

February 2010

Shelby Energy Member



## **Rate increase requested**

Just as the increasing costs of energy are impacting your budget, rising costs are having a dramatic effect on Shelby Energy's budget too. Rising costs for materials, vehicle fuel and many other expenses have been rising steadily the last few years.

Shelby Energy has held its rates steady for more than 26 years, but as a not-for-profit cooperative we must pass the increased cost of doing business to members. As I mentioned in the September edition of Kentucky Living, we can no longer absorb these increased costs. That's why Shelby Energy filed a request at the end of December with the Kentucky Public Service Commission (PSC) to increase our rates in the next few months.

If the request is approved, the proposed rate increase would add approximately 4 percent to the bill of the average co-op member currently on General Service Rate 1 and approximately 14-15 percent to the bill of the average co-op member currently on Optional Service Rate 10. The rate increase will take effect July or August 2010 with a total growth to revenue of 6.2 percent. The PSC will hold public hearings and collect detailed information before making a final decision.

It is important to remember, that despite the rate increase request, electricity rates remain a good value.

Over the past 20 years, gasoline has skyrocketed more than 150 percent. In the fall of 2008, gas neared \$4 per gallon. That's 300 percent higher than the average price 20 years ago.

Postage stamps are up 68 percent. Even a gallon of milk is 62 percent higher than two decades ago. Electricity is up about 42 percent over the past 20 years. During that time, inflation has gone up 82 percent.

We've made a concerted effort to operate as efficiently as possible, and we hope our members will appreciate that we've held our rates steady for such an extended period of time. We are aware our membership has realized other increases to their electric bill over the past several years resulting from "flow-through" rate adjustments from our power supplier along with increases to the fuel adjustment factor and the environmental surcharge. None of the funds collected from these increases have benefited Shelby Energy financially, but rather are passed on directly to our power supplier, East Kentucky Power.

We've been able to take advantage of the growth on our distribution system, lower interest rates and improved operational efficiencies made by our employees and our vendors to maintain our rates. Unfortunately, we can no longer absorb the increase in expenses without jeopardizing employee and member safety, service reliability and financial stability.

Please remember that Shelby Energy is here to assist our members through energy efficiency and conservation efforts to help save on their electric bill. We offer programs such as home energy audits, Button-up, Levelized Billing and Budget Billing options. Visit our website [www.shelbyenergy.com](http://www.shelbyenergy.com) and click on Simple Savers Easy Energy Tips for illustrated bulletins on how to conserve energy and save money with inexpensive repairs.

As Shelby Energy moves forward into 2010, the Board, management and employees commit to meeting the needs of our members while operating the system in a safe, efficient and reliable manner. We will work towards providing cost-effective energy service and keeping our rates as low as possible for the future.

Debbie Martin  
President & CEO