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NEWS RELEASE

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PSC Adjusts Rates for Big Rivers Electric Corp. *New rates reflect exit of Century Aluminum Hawesville smelter*

FRANKFORT, Ky. (Oct. 29, 2013) – The Kentucky Public Service Commission (PSC) today adjusted the revenue and rates of Big Rivers Electric Corp. to reflect the departure of the utility's largest customer, the Century Aluminum smelter in Hawesville.

Although the total revenue for Big Rivers is declining, rates for the remaining customers will increase, but not by as much as the utility requested.

In an order issued today, the PSC authorized Big Rivers to receive an additional \$54.2 million annually from the remaining customers. That is about \$20 million less than the amount sought by Big Rivers.

In orders also issued today, the PSC approved pass-through rate increases for the three electric distribution cooperatives that purchase power from Big Rivers – Jackson Purchase Energy Cooperative, Kenergy Corp. and Meade County Rural Electric Cooperative Corp. The Meade County order also adjusts that utility's base rates.

On average, residential customers will see monthly bills increase by about \$17 per month, but the actual size of any increase will vary depending on which distribution cooperative serves that customer and on individual usage patterns.

Big Rivers had applied to increase annual revenue by \$74.5 million. As allowed under Kentucky law, Big Rivers and the three distribution cooperatives put their proposed rates into effect on Aug. 20 and began billing at the higher rates.

Customers of Big Rivers and the distribution cooperatives will receive refunds, with interest, of the difference between what they paid under the proposed rates and the rates approved by the PSC, which were ordered effective as of August 20, 2013.

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 remaining customers include about 20 large industrial facilities.

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Century Aluminum's Hawesville smelter stopped purchasing power from Big Rivers on Aug. 20, the effective date of a contract allowing it to buy power on the open market. The contract was approved by the PSC on Aug. 14. The Hawesville smelter consumed about 40 percent of the power generated by Big Rivers, and a slightly larger share of total revenue.

The case decided today does not address the impending loss of Big Rivers' second-largest customer, the Century Aluminum smelter in Sebree. It accounts for about 40 percent of Big Rivers' remaining load and is scheduled to depart the system in January.

Century Aluminum has said it intends to seek a power arrangement for the Sebree smelter that is similar to the one negotiated for the Hawesville facility.

Big Rivers filed another rate application in June 2013 to account for the loss of the Sebree smelter revenue. That rate application is currently being processed with a decision expected in 2014.

Of the \$74.5 million revenue adjustment sought by Big Rivers, \$63 million was to partly offset the loss of revenue from the Hawesville smelter. The utility said that the remaining \$11.5 million is needed for Big Rivers to maintain financial stability and meet its debt obligations.

In trimming the revenue increase by \$20 million, the PSC made several adjustments. The largest of those lowered depreciation expenses and reduced Big Rivers' operating margins.

In addition to Big Rivers, parties to the case included the Kentucky Office of Attorney General; the Kentucky Industrial Utility Customers, Inc., representing three large customers; the Sierra Club; and the three distribution cooperatives.

The PSC held public meetings on the case in June in Brandenburg, Henderson, Owensboro and Paducah. The evidentiary hearing in the case was held in Frankfort on July 1-3.

Today's orders, videos of the meeting and hearing and documents in the case are available on the PSC website. The case number is 2012-00535.

The Big Rivers application and other documents in the second rate case also may be found at psc.ky.gov. The case number is 2013-00199.

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.