise our rates.

Please, please help the everyday working people and retired Seniors from being more financially strapped. Enough is Enough.....

Attached is article from Owensboro Messenger-Inquirer "customers FRUSTRATED" with proposal.

Sincerely,

Handwritten signature of Eddie and Janice Embry in cursive script.

Eddie and Janice Embry  
6518 US Hwy 231 N  
Hartford, KY 42347

hit it hard and heavy on Jan. 2.”

City officials — including all members of the Owensboro City Commission — and Daviess County Commissioner Charlie Castlen were present for the press conference at the base of the 13-story building. Mayor Ron Payne called it a great day.

“I’m really excited as a lot of you are,” Payne said. “At one time, this building was an icon of this city, the hotel and the restaurant that sat on the corner (Gabe’s Steakhouse of the South). Today in



Bruce Jones, who is the chief operating officer of Professional Hospitality Services, right, accepts a golden hammer from Mayor Ron Payne during a press conference Monday at the former Gabe’s Tower. Professional Hospitality Services is the developer for the renovation and eventual operation of the project. Payne said the hammer was a gesture of good will because the project didn’t warrant a ground-breaking.

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## Some Big Rivers’ customers ‘frustrated’ with proposal

BY CHUCK STINNETT  
THE GLEANER

HENDERSON — Rural electric customers and employees of some large western Kentucky industries expressed frustration Monday evening that Big Rivers Electric Corporation is seeking a rate increase just weeks after winning approval for another increase.

“Here we go again, déjà vu,” said Larry Heistand of Hender-

son County, a customer of the Kenergy Corp. rural electric co-op, which buys power from Big Rivers.

“I don’t think it’s fair, just or needed,” he told the three members of the Kentucky Public Service Commission during a public meeting. “They just had that increase earlier this year. They can’t keep raising rates.”

The second request to raise

rates was triggered by the same event that prompted the first — the departure of a large aluminum smelter from the Big Rivers system.

Century Aluminum’s Hawesville smelter, which had been its biggest customer, left the system in August. Century’s Sebree smelter (previously owned by Rio Tinto Alcan) will leave at the end of January. The two smelters had con-

sumed two-thirds of Big Rivers’ power and provided more than two-thirds of its revenue.

Even with Big Rivers preparing to idle its Wilson power plant in Ohio County in February and, perhaps, shut down its Coleman station in Hancock County a few months later, its 112,000 remaining customers — none of which use more

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“All of the businesses that were adversely affected by the construction on Second Street from St. Ann to Daviess streets this year will receive a one-year moratorium on paying the fee,” Joe Berry, downtown project director, said Monday.

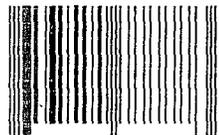
“The fee will be due on Jan. 1, 2015,” he said. “It’s very generous of the city to give downtown businesses this break.”

The money is to be used to pay for planters along the sidewalks that will separate diners from traffic passing a few feet away.

Last week, We A Downtown sent a letter to Mayor Ron Payne, asking the city to waive the initial permit fee for café-seating on downtown sidewalks as a “gesture of goodwill.”

In an email to the mayor, Rosemary Conder, chairwoman of the downtown booster group, wrote, “A few weeks ago, when John Condray and Rosemary Conder met with you on behalf of the WADI merchants suffering from the (wonderful

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# Let The Dreams Begin

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DRAWINGS TUE & FRI

the city has approached the owner of Gabe's Shopping Center about using some parking spaces in the shopping center's lot for hotel guests and visitors. The city may also acquire property in the vicinity of the hotel as part of a larger neighborhood revitalization and

will be recycled, he said. The developer said he believes there is asbestos or hazardous material in the building. If any is found, he said it will be disposed of properly.

Steve Vied, 691-7297, svied@messenger-inquirer.com

or violations related to alcohol use, all of which are not allowed under the requirements of the ordinance unless waived by the city for good cause.

The proposed ordinance has extensive lan-

history exhibit at Owens Museum of Science and History.

Steve Vied, 691-7297, svied@messenger-inquirer.com

- Approval as laborer/mr and Britni N. Jan. 2
- Comme officials and

# PROPOSAL

FROM THE FRONT PAGE

than a fraction of the power of either of the two smelters — are being saddled with higher rates to cover the power company's operating costs.

In late October, the PSC approved a \$54.2 million annual rate increase for Big Rivers related the departure of the Hawesville smelter. That raised electric rates by \$17.57 per month, or 16.3 percent, for a typical Kenergy residential customer using 1,325-kilowatt hours of power.

Now, to help offset the loss of \$175 million of revenue when the Sebree smelter leaves, Big Rivers proposed a \$70.4 million rate increase that it said would raise typical residential rates \$25 to \$30 per month while boosting the rates for large industrial customers by 25 percent. A ruling by the PSC is expected by April 2014.

Even if approved, the higher rates wouldn't kick in immediately. Big Rivers has special cash reserves that could delay the proposed increase in industrial rates until July 2014 and postpone a jump in residential rates until April 2015.

Big Rivers said it hopes any rate increases would be temporary. It hopes to find new wholesale customers — such as large industries, cities or other rural co-ops — to buy big chunks of power, allowing it to reduce rates in the future.

That was of little consolation to the handful of customers who spoke at the PSC's meeting at the Henderson Fine Arts Center.

"They've got us by the neck," Heistand said. "We can't buy power from anyone else."

"This place ought to be packed," he said. "The reason people aren't here is, they don't think it makes any difference."

"I am smart enough to know if there's something wrong with this picture," Peggy Nance of Henderson County told the PSC.

Nance said her suspicions were raised when Century Aluminum claimed to be losing money at its Hawesville smelter because of the cost of Big Rivers' power, but has since bought the Sebree smelter and, she noted, "had ads in The (Henderson) Gleaner on Sunday saying they were hiring at over \$27 per hour."

The ad was for an industrial maintenance technician, a highly-skilled position.

Heistand, meanwhile, said he was frustrated that Big Rivers has been hiring for professional positions at its headquarters in downtown Henderson.

"Big Rivers needs to tighten its belt ... They need to cut their costs through attrition," he said.

Chuck Stagg of Henderson County said the fact that Century believes it can leave the Big Rivers system and find power cheaper on the open market is evidence of trouble.

"Big Rivers should return to what its goal was — to be a low-cost producer of electricity," he said.

Meanwhile, Pam Hazelwood of Henderson County is still stinging over the last rate increase.

"They said residential rates would go up \$25 per month," she said. "I went around and unplugged everything I could, and my utility bill still went up \$50 the next month."

Several residents of Daviess and Hancock counties who work at the Domtar paper mill at Hawesville also expressed concern about how rising electric rates will hurt their plant's competitiveness.

Domtar General Manager Steve Henry told The Gleaner the combined effect of the recent rate increase and the proposed increase

would jack up his plant's electric bill by \$4.5 million per year — more than double its previous costs.

"I think his numbers are a little high," Big Rivers CEO Mark Bailey said.

"I'll go from the lowest (power rate among his company's 13 paper mills) to the highest," which could discourage future corporate reinvestment in his plant, Henry said.

The same would be true for Kimberly-Clark's tissue paper mill on the Daviess-Henderson county line, he said.

Henry said Big Rivers' plan for finding enough new wholesale electric customers at a time of cheap market power prices isn't realistic, and he advocated for what he called a "balanced approach" of smaller rate increases combined with concessions from Big Rivers' creditors.

"Unfortunately, it's unworkable for us," Bailey said of Henry's proposal. "It just kicks the can down the road."

Big Rivers supplies power to the retail customers of three rural electric

co-ops — Ken based Jacks Energy Corp; County RE owned by the tion coopera The PSC formal hearing Big Rivers rate 7 at its offi Video will psc.ky.gov.

## MESSENGER-INQUIRER

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