

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

JIM GOOCH, JR.
STATE REPRESENTATIVE

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COMMITTEES
Chairman: Natural Resources
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Banking & Insurance
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12TH LEGISLATIVE DISTRICT

June 5, 2014

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**PUBLIC SERVICE
COMMISSION**

Mr. David L. Armstrong, Chairman
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Case No. 2013-00199

Re: Management Audit of Big Rivers Electric Corporation

Dear Mr. Armstrong:

As an elected representative of many customers served by Big Rivers, I support the Commission's decision in Case No. 2013-00199 to engage an independent consultant to perform a management audit of Big Rivers. Big Rivers' electric rates are an important factor in the budgets of many struggling households and in the operating costs of employers. The recent increases in Big Rivers' rates have put additional financial pressure on these households and employers. I understand that the audit will broadly address what actions Big Rivers took prior to the rate increase, as well as going forward what actions Big Rivers needs to take to rollback these rate increases as quickly as possible or, at least, minimize any further rate increases.

I understand that Big Rivers has shut down the Coleman generator and has no current plan to operate the Wilson generator beyond early 2015. I understand that the scope of the audit includes whether selling power from these generators to customers other than the three member cooperatives of Big Rivers, selling these generators to third parties, or other arrangements are in the best interest of Big Rivers' customers. Continued operation of these plants, whether by Big Rivers or others, would benefit both Kentucky coal producers and the employees at these plants. I also understand from the Commission's order that continued operation of Coleman would address a transmission reliability issue that threatens operation of the Hawesville smelter and the associated transmission revenues that Big Rivers receives from the smelter that help lower rates of other customers.

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I understand that the Attorney General, Kentucky Industrial Utility Customers, the Sierra Club, and Century Aluminum have requested that the Commission expand the audit procedures to allow greater participation by interested parties—in effect, to allow interested parties the same opportunity to participate as Big Rivers. I agree. A transparent audit process is necessary to assure the acceptability of the final report and of the actions the Commission takes pursuant to the report.

I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Gooch, Jr.", with a stylized flourish at the end.

Jim Gooch, Jr.
State Representative

JG:mcb

cc: James V. Gardner, Vice Chairman, Kentucky Public Service Commission
Linda K. Breathitt, Commissioner, Kentucky Public Service Commission