

CRAWFORD & BAXTER, P.S.C.

ATTORNEYS AT LAW
523 Highland Avenue
P.O. Box 353
Carrollton, Kentucky 41008

James M. Crawford
Ruth H. Baxter
Alecia Gamm Hubbard

Phone: (502) 732-6688
1-800-442-8680
Fax: (502) 732-6920
Email: CBJ523@AOL.COM

December 16, 2011

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

DEC 16 2011

PUBLIC SERVICE
COMMISSION

RE: Owen Electric Cooperative, Inc.
Case No. 2011-00037

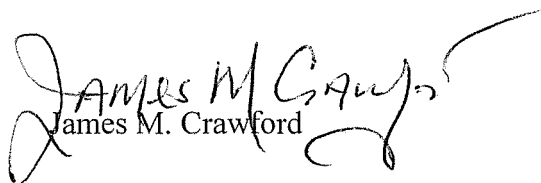
Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of OWEN ELECTRIC COOPERATIVE, INC.'s Brief.

Please contact me with any questions regarding this filing.

Respectfully submitted,

CRAWFORD & BAXTER, P.S.C.


James M. Crawford

JMC/mns

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 16 2011

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC COOPERATIVE,)
INC., FOR AN ORDER AUTHORIZING A)
CHANGE IN RATE DESIGN FOR ITS RESIDENTIAL)
AND SMALL COMMERCIAL RATE CLASSES AND)
THE PROFFERING OF SEVERAL OPTIONAL RATE)
DESIGNS FOR THE RESIDENTIAL RATE CLASSES)

CASE NO.
2011-00037

BRIEF FOR OWEN ELECTRIC COOPERATIVE, INC

*** **

Comes Owen Electric Cooperative, Inc., (“Owen Electric”), and for its Brief in support of its Application for an adjustment of rates in accordance with the proposed tariff filed with its Application, states as follows:

SUMMARY OF TESTIMONY

Owen Electric has approximately 57,000 rate paying customer/members in the counties of Boone, Campbell, Carroll, Gallatin, Grant, Kenton, Owen, Pendleton and Scott¹. It seeks a rate adjustment in two (2) classifications of service which will gradually realign the customer/member charge to more closely match customer-related costs over a period of time². Owen Electric is also requesting authorization to implement an inclining block rate, and three (3) time-of-

¹Reference is made to Owen Electric’s Application at paragraph 2.

²Reference is made to Owen Electric’s Application at Exhibit 7a at 2.

day (“TOD”) rate options³. The rate proposals being offered will result in no annual increase in revenues⁴. In the realignment proposal, the energy rate would decrease each year so that the decrease in revenues generated by the changed energy rate would equal the increase in revenues due to the change in the customer charges.⁵ The present rate schedule and the proposed rate adjustment is as follows:

Schedule 1 - Farm and Home Rate Class⁶

Monthly Rates	Present Rate	Proposed Rates				
		<u>2012 Rate</u>	<u>2013 Rate</u>	<u>2014 Rate</u>	<u>2015 Rate</u>	<u>2016 Rate</u>
Customer Charge	\$11.30	\$15.00	\$17.50	\$20.00	\$22.50	\$25.00
Energy Charge per kWh	\$0.08810	\$0.08472	\$0.08244	\$0.08015	\$0.07787	\$0.07588

Schedule 1 - Small Commercial Rate Class⁷

Monthly Rates	Present Rate	Proposed Rates			
		<u>2012 Rate</u>	<u>2013 Rate</u>	<u>2014 Rate</u>	<u>2015 Rate</u>
Customer Charge	\$13.34	\$20.00	\$25.00	\$30.00	\$35.00
Energy Charge per kWh	\$0.08810	\$0.08448	\$0.08174	\$0.07901	\$0.07628

³Reference is made to Owen Electric’s Application at Exhibit 2 at 4-7.

⁴Reference is made to Owen Electric’s Application at Exhibit 7a at 2 and Exhibit 7B at 3.

⁵Id.

⁶Reference is made to Owen Electric’s Application at Exhibit 2 at 1.

⁷Reference is made to Owen Electric’s Application at Exhibit 2 at 2.

Proposed Schedule 1 - Farm and Home Optional Rates⁸

<u>Inclining Block Rate - Schedule 1-D</u>	Proposed
Customer Charge	\$ 15.78
0 - 300 kWh per kWh	\$0.06977
301 - 500 kWh per kWh	\$0.09227
Over 500 kWh per kWh	\$0.12227

Time-of-Day (TOD) Options^{9 10}

	<u>Schedule 1-B1</u>	<u>Schedule 1-B2</u>	<u>Schedule 1-B3</u>
Customer Charge	\$ 25.00	\$ 25.00	\$ 25.00
Energy Rate			
On-Peak Energy per kWh	\$0.12070	\$0.10313	\$0.10191
Off-Peak Energy per kWh	\$0.06000	\$0.06000	\$0.06000
Shoulder kWh	NA	NA	\$0.07750
On-Peak Hours	Week Days Only	Weekdays & Weekends	Weekdays & Weekends
Winter - October thru April	7-12 Noon 5-10 P.M.	7-12 Noon 5-10 P.M.	6 A.M. - 10 A.M. 6 P.M. - 10 P.M.
Summer - May thru September	10 A.M. - 10 P.M.	10 A.M. - 10 P.M.	2 P.M. - 10 P.M.
Off-Peak Hours			
Winter - October thru April	All Other Hrs	All Other Hrs	10 P.M. - 6 A.M.
Summer - May thru September	All Other Hrs	All Other Hrs	10 P.M. - 6 A.M.
Shoulder Hours			
Winter - October thru April	NA	NA	10 A.M. - 6 P.M.
Summer - May thru September	NA	NA	6 A.M. - 2 P.M.

⁸Reference is made to Owen Electric's Application at Exhibit 2 at 7.

⁹Reference is made to Owen Electric's Application at Exhibit 2 at 4-6.

¹⁰It should be noted that the rates are the proposed rates after considering the EKPC fuel adjustment roll in effective June 1, 2011. This Application was filed before this fuel adjustment roll in. The original proposed rates have been adjusted on the energy rate by \$0.00668 kWh.

Owen Electric's purpose in seeking the rate adjustment is two-fold: first, to change the retail rate design to promote energy innovation, energy efficiency, energy conservation and demand response; and, second, to enable the Cooperative to maintain its financial stability and integrity while providing its members the ability to manage and reduce their energy usage¹¹.

In 2009, Owen Electric developed and launched an energy innovation plan ("energy plan") designed to increase customer/member satisfaction by creating a culture of energy innovation, by offering efficiency, conservation and demand response options.¹² The energy plan includes, among other things, the commitment to investigate and implement technological opportunities when advantageous to the customer/members and to develop a plan and pilot project to provide customer/members with energy usage data and pricing information that enables them to manage their kWh consumption, their monthly energy bill and their home comfort.¹³

A part of the plan includes the goal of gradually realigning the customer/member charge to more closely match customer-related costs over a period of time in order to maintain the Cooperative's financial stability while at the same time encouraging energy efficiency and conservation.¹⁴ In the Commission's Order dated June 25, 2009, Application of Owen Electric Cooperative, Inc., in Case No. 2008-00154, the Commission stated, "If, after developing its 'energy innovation' plan, Owen still believes that its rate design does not support energy efficiency and DSM

¹¹Reference is made to Owen Electric's Application at Exhibit 7a at 8.

¹²Reference is made to Owen Electric's Application at Exhibit 7a at 3, 12 through 21, and at Exhibit 15.

¹³Id at 13.

¹⁴Reference is made to Mark A. Stallons Rebuttal Testimony at 7.

activities, it should consider filing an application to adopt a DSM surcharge or to revise its rate design”. Owen Electric’s proposed rate adjustment for recovering costs and lost revenues from implementation of the energy plan was chosen based upon a decision model that utilized six (6) criteria to compare it to a DSM surcharge.¹⁵ Owen Electric chose the rate adjustment being requested because of its simplicity, transparency, flexibility, and equity.¹⁶

Owen Electric’s current retail rate design does not align the interests of the Cooperative and its customer/members with respect to energy innovation, efficiency, conservation, and demand response efforts.¹⁷ As Owen’s CEO Mark Stallons explained, Owen’s current residential class customer charge of \$11.30 per customer/member per month is well below the \$27.66 indicated by the Cost of Service Study (“COSS”) performed by James R. Adkins and filed with the Application at Exhibit 11.¹⁸ Likewise, the cost of providing service to the small commercial class member is \$35.71, as opposed to the current customer/member charge of \$13.34.¹⁹ Owen Electric collects all of its margins, and a significant portion of its customer/member-related costs, through an energy charge assessed on a kWh basis.²⁰ Thus, any reduction in kWh sales due to energy innovation, efficiency, conservation, and demand response efforts results in the

¹⁵Reference is made to Commission Staff’s First Information Request, response to Item No. 8.

¹⁶Id.

¹⁷Reference is made to Owen Electric’s Application at Exhibit 7a at 4, 5 and 6.

¹⁸Id.

¹⁹Reference is made to Owen Electric’s Application at Exhibit 7B at 3 and 4.

²⁰Reference is made to Owen Electric’s Application at Exhibit 7a at 4, 5 and 6.

Cooperative not recovering fixed costs and margin, which financially harms the Cooperative.²¹ This link between energy sales and fixed cost and margin recovery is referred to as the “throughput incentive” where, between rate cases, a utility has a financial incentive to maximize electric sales and increase its profits.²² Mr. Stallons testified the simplest way to mitigate the throughput incentive is to increase the customer charge to a level that is justified based upon the COSS to ensure that the revenue stream is not linked to sales.²³ He explained that Owen Electric’s proposed rate adjustment, which will gradually realign the customer/member charge to more closely match customer-related costs over a period of time, will allow the Cooperative to aggressively implement its energy plan while maintaining its financial stability and integrity.²⁴

The rationale for Owen Electric’s request for authorization to implement the four (4) optional rates is to give its customer/members more choices to assist them in their conservation and energy efficiency efforts, and in managing their monthly electric bill.²⁵ In the design of the optional rates, consideration was given to the energy efficiency, conservation and demand response programs Owen Electric currently offers, as well as additional pilot projects that are being developed and implemented as a part of the energy plan.²⁶

²¹Id.

²²Id.

²³Id.

²⁴Id. at 8 and 21.

²⁵Reference is made to Mark A. Stallons Rebuttal Testimony at 9.

²⁶Reference is made to Owen Electric’s Application at Exhibit 7C at 2 and 3.

The residential inclining block rate is specifically designed for customer/members who consistently use 500 kWh per month or less.²⁷ The rate schedule contains three (3) energy rate steps.²⁸ The first is for usage from 0 - 300 kWh per month and the energy rate is based on a reduction of 1.25 cents per kWh from Owens' energy rate of \$0.08227 kWh when its proposed customer charge reaches \$25.00 per month.²⁹ The second rate step is for usage from 301 - 500 kWh and has an energy rate that is one cent greater than the \$0.08227 rate.³⁰ The third rate step is for usage of 501 kWh or more and is priced at a premium of three cents per kWh over the energy rate for the previous step.³¹ A billing frequency analysis was utilized to determine the number of customer/members that could benefit from the inclining block rate.³² Based upon that analysis, Owen Electric has slightly less than twenty-two thousand (22,000) customer/members whose average monthly electric consumption is 244 kWh per month, and who are candidates to benefit from the inclining block rate.³³

The primary differences in the three (3) farm and home TOD rates is the on-peak and the off-peak hours, and the energy rates.³⁴ The energy rates differ because of the difference in

²⁷Reference is made to Owen Electric's Application at Exhibit 7B at 5 through 12.

²⁸Id. at 6.

²⁹Id.

³⁰Id.

³¹Id.

³²Id. at 10.

³³Id.

³⁴Id. at 5.

energy kWh which is a result of the difference in hours for the on-peak and off-peak periods.³⁵ The three (3) TOD rates are designed to provide customer/members an opportunity to lower their monthly electric bills if they are willing to make changes in their electric consumption patterns.³⁶ The three (3) TOD rates are structured so that customer/members have the choice of selecting the one rate that best fits their lifestyle, thus, providing customer/members with the opportunity to better manage their monthly electric bill and enhance their energy conservation efforts.³⁷ A comprehensive communication and education plan has been developed to inform and assist customer/members in their decision as to which of the four (4) option rate offerings would best benefit them.³⁸

Owen Electric's proposed rate adjustment does not adversely effect its low-income customer/members.³⁹ In Owen Electric's experience, these customer/members have monthly electric bills that are higher than the average customer/member.⁴⁰ The reason being is they live in homes that are typically old, poorly insulated, and have appliances that fail to meet Energy Star standards.⁴¹ This is further confirmed by a study conducted by East Kentucky Power Cooperative that indicated Owen Electric's customer/members who received LIHEAP assistance from 2008 through 2010, used on average 1609 kWh's per month compared to the average customer/members usage of 1237 kWh's

³⁵Id.

³⁶Id. at 6.

³⁷Id.

³⁸Reference is made to Owen Electric's Application at Exhibit 7-D at 2 and 3 and Exhibit 14.

³⁹Reference is made to Owen Electric's Application at Exhibit 7a at 9 and 10.

⁴⁰Id.

⁴¹Id.

per month.⁴² Thus, Owen’s proposed rate adjustment will not be detrimental to its low-income customer/members, and, in fact, will be beneficial to those who receive LIHEAP assistance.⁴³

Moreover, Owen Electric's proposed rate adjustment will not cause a significant increase in the monthly electric bill of its customer/member.⁴⁴ In reviewing a customer/member’s total electric bill at various usage increments for each of the years 2011 through 2015, it shows minimal increases only for those users of 1000 kWh's or less, and an actual reduction in bills for customer/members using 1100 kWh's or more.⁴⁵ Exhibit “1”. Indeed, over the five (5) year period, the customer/members’ bill changes on an annual average of - 0.86%.⁴⁶ Furthermore, of those customer/ member’s whose usage is in the 800 to 1000 kWh range, the largest increase is \$1.00 per year in the first of the five years, with increases of \$.21 cents to \$.68 cents in each of the next three years – a very insignificant amount of the total bill. Id.

Further, Owen Electric’s proposed rate adjustment alleviates the unfair subsidization of low-usage customer/members.⁴⁷ Those low-usage customer/members are typically loads such as boat docks, garages, electric fences, stock tanks, vacation homes, hunting/fishing camps, and barns.⁴⁸ These type loads typically consume very few kWh hours during the course of a year, and usage is

⁴²Id.

⁴³Id.

⁴⁴Reference is made to Mary E. Purvis Rebuttal Testimony at Exhibit 1.

⁴⁵Id.

⁴⁶Reference is made to Mary E. Purvis Rebuttal Testimony at 3 and 4.

⁴⁷Id. at 10.

⁴⁸Id.

sporadic.⁴⁹ Regardless, Owen Electric incurs significant fixed costs to install the minimum system requirements necessary to serve them.⁵⁰ A lower customer charge and higher energy charge results in these low-usage customer/members being subsidized by other Owen Electric customer/members who have above-average usage.⁵¹ In order to mitigate the impact on these low usage customer/members and to encourage them to conserve energy, Owen Electric's proposed rate adjustment includes the inclining block rate which is designed for those members who use less than 500 kWh's per month.⁵² It will allow those customer/members to reduce their monthly electric bill while allowing Owen Electric to recover a higher percentage of its customer related cost through the customer charge.⁵³

ARGUMENT

I.

OWEN ELECTRIC'S PROPOSED RATE ADJUSTMENT IS JUST AND REASONABLE

A. OWEN ELECTRIC HAS MET ITS BURDEN OF PROOF THAT A RATE ADJUSTMENT SHOULD BE APPROVED

KRS 278.190(3) provides that the utility seeking a new schedule of rates has the burden of proof to show that the increased rate is 'just and reasonable'. While those terms are not defined by the statute, the Fifth Amendment of the Constitution protects utility companies from

⁴⁹Id.

⁵⁰Id.

⁵¹Id.

⁵²Id.

⁵³Id.

being limited to a charge that is so ‘unjust’ as to be confiscatory, and allows the Kentucky Public Commission the flexibility to determine what means best suits its needs in balancing the interest of the utility and the public. See, Duquesne Light Co. vs. Barasch, 488 U.S. 299 (1989). Inasmuch as Owen Electric is owned by its customer/members, it is in the best interest of both the Cooperative and its customer/members to change the retail rate design to promote energy efficiency and demand response while maintaining financial stability and integrity. Thus, Owen Electric’s proposed rate adjustment which will gradually realign the customer/member charge to more closely match customer-related costs over a period of time with a corresponding decrease each year in the energy charge is just and reasonable.

B. OWEN ELECTRIC’S PROPOSED RATE ADJUSTMENT UTILIZES A METHODOLOGY THAT HAS BEEN RECOGNIZED BY THE COMMISSION

The Commission has noted in several Orders,⁵⁴ it believes that conservation, energy efficiency and DSM programs are very important, and that all electric energy providers must make them readily available to their customer/members. The Commission has also emphasized “gradualism” in rate design changes, and has stated that increased customer charges are acceptable when supported by a comprehensive DSM program.⁵⁵ Owen Electric's proposed rate adjustment which seeks a higher customer charge to provide some downside protection against revenue erosion

⁵⁴Case No. 2008-00254, *Grayson Rural Electric Cooperative Corporation* (Ky. PSC June 3, 2009); Case No. 2008-00401, *Big Sandy Rural Electric Cooperative Corporation* (Ky. PSC June 3, 2009); Case No. 2008-00030 *Farmers Rural Electric Cooperative* (Ky. PSC June 10, 2009); Case No. 2008-00154 *Owen Electric Cooperative, Inc.* (Ky. PSC June 25, 2009).

⁵⁵Reference is made to James R. Adkins Rebuttal Testimony at 7 and 8; and Case No. 2010-00222, *Meade County RECC* (Ky. PSC February 17, 2011); Case No. 2010-00094, *Northern Kentucky Water District* (Ky. PSC January 7, 2011).

when its energy conservation and DSM programs assist its customer/members to reduce their electric usage and better manage their electric bills has also been recognized by the Commission.⁵⁶

II.

CRITICISM OF OWEN ELECTRIC'S PROPOSED RATE ADJUSTMENT IS WITHOUT MERIT

The Attorney General failed to present any substantive, relevant testimony before the Commission to support its criticism of Owen Electric's proposed rate adjustment. Indeed, its own expert witness, Glenn A. Watkins, acknowledged that Owen's proposed rate design was revenue neutral on a total Cooperative basis.⁵⁷ Nevertheless, the Attorney General argues that to allow a customer charge to climb too high discourages customer/members from conservation efforts they may undertake when, in fact, just the opposite is true. Today, a customer/member's electric bill is roughly 90% based on the volume of energy consumed, while the fixed customer charge comprises roughly 10% of the bill. If Owen Electric's rate proposal is accepted in its entirety, then the volumetric portion of the bill will reduce approximately 2.0% each year and stabilize at about 78% in 2015, while the fixed customer charge will rise to roughly 22% of the bill.⁵⁸ Thus, a customer/member's electric bill will remain heavily volumetrically weighted, and the amount of energy consumed and the conservation efforts of the customer in his use of energy will remain the most important factor in determining the total bill.

⁵⁶Id. at 8; and Case No. 2010-00116, *Delta National Gas Company* (Ky. PSC October 21, 2010).

⁵⁷Reference is made to Attorney General's Prefiled Testimony of Glenn A. Watkins at page 3.

⁵⁸Reference is made to Mark A. Stallons Rebuttal Testimony at 8.

At the same time, the Attorney General fails to acknowledge the fiscal responsibility that Owen Electric has to all of its customer/members to minimize the risk of lost distribution revenue as it moves heavily into DSM, and customer/members begin to better manage their monthly bill and reduce their overall energy consumption. As this Commission found in the Delta Natural Gas Company case⁵⁹ in which a higher customer charge was allowed to provide downside protection against distribution erosion when a cooperative's DSM program assists customer/members to reduce their consumption and better manage their bills, ⁶⁰ increased customer charges are acceptable when supported by a comprehensive DSM program.

Further, the Attorney General's contention that Owen Electric should utilize KRS 278.285 to recover its costs associated with a DSM program, instead of proceeding with "Best Practices" in its proposed rate design, ignores the dramatic changes in the electric utility industry in the past ten (10) years which Owen Electric seeks to address which are much more encompassing than the statute allows. As CEO Stallons explained, first, since the fall of 2008, the economic recession coupled with a depressed housing market has resulted in annual load growth dropping from roughly 3% to 1%, with new housing starts approximately one-third (1/3rd) of where they were in 2007.⁶¹ LIHEAP funds are also being reduced significantly. Second, the cost of coal-fired generation has resulted in increased costs for power supplies from 4 cents per kWh to 7 cents per kWh. Finally, environmental regulations continue to drive retail rates and power bills significantly

⁵⁹Case No. 2010-00116, *Delta National Gas Company* (Ky. PSC October 21, 2010).

⁶⁰Reference is made to James R. Adkins Rebuttal Testimony at page 7.

⁶¹Reference is made to Mark A. Stallons Rebuttal Testimony at page 3.

higher with projected rates to near 15 to 20 cents per kWh on a national basis.⁶² Owen Electric is faced with either ‘doing nothing different’ and ‘keeping on keeping on what always has been done’, as AG’s witness Mr. Watkins proposes, or it can provide a hedge for customer/members against these outside forces by embracing energy innovation and developing a rate implementation plan that will address all of these issues at once, instead of piece-mealing the cost of one DSM project on a project by project basis. Increasing the customer/member charge to more closely match customer-related costs while proposing the four (4) optional rates addresses all these issues while encouraging energy efficiency and DSM.⁶³

Moreover, the Attorney General has repeatedly ignored the proper cost components to be included in the direct costs for connecting a customer/member to the distribution grid for an electric cooperative in its analysis of Owen Electric’s proposed rate adjustment. Notably, its expert, Mr. Watkins, has no experience in cost studies involving cooperatives as his ‘expertise’, he acknowledged, was evaluating investor-owned utilities and/or municipal utilities with higher customer densities than typical cooperatives.⁶⁴ Investor-owned utilities and power marketers are completely different than electric cooperatives in regard to determining applicable customer charges because their assets and services are spread over more customers with less, or no miles of electric lines.⁶⁵ While IOU’s typically have 35 customers per mile, Owen Electric has only 12.75 customers

⁶² Id.

⁶³See, C.H. Guernsey, “Rate Design Modifications That Encourage Efficiency” at OEC’s Reply to Commission’s Staff second information request, Item No. 2, page 30 and 46.

⁶⁴Reference is made to Attorney General’s Prefiled Testimony of Glenn A. Watkins at pages 8 and 18.

⁶⁵Reference is made to Mark Stallons Rebuttal testimony at 7.

per mile. Furthermore, Mr. Watkins ignores the fact that a cooperative's direct customer costs would include a new meter, a new service drop, **and** the customer-related component of a transformer, in addition to the other expenses he does acknowledge attendant with electric service. As OEC expert witness James R. Atkins commented, "I have never seen service provided to a customer without a transformer being present."⁶⁶ Thus, the Attorney General's criticism of Owen Electric's proposed rate adjustment is not credible when the individual components of its 'objections' are analyzed.

III.

THE PROPOSED RATE ADJUSTMENT SHOULD BE APPROVED BY THE COMMISSION

"With the changes to our business environment that are likely to occur in the near future, the time is ripe to revise our retail rates to create the right environment for energy efficiency and conservation, and align the cooperative's financial interests with those of its members. We can't do much to change the cards that we are being dealt but we do have responsibility for how we play the hand." Marty Blake, Principal, The Prime Group, LLC⁶⁷. Without a doubt, Owen Electric seeks to 'play the hand' it has been dealt in a way that actively and aggressively promotes energy conservation and efficiency for the benefit of its customer/members and the Cooperative with its proposed rate adjustment that can be implemented over a five (5) year period. With an increased customer charge over a period of several years, coupled with a corresponding decrease in the energy

⁶⁶Reference is made to James R. Adkins Rebuttal testimony at page 2 - 3.

⁶⁷National Rural Electric Cooperative Association, Exhibit 2 to OEC Rebuttal testimony of Mary E. Purvis

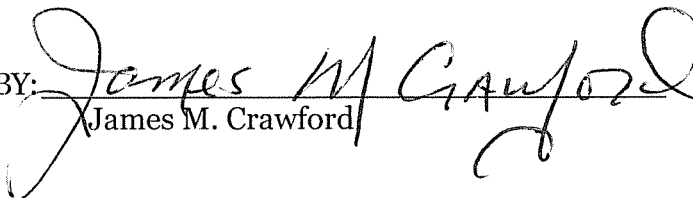
charge, the revenue neutral rate plan is just and reasonable. With a gradual change in the rates, the yearly impact to Owen Electric customer/members is minimized. At the same time, Owen Electric is being proactive in changing its current rate design because it will not support energy efficiency and DSM activities, nor provide downside protection against revenue erosion as its customer/members are encouraged to be more energy efficient. Accordingly, Owen Electric requests the Commission to approve its proposed rate adjustment.

CONCLUSION

For the reasons cited herein, Owen Electric Cooperative, Inc., requests the Public Service Commission of Kentucky to grant its Application for an adjustment of rates in accordance with its proposed tariff filed with its Application.

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS AT LAW
523 Highland Avenue
P.O. Box 353
Carrollton, Kentucky 41008
Phone: (502) 732-6688
Fax: (502) 732-6920
E-Mail: CBJ523@aol.com

Attorney for
Owen Electric Cooperative, Inc.

BY: 
James M. Crawford

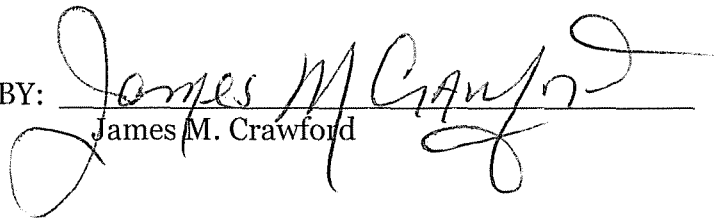
CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was mailed on this the 16th day of December, 2011, to:

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Hon. Quang Nguyen
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Hon. Jennifer Black Hans
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

BY: 
James M. Crawford

kWh	Current	2011			2012			2013			2014			2015		
		Bill	Change	% change	Bill	Change	% change	Bill	Change	% change	Bill	Change	% change	Bill	Change	% change
800	\$ 87.12	\$ 88.12	\$ 1.00	1.14%	\$ 88.80	\$ 0.68	0.77%	\$ 89.46	\$ 0.67	0.75%	\$ 90.14	\$ 0.68	0.76%	\$ 90.82	\$ 0.68	0.75%
900	\$ 96.60	\$ 97.26	\$ 0.66	0.68%	\$ 97.71	\$ 0.45	0.46%	\$ 98.15	\$ 0.44	0.45%	\$ 98.60	\$ 0.45	0.46%	\$ 99.04	\$ 0.45	0.45%
1000	\$ 106.08	\$ 106.40	\$ 0.32	0.30%	\$ 106.62	\$ 0.22	0.21%	\$ 106.83	\$ 0.21	0.20%	\$ 107.05	\$ 0.22	0.21%	\$ 107.27	\$ 0.22	0.21%
1100	\$ 115.56	\$ 115.54	\$ (0.02)	-0.02%	\$ 115.53	\$ (0.01)	-0.01%	\$ 115.51	\$ (0.02)	-0.02%	\$ 115.51	\$ (0.01)	-0.01%	\$ 115.50	\$ (0.01)	-0.01%
1200	\$ 125.04	\$ 124.68	\$ (0.36)	-0.28%	\$ 124.44	\$ (0.24)	-0.19%	\$ 124.20	\$ (0.25)	-0.20%	\$ 123.96	\$ (0.24)	-0.19%	\$ 123.72	\$ (0.24)	-0.19%
1300	\$ 134.51	\$ 133.82	\$ (0.69)	-0.52%	\$ 133.36	\$ (0.46)	-0.35%	\$ 132.88	\$ (0.48)	-0.36%	\$ 132.42	\$ (0.46)	-0.35%	\$ 131.95	\$ (0.46)	-0.35%
1400	\$ 143.99	\$ 142.96	\$ (1.03)	-0.72%	\$ 142.27	\$ (0.69)	-0.48%	\$ 141.56	\$ (0.71)	-0.50%	\$ 140.87	\$ (0.69)	-0.49%	\$ 140.18	\$ (0.69)	-0.49%
1500	\$ 153.47	\$ 152.10	\$ (1.37)	-0.89%	\$ 151.18	\$ (0.92)	-0.60%	\$ 150.25	\$ (0.94)	-0.62%	\$ 149.33	\$ (0.92)	-0.61%	\$ 148.41	\$ (0.92)	-0.62%
1600	\$ 162.95	\$ 161.24	\$ (1.71)	-1.05%	\$ 160.09	\$ (1.15)	-0.71%	\$ 158.93	\$ (1.16)	-0.73%	\$ 157.78	\$ (1.15)	-0.72%	\$ 156.63	\$ (1.15)	-0.73%
1700	\$ 172.43	\$ 170.38	\$ (2.05)	-1.19%	\$ 169.00	\$ (1.38)	-0.81%	\$ 167.61	\$ (1.39)	-0.82%	\$ 166.24	\$ (1.38)	-0.82%	\$ 164.86	\$ (1.38)	-0.83%
1800	\$ 181.90	\$ 179.52	\$ (2.38)	-1.31%	\$ 177.92	\$ (1.60)	-0.89%	\$ 176.29	\$ (1.62)	-0.91%	\$ 174.69	\$ (1.60)	-0.91%	\$ 173.09	\$ (1.60)	-0.92%
1900	\$ 191.38	\$ 188.66	\$ (2.72)	-1.42%	\$ 186.83	\$ (1.83)	-0.97%	\$ 184.98	\$ (1.85)	-0.99%	\$ 183.15	\$ (1.83)	-0.99%	\$ 181.31	\$ (1.83)	-1.00%
2000	\$ 200.86	\$ 197.80	\$ (3.06)	-1.52%	\$ 195.74	\$ (2.06)	-1.04%	\$ 193.66	\$ (2.08)	-1.06%	\$ 191.60	\$ (2.06)	-1.06%	\$ 189.54	\$ (2.06)	-1.08%
2100	\$ 210.34	\$ 206.94	\$ (3.40)	-1.62%	\$ 204.65	\$ (2.29)	-1.11%	\$ 202.34	\$ (2.31)	-1.13%	\$ 200.06	\$ (2.29)	-1.13%	\$ 197.77	\$ (2.29)	-1.14%
2200	\$ 219.82	\$ 216.08	\$ (3.74)	-1.70%	\$ 213.56	\$ (2.52)	-1.16%	\$ 211.03	\$ (2.54)	-1.19%	\$ 208.51	\$ (2.52)	-1.19%	\$ 205.99	\$ (2.52)	-1.21%
2300	\$ 229.29	\$ 225.22	\$ (4.07)	-1.78%	\$ 222.48	\$ (2.74)	-1.22%	\$ 219.71	\$ (2.77)	-1.24%	\$ 216.97	\$ (2.74)	-1.25%	\$ 214.22	\$ (2.74)	-1.26%
2400	\$ 238.77	\$ 234.36	\$ (4.41)	-1.85%	\$ 231.39	\$ (2.97)	-1.27%	\$ 228.39	\$ (3.00)	-1.29%	\$ 225.42	\$ (2.97)	-1.30%	\$ 222.45	\$ (2.97)	-1.32%
2500	\$ 248.25	\$ 243.50	\$ (4.75)	-1.91%	\$ 240.30	\$ (3.20)	-1.31%	\$ 237.08	\$ (3.22)	-1.34%	\$ 233.88	\$ (3.20)	-1.35%	\$ 230.68	\$ (3.20)	-1.37%
2600	\$ 257.73	\$ 252.64	\$ (5.09)	-1.97%	\$ 249.21	\$ (3.43)	-1.36%	\$ 245.76	\$ (3.45)	-1.39%	\$ 242.33	\$ (3.43)	-1.39%	\$ 238.90	\$ (3.43)	-1.41%
2700	\$ 267.21	\$ 261.78	\$ (5.43)	-2.03%	\$ 258.12	\$ (3.66)	-1.40%	\$ 254.44	\$ (3.68)	-1.43%	\$ 250.79	\$ (3.66)	-1.44%	\$ 247.13	\$ (3.66)	-1.46%
2800	\$ 276.68	\$ 270.92	\$ (5.76)	-2.08%	\$ 267.04	\$ (3.88)	-1.43%	\$ 263.12	\$ (3.91)	-1.46%	\$ 259.24	\$ (3.88)	-1.48%	\$ 255.36	\$ (3.88)	-1.50%
2900	\$ 286.16	\$ 280.06	\$ (6.10)	-2.13%	\$ 275.95	\$ (4.11)	-1.47%	\$ 271.81	\$ (4.14)	-1.50%	\$ 267.70	\$ (4.11)	-1.51%	\$ 263.58	\$ (4.11)	-1.54%
3000	\$ 295.64	\$ 289.20	\$ (6.44)	-2.18%	\$ 284.86	\$ (4.34)	-1.50%	\$ 280.49	\$ (4.37)	-1.53%	\$ 276.15	\$ (4.34)	-1.55%	\$ 271.81	\$ (4.34)	-1.57%
Annual Average	\$ 191.38	\$ 188.66	\$ (2.72)	-1.43%	\$ 186.83	\$ (1.83)	-0.78%	\$ 184.98	\$ (1.85)	-0.80%	\$ 183.15	\$ (1.83)	-0.80%	\$ 181.31	\$ (1.83)	-0.81%

