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NEWS RELEASE

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PSC Grants Rate Adjustment to Taylor County RECC *Bills to go up by less than 2%, half as much as requested by coop*

FRANKFORT, Ky. (March 26, 2013) – The Kentucky Public Service Commission (PSC) has granted Taylor County Rural Electric Cooperative Corp. (Taylor County RECC) a rate increase that is about half as large as the amount requested by the utility.

In an order issued today, the PSC authorized Taylor County RECC to increase its monthly residential service charge by \$1.88. For a typical customer, that will increase the average monthly bill by 1.85 percent.

With the increase, Taylor County RECC's annual revenue will rise by about \$570,000. The utility had sought to increase annual revenue by \$1.1 million.

A major reason for the smaller increase was the PSC's denial of an adjustment proposed by Taylor County RECC related to its fuel costs that are passed on by its power supplier, East Kentucky Power Cooperative, Inc. (EKPC).

Under what is known as the fuel adjustment clause, or FAC, the price of electricity varies from month to month based on the cost of the fuels used to produce that power. The FAC includes a mechanism which provides that, over time, a utility recovers its fuel expenses and that customers are charged no more or less than the costs incurred by the utility.

In today's order, the PSC said that "the FAC mechanism works as intended" and therefore Taylor County RECC's request to recover additional revenue should be denied.

Other adjustments made by the PSC included changes to depreciation rates, debt expense and costs associated with meter replacement. After making those adjustments, the PSC allocated the entire revenue increase to the monthly customer charge, leaving the electric consumption charge unchanged.

The new rates take effect immediately.

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Taylor County RECC is based in Campbellsville and serves about 25,600 customers in Adair, Casey, Cumberland, Green, Hart, Marion, Metcalfe, Russell and Taylor counties. It is one of 16 rural electric distribution cooperatives that own and purchase electricity from EKPC.

The PSC noted that the energy efficiency programs that Taylor County RECC offers its customers are limited to demand-side management (DSM) programs offered through EKPC. In today's order, the PSC said it encourages Taylor County RECC and "all other electric energy providers to make a greater effort to offer cost-effective DSM and other energy efficiency programs."

Taylor County RECC filed its initial application for a rate adjustment on Aug. 16, 2012, saying it needed additional revenue to maintain its financial integrity and comply with its loan agreements. Taylor County RECC's last base rate increase was in November 1997.

After certain deficiencies were corrected, the application was accepted on Aug. 30, 2012. No other parties intervened in the case and no public comments were received.

The PSC conducted a public hearing on the application on Jan. 29, 2013.

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 2012-00023.

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.