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Case No. 2021-00429

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October 29, 2021

VIA ELECTRONIC TARIFF FILING

Hon. Linda Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: *In the Matter of: Electronic Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Rates, Approval of Depreciation Study, Amortization of Certain Regulatory Assets and Other General Relief*; Joint Stipulation, Settlement Agreement and Recommendation – **Case No. 2021-00103**

Dear Ms. Bridwell:

Attached, please find a copy of the new *Rate EM – Earnings Mechanism* tariff pages reflecting the requirements of the Commission's September 30, 2021 Order in the above-styled case. Please return stamped copies of these tariff pages once they are accepted for filing.

Please do not hesitate to contact me if you have any questions.

Sincerely,

David S. Samford

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Rate EM

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Earnings Mechanism

Standard Rider

This Renewable Energy Program is a rider to Rates B, C, E and G. The purpose of this program is to Rate EM – Earnings Mechanism – EKPC Tariff

Applicability

In all territories of Owner-Member Cooperatives ("owner-member") of EKPC.

Availability

Available to Owner-Members ("owner-member") and End-Use Retail Members ("retail member") pursuant to Paragraph 6 of the Joint Stipulation, Settlement Agreement and Recommendation approved in Case No. 2021-00103.

Purpose

EKPC has committed to return any excess margins to its owner-members for contemporaneous pass-through to retail members in the form of a bill credit in the event that EKPC achieves per-book margins in excess of a 1.40 TIER in any calendar year. Any excess margins to be returned will be allocated based upon the percentage of each EKPC rate class' total revenue for the most recent calendar year. EKPC will make an annual filing with the Commission setting forth its calculations of margins and any required bill credit for the most recent calendar year on or before April 30th of the following year.

Methodology

Excess Margins. EKPC will determine any excess margins for the most recent calendar year by comparing the per book margins reflected in the achieved TIER with the margins needed to produce a 1.40 TIER. If the margins reflected in the achieved TIER exceed the margins needed to produce a 1.40 TIER, then the dollar difference in the margins will constitute excess margins to return to the owner-members and retail members. If the margins needed to produce a 1.40 TIER exceed the margins reflected in the achieved TIER, then there will be no excess margins returned for the calendar year.

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Rate EM (continued)

Allocation of Excess Margins. EKPC will determine its total revenues from its owner-members for the most recent calendar year in total and by applicable rate classes. For purposes of this calculation,

a. EKPC's rate classes are tariffed Rates B, C, E, and G and special contracts not based on tariffed rate schedules; and
b. EKPC's Rate E total revenues will include the solar panel production credits, green power billing, direct load control credits, and the generator credit.

The allocation of the excess margin for the most recent calendar year will be performed using a two-step process. EKPC will first determine the percentage of total revenues each of its rate classes represent. The excess margin will be multiplied by this rate class percentage of total revenues to determine the allocation of the excess margin by rate class. If the rate class only has one retail member, then no further allocation will be necessary. For all other rate classes, EKPC will next determine the percentage of each rate class' revenues provided by the owner-members. The allocated excess margin by rate class will be multiplied by the applicable owner-member percentage for that rate class to determine the allocation of the excess margin by rate class by owner-member. EKPC will prepare and provide to each owner-member a schedule showing the allocation of the excess margin for the most recent calendar year by EKPC rate class. The owner-member will utilize this schedule to determine bill credit that will pass-through the excess margins to their retail members.

Payment of Bill Credit. EKPC will include the applicable bill credit to each owner-member on the billing invoices issued in June of the year for the annual filing.

DATE OF ISSUE: October 29, 2021

DATE EFFECTIVE: Service rendered on and after December 1, 2021

ISSUED BY:

Don Mosier
Exec. Vice Pres. and Chief Operating Officer