

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                    |   |            |
|------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF FARMERS  | ) |            |
| RURAL ELECTRIC COOPERATIVE         | ) | CASE NO.   |
| CORPORATION FOR GENERAL ADJUSTMENT | ) | 2025-00107 |
| OF RATES                           | ) |            |

ORDER

On February 12, 2026, Farmers Rural Electric Cooperative Corporation (Farmers RECC) filed a motion, pursuant to KRS 278.400, requesting reconsideration several of the non-recurring charges discussed in the final Order entered in this proceeding on January 29, 2026. Specifically, Farmers RECC requested rehearing on the reconnection fee, disconnect and trip fee, and return check fee.<sup>1</sup> On February 18, 2026, Farmers RECC filed a motion for clarification on the Commission’s January 29, 2026 Order regarding refunds.<sup>2</sup> The January 29, 2026 Order stated that within 60 days of the date of service of this Order, Farmers RECC shall refund to its customers all amounts collected for service rendered after January 1, 2026, through the date of entry of this Order that are in excess of the rates set forth in the Appendix of that Order.<sup>3</sup>

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original

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<sup>1</sup> Farmers RECC Motion for Rehearing (filed Feb. 12, 2026) (Rehearing Motion) at 2.

<sup>2</sup> Farmer RECC’s Motion for Clarification (filed Feb. 18, 2026) (Clarification Motion).

<sup>3</sup> Order (Ky. PSC Jan. 29, 2026) at 32.

hearing, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”<sup>4</sup> An Order can only be unlawful if it violates a state or federal statute or constitutional provision.<sup>5</sup> By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

Pursuant to KRS 278.190(2), a utility is permitted to place proposed rates into effect at the end of the suspension period, upon written notice to the Commission and subject to refund, pending a final Order. The Commission may require a utility that provides such notice to maintain records that will allow the utility, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of the case. Further, upon final resolution, the Commission may order a refund to the extent the rates approved in the final Order are lower than rates proposed by the utility and placed into effect pursuant to KRS 278.190(2).

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<sup>4</sup> *Energy Regulatory Comm'n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

<sup>5</sup> *Public Service Comm'n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm'n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

## DISCUSSION AND FINDINGS

### Motion for Rehearing

In its motion, Farmers RECC argued that reducing nonrecurring charges without adjusting revenue is unreasonable and contrary to Commission precedent.<sup>6</sup> Farmers RECC cited that the Commission adjusted South Kentucky Rural Electric Cooperative Corporation's (South Kentucky RECC) revenue requirement by \$143,928 to account for revenue lost from adjustments to its nonrecurring charges.<sup>7</sup> In developing this rate case, Farmers RECC explained that it included those amounts in its revenue requirement.<sup>8</sup> Farmers RECC noted that its application for an adjustment of rates did not include a request to modify, update, or otherwise change its nonrecurring charges.<sup>9</sup> Farmers RECC argued that for it to be made whole from the loss of the nonrecurring charge revenue, this amount should be used to increase the revenue requirement.<sup>10</sup>

In the Commission's January 29, 2026 Order, the Commission made the following revisions to Farmers RECC's non-recurring charges<sup>11</sup>:

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<sup>6</sup> Rehearing Motion at 3 citing Case No. 2021-00358, *Electronic Application of Jackson Purchase for a General Adjustment of Rates and Other General Relief* (Ky. PSC April 8, 2022), Order at 26; and, Case No. 2021-00407, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates, Approval of a Depreciation Study, and Other General Relief* (Ky. PSC June 30, 2022), Order at 7 and 27. The Commission notes that Farmers RECC provided an incomplete cite in Case No. 2021-004072 with relevant information is also on 8 and 24-25 and Case No. 2021-00358 with relevant information on 24-25.

<sup>7</sup> Rehearing Motion at 6 *citing* Case No. 2024-00402, *Electronic Application of South Kentucky Rural Electric Cooperative Corporation for a General Adjustment of Rates and other General Relief* (Ky. PSC Dec. 2, 2025), Order at 20, 21, and 24.

<sup>8</sup> Rehearing Motion at 6.

<sup>9</sup> Rehearing Motion at 3.

<sup>10</sup> Rehearing Motion at 6.

<sup>11</sup> Order (Ky. PSC Jan. 29, 2026) at 29-32.

| <b>Charge Type</b> | <b>Prior Charges</b> | <b>Ordered Charges</b>  |
|--------------------|----------------------|---|
| Reconnect          | \$30.00              | \$30.00 (non-remote reconnect ability)<br>\$0.00 (remote connect ability)     |
| Disconnect         | \$30.00              | \$30.00 (non-remote disconnect ability)<br>\$0.00 (remote disconnect ability) |
| Meter Test         | \$40.00              | \$40.00   |
| Trip               | \$30.00              | \$30.00   |
| Returned Check     | \$25.00              | \$5.69  |

In its motion, Farmers RECC stated that it has used data from 2024-2025 and determined without the \$30.00 reconnect and disconnect charges Farmers RECC will lose between \$80,000-\$85,000 in revenue from the meter charges.<sup>12</sup> Farmers RECC clarified that meters that are currently being installed on Farmers RECC' system are capable of remote disconnect, not that all meters on Farmers' system are capable of remote disconnect.<sup>13</sup> In total, Farmers RECC estimated that approximately 76 percent of Farmers RECC meters are not capable of being remotely disconnected or reconnected.<sup>14</sup>

In its motion, Farmers RECC stated that it has used data from 2024-2025 and determined that without the \$30.00 reconnect and disconnect charges Farmers RECC will lose \$7,000 in revenue for returned check fees.<sup>15</sup>

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<sup>12</sup> Rehearing Motion at 6.

<sup>13</sup> Rehearing Motion at 6.

<sup>14</sup> Rehearing Motion at 5.

<sup>15</sup> Rehearing Motion at 6.

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that Farmers RECC's request for rehearing on the Commission's reduction of nonrecurring charges without allegedly adjusting revenue should be granted in order to obtain additional information before rendering a decision on these issues. Additional information is necessary as the motion did not contain financial information or identify supporting bases in the record as to the alleged revenue deficiency. The Commission also notes that the granting of the request for reconsideration for the purpose of gathering additional information should not be construed as making a finding on the merits of the rehearing motion as it merely allows for further proceedings to investigate the allegations. To facilitate obtaining additional information, the Commission, on its own motion, finds that a procedural schedule should be established for the orderly processing of the rehearing request in this case.

#### Motion for Clarification

In its motion for clarification, Farmers RECC requested that the Commission clarify if Farmers should collect money from members that underpaid while rates were in effect subject to refund.<sup>16</sup> Farmers RECC stated that it has been reviewing member accounts to determine the amount of refunds and it discovered that a large portion of its members would actually be subject to a collection from Farmers RECC, due to high usage in the winter months.<sup>17</sup> Farmers RECC stated that the period for determining over/under collection is January 1 through 28, 2026.<sup>18</sup> Farmers RECC stated that while Farmers has

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<sup>16</sup> Clarification Motion at 3.

<sup>17</sup> Clarification Motion at 2.

<sup>18</sup> Clarification Motion at 2.

six billing cycles, Farmers RECC performed an analysis on the two cycles with the most dates under the rates placed into effect.<sup>19</sup> Cycle 605 is a post-pay cycle that included 24 days on the proposed rates and Cycle 609 is all residential accounts on pay-as-you-go, which would have included 31 days on the proposed rates.<sup>20</sup>

Farmers RECC stated that

For Cycle 609, the net collection is estimated to be \$407 on 1678 accounts. Farmers [RECC] would be entitled to collect an estimated \$2,601, or an average of \$3.09 per member, while Farmers would be subject to refunds of \$2,194, or an average of \$2.62 per member. For Cycle 605, residential, the net collection is estimated to be \$8,895 on 6345 accounts. Farmers [RECC] would be entitled to collect \$15,805, or an average of \$4.37 per member, while Farmers would be subject to refunds of \$6,910 or an average of \$2.53 per member. For Cycle 605, small commercial, the net collection is estimated to be \$771 on 285 accounts. Farmers [RECC] would be entitled to collect \$1,274, or an average of \$11.18 per member, while Farmers [RECC] would be subject to refunds of \$503 or an average of \$2.92 per member.<sup>21</sup>

Farmers RECC argued that as it does not wish to collect the money from the members that were undercharged, it does not believe it would be fair to refund the money to members that were overcharged.<sup>22</sup> Given the small amount of refunds and collections, Farmers RECC stated that it believes it would be simpler to neither collect or refund any amount.<sup>23</sup>

The Commission's December 22, 2025 Order found that:

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<sup>19</sup> Clarification Motion at 2.

<sup>20</sup> Clarification Motion at 2.

<sup>21</sup> Clarification Motion at 2-3.

<sup>22</sup> Clarification Motion at 3.

<sup>23</sup> Clarification Motion at 3.

Farmers RECC may implement the rates identified in its May 4, 2025, notice on or after January 1, 2026, *subject to refund*, pending the final resolution of this matter pursuant to KRS 278.190(2). In placing its proposed rates into effect pursuant to KRS 278.190(2), Farmers RECC shall maintain its records in such a manner as will allow it, the Commission, or any customer to determine the *amounts to be refunded*, and to whom, in the event a refund is ordered upon final resolution of this matter.<sup>24</sup> (emphasis added).

The Commission's January 29, 2026 Order stated that "[w]ithin 60 days of the date of service of this Order, Farmers RECC shall refund to its customers all amounts collected for service rendered after January 1, 2026, through the date of entry of this Order that are in excess of the rates set forth in Appendix B attached to this Order."<sup>25</sup>

Having considered the record and being otherwise sufficiently advised, the Commission finds that the motion for clarification is granted but the relief requested, denied. The Commission fails to find any ambiguity in the direction set forth in Ordering paragraph 6, which is consistent with the language set forth in the December 22, 2025 Order setting conditions upon implementation of the proposed rates and KRS 278.190(2).<sup>26</sup> Farmers RECC should proceed with refunding its customers consistent with the Commission's January 29, 2026, Order.

The Commission further finds that Farmers RECC is not entitled to a collection from customers.

KRS 278.190(2) states that

Where increased rates or charges are thus made effective, the commission may, by order, require the interested utility or

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<sup>24</sup> Order (Ky. PSC Dec. 22, 2025) at 2.

<sup>25</sup> Order (Ky. PSC Jan. 29, 2026) at 32.

<sup>26</sup> Order (Ky. PSC Jan. 29, 2026) at 32 and Order (Ky. PSC Dec. 22, 2025) at 2.

utilities to maintain their records in a manner as will enable them, or the commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered, and upon completion of the hearing and decision may, by further order, require such utility or utilities to refund to the persons in whose behalf the amounts were paid that portion of the increased rates or charges as by its decision shall be found unreasonable.

KRS 278.190 contemplates that the Commission's procedure of ordering a utility to maintain its records and refund its customers applies where *increased* rates or charges are thus made effective. The statute does not define a procedure for a utility's collection from customers for *decreased* rates or charges made effective. Therefore, the Commission finds that Farmers RECC should follow the process as laid out in the Commission's January 29, 2026 Order.

IT IS THEREFORE ORDERED that:

1. Farmers RECC's motion for rehearing is granted to obtain additional information.
2. Farmers RECC's request for clarification is granted; however, the relief requested is denied. Farmers RECC shall proceed with refunding its customers consistent with the Commission's January 29, 2026 Order, and is not entitled to a collection from customers.
3. The procedural schedule set forth in the Appendix to this Order shall be followed.
4. Farmers RECC shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.
5. This case is reopened and returned to the Commission's docket.

PUBLIC SERVICE COMMISSION

  
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Chairman

  
\_\_\_\_\_

Commissioner

  
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Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00107 DATED MAR 04 2026

All initial requests for information to Farmers RECC  
shall be filed no later than ..... 03/13/2026

Farmers RECC shall file responses to initial requests for  
information no later than..... 03/25/2026

All supplemental requests for information to Farmers RECC  
shall be filed no later than ..... 04/02/2026

Farmers RECC shall file responses to supplemental requests  
for information no later than ..... 04/10/2026

Last day for parties to request a public hearing or submit a  
request for the matter to be decided based upon the written record ..... 04/11/2026

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