

Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Grants Rate Adjustment to Meade County RECC *Commission urges more energy conservation; increase is smaller than requested*

FRANKFORT, Ky. (Feb. 17, 2011) – The Kentucky Public Service Commission (PSC) today granted Meade County Rural Electric Cooperative Corp. (Meade RECC) an increase of \$1.15 million in its annual revenue, about one-third less than the amount requested by the utility.

In an order issued today, the PSC said Meade RECC should begin offering energy conservation programs to its customers.

Meade RECC applied in August 2010 to increase its annual revenue by \$1.78 million, or 5.7 percent.

When the increase granted by the PSC takes effect today, the monthly customer charge will rise by \$1.39, to \$11.24 from \$9.85, and the usage charge will increase from 6 cents per kilowatt hour (kwh) to 6.1 cents per kwh. (A kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours.) With the increase, a customer using 1,500 kwh of electricity per month will see their monthly bill increase by \$3.31.

The PSC conducted a hearing in the case on Dec. 10, 2010. No other parties intervened in the case, nor did the PSC receive any public comments on the Meade RECC proposal.

Meade RECC serves about 28,000 customers in Breckinridge, Grayson, Hancock, Hardin, Meade and Ohio counties. It is one of three rural electric distribution cooperatives that own and purchase electricity from Big Rivers Electric Corp.

In requesting the increase, Meade RECC said it would use a portion of the added revenue to continue its practice of making regular dividend payments, known as capital credits, to the member-owners who are also its customers. The PSC said the payment of capital credits should not be the utility's first priority.

-more-

PSC Grants Rate Adjustment to Meade County RECC – Page 2

“Under the current economic conditions, the Commission believes that consumers are better served with a lesser increase in rates,” the PSC said in its order.

The PSC cautioned Meade RECC “to place greater emphasis on its financial condition” when deciding on paying future capital credits, noting that the cooperative previously paid credits even during times when its finances were not at their strongest.

Meade RECC does not currently offer any energy conservation or efficiency programs to its customers. Big Rivers is proposing to offer several such programs, known as demand-side management (DSM), to its three member cooperatives on a pilot basis.

The PSC said that “the scope and magnitude of the Big Rivers pilot programs appears to be very limited, which the Commission finds to be somewhat disappointing.”

DSM programs are likely to become increasingly important as the cost of electricity rises due to new constraints placed on utilities that rely largely on coal-fired generation, the PSC said. Therefore all utilities should “make a greater effort to offer cost-effective DSM and other energy efficiency programs,” the PSC said.

Today’s order, other documents in the case and a video of the hearing are available on the PSC website, psc.ky.gov. The case number is 2010-00222.

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 100 employees.