

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF	)	
CUMBERLAND VALLEY ELECTRIC, INC.	)	
FOR PASS-THROUGH OF EAST KENTUCKY	)	Case No. 2021-00107
POWER COOPERATIVE, INC.'S WHOLESALE	)	
RATE ADJUSTMENT	)	

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CUMBERLAND VALLEY ELECTRIC INC.'S APPLICATION

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Comes now Cumberland Valley Electric, Inc. (“Cumberland Valley”), 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. Cumberland Valley is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Cumberland Valley is engaged in the business of distributing retail electric power to approximately 23,700 members in the Kentucky counties of Bell, Clay, Harlan, Knox, Laurel, Leslie, Letcher, McCreary and Whitley.
2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Cumberland Valley’s mailing address is P.O. Box 440, Gray, Kentucky 40734 and its electronic mail address is [psc@cumberlandvalley.coop](mailto:psc@cumberlandvalley.coop).
3. Pursuant to 807 KAR 5:001, Section 14(2), Cumberland Valley is a Kentucky corporation that was incorporated on July 12, 1940 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), Cumberland Valley 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 Cumberland Valley.<sup>1</sup> In accordance with KRS 278.455, Cumberland Valley seeks to pass-through the increase in EKPC's wholesale rates to Cumberland Valley'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 Cumberland Valley 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 Cumberland Valley.

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 Cumberland Valley's rate classes. Cumberland Valley 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](mailto:rateintervention@ag.ky.gov) is attached as **Exhibit 4**.

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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).

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 Cumberland Valley'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, Cumberland Valley respectfully requests that the Commission accept this Application for filing and allow Cumberland Valley to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of Cumberland Valley'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 Cumberland Valley Electric, Inc.*

**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. 2021-00107  
Application – Exhibit 1

Proposed Tariffs

CUMBERLAND VALLEY ELECTRIC, INC.

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CLASSIFICATION OF SERVICE

Rates for Residential, Schools and Churches - Schedule I

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$17.67 Per month per customer	(I)
ALL KWH	\$0.08539 Per kWh	(I)

MINIMUM CHARGE

1. The minimum charge under the above rate shall be the current customer charge listed above.
2. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

TERMS OF PAYMENT

Customer bill will be due by the fifteenth of each month.

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DATE OF ISSUE April 1, 2021  
Month / Date / Year  
DATE EFFECTIVE May 1, 2021  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
Interim President & Chief Executive Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED: \_\_\_\_\_

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

**Rates for Residential, Schools and Churches - Schedule I Time of Day (TOD)**

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches eligible for Schedule I. Consumers must remain on this rate schedule for one (1) year.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$20.79 Per month per customer	
ENERGY CHARGE:		
On-Peak Per kWh	\$0.10143	(I)
Off-Peak Per kWh	\$0.05813	(I)

<u>Months</u>	<u>On Peak Hours-EPT</u>	<u>Off Peak Hours-EPT</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.
May through September	10:00 a.m. to 10:00 p.m.	10:00 p.m. to 10:00 a.m.

MINIMUM CHARGE

- 3. The minimum charge under the above rate shall be the current customer charge listed above.
- 4. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

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CUMBERLAND VALLEY ELECTRIC, INC.

**Inclining Block Rate- Schedule VII**

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Single Phase Residential, Schools, Churches and Single Phase Small Commercial.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge: \$10.29

Energy Charge:

<u>Block</u>	<u>Energy Charge</u>	
First 200 per kWh	.08767	(1)
Next 300 per kWh	.09287	(1)
Over 500 per kWh	.09806	(1)

MINIMUM CHARGE

5. The minimum charge under the above rate shall be the current customer charge listed above.
6. For seasonal load, water pumps, barns, camps, mobile homes, and similar type consumers, the customer must pay no less than twelve (12) times the monthly customer charge. Cooperative may bill such in advance.

SPECIAL RULES

Service under this schedule is limited to individual motors up to and including ten horsepower (10 H.P.)

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CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Small Commercial and Small Power - Schedule II

APPLICABLE

Entire Territory served.

AVAILABILITY OF SERVICE

Available to all commercial and small power service under 50 KW.

TYPE OF SERVICE

SINGLE PHASE

ENERGY CHARGE: Customer charge \$19.75 per month per customer	(I)
First 3,000 KWH    \$0.08557 Per kWh	(I)
Over 3,000 KWH   \$0.08201 Per kWh	(I)

THREE PHASE WHERE AVAILABLE

DEMAND CHARGE: Per KW of billing demand \$4.39	(I)
ENERGY CHARGE: Customer charge \$26.25 per month per customer	(I)
First 3,000 KWH   \$0.09139 Per kWh	(I)
Over 3,000 KWH   \$0.08764 Per kWh	(I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the Consumer for any period of 15 consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be \$5.00 where 5 KVA or less transformer capacity is required. Each customer who requires more than 5 KVA of transformer capacity shall pay in addition to the above minimum, .75 on each additional KVA or fraction thereof required.

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CUMBERLAND VALLEY ELECTRIC, INC.

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CLASSIFICATION OF SERVICE

All Three Phase Schools and Churches - Schedule III

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all public or non-profit private schools and churches whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating is supplied by electricity furnished by the Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, three phase service, present facilities permitting and at the following nominal voltages: Three phase, 120/240, 120/280Y, 240/480, 277/480Y volts.

RATE

Customer Charge \$46.78 Per month per customer

(I)

All KWH \$0.07873

(I)

MINIMUM CHARGE

The minimum annual charge will be not less than \$0.75 per KVA of required transformer capacity as determined by the Cooperative.

TERM OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power".

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CLASSIFICATION OF SERVICE

Large Power – Industrial Schedule IV

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall exceed 2500 KW for lighting and/or heating and/or power.

CONDITIONS

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

CHARACTER OF SERVICE

The electric service furnished under this Schedule will be 60 cycle alternating current and at available nominal voltage.

RATE

Customer Charge: \$103.95 Per customer per month	(I)
DEMAND CHARGE: Per KW of billing demand \$6.81	(I)
ENERGY CHARGE:	
All KWH	\$0.04890 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for a 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.

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CUMBERLAND VALLEY ELECTRIC, INC.

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CLASSIFICATION OF SERVICE

Large Power Rate – 50 KW to 2,500 KW. Schedule IV-A

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall exceed 50 KW for lighting and/or heating and/or power up to 2,500 KW.

CONDITIONS

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

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60 cycle alternating current and at available nominal voltage.

RATE

Customer Charge: \$67.57 Per month per customer	(I)
DEMAND CHARGE: Per KW of billing demand \$4.39	(I)
ENERGY CHARGE:	
All KWH	\$0.05894 (I)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for a 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.

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CUMBERLAND VALLEY ELECTRIC, INC.

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CLASSIFICATION OF SERVICE

Large Power Rate – 1000 KW to 2,500 KW. Schedule V

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers willing to contract for a kilowatt demand of 1,000 KW to 2,500 KW with a monthly energy usage equal to or greater than 425 hours per KW of contract demand.

CONDITIONS

The consumer shall execute an "Industrial Power Agreement" with the Seller under this schedule. This agreement is subject to the approval of East Kentucky Power Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60 cycle alternating current and at available nominal voltage.

MONTHLY RATE

<u>Consumer Charge:</u>	\$	638.72	(I)
<u>Demand Charge:</u>	\$	6.43 per kw of contract demand	(I)
	\$	9.33 per kw for all billing demand in excess of contract demand	(I)
<u>Energy Charge:</u>	\$	0.05437 per KWH	(I)

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CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Large Power Rate – Industrial Schedule V-A

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers willing to contract for a kilowatt demand in excess of 2500 KW with a monthly energy usage equal to or greater than 425 hours per KW of contract demand.

CONDITIONS

The consumer shall execute an "Industrial Power Agreement" with the Seller under this schedule. This agreement is subject to the approval of East Kentucky Power Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60 cycle alternating current and at available nominal voltage.

MONTHLY RATE

<u>Consumer Charge:</u>	\$	1,276.24	(1)
<u>Demand Charge:</u>	\$	6.43 per kw of contract demand	(1)
	\$	9.33 per kw for all billing demand in excess of contract demand	(1)
<u>Energy Charge:</u>	\$	0.04678 per KWH	(1)

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CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

Outdoor Lighting – Security Lights Schedule VI

AVAILABILITY

Available to all consumers of the Cooperative for dusk to dawn outdoor lighting in close proximity to existing overhead secondary circuits.

RATE PER LIGHT PER MONTH

Mercury Vapor Lamps

1) 175 Watt	APPROX. LUMENS 7,000	\$ 9.39 Per Lamp Per Month	(l)
2) 400 Watt	APPROX. LUMENS 22,000	\$13.81 Per Lamp Per Month	(l)

Other Lamps

3) 100 Watt OPEN BOTTOM	APPROX. LUMENS 9,500	\$9.41 Per Lamp Per Month	(l)
4) 100 Watt COLONIAL POST	APPROX. LUMENS 9,500	\$10.63 Per Lamp Per Month	(l)
5) 100 Watt DIRECTIONAL FLOOD	APPROX. LUMENS 9,500	\$11.48 Per Lamp Per Month	(l)
6) 400 Watt DIRECTIONAL FLOOD	APPROX. LUMENS 50,000	\$18.12 Per Lamp Per Month	(l)
7) 400 Watt COBRA HEAD	APPROX. LUMENS 50,000	\$18.12 Per Lamp Per Month	(l)

LED Lighting

8) OPEN BOTTOM	APPROX. LUMENS 6,200	\$9.29 Per Lamp Per Month	(l)
9) COBRA HEAD	APPROX. LUMENS 13,650	\$15.78 Per Lamp Per Month	(l)
10) DIRECTIONAL	APPROX. LUMENS 18,800	\$19.34 Per Lamp Per Month	(l)

CONDITIONS OF SERVICE

1. The Cooperative shall furnish, install, operate and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing secondary pole.
2. The lighting equipment shall remain the property of the Cooperative. The Consumer shall protect the lighting equipment from deliberate damage.

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IN CASE NO. \_\_\_\_\_ DATED: \_\_\_\_\_

CUMBERLAND VALLEY ELECTRIC, INC.

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**PREPAY SERVICE**

**STANDARD RIDER:**

Cumberland Valley Electric's Prepay Service ("Prepay") is an optional rider to Rate Schedule 1 – Residential Service as defined by the Cooperative.

**AVAILABILITY:**

All Rate Schedule 1 - Residential services, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, accounts greater than 200 Amp Service and three-phase accounts within the territory served by Cumberland Valley Electric.

**MONTHLY RATE:**

Consumer Facility Charge:	\$ 17.67 (\$0.59 per day)	(I)
Energy Charge per kWh:	\$ 0.08539	(I)

**TERMS & CONDITIONS:**

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

1. Each member electing Prepay will be subject to all other applicable rules and regulations which apply to members using the residential tariff, without the Prepay rider.
2. Members should have internet access or the ability to receive electronic communications, including texting services to participate in the voluntary Prepay service.
3. Any member choosing to enroll in Prepay shall sign a Prepay Service Agreement ("Agreement"). The Agreement shall remain in effect until the member notifies Cumberland Valley Electric, in writing, to cancel the Agreement.
4. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the applicable tariff, without the Prepay rider. In accordance with Cumberland Valley Electric's current Rules and Regulations, this may require a security deposit to be paid by the member at the time of cancellation of the Prepay service.

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Case No. 2021-00107  
Application – Exhibit 2

Existing & Proposed  
Rate Comparison

**CUMBERLAND VALLEY ELECTRIC**  
**Present & Proposed Rates**

Rate	Item	Present	Proposed
R1	<u>Sch I - Residential, Schools &amp; Churches</u>		
	Customer Charge	\$ 17.00	\$ 17.67
	Energy Charge per kWh	\$ 0.08215	\$ 0.08539
	<u>Prepay Service</u>		
	Consumer Facility Charge	\$ 17.00	\$ 17.67
	Energy Charge per kWh	\$ 0.08215	\$ 0.08539
	Prepay Service Fee	\$ -	\$ -
TOD	<u>Sch I - Res TOD</u>		
	Customer Charge	\$ 20.00	\$ 20.79
	Energy Charge - On Peak per kWh	\$ 0.09758	\$ 0.10143
	Energy Charge - Off Peak per kWh	\$ 0.05592	\$ 0.05813
C1	<u>Sch II - Small Commercial Small Power</u>		
	Customer Charge	\$ 19.00	\$ 19.75
	Energy Charge - First 3000 per kWh	\$ 0.08232	\$ 0.08557
	Energy Charge - Over 3000 per kWh	\$ 0.07890	\$ 0.08201
C2	<u>Sch II - Small Commercial Small Power</u>		
	Customer Charge	\$ 25.25	\$ 26.25
	Energy Charge - First 3000 per kWh	\$ 0.08792	\$ 0.09139
	Energy Charge - Over 3000 per kWh	\$ 0.08431	\$ 0.08764
	Demand Charge per kW	\$ 4.22	\$ 4.39
IB	<u>Sch VII - Inclining Block Rate</u>		
	Customer Charge	\$ 9.90	\$ 10.29
	Energy Charge - First 200 per kWh	\$ 0.08434	\$ 0.08767
	Energy Charge - Next 300 per kWh	\$ 0.08934	\$ 0.09287
	Energy Charge - Over 500 per kWh	\$ 0.09434	\$ 0.09806
E1	<u>Sch III - All 3Phase Schools &amp; Churches</u>		
	Customer Charge	\$ 45.00	\$ 46.78
	Energy Charge per kWh	\$ 0.07574	\$ 0.07873
L1	<u>Sch IV-A - Large Power 50-2500 kW</u>		
	Customer Charge	\$ 65.00	\$ 67.57
	Energy Charge per kWh	\$ 0.05670	\$ 0.05894
	Demand Charge per kW	\$ 4.22	\$ 4.39
VI	<u>Lighting</u>		
	Mercury Vapor 175 Watt	\$ 9.03	\$ 9.39
	Mercury Vapor 400 Watt	\$ 13.29	\$ 13.81
	100 Watt OPEN BOTTOM	\$ 9.05	\$ 9.41
	100 Watt COLONIAL POST	\$ 10.23	\$ 10.63
	100 Watt DIRECTIONAL FLOOD	\$ 11.04	\$ 11.48
	400 Watt DIRECTIONAL FLOOD	\$ 17.43	\$ 18.12
	400 Watt COBRA HEAD	\$ 17.43	\$ 18.12
	LED OPEN BOTTOM	\$ 8.94	\$ 9.29
	LED COBRA HEAD	\$ 15.18	\$ 15.78
	LED DIRECTIONAL	\$ 18.61	\$ 19.34
V	<u>Sch V - Large Power 1000-2500 kW</u>		
	Consumer Charge	\$ 614.47	\$ 638.72
	Demand Charge - Contract per kW	\$ 6.19	\$ 6.43
	Demand Charge - Excess per kW	\$ 8.98	\$ 9.33
	Energy Charge per kWh	\$ 0.05231	\$ 0.05437
V-A	<u>Sch V-A - Large Power</u>		
	Consumer Charge	\$ 1,227.79	\$ 1,276.24
	Demand Charge - Contract per kW	\$ 6.19	\$ 6.43
	Demand Charge - Excess per kW	\$ 8.98	\$ 9.33
	Energy Charge per kWh	\$ 0.04500	\$ 0.04678
P1	<u>Sch IV - Large Power Industrial</u>		
	Customer Charge	\$ 100.00	\$ 103.95
	Demand Charge per kW	\$ 6.55	\$ 6.81
	Energy Charge per kWh	\$ 0.04704	\$ 0.04890

Case No. 2021-00107  
Application – Exhibit 3

Billing Analysis for  
Each Rate Class

CUMBERLAND VALLEY ELECTRIC  
Billing Analysis for Pass-Through Rate Increase

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$1,565,955

#	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	Sch I - Residential, Schools & Churches	R1	\$ 28,772,470	72.52%	\$ 28,772,470	72.52%	\$ 1,135,615	\$ 29,907,130	72.52%	\$ 1,134,660	3.94%	3.66%	\$ (955)
3	Sch I - Res TOD	TOD	\$ 9,905	0.02%	\$ 9,905	0.02%	\$ 391	\$ 10,296	0.02%	\$ 391	3.95%	3.66%	\$ 0
4	Sch II - Small Commercial Small Power	C1	\$ 1,487,273	3.75%	\$ 1,487,273	3.75%	\$ 58,701	\$ 1,545,971	3.75%	\$ 58,698	3.95%	3.64%	\$ (3)
5	Sch II - Small Commercial Small Power	C2	\$ 1,053,456	2.66%	\$ 1,053,456	2.66%	\$ 41,579	\$ 1,095,184	2.66%	\$ 41,728	3.96%	3.55%	\$ 149
6	Sch VII - Inclining Block Rate	IB	\$ 3,593	0.01%	\$ 3,593	0.01%	\$ 142	\$ 3,734	0.01%	\$ 142	3.94%	3.53%	\$ (0)
7	Sch III - All 3Phase Schools & Churches	E1	\$ 1,126,365	2.84%	\$ 1,126,365	2.84%	\$ 44,456	\$ 1,170,833	2.84%	\$ 44,468	3.95%	3.70%	\$ 11
8	Sch IV-A - Large Power 50-2500 kW	L1	\$ 5,681,208	14.32%	\$ 5,681,208	14.32%	\$ 224,230	\$ 5,905,613	14.32%	\$ 224,405	3.95%	3.78%	\$ 175
9	Lighting	VI	\$ 1,541,503	3.89%	\$ 1,541,503	3.89%	\$ 60,841	\$ 1,602,585	3.89%	\$ 61,082	3.96%	3.96%	\$ 240
10	SubTotal Base Rates		\$ 39,675,774	100.00%	\$ 39,675,774	100.00%	\$ 1,565,955	\$ 41,241,346	100.00%	\$ 1,565,572	3.95%		\$ (383)
11	<hr/>												
12	TOTAL Base Rates		\$ 39,675,774	100.00%	\$ 39,675,774	100.00%	\$ 1,565,955	\$ 41,241,346	100.00%	\$ 1,565,572	3.95%		\$ (383)
13	<hr/>												
14	<u>Riders</u>												
15	FAC		\$ (1,262,602)				\$ (1,262,602)						
16	ES		\$ 4,026,453				\$ 4,026,453						
17	Prepay Fees		\$ 84,090				\$ 84,090						
18	Other		\$ -				\$ -						
19	Total Riders		\$ 2,847,942				\$ 2,847,942						
20	<hr/>												
21	Total Revenue		\$ 42,523,715				\$ 44,089,288			\$ 1,565,572		3.68%	
22	Target Revenue									\$ 1,565,955			
23	Rate Rounding Variance									\$ (383)			
24	Rate Rounding Variance									-0.02%			

CUMBERLAND VALLEY ELECTRIC  
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	Sch I - Residential, Schools & Churches	R1														
2			Customer Charge	265,729	17.00	\$ 4,517,393	15.70%		17.67	\$ 4,695,431	\$ 178,038	3.94%	15.70%	0.00%		
3			Energy Charge per kWh	295,253,522	0.08215	\$ 24,255,077	84.30%		0.08539	\$ 25,211,698	\$ 956,621	3.94%	84.30%	0.00%		
4			Total Base Rates			\$ 28,772,470	100.00%	\$ 29,908,085		\$ 29,907,130	\$ 1,134,660	3.94%	100.00%	0.00%	\$(954.89)	
5			FAC			\$ (806,188)				\$ (806,188)	\$ -	-				
6			ES			\$ 3,041,072				\$ 3,041,072	\$ -	-				
7			Prepay Fees	11,678		\$ 35,034				\$ 35,034	\$ -	-				
8			Other			\$ -				\$ -	\$ -	-				
9			Total Riders			\$ 2,269,917				\$ 2,269,917	\$ -	-				
10			TOTAL REVENUE			\$ 31,042,387				\$ 32,177,047	\$ 1,134,660	3.66%				
11			Average	1,111.11		\$ 116.82				\$ 121.09	\$ 4.27	3.66%				
12	Sch I - Res TOD	TOD														
14			Customer Charge	144	20.00	\$ 2,880	29.08%		20.79	\$ 2,994	\$ 114	3.95%	29.08%	0.00%		
15			Energy Charge - On Peak per kWh	29,638	0.09758	\$ 2,892	29.20%		0.10143	\$ 3,006	\$ 114	3.95%	29.20%	0.00%		
16			Energy Charge - Off Peak per kWh	73,904	0.05592	\$ 4,133	41.72%		0.05813	\$ 4,296	\$ 163	3.95%	41.73%	0.00%		
17			Total Base Rates			\$ 9,905	100.00%	\$ 10,296		\$ 10,296	\$ 391	3.95%	100.00%	0.00%	\$ 0.26	
18			FAC			\$ (242)				\$ (242)	\$ -	-				
19			ES			\$ 1,022				\$ 1,022	\$ -	-				
20			Misc Adj			\$ -				\$ -	\$ -	-				
21			Other			\$ -				\$ -	\$ -	-				
22			Total Riders			\$ 779				\$ 779	\$ -	-				
23			TOTAL REVENUE			\$ 10,684				\$ 11,075	\$ 391	3.66%				
24			Average	719.04		\$ 74.19				\$ 76.91	\$ 2.72	3.66%				
25	Sch II - Small Commercial Small Power	C1														
27			Customer Charge	16,119	19.00	\$ 306,261	20.59%		19.75	\$ 318,350	\$ 12,089	3.95%	20.59%	0.00%		
28			Energy Charge - First 3000 per kWh	10,874,517	0.08232	\$ 895,190	60.19%		0.08557	\$ 930,532	\$ 35,342	3.95%	60.19%	0.00%		
29			Energy Charge - Over 3000 per kWh	3,622,586	0.07890	\$ 285,822	19.22%		0.08201	\$ 297,088	\$ 11,266	3.94%	19.22%	0.00%		
30			Total Base Rates			\$ 1,487,273	100.00%	\$ 1,545,974		\$ 1,545,971	\$ 58,698	3.95%	100.00%	0.00%	\$(3.21)	
31			FAC			\$ (41,568)				\$ (41,568)	\$ -	-				
32			ES			\$ 163,282				\$ 163,282	\$ -	-				
33			Misc Adj			\$ 2,699				\$ 2,699	\$ -	-				
34			Other			\$ -				\$ -	\$ -	-				
35			Total Riders			\$ 124,414				\$ 124,414	\$ -	-				
36			TOTAL REVENUE			\$ 1,611,687				\$ 1,670,384	\$ 58,698	3.64%				
37			Average	899.38		\$ 99.99				\$ 103.63	\$ 3.64	3.64%				
38	Sch II - Small Commercial Small Power	C2														
39			Customer Charge	2,017	25.25	\$ 50,929	4.83%		26.25	\$ 52,946	\$ 2,017	3.96%	4.83%	0.00%		
39			Energy Charge - First 3000 per kWh	3,425,696	0.08792	\$ 301,187	28.59%		0.09139	\$ 313,074	\$ 11,887	3.95%	28.59%	0.00%		
40			Energy Charge - Over 3000 per kWh	6,466,860	0.08431	\$ 545,221	51.76%		0.08764	\$ 566,756	\$ 21,535	3.95%	51.75%	-0.01%		
41			Demand Charge per kW	36,995	4.22	\$ 156,119	14.82%		4.39	\$ 162,408	\$ 6,289	4.03%	14.83%	0.01%		
42			Total Base Rates			\$ 1,053,456	100.00%	\$ 1,095,035		\$ 1,095,184	\$ 41,728	3.96%	100.00%	0.00%	\$ 149.31	
43			FAC			\$ (27,218)				\$ (27,218)	\$ -	-				
44			ES			\$ 110,474				\$ 110,474	\$ -	-				
45			Misc Adj			\$ 37,072				\$ 37,072	\$ -	-				
46			Other			\$ -				\$ -	\$ -	-				
47			Total Riders			\$ 120,328				\$ 120,328	\$ -	-				
48			TOTAL REVENUE			\$ 1,173,785				\$ 1,215,513	\$ 41,728	3.55%				
49			Average	4,904.59		\$ 581.95				\$ 602.63	\$ 20.69	3.55%				

CUMBERLAND VALLEY ELECTRIC  
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	
50	<hr/>															
51	Sch VII - Inclining Block Rate	IB														
52			Customer Charge	260	9.90	\$ 2,574	71.65%		10.29	\$ 2,675	\$ 101	3.94%	71.65%	0.00%		
51			Energy Charge - First 200 per kWh	9,535	0.08434	\$ 804	22.38%		0.08767	\$ 836	\$ 32	3.95%	22.39%	0.00%		
52			Energy Charge - Next 300 per kWh	2,400	0.08934	\$ 214	5.97%		0.09287	\$ 223	\$ 8	3.95%	5.97%	0.00%		
53			Energy Charge - Over 500 per kWh	-	0.09434	\$ -	0.00%		0.09806	\$ -	\$ -	0.00%	0.00%	0.00%		
54			Total Base Rates			\$ 3,593	100.00%	\$ 3,734		\$ 3,734	\$ 142	3.94%	100.00%	0.00%	\$ (0.18)	
55			FAC			\$ (55)				\$ (55)	\$ -	-				
56			ES			\$ 474				\$ 474	\$ -	-				
57			Misc Adj			\$ -				\$ -	\$ -	-				
58			Other			\$ -				\$ -	\$ -	-				
59			Total Riders			\$ 419				\$ 419	\$ -	-				
60			TOTAL REVENUE			\$ 4,011				\$ 4,153	\$ 142	3.53%				
61			Average	45.90		\$ 15.43				\$ 15.97	\$ 0.54	3.53%				
62	<hr/>															
63	Sch III - All 3Phase Schools & Churches	E1														
64			Customer Charge	512	45.00	\$ 23,040	2.05%		46.78	\$ 23,951	\$ 911	3.96%	2.05%	0.00%		
65			Energy Charge per kWh	14,567,275	0.07574	\$ 1,103,325	97.95%		0.07873	\$ 1,146,882	\$ 43,556	3.95%	97.95%	0.00%		
66			Total Base Rates			\$ 1,126,365	100.00%	\$ 1,170,822		\$ 1,170,833	\$ 44,468	3.95%	100.00%	0.00%	\$ 11.22	
67			FAC			\$ (39,699)				\$ (39,699)	\$ -	-				
68			ES			\$ 113,705				\$ 113,705	\$ -	-				
69			Misc Adj			\$ -				\$ -	\$ -	-				
70			Other			\$ -				\$ -	\$ -	-				
71			Total Riders			\$ 74,005				\$ 74,005	\$ -	-				
72			TOTAL REVENUE			\$ 1,200,371				\$ 1,244,838	\$ 44,468	3.70%				
73			Average	28,451.71		\$ 2,344.47				\$ 2,431.32	\$ 86.85	3.70%				
74	<hr/>															
75	Sch IV-A - Large Power 50-2500 kW	L1														
76			Customer Charge	782	65.00	\$ 50,830	0.89%		67.57	\$ 52,840	\$ 2,010	3.95%	0.89%	0.00%		
77			Energy Charge per kWh	80,510,446	0.056700	\$ 4,564,942	80.35%		0.05894	\$ 4,745,286	\$ 180,343	3.95%	80.35%	0.00%		
78			Demand Charge per kW	252,473	4.22	\$ 1,065,436	18.75%		4.39	\$ 1,107,488	\$ 42,052	3.95%	18.75%	0.00%		
79			Total Base Rates			\$ 5,681,208	100.00%	\$ 5,905,439		\$ 5,905,613	\$ 224,405	3.95%	100.00%	0.00%	\$ 174.59	
80			FAC			\$ (346,815)				\$ (346,815)	\$ -	-				
81			ES			\$ 594,338				\$ 594,338	\$ -	-				
82			Misc Adj			\$ 9,285				\$ 9,285	\$ -	-				
83			Other			\$ -				\$ -	\$ -	-				
84			Total Riders			\$ 256,808				\$ 256,808	\$ -	-				
85			TOTAL REVENUE			\$ 5,938,016				\$ 6,162,421	\$ 224,405	3.78%				
86			Average	102,954.53		\$ 7,593.37				\$ 7,880.33	\$ 286.96	3.78%				
87	<hr/>															

CUMBERLAND VALLEY ELECTRIC  
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	VI													
89			175 Watt MV	60,036	9.03	\$ 542,125	35.17%		9.39	\$ 563,738	\$ 21,613	3.99%	35.18%	0.01%	
89			400 Watt MV	-	13.29	\$ -	0.00%		13.81	\$ -	\$ -	0.00%	0.00%	0.00%	
90			100 Watt Colonial Post	-	10.23	\$ -	0.00%		10.63	\$ -	\$ -	0.00%	0.00%	0.00%	
90			100 Watt Open Bottom	14,636	9.05	\$ 132,456	8.59%		9.41	\$ 137,725	\$ 5,269	3.98%	8.59%	0.00%	
91			100 Watt Directional Flood	742	11.04	\$ 8,192	0.53%		11.48	\$ 8,518	\$ 326	3.99%	0.53%	0.00%	
92			175 Watt MV	730	9.03	\$ 6,592	0.43%		9.39	\$ 6,855	\$ 263	3.99%	0.43%	0.00%	
93			400 Watt Cobra Head	11,249	17.43	\$ 196,070	12.72%		18.12	\$ 203,832	\$ 7,762	3.96%	12.72%	0.00%	
94			400 Watt Directional Flood	3,328	17.43	\$ 58,007	3.76%		18.12	\$ 60,303	\$ 2,296	3.96%	3.76%	0.00%	
95			LED Open Bottom 6200 L	28,454	8.94	\$ 254,379	16.50%		9.29	\$ 264,338	\$ 9,959	3.91%	16.49%	-0.01%	
96			LED Cobra Head 13,650 L	12,658	15.18	\$ 192,148	12.47%		15.78	\$ 199,743	\$ 7,595	3.95%	12.46%	0.00%	
97			LED Directional 18,800 L	28	18.61	\$ 521	0.03%		19.34	\$ 542	\$ 20	3.92%	0.03%	0.00%	
98			400W MH Dir	8,664	17.43	\$ 151,014	9.80%		18.12	\$ 156,992	\$ 5,978	3.96%	9.80%	0.00%	
99			Total Base Rates			\$ 1,541,503	100.00%	\$ 1,602,345		\$ 1,602,585	\$ 61,082	3.96%	100.00%	0.00%	\$ 240.35
100			FAC			\$ (815)				\$ (815)	\$ -	-			
101			ES			\$ 2,087				\$ 2,087	\$ -	-			
102			Misc Adj			\$ -				\$ -	\$ -	-			
103			Other												
104			Total Riders			\$ 1,272				\$ 1,272	\$ -	-			
105			TOTAL REVENUE			\$ 1,542,775				\$ 1,603,857	\$ 61,082	3.96%			
106															
107	TOTALS		Total Base Rates			\$ 39,675,774				\$ 41,241,346	\$ 1,565,572	3.95%			
108			FAC			\$ (1,262,602)				\$ (1,262,602)	\$ -				
109			ES			\$ 4,026,453				\$ 4,026,453	\$ -				
110			Misc Adj			\$ 84,090				\$ 84,090	\$ -				
111			Other			\$ -				\$ -	\$ -				
112			Total Riders			\$ 2,847,942				\$ 2,847,942	\$ -				
113			TOTAL REVENUE			\$ 42,523,715				\$ 44,089,288	\$ 1,565,572	3.68%			
114															
115			Rate Rounding Variance								\$ (383)				
116															
117			<b>RATES WITH NO CURRENT MEMBERS</b>												
118															
119	Sch V - Large Power 1000-2500 kW	V	Consumer Charge			614.47				638.72					
121			Demand Charge - Contract per kW			6.19				6.43					
122			Demand Charge - Excess per kW			8.98				9.33					
123			Energy Charge per kWh			0.0523				0.0544					
124	Sch V-A - Large Power	V-A	Consumer Charge			1,227.79				1,276.24					
126			Demand Charge - Contract per kW			6.19				6.43					
127			Demand Charge - Excess per kW			8.98				9.33					
128			Energy Charge per kWh			0.04500				0.04678					
129	Sch IV - Large Power Industrial	P1	Customer Charge			100.00				103.95					
131			Demand Charge per kW			6.55				6.81					
132			Energy Charge per kWh			0.04704				0.04890					

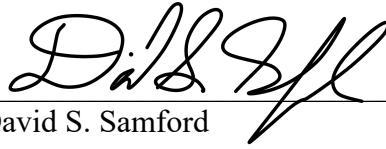
Case No. 2021-00107  
Application – Exhibit 4

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", is written over a horizontal line.

David S. Samford

*Counsel for Cumberland Valley Electric, Inc.*

Case No. 2021-00107  
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 Cumberland Valley Electric, Inc. (“Cumberland Valley”) of a proposed rate adjustment. Cumberland Valley 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. 2021-00107. 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
R1	<u>Sch I - Residential, Schools &amp; Churches</u>		
	Customer Charge	\$ 17.00	\$ 17.67
	Energy Charge per kWh	\$ 0.08215	\$ 0.08539
	<u>Prepay Service</u>		
	Consumer Facility Charge	\$ 17.00	\$ 17.67
	Energy Charge per kWh	\$ 0.08215	\$ 0.08539
	Prepay Service Fee	\$ -	\$ -
TOD	<u>Sch I - Res TOD</u>		
	Customer Charge	\$ 20.00	\$ 20.79
	Energy Charge - On Peak per kWh	\$ 0.09758	\$ 0.10143
	Energy Charge - Off Peak per kWh	\$ 0.05592	\$ 0.05813
C1	<u>Sch II - Small Commercial Small Power</u>		
	Customer Charge	\$ 19.00	\$ 19.75
	Energy Charge - First 3000 per kWh	\$ 0.08232	\$ 0.08557
	Energy Charge - Over 3000 per kWh	\$ 0.07890	\$ 0.08201
C2	<u>Sch II - Small Commercial Small Power</u>		
	Customer Charge	\$ 25.25	\$ 26.25
	Energy Charge - First 3000 per kWh	\$ 0.08792	\$ 0.09139
	Energy Charge - Over 3000 per kWh	\$ 0.08431	\$ 0.08764
	Demand Charge per kW	\$ 4.22	\$ 4.39
IB	<u>Sch VII - Inclining Block Rate</u>		
	Customer Charge	\$ 9.90	\$ 10.29
	Energy Charge - First 200 per kWh	\$ 0.08434	\$ 0.08767
	Energy Charge - Next 300 per kWh	\$ 0.08934	\$ 0.09287
	Energy Charge - Over 500 per kWh	\$ 0.09434	\$ 0.09806
E1	<u>Sch III - All 3Phase Schools &amp; Churches</u>		
	Customer Charge	\$ 45.00	\$ 46.78
	Energy Charge per kWh	\$ 0.07574	\$ 0.07873
L1	<u>Sch IV-A - Large Power 50-2500 kW</u>		
	Customer Charge	\$ 65.00	\$ 67.57
	Energy Charge per kWh	\$ 0.05670	\$ 0.05894
	Demand Charge per kW	\$ 4.22	\$ 4.39
VI	<u>Lighting</u>		
	Mercury Vapor 175 Watt	\$ 9.03	\$ 9.39
	Mercury Vapor 400 Watt	\$ 13.29	\$ 13.81

		100 Watt OPEN BOTTOM	\$ 9.05	\$ 9.41
		100 Watt COLONIAL POST	\$ 10.23	\$ 10.63
		100 Watt DIRECTIONAL FLOOD	\$ 11.04	\$ 11.48
		400 Watt DIRECTIONAL FLOOD	\$ 17.43	\$ 18.12
		400 Watt COBRA HEAD	\$ 17.43	\$ 18.12
		LED OPEN BOTTOM	\$ 8.94	\$ 9.29
		LED COBRA HEAD	\$ 15.18	\$ 15.78
		LED DIRECTIONAL	\$ 18.61	\$ 19.34
V	Sch V - Large Power 1000-2500 kW			
		Consumer Charge	\$ 614.47	\$ 638.72
		Demand Charge - Contract per kW	\$ 6.19	\$ 6.43
		Demand Charge - Excess per kW	\$ 8.98	\$ 9.33
		Energy Charge per kWh	\$ 0.05231	\$ 0.05437
V-A	Sch V-A - Large Power			
		Consumer Charge	\$ 1,227.79	\$ 1,276.24
		Demand Charge - Contract per kW	\$ 6.19	\$ 6.43
		Demand Charge - Excess per kW	\$ 8.98	\$ 9.33
		Energy Charge per kWh	\$ 0.04500	\$ 0.04678
PI	Sch IV - Large Power Industrial			
		Customer Charge	\$ 100.00	\$ 103.95
		Demand Charge per kW	\$ 6.55	\$ 6.81
		Energy Charge per kWh	\$ 0.04704	\$ 0.04890

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
R1	Sch I - Residential, Schools & Churches		\$ 1,134,660	3.66%
TOD	Sch I - Res TOD		\$ 391	3.66%
C1	Sch II - Small Commercial Small Power		\$ 58,698	3.64%
C2	Sch II - Small Commercial Small Power		\$ 41,728	3.55%
IB	Sch VII - Inclining Block Rate		\$ 142	3.53%
E1	Sch III - All 3Phase Schools & Churches		\$ 44,468	3.70%
L1	Sch IV-A - Large Power 50-2500 kW		\$ 224,405	3.78%
VI	Lighting		\$ 61,082	3.96%
Total			\$1,565,572	3.68%

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
R1	Sch I - Residential, Schools & Churches	1,111	\$ 4.27	3.66%
TOD	Sch I - Res TOD	719	\$ 2.72	3.66%
C1	Sch II - Small Commercial Small Power	899	\$ 3.64	3.64%
C2	Sch II - Small Commercial Small Power	4,905	\$ 20.69	3.55%
IB	Sch VII - Inclining Block Rate	46	\$ 0.54	3.53%

E1	Sch III - All 3Phase Schools & Churches	28,452	\$ 86.85	3.70%
L1	Sch IV-A - Large Power 50-2500 kW	102,955	\$ 286.96	3.78%
VI	Lighting	NA	NA	3.96%

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

Cumberland Valley Electric, Inc.  
6219 North U.S. Hwy. 25 East  
Gray, Kentucky 40734  
(800) 513-2677  
www.cumberlandvalley.coop

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 Cumberland Valley, 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. 2021-00107  
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  
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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

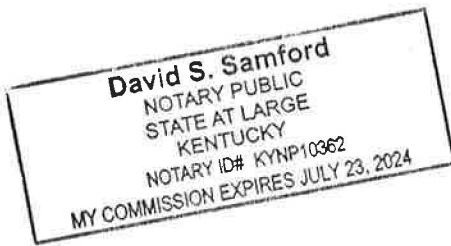
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COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF JEFFERSON            )

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.



  
\_\_\_\_\_  
Notary Commission No. KYNP10362  
Commission expiration: 7-23-24