

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MEADE	)	
COUNTY RURAL ELECTRIC COOPERATIVE	)	CASE NO.
CORPORATION FOR AN ADJUSTMENT OF	)	2020-00131
RATES	)	

ORDER

On June 5, 2020, Meade County Rural Electric Cooperative Corporation (Meade County RECC), pursuant to the amended “streamlined procedure” established in Case No. 2018-00407,<sup>1</sup> filed an application seeking a general adjustment in its rates, with a proposed effective date of July 5, 2020. By Order dated June 18, 2020, the Commission accepted Meade County RECC’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 December 5, 2020. In addition, the June 18, 2020 Order established a procedural schedule for processing this case. Pursuant to the streamline 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. Meade County RECC responded to two information requests from Commission Staff and one information request from the Attorney General. On July 29, 2020, and July 30, 2020, the Attorney

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

General and Meade County RECC, respectively, filed comments on Meade County RECC's application. On July 29, 2020, the Commission, by its own motion, issued an Order extending the 75-day review period for a final Order, as established by the streamlined procedure, to September 16, 2020.

### BACKGROUND

Meade County RECC is a nonprofit, member-owned rural electric cooperative corporation organized under KRS Chapter 279. It is engaged in the distribution and sale of electric energy to 29,905 customers in Breckinridge, Grayson, Hancock, Hardin, Meade, and Ohio counties, Kentucky.<sup>2</sup> Meade County RECC does not own any electric generating facilities and is one of the three-member cooperatives that own and receive wholesale power from Big Rivers Electric Corporation. Meade County RECC's last general rate adjustment was effective October 29, 2013, in Case No. 2013-00033.<sup>3</sup>

### TEST PERIOD

Pursuant to the streamlined procedures established in Case No. 2018-00407, Meade County RECC is using a historical test period for the year ended December 31, 2019.<sup>4</sup>

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<sup>2</sup> Annual Report of Meade County RECC to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2019, at 45 and 53.

<sup>3</sup> Case No. 2013-00033, *Application of Meade County Rural Electric Cooperative Cooperation for a General Adjustment of Rates and a Flow-Through of Big Rivers Electric Corporation's Rate Increase* (Ky. PSC Oct. 29, 2013).

<sup>4</sup> Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec 11, 2018) at 6.

## MEADE COUNTY RECC'S PROPOSAL

Meade County RECC requests an overall increase of 2.60 percent, or \$1,404,525, to its revenue requirement to meet a Times Interest Earned Ratio (TIER) of 2.10 and to meet an Operational Times Interest Earned Ratio (OTIER) of 1.85.<sup>5</sup> Meade County RECC proposes to allocate 100 percent of the requested revenue increase to the residential rate class and apply this increase only to the customer charge. This proposal will increase the residential customer charge by 22.90 percent, from \$0.572 per day (\$17.16 per month) to \$0.703 per day (\$21.09 per month).<sup>6</sup> According to Meade County RECC, the effect upon the average bill for a residential customer using 1,007 kWh per month will result in an increase of \$4.22 or 3.52 percent.<sup>7</sup>

Meade County RECC states that the rate increase is necessary because its existing retail rates do not provide sufficient revenue to ensure necessary financial strength.<sup>8</sup> Meade County RECC asserts that since its last general adjustment to rates in 2013, it has experienced increased operating expenses coupled with flat customer and load growth.<sup>9</sup> Meade County RECC also states that its existing rates do not align with its cost of providing service, making its margins more susceptible to volatility, and without an

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<sup>5</sup> Application at 2–3, paragraph 5, and Direct Testimony of John Wolfram (Wolfram Testimony), Exhibit JW-2 to the Application at 1.

<sup>6</sup> Wolfram Testimony at 25.

<sup>7</sup> Wolfram Testimony at 27.

<sup>8</sup> Application at 4, paragraph 7.

<sup>9</sup> Application, Attachment to Exhibit 7, Direct Testimony of Martin Littrel (Littrel Testimony) at 5.

adjustment its rates, Meade County RECC may not be able to meet its loan obligations and imperil its ability to provide safe and reliable service.<sup>10</sup>

Meade County RECC supports its proposed rate design, noting that the residential class is the only customer classification not recovering its own cost to serve, resulting in a cross-subsidization from all other customer groups.<sup>11</sup> Meade County RECC avers that that not only does the proposed rate design address subsidization between rate classes, but also addresses the imbalance within the current rate structure between the recovery of fixed and variable costs.<sup>12</sup> Pursuant to the streamline procedure, Meade County RECC filed an updated Cost of Service Study (COSS). Meade County RECC's COSS indicates that the average monthly residential customer-related cost is \$1.022 per day, or \$31.09 per month.<sup>13</sup>

#### INTERVENOR COMMENTS

The Attorney General requested that the Commission carefully review Meade County RECC's proposal to ensure it conforms to Commission precedent and further asked that the Commission pay particular attention to employee compensation and benefits.<sup>14</sup> The Attorney General specifically noted that the CEO salary and benefits rose almost ten percent between 2017 and 2019, and argued that the Commission should make sure such wage and salary increases are justified.<sup>15</sup> The Attorney General further

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<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 7–8.

<sup>12</sup> Wolfram Testimony at 23.

<sup>13</sup> *Id.* at 24 and Exhibit JW-3 at 2.

<sup>14</sup> Attorney General Comments at 2.

<sup>15</sup> *Id.*

stated that large salary increases are more likely to be unjustified during this time of unprecedented pandemic and recommended that the Commission caution Meade County RECC to keep increases within reasonable bounds.<sup>16</sup>

The Attorney General also expresses concern that the entirety of the proposed rate increase is applied to the residential class and that this increase is placed upon the customer charge. The Attorney General argues that the majority of the other rate classes are not paying their full-cost-based customer charge and that it is inequitable to meet revenue deficiencies by increasing the fixed charge for some rate classes and not for others.<sup>17</sup> The Attorney General suggests mitigating the rate increase to the residential class by increasing the customer charges for other classes and sharing the burden of the proposed increase across the rate classes.<sup>18</sup> The Attorney General further contends that the 22.90 percent increase to the residential customer charge is unreasonable, especially given current financial hardships, and requests that the Commission fully evaluate the shift of costs from the energy charge to the customer charge.<sup>19</sup>

Finally, while the Attorney General concurs with Meade County RECC that rates should be set to ensure reliable service to customers, he suggests a delay in the implementation of rates due to the financial hardships wrought by the COVID-19 pandemic.<sup>20</sup> The Attorney General states that such a delay would not jeopardize Meade

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<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 3.

<sup>18</sup> *Id.* at 4.

<sup>19</sup> *Id.* at 4.

<sup>20</sup> *Id.* at 5.

County RECC's financial standing and to the extent that KRS 278.190 does not preclude such a delay, it should be ordered.<sup>21</sup>

## DISCUSSION

### Revenue and Expenses

Meade County RECC proposed 13 adjustments to normalize its test-year operating revenues and expenses per the streamlined application. The Commission finds that 10 of the 13 adjustments proposed by Meade County RECC are reasonable and should be accepted without change. The Commission finds that modifications should be made to the proposed rate case expense adjustment, wages and salaries adjustment, and health, dental, and vision insurance premium adjustment.

Meade County RECC estimated its rate case expense at \$50,000 in its application and proposed to recover this expense through a three-year amortization period. Actual rate case expenses totaled \$28,660.<sup>22</sup> A three-year amortization of these expenses will result in a decrease in operating expenses of \$9,553, less than the \$16,667 proposed in the application. The Commission finds that this decrease is justified and reasonable and that the adjustment to the rate case expense should be made. The second adjustment removes the wages for an employee that retired during the test year and were inadvertently included for ratemaking purposes.<sup>23</sup> Given the inadvertent inclusion, the Commission finds that this adjustment is reasonable and should be made, resulting in a total reduction to the wages and salaries expense of \$51,894.

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<sup>21</sup> *Id.* at 5–6.

<sup>22</sup> Meade County RECC's Supplemental Response to Commission Staff's Requests, Item 16.

<sup>23</sup> Meade County RECC's Response to Staff's Second Request for Information, Item 2.

Meade County RECC proposed adjustments to its health, dental, and vision insurance. These adjustments normalized the utility's contributions to employee premiums to the amounts specified by the U.S. Bureau of Labor & Statistics (BLS).<sup>24</sup> In this normalization, Meade County RECC adjusted each contribution level up or down to meet the national BLS average for the utility sector resulting in a net benefit to the utility, which in turn increased the revenue requirement. Meade County RECC stated that the adjustment was made pursuant to the requirements of the streamlined rate procedure set forth in Case No. 2018-00407.<sup>25</sup> Item E.2 of Appendix A of the December 12, 2020 final Order for Case No. 2018-00407 states the following:

If employee health care insurance premium contribution is zero, then for ratemaking purposes, the pro forma income statement should reflect healthcare insurance premiums adjusted for employee contributions based on the national average for coverage type.<sup>26</sup>

The streamlined procedure did not state that all insurance premiums should be adjusted up or down to meet the national average, rather, those where the employee contribution is zero are to be normalized to the national BLS average, not the *utility* BLS average.

Meade County RECC pays 100 percent of the monthly health and dental insurance premiums for its eligible full-time employee. The Commission finds that health care that

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<sup>24</sup> Wolfram Testimony at 15 and Exhibit JW-2 at 18.

<sup>25</sup> Wolfram Testimony at 15.

<sup>26</sup> See <https://www.bls.gov/ncs/ebs/benefits/2018/ownership/private/table10a.pdf>. This information is updated every September.

is 100 percent funded by the employer does not meet the criteria of being fair, just, and reasonable and an adjustment to reflect the national BLS average is warranted.

	<u>Total Cost</u>	<u>Employee %</u>	<u>Adjustment</u>
Health Insurance	\$386,542	21%	\$79,074
Dental Insurance	\$ 24,621	60%	<u>\$ 9,848</u>
TOTAL			\$93,847

Shown below are the Commission approved adjustments:<sup>27</sup>

Fuel Adjustment Clause	\$ 76,291
Environmental Surcharge	\$ (111,854)
Member Rate Stability Mechanism	\$ (111,756)
Non-Smelter Non-FAC PPA	\$ 35,323
Rate Case Expenses	\$ (9,553)
Year-End Customer Normalization	\$ 24,114
Depreciation Expense Normalization	\$ 186,543
Advertising and Donations	\$ 299,452
Director's Expense	\$ 26,629
Life Insurance Premiums	\$ 12,285
Retirement Plan Contributions	\$ 45,353
Wages & Salaries	\$ 51,894
Health, Dental, & Vision Insurance Premiums	<u>\$ 93,847</u>
TOTAL	\$ 618,568

### Wages and Salaries

The Attorney General comments that the CEO's salary and benefits have increased almost 10 percent between 2017 and 2019.<sup>28</sup> The current CEO was hired in January 2016. In 2017 and 2018, the CEO received annual raises of 3 percent, and in 2019, a 5.17 percent raise. The Commission has reviewed the evidence of record with regard to Salary and Wage increases, including the compensation study that was provided in response to Staff's First Request, Item 4. For this study, Meade County RECC

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<sup>27</sup> Wolfram Testimony, Exhibit JW-2 at 2. Updated for Rate Case Expenses, Wages and Salaries, and Health, Dental & Vision Insurance Premiums.

<sup>28</sup> Attorney General's Comments at 2.



utilized an independent, third-party consultant who benchmarks the industry and region and wage increases are determined annually and are based on employee evaluations and performance.<sup>29</sup> With these raises, the CEO is still earning less than what the previous CEO earned in 2015 while still performing the same, if not more duties.<sup>30</sup> Therefore, from the evidence provided, the Commission finds the compensation levels for Meade County RECC's CEO to be reasonable, within the ranges set forth in the salary survey, comparable to the prior CEO and, therefore, no adjustment to compensation is required.

#### Pro Forma Adjustments Summary

The pro forma adjustments are found in Appendix A. The effects of the adjustments on Meade County RECC's net income results in utility operating margins of \$569,408 based upon a total revenue of \$53,301,724, a total cost of electric service of \$52,732,316, and resulting net margins of \$1,109,773.

#### Revenue Requirement

Meade County RECC's actual TIER for the test period was 1.23 and OTIER was 0.98.<sup>31</sup> Meade County RECC states that since its last rate case it has experienced a gradual loss in margins, flat energy sales, and inflationary pressures.<sup>32</sup> Meade County RECC maintains that management has closely monitored expenses so to minimize cost-escalation as well as implemented cost-cutting measures to serve its members more

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<sup>29</sup> Application, Littrel Testimony at 7, and Meade County RECC's Response to Staff's First Request, Item 4.

<sup>30</sup> Meade County RECC's Response to the Attorney General's First Request for Information, Item 3, and Application, Exhibit 26.

<sup>31</sup> Application, Wolfram Testimony, Exhibit JW-2 at 1.

<sup>32</sup> Littrel Testimony at 6.

efficiently.<sup>33</sup> Such measures include reducing costs associated with the Retirements and Savings (R&S) plan, reducing healthcare insurance expenses though increased employee contributions and a new health care plan, and freezing the R&S plan and post-retirement insurance coverage for new employees hired after July 31, 2002.<sup>34</sup>

Based upon the pro forma adjustments found reasonable herein, the Commission has determined that an increase in revenues from base rates of \$1,224,929 would result in an OTIER of 1.85.<sup>35</sup>

### Cost of Service

Meade County RECC filed a fully allocated COSS in order to determine the cost to serve each customer class. This COSS determined Meade County RECC'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.<sup>36</sup> Having reviewed Meade County RECC'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, at current rates, the residential rate is providing less than the cost to serve while all other classes produce revenues in excess of their respective class cost to serve.<sup>37</sup> Meade County RECC proposed to apply 100 percent of

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<sup>33</sup> *Id.* at 6.

<sup>34</sup> *Id.* at 11–12.

<sup>35</sup> See Appendix A.

<sup>36</sup> Wolfram Testimony at 24.

<sup>37</sup> *Id.* at 22 and Exhibit JW-3 at 1.

the rate increase to the residential rate schedule to lesson this disproportionate revenue allocation as illustrated below:<sup>38</sup>

<u>Rate</u>	<u>Return on Rate Base</u>	<u>Unitized Return on Rate Base</u>	<u>Return after Rate Revision</u>	<u>Unitized Return After Rate Revision</u>
Residential	(0.24%)	(0.08)	1.72%	0.37
Small Commercial	3.59%	1.20	3.59%	0.77
3 Phase	44.42%	14.80	44.42%	9.57
3 Phase 0 -999 KVA TOD	20.60%	6.86	20.60%	4.44
Large 1000 KVA TOD	42.38%	14.12	42.38%	9.13
Outdoor Lighting	11.18%	3.73	11.18%	2.41
Street and Hwy Lighting	4.85%	1.62	4.85%	1.05
TOTAL	3.00%	1.00	4.64%	1.00

Meade County RECC also proposed a rate design where the residential customer charge receives the total proposed revenue increase. Meade County RECC asserts that the COSS supports a fixed monthly charge of \$31.09 (\$1.022 per day) for the residential class and with the current charge being far below cost-based rates, there exists a significant under-recovery of fixed costs.<sup>39</sup> Meade County RECC states that the proposed residential monthly customer charge is a quarter step towards closing the gap between the current rate and the cost-based rate.<sup>40</sup>

The Commission finds that the COSS supports the proposed increase to the residential class because, at the current rates, the residential class is contributing negatively to the rate of return. The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning considerably better than the

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<sup>38</sup> Meade County RECC's Response to Staff First Request for Information, Item 14.

<sup>39</sup> Wolfram Testimony at 24.

<sup>40</sup> *Id.* at 26.

residential class relative to their cost of service. Regarding 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 volumes that accompanies poor 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 Meade County RECC. Again, the Commission gives considerable weight to the COSS, which supports a customer charge of \$31.09 (\$1.022 per day) and the proposed customer charge is within what is calculated in the COSS. However, the Commission is concerned about the demand/customer expense allocations for the distribution plant classification. Here, two methods were considered, the minimum system method and the zero-intercept method.<sup>41</sup> Due to its use of linear regression equations relating cost to various sizes of equipment rather than choosing what would be the minimum pole, conductor, or line transformer needed to serve a customer, the zero-intercept method is preferred because it is considered less subjective than the minimum system.<sup>42</sup> Furthermore, comparative studies between the minimum-size and zero-intercept methods suggest that the minimum system method produces a larger customer component.<sup>43</sup> For Meade County RECC's COSS, the zero-intercept analysis did not provide reasonable results for poles, indicating little relationship between the number or cost of poles and the number of customers. Removing the customer related percentage for Account 364 - Poles, Towers, and Fixtures

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<sup>41</sup> *Id.* at 18.

<sup>42</sup> *Id.*

<sup>43</sup> National Association of Regulatory Utility Commissioners' Electric Utility Cost Allocation Manual, January, 1992, at 91.

so that the allocation is 100 percent demand results in a monthly customer charge of \$22.72 (0.747 per day). Based upon the Commission-approved revenue requirement and increase of \$1,224,929, the Commission finds that a customer charge of \$20.58, or \$0.686 per day, to be reasonable and within the COSS's estimated monthly customer charge, even revised to remove the minimum system estimation, of \$22.72.

The Commission recognizes the Attorney General's concern over other rate classes failing to pay their fair share of the cost-based fixed charges. These charges are not fully cost based, but neither is the residential class, even with the approved increase. In addition, as illustrated above, the revenue from other rate classes is greater than the overall rate of return, and thus a rate increase to these rate classes is not justified in this proceeding.

### Prepay

Because the residential customer and energy charges are replicated in the Prepay Service Rider, Meade County RECC proposed the same rate revisions, as well as no changes to the Prepay Service Fee of \$5.00. Meade County RECC also noted that they have delayed the implementation of the 2015 approved prepay program due to meter issues.<sup>44</sup> Meade County RECC stated that it is in the process of updating its automatic metering infrastructure (AMI) system, which first includes a pilot AMI program. If successful, Meade County RECC plans to apply for a Certificate of Public Convenience and Necessity prior to full implementation. Meade County RECC further stated that it would perform an update on the costs associated with the prepay program closer to promotion and release to its members.<sup>45</sup> Given that the prepay option is not available to

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<sup>44</sup> Meade County RECC's Response to Staff's First Request for Information, Item 1.

customers, the Commission believes the current filed tariff may confuse Meade County RECC's members and therefore should be deleted and refiled after the appropriate and working meters are installed.

### SUMMARY

The Commission recognizes the Attorney General's concern over the compensation and benefits, the allocation of the rate increase, the changes to the customer charge, and particularly, the impact of a rate increase. The Commission also recognizes Meade County RECC's cost-containment measures and effort to thwart a rate increase for seven years in the midst of flat membership and flat sales growth.<sup>46</sup> Meade County RECC's TIER as of June 30, 2020, was 1.22,<sup>47</sup> which is an indication that although the timing of the rate case in the midst of a pandemic is not ideal, the timing for achieving and ensuring financial stability is. Further, the Commission agrees with Meade County RECC that revenue uncertainty related to the COVID-19 pandemic could adversely impact margins, and that the Attorney General's request to delay the proposed rate increase is not in the best interest of the utility, and in this regard, the member-customers it serves.<sup>48</sup> The proposed increase in rates is based upon a test year prior to the current pandemic, and delaying the rate increase would impair Meade County RECC's duty to safeguard its financial integrity for the benefit of its member-customers. The Commission reminds all parties that the purpose of the Streamline Pilot Program is to encourage

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<sup>45</sup> Meade County RECC's Response to Staff's Second Request for Information, Item 2.

<sup>46</sup> Meade County RECC's Comments filed July 30, 2020 (Meade County RECC's Comments), at 3– 6.

<sup>47</sup> Meade County RECC's Response to Staff First Request, Item 3.

<sup>48</sup> Meade County RECC's Comments at 8.

electric cooperatives to seek more-frequent, smaller rate increases, which will allow the utility adequate funds to operate and reduce the impact and shock to customers that come with large increases. By design, the Commission's streamline procedure limits increases, both in terms of TIER and relative to current rates on a percentage basis. The Commission agrees with the Attorney General as it relates to a concern about avoiding rate shock and slowing moving rates towards reasonable cost of service, which is why the Commission will approve this small increase, so as to alleviate Meade County RECC's current financial strain.

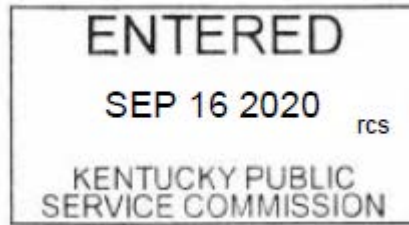
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The rates proposed by Meade County RECC should be denied.
2. The rates set forth in Appendix B to this Order are the fair, just, and reasonable rates for Meade County RECC 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 Meade County RECC are denied.
2. The rates set forth in Appendix B to this Order are approved for services rendered by Meade County RECC on and after the date of this Order.
3. Within 20 days of the date of entry of this Order, Meade County RECC 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 their effective data and that they were authorized by this Order.
4. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:



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Acting Executive Director

Case No. 2020-00131



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00131 SEP 16 2020

Line #	Description (1)	Actual Test Year (2)	Pro Forma Adjustments (3)	Pro Forma Test Yr (4)	Proposed Rates (5)
1	<u>Operating Revenues</u>				
2	Total Sales of Electric Energy	54,025,672	(2,038,113)	51,987,560	53,212,488
3	Other Electric Revenue	1,314,164	-	1,314,164	1,314,164
4	Total Operating Revenue	55,339,836	(2,038,113)	53,301,724	54,526,652
5					
6	<u>Operating Expenses:</u>				
7	Purchased Power	39,211,841	(1,950,232)	37,261,608	37,261,608
8	Distribution Operations	2,745,562	-	2,745,562	2,745,562
9	Distribution Maintenance	3,272,526	-	3,272,526	3,272,526
10	Customer Accounts	1,675,740	-	1,675,740	1,675,740
11	Customer Service	264,170	-	264,170	264,170
12	Sales Expense	(1,882)	-	(1,882)	(1,882)
13	A&G	1,581,808	(519,905)	1,061,903	1,061,903
14	Total O&M Expense	48,749,764	(2,470,137)	46,279,627	46,279,627
15					
16	Depreciation	4,378,968	(186,543)	4,192,425	4,192,425
17	Taxes - Other	72,295	-	72,295	72,295
18	Interest on LTD	2,127,309	-	2,127,309	2,127,309
19	Interest - Other	32,232	-	32,232	32,232
20	Other Deductions	28,427	-	28,427	28,427
21					
22	Total Cost of Electric Service	55,388,996	(2,656,681)	52,732,316	52,732,316
23					
24	Utility Operating Margins	(49,160)	618,568	569,408	1,794,337
25					
26	Non-Operating Margins - Interest	461,866	-	461,866	461,866
27	Income(Loss) from Equity Investments	-	-	-	-
28	Non-Operating Margins - Other	20,454	-	20,454	20,454
29	G&T Capital Credits	-	-	-	-
30	Other Capital Credits	58,046	-	58,046	58,046
31					
32	Net Margins	491,205	618,568	1,109,773	2,334,702
33					
34	Cash Receipts from Lenders	13,876	-	13,876	13,876
35	OTIER	0.98		1.27	1.85
36	TIER	1.23		1.52	2.10
37	TIER excluding GTCC	1.23		1.52	2.10
38					
39	Target OTIER	1.85		1.85	
40	Margins at Target OTIER	2,334,702		2,334,702	
41	Revenue Requirement	57,723,698		55,067,018	
42	Revenue Deficiency (Excess)	1,843,497		1,224,929	
43					
44	Total Sales of Electric Energy	54,025,672		51,987,560	
45	Needed Sales of Electric Energy	55,869,169		53,212,488	
46	Increase	1,843,497		1,224,929	
47	Increase	3.41%		2.36%	
48					
49	Cap on Increase	4.00%		4.00%	
50	Capped Increase Amount	2,161,027		2,079,502	
51					
52	Permissible Increase	1,843,497		1,224,929	
53	Permissible Increase	3.41%		2.36%	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00131 SEP 16 2020

The following rates and charges are prescribed for the customers served by Meade County Rural Electric Cooperative Corporation. 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.

SCHEDULE R – RESIDENTIAL

Facilities Charge	\$ 0.686 per day
Energy Charge per kWh	\$ 0.097665

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