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NEWS RELEASE

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PSC Accepts Settlement in Clark Energy Rate Case *Typical monthly residential bill to increase by \$10.36*

FRANKFORT, Ky. (April 16, 2010) – The Kentucky Public Service Commission (PSC) has accepted a settlement that permits Clark Energy Cooperative, Inc. to raise its rates in order to increase its annual revenue by \$3.9 million, or about 9.2 percent.

Monthly bills for a typical residential customer will increase by about \$10.36.

Clark Energy negotiated the settlement – which gives the rural electric cooperative about \$190,000 less in annual revenue than it requested - with the Kentucky Office of Attorney General.

Clark Energy applied to the PSC for the rate increase in November 2009. During the course of the PSC's examination of the application, the utility and the Attorney General – the only other party to the case - began settlement negotiations. The settlement was submitted to the PSC for review on February 25. An amended settlement was filed on March 25, 2010.

A public hearing on the proposed settlement was held March 31.

In today's order, the PSC said that it had determined that the rates contained in the settlement are fair, just and reasonable. The new rates are effective for service rendered as of today.

Clark Energy has about 26,170 residential and commercial customers in Bath, Bourbon, Clark, Estill, Fayette, Madison, Menifee, Montgomery, Morgan, Powell and Rowan counties. It is one of 16 distribution cooperatives that both own and purchase power from the East Kentucky Power Cooperative (EKPC).

This is Clark Energy's first general rate increase since 1992.

In its application, Clark Energy proposed to increase its annual revenue by \$4.09 million. The cooperative proposed to increase its monthly customer charge for residential customers from \$5.84 to \$14. The usage charge was proposed to increase from 9.16 cents per kilowatt-hour (kWh) to 9.46 cents per kWh.

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PSC APPROVES SETTLEMENT IN CLARK ENERGY RATE CASE – Page 2

The settlement calls for a monthly customer charge of \$12 and a usage charge of 9.58 cents per kwh.

The monthly residential customer charge is the portion of the total rate that is supposed to reflect a utility's fixed costs, such as personnel, meter reading or billing. Fixed costs do not vary with the amount of electricity consumed.

The new residential rates, the residential rates Clark Energy originally sought and the present residential rates are as follow:

	New rates (settlement)	Applied for rates	Present rates	Change (present to new)
Monthly charge	\$12	\$14	\$5.84	\$6.16
Usage (per kilowatt-hour)	9.58 ¢	9.46 ¢	9.16 ¢	0.42 ¢

For a residential customer using 1,000 kilowatt hours per month (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours), the new rates will increase the base monthly bill by \$10.36, from \$97.44 to \$107.80, an increase of 10.6 percent.

The base monthly rate figure does not include fuel cost adjustments or environmental surcharges, which also are passed on from EKPC.

The rates Clark Energy sought in its application would have increased the base monthly bill for a typical residential customer to \$108.60, an increase of 11.4 percent.

The PSC also encouraged Clark Energy to step up its efforts in the areas of energy efficiency and energy conservation, often referred to as demand-side management, noting that Gov. Steve Beshear's energy plan calls for an increase in demand-side management by 2025.

"The Commission believes that conservation, energy efficiency and demand-side management will become more important and cost-effective as there will likely be more constraints placed upon utilities whose main source of supply is coal-based generation," the PSC said in its order.

"Although Clark Energy has a number of energy efficiency programs in place, the Commission believes that it is appropriate to encourage Clark Energy, and all other electric energy providers, to make a greater effort to offer cost-effective demand-side management and other energy efficiency programs," the PSC said.

The settlement agreement also adopts Clark Energy's proposed changes to non-residential rates and charges such as reconnection fees.

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Today's order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2009-00314.

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.