

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)
CLARK ENERGY COOPERATIVE, INC.)
FOR PASS-THROUGH OF EAST) Case No. 2021-00106
KENTUCKY POWER COOPERATIVE, INC.'S)
WHOLESALE RATE ADJUSTMENT)

CLARK ENERGY COOPERATIVE, INC.'S
APPLICATION

Comes now Clark Energy Cooperative, Inc. (“Clark Energy”), 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. Clark Energy is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Clark Energy is engaged in the business of distributing retail electric power to approximately 27,000 members in the Kentucky counties of Bath, Bourbon, Clark, Estill, Fayette, Madison, Menifee, Montgomery, Morgan, Powell and Rowan.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Clark Energy’s mailing address is 2640 Iron Works Road, Winchester, Kentucky 40391 and its electronic mail address is psc@clarkenergy.com.

3. Pursuant to 807 KAR 5:001, Section 14(2), Clark Energy is a Kentucky corporation that was incorporated on March 16, 1938 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), Clark Energy 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 Clark Energy.¹ In accordance with KRS 278.455, Clark Energy seeks to pass-through the increase in EKPC's wholesale rates to Clark Energy to Clark Energy'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 Clark Energy 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 Clark Energy.

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 Clark Energy's rate classes. Clark Energy 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 Intervention and an electronic copy was also sent to rateintervention@ag.ky.gov is attached as **Exhibit 4**.

¹ 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).

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

Done this 1st day of April 2021.

Respectfully submitted,



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Counsel for Clark Energy Cooperative, Inc.

Exhibit List

Document	Tab
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. 2021-00106
Application – Exhibit 1

Proposed Tariffs

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule R: Residential

AVAILABILITY

Available to all residential consumers subject to established rules and regulations of the Distributor.

CHARACTER OF SERVICE

Single phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

RATES

\$18.66	Facility Charge	I
\$0.08969	per kWh for all energy	I

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be \$18.66. I

FUEL ADJUSTMENT CHARGE

The above rate 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 losses will not exceed 10% and is based on a twelve-month moving average of such losses.

Date of Issue: April 1, 2021

Date Effective: May 1, 2021

Issued By: Billy O. Fraser
Vice President, Finance & Office Services

CLASSIFICATION OF SERVICE

PREPAY SERVICE RIDER

STANDARD RIDER

Prepay Service is a voluntary rider to Rate Schedule R – Residential.

AVAILABILITY

Available to all residential consumers excluding accounts on budget billing, automatic bank draft, net metered accounts, accounts with lifesaving medical equipment, accounts greater than 200-amp service and three-phase accounts within the area served by Clark Energy.

RATES

\$ 18.66 per month	Facility Charge (\$.622 per day)	I
\$ 5.00 per month	Prepay service fee (\$.167 per day)	
\$0.08969	per kWh for all energy	I

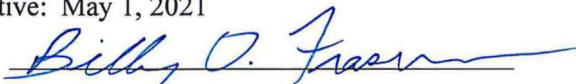
TERMS & CONDITIONS

Members who qualify, as defined in “Availability” above may choose to voluntarily enroll their electric account(s) in the Prepay Service and are subject to the following:

1. The member shall purchase electric energy from the Cooperative in accordance with the present and any future rate schedule of the Cooperative on a prepay basis. The terms and conditions set forth in the member’s Application for Membership continue to apply in addition to the terms and conditions of the Agreement for Prepay Service subject to any changes set forth in this agreement.
2. Members choosing to enroll in Prepay Service shall sign a Prepay Service Agreement (“Agreement”). The Agreement shall be for one (1) year. Members are required to notify Clark Energy in writing to terminate the Agreement and opt out of Prepay Service.
3. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the Residential rate schedule without the Prepay Service rider. The member may be required to pay a security deposit at the time of cancellation of the Prepay Service.
4. A current post-pay member can transfer to the Prepay Service program. The Agreement will authorize the kWh used since the last bill date until the date the account is changed to Prepay Service to be calculated and transferred to the Prepay Service account. Clark Energy will, if requested, assist members to set up a payment agreement. Any fees/penalties (returned payment, meter tampering, etc.) shall be paid before any purchases for funding is applied to the member’s Prepay Service account.

Date of Issue: April 1, 2021

Date Effective: May 1, 2021

Issued By: 

Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service
Commission in Case No. 2021-00106 dated _____.

For All Counties Served

P.S.C. No. 2

9th Revision Sheet No. 45

Clark Energy Cooperative Inc.
Name of Issuing Corporation

Cancelling P.S.C. No. 2

8th Revision Sheet No. 45

CLASSIFICATION OF SERVICE

Schedule D: Time of-Use Marketing Service

AVAILABILITY

Available to all Rate "R" consumers for separately metered off peak requirements subject to the established time of use restrictions. Applicable to programs approved by the Kentucky PSC as a part of EKPC wholesale marketing rates.

CHARACTER OF SERVICE

Single phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

TIME OF DAY RESTRICTIONS

<u>MONTH</u>	<u>OFF PEAK HOURS</u>
October thru April	10:00 P.M. To 7:00 A.M., EST
	12:00 Noon to 5:00 P.M., EST
May thru September	10:00 P.M. thru 10:00 A.M., EST

RATES

\$0.06495 per kWh for all energy

I

Date of Issue: April 1, 2021

Date Effective: May 1, 2021

Issued By: Billy O. Frasier
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service
Commission in Case No. 2021-00106 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision SHEET NO. 53

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

7th Revision SHEET NO. 53

CLASSIFICATION OF SERVICE

Schedule C: General Power Service

AVAILABILITY

Available for all non-residential general power requirements with Kilowatt (kW) demands less than 50 kW subject to established rules and regulations of the Distributor.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

RATES

\$26.27	Facility Charge-Single Phase	I
\$51.99	Facility Charge-Three Phase	I
\$0.09824	Per kWh for all energy	I

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be \$26.27 single phase and \$51.99 for three phase service. I

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Frason
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00106 dated _____.

Community, Town or City

P.S.C. No. 2

9th Revision SHEET NO. 51

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

8th Revision SHEET NO 51

CLASSIFICATION OF SERVICE

Schedule E: Public Facilities

AVAILABILITY

Available to public facilities with Kilowatt (kW) demands less than 50 kW subject to established rules and regulations of the Distributor. Not applicable to outdoor lighting system requirements.

CHARACTER OF SERVICE

Single phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

RATES

\$ 18.66	Facility Charge	I
\$ 0.09878	All kWh	I

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be \$ 18.66. I

FUEL ADJUSTMENT CHARGE

The above rate 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.

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Frasier
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00106 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision SHEET NO. 55

CANCELLING P.S.C. NO. 2

7th Revision SHEET NO. 55

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule L: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements with Kilowatt (kW) demands of 50 kW or greater but less than 500 kW.

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 50 kW or greater but less than 500 kW.

CHARACTER OF SERVICE

Limited to single or three phase, 60 Hertz, at a secondary delivery voltage of 480 volts or less.

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

\$ 66.17	Facility Charge	I
\$ 6.71	per kW of billing demand	I
\$ 0.06969	per kWh for all energy	I

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY *Billy O. Frason*
Vice President, Finance & Office Services

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision SHEET NO 61

CANCELLING P.S.C. NO. 2

7th Revision SHEET NO 61

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule M: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements at primary delivery voltage with Kilowatt (kW) demands of 1,000 kW or greater but less than 5,000 kW.

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 1,000 or greater but less than 5,000 kW.

CHARACTER OF SERVICE

Three phase, 60 Hertz, at a delivery voltage specified within the power contract.

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

Demand Charge: \$10.44 per kW of billing demand **I**

Energy Charge: \$0.06268 per kWh for all energy **I**

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Frason
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00106 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision **SHEET NO 58**

CANCELLING P.S.C. NO. 2

7th Revision **SHEET NO 58**

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule P: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements with Kilowatt (kW) demands of 500 kW or greater.

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 500 kW or greater.

CHARACTER OF SERVICES

Limited to three phase, 60 Hertz, at a secondary of delivery voltage specified within the power contract.

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

\$90.09	Facility Charge	I
\$ 6.44	per kW of billing demand	I
\$ 0.05916	per kWh for all energy	I

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY 
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00106 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision SHEET NO 47

CANCELLING P.S.C. NO. 2

7th Revision SHEET NO 47

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule T: Outdoor lighting Facilities

AVAILABILITY

Available for general outdoor lighting facilities.

RATES

Lamp Rating	Annual Rate Per Lamp	Average Annual Energy Use Per Lamp	Average Monthly Energy Use Per Lamp
400 Watt	\$17.66 per mo. (I)	1,848 kWh	154 kWh

CONDITIONS OF SERVICE

Rates applicable only to lamps and associated appurtenances. Other facilities required may be provided subject to the Distributor's established contract policies and practices.

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

FUEL ADJUSTMENT CHARGES

The above rate 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

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Fraser
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service Commission in Case No. 2021-00106 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

8th Revision **SHEET NO 49**

CANCELLING P.S.C. NO. 2

7th Revision **SHEET NO 49**

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule S: Outdoor Lighting Facilities

AVAILABILITY

Available for general outdoor lighting facilities.

RATES

<u>Lamp Rating</u>	<u>Monthly Rate Per Lamp</u>	<u>Average Annual Energy Use Per Lamp</u>	<u>Average Monthly Energy Use Per Lamp</u>
175 Watt	\$ 9.69 per mo. (I)	840 kWh	70 kWh

CONDITIONS OF SERVICE

1. Rate applicable only to lamps and associated appurtenances. Other facilities required may be provided subject to the Distributor's established policies and practices.
2. The Consumer shall execute an agreement for service under this schedule for a period of not less than one year.

FUEL ADJUSTMENT CHARGE

The above rates may be increased or decreased by an amount per kWh equal of the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses.

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Frasier
Vice President, Finance & Office Services

Issued by authority of an Order of the Public
Service Commission in Case No. 2021-00106 dated _____.

Clark Energy Cooperative, Inc.

CLASSIFICATION OF SERVICE

Schedule O: LED Outdoor Lighting Facilities

AVAILABILITY

Outdoor lighting facilities for all territories served by Clark Energy Cooperative, Inc.

RATES PER MONTH

<u>TYPE</u>	<u>LUMENS</u>	<u>RATE</u>	
Open Bottom Light	Approximate Lumens 4,800-6,800	\$ 9.84	I
Cobra Head Light	Approximate Lumens 7,200-10,000	\$15.14	I
Directional Flood Light	Approximate Lumens 15,000-18,000	\$22.62	I
Ornamental Light w/pole	Approximate Lumens 4,800-6,800	\$20.93	I
*Additional pole		\$ 5.74	I

*30 foot wood pole/if no existing pole available

CONDITIONS OF SERVICE

1. Rate applicable only to lamps and associated appurtenances on existing poles. Other facilities required may be provided subject to the Distributor's established policies and practices. All lamps, poles and associated appurtenances remain the property of the cooperative.

2. All lights are for a minimum of 12 months service. If customer requests disconnection prior to the completion of the first 12 months of service, the balance of the 12 months must be paid.

ADDITIONAL LIGHTING FACILITIES

The Cooperative may, upon request, and at the Cooperatives discretion, furnish poles\fixtures not listed in the current tariff, including overhead\underground wiring and all other equipment as needed. The customer will pay this additional cost prior to installation or by contract.

TERMS OF PAYMENT

The above charges are due net and payable within ten days from the date of the bill.

DATE OF ISSUE April 1, 2021

DATE EFFECTIVE May 1, 2021

ISSUED BY Billy O. Fraso
Vice President, Finance & Office Services

Issued by authority of an Order of the Public Service

Commission in Case No. 2021-00106 dated _____.

Case No. 2021-00106
Application – Exhibit 2

Existing & Proposed
Rate Comparison

CLARK ENERGY COOPERATIVE
Present & Proposed Rates

Rate	Item	Present	Proposed
R	<u>Residential</u>		
	Facility Charge per month	\$ 18.00	\$ 18.66
	Energy Charge per kWh	\$ 0.08649	\$ 0.08969
D	<u>Time of Use Marketing Service</u>		
	Energy Charge per kWh	\$ 0.06264	\$ 0.06495
C	<u>General Power Service < 50kW</u>		
	Facility Charge Single Phase per month	\$ 25.33	\$ 26.27
	Facility Charge Three Phase per month	\$ 50.14	\$ 51.99
	Energy Charge - Off Peak per kWh	\$ 0.09474	\$ 0.09824
E	<u>Public Facilities</u>		
	Facility Charge per month	\$ 18.00	\$ 18.66
	Energy Charge per kWh	\$ 0.09526	\$ 0.09878
L	<u>General Power Service 50-500kW</u>		
	Facility Charge per month	\$ 63.81	\$ 66.17
	Energy Charge per kWh	\$ 0.06721	\$ 0.06969
	Demand Charge per kW	\$ 6.47	\$ 6.71
M	<u>General Power Service 1000-5000kW</u>		
	Energy Charge per kWh	\$ 0.06045	\$ 0.06268
	Demand Charge per kW	\$ 10.07	\$ 10.44
P	<u>General Power Service 500+kW</u>		
	Facility Charge per month	\$ 86.88	\$ 90.09
	Energy Charge per kWh	\$ 0.05705	\$ 0.05916
	Demand Charge per kW	\$ 6.21	\$ 6.44
T	<u>Rate T - Outdoor Lights</u>		
	400 W	\$ 17.03	\$ 17.66
S	<u>Rate S - Outdoor Lights</u>		
	175 W	\$ 9.34	\$ 9.69
O	<u>Rate O - LED Outdoor Lighting</u>		
	Open Bottom Light (4,800-6,800 Lumens)	\$ 9.49	\$ 9.84
	Cobra Head Light (7,200 - 10,000 Lumens)	\$ 14.60	\$ 15.14
	Directional Flood Light (15,00 - 18,000 Lumens)	\$ 21.81	\$ 22.62
	Ornamental Light w/Pole (4,80 - 6,800 Lumens)	\$ 20.18	\$ 20.93
	Additional Pole (30' Wood / if no existing pole available)	\$ 5.54	\$ 5.74

Case No. 2021-00106
Application – Exhibit 3

Billing Analysis for
Each Rate Class

CLARK ENERGY COOPERATIVE
Billing Analysis for Pass-Through Rate Increase

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$1,632,580

#	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	R	\$ 33,455,767	75.70%	\$ 33,455,767	75.70%	\$ 1,235,918	\$ 34,691,819	75.70%	\$ 1,236,051	3.69%	3.44%	\$ 134
3	Time of Use Marketing Service	D	\$ 44,921	0.10%	\$ 44,921	0.10%	\$ 1,659	\$ 46,578	0.10%	\$ 1,657	3.69%	3.78%	\$ (3)
4	General Power Service < 50kW	C	\$ 3,444,560	7.79%	\$ 3,444,560	7.79%	\$ 127,248	\$ 3,571,884	7.79%	\$ 127,324	3.70%	3.43%	\$ 75
5	Public Facilities	E	\$ 448,125	1.01%	\$ 448,125	1.01%	\$ 16,555	\$ 464,665	1.01%	\$ 16,540	3.69%	3.41%	\$ (14)
6	General Power Service 50-500kW	L	\$ 3,578,599	8.10%	\$ 3,578,599	8.10%	\$ 132,200	\$ 3,710,832	8.10%	\$ 132,233	3.70%	3.42%	\$ 33
7	General Power Service 1000-5000kW	M	\$ 834,262	1.89%	\$ 834,262	1.89%	\$ 30,819	\$ 865,009	1.89%	\$ 30,747	3.69%	3.53%	\$ (73)
8	General Power Service 500+kW	P	\$ 1,199,471	2.71%	\$ 1,199,471	2.71%	\$ 44,311	\$ 1,243,851	2.71%	\$ 44,380	3.70%	3.70%	\$ 70
9	Lighting	S,T,O	\$ 1,187,538	2.69%	\$ 1,187,538	2.69%	\$ 43,870	\$ 1,231,652	2.69%	\$ 44,114	3.71%	3.74%	\$ 244
10	SubTotal Base Rates		\$ 44,193,244	100.00%	\$ 44,193,244	100.00%	\$ 1,632,580	\$ 45,826,289	100.00%	\$ 1,633,045	3.70%		\$ 465
11													
12	TOTAL Base Rates		\$ 44,193,244	100.00%	\$ 44,193,244	100.00%	\$ 1,632,580	\$ 45,826,289	100.00%	\$ 1,633,045	3.70%		\$ 465
13													
14	<u>Riders</u>												
15	FAC		\$ (1,124,024)				\$ (1,124,024)						
16	ES		\$ 4,249,769				\$ 4,249,769						
17	Prepay Fees		\$ 143,858				\$ 143,858						
18	Other		\$ -				\$ -						
19	Total Riders		\$ 3,269,603				\$ 3,269,603						
20													
21	Total Revenue		\$ 47,462,846				\$ 49,095,892			\$ 1,633,045		3.44%	
22	Target Revenue									\$ 1,632,580			
23	Rate Rounding Variance									\$ 465			
24	Rate Rounding Variance										0.03%		

CLARK ENERGY COOPERATIVE
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
1	Residential	R													
2			Facility Charge per month	294,958	18.00	\$ 5,309,244	15.87%		18.66	\$ 5,503,917	\$ 194,672	3.67%	15.87%	0.00%	
3			Energy Charge per kWh	325,430,949	0.08649	\$ 28,146,523	84.13%		0.08969	\$ 29,187,902	\$ 1,041,379	3.70%	84.13%	0.00%	
4			Total Base Rates			\$ 33,455,767	100.00%	\$ 34,691,685		\$ 34,691,819	\$ 1,236,051	3.69%	100.00%	0.00%	\$ 133.53
5			FAC			\$ (749,279)				\$ (749,279)	\$ -	-			
6			ES			\$ 3,236,454				\$ 3,236,454	\$ -	-			
7			Prepay Fees			\$ 1,825				\$ 1,825	\$ -	-			
8			Other			\$ -				\$ -	\$ -	-			
9			Total Riders			\$ 2,489,000				\$ 2,489,000	\$ -	-			
10			TOTAL REVENUE			\$ 35,944,768				\$ 37,180,819	\$ 1,236,051	3.44%			
11			Average	1,103.31		\$ 121.86				\$ 126.05	\$ 4.19	3.44%			
12															
13	Time of Use Marketing Service	D													
14			Energy Charge per kWh	717,137	0.06264	\$ 44,921	100.00%		0.06495	\$ 46,578	\$ 1,657	3.69%	100.00%	0.00%	
15			Total Base Rates			\$ 44,921	100.00%	\$ 46,581		\$ 46,578	\$ 1,657	3.69%	100.00%	0.00%	\$ (2.89)
16			FAC			\$ (1,205)				\$ (1,205)	\$ -	-			
17			ES			\$ 92				\$ 92	\$ -	-			
18			Misc Adj			\$ -				\$ -	\$ -	-			
19			Other			\$ -				\$ -	\$ -	-			
20			Total Riders			\$ (1,113)				\$ (1,113)	\$ -	-			
21			TOTAL REVENUE			\$ 43,808				\$ 45,465	\$ 1,657	3.78%			
22			Average	NA		NA				NA	NA	3.78%			
23															
24	General Power Service < 50kW	C													
25			Facility Charge Single Phase per mont	18,178	25.33	\$ 460,449	13.37%		26.27	\$ 477,536	\$ 17,087	3.71%	13.37%	0.00%	
26			Facility Charge Three Phase per mont	2,677	50.14	\$ 134,225	3.90%		51.99000	\$ 139,177	\$ 4,952	3.69%	3.90%	0.00%	
27			Energy Charge - Off Peak per kWh	30,081,135	0.09474	\$ 2,849,887	82.74%		0.09824	\$ 2,955,171	\$ 105,284	3.69%	82.73%	0.00%	
28			Total Base Rates			\$ 3,444,560	100.00%	\$ 3,571,809		\$ 3,571,884	\$ 127,324	3.70%	100.00%	0.00%	\$ 75.33
29			FAC			\$ (74,103)				\$ (74,103)	\$ -	-			
30			ES			\$ 346,676				\$ 346,676	\$ -	-			
31			Misc Adj			\$ -				\$ -	\$ -	-			
32			Other			\$ -				\$ -	\$ -	-			
33			Total Riders			\$ 272,573				\$ 272,573	\$ -	-			
34			TOTAL REVENUE			\$ 3,717,133				\$ 3,844,457	\$ 127,324	3.43%			
35			Average	1,654.96		\$ 204.49				\$ 211.49	\$ 7.00	3.43%			
36															
37	Public Facilities	E													
38			Facility Charge per month	3,622	18.00	\$ 65,196	14.55%		18.66	\$ 67,587	\$ 2,391	3.67%	14.55%	0.00%	
39			Energy Charge per kWh	4,019,829	0.09526	\$ 382,929	85.45%		0.09878	\$ 397,079	\$ 14,150	3.70%	85.45%	0.00%	
40			Total Base Rates			\$ 448,125	100.00%	\$ 464,679		\$ 464,665	\$ 16,540	3.69%	100.00%	0.00%	\$ (14.24)
41			FAC			\$ (9,509)				\$ (9,509)	\$ -	-			
42			ES			\$ 47,077				\$ 47,077	\$ -	-			
43			Misc Adj			\$ -				\$ -	\$ -	-			
44			Other			\$ -				\$ -	\$ -	-			
45			Total Riders			\$ 37,568				\$ 37,568	\$ -	-			
46			TOTAL REVENUE			\$ 485,693				\$ 502,233	\$ 16,540	3.41%			
47			Average	1,109.84		\$ 134.10				\$ 138.66	\$ 4.57	3.41%			

CLARK ENERGY COOPERATIVE
Billing Analysis for Pass-Through Rate Increase

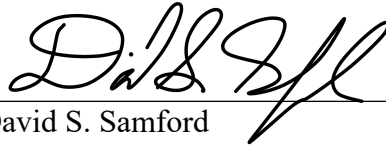
#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Target Share	Target Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	Proposed Share	Share Variance	Rate Variance
88	Lighting	S,T,O													
89	Rate T - Outdoor Lights														
90			400 W	5,036	17.03 \$	85,763	7.22%		17.66 \$	88,936	3,173	3.70%	7.22%	0.00%	
91	Rate S - Outdoor Lights														
92			175 W	52,537	9.34 \$	490,696	41.32%		9.69 \$	509,084	18,388	3.75%	41.33%	0.01%	
93	Rate O - LED Outdoor Lighting														
94			Open Bottom Light (4,800-6,800 Lum)	52,302	9.49 \$	496,346	41.80%		9.84 \$	514,652	18,306	3.69%	41.79%	-0.01%	
95			Cobra Head Light (7,200 - 10,000 Lum)	2,650	14.60 \$	38,690	3.26%		15.14 \$	40,121	1,431	3.70%	3.26%	0.00%	
96			Directional Flood Light (15,00 - 18,000)	3,034	21.81 \$	66,172	5.57%		22.62 \$	68,629	2,458	3.71%	5.57%	0.00%	
97			Ornamental Light w/Pole (4,80 - 6,800)	120	20.18 \$	2,422	0.20%		20.93 \$	2,512	90	3.72%	0.20%	0.00%	
98			Additional Pole (30' Wood / if no existi	1,345	5.54 \$	7,450	0.63%		5.74 \$	7,719	269	3.61%	0.63%	0.00%	
99			Total Base Rates		\$	1,187,538	100.00%	\$ 1,231,408		\$ 1,231,652	\$ 44,114	3.71%	100.00%	0.00%	\$ 243.98
100			FAC		\$	(23,411)				\$ (23,411)	\$ -	-			
101			ES		\$	15,334				\$ 15,334	\$ -	-			
102			Misc Adj		\$	-				\$ -	\$ -	-			
103			Other		\$	-				\$ -	\$ -	-			
104			Total Riders		\$	(8,077)				\$ (8,077)	\$ -	-			
105			TOTAL REVENUE		\$	1,179,461				\$ 1,223,575	\$ 44,114	3.74%			
106															
107															
108															
109	TOTALS		Total Base Rates		\$	44,193,244				\$ 45,826,289	\$ 1,633,045	3.70%			
110			FAC		\$	(1,124,024)				\$ (1,124,024)	\$ -	-			
111			ES		\$	4,249,769				\$ 4,249,769	\$ -	-			
112			Misc Adj		\$	143,858				\$ 143,858	\$ -	-			
113			Other		\$	-				\$ -	\$ -	-			
114			Total Riders		\$	3,269,603				\$ 3,269,603	\$ -	-			
115			TOTAL REVENUE		\$	47,462,846				\$ 49,095,892	\$ 1,633,045	3.44%			
116															
117			Rate Rounding Variance							\$	465				

Case No. 2021-00106
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 on this 1st day of April 2021.



David S. Samford

Counsel for Clark Energy Cooperative, Inc.

Case No. 2021-00106
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 Clark Energy Cooperative, Inc. (“Clark Energy”) of a proposed rate adjustment. Clark 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. 2021-00106. 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:

Rate	Item	Present	Proposed
R	<u>Residential</u>		
	Facility Charge per month	\$ 18.00	\$ 18.66
	Energy Charge per kWh	\$ 0.08649	\$ 0.08969
D	<u>Time of Use Marketing Service</u>		
	Energy Charge per kWh	\$ 0.06264	\$ 0.06495
C	<u>General Power Service < 50kW</u>		
	Facility Charge Single Phase per month	\$ 25.33	\$ 26.27
	Facility Charge Three Phase per month	\$ 50.14	\$ 51.99
	Energy Charge - Off Peak per kWh	\$ 0.09474	\$ 0.09824
E	<u>Public Facilities</u>		
	Facility Charge per month	\$ 18.00	\$ 18.66
	Energy Charge per kWh	\$ 0.09526	\$ 0.09878
L	<u>General Power Service 50-500kW</u>		
	Facility Charge per month	\$ 63.81	\$ 66.17
	Energy Charge per kWh	\$ 0.06721	\$ 0.06969
	Demand Charge per kW	\$ 6.47	\$ 6.71
M	<u>General Power Service 1000-5000+kW</u>		
	Energy Charge per kWh	\$ 0.06045	\$ 0.06268
	Demand Charge per kW	\$ 10.07	\$ 10.44
P	<u>General Power Service 500+kW</u>		
	Facility Charge per month	\$ 86.88	\$ 90.09
	Energy Charge per kWh	\$ 0.05705	\$ 0.05916
	Demand Charge per kW	\$ 6.21	\$ 6.44
T	<u>Rate T - Outdoor Lights</u>		
	400 W	\$ 17.03	\$ 17.66
S	<u>Rate S - Outdoor Lights</u>		
	175 W	\$ 9.34	\$ 9.69
O	<u>Rate O - LED Outdoor Lighting</u>		
	Open Bottom Light (4,800-6,800 Lumens)	\$ 9.49	\$ 9.84
	Cobra Head Light (7,200 - 10,000 Lumens)	\$ 14.60	\$ 15.14
	Directional Flood Light (15,00 - 18,000 Lumens)	\$ 21.81	\$ 22.62
	Ornamental Light w/Pole (4,80 - 6,800 Lumens)	\$ 20.18	\$ 20.93
	Additional Pole (30' Wood / if no existing pole available)	\$ 5.54	\$ 5.74

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 Class			Increase	
			Dollars	Percent
R	Residential		\$ 1,236,051	3.44%
D	Time of Use Marketing Service		\$ 1,657	3.78%
C	General Power Service < 50kW		\$ 127,324	3.65%
E	Public Facilities		\$ 16,540	3.41%
L	General Power Service 50-500kW		\$ 132,233	3.42%
M	General Power Service 1000-5000+kW		\$ 30,747	3.53%
P	General Power Service 500+kW		\$ 44,380	3.70%
S,T,O	Lighting		\$ 44,114	3.74%
Total			\$1,633,045	3.46%

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 Class		Average Usage (kWh)	Increase	
			Dollars	Percent
R	Residential	1,103	\$ 4.19	3.44%
D	Time of Use Marketing Service	NA	\$ -	3.78%
C	General Power Service < 50kW	1,655	\$ 7.00	3.65%
E	Public Facilities	1,110	\$ 4.57	3.41%
L	General Power Service 50-500kW	107	\$ 100.18	3.42%
M	General Power Service 1000-5000+kW	1,652	\$ 2,562.21	3.53%
P	General Power Service 500+kW	136,842	\$ 410.93	3.70%
S,T,O	Lighting	NA	NA	3.74%

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

Clark Energy Cooperative, Inc.
 2640 Iron Works Road
 Winchester, Kentucky 40391
 (859) 744-4251
 www.clarkenergy.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 Clark 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. 2021-00106
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. 2021-00066.¹

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. 2021-00103,² 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

¹ 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).

² 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, 2020,³ 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. 2020-00095⁴ (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

³ 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).

⁴ *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.⁵

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.⁶ 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,⁷ 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

⁵ 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).

⁶ 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.

⁷ 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.⁸ 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.

⁸ *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 2010-00167,⁹ 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?**

⁹ *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.

