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NEWS RELEASE

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PSC OKs Energy Efficiency Plan for Big Rivers Electric *Pilot programs expanded and made ongoing*

FRANKFORT, Ky. (Aug. 31, 2012) – The Kentucky Public Service Commission (PSC) has approved a slate of residential and commercial energy efficiency programs for Big Rivers Electric Corp.

In an order issued earlier this month, the PSC authorized Big Rivers to establish 10 programs for residential or commercial customers. The programs will be administered by the three distribution cooperatives that own and receive power from Big Rivers.

Big Rivers will allocate \$800,000 annually to reimburse the distribution cooperatives for incentives they pay to retail customers who participate in the programs. Big Rivers also plans to spend \$200,000 on promotional efforts to encourage participation in the programs.

The three rural electric distribution cooperatives are Jackson Purchase Energy Corp., Kenergy Corp. and Meade County Rural Electric Cooperative Corp. Together, the three cooperatives serve 112,000 customers in 22 counties in western Kentucky.

Big Rivers' energy efficiency (EE) initiatives are included in the company's demand-side management (DSM) program. In accordance with Kentucky statutes, the DSM program is funded through a surcharge on customers' bills.

A utility is required to demonstrate that its DSM programs are cost-effective in a number of ways, including providing long-term savings to ratepayers as a whole. The Big Rivers programs meet those tests, the PSC said.

The Big Rivers DSM programs include incentives for:

- Increasing the energy efficiency of residential, commercial and industrial lighting.
- Replacing residential clothes washers and refrigerators with models that meet certain high-efficiency standards.

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- Installation of high-efficiency residential heating, ventilation and air conditioning systems, whether in new homes or as replacements in existing homes.
- Home weatherization, both for homes with electric heat and for those using other heating sources.
- Annual maintenance of residential and commercial heating and air conditioning systems to maintain optimal efficiency.
- Energy efficiency improvements at commercial or industrial facilities.

In its order approving the programs, the PSC noted that utilities such as Big Rivers, which uses coal to generate the vast majority of the electricity used by its customers, are facing increasing costs for environmental compliance. Programs that reduce electric demand can reduce the cost of environmental compliance, the PSC said.

“The Commission commends Big Rivers for beginning to deploy these programs and encourages this effort, but it must make a greater effort to offer cost-effective DSM and EE programs,” the PSC said.

The order and related documents can be found on the PSC website, psc.ky.gov. The case number is 2012-00142.

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.