

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 APPHARVEST MOREHEAD FARM, LLC'S
SUPPLEMENTAL REQUEST FOR INFORMATION
TO FLEMING-MASON ENERGY COOPERATIVE
DATED JUNE 16, 2021

FLEMING-MASON ENERGY COOPERATIVE

PSC CASE NO. 2021-00109

APPHARVEST MOREHEAD FARM, LLC'S REQUEST DATED 6/16/21

Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason") hereby submits responses to the Supplemental Request for Information of AppHarvest Morehead Farm, LLC ("AppHarvest Morehead") in this case dated June 16, 2021. Each response with its associated supportive reference materials is individually bookmarked.

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Case No. 2021-00109

CERTIFICATE

STATE OF KENTUCKY)

COUNTY OF JEFFERSON)

John Wolfram, being duly sworn, states that he has supervised the preparation of the responses of Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason") to AppHarvest Morehead Farm, LLC's ("AppHarvest Morehead") Supplemental Request for Information in the above-referenced case dated June 16, 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



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

FLEMING-MASON ENERGY COOPERATIVE

PSC CASE NO. 2021-00109

RESPONSE TO INFORMATION REQUEST

**APPHARVEST MOREHEAD FARM, LLC'S SUPPLEMENTAL REQUEST FOR
INFORMATION DATED 6/16/21**

REQUEST 1

RESPONSIBLE PARTY: John Wolfram

Request 1. Please see RJM-3 page 1 of 5 attached to Richard J. Mackie in his testimony in the Application of East Kentucky Power Cooperative Case No. 2021-00163. Because the power supplied to Fleming-Mason from EKPC for AppHarvest Morehead Farm is Rate B and the increase is 3.8%, shouldn't the increase be 3.8% for rate LIS 6B? If not, why not?

Response 1. No. The pass through rate process makes no distinction between wholesale rate schedules, except for Rate G and any other special contracts pursuant to KRS 278.455(3). Instead, the entirety of the EKPC allocation of revenue increase that is not related to EKPC Rate G or other special contracts is allocated to Fleming-Mason Energy's retail rate classes in proportion to the annual revenues for those classes. The wholesale percentage increase to EKPC Rate B has no bearing on the pass through rate calculation.

FLEMING-MASON ENERGY COOPERATIVE

PSC CASE NO. 2021-00109

RESPONSE TO INFORMATION REQUEST

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REQUEST 2

RESPONSIBLE PARTY: John Wolfram

Request 2. Please refer to the Direct Testimony of Mr. Wolfram:

- a. On Page 5, Lines 10 – 11, Mr. Wolfram states that his analysis using the Kenergy Order “did not produce reasonable rates for all rate classes.” Please provide examples of results that were not “reasonable rates for all rate classes.”
- b. On Page 5, Lines 15 – 17, Mr. Wolfram states that “[r]elying on the last rate order to allocate the total increase to the rate classes seems reasonable in theory, but has limitations based on how the customer mix within the rate classifications has changed over time.” Does relying on the present test year method overcome such limitations based on how the customer mix within the rate classifications has changed over time?
 - i. If yes, please explain how the present test year method overcomes such limitations.
 - ii. If no, please explain why the present test year method does not overcome such limitations.
- c. On Page 9, beginning at Line 9 please refer to Mr. Wolfram’s Response.

- i. Please confirm that the rates for vacant class LIS-6B were determined by comparison to the class 7 because the rates were identical. If not, please state why not?
 - ii. If the answer was “Yes” to i above, why are they identical when in fact class LIS 7 doesn’t have a demand charge. Isn’t Fleming-Mason accordingly over earning due to that comparison?
- d. On Page 9, Lines 12 – 14, Mr. Wolfram states that for vacant rate classes, he either “set the proposed vacant rate class per-unit charge equivalently” to identical per-unit charges of other, non-vacant rate classes or “increased the vacant rate class per-unit charges by the same percentage as the overall base rate increase for the utility.”
- i. Is it true that the percentage rate increases for some rate classes are less than the overall base rate percentage increase for the utility?
 - ii. Can setting the percentage increase for a vacant rate class equal to the overall base rate percentage increase for the utility lead to a higher increase in that class’s rates than are justified by that class’s costs? If not, please explain why not.

Response 2.

- a. Please see the response to the Staff’s First Request for Information, Item 4.
- b. Yes.
 - i. Using the present test year data for both the allocation of revenue between the classes and the allocation of the increase between rate components (demand charge, energy charge, etc.) eliminates time as a variable; in other words, no “changing over time”

- takes place because all of the allocations in the pass through calculation use the same twelve month time period.
- ii. Not applicable.
- c.
 - i. For vacant rate class LIS-6B, three of the four per-unit charges – the customer charge, energy charge and contract demand charge – were determined by comparison to rate class LIS-7, because those three rates were identical. The fourth per-unit charge for rate LIS-6B is an excess demand charge. Because rate LIS-7 does not include an excess demand charge, the proposed excess demand charge for vacant rate class LIS-6B was set equivalent to that of rate LIS-4B, for which the current excess demand charges are equivalent.
 - ii. Please see the response to part i. There is no over-earning because the rate classes have no test year consumption and thus provide no incremental revenue in the pass through rate calculation.
 - d.
 - i. Yes, but the differences are negligible. The percentage revenue increase for each Fleming-Mason Energy retail rate class is in the range from 4.39 percent to 4.41 percent, all of which round to a 4.4 percent increase in annual revenue.
 - ii. No, because the proposed rates for vacant rate classes are not justified by that class' costs. These classes provide no test year revenue and include no costs. Rather, the proposed increases for vacant rate classes are necessary for the flow through of the effects of the proposed EKPC rate increase to result in no change to the retail rate design

AppHarvest Morehead Request 2

Page 4 of 4

currently in effect, particularly on an inter-class basis. See Wolfram Direct Testimony, page 9.

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REQUEST 3

RESPONSIBLE PARTY: John Wolfram

Request 3. Please see Mr. Wolfram's answer to the first data request #3.

- a. What specifically was adjusted with this member?
- b. Was AppHarvest Morehead Farm the referred to customer?

Response 3.

- a. During the test year, one large industrial member switched from rate LIS-6 to rate LIS-7 and subsequently switched from rate LIS-7 to rate LIS-1. Because this change significantly reduced the monthly billed kW and kWh, and because no other members took service pursuant to these rate schedules, the demand and energy amounts for the test period were normalized to reflect the average monthly kW and kWh after the rate switching took place.
- b. No.