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NEWS RELEASE

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PSC Grants Rate Increase to Shelby Energy

Typical residential customer will see average monthly bill increase by \$7.90

FRANKFORT, Ky. (Aug. 3, 2017) – The Kentucky Public Service Commission (PSC) has granted the Shelby Energy Cooperative a revenue increase that is nearly the same as the amount requested by the electric distribution cooperative.

With the rate increase granted by the PSC, a typical Shelby Energy residential customer will see their average monthly electric bill rise by about \$7.90 (6.1 percent), from \$128.90 to \$136.80. That includes a \$4.86 increase in the monthly customer charge, to \$15 from the current \$10.14, as proposed by Shelby Energy.

The new rates took effect Monday, with the issuance of the PSC's final order in the case.

In that order, the PSC granted Shelby Energy an increase in annual revenue of nearly \$2 million, slightly below the amount requested by the utility in its application.

Shelby Energy has about 16,000 customers in ten central Kentucky counties: Anderson, Carroll, Franklin, Henry, Jefferson, Oldham, Owen, Shelby, Spencer and Trimble. 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 February, Shelby Energy sought to increase annual revenue by slightly less than \$2 million. The cooperative's application stated that the additional revenue was needed 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 Shelby Energy, including disallowing a portion of the costs of health, dental and retirement benefits provided by the utility to its employees. When combined with other adjustments, the net effect was to produce a revenue increase only marginally different from the amount requested by Shelby Energy.

The PSC denied an increase in the monthly service charge to the utility's largest customers because it could not be justified based on the cost of providing service to those customers. The PSC also ordered Shelby Energy to clarify the billing format for customers using prepaid meters.

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PSC Grants Rate Increase to Shelby Energy – Page 2

The PSC conducted a public evidentiary hearing on Shelby Energy's application on June 15, 2017. There were no other parties to the case.

The July 31 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 2016-00434.

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 75 employees.

-30-

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