

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE PUBLIC)	
SERVICE COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR THE TWO-)	CASE NO.
YEAR EXPENSE PERIOD ENDING)	2019-00380
MAY 31, 2019, AND THE PASS-THROUGH)	
MECHANISM FOR ITS SIXTEEN MEMBER)	
DISTRIBUTION COOPERATIVES)	

MOTION FOR REHEARING

Comes now East Kentucky Power Cooperative, Inc. (“EKPC”), by counsel, for itself and on behalf of three of its Owner-Members – Inter-County Energy Cooperative, Inc. (“Inter-County”), Nolin R.E.C.C. (“Nolin”) and Shelby Energy Cooperative, Inc. (“Shelby”) – and hereby moves the Kentucky Public Service Commission (“Commission”) to grant rehearing, respectfully stating as follows:

On November 15, 2019, the Commission entered an Order opening an investigation for the two-year review of EKPC’s environmental surcharge and pass-through mechanisms. The Commission entered an Order on May 6, 2020 that approved the calculations and pass-through of environmental surcharge expense during the two-year review period, authorized the rate of return for future recoveries and granted EKPC’s request to not roll-in environmental expense into base rates. The Order did not address the requests of Inter-County, Nolin or Shelby to revise their pass-through mechanisms for certain rate classes. Specifically, Inter-County, Nolin and Shelby requested permission to adopt a pass-through mechanism similar to that approved for Fleming-

Mason Energy Cooperative (“Fleming-Mason”) and Owen Electric Cooperative (“Owen”) in 2009 to pass-through environmental surcharge amounts billed by EKPC for Rate B, C, and special contract customers directly on to those customers before the surcharge pass-through factor is determined. The net balance of the monthly surcharge billed by EKPC is then divided by the retail revenues from non-Rate B, C, and special contract customers.¹ Mr. Isaac Scott described the request of Inter-County, Nolin and Shelby in his testimony submitted in this case:

Q. Do Inter-County, Nolin, and Shelby want to adopt the allocation methodology utilized by Fleming-Mason and Owen?

A. Yes. Since the analysis conducted in Case No. 2009-00039, industrial customer loads have changed and EKPC’s environmental surcharge has grown. Inter-County, Nolin, and Shelby have reviewed the operation of their current surcharge allocation methodology and believe it is now appropriate to adopt the allocation methodology utilized by Fleming-Mason and Owen. As part of this review, Inter-County, Nolin, and Shelby have analyzed past surcharge billings to determine if there was an under-recovery of the monthly environmental surcharge allocated to large industrial customers. Based on their review and analysis, Inter-County, Nolin, and Shelby have determined that the alternative allocation methodology produces a fair, just, and reasonable result for all of their retail customers. Inter-County, Nolin, and Shelby have sent written notices of this change in the surcharge mechanism to all of their Rate B and G customers.²

Exhibits ISS-1, ISS-2, and ISS-3 to Mr. Scott’s testimony provide further support for the three Owner-Members’ request. The May 6th Order neither grants nor denies the requested relief. EKPC and its three affected Owner-Members respectfully request the Commission to grant rehearing so that a ruling on the request to extend the environmental surcharge direct pass-through

¹ See *In the Matter of An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Six-Month Billing Periods Ending December 31, 2007; June 30, 2008; and December 31, 2008; and the Pass-Through Mechanism for Its Sixteen Member Distribution Cooperatives*, Order, Case No. 2009-00039 (Ky. P.S.C., Nov. 6, 2009).

² See Testimony of Isaac S. Scott, Case No. 2019-00380, pp. 17-20 (filed Dec. 20, 2019). Inter-County, Nolin and Shelby also seek to extend the direct pass-through methodology to Rate G customers.

methodology to include Inter-County, Nolin and Shelby might be entered. Although substantial support for the request is included in Mr. Scott's testimony and supporting exhibits, the Movants are willing to provide any additional information which the Commission might require.

WHEREFORE, Movants respectfully move the Commission to grant rehearing and issue a decision on the request to amend the pass-through methodology for these three Owner-Members.

This 19th day of May, 2020.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on May 19, 2020; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium will be delivered to the Commission within thirty (30) days of the conclusion of the pending COVID-19 state of emergency.



Counsel for East Kentucky Power Cooperative, Inc.