

December 16, 2013

Chairman Armstrong
Public Service Commission
P.O. Box 615
Frankfort, Ky 40602-0615

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COMMISSION

RE: Big Rivers Electric Corporation

Dear Chairman Armstrong:

I am a long-term employee of Big Rivers Electric and a member of Kenergy. I am very concerned with the state of affairs at Big Rivers, as a result of the CEO and management team and the lack of true oversight by the Board of Directors.

A review of the departure of key employees during the last few years is a clear sign of the lacking of CEO leadership. When in excess of 5 senior level, VP or above, have left the organization, many before their planned retirement dates, this is a clear sign of lack of trust in the CEO. As a remaining employee, I must ask, "What is leading to this high turnover? Is there a problem with the top management and Board of Directors?"

To address specifics and not generalities, first let's start at the top with the Board of Directors. I am not sure the Board of Directors understands their duty. They seem to just follow along with whatever the CEO or attorney presents, without question. Directors typically arrive on Thursday evening at 6:00 PM for a meal provided by Big Rivers followed by the "Workshop" and adjourns at 8:00 PM. The next day the Board begins at 8:00 AM to go through the official agenda. Much of the time is spent with various employees presenting canned reports. The Board also takes whatever official action the CEO or attorney requests. The Board usually adjourns at 10:30 to 11:00 AM with a 15-30 minute break included. The Board has spent nearly 4 hours doing the business of Big Rivers. For this short time the Board has received 2 days of fees, a free meal, a motel stay and been paid a mileage fee. I must ask, "If I as a member of Kenergy are getting my money's worth?" Are the Board of Directors serving to receive their fees or are just being bought and paid for by the CEO?

The Board of Directors attends numerous other functions in the name of Big Rivers. They attend the NRECA Annual Meeting, the NRECA Regional Meetings, NRECA Director's Conference, CFC Meetings, ACES Meetings, and many others. At each of these meetings the Board members receive fees and expenses. Again, I must ask, "Are the Board members serving for fees or are they serving to help the various parties, employees or members?" Would the Board serve if the fee were a smaller amount or

eliminated? I ask you to look at the total fees paid to each Board member, as the ratepayers are funding these fees and expenses.

Today's Big Rivers is not the same organization I came to work for years ago. The leadership is self-serving and cares little for the members who pay the bills and are the owners. The CEO and VP's seem to care more about their high salaries and their large bonuses. Other employees are making average wages. Big Rivers continues to provide selective end-of-the-year bonuses, even though you as KPSC have questioned the giving of the bonuses. Big Rivers seems to thumb its nose at the PSC.

During the most recent rate case, it surprised a number of employees the amount of the increase that was given, this on top of extremely large margins, in excess of \$26,000,000 with a budgeted margin of \$3,000,000. This provided Big Rivers with a windfall of \$23,000,000 to provide the bonuses. This entire margin was before the increase, which was given. I and the other members have to pay the large margins; many members cannot afford these rates, to provide for the CEO.

The CEO of Big Rivers openly mocks the PSC, saying he has the confidence of the PSC Chairman, as shown by his remarks in the last case. Big Rivers has the attitude they can do as they please and how they please. The CEO and VP's have no concern for the cooperatives or the members, such as myself, being served by Kenergy. Big Rivers is not focused on the same values as existed when I was hired. The organization has become very self-centered and lost its cooperative focus, in spite of the many good employees. The leadership at the top is not concerned with the average member; the CEO has lost all touch with the cooperative principles and good management. I am very concerned, if things continue in this direction, Big Rivers will no longer be here.

The load mitigation and replacement plan as presented and approved by the Board of Directors during the April, May, or June meeting and filed with RUS does not agree with the facts as presented to you during the last case. The CEO said it did not matter that the facts did not match, the PSC would believe anything he said. The plan as filed with RUS does not show an offset of lowered rates if replacement load is found.

My request to you, is to look at Big Rivers from the Board of Directors, CEO, VP's, and the entire organization to determine if this organization is meeting its original goals and objectives and will the organization survive in the future. As I am nearing my retirement age, I would like to feel proud to say I worked at Big Rivers; today I can not say that. I ask for your help, for the good of all the good employees. Please provide some oversight and help those who are affected, both employees and those retail members.

I speak for myself, but also for many other employees who feel we have been cast aside by our CEO. Out of fear for my job, before my retirement date, I will not sign this letter.

Thanks for your consideration in this important matter, for all of Western Kentucky.

Concerned Big Rivers employee and Kenergy member.

Cc: Attorney General

Commissioner Gardner
Commissioner Breathitt
KPSC Executive Director
KIUC
Sierra Club