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NEWS RELEASE

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Final Public Meetings Set in Big Rivers Rate Case *PSC will take comments by video conference and in person on Jan. 8*

FRANKFORT, Ky. (Jan. 2, 2014) – Members of the public who wish to speak to the Kentucky Public Service Commission (PSC) about a request by Big Rivers Electric Corp. to increase rates will have an opportunity to do so next Wednesday, Jan. 8.

Although the PSC's hearing in the matter will take place in Frankfort, members of the public will not have to travel to the PSC offices to have their opinions heard. The PSC will conduct a simultaneous video conference in Brandenburg, Owensboro and Paducah. The video conference will be streamed live on the PSC website, psc.ky.gov.

The locations and times for the public comment sessions are:

Frankfort – 10 a.m. EST

Kentucky PSC – Hearing Room 2
211 Sower Boulevard

Brandenburg – 10 a.m. EST

Meade County Agriculture Extension Office
1041 Old Ekron Road

Owensboro – 9 a.m. CST

Room 107, Advanced Technology Center
Owensboro Community & Technical College
4800 New Hartford Road

Paducah - 9 a.m. CST

Crouse Hall Room 228
West Kentucky Community & Technical College
4810 Alben Barkley Drive

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The public comment session will occur in conjunction with the PSC's formal evidentiary hearing in the case.

The PSC held a public information session and meeting on the evening of Monday, Dec. 16, in Henderson. A narrated version of the slide show presentation from that meeting is available on the PSC's YouTube channel, www.youtube.com/kypsc.

A video recording of the public comments from the Henderson meeting may be viewed at psc.ky.gov.

"Because Big Rivers provides power to an area extending from Meade County near Louisville to Ballard County on the Mississippi River, conducting simultaneous meetings by video conference is an efficient way to reach the entire service territory," PSC Chairman David Armstrong said.

Big Rivers supplies power to the retail customers of Jackson Purchase Energy Corp., Kenergy Corp., and Meade County Rural Electric Cooperative Corp., and is owned by the three distribution cooperatives. Together, the three cooperatives serve about 112,000 customers in 26 counties in western Kentucky. The customers include about 20 large industrial facilities.

Big Rivers is seeking approval to adjust rates early next year in order to increase annual revenue by \$70.4 million. That amount is to partially offset the loss of about \$175 million in annual revenue that will occur when the Century Aluminum Co. smelter in Sebree ceases to be a customer at the end of January. The Sebree smelter accounts for about half of Big Rivers' power sales and total revenue.

The \$70.4 million is needed for Big Rivers to maintain financial stability and meet its debt obligations, the utility says. Big Rivers says it intends to offset the remaining revenue loss by idling electric power generating facilities and taking other steps to adjust for the loss of the Sebree smelter as a customer.

In its application, Big Rivers estimates that the rate changes will increase typical monthly residential bills by about \$25 or \$30 per month, or about 21.5 percent. The amount of increase will vary with electric consumption and with which of Big Rivers' three distribution cooperatives serves the customer. Large industrial customers would see rates go up about 25 percent, the utility says.

However, Big Rivers is proposing to defer the impact of the rate increases by drawing on reserve funds established several years ago to offset rising rates. The utility estimates that the funds would postpone the rate increase for large industrial customers until July 2014 and for residential and small commercial customers until April 2015.

The current case follows a similar proceeding that stemmed from the departure of what was formerly Big Rivers' largest customer, the Century Aluminum smelter in Hawesville. The Hawesville smelter ceased to be a Big Rivers customer in August 2013 and began purchasing power at market-based rates under contract terms approved by the PSC.

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An order approving a rate adjustment that accounted for the loss of the revenue from the Hawesville smelter was issued by the PSC Oct. 29, 2013. The PSC has granted rehearing on one issue in that proceeding.

Big Rivers and Kenergy have filed with the PSC a contract that sets out the terms under which Century's Sebree smelter would purchase market-based power rather than from the utility. That contract requires review and approval by the PSC in a separate proceeding before it can take effect. It is being considered concurrently with the rate case.

The Big Rivers application, the proposed Sebree smelter contract and related documents are available on the PSC website. The rate case number is 2013-00199. The smelter contract case is 2013-00413.

The hearing on the proposed contract for the Sebree smelter will be held Monday, Jan. 6, 2014, at the PSC offices at 211 Sower Blvd. in Frankfort. Anyone wishing to address the PSC in person regarding the proposed contract may do so at the beginning of the hearing.

The PSC's evidentiary hearing in the rate case is scheduled to begin at 10 a.m. EST Tuesday, Jan. 7, 2014. If the smelter hearing extends into Tuesday, the rate case hearing will begin upon conclusion of the smelter hearing. The rate case hearing is scheduled to last three days. Both hearings will be open to the public and may be viewed live on the PSC website.

Written comments will be accepted through the conclusion of the evidentiary hearing. They may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the public meetings or at the PSC offices.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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