

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF )  
BLUE GRASS ENERGY COOPERATIVE )  
CORPORATION FOR PASS-THROUGH OF ) Case No. 2021-00105  
EAST KENTUCKY POWER COOPERATIVE, )  
INC.'S WHOLESALE RATE ADJUSTMENT )

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BLUE GRASS ENERGY COOPERATIVE  
CORPORATION'S APPLICATION

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Comes now Blue Grass Energy Cooperative Corporation ("Blue Grass"), by counsel, pursuant to KRS 278.455(2), 807 KAR 5:007 and other applicable law, and does hereby request the Kentucky Public Service Commission ("Commission") to grant it a pass-through of East Kentucky Power Cooperative Inc.'s ("EKPC") wholesale rate adjustment, respectfully stating as follows:

1. Blue Grass is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Blue Grass is engaged in the business of distributing retail electric power to approximately 60,500 members in the Kentucky counties of Anderson, Bourbon, Bracken, Estill, Fayette, Franklin, Garrard, Grant, Harrison, Henry, Jackson, Jessamine, Madison, Mercer, Nelson, Nicholas, Pendleton, Robertson, Scott, Shelby, Spencer, Washington and Woodford.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Blue Grass's mailing address is 1201 Lexington Road, Nicholasville, Kentucky 40356 and its electronic mail address is [psc@bgenergy.com](mailto:psc@bgenergy.com).

3. Pursuant to 807 KAR 5:001, Section 14(2), Blue Grass is a Kentucky corporation that was incorporated and consolidated on January 1, 2002 and is currently in good standing to conduct business within the Commonwealth of Kentucky.

4. Pursuant to 807 KAR 5:007, Sections 1(3) and Section 2(2), Blue Grass is one of the sixteen owner-member cooperatives of EKPC. EKPC has filed an Application for a general adjustment of its existing wholesale rates to its owner-members, including Blue Grass.<sup>1</sup> In accordance with KRS 278.455, Blue Grass seeks to pass-through the increase in EKPC's wholesale rates to Blue Grass to Blue Grass's retail members.

5. Pursuant to 807 KAR 5:007 Section 2(1), attached as **Exhibit 1** to this Application are the proposed tariffs of Blue Grass incorporating the new rates and proposing an effective date of May 1, 2021, which is the same effective date proposed by EKPC in its rate case.

6. Pursuant to 807 KAR 5:007 Sections 1(4) and Section 2(2), attached as **Exhibit 2** to this Application is a comparison of the current and the proposed rates of Blue Grass.

7. Pursuant to 807 KAR 5:007 Sections 1(5)(a)-(b) and Section 2(2), attached as **Exhibit 3** to this Application is a billing analysis which shows the existing and proposed rates for each of Blue Grass's rate classes. Blue Grass further states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail members through its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

8. Pursuant to 807 KAR 5:007 Sections 1(6) and Section 2(2), a certification that a complete copy of this filing has been mailed to the Kentucky Attorney General's Office of Rate

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<sup>1</sup> See *In the Matter of the 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*, Application, Case No. 2021-00103 (filed April 1, 2021).

Intervention and an electronic copy was also sent to rateintervention@ag.ky.gov is attached as **Exhibit 4**.

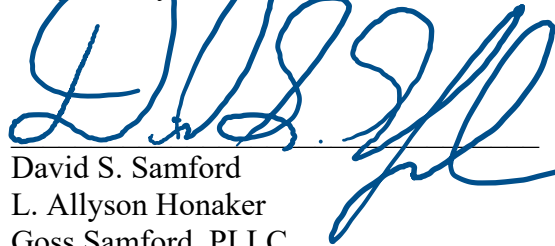
9. Pursuant to 807 KAR 5:007 Sections 1(7)(b) and (8) and Section 2(2), notice of the proposed rate changes has been given, not more than thirty (30) days prior to April 1, 2021, by publication in a newspaper of general circulation throughout Blue Grass's service territory. A copy of the notice is attached as **Exhibit 5** and contains all of the required information pursuant to 807 KAR 5:007, Section 3.

10. This application is supported by the Testimony of Mr. John Wolfram, which is attached as **Exhibit 6**.

WHEREFORE, on the basis of the foregoing, Blue Grass respectfully requests that the Commission accept this Application for filing and allow Blue Grass to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of Blue Grass's pass-through rates to be the same as the effective date of EKPC's rate increase.

Done this 1<sup>st</sup> day of April 2021.

Respectfully submitted,



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*Counsel for Blue Grass Energy  
Cooperative Corporation*

**Exhibit List**

<b>Document</b>	<b>Tab</b>
Proposed Tariffs Incorporating the New Rates Proposed to be Effective on May 1, 2021	1
Comparison of the Current and Proposed Rates	2
Billing Analysis Showing the Existing and Proposed Rates for Each Rate Class	3
Certification of Mailing to Office of Rate Intervention	4
Copy of Notice	5
Testimony of John Wolfram	6

Case No. 2021-00105  
Application – Exhibit 1

Proposed Tariffs

**CLASSIFICATION OF SERVICE**

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**GS-2 (Residential and Farm Inclining Block)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all GS-1 residential and farm consumers. One year minimum commitment required.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES**

Customer Charge	\$14.41 per meter, per month	(I)
Energy Charge per kWh:		
First 200 kWh	\$0.07673	(I)
Next 300 kWh	\$0.09234	(I)
Over 500 kWh	\$0.10275	(I)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge under this tariff shall be the customer charge.

**DELAY PAYMENT CHARGE**

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

DATE OF ISSUE: April 1, 2021

DATE EFFECTIVE: May 1, 2021

ISSUED BY: 

(Name of Officer)

TITLE: Vice President and CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No.: 2021-00105

Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

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**GS-1 (Residential and Farm)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all residential and farm consumers. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES**

Facility Charge Monthly per Meter	\$17.17	(1)
Energy Charge per kWh	\$0.08449	(1)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGE**


The minimum monthly charge under this tariff shall be the facility charge.

**DELAY PAYMENT CHARGE**

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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**CLASSIFICATION OF SERVICE**

**GS-3 (Residential and Farm Time-of-Day Rate)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available to all consumers eligible for the Tariff GS-1, Residential and Farm. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower. Consumers must remain on this rate schedule for one (1) year. This rate is not available for the direct load control credits.

**TYPE OF SERVICE**

Single-phase, 60 cycles, at available secondary voltage.

**RATES:**

<u>Facility Charge</u>	<u>\$26.01 per meter, per month</u>	(I)
<u>Energy Charge per kWh</u>		
<u>On peak energy</u>	<u>\$0.10215</u>	(I)
<u>Off peak energy</u>	<u>\$0.05437</u>	(I)

**On-Peak Hours and Off-Peak Hours  
Local Prevailing Time**

On-peak hours are applicable to weekdays only. All weekend hours are off-peak hours.

Months	On-Peak Hours	Off-Peak Hours
May through September	1:00 p.m. to 9:00 p.m.	9:00 p.m. to 1:00 p.m.
October through April	7:00 a.m. to 11:00 a.m. 5:00 p.m. to 9:00 p.m.	11:00 a.m. to 5:00 p.m. 9:00 p.m. to 7:00 a.m.

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**MINIMUM MONTHLY CHARGES**

The minimum monthly charge under this tariff shall be the facility charge.

**DELAY PAYMENT CHARGE**

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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**CLASSIFICATION OF SERVICE**

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**SC-1 General Service (0-100 KW)**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Demand Charge**

First 10 KW of Billing Demand

No charge

(I)

Over 10 KW of Billing Demand

\$ 8.09

**Energy Charge**

All KWH

\$ 0.08495

(I)

Facility Charge

\$33.81

(I)

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor.

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Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**LP-1 Large Power (101 KW to 500 KW)**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers whose contracted kilowatt demand shall exceed 100 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available primary or secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specifically approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.68 per month per KW of billing demand

(I)

**Energy Charge (101 KW to 500 kW)**

Facility Charge

\$57.82

(I)

ALL KWH

\$0.05408

(I)

**DETERMINATION OF BILLING DEMAND**

The Billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

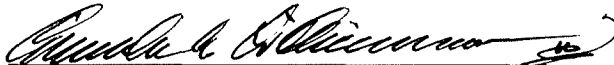
**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

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Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**LP-1 (Large Power 101 KW to 500 KW – Time of Day Rate)**

**APPLICABLE**

Entire Territory Served

**AVAILABILITY**

Available for all LP-1 Large Power 101 KW-500 KW consumers. They must remain on this rate schedule for one (1) year.

**CONDITIONS**

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATES:**


Customer Charge	\$57.82 per meter, per month	(I)
<u>Energy Charge per kWh</u>		
<u>On-peak energy</u>	<u>\$0.09522</u>	(I)
<u>Off-peak energy</u>	<u>\$0.06338</u>	(I)

**On-Peak Hours and Off-Peak Hours**  
**Local Prevailing Time**

Months	On-Peak Hours	Off-Peak Hours
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10:00 p.m. to 10:00 a.m.</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.	12:00 noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.

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Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**LP-2 Large Power (over 500)**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all commercial and industrial consumers whose contracted kilowatt demand shall exceed 500 kW for all usage subject to the established rules and regulations.

**CONDITIONS**

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary or secondary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**RATE**

**Maximum Demand Charge**

\$8.68 per month per kW of billing demand

(I)

**Energy Charge (over 500 kW)**

Facility Charge

\$ 115.64

(I)

ALL KWH

\$0.04769

(I)

Special facilities charge as specified in the contract

**DETERMINATION OF BILLING DEMAND**

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT**

The consumer agrees to maintain unity power factor as nearly as practical. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

DATE OF ISSUE: April 1, 2021

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(Name of Officer)

TITLE: Vice President & CFO

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Dated: \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**OUTDOOR LIGHTS**

**APPLICABLE**

Entire territory served

**AVAILABILITY**

Available to all consumers of the Cooperative subject to its established rules and regulations.

**RATE PER LIGHT PER MONTH**

<u>Open Bottom Light</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$11.95</u>	(I)
<u>Open Bottom light</u>	<u>Approximate Lumens 25,000</u>	<u>\$18.62</u>	(I)
<u>Directional Flood Light</u>	<u>Approximate Lumens 50,000</u>	<u>\$18.62</u>	(I)
<u>Shoebox Fixture (metal pole)</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$20.98</u>	(I)
<u>Acorn Fixture (fiberglass pole)</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$20.36</u>	(I)
<u>Colonial Fixture</u>	<u>Approximate Lumens 6000-9000</u>	<u>\$17.20</u>	(I)
<u>Cobra Head (aluminum pole)</u>	<u>Approximate Lumens 50,000</u>	<u>\$25.99</u>	(I)
<u>Ornamental Light</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$11.80</u>	(I)
<u>Ornamental Light</u>	<u>Approximate Lumens 25,000</u>	<u>\$16.87</u>	(I)
<u>Colonial Fixture (15 Ft. mounting height)</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$10.47</u>	(I)
<u>Cobra Head (aluminum pole)</u>	<u>Approximate Lumens 25,000</u>	<u>\$18.43</u>	(I)
<u>Cobra Head (aluminum pole)</u>	<u>Approximate Lumens 6000-9500</u>	<u>\$12.56</u>	(I)

\* All lights are for a minimum of 12 months service. If customer disconnects prior to the completion of the first 12 months of service, the balance of the 12 months must be paid.

**ADDITIONAL ORNAMENTAL SERVICE**

The Cooperative may, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

DATE OF ISSUE: April 1, 2021

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ISSUED BY:   
TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
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Dated: \_\_\_\_\_

CLASSIFICATION OF SERVICE

SC-2 (General Service 0-100 KW Time of Day Rate)

APPLICABLE

Entire Territory Served

AVAILABILITY

Available for general service including single phase non-residential or three-phase commercial and three-phase farm service up to 100 kW. Consumers will not exceed 100 KW for any month to qualify. They must remain on this rate schedule for one (1) year.

TYPE OF SERVICE

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

RATES:


Facility Charge	\$41.62 per meter, per month	(I)
<u>Energy Charge per kWh</u>		
<u>On-peak energy</u>	<u>\$0.13052</u>	(I)
<u>Off-peak energy</u>	<u>\$0.06857</u>	(I)

On-Peak Hours and Off-Peak Hours  
Local Prevailing Time

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10:00 p.m. to 10:00 a.m.</u>
<u>October through April</u>	<u>7:00 a.m. to 12:00 noon</u> <u>5:00 p.m. to 10:00 p.m.</u>	<u>12:00 noon to 5:00 p.m.</u> <u>10:00 p.m. to 7:00 a.m.</u>

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-1**

**AVAILABILITY**

Applicable to contracts with demands of 1,000 KW to 3,999 KW with a minimum contracted monthly energy (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand.

**MONTHLY RATE**

Facility Charge	\$1,155.11	(I)
Demand Charge per kW of Contract Demand	\$ <u>7.45</u>	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$ <u>10.37</u>	(I)
Energy Charge per kWh	\$0.04822	(I)

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

Months	Hours Applicable for Demand Billing -EPT
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

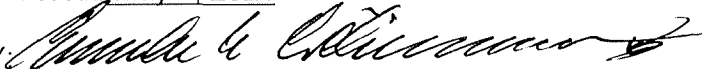
**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- a. Facility Charge
- b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- c. The product of the contract demand multiplied by 425 hours and the energy charge per KWH.
- d. Contract provisions that reflect special facilities requirements.

DATE OF ISSUE: April 1, 2021

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ISSUED BY: 

TITLE: Vice President & CFO

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate - Schedule B-2**

**AVAILABILITY**

Applicable to contracts with demands of 4,000 KW and greater with a minimum contracted monthly energy usage (kwh) of 425 hours per kw of contract demand. To determine the minimum contracted monthly energy usage (kwh), the 425 hours is multiplied by the contract demand.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATE**

Facility Charge	\$2,310.22	(I)
Demand Charge per kW of Contract Demand	\$7.45	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$10.37	(I)
Energy Charge per kWh	\$0.04257	(I)

**BILLING DEMAND**

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

Months	Hours Applicable for Demand Billing -EPT
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.


**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- a. Facility Charge
- b. The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- c. The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- d. Contract provisions that reflect special facilities requirements.

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ISSUED BY: 

TITLE: Vice President & CFO

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**CLASSIFICATION OF SERVICE**

**Large Industrial Rate –Schedule G1**

**AVAILABILITY**

Applicable to contracts with demand of 15,000 kW and greater with a monthly energy usage equal to or greater than 438 kWh per kW of contract demand.

**TYPE OF SERVICE**

Three-phase, 60 cycles, at available primary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

**MONTHLY RATES**

Facility Charge	\$5,726.70	(1)
Demand Charge per Billing kW	\$7.29	(1)
Energy Charge per kWh for all kWh	\$0.04162	(1)

**BILLING DEMAND**

The kW billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The consumer's highest demand during the current month or preceding eleven (11) months. Demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor use.

Months	Hours Applicable for Demand Billing – ETS
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**MINIMUM MONTHLY BILL**

The minimum monthly charges shall not be less that the sum of (a) through (c) below:

- (a) Customer Charge, plus
- (b) The product of the billing demand multiplied by the demand charge, plus
- (c) The product of the billing demand multiplied by 438 kWh multiplied by the energy rate.

DATE OF ISSUE: April 1, 2021

DATE EFFECTIVE: May 1, 2021

ISSUED BY:   
TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service  
Commission of Kentucky in Case No. 2021-00105  
Dated: \_\_\_\_\_

Case No. 2021-00105  
Application – Exhibit 2

Existing & Proposed  
Rate Comparison

**BLUE GRASS ENERGY**  
**Present & Proposed Rates**

	<u>Rate</u>	<u>Item</u>	<u>Present</u>	<u>Proposed</u>
<u>GS-1</u>	<u>Residential , Farm &amp; Non-Farm</u>	Customer Charge	\$ 16.50	\$ 17.17
		Energy Charge per kWh	\$ 0.08121	\$ 0.08449
<u>GS-2</u>	<u>Residential Off Peak ETS</u>	Customer Charge	\$ 13.85	\$ 14.41
		Energy Charge - First 200 per kWh	\$ 0.07374	\$ 0.07673
		Energy Charge - Next 300 per kWh	\$ 0.08874	\$ 0.09234
		Energy Charge - Over 500 per kWh	\$ 0.09874	\$ 0.10275
<u>GS-3</u>	<u>Residential Time of Day</u>	Customer Charge	\$ 25.00	\$ 26.01
		Energy Charge - On Peak per kWh	\$ 0.09818	\$ 0.10215
		Energy Charge - Off Peak per kWh	\$ 0.05226	\$ 0.05437
<u>SC-1</u>	<u>Small Commercial (0-100 kW)</u>	Customer Charge	\$ 32.50	\$ 33.81
		Energy Charge per kWh	\$ 0.08165	\$ 0.08495
		Demand Charge over 10 KW per kW	\$ 7.78	\$ 8.09
<u>SC-2</u>	<u>General Service 0-100 KW Time of Day Rate</u>	Customer Charge	\$ 40.00	\$ 41.62
		Energy Charge - On Peak per kWh	\$ 0.12545	\$ 0.13052
		Energy Charge - Off Peak per kWh	\$ 0.06590	\$ 0.06857
<u>LP-1</u>	<u>Large Power (101 - 500 kW)</u>	Customer Charge	\$ 55.57	\$ 57.82
		Energy Charge per kWh	\$ 0.05198	\$ 0.05408
		Demand Charge per kW	\$ 8.34	\$ 8.68
<u>LP-1</u>	<u>Large Power (101 - 500 kW) (Time of Day)</u>	Customer Charge	\$ 55.57	\$ 57.82
		Energy Charge - On Peak per kWh	\$ 0.09152	\$ 0.09522
		Energy Charge - Off Peak per kWh	\$ 0.06090	\$ 0.06338
<u>LP-2</u>	<u>Large Power (over 500 kW)</u>	Customer Charge	\$ 111.14	\$ 115.64
		Energy Charge per kWh	\$ 0.04584	\$ 0.04769
		Demand Charge per kW	\$ 8.34	\$ 8.68
<u>B-1</u>	<u>Large Industrial (1,000 - 3,999 kW)</u>	Customer Charge	\$ 1,111.43	\$ 1,155.11
		Energy Charge per kWh	\$ 0.04640	\$ 0.04822
		Demand Charge Contract per kW	\$ 7.17	\$ 7.45
		Demand Charge Excess per kW	\$ 9.98	\$ 10.37
<u>B-2</u>	<u>Large Industrial (over 4,000 kW)</u>	Customer Charge	\$ 2,222.85	\$ 2,310.22
		Demand Charge Contract per kW	\$ 7.17	\$ 7.45
		Demand Charge Excess per kW	\$ 9.98	\$ 10.37
		Energy Charge per kWh	\$ 0.04096	\$ 0.04257
	<u>Interruptible Service Rider</u>	Interruptible Credit per kW	\$ (5.60)	\$ (5.60)
<u>L</u>	<u>Lighting</u>	Open Bottom Light- 6000-9500 Lumens	\$ 11.49	\$ 11.95
		Open Bottom Light- 25,000 Lumens	\$ 17.90	\$ 18.62
		Directional Flood Light	\$ 17.90	\$ 18.62
		Shoebox Fixture	\$ 20.16	\$ 20.98
		Acorn Fixture	\$ 19.57	\$ 20.36
		Colonial Fixture	\$ 16.53	\$ 17.20
		Cobra Head- 50,000 Lumens	\$ 24.98	\$ 25.99
		Ornamental Light 6000-9500 Lumens	\$ 11.34	\$ 11.80
		Ornamental light- approx 25000 Lumens	\$ 16.21	\$ 16.87
		Colonial Fixture- 15ft Mounting height	\$ 10.06	\$ 10.47
		Cobra Head- 25000 Lumens	\$ 17.71	\$ 18.43
		Cobra Head Aluminum Pole	\$ 12.07	\$ 12.56
<u>Special</u>	<u>Essity - EKPC Rate G</u>	Customer Charge	\$ 5,454.00	\$ 5,726.70
		Demand Charge per kW	\$ 6.98	\$ 7.29
		Interruptible Credit per kW	\$ (5.60)	\$ (5.60)
		Energy Charge per kWh	\$ 0.03945	\$ 0.04162

Case No. 2021-00105  
Application – Exhibit 3

Billing Analysis for  
Each Rate Class

**BLUE GRASS ENERGY**  
**Billing Analysis for Pass-Through Rate Increase**

Total Revenue Increase Allocated by East Kentucky Power Cooperative:	\$4,707,979
Total Rate G Revenue Increase Allocated by East Kentucky Power Cooperative:	\$292,114
Remaining Revenue Increase Allocated by East Kentucky Power Cooperative:	\$4,415,865

#	Item	Code	Present Revenue	Present Share	Allocation Revenue	Allocation Share	Allocated Increase	Proposed Revenue	Proposed Share	Base Rate Increase	Base %	Total %	Rounding
1	<u>Base Rates</u>												
2	Residential , Farm & Non-Farm	GS-1	\$ 78,668,942	72.05%	\$ 78,668,942	72.05%	\$ 3,181,765	\$ 81,848,707	72.05%	\$ 3,179,766	4.04%	3.71%	\$ (1,999)
3	Residential Off Peak ETS	GS-2	\$ 26,921	0.02%	\$ 26,921	0.02%	\$ 1,089	\$ 28,010	0.02%	\$ 1,090	4.05%	3.65%	\$ 1
4	Residential Time of Day	GS-3	\$ 33,071	0.03%	\$ 33,071	0.03%	\$ 1,338	\$ 34,408	0.03%	\$ 1,336	4.04%	3.74%	\$ (1)
5	Small Commercial (0-100 kW)	SC-1	\$ 8,757,606	8.02%	\$ 8,757,606	8.02%	\$ 354,201	\$ 9,111,476	8.02%	\$ 353,870	4.04%	3.71%	\$ (331)
6	General Service 0-100 KW Time of Day Rate	SC-2	\$ 144,001	0.13%	\$ 144,001	0.13%	\$ 5,824	\$ 149,827	0.13%	\$ 5,826	4.05%	3.71%	\$ 2
7	Large Power (101 - 500 kW)	LP-1	\$ 2,897,594	2.65%	\$ 2,897,594	2.65%	\$ 117,193	\$ 3,015,025	2.65%	\$ 117,432	4.05%	3.77%	\$ 238
8	Large Power (over 500 kW)	LP-2	\$ 5,484,399	5.02%	\$ 5,484,399	5.02%	\$ 221,817	\$ 5,706,756	5.02%	\$ 222,357	4.05%	3.78%	\$ 541
9	Large Industrial (1,000 - 3,999 kW)	B-1	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	0.00%	0.00%	\$ -
10	Large Industrial (over 4,000 kW)	B-2	\$ 10,917,289	10.00%	\$ 10,917,289	10.00%	\$ 441,550	\$ 11,358,150	10.00%	\$ 440,861	4.04%	3.81%	\$ (689)
11	Lighting	L	\$ 2,252,159	2.06%	\$ 2,252,159	2.06%	\$ 91,089	\$ 2,342,638	2.06%	\$ 90,479	4.02%	4.02%	\$ (610)
12	SubTotal Base Rates		\$ 109,181,981	100.00%	\$ 109,181,981	100.00%	\$ 4,415,865	\$ 113,594,998	100.00%	\$ 4,413,017	4.04%		\$ (2,848)
13													
14	Essity - EKPC Rate G	Special	\$ 5,063,510	100.00%	\$ 292,114	100.00%	\$ 292,114	\$ 5,357,415	100.00%	\$ 293,905	5.80%	5.45%	\$ 1,791
15													
16	TOTAL Base Rates		\$ 114,245,491		\$ 109,474,095		\$ 4,707,979	\$ 118,952,412		\$ 4,706,921	4.12%		\$ (1,058)
17													
18	<u>Riders</u>												
19	FAC		\$ (3,262,683)				\$ (3,262,683)						
20	ES		\$ 12,310,612				\$ 12,310,612						
21	Prepay Daily Charges		\$ 313,458				\$ 313,458						
22	Other		\$ -				\$ -						
23	Total Riders		\$ 9,361,387				\$ 9,361,387						
24													
25	Total Revenue		\$ 123,606,878				\$ 128,313,800			\$ 4,706,921		3.81%	
26	Target Revenue									\$ 4,707,979			
27	Rate Rounding Variance									\$ (1,058)			
28	Rate Rounding Variance									-0.02%			











BLUE GRASS ENERGY  
Billing Analysis for Pass-Through Rate Increase

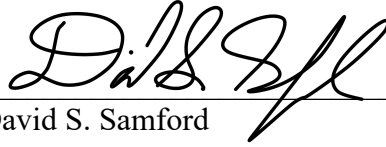
#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Target Share	Target Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	Proposed Share	Share Variance	Rate Variance	
166																
167	TOTALS		Total Base Rates			\$ 114,245,491				\$ 118,952,412	\$ 4,706,921	4.12%				
168			FAC			\$ (3,262,683)				\$ (3,262,683)	\$ -					
169			ES			\$ 12,310,612				\$ 12,310,612	\$ -					
170			Misc Adj			\$ 313,458				\$ 313,458	\$ -					
171			Other			\$ -				\$ -	\$ -					
172			Total Riders			\$ 9,361,387				\$ 9,361,387	\$ -					
173			TOTAL REVENUE			\$ 123,606,878				\$ 128,313,800	\$ 4,706,921	3.81%				
174																
175			Rate Rounding Variance								\$ (1,058)					
176																
177	<b>RATES WITH NO CURRENT MEMBERS</b>															
178																
179	Large Power (101 - 500 kW) (Time	LP-1														
180			Customer Charge			55.57			57.82							
181			Energy Charge - On Peak per kWh			0.09152			0.09522							
182			Energy Charge - Off Peak per kWh			0.06090			0.06338							

Case No. 2021-00105  
Application – Exhibit 4

Certificate of Service to  
The Attorney General

**Exhibit 4**  
**Statement of Service to the Attorney General**

Pursuant to 807 KAR 5:007, Sections 1(6) and Section 2(2), the undersigned does hereby certify that a complete copy of this filing has been mailed to the Kentucky Attorney General's Office of Rate Intervention and an electronic copy was also sent to [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov) on this 1<sup>st</sup> day of April 2021.

A handwritten signature in black ink, appearing to read "D. S. Samford", written over a horizontal line.

David S. Samford

*Counsel for Blue Grass Energy  
Cooperative Corporation*

Case No. 2021-00105  
Application – Exhibit 5

Customer Notice

## NOTICE

In accordance with the requirements of the Public Service Commission (“Commission”) as set forth in 807 KAR 5:001, Section 17 and 807 KAR 5:007, Section 3, of the Rules and Regulations of the Commission, notice is hereby given to the member consumers of Blue Grass Energy Cooperative Corporation (“Blue Grass Energy”) of a proposed rate adjustment. Blue Grass Energy intends to propose an adjustment of its existing rates to reflect the wholesale rate adjustment of its wholesale supplier, East Kentucky Power Cooperative, Inc., pursuant to KRS 278.455(2), by filing an application with the Commission on April 1, 2021, in Case No. 2021-00105. The application will request that the proposed rates become effective May 1, 2021. The present and proposed rates for each customer classification to which the proposed rates will apply are set forth below:

	<b>Rate</b>	<b>Item</b>	<b>Present</b>	<b>Proposed</b>
<u>GS-1</u>	<u>Residential , Farm &amp; Non-Farm</u>			
		Customer Charge	\$ 16.50	\$ 17.17
		Energy Charge per kWh	\$ 0.08121	\$ 0.08449
<u>GS-2</u>	<u>Residential Off Peak ETS</u>			
		Customer Charge	\$ 13.85	\$ 14.41
		Energy Charge - First 200 per kWh	\$ 0.07374	\$ 0.07673
		Energy Charge - Next 300 per kWh	\$ 0.08874	\$ 0.09234
		Energy Charge - Over 500 per kWh	\$ 0.09874	\$ 0.10275
<u>GS-3</u>	<u>Residential Time of Day</u>			
		Customer Charge	\$ 25.00	\$ 26.01
		Energy Charge - On Peak per kWh	\$ 0.09818	\$ 0.10215
		Energy Charge - Off Peak per kWh	\$ 0.05226	\$ 0.05437
<u>SC-1</u>	<u>Small Commercial (0-100 kW)</u>			
		Customer Charge	\$ 32.50	\$ 33.81
		Energy Charge per kWh	\$ 0.08165	\$ 0.08495
		Demand Charge over 10 KW per kW	\$ 7.78	\$ 8.09
<u>SC-2</u>	<u>General Service 0-100 KW Time of Day Rate</u>			
		Customer Charge	\$ 40.00	\$ 41.62
		Energy Charge - On Peak per kWh	\$ 0.12545	\$ 0.13052
		Energy Charge - Off Peak per kWh	\$ 0.06590	\$ 0.06857
<u>LP-1</u>	<u>Large Power (101 - 500 kW)</u>			
		Customer Charge	\$ 55.57	\$ 57.82
		Energy Charge per kWh	\$ 0.05198	\$ 0.05408
		Demand Charge per kW	\$ 8.34	\$ 8.68
<u>LP-1</u>	<u>Large Power (101 - 500 kW) (Time of Day)</u>			
		Customer Charge	\$ 55.57	\$ 57.82
		Energy Charge - On Peak per kWh	\$ 0.09152	\$ 0.09522
		Energy Charge - Off Peak per kWh	\$ 0.06090	\$ 0.06338
<u>LP-2</u>	<u>Large Power (over 500 kW)</u>			
		Customer Charge	\$ 111.14	\$ 115.64
		Energy Charge per kWh	\$ 0.04584	\$ 0.04769
		Demand Charge per kW	\$ 8.34	\$ 8.68
<u>B-1</u>	<u>Large Industrial (1,000 - 3,999 kW)</u>			
		Customer Charge	\$ 1,111.43	\$ 1,155.11
		Energy Charge per kWh	\$ 0.04640	\$ 0.04822
		Demand Charge Contract per kW	\$ 7.17	\$ 7.45

		Demand Charge Excess per kW	\$ 9.98	\$ 10.37
<u>B-2</u>	<u>Large Industrial (over 4,000 kW)</u>			
		Customer Charge	\$ 2,222.85	\$ 2,310.22
		Demand Charge Contract per kW	\$ 7.17	\$ 7.45
		Demand Charge Excess per kW	\$ 9.98	\$ 10.37
		Energy Charge per kWh	\$ 0.04096	\$ 0.04257
	<u>Interruptible Service Rider</u>			
		Interruptible Credit per kW	\$ (5.60)	\$ (5.60)
<u>L</u>	<u>Lighting</u>			
		Open Bottom Light- 6000-9500 Lumens	\$ 11.49	\$ 11.95
		Open Bottom Light- 25,000 Lumens	\$ 17.90	\$ 18.62
		Directional Flood Light	\$ 17.90	\$ 18.62
		Shoebox Fixture	\$ 20.16	\$ 20.98
		Acorn Fixture	\$ 19.57	\$ 20.36
		Colonial Fixture	\$ 16.53	\$ 17.20
		Cobra Head- 50,000 Lumens	\$ 24.98	\$ 25.99
		Ornamental Light 6000-9500 Lumens	\$ 11.34	\$ 11.80
		Ornamental light- approx 25000 Lumens	\$ 16.21	\$ 16.87
		Colonial Fixture- 15ft Mounting height	\$ 10.06	\$ 10.47
		Cobra Head- 25000 Lumens	\$ 17.71	\$ 18.43
		Cobra Head Aluminum Pole	\$ 12.07	\$ 12.56
<u>Special</u>	<u>Essity - EKPC Rate G</u>			
		Customer Charge	\$ 5,454.00	\$ 5,726.70
		Demand Charge per kW	\$ 6.98	\$ 7.29
		Interruptible Credit per kW	\$ (5.60)	\$ (5.60)
		Energy Charge per kWh	\$ 0.03945	\$ 0.04162

The effect of the change requested, in both dollar amounts and as a percentage, for each customer classification to which the proposed rates will apply is set forth below:

Rate			Increase	
			Dollars	Percent
GS-1	Residential , Farm & Non-Farm		\$ 3,179,766	3.71%
GS-2	Residential Off Peak ETS		\$ 1,090	3.65%
GS-3	Residential Time of Day		\$ 1,336	3.74%
SC-1	Small Commercial (0-100 kW)		\$ 353,870	3.71%
SC-2	General Service 0-100 KW Time of Day Rate		\$ 5,826	3.71%
LP-1	Large Power (101 - 500 kW)		\$ 117,432	3.77%
LP-2	Large Power (over 500 kW)		\$ 222,357	3.78%
B-1	Large Industrial (1,000 - 3,999 kW)		\$ -	0.00%
B-2	Large Industrial (over 4,000 kW)		\$ 440,861	3.81%
L	Lighting		\$ 90,479	4.02%
Special	Essity - EKPC Rate G		\$ 293,905	5.45%
Total			\$ 4,706,921	3.81%

The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply is set forth below:



Rate		Average	Increase	
		Usage (kWh)	Dollars	Percent
GS-1	Residential , Farm & Non-Farm	1,244	\$4.75	3.71%
GS-2	Residential Off Peak ETS	75	\$0.80	3.65%
GS-3	Residential Time of Day	1,161	\$4.16	3.74%
SC-1	Small Commercial (0-100 kW)	2,339	\$10.61	3.71%
SC-2	General Service 0-100 KW Time of Day Rate	2,486	\$10.91	3.71%
LP-1	Large Power (101 - 500 kW)	52,386	\$165.63	3.77%
LP-2	Large Power (over 500 kW)	285,590	\$772.07	3.78%
B-1	Large Industrial (1,000 - 3,999 kW)	-	\$0.00	0.00%
B-2	Large Industrial (over 4,000 kW)	3,345,415	\$7,347.68	3.81%
L	Lighting	NA	NA	4.02%
Special	Essity - EKPC Rate G	8,950,993	\$24,492.07	5.45%

A person may examine the application and any related documents Blue Grass Energy has filed with the PSC at the utility's principal office, located at:

Blue Grass Energy  
1201 Lexington Road  
Nicholasville, KY 40356  
(888) 546-4243  
<https://www.bgenergy.com/>

A person may also examine the application: (i) at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m.; or (ii) through the Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are the rates proposed by Blue Grass Energy, but the Commission may order rates to be charged that differ from the proposed rates contained in this notice. A person may submit a timely written request for intervention to the Commission at Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.

Case No. 2021-00105  
Application – Exhibit 6

Testimony of John Wolfram  
Catalyst Consulting, LLC

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**JOHN WOLFRAM  
PRINCIPAL OF CATALYST CONSULTING, LLC**

**ON BEHALF OF**

**BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION  
BLUE GRASS ENERGY COOPERATIVE CORPORATION  
CLARK ENERGY COOPERATIVE, INC.  
CUMBERLAND VALLEY ELECTRIC INC.  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
FLEMING-MASON ENERGY COOPERATIVE, INC.  
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION  
INTER-COUNTY ENERGY COOPERATIVE CORPORATION  
JACKSON ENERGY COOPERATIVE CORPORATION  
LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION  
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
OWEN ELECTRIC COOPERATIVE INC.  
SALT RIVER ELECTRIC COOPERATIVE CORPORATION  
SHELBY ENERGY COOPERATIVE INC.  
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION  
TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION**

**FILED: April 1, 2021**

1  
2  
3  
4

**DIRECT TESTIMONY  
OF  
JOHN WOLFRAM**

5 **I. INTRODUCTION**

6 **Q. Please state your name, business address and occupation.**

7 A. My name is John Wolfram. I am the Principal of Catalyst Consulting LLC. My business  
8 address is 3308 Haddon Road, Louisville, Kentucky 40241.

9 **Q. On whose behalf are you testifying?**

10 A. I am testifying on behalf of each of the sixteen Owner-Members of East Kentucky Power  
11 Cooperative, Inc. ("EKPC").

12 **Q. Please summarize your education and professional experience.**

13 A. I received a Bachelor of Science degree in Electrical Engineering from the University of  
14 Notre Dame in 1990 and a Master of Science degree in Electrical Engineering from Drexel  
15 University in 1997. I founded Catalyst Consulting LLC in June 2012. From March 2010  
16 through May 2012, I was a Senior Consultant with The Prime Group, LLC. I have  
17 developed cost of service studies or rates for numerous electric and gas utilities, including  
18 electric distribution cooperatives, generation, and transmission cooperatives, municipal  
19 utilities, and investor-owned utilities. I have performed economic analyses, rate  
20 mechanism reviews, ISO/RTO membership evaluations, and wholesale formula rate  
21 reviews. I have also been employed by the parent companies of Louisville Gas and Electric  
22 Company ("LG&E") and Kentucky Utilities Company ("KU"), by the PJM  
23 Interconnection, and by the Cincinnati Gas & Electric Company.

24 **Q. Have you previously testified before the Kentucky Public Service Commission**  
25 **("Commission")?**

1 A. Yes. To date I have testified in over thirty different regulatory proceedings before this  
2 Commission, most recently in Case No. 2021-00066.<sup>1</sup>

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to support the proposed rates of the Owner-Members of  
5 EKPC, reflecting the flow through of the effects of the increase in wholesale rates proposed  
6 by EKPC in Case No. 2021-00103,<sup>2</sup> pursuant to KRS 278.455.

7 **Q. Are you sponsoring any Exhibits?**

8 A. Yes. I have prepared the following exhibits to the Application in this docket:

- 9 • Exhibit 2: Comparison of Current and Proposed Rates
- 10 • Exhibit 3: Billing Analysis

11

12 **II. PASS THROUGH OF WHOLESALE RATE INCREASE**

13 **Q. What does KRS 278.455(2) permit for the pass-through of wholesale rate increases?**

14 A. KRS 278.455(2) specifies that

15 “Notwithstanding any other statute, **any revenue increase authorized by**  
16 **the Public Service Commission** or any revenue decrease authorized in  
17 subsection (1) of this section **that is to flow through the effects of an**  
18 **increase or decrease in wholesale rates may, at the distribution**  
19 **cooperative's discretion, be allocated to each class and within each tariff**  
20 **on a proportional basis that will result in no change in the rate design**  
21 **currently in effect....”** (emphasis added)

22

23

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<sup>1</sup> See *In the Matter of: The Electronic Application of Kenergy Corp. For A General Adjustment Of Rates Pursuant To Streamlined Procedure Pilot Program Established In Case No. 2018-00407*, Order, Case No. 2021-00066 (Ky. P.S.C. March 11, 2021).

<sup>2</sup> See *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*, Case No. 2021-00103 (filed April 1, 2021).

1 **Q. Did EKPC provide you with the relevant data regarding its proposed wholesale**  
2 **increase?**

3 A. Yes. EKPC provided me with a summary of the proposed increase in dollars by  
4 distribution cooperative and by wholesale rate class, including the total proposed revenue  
5 increase in dollars for each distribution cooperative.

6 **Q. Please generally describe the approach you used to determine the proposed rates for**  
7 **each distribution cooperative.**

8 A. For each distribution cooperative, I first collected 2019 billing information for each rate  
9 class in the cooperative's Commission-approved tariffs, to correspond with the 2019 test  
10 period used by EKPC in Case No. 2021-00103. I calculated the billings for each rate class  
11 and for each base rate billing component within the respective classes (*e.g.*, customer  
12 charge, energy charge, demand charge). I also compiled annual amounts for rate riders,  
13 billing adjustments, and other non-base-rate billing items by class. I then determined  
14 "present" rates and revenues by accounting for a limited number of adjustments that I  
15 describe below. Then I allocated the EKPC revenue increase proportionately, first to each  
16 rate class, and then to the individual base rate billing components of each class. I  
17 determined the proposed per-unit charges such that the rate class revenue allocation shares  
18 and the billing component allocation shares were maintained. In other words, I allocated  
19 the increase first to the rate classes and then to the billing components on a proportionate  
20 basis, resulting in no change in the rate design currently in effect.

21 **Q. How did you adjust 2019 amounts to determine the "present" amounts?**

1 A. I adjusted 2019 data on an extremely limited basis. Because the Commission approved a  
2 Fuel Adjustment Clause (“FAC”) roll-in effective February 1, 2020,<sup>3</sup> it was necessary to  
3 adjust 2019 amounts to reflect the revised base energy charges and FAC charges. I adjusted  
4 2019 amounts to account for the FAC roll-in for all Owner-Members. Also, there were a  
5 small number of large commercial or industrial retail members that either switched rates  
6 or revised their contract demand amounts since 2019; I adjusted the billing determinants  
7 for these end-users to ensure that the rate calculations would result in no change in the  
8 retail rate design currently in effect. These types of adjustments are reflected where  
9 applicable in the “Present Rates” and “Present Revenues” in Exhibit 3 and are needed to  
10 ensure that the full effects of the wholesale rate increase are flowed through  
11 proportionately. Other than the FAC roll-in and limited number of rate switching/contract  
12 demand changes, I did not make any other adjustments to the test year data.

13 **Q. Did you consider the recent Commission Order in Case No. 2020-00095<sup>4</sup> (the**  
14 **“Kenergy Order”) in which the Commission clarified “proportional” for the purposes**  
15 **of the pass-through calculations?**

16 A. Yes. As I understand it, in simple terms the *Kenergy* Order states that a distribution  
17 cooperative should base its “proportions” in the pass-through calculation upon the most  
18 recent Commission approved revenue allocation and billing component revenue allocation  
19 from the cooperative’s last rate order. Here, my approach was to first attempt to determine

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<sup>3</sup> See *In The Matter Of Electronic Examination Of The Application Of The Fuel Adjustment Clause Of East Kentucky Power Cooperative, Inc. From November 1, 2016 Through October 31, 2018*, Order, Case No. 2019-00003 (Ky. P.S.C. Dec. 26, 2019); *In The Matter Of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of East Kentucky Power Cooperative, Inc. Cooperatives From November 1, 2016 Through October 31, 2018*, Order, Case No. 2019-00008 (Ky. P.S.C. Dec. 26, 2019; Order, Case No. 2019-00008 (Ky. P.S.C. Jan. 22, 2020).

<sup>4</sup> *In the Matter of: Electronic Application of Kenergy Corp. for a Declaratory Order*, Order, Case No. 2020-00095 (Ky. P.S.C. March 11, 2021).

1 the proposed rates based on the allocations from the last rate order. If those results proved  
2 to be self-evidently unreasonable, I then determined the proposed rates based on the present  
3 test year allocations, consistent with the method approved in the pass-through filings for  
4 EKPC's last two rate cases.<sup>5</sup>

5 **Q. Did the *Kenergy* Order method produce reasonable results for the EKPC distribution**  
6 **cooperatives?**

7 A. It did for Clark Energy and Cumberland Valley Electric because these utilities relied upon  
8 a 2019 test year in their last filings.<sup>6</sup> In other words for these utilities, the *Kenergy* Order  
9 method and the present test year allocation method are identical. For the other cooperatives  
10 that I analyzed using the *Kenergy* Order method,<sup>7</sup> the analysis did not produce reasonable  
11 rates for all rate classes. Thus, for those utilities I used the present test year allocations  
12 instead of the last rate order allocations to develop proposed rates.

13 **Q. Please describe how the *Kenergy* Order method provided unreasonable results for**  
14 **certain rate classes of the Owner-Members.**

15 A. Relying on the last rate order to allocate the total increase to the rate classes seems  
16 reasonable in theory, but has limitations based on how the customer mix within the rate  
17 classifications has changed over time. For some cooperatives, the list of rate classes with

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<sup>5</sup> See *In The Matter Of Application Of East Kentucky Power Cooperative, Inc. For General Adjustment Of Electric Rates*, Order, Case No. 2010-00167 (Ky. P.S.C. Jan. 14, 2011); *In The Matter Of Application For General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.*, Order, Case No. 2006-00472 (Ky. P.S.C. Dec. 5, 2011).

<sup>6</sup> The same result is anticipated for Licking Valley RECC, who expects an order imminently in its streamlined rate filing currently before the Commission in Case No. 2020-00338, *In the Matter Of: Electronic Application of Licking Valley Rural Electric Cooperative Corporation For A General Adjustment Of Rates Pursuant To Streamlined Procedure Pilot Program Established In Case No. 2018-00407*. Licking Valley anticipates providing updated schedules in this docket following that order.

<sup>7</sup> The other cooperatives include all but Licking Valley RECC (see previous footnote) and Salt River Electric Cooperative, whose last rate order in Case No. 92-560 is dated September 28, 1993. I did not compute proposed rates using the *Kenergy* Order method for these two utilities.



1 active members differed from the last rate order and the present test year. The *Kenergy*  
2 Order does not specify how to address this kind of variance.

3 More importantly, relying on the last rate order to allocate the class revenue to the  
4 individual billing components was more problematic. For certain two-part rate classes like  
5 residential, the percentage split between customer charge revenue and energy charge  
6 revenue does not typically fluctuate much over time between rate cases, so for those classes  
7 the results were mostly reasonable. However, for rate classes with more than two parts –  
8 for example, a large customer class with four parts (customer charge, energy charge,  
9 contract demand charge, and excess demand charge) – it was more common for the  
10 percentage shares across the components to vary significantly between the last rate order  
11 method and the present test year method. For example, there might be zero excess demand  
12 kW (and thus revenue) in the present test year, but 25 percent excess demand revenue in  
13 the last rate order. The converse could also be true. In either event, holding the last rate  
14 order component percentages fixed and applying them to 2019 billing units often resulted  
15 in skewed charges on a per-unit basis. For most cooperatives, applying the last rate order  
16 component percentages yielded declines in the excess demand charge which would have  
17 resulted in a significant change to the rate design currently in effect (where the excess  
18 demand charge currently exceeds the contract demand charge). This appears to run afoul  
19 of the proportionality standard in KRS 278.455(2) and would result in a rate design change.  
20 It could also violate the ratemaking principle of gradualism. In situations like this, the  
21 cooperative elected to use the present test year allocations in full to develop proposed rates.

1 **Q. Did any cooperative use a hybrid approach where it employed the last rate order**  
2 ***Kenergy* Order method for some of its rate classes and the traditional test year method**  
3 **for other rate classes?**

4 A. No. Each cooperative used one method or the other. No cooperative opted to determine  
5 some rates from the *Kenergy* Order method and other rates from the present test year  
6 allocation method. Only one method was used consistently for determining all proposed  
7 rates for any particular Owner-Member.

8 **Q. Is it reasonable to use present test year allocations in instances where the *Kenergy***  
9 **Order method produced unreasonable results?**

10 A. Yes. In 1944, in *Federal Power Commission v. Hope Natural Gas Co.*, the Supreme Court  
11 held that, in setting maximum rates, the utility commission would not be "bound to the use  
12 of any single formula or combination of formulae in determining rates." Rather, it would  
13 be the "result reached, not the method employed" that would be controlling.<sup>8</sup> I am not an  
14 attorney, but it is my understanding that Kentucky law fully embraces the *Hope* Doctrine.  
15 The approach here was to use the *Kenergy* Order method to the fullest practical extent; in  
16 the cases where the *Kenergy* Order method did not produce reasonable rates, the use of the  
17 present test year allocations did so, consistent with previous Commission orders in pass-  
18 through rate cases. For this reason, the determination of proposed rates based on the  
19 present test year allocations should be accepted as it has been in the past, specifically in  
20 Case Nos. 2010-00167 and 2008-00409.

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<sup>8</sup> *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 602 (1944).

1 **Q. The *Kenergy* Order states that any revenue distortions could be addressed through**  
2 **subsequent rate filings by a distribution cooperative. If the last rate order approach**  
3 **is strictly applied, what is likely to happen?**

4 A. The overall revenue impact of the rate pass-through is consistent regardless of whether the  
5 *Kenergy* Order last rate order method or the present test year approach is applied. Either  
6 way, the distribution cooperative should be able to successfully absorb and pass through  
7 any increase in its wholesale power expense to its end-use retail members, even if the pass-  
8 through introduces some revenue distortions within a particular rate class. The bigger  
9 problem under the *Kenergy* Order method is that some end-use retail customer classes will  
10 immediately see very significant changes in their monthly bills. This skewing effect  
11 between retail customer classes will likely force most of EKPC's distribution cooperatives  
12 to file near-simultaneous rate cases shortly after EKPC's wholesale rates take effect. Since  
13 the goal behind the enactment of KRS 278.455 was to avoid the need for each distribution  
14 cooperative to file a rate case following an increase in wholesale rates, the *Kenergy* Order  
15 approach could work at somewhat cross-purposes to the policy embodied in the statute.

16 **Q. Did you treat any retail rate classes differently than the others in the pass-through**  
17 **calculation?**

18 A. For the most part, I made no distinction between retail rate classes taking service under  
19 EKPC's different wholesale rate classes (Rate B, Rate C, Rate E, etc.), consistent with  
20 previous Commission orders and Owner-Member pass-through rate filings. However, I  
21 did separately calculate proposed rates for retail members served under EKPC Rate G -  
22 Special Electric Contract Rate, as well as for those served under EKPC's other large special  
23 contracts. These are listed separately in Exhibit 2. These classes are given separate

1 consideration by EKPC, so I determined the retail rate increases associated with these  
2 classes using the specific data provided to me for these classes by EKPC. This is consistent  
3 with the treatment afforded these particular classes in EKPC’s last rate case in Case No.  
4 2010-00167,<sup>9</sup> which was based on KRS 278.455(3):

5 “Any increase or decrease as provided for in subsections (1) and (2) of this  
6 section shall not apply to special contracts under which the rates are subject  
7 to change or adjustment only as stipulated in the contract.”  
8

9 **Q. How did you determine proposed rates for any rate classes under which no retail**  
10 **members took service in 2019 (“vacant rate classes”)?**

11 A. For vacant rate classes, I first checked to see if the per-unit charges were identical to any  
12 per-unit charges of other, non-vacant rate classes; if so, I set the proposed vacant rate class  
13 per-unit charge equivalently. Otherwise, I increased the vacant rate class per-unit charges  
14 by the same percentage as the overall base rate increase for the utility. There is no revenue  
15 impact associated with these changes, but the changes are necessary for the flow through  
16 of the effects of the proposed EKPC rate increase to result in no change to the retail rate  
17 design currently in effect, particularly on an inter-class basis. (For example, increasing  
18 other per-unit rates without also increasing the vacant rate class rates will skew the current  
19 retail rates relative to one another and could inappropriately provide incentives for rate  
20 switching at the retail level.)

21

22 **III. CONCLUSION**

23 **Q. What is your recommendation to the Commission in this case?**

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<sup>9</sup> *In The Matter Of Application Of East Kentucky Power Cooperative, Inc. For General Adjustment Of Electric Rates, Order, Case No. 2010-00167 (Ky. P.S.C. Jan. 14, 2011).*

1 A. In this docket, the proposed rates are allocated to each retail class and within each retail  
2 tariff on a proportional basis, and result in no change in the retail rate design currently in  
3 effect. The proposed rates are fair, just, and reasonable, and are also consistent with KRS  
4 278.455 and prior Commission precedent, specifically Case Nos. 2010-00167 and 2008-  
5 00409. The proposed rates should be approved.

6 **Q. Does this conclude your testimony?**

7 A. Yes, it does.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION


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VERIFICATION OF JOHN WOLFRAM

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COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF JEFFERSON            )


John Wolfram, being duly sworn, states that he has supervised the preparation of his Direct Testimony in this case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_

John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 31<sup>st</sup> day of March, 2021, by John Wolfram.

David S. Samford  
NOTARY PUBLIC  
STATE AT LARGE  
KENTUCKY  
NOTARY ID# KYNP10362  
MY COMMISSION EXPIRES JULY 23, 2024

  
\_\_\_\_\_

Notary Commission No. KYNP10362

Commission expiration: 7-23-24