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NEWS RELEASE

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PSC Grants Rate Increase to Big Sandy RECC

Typical residential customer will see average monthly bill increase by about \$7

FRANKFORT, Ky. (Apr. 30, 2018) – The Kentucky Public Service Commission (PSC) has granted Big Sandy Rural Electric Cooperative Corp. (Big Sandy RECC) a revenue increase slightly larger than the amount requested by the electric distribution cooperative.

With the rate increase granted by the PSC, a typical Big Sandy RECC residential customer will see their average monthly electric bill rise by about \$7. That includes a \$6.25 increase in the monthly customer charge, to \$21.25 from the current \$15, as proposed by Big Sandy RECC.

The new rates took effect Thursday, April 26, with the issuance of the PSC's final order in the case. Big Sandy RECC's last rate increase was in October 2012.

In that order, the PSC granted Big Sandy RECC an increase in annual revenue of just over \$1 million. The utility had requested a revenue increase of \$927,642.

However, in analyzing Big Sandy RECC's finances, the PSC found 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.

Big Sandy RECC has nearly 13,000 customers in eight eastern Kentucky counties: Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin and Morgan. 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 October 2017, Big Sandy RECC 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 made several adjustments to the revenue amount requested by Big Sandy RECC, with the largest involving the proper accounting of flood disaster recovery payments received by the utility from the Federal Emergency Management Agency. When combined with other adjustments, the net effect was a revenue increase larger than requested by Big Sandy RECC.

The PSC also made some changes to the allocation of the revenue increase to different classes of commercial and industrial customers in order to better reflect the cost of providing service to those customers.

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Finally, the PSC granted Big Sandy RECC's request to extend the time that customers have to pay their bills from the date of the bill. It will now be 20, rather than 15, days.

The PSC conducted a public evidentiary hearing on Big Sandy RECC's application on March 27. There were no other parties to the case.

The April 26 final 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 2017-00374.

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.

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