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NEWS RELEASE

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PSC Modifies Nolin RECC Rate Hike Request *Orders slight reduction; changes proposed residential rate structure*

FRANKFORT, Ky. (June 21, 2017) – The Kentucky Public Service Commission (PSC) today granted Nolin Rural Electric Cooperative Corp. a revenue increase that is somewhat smaller than the amount requested by the electric distribution cooperative.

With the rate increase granted by the PSC, a typical Nolin residential customer will see their average monthly electric bill rise by about \$12 (11.4 percent), from about \$106 to \$118. That includes a \$4.46 increase in the monthly customer charge, from the current \$9.04 to \$13.50.

Nolin had proposed to increase the monthly customer charge to \$20. The PSC granted a smaller increase, and shifted a portion of the overall increase to the amount charged for each unit of electricity consumed. The new rates take effect immediately.

In an order issued today, the PSC granted Nolin an increase in annual revenue of about \$4.97 million, about \$373,000 less than the requested amount.

To arrive at the revenue figure determined by the PSC while setting the monthly charge for residential customers below the level requested by Nolin, the PSC revised the usage charge to about a half-cent more per kilowatt-hour than the amount requested by Nolin, setting the rate at 9.271 cents per kilowatt-hour. A kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours.

Nolin has about 34,700 customers in nine central Kentucky counties: Breckinridge, Bullitt, Grayson, Green, Hardin, Hart, Larue, Meade and Taylor. It is one of 16 electric distribution cooperatives that together own and purchase power from the East Kentucky Power Cooperative.

In a rate adjustment application filed in December 2016, Nolin sought to increase annual revenue by about \$5.3 million. The cooperative's application stated that the additional revenue was needed in order to cover increasing operational costs and to maintain the utility's ability to meet the terms of its agreements with its lenders.

The smaller increase was mostly the result of the PSC disallowing a portion of the costs of health, dental, life insurance and retirement benefits provided by Nolin to its employees. The PSC found that the smaller increase it granted would still allow Nolin to meet its financial obligations, including satisfying the terms of its loan agreements.

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PSC Modifies Nolin RECC Rate Hike Request – Page 2

The PSC reduced other increases requested by Nolin. The charge for meter connections, disconnections and reconnections was cut from the requested \$17 to \$10. Because Nolin has installed advanced meters (also known as “smart” meters) throughout its system, meter connections and disconnections are now done remotely.

The PSC found that Nolin had overstated the amount of employee time needed to process requests for disconnecting or connecting meters, and lowered the charge accordingly.

The PSC similarly lowered the service charge for customers on a pre-paid metering program – which is made possible by the same advanced meters - from the current 17 cents per day to 10.4 cents per day.

The PSC conducted a public evidentiary hearing on Nolin’s application on May 18, 2017. The only other party to the case was the Kentucky Office of Attorney General, in its statutory role as the representative of the utility’s ratepayers.

Today’s order, a video of the evidentiary hearing, and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2016-00367.

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 75 employees.

-30-

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