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NEWS RELEASE

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PSC Allows Jackson Energy to Restructure Rates

Shift is designed to stabilize, not increase, revenue

FRANKFORT, Ky. (June 10, 2019) – The Kentucky Public Service Commission (PSC) has allowed Jackson Energy Cooperative Corp. to restructure its rates by increasing the monthly residential customer charge while decreasing the cost per kilowatt-hour of electricity.

In an order issued today, the PSC found that Jackson Energy's proposed changes will not alter the utility's overall revenue and will provide a steadier income stream in the face of consumption changes caused by weather fluctuations or economic decline in the utility's service territory.

With the new rates, which take effect today, Jackson Energy's monthly residential customer charge will increase from \$16.44 to \$24, while the charge per kilowatt-hour (kWh) will drop from 9.591 cents to 8.882 cents. (A kilowatt-hour is the amount of electricity used by a 100-watt lightbulb in 10 hours.)

The new rates are designed to produce no change in the total bill for a residential customer using 1,066 kWh per month, which is the average monthly consumption for Jackson Energy's residential customers. Under the new rate structure, below-average monthly consumption will result in slightly higher bills, while above-average usage will produce slightly lower bills.

The PSC noted that the change will benefit low-income customers who receive assistance in paying their electric bills. Those customers have average monthly electric usage of 1,238 kWh, which is about 16 percent higher than the overall average.

Jackson Energy's rate case is the first concluded under a streamlined pilot process instituted by the PSC in March for electric distribution cooperatives. The simplified process is intended to reflect the fact that distribution cooperatives do not generate or transmit the bulk of the electricity they supply to their customers, and thus have less complex financial structures than utilities that produce and transmit electric power.

Jackson Energy serves about 51,500 customers in Breathitt, Clay, Estill, Jackson, Laurel, Lee, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski, Rockcastle and Wolfe counties in eastern Kentucky. It is one of 16 distribution cooperatives that purchase power from and jointly own East Kentucky Power Cooperative.

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In today's order, the PSC stated that the changed rate structure not only will stabilize Jackson Energy's rates, but also will more closely reflect the cost of providing service to its customers.

"This Commission consistently has been in favor of raising the customer charge in utility rate cases to reflect the fixed costs inherent in providing utility service," the PSC said.

Jackson Energy submitted a study showing that the actual fixed cost of serving a residential customer could justify a monthly customer charge of \$31.95. The utility stated that residential customers, who provide about three-fourths of Jackson Energy's total revenue, are the only customer class subsidized by other customer classes.

Rates for other types of customers will not change.

The only other party to the case was the Kentucky Office of Attorney General.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2019-00066. The case establishing the streamlined rate process is 2018-00407.

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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