COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SHELBY ENERGY COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES PURSUANT TO STREAMLINED PROCEDURE PILOT PROGRAM ESTABLISHED IN CASE NO. 2018-00407	)))))	CASE NO. 2023-00213

O R D E R

On August 4, 2023, Shelby Energy Cooperative Inc. (Shelby Energy), pursuant to the amended "streamlined procedure" established in Case No. 2018-00407,[1] filed an application seeking a general adjustment in its rates, with a proposed effective date of September 4, 2023.[2] By Order dated August 17, 2023, the Commission accepted Shelby Energy's application pursuant to the "streamlined procedure" established in Case No. 2018-00407. The Commission, pursuant to KRS 278.190(2), also suspended the effective date of the proposed rates for five months, up to and including February 3, 2024. In addition, the August 17, 2023 Order established a procedural schedule for processing this case. Pursuant to the "streamlined procedure," the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General) was made a party to the case.

The Attorney General is the only intervenor in the case. Shelby Energy responded to one request for information from Commission Staff and one request for information

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[1] Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec. 20, 2019).

[2] Application at 5.

from the Attorney General. On September 19, 2023, both the Attorney General and Shelby Energy filed comments on Shelby Energy's application.

BACKGROUND

Shelby Energy is a non-profit, member-owned, rural electric distribution cooperative organized and existing under KRS Chapter 279. Shelby Energy is engaged in the business of distributing retail electric power to approximately 17,581 customers in Anderson, Carroll, Franklin, Henry, Jefferson, Oldham, Owen, Shelby, Spencer, and Trimble counties, Kentucky.[3] Shelby Energy does not own any electric generating facilities and is one of the 16-member cooperatives that own and receive wholesale power from Eastern Kentucky Power Cooperative, Inc. Shelby Energy's last general rate adjustment was effective July 31, 2017, in Case No. 2016-00434.[4]

TEST PERIOD

Pursuant to the streamlined procedures established in Case No. 2018-00407, Shelby Energy is using a historical test year ending on December 31, 2022.[5]

SHELBY ENERGY'S PROPOSAL

Shelby Energy requested an overall increase of 4.00 percent, or $2,179,595 to its revenue requirement to achieve an Operating Times Interest Earned Ratio (OTIER) of 1.75, which equates to a Times Interest Earned Ratio (TIER) of 2.11.[6] Shelby Energy is

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[3] *Annual Report of Shelby Energy to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 44 and 52.

[4] Case No. 2016-00434, *Shelby Energy Cooperative, Inc. for an Increase in Its Retail Rates* (Ky. PSC July 31, 2017).

[5] Application at 5.

[6] See Application at 3 and Direct Testimony of John Wolfram Testimony (Wolfram Direct Testimony) Exhibit JW-2 at 1.

also requesting to increase the residential monthly customer charge from $15.48 to $19.75.[7] Shelby Energy proposed to allocate the revenue requirement as follows:

- Increasing the Rate 12 monthly Facility Charge from $15.48 per month to $19.75 per month and increasing the Energy Charge per kWh from $0.08960 to $0.09509, resulting in a 6.78 percent or $11.87 per month increase;
- Increasing the Rate 15 daily Facility Charge from $0.52 per day to $0.65 per day and increasing the Energy Charge the same amount as Rate 12, resulting in a 6.30 percent or $0.41 per day increase;
- Increasing the Rate 11 monthly Facility Charge from $18.57 per month to $22.84 per month for single-phase service, and from $41.27 per month to $45.54 per month for three-phase service, resulting in a 3.59 percent or $4.57 per month increase;
- Increasing the B Rate and C Rate customers Contract Demand Charge from $7.40 per kW to $7.49 per kW and decreasing the Excess Demand Charge from $10.30 per kW to $9.98 per kW, resulting in a 0.13 percent or $78.85 per month increase for Rate B1 customers, and a 0.18 percent or $419.71 per month increase for Rate B2 customers.[8]

Shelby Energy cited increased costs of conducting business as support for its requested increase.[9] In particular, Shelby Energy asserts that since its last general adjustment to rates in 2017, it has experienced relatively low average annual growth rate

[7] Application, Exhibit 30.

[8] See Wolfram Direct Testimony at 23–26 and Exhibit JW-9 at 2–3.

[9] Application at 2.

in membership of 1.6 percent,[10] and reduced large commercial load since the last rate increase,[11] which has inhibited its ability to offset increased inflationary pressures that have eroded the cooperative's margins. Shelby Energy also notes that residential usage has been impacted by extreme weather events, which, when combined with the above listed contributing factors, has resulted in financial metrics that are below what is necessary.[12]

Pursuant to the streamlined procedure, Shelby Energy filed its Cost of Service Study (COSS) along with the application and Shelby Energy relied on this COSS to allocate the proposed revenue to the rate classes.[13] Shelby Energy supported its proposed rate design by proposing to allocate the revenue increase in greater proportion to the rate class whose returns are more negative, which is residential, and in less proportion to those classes whose returns are less negative, general service and large industrial B1 and B2.[14] Shelby Energy averred that the proposed rate design will move its rate structures in the direction of cost-based rates.[15]

COST CONTAINMENT

Shelby Energy discussed several of its cost-containment measures in order to avoid or minimize rate adjustments throughout the application. Shelby Energy largely

[10] See Application, Direct Testimony of Jack Bragg Jr. (Bragg Direct Testimony) at 6.

[11] See Attorney General's First Request for Information (filed Sept. 12, 2023), attachment to Request 10.

[12] Application at 3.

[13] Wolfram Direct Testimony at 23.

[14] Wolfram Direct Testimony at 23.

[15] Wolfram Direct Testimony at 26.

focused on implementing programs that improve efficiency and service. First, it noted a "pole check and treat" program that focuses on preventative maintenance to locate and address issues before they create outages. In addition, Shelby Energy has started outsourcing utility locates, allowing its linemen to focus more time on maintenance.[16] Finally, Shelby Energy has revised its meetings to include utilization of virtual meeting platforms and scaled down member appreciation meetings to provide more cost-saving benefits.[17]

INTERVENOR COMMENTS

The Attorney General requested that the Commission set fair, just and reasonable rates for the customers of Shelby Energy as proven with known and measurable evidence.[18] The Attorney General requested that the Commission consider all of Shelby Energy's income when calculating the revenue requirement to offset the proposed rate increase, specifically income from Shelby Energy Propane Plus, LLC.[19]

The Attorney General further requested that the Commission carefully review Shelby Energy's employee compensation and benefit plans.[20] The Attorney General asked that the Commission pay particular attention to the compensation of Shelby Energy's CEO, and commented that increases to the CEO salary and benefits are unjustified and should be kept within the bounds of reason. The Attorney General encouraged the Commission to fully evaluate the employees benefits offered by Shelby

[16] Application, Bragg Direct Testimony at 7–8.

[17] Bragg Direct Testimony at 7–8.

[18] Attorney General's Comments (filed Sept. 19, 2023) at 8.

[19] Attorney General's Comments at 2–3.

[20] Attorney General's Comments at 4.

Energy such as the retirement plans, health insurance premium costs for all coverages, including single and family coverage, life insurance coverages, long-term disability coverage, employee assistance programs, and business travel insurance to ensure the plans and coverage allow what is reasonable, which will lead to fair, just and reasonable rates.[21]

The Attorney General expressed concern that the proposal to increase Shelby Energy's residential monthly customer charge by 27.58 percent is unreasonable and will pose a hardship on customers already facing financial struggles.[22] The Attorney General suggested mitigating the rate increase to the residential class by considering placing the full increase on the residential energy charge, instead of the residential monthly customer service charge, as well as following principles of gradualism with a two-phased approach for any increase in the residential customer charge.[23]

The Attorney General argued that Shelby Energy should evaluate and reduce its miscellaneous expenses which includes, among other things, donations, annual meetings, employee appreciation, membership dues, and member newsletters.[24] The Attorney General averred that Shelby Energy should strive to better utilize ratepayers' money by reducing expenditures that are not directly related to providing safe and reliable electric service, in order to stall future rate increases.[25]

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[21] Attorney General's Comments at 3–4.

[22] Attorney General's Comments at 4.

[23] Attorney General's Comments at 4–5.

[24] Attorney General's Comments at 5–6.

[25] Attorney General's Comments at 6.

The Attorney General stated that the 1.75 OTIER and 2.21 TIER proposed by Shelby Energy are not necessary for Shelby Energy to provide safe and reliable electric service and asked the Commission to only award an OTIER and TIER that will lead to fair, just and reasonable rates.[26]

Finally, the Attorney General argued that Shelby Energy's request for $1,999,717 in right-of-way expense is unreasonable based on comparison to the right-of-way costs in previous years. The Attorney General recommended basing the right-of-way expense upon the company's actual expenditures from the past four years (2019-2022).[27] The Attorney General also requested that the Commission require that Shelby Energy pursue opportunities with regional electric utilities to attempt to reduce right-of-way expense.[28]

DISCUSSION

Revenue and Expense Adjustments

Shelby Energy proposed 14 adjustments to normalize its test-year operating revenues and expenses per the streamlined application. The Commission finds that 13 of the adjustments proposed by Shelby Energy are reasonable and should be accepted without change. Shown below are the Commission approved adjustments:

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[26] Attorney General's Comments at 6–7.

[27] Attorney General's Comments at 7–8.

[28] Attorney General's Comments at 8.

Description	Revenues	Expenses	Net Margin Impact
Fuel Adjustment Clause	(6,316,641)	(6,311,733)	(4,908)
Environmental Surcharge	(5,387,556)	(5,387,556)	-
Non-Recurring Consulting Expense	-	(133,158)	133,158
Donations, Promotional Advertising, and Dues	-	(192,049)	192,049
401(k) Contributions	-	(17,829)	17,829
Life Insurance	-	(8,098)	8,098
Rate Case Costs	-	25,000	(25,000)
Year End Customers	248,529	155,950	92,580
Wages and Salaries	-	123,166	(123,166)
Depreciation Normalization	-	144,171	(144,171)
Directors Expenses	-	(2,703)	2,703
Right of Way	-	440,429	(440,429)
Generation and Transmission Capital Credits	-	-	(1,395,150)
Total	(11,455,668)	(11,164,410)	(1,686,407)

Right-of-Way – Shelby Energy proposed an adjustment to increase test-year right-of-way expenses of $1,559,288 by $440,429, for a total test-year expense of $1,999,717.[29] Shelby Energy stated that the right-of-way expense was estimated based on estimated annual expense and miles cleared to achieve a maintenance cycle of five years.[30] The Attorney General recommended an adjustment to reduce the test-year expense to $1,597,338, Shelby Energy's average expenditures from 2019-2022.[31]

Shelby Energy's adjustment is based on known and measurable changes to the right-of-way expenses as Shelby Energy used its new contract entered into in early 2023 to estimate the total costs. The Attorney General's adjustment would not allow Shelby Energy reasonable expenses to achieve an appropriate maintenance cycle. The

[29] Application, Wolfram Direct Testimony, Exhibit JW-2 at 18.

[30] Shelby Energy's Response to Staff's First Request, Item 2(d).

[31] Attorney General's Comments at 7.

Commission finds that Shelby Energy's proposed right-of-way expenses should be accepted.

Interest Expense – Shelby Energy proposed to increase to test-year interest expense of $2,174,957 by $398,879, for a total test-year expense of $2,573,836.[32] Shelby Energy included interest expense for two advances of long-term debt from May 2023 and September 2023, short-term lines of credit from 2023, and consumer deposits.[33] The Commission finds that only the December 31, 2022 ending balance and the 2023 rate for consumer deposits should be reflected in the interest expense adjustment, for a total increase of $91,369 or $307,510 less than Shelby Energy's proposed adjustment. The consumer deposit rate was established in 2022 but the remaining changes to interest expense were determined well after the end of the test-year and should not be included.

Non-utility Income – Shelby Energy recorded margins from non-utility revenue streams of $946,220 in the test-year.[34] Shelby Energy stated that the OTIER formula does not consider non-utility margins because it is based on operating margins.[35] The Attorney General recommended that the non-utility margins be included in the revenue requirement. The Commission finds that Shelby Energy's rates should be based on a 2.0 TIER, which will include the non-utility margins in base rates because TIER is based on net margins.

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[32] Application, Wolfram Direct Testimony, Exhibit JW-2 at 12.

[33] Shelby Energy's Response to Staff's First Request, Item 7(c).

[34] Application, Wolfram Direct Testimony, Exhibit JW-2 at 1, lines 26–29, column 4.

[35] Shelby Energy's Response to Staff's First Request, Item 1.

Pro Forma Adjustments Summary

The pro forma adjustments are found in Appendix A to this Order. The effects of the adjustments on Shelby Energy's net income results in utility operating margins of $1,279,777 based upon a total revenue of $45,189,794, a total cost of electric service of $43,910,017 and resulting net margins of $2,225,997. The resulting credit metrics are a 2.0 TIER, a 1.59 OTIER, and a debt service coverage ratio of 1.76, all of which will give Shelby Energy a reasonable margin to achieve its debt covenants.

	Shelby Energy	Final
Revenues		
Fuel Adjustment Clause	(6,316,641)	(6,316,641)
Environmental Surcharge	(5,387,556)	(5,387,556)
Year End Customers	248,529	248,529
	(11,455,668)	(11,455,668)
Operating Expenses		
Fuel Adjustment Clause	(6,311,733)	(6,311,733)
Environmental Surcharge	(5,387,556)	(5,387,556)
Year End Customers	155,950	155,950
Non-Recurring Consulting Expense	(133,158)	(133,158)
Donations, Promotional Advertising, and Due	(192,049)	(192,049)
401(k) Contributions	(17,829)	(17,829)
Life Insurance	(8,098)	(8,098)
Rate Case Costs	25,000	25,000
Wages and Salaries	123,166	123,166
Depreciation Normalization	144,171	144,171
Directors Expenses	(2,703)	(2,703)
Right of Way	440,429	440,429
Interest Expense	398,879	91,369
Health Insurance		(123,399)
	(10,765,531)	(11,196,441)
Operating Margins Impact	(690,137)	(259,227)
Generation and Transmission Capital Credits	(1,395,150)	(1,395,150)
Net Margins Impact	(2,085,287)	(1,654,377)

Cost of Service

Shelby Energy filed a fully allocated COSS based upon the 12 Coincident Peak methodology in order to determine the cost to serve each customer class. This COSS determined Shelby Energy's overall rate of return on rate base and the relative rates of return from each rate class and was used as a guide in the proposed rate design.[36] Having reviewed Shelby Energy's COSS, the Commission finds it to be acceptable for use as a guide in allocating the revenue increase granted herein.

Revenue Allocation and Rate Design

Based on the results of the COSS, there is indication that the current rates illustrate a certain degree of subsidization between the rate classes, and, at current rates, Shelby Energy states that there is an imbalance to the current rate structure.[37] Shelby Energy explained that the residential rate, specifically, is providing less than the cost to serve. Shelby Energy explained that the need to increase rates is limited to the Residential Service, Prepay Service, General Service, and the Large Industrial Rates because they are the only rate classes being subsidized by the collective other rate classes.[38] The Revenue Allocation is illustrated below:[39]

Rate	Return on rate Base	Unitized Return on Rate Base	Return After Rate Revision	Unitized Return After Rate Revision
Residential Service	(1.23%)	(0.49)	1.71%	0.35
Off Peak Retail Marketing (ETS)	(10.99%)	(4.35)	(10.99%)	(2.23)

[36] Wolfram Direct Testimony at 17–16.

[37] Wolfram Direct Testimony at 22.

[38] Wolfram Direct Testimony at 22–23.

[39] Wolfram Direct Testimony at 21–22 and Exhibit JW-3 at 1.

Prepay Service	3.18%	1.26	7.32%	1.48
General Service	7.72%	3.05	9.60%	1.95
Large Power Service	11.73%	4.64	11.73%	2.38
Large Industrial Rate (B1)	21.08%	8.34	21.31%	4.32
Large Industrial Rate (B2)	10.14%	4.01	10.48%	2.12
Outdoor and Street Lighting	10.82%	4.28	10.82%	2.19
Total	2.53%	1.00	5.08%	1.00

Shelby Energy asserted that the COSS supports a fixed monthly charge of $28.34 for the residential class and that it should be increased incrementally from $15.48 to $19.75 so that the increase closes some, but not all, of the gap between current rates and cost-based rates.[40] Shelby Energy explained that the customer charge remaining too low is a significant issue because the current rate structure places too little recovery of fixed costs in the customer charge, which results in significant under-recovery of fixed costs, particularly when members embrace conservation or energy efficiency or otherwise reduce overall consumption.[41] Additionally, Shelby Energy stated that the proposed $19.75 customer charge will close approximately 33 percent of the gap, while keeping the customer charge below $20 and that this movement of less than halfway across the gap

[40] Wolfram Direct Testimony at 24.

[41] Wolfram Direct Testimony at 22.

between current and cost-based rates is consistent with the ratemaking principle of gradualism.[42]

Shelby Energy explained that considering the current customer charge for General Service is higher than the current residential customer charge but lower than the proposed residential customer charge, Shelby Energy proposes to maintain the current differential between the customer charges for these two rates by increasing the customer charge for General Service from $18.57 per month to $22.84 per month. Additionally, when considering the Large Industrial Rates, Shelby Energy is proposing small refinements to the demand charges. The Large Industrial Rates B1, B2, and B3, Shelby Energy proposes to increase the Contract Demand charge by $0.09 per kW and to decrease the Excess Demand charge by $0.32 per kW, so that the demand charges align with those effective for East Kentucky Power Cooperative, Inc. (EKPC) Rate B. For rates C1, C2 and C3, Shelby Energy proposes to increase the demand charge by $0.09 per kW so that the demand charges align with those effective for EKPC Rate C. Shelby Energy noted that there are no members currently served on Shelby Energy's rates B3, C1, C2, or C3.[43]

The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning considerably more than the residential class relative to their cost of service. However, in regard to rate design, the Commission finds that, for an electric cooperative that is strictly a distribution utility, there is merit in providing a means to guard against revenue erosion that often occurs due to the decrease in sale

[42] Wolfram Direct Testimony at 24–25.

[43] Wolfram Direct Testimony at 25.

volumes that accompanies struggling regional economies, changes in weather patterns, and the implementation or expansion of demand-side management and energy-efficiency programs. These factors are present in this matter, and applicable to Shelby Energy.

Based upon the Commission-approved revenue requirement and increase of $1,174,574, the Commission finds the allocation of proposed revenue increase to the classes of service are reasonable. In regard to the residential service rate, the Commission finds Shelby Energy's proposed customer charge increase from $15.28 to $19.75 unreasonable. The Commission acknowledges Shelby Energy's arguments about under-recovery of fixed costs, specifically in the customer charge. The Commission also acknowledges the Attorney General's arguments that Shelby Energy should provide the customers the ability to conserve electricity in order to better control their monthly bill.[44] Again, the Commission gives considerable weight to the COSS, which supports a customer charge of $28.34 and the proposed customer charge is within what is calculated in the COSS. However, the Commission finds that the customer charge should only be increased from $15.28 to $18.70 and that the additional residential increase should be applied to the energy charge. Additionally, the Commission agrees with the proposed rates in the Large Industrial Rates B and C, and that the Large Industrial Contract Demand charge should be increased by $0.09 per kW, and the Excess Demand charge should be decreased by $0.32 per kW to reflect that of EKPC's.

SUMMARY

The Commission recognizes the Attorney General's concern regarding the compensation and benefits, the changes to the customer charge, and use of ratepayer

[44] Attorney General Comments at 5.

funds for miscellaneous expenses. The Commission also recognizes Shelby Energy's cost containment measures in the midst of decreased margins and limited growth. The Commission evaluated the wage and salary information and encourages Shelby Energy to maintain support and documentation of all wage and salary increases and bonuses and to continue evaluating budgetary constraints and economic conditions prior to awarding these increases. The Commission urges Shelby Energy to evaluate its right-of-way spending and explore all options, including regional bidding with other cooperatives and bringing the service in house, to limit the expense while achieving an appropriate clearing cycle. The Commission also requests that Shelby Energy be cognizant of its miscellaneous spending and be prudent in its spending of money that is not directly related to providing electric service. Finally, the Commission reminds all parties that the purpose of the Streamline Pilot Program is to encourage electric cooperatives to apply for more frequent, smaller rate increases to ensure financial stability.

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The rates proposed by Shelby Energy should be denied.

2. The rates set forth in Appendix B to this Order are the fair, just and reasonable rates for Shelby Energy to charge for service rendered on and after the date of this Order and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Shelby Energy are denied.

2. The rates set forth in Appendix B to this Order are approved for services rendered by Shelby Energy on and after the date of service of this Order.

3. Within 20 days of the date of service of this Order, Shelby Energy shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting its effective data and that it was authorized by this Order.

4. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

Kent Chandler

Chairman

Angie Hatton

Vice Chairman

by KAC w/permission

Mary Pat Regan

Commissioner

ENTERED

OCT 17 2023

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KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Nancy Vinsel for

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00213 DATED OCT 17 2023

Description	Actual Rates Actual Test Yr	Pro Forma Adjustment	Present Rates Adjusted TY	Increase	Final Rates Adjusted TY
Operating Revenues					
Total Sales of Electric Energy	54,540,957	(11,455,668)	43,085,289	1,174,574	44,259,863
Other Electric Revenue	929,931	-	929,931		929,931
Total Operating Revenue	55,470,888	(11,455,668)	44,015,220	1,174,574	45,189,794
Operating Expenses:					
Purchased Power	41,971,379	(11,543,339)	30,428,040		30,428,040
Distribution Operations	2,121,113	-	2,121,113		2,121,113
Distribution Maintenance	2,939,839	440,429	3,380,268		3,380,268
Customer Accounts	544,325	-	544,325		544,325
Customer Service	358,126	-	358,126		358,126
Sales Expense	699	-	699		699
A&G	990,815	(329,070)	661,745		661,745
Total O&M Expense	48,926,296	(11,431,981)	37,494,315	-	37,494,315
Depreciation	3,919,633	144,171	4,063,804		4,063,804
Taxes - Other	44,865	-	44,865	1,751	46,616
Interest on LTD	2,134,628	91,369	2,225,997		2,225,997
Interest - Other	23,555	-	23,555		23,555
Other Deductions	55,730	-	55,730		55,730
Total Cost of Electric Service	55,104,707	(11,196,441)	43,908,266	1,751	43,910,017
Utility Operating Margins	366,181	(259,227)	106,954	1,172,823	1,279,777
Non-Operating Margins - Interest	41,665	-	41,665		41,665
Income(Loss) from Equity Investments	814,478	-	814,478		814,478
Non-Operating Margins - Other	(83,748)	-	(83,748)		(83,748)
G&T Capital Credits	1,395,150	(1,395,150)	-		-
Other Capital Credits	173,825	-	173,825		173,825
Net Margins	2,707,551	(1,654,377)	1,053,174	1,172,823	2,225,997
Cash Receipts from Lenders	34,768		34,768		34,768
OTIER	1.19		1.06		1.59
TIER	2.27		1.47		2.00
TIER excluding GTCC	1.61		1.47		2.00
Target TIER	2.00		2.00		2.00
Margins at Target TIER	2,134,628		2,225,997		2,225,997
Revenue Requirement at Target TIER	57,239,335		46,134,263		46,136,014
Revenue Deficiency at Target TIER	(572,923)		1,172,823		-
Variance from Target TIER			(0.53)		-
Target OTIER	1.85		1.85		1.85
Margins at Target OTIER	4,121,036		2,803,549		2,803,549
Revenue Requirement at Target OTIER	59,225,743		46,711,816		46,713,567
Revenue Deficiency at Target OTIER	1,413,485		1,750,375		577,552
Variance from Target OTIER			(0.79)		(0.26)
Increase $					1,174,574
Increase %					2.15%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00213 DATED OCT 17 2023

The following rates and charges are prescribed for the customers served by Shelby Energy Cooperative Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Residential Service – Rate 12

Customer Charge per Month	$ 18.70
Energy Charge per kWh	$ 0.09170

Prepay Service – Rate 15

Consumer Facility Charge per Day	$ 0.61
Energy Charge per kWh	$ 0.09170

General Service – Rate 11

Customer Charge Single Phase	$ 21.79
Customer Charge Three Phase	$ 44.25

Large Industrial Rate – Rate B1

Demand Charge - Contract per kW	$ 7.49
Demand Charge - Excess per kW	$ 9.98

Large Industrial Rate – Rate B2

Demand Charge - Contract per kW	$ 7.49
Demand Charge - Excess per kW	$ 9.98

Large Industrial Rate – Rate B3

Demand Charge - Contract per kW	$ 7.49
Demand Charge - Excess per kW	$ 9.98

Large Industrial Rate – Rate C1

Demand Charge per kW	$ 7.49

Large Industrial Rate – Rate C2

Demand Charge per kW	$ 7.49

Large Industrial Rate – Rate C3

Demand Charge per kW	$ 7.49

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