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**NEWS RELEASE**

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**PSC Accepts Settlement in Grayson RECC Rate Case**  
*Typical monthly residential bill will increase by about \$19.75*

FRANKFORT, Ky. (June 3, 2009) – The Kentucky Public Service Commission (PSC) has accepted a settlement that permits Grayson Rural Electric Cooperative Corp. to raise its rates in order to increase its annual revenue by \$3.16 million, or about 14.4 percent.

Grayson negotiated the settlement – which gives the rural electric cooperative the revenue increase it requested, but through a different rate structure - with the Office of Attorney General. Not specifically addressed in the settlement, but reflected in the new rates, is the pass-through of a \$1.375 million increase in Grayson’s annual wholesale power costs.

Grayson applied to the PSC for the rate increase in November 2008. During the course of the PSC’s examination of the application, the utility and the Attorney General began settlement negotiations. The final settlement was submitted to the PSC for review on May 7.

A public hearing on the proposed settlement was held May 12.

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 take effect today.

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

	<b>New rates (settlement)</b>	<b>Applied for rates</b>	<b>Present rates</b>	<b>Change (present to new)</b>
<b>Monthly charge</b>	\$10	\$15	\$8.16	\$1.84
<b>Usage (per kilowatt-hour)</b>	9.66 ¢	9.28 ¢	7.87 ¢	1.79 ¢

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 \$19.74, from \$86.86 to \$106.60, an increase of 22.7 percent.

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This is Grayson's first general rate increase since 1998.

About \$6 of the total increase per average residential bill is due to the increased cost of wholesale power, which Grayson purchases from East Kentucky Power Cooperative, Inc. (EKPC). EKPC's wholesale rates increased on April 1.

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

Grayson's application would have increased the base monthly bill for a typical residential customer to \$107.80, an increase of 24 percent.

The settlement agreement also adopts Grayson's proposed changes to non-residential rates and to certain miscellaneous charges.

Grayson has about 15,700 residential and commercial customers in Carter, Elliot, Greenup, Lawrence, Lewis and Rowan counties. It is one of 16 distribution cooperatives that both own and purchase power from EKPC.

Under the settlement, Grayson agreed to a lower monthly residential customer charge than originally proposed. The 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.

In its application, Grayson asked for a monthly charge of \$15. In exchange for a smaller increase in the monthly charge, the settlement gives Grayson a higher usage-based residential rate than the utility had requested in its application to the PSC.

Today's order and other documents in the case are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2008-00254.

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.