

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FLEMING-MASON ENERGY)
COOPERATIVE, INC. FOR AN ORDER)
AUTHORIZING A CHANGE IN RATE DESIGN)
FOR ITS RESIDENTIAL RATE CLASSES AND) CASE NO. 2012-00369
THE OFFERING OF SEVERAL OPTIONAL RATE)
DESIGNS FOR THE RESIDENTIAL RATE)
CLASSES)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

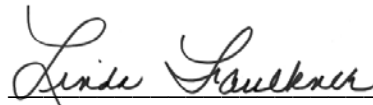
- The digital video recording of the evidentiary hearing conducted on April 24, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on April 24, 2013 in this proceeding;
- The written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on April 24, 2013.

A copy of this Notice, the certification of the digital video record, exhibit list, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2012-

[00369/2012-00369_24Apr13_Inter.asx](#). Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2012%20cases/2012-00369/>.

Done at Frankfort, Kentucky, this 30th day of April 2013.

A handwritten signature in cursive script, reading "Linda Faulkner", written in black ink. The signature is positioned above a horizontal line.

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

Chris Pery
President and CEO
Fleming-Mason Energy Cooperative, Inc.
1449 Elizaville Road
P. O. Box 328
Flemingsburg, KY 41041

Honorable Marvin W Suit
Attorney At Law
Suit, McCartney & Price, PLLC
207 Court Square
Flemingsburg, KENTUCKY 41041

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

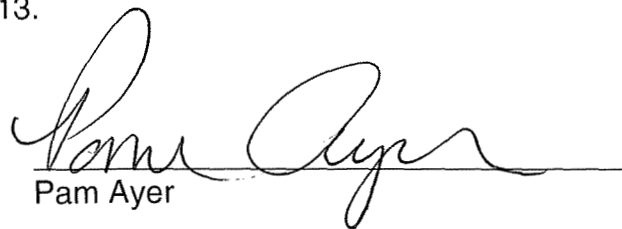
APPLICATION OF FLEMING-MASON ENERGY)
COOPERATIVE, INC. FOR AN ORDER)
AUTHORIZING A CHANGE IN RATE DESIGN) CASE NO.
FOR ITS RESIDENTIAL RATE CLASSES AND) 2012-00369
THE OFFERING OF SEVERAL OPTIONAL RATE)
DESIGNS FOR THE RESIDENTIAL RATE)
CLASSES)

CERTIFICATE

I, Pam Ayer, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **April 24, 2013**. Hearing Log and Witness List are included with the recording on **April 24, 2013**.
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **April 24, 2013** and the time at which each occurred.

Given this 25th day of April 25, 2013.


Pam Ayer



Session Report - Detail

2012-00369_24Apr13

Fleming-Mason Energy
Cooperative, Inc.

Date:	Type:	Location:	Department:
4/24/2013	General Rates	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Jim Gardner
 Clerk: Pam Ayer

Event Time	Log Event
10:06:19 AM	Session Started
10:06:23 AM	Preliminary Remarks Note: Ayer, Pam
	Chairman David Armstrong welcomed participants to the hearing and introduced Vice Chairman Jim Gardner. He introduced Marvin W. Suit representing Fleming-Mason Energy Cooperative, Inc. and Faith Burns (PSC). Ms. Burns introduced PSC staff Leah Faulkner, Jim Livers, and John Shupp.
10:07:26 AM	Outstanding Motions, Public Notice Note: Ayer, Pam
	No outstanding motions and Public Notice was given. (F. Burns)
10:08:40 AM	Chairman Armstrong asked for Public Comment Note: Ayer, Pam
	Jeff Auxier, KY Solar Energy Society, was present to comment.
10:09:13 AM	Camera Lock Camera 8 Activated
10:09:14 AM	Jeff Auxier (KY Solar Energy Society) Note: Ayer, Pam
	Submitted written comment to the parties.
10:10:02 AM	Exhibit 1 Note: Ayer, Pam
	Comments of Kentucky Solar Energy Society
10:10:55 AM	Jeff Axier (KY Solar Energy Society) Note: Ayer, Pam
	Raised concerns about Fleming-Mason's proposed default residential tariff and residential tariff options.
10:18:00 AM	Chairman Armstrong Note: Ayer, Pam
	Chairman Armstrong swore in James Adkins, witness for Fleming-Mason.
10:20:03 AM	Camera Lock Deactivated
10:20:52 AM	Examination by Marvin W. Suit (Fleming-Mason) Note: Ayer, Pam
	Qualification of James Adkins (Fleming-Mason). Witness adopts prefiled testimony in this case.
10:22:03 AM	Examination by Ms. Burns (PSC) Note: Ayer, Pam
	Questions regarding proposed rates. (Adkins)
10:23:21 AM	Post Hearing Data Request 1 Note: Ayer, Pam
	Develop a model to indicate the magnitude of revenue loss due to customer shifting to the inclining block rate.
10:23:44 AM	Examination by Ms. Burns (PSC) Note: Ayer, Pam
	Questions regarding time-of-day customer charges and free rider problem. (Adkins) Question regarding Item 6, Staff's First Data Request, time-of-day rate calculation. (Adkins) Clarification of two different numbers regarding declining block rate in Application and Staff's First Data Request. (Adkins)
10:28:55 AM	Post Hearing Data Request 2 Note: Ayer, Pam
	Calculation of what the Time of Day rates would be if they included customer charge that is no higher than the \$18.36 indicated in the revised Cost of Service Study.

10:29:18 AM	Examination by Vice Chairman Gardner Note: Ayer, Pam	Does EKPC have time-of-day rates? (Adkins) Do they match up with Fleming-Mason? (Adkins) Does the record contain what EKPC's on peak hours are? (Adkins) EKPC bills Fleming Mason a rate different? (Adkins) Questions regarding difference in on-peak and off-peak rates between EKPC and Fleming-Mason. (Adkins)
10:35:21 AM	Post Hearing Data Request 3 Note: Ayer, Pam	Number of customers who have demand meters.
10:35:37 AM	Examination by Vice Chairman Gardner Note: Ayer, Pam	Questions regarding how demand is measured. (Adkins) Question regarding Page 7, Question 20 regarding how demand charges for certain classes work. (Adkins) How does EKPC know what customers use? (Adkins) Is there a different sub station for each customer? (Adkins)
10:39:53 AM	Chairman Armstrong asked for redirect Note: Ayer, Pam	No redirect
10:40:13 AM	Chairman Armstrong Note: Ayer, Pam	Chairman Armstrong swore in Joni Hazelrigg, witness for Fleming-Mason.
10:40:57 AM	Examination by Marvin Suit (Fleming-Mason) Note: Ayer, Pam	Qualification of witness Joni Hazelrigg (Fleming-Mason). Hazelrigg adopts pre-filed testimony.
10:41:43 AM	Examination by Faith Burns (PSC) Note: Ayer, Pam Note: Ayer, Pam Note: Ayer, Pam Note: Ayer, Pam Note: Ayer, Pam	Is witness aware of at least three letters received by the PSC? (Hazelrigg) Question regarding what members were told about proposed rate change. (Hazelrigg) Questions regarding Four Member Advisory Committees. (Hazelrigg) Did committee include discussion regarding rate change? (Hazelrigg) Level of interest by committees? (Hazelrigg) Question regarding Item 7, First Data Request - Is Fleming Mason developing prepaid metering program? (Hazelrigg) Question regarding education and communication plans? (Hazelrigg) Asked about members' questions regarding proposed rate change. (Hazelrigg)
10:51:28 AM	Chairman Armstrong called next witness. Note: Ayer, Pam	Chairman Armstrong swore in Chris Perry, witness for Fleming-Mason.
10:52:16 AM	Examination by Marvin Suit Note: Ayer, Pam	Qualification of Chris Perry (Fleming-Mason). Witness adopts pre-filed testimony as submitted.
10:53:12 AM	Examination by Faith Burns (PSC) Note: Ayer, Pam Note: Ayer, Pam Note: Ayer, Pam	Question regarding Ex. 7-A, Question 10 - revenue neutral rate design specifically phased in or two step design. Has Fleming-Mason considered a two-step approach? (Perry) Question about causes of low growth. (Perry) Questions regarding rate design modifications and comprehensive DSM surcharge. (Perry) Questions regarding pages 3-5 of Perry's' testimony - summarize programs. (Perry) Any new programs? (Perry) Does Fleming-Mason agree to report its DSM activities? (Perry) Questions regarding certainty in earning report and capital credits. (Perry) Questions regarding rate increase in near future. (Perry)

11:11:37 AM	Examination by VC Gardner Note: Ayer, Pam	Questions regarding billing demand and demand meters. (Perry) Questions regarding customers who have demand meters and receive demand charges. (Perry) Questions regarding more than one customer per substation. (Perry) Question regarding demand charge based on usage if there are more than one demand meter per customer. (Perry) What was customer charge before before 10-83?
11:19:44 AM	Post Hearing Data Request 4 Note: Ayer, Pam	Customer charge before the \$10.63 (in 2007).
11:20:16 AM	Post hearing Data Request 5 Note: Ayer, Pam	A chart from 2007-2012 indicating the kWh by class and the number of customers in each class.
11:20:43 AM	Examination by Vice Chair Gardner Note: Ayer, Pam	Question regarding additional DSM programs. (Perry)
11:21:23 AM	Post Hearing Date Request 6 Note: Ayer, Pam	DSM programs - the programs they do and how many participants in each of those programs.
11:21:43 AM	Post Hering Data Request 7 Note: Ayer, Pam	How much does each DSM program cost per program?
11:22:40 AM	Examination by V.C. Gardner Note: Ayer, Pam	Questions regarding load control and AMI. (Perry) Does EKPC offer any program(s) that Fleming-Mason does not. (Perry)
11:24:13 AM	Examination by Chairman Armstrong Note: Ayer, Pam	Questions regarding feedback from members' advisory committees. (Perry) Number of meetings per year? (Perry)
11:26:09 AM	Examination by Faith Burns (PSC) Note: Ayer, Pam	Questions about EKPC's collaborative that discusses DSM. What is Fleming-Mason's role? (Perry)
11:27:41 AM	Armstrong asked for redirect Note: Ayer, Pam	No redirect.
11:28:02 AM	Chairman Armstrong Note: Ayer, Pam	Fleming-Mason shall submit responses to Post Hearing Data Requests on or before May 3, 2013.
11:29:05 AM	Chairman Armstrong Note: Ayer, Pam	Closing remarks.
11:29:31 AM	Hearing is adjourned.	
11:30:32 AM	Session Ended	



Exhibit List Report

2012-00369_24Apr13

Fleming-Mason Energy
Cooperative, Inc.

Name:	Description:
Public Comment (Kentucky Solar Energy Society)	Written comment presented by Kentucky Solar /energy Society during Public Comment segment of hearing

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF FLEMING-MASON)
ENERGY COOPERATIVE, INC. FOR AN)
ORDER AUTHORIZING A CHANGE IN) CASE NO.
RATE DESIGN FOR ITS RESIDENTIAL RATE) 2012-00369
CLASSES, AND THE OFFERING OF)
SEVERAL OPTIONAL RATE DESIGNS FOR)
THE RESIDENTIAL RATE CLASSES)

COMMENTS OF KENTUCKY SOLAR ENERGY SOCIETY

The Kentucky Solar Energy Society (KySES) promotes efficiency, conservation, and renewable energy. Its members have sold and marketed solar energy systems in the Fleming-Mason service area. KySES respectfully comments regarding:

- 1) Fleming Mason Energy Cooperative, Inc.'s request to change its default residential tariff and;
- 2) its offering of new residential tariff options.

PROPOSED DEFAULT RESIDENTIAL TARIFF

On its proposed default residential tariff, Fleming-Mason wants to raise its flat monthly service charge from \$10.38 to \$15.00 and lower its kWh price from \$0.08832 / kWh to \$0.08431 / kWh. Such a proposal exactly contradicts proper and rational public policy on efficiency and

sets unsound precedent.

Fleming Mason's proposed rate structure punishes – one might even say “robs” - customers who have advanced the good societal goal of investing in efficiency improvements. These customers and other ratepayers deserve security in their efficiency and renewable energy investments. Fleming-Mason seeks injustice by lessening these customers' returns. Rational, just policy rewards members of society who act toward good societal goals – it does not punish them as Fleming-Mason's proposed default rate structure does.

As is always the case when utilities want to increase their monthly service charges and keep their energy price low, Fleming Mason's proposal also:

- unreasonably discourages future private investments in efficiency;
- unjustly reward wasteful users of energy;
- unfairly impacts most those who use energy sparingly (i.e. – the poor, the elderly, and the efficiency-minded) and
- slows the deployment of renewables and distributed generation.

Utility rates should be structured to encourage private investment in efficiency, as such structures effectively promote efficiency at least cost

to ratepayers.

NEW OPTIONAL RESIDENTIAL TARIFFS

Fleming-Mason has also offered time of day and inclining block rate pricing structures. KySES appreciates more options but again opposes the flat rate increases contained within these structures. KySES also questions how many customers will use the alternative options. The penalties for using a peak kWh or a higher block rate are a bit higher than the benefits from using a non-peak kWh or a lower block rate. Saving money under these options will require focused and consistent diligence on the part of a ratepayer. The structures are likely a fair bit of trouble for little if any gain.

With respect to the on-peak / off-peak rate option, Fleming-Mason set no rate in its proposed tariff for Saturday and Sunday in either summer or winter season. It also seems improper to have a \$20 / month service charge.

With respect to the inclining block rate structure, penalty rate peaks in the winter and summer will offset lower rate savings in the spring and fall months, assuming customers are using air conditioning and electric heat. KySES nonetheless believes that the inclining block rate structure

is probably a more attractive and effective option than the on-peak / off-peak structure.

KySES hopes to learn how many customers will choose the new optional rates and requests that the Commission have Fleming-Mason track, record, and report how many customers do so. Such information may help craft good policy in subsequent rate cases.

Respectfully submitted this 23rd day of April, 2013

Kentucky Solar Energy Society

By 

Jeff Auxier / Chair
jeff@kyses.com
2056 S. Preston St.
Louisville, KY 40217
Tel. 502-634-1004