

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)	
FLEMING-MASON ENERGY COOPERATIVE,)	
INC., FOR PASS-THROUGH OF EAST)	Case No. 2021-00109
KENTUCKY POWER COOPERATIVE, INC.'S)	
WHOLESALE RATE ADJUSTMENT)	

RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO FLEMING-MASON ENERGY COOPERATIVE
DATED JUNE 15, 2021

FLEMING-MASON ENERGY COOPERATIVE

PSC CASE NO. 2021-00109

PUBLIC SERVICE COMMISSION REQUEST DATED 6/15/21

Fleming-Mason Energy Cooperative, Inc. (“Fleming-Mason”) hereby submits responses to the Second Request for Information of the Public Service Commission (“PSC”) in this case dated June 15, 2021. Each response with its associated supportive reference materials is individually bookmarked.

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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 Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason") to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated June 15, 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 23rd day of June 2021.

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



Notary ID: KYNP10362
Expires: 7/23/24

FLEMING-MASON ENERGY COOPERATIVE

PSC CASE NO. 2021-00109

RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 6/15/21

REQUEST 1

RESPONSIBLE PARTY: John Wolfram

Request 1. Provide the monthly usage and revenue for AppHarvest Morehead Farm, LLC (AppHarvest Morehead) for 2020 and 2021 to date.

Response 1. The data for 2020 and 2021 falls outside of the historic test period for this analysis and thus is not relevant to this case. Notwithstanding this point, please see the attached.

**FLEMING-MASON ENERGY
APPHARVEST MOREHEAD FARM LLC DATA**

#	Month	Usage (kWh)	Revenue (\$)
1	2020-Jan		
2	2020-Feb		
3	2020-Mar		
4	2020-Apr		
5	2020-May		
6	2020-Jun		
7	2020-Jul		
8	2020-Aug		
9	2020-Sep		
10	2020-Oct		
11	2020-Nov		
12	2020-Dec		
13	2021-Jan		
14	2021-Feb		
15	2021-Mar		
16	2021-Apr		
17	2021-May		
18	2021-Jun		

FLEMING-MASON ENERGY COOPERATIVE

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RESPONSE TO INFORMATION REQUEST

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REQUEST 2

RESPONSIBLE PARTY: John Wolfram

Request 2. Explain whether a pro forma adjustment for the additional revenue received from AppHarvest Morehead should be applied to Fleming-Mason Energy's 2019 test-year revenues.

- a. If a pro formal adjustment is made, provide the adjustment and an update to Fleming Mason Energy's Response to Commission Staff's First Request for Information, Item 5.
- b. If Fleming-Mason Energy disagrees with such an adjustment, explain whether the current allocation of Fleming-Mason Energy's portion of East Kentucky Power Cooperative, Inc.'s (EKPC) rate increase will result in additional revenues for Fleming-Mason Energy and whether the other rate classes will pay more than their fair share of the pass-through.
- c. Explain whether a pro forma adjustment should be made to EKPC's test-year pro forma revenues.
- d. If an adjustment should be made to EKPC's test-year pro forma revenues, explain whether this adjustment should then be applied to the calculation of Fleming-Mason Energy's rate increase.

Response 2. A pro forma adjustment for the additional revenue received from AppHarvest Morehead should not be applied to Fleming-Mason Energy's 2019 test-year revenues. First, the amounts are outside the historic test year, and it would be inappropriate to adjust AppHarvest Morehead's usage for these periods without also considering adjustments to the usage of all other members, as well as adjustments to all sorts of other revenue and expense amounts that fall outside the historic test period. Second, the usage and revenue fluctuate over the period of only nine months, not a full year, thus rendering even more uncertain the appropriate amount of any adjustment. Third, it is not clear that the pass through rate process allows for revenue adjustments related to usage; as a matter of consistency, none of the pass through rate analyses performed by this witness in any of the sixteen pass through dockets included pro forma adjustments to account for simple increases or decreases in member usage. Fourth, if the revenue were adjusted, then expense would also require adjustment, which would offset the revenue adjustment and result in a minimal effect on rates on a per-unit basis. For these reasons the proposed per-unit rates remain reasonable without a pro forma adjustment for usage changes outside of the historic test period.

- a. Not applicable.
- b. The pass through rate case is just like any other rate filing that uses a historic test year in that the rates are designed to yield the target revenue requirement using the test year billing determinants; if usage later increase or decreases, revenues will correspondingly increase or decrease. Wholesale purchased power expense would similarly increase or decrease. Thus, the current allocation of Fleming-Mason Energy's portion of EKPC's rate increase

will not result in additional revenues for Fleming-Mason Energy, at least no more than post-test-year usage changes would yield revenue changes in any other rate filing. Furthermore, the other rate classes would not be materially affected by the amounts related to AppHarvest Morehead, because those revenues are relatively small compared to total revenues and because they would be offset by wholesale purchased power expenses.

- c. This question should be directed to EKPC, however, based upon the foregoing, an adjustment to EKPC's test-year pro forma revenues would appear to be inappropriate.
- d. Given the way that the pass-through rate increase process operates, *any* revision to the amount of EKPC's increase that is allocated by EKPC to Fleming-Mason Energy should be applied to the calculation of Fleming-Mason Energy's rate increase.