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## NEWS RELEASE

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# **PSC Grants Rate Adjustment to Shelby Energy**

## *Revenue to increase by 5.2 percent*

**FRANKFORT, Ky. (July 27, 2010)** – The Kentucky Public Service Commission (PSC) today authorized Shelby Energy Cooperative, Inc. to raise its rates in order to increase its annual revenue by \$1.9 million, or about 5.2 percent.

The increase granted by the PSC is \$342,850 less than the amount sought by Shelby Energy.

In an order issued today, the PSC also approved Shelby Energy's request to restructure its rates and consolidate all residential customers into a single rate class. In the past, residential customers have been divided among two rate classes that also included other types of customers.

Under the rate restructuring, monthly bills for a typical residential customer will increase by slightly more than \$3, or about 2 percent. However, residential customers who had opted for a rate that allows Shelby Energy to shut off their water heaters or air conditioners at times of high electric demand will see a larger monthly increase - \$15.81, or about 12 percent.

Shelby Energy applied to the PSC for the rate increase in December 2009. The application was deemed complete on Feb. 28, after deficiencies in the original application were corrected. A public hearing in the case was held June 2.

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

Shelby Energy has about 15,300 residential and commercial customers in Shelby, Anderson, Carroll, Franklin, Henry, Jefferson, Oldham, Owen, Spencer and Trimble counties. It is one of 16 distribution cooperatives that both own and purchase power from the East Kentucky Power Cooperative (EKPC).

This is Shelby Energy's first general rate increase since 1983.

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The monthly customer charge for residential customers under the new rate will be \$9.75. It had been \$12.52 for customers with the demand-control rate and \$7.92 for all other residential customers.

Residential customers who had been on the demand-control rate will automatically be placed into a similar Shelby Energy program that provides bill rebates and other incentives to participants.

The monthly residential customer charge is the portion of the total rate that is intended 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.

Under the new rates, Shelby Energy also is moving to a single residential rate for electricity used. It will now be 9.155 cents per kilowatt-hour. A kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours. Shelby Energy previously had some residential rates that were tiered based on the amount of electricity consumed.

With the new rates, a typical Shelby Energy residential customer – one using 1,522 kilowatt-hours per month – will have a bill of \$149.09.

More than half of the usage charge is the pass-through of the wholesale cost of electricity supplied by EKPC. The base monthly rate figure does not include fuel cost adjustments or environmental surcharges, which also are passed on from EKPC.

The PSC also encouraged Shelby 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 Shelby Energy has a number of energy efficiency programs in place, the Commission believes that it is appropriate to encourage Shelby 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 PSC approved Shelby Energy's proposed changes to non-residential customers' rates and charges such as reconnection fees. It also approved increases in fees to cable television companies that attach their lines to Shelby Energy's poles.

Today's order and other documents in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2009-00410.

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.