



Matthew G. Bevin
Governor

Charles G. Snaveley
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

NEWS RELEASE

Contact: Andrew Melnykovich
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovich@ky.gov

PSC Grants Rate Increase to Inter-County Energy *Typical residential customer will see average monthly bill increase by about \$9*

FRANKFORT, Ky. (Jan. 28, 2019) – The Kentucky Public Service Commission (PSC) has granted Inter-County Energy Cooperative Corp. a revenue increase slightly smaller than the amount requested by the electric distribution cooperative.

The increase means that a typical Inter-County Energy residential customer will see the average monthly electric bill rise by about \$8.99, or about 8.3 percent. That includes a \$6.23 increase in the monthly customer charge, to \$15.20 from the current \$8.97, as proposed by Inter-County Energy. The average monthly residential bill will increase to \$117.64, up from \$108.65.

The new rates took effect Friday, Jan. 25, with the issuance of the PSC's final order in the case. Inter-County Energy's last rate increase took effect in May 2007.

Inter-County Energy, in an application filed in May 2018, requested an additional \$3.198 million in annual revenue. After analyzing Inter-County Energy's finances, the PSC agreed that additional revenue was needed in order to maintain the utility's financial health and to allow it to meet its obligations to its lenders.

However, the PSC disallowed certain costs, notably what it characterized as excessively generous retirement and health benefits. On the other hand, the PSC allowed Inter-County Energy to recover costs incurred in making repairs to its system following a March 2018 snowstorm that knocked out power to nearly half of its customers.

The adjustments made by the PSC produced an annual revenue increase of \$3.068 million, or \$130,000 less than requested, yielding a total annual revenue of \$46.37 million.

Inter-County Energy has about 26,245 customers in 12 central Kentucky counties: Boyle, Casey, Garrard, Larue, Lincoln, Madison, Marion, Mercer, Nelson, Rockcastle, Taylor and Washington. It is one of 16 electric distribution cooperatives that together own and purchase power from the East Kentucky Power Cooperative.

In seeking the rate increase, Inter-County Energy stated that it needed additional revenue 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 PSC agreed that an increase was justified, but also noted Inter-County Energy had waited too long to seek a rate adjustment.

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“Inter-County Energy should not wait until it is on the verge of defaulting on lender obligations to request an increase,” the PSC said in its order, noting that too-infrequent rate adjustments yield larger increases that are harder for customers to bear.

The PSC added that it is working to streamline the rate adjustment process for electric distribution cooperatives such as Inter-County Energy, and encouraged the utility to take advantage of the easier procedure in the future.

In part because there were no other parties to the case, the PSC found that it was not necessary to conduct an evidentiary hearing on Inter-County Energy’s application. The case was decided based on the written record.

That record, including Friday’s final order, is available on the PSC website, psc.ky.gov. The case number is 2018-00129.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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