

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

Linda K. Breathitt
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovych
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovych@ky.gov

PSC Grants Rate Adjustment to Jackson Energy Coop *Utility receives requested 4.6 percent revenue increase; first since 2008*

FRANKFORT, Ky. (Feb. 27, 2014) – The Kentucky Public Service Commission (PSC) has granted a rate adjustment to Jackson Energy Cooperative Corp.

In an order issued today, the PSC accepted Jackson Energy's proposal to increase its annual revenue by \$4.11 million, or about 4.6 percent. The PSC agreed that the increase is needed to reverse a decline in the utility's financial condition.

Over the next 18 months, Jackson Energy will increase rates in three equal steps, with the increase coming next month, in September and finally in September 2015. The increase will be confined to the monthly customer charge.

For residential customers, the monthly customer charge will increase in three increments of \$2 each. The first, which takes effect March 1, will increase the monthly customer charge from the current \$10.44 to \$12.44. In September of this year it will rise to \$14.44 and then go up to \$16.44 in September of next year.

Jackson Energy estimates that the typical residential customer will experience a 5.14 percent increase in the monthly bill when the rate adjustment is completed.

In requesting to implement the rate increase in phases, Jackson Energy noted the difficult economic conditions in its service territory. A gradual increase is preferable to larger one-time increase, the utility said.

Jackson Energy has about 51,240 customers in Breathitt, Clay, Estill, Garrard, Jackson, Laurel, Lee, Leslie, Madison, Owsley, Powell, Pulaski, Rockcastle and Wolfe counties in east-central Kentucky. It is one of 16 cooperatives that own and purchase power from the East Kentucky Power Cooperative Inc.

The PSC last granted a rate adjustment to Jackson Energy in June 2008.

-more-

PSC Grants Rate Adjustment to Jackson Energy Coop – Page 2

In today's order, the PSC noted that Jackson Energy said it did not become aware of its deteriorating financial situation until February 2013, and then waited six months before applying for a rate increase. The utility should have known much sooner that its finances were declining and should have moved with more urgency to address the issue, the PSC said.

Although the rate case did not address Jackson Energy's existing demand-side management (DSM) and energy efficiency programs, the PSC's order urges the utility to continue its efforts to encourage customer participation and to expand those programs in the future.

In its order, the PSC said it "believes that energy conservation, energy efficiency and DSM will become increasingly important in Kentucky." The rates structure it approved in the order should stabilize Jackson Energy's finances and enable the utility to "vigorously pursue" expansion of DSM and energy efficiency programs, the PSC said.

The PSC directed Jackson Energy to file annual reports on its progress in those areas.

Jackson Energy filed its application for a rate adjustment on Aug. 8, 2013. After deficiencies in the original application were corrected, the PSC accepted the application on Sept. 6, 2013.

There were no other parties to the case. The application was the subject of a PSC hearing on Jan. 28.

The PSC'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 2013-00219.

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.

-30-

FOLLOW THE PSC ON TWITTER @KYPSC