

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE	)	
AFFORDABILITY OF ELECTRIC AND NATURAL	)	CASE NO.
GAS UTILITY SERVICE AND RELATED	)	2026-00185
MATTERS	)	

**COMMENTS OF BIG RIVERS ELECTRIC CORPORATION
AND ITS MEMBERS**

Comes now Big Rivers Electric Corporation (“Big Rivers”), Jackson Purchase Energy Corporation (“Jackson Purchase”), Kenergy Corp. (“Kenergy”) and Meade County Rural Electric Cooperative Corporation (“Meade RECC”) (collectively (“Members”), by and through the undersigned counsel, pursuant to the Kentucky Public Service Commission’s (“Commission”) August 26, 2026 Order and for their comments respectfully states as follows:

The Commission opened an investigation relating to issues regarding the affordability of electric and natural gas utility services in the Commonwealth. The Commission listed nineteen different areas related to the affordability of rates for which it seeks comments. These can be generally divided into different areas: factors contributing to the affordability of rates; disconnection, late fees, and financial assistance; rate design and demand side management (“DSM”); and the role of the Commission in monitoring affordability.

To provide meaningful comments on Big Rivers and its Members’ views on affordability the first point is Big Rivers’ and its Members’ status as an electric generation and transmission cooperative and electric distribution cooperatives respectively. Electric cooperatives are member-owned and governed for the benefit of their members. Cooperatives around the United States

operate according to seven core principles.¹ Two of the principals are important to the topic of affordability. The first being members' economic participation. Members of a cooperative contribute to and democratically control the cooperative's capital. The economic success of a cooperative is ultimately passed back to its members. Additionally, cooperatives are governed by their concern for the communities they serve. Cooperatives work for the sustainable development of their communities. This includes ensuring affordable rates for members, because without affordable rates there will be no growth.

Operating from this framework, Big Rivers and its Members believe affordability of electric rates is a complex issue affected by a multitude of factors including customer income, rate design and cost allocation, utility operating costs, and the costs associated with maintaining safe and reliable service. Big Rivers and its Members have always taken affordability seriously and believe they have provided safe, adequate, efficient, and reliable electric service at rates that are fair, just and reasonable. The service provided at the rates that have been approved by the Commission demonstrates the cooperative at-cost model remains an effective means of maintaining affordability even amid significant economic, regulatory, and market challenges.

One of the biggest impacts on the affordability of rates are the federal environmental, reliability, transmission, and market regulations that have been enacted over the last several decades. These regulations are only now producing cost impacts end-use members are seeing in their monthly utility bills. As the Commission is aware, compliance with federal regulations is mandatory so these costs are unavoidable to all utilities. Big Rivers and its Members believes any proceeding discussing affordability should focus on these costs and distinguish them from costs a utility can control.

¹ *Understanding the Seven Cooperative Principles*. NRECA America's Electric Cooperatives. <https://www.electric.coop/seven-cooperative-principles%E2%80%8B> (last accessed September 18, 2026).

Another driving factor to rising utility costs, and therefore the end-users' bill has been inflation. The end-use members have seen the inflation firsthand across all areas of their lives. The past five years have seen a high of 6.5% inflation in 2022 with declines each year; however, 2026 inflation is rising above the 2025 amount.² At the same time, interest rates have also been increasing. The combination of rising inflation and rising interest has produced many challenges for all utilities. Electric infrastructure is very capital intensive and expensive. Not only do the materials cost more due to inflation, but the cost of financing these projects has increased.

Across the United States utilities are all facing these issues while still providing the essential services to the public. Decisions made in other states also affect the rates of residents in Kentucky. The federal policies have led to fossil fuel retirements in states. While these generation unit retirements have occurred, new generation has not been built at the same rate. This has created less supply in the energy market. Less supply in the market leads to higher prices for consumers. Building additional generation in Kentucky to potentially lessen market impacts will now cost more due to inflation and increased borrowing costs.

Despite these complex factors, Big Rivers and its Members continue to focus on factors within their control to keep rates affordable. Big Rivers has undertaken prudent financial management and long-term resource planning with disciplined capital investments to effectively utilize the end-use members' money that has been paid through rates. Big Rivers and its Members evaluate infrastructure investments and prudently manage debt obligations to further keep costs low. Big Rivers and its Members continue to fulfill their obligation to provide service at rates that are fair, just, reasonable, and affordable for the cooperative member-consumers they serve.

² Consumer Price Index for all Urban Consumers. United States Bureau of Labor Statistics.
https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths (last accessed September 18, 2026).

While the Commission evaluates affordability, Big Rivers and its Members urge the Commission to consider that affordability is a subjective term and not simply a question of what the lowest rate is possible. The question of affordability must be focused on how affordable rates can be ensured while essential electric service is provided safely, reasonably, and efficiently.

If the lowest rate possible is the goal, in the short term the rates could be considered very “affordable.” Forcing rates below the level necessary to maintain the system can simply defer costs and potentially create larger future increases. The Commission must also consider the safety and reliability of electric service. The Commission should focus its assessment on whether a proposed rate is affordable and whether it provides sufficient revenue for prudent operations, maintenance, necessary investment, and reliable service. Affordability cannot be evaluated in isolation from the statutory and regulatory obligations to provide electric service.

Big Rivers and its Members believe a very important factor to consider in this proceeding is the impact of rate design. The current rate structure for electric cooperatives is not based upon cost-based rates. Big Rivers and its Members believe moving to a cost-based rate will ultimately result in more affordable rates for end-use members, including low-income members. Additionally, a discussion on the role and nature of the low-income assistance programs while moving towards cost-based rates would be appropriate.

Big Rivers and its Members appreciate the Commission’s consideration of affordability and the rising costs of utility service. As member-owned electric cooperatives, Big Rivers and its Member respectfully submits that affordability should be considered in conjunction with the Commission’s statutory and regulatory obligations, including the need to establish just and reasonable rates that support the provision of safe, reliable, and financially sustainable electric service. Big Rivers and its Members further encourage the Commission to consider the unique

characteristics of the different business models of the electric utilities across the Commonwealth. Big Rivers and its Members appreciate the Commission's careful consideration of these issues and respectfully thanks the Commission for the opportunity to provide its perspective.

This the 30th day of September 2026.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing was transmitted to the Commission on September 30, 2026, and that there are no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to prior Commission Orders, no paper copies of this filing will be made.

Heather Temple

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its Members*