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NEWS RELEASE

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PSC Grants Rate Adjustment to Owen Electric Coop *Residential monthly customer charge will increase by \$4.86*

FRANKFORT, Ky. (June 25, 2009) – The Kentucky Public Service Commission (PSC) today issued an order granting Owen Electric Cooperative Inc. a rate adjustment that will increase its annual revenue by \$3.84 million, or about 3.1 percent.

With the increase, Owen Electric's annual revenue will be \$129.8 million.

Owen Electric applied to the PSC for the rate increase in August 2008. A public hearing on the application was held March 25.

Owen Electric has about 56,800 residential and commercial customers in Boone, Campbell, Carroll, Gallatin, Kenton, Owen, Pendleton and Scott counties. It is one of 16 distribution cooperatives that both own and purchase power from the East Kentucky Power Cooperative (EKPC).

In today's order, the PSC detailed the adjustments it had made to Owen Electric's request for annual revenue of just over \$130 million. The new rates take effect today.

The PSC also directed Owen Electric to submit by the end of the year its plans for reducing the demand for electricity and improving energy efficiency on the part of its customers.

This is Owen Electric's first general rate increase since 1982.

For Owen Electric's residential customers, the increase comes in the form of a higher monthly customer charge. It will increase by \$4.86. The charge per kilowatt-hour (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) is changing slightly, but that is only to reflect a re-allocation of the pass-through of wholesale costs from EKPC.

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

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

	New rates	Applied for rates	Present rates	Change (present to new)
Monthly charge	\$10.87	\$11.20	\$6.01	\$4.86
Usage (per kilowatt-hour)	8.06 ¢	8.06 ¢	8.03 ¢	0.03 ¢

For a residential customer using 1,000 kilowatt hours per month, the new rates will increase the base monthly bill by \$5.16, from \$86.31 to \$91.47, a six percent increase.

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

During the rate proceeding, Owen Electric said that it is conducting a broad review of its rate structure and demand-side management (DSM) programs and will develop a plan designed to promote energy efficiency and conservation. The PSC ordered Owen Electric to submit its detailed plan by Dec. 31.

“The Commission believes that conservation, energy efficiency and DSM programs are very important and such programs will become more cost-effective as additional restrictions are placed on coal-fired generation,” the PSC said in its order. “Although Owen Electric has a number of DSM programs in place, the Commission believes that it is appropriate to encourage Owen Electric, and all other electric energy providers, to make a greater effort to offer cost-effective DSM and other energy efficiency programs.”

The Commission also approved Owen Electric’s proposed changes to non-residential rates and to certain miscellaneous charges.

Today’s order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2008-00154.

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.