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## NEWS RELEASE

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### **PSC Allows Big Rivers Deal to Sell Electricity in Nebraska** *Sales will begin in 2018; revenue intended to partly offset loss of smelter load*

**FRANKFORT, Ky. (July 21, 2015)** – The Kentucky Public Service Commission (PSC) has approved a settlement that permits Big Rivers Electric Corp. to sell wholesale power to several customers in Nebraska.

In an order issued today, the PSC said revenue from the contracts – although relatively modest - should help pay a portion of Big Rivers' fixed operating costs that would otherwise be borne by its Kentucky customers.

A unanimous settlement agreement reached in the case also provides that, under certain conditions related to the financial health of Big Rivers, the profits from the sales would go into funds that are being used to cushion the impact of recent rate increases on Big Rivers customers in Kentucky.

In the last two years, aluminum smelters in Hawesville and Sebree have stopped purchasing power from Big Rivers. The two smelters at one time accounted for about two-thirds of Big Rivers' load and revenue.

The PSC has since October 2013 twice approved rate increases that allowed Big Rivers to maintain financial stability following the loss of the smelters.

Big Rivers is owned by the three distribution cooperatives to which it provides power. Together, the three cooperatives serve about 112,000 customers in 26 counties in western Kentucky. The customers include about 20 large industrial facilities.

Because the loss of the smelters left Big Rivers with excess electric generating capacity, the utility has shuttered one power plant and has sought opportunities to sell power to outside customers on the open market.

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The Nebraska customers are the five-county Northeast Nebraska Public Power District and the cities of Wayne and Wakefield. The district's electric transmission lines serve the two cities. Together, the district and the cities have about 11,000 retail customers.

In addition to Big Rivers, parties to the case and the settlement agreement included the Kentucky Office of Attorney General and the Kentucky Industrial Utility Customers Inc.

The contracts provide for wholesale power sales at a rate indexed to a tariff rate of Nebraska Public Power District, the principal current power supplier for the Nebraska customers. Big Rivers will begin supplying a portion of the Northeast Nebraska Public Power District's needs Jan. 1, 2018, and a portion of the cities' needs a year later.

As the Nebraska customers phase out purchases from their current suppliers, Big Rivers will become their sole provider. The contracts extend through 2026 and will be extended annually for a year unless either party gives two-year notice of termination.

The amount of power involved "is relatively small and amounts to a fraction of Big Rivers' excess capacity," the PSC noted in today's order.

But the contracts represent "the fruits of Big Rivers' efforts to mitigate the impact of the departure of the aluminum smelter loads," and should benefit existing customers, the PSC said.

Today's order also addresses other aspects of the contracts, including transmission costs, future rate issues and other contingencies.

Today's order, the settlement agreement, the Big Rivers applications and related documents are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2014-00134.

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 85 employees.