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	**)**	

RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

TO CLARK ENERGY COOPERATIVE, INC.

DATED MAY 12, 2021

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

PUBLIC SERVICE COMMISSION REQUEST DATED 5/12/21

Clark Energy Cooperative, Inc. ("Clark Energy") hereby submits responses to the First Request for Information of the Public Service Commission ("PSC") in this case dated May 12, 2021. Each response with its associated supportive reference materials is individually bookmarked.

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	)	

CERTIFICATE

STATE OF KENTUCKY)

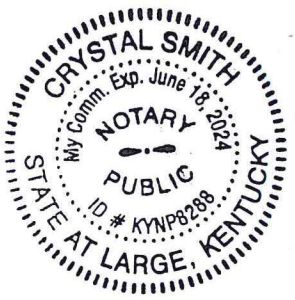
COUNTY OF CLARK)

Comes now Brian Frasure, after first being duly sworn, and states that he has supervised the preparation of the responses of Clark Energy Cooperative, Inc. to the Public Service Commission Staff's First Request for Information in the above-referenced case dated May 12, 2021, 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.

Brian Frasure

Subscribed and sworn before me on this 24th day of May 2021.

Notary ID:
Expires:



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 KENTUCKY POWER COOPERATIVE, INC.'S WHOLESALE RATE ADJUSTMENT	)))))	**Case No. 2021-00106**

CERTIFICATE

STATE OF KENTUCKY)

COUNTY OF JEFFERSON)

Comes now John Wolfram, after first being duly sworn, and states that he has supervised the preparation of the responses of Clark Energy Cooperative, Inc. to the Public Service Commission Staff's First Request for Information in the above-referenced case dated May 12, 2021, 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

Subscribed and sworn before me on this 25th day of May 2021.

Notary ID: KYNP10362
Expires: 7/23/24

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

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 5/12/21

REQUEST 1

RESPONSIBLE PARTY: Brian Frasure

Request 1. Refer to the Application of Case No. 2021-000103, the Direct Testimony of Isaac S. Scott, page 38, line 17. Mr. Scott states that there has not been any concerns raised by the owner-members concerning East Kentucky Power Cooperative's (EKPC) Demand Side Management (DSM) cost recovery approach.

a. Confirm that Clark Energy has not raised any concerns to date to EKPC.

b. List any concerns that Clark Energy has not expressed to EKPC but may have regarding EKPC's DSM cost recovery approach.

Response 1.

a. Clark confirms that, to date, there has not been any concerns raised to EKPC regarding the DSM cost recovery approach.

b. Clark has no concerns that need to be expressed regarding EKPC's DSM cost recovery approach.

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 5/12/21

REQUEST 2

RESPONSIBLE PARTY: John Wolfram

Request 2. Refer to the Application, Exhibit 6, the Direct Testimony of John Wolfram (Wolfram Testimony), page 5, lines 1–4. Explain what "self-evidently unreasonable" implies.

Response 2. "Self-evidently unreasonable" means that a result from the application of the particular method does not make sense on its face. An example would be the case where the wholesale demand charge is increasing, but applying the *Kenergy* method results in a retail demand charge that is decreasing. It is not reasonable to pass through a wholesale increase in demand charges in such a way that the retail demand charge decreases; such a scenario demonstrates that the pass-through method is more complex than it first appears, and/or that the method has unintended consequences.

This kind of calculation anomaly does not often occur for two-part rates for which the proportions of cost recovery do not vary much over time, but it does frequently occur for three-part rates or any other rate with multiple blocks where the billing determinants in the various blocks do not maintain the same proportions over time. A large power rate with base demand and excess demand blocks may have no excess demand in the last rate order but have significant excess demand in the current test year, or vice versa. The requirement to maintain revenue proportionality

when the relative proportions of block billing determinants vary over time can create resulting per-unit charges that are unreasonable at face value. This is what is meant by "self-evidently unreasonable."

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 5/12/21

REQUEST 3

RESPONSIBLE PARTY: John Wolfram

Request 3. Refer to the Wolfram Testimony, page 5, lines 15–17, and page 6, lines 1–2.

a. Explain why Clark Energy did not seek a deviation from the proportional flow through ratemaking guidelines ordered in Case No. 2020-00095.

b. Explain the specific Clark Energy circumstances that would necessitate such a deviation.

c. Provide a list of active members, or billing determinants, for the last Commission-approved rate Order and a list of 2019 active members, or billing determinants, by rate class in an Excel spreadsheet will all rows, columns, and formulas unhidden and accessible.

Response 3.

a. The Applicant did not believe that a formal deviation request was necessary for several reasons. First, while I am not an attorney, it is my understanding that deviations are typically only sought for requested departures from Commission regulations, not Commission Orders. Second, while the *Kenergy* Order was effective from the date it was issued, it was not yet final and non-

appealable at the time the pass-through case was filed. Third, and most importantly, the Applicant sought to transparently and proactively address the effect of the *Kenergy* Order in my pre-filed testimony. As I stated in testimony, the methodology used in the *Kenergy* Order created several anomalous results for most of EKPC's members and, under the Hope Doctrine (*Fed. Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 602 (1944)) to which the Commission has long ascribed, it is the outcome reached that is more important than the methodology employed in achieving the outcome. I sought to explain why the methodology in the *Kenergy* Order did not fit the particular circumstances of most Owner-Members and I am providing the materials upon which I relied in my analysis as part of the other responses to Commission Staff's First Requests for Information. Thus, for both technical and substantive reasons, a request for a deviation did not appear to be required. Should the Commission believe that a more formal request to deviate from the *Kenergy* Order method is required, the Applicant will be happy to supplement the record with a motion or brief as preferred – presumably following the conclusion of discovery or any hearing to be held in this matter.

b. Please see the attachment provided via electronic upload in response to Item 4.

c. Please see the attachment provided via electronic upload.

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 5/12/21

REQUEST 4

RESPONSIBLE PARTY: John Wolfram

Request 4. Refer to the Wolfram Testimony, page 6, lines 3–21. Provide the analysis based upon the allocation method described in the 2020-00095 final Order in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response 4. Please see the attachment provided via electronic upload.

CLARK ENERGY COOPERATIVE, INC.

PSC CASE NO. 2021-00106

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 5/12/21

REQUEST 5

RESPONSIBLE PARTY: John Wolfram

Request 5. Refer to the Application, Exhibit 3. Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response 5. Please see the attachment provided via electronic upload.