COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE ELECTRONIC APPLICATION OF INTER-COUNTY ENERGY COOPERATIVE CORPORATION FOR PASS-THROUGH OF EAST KENTUCKY POWER COOPERATIVE, INC.'S WHOLESALE RATE ADJUSTMENT

Case No. 2021-00111

INTER-COUNTY ENERGY COOPERATIVE CORPORATION'S APPLICATION

Comes now Inter-County Energy Cooperative Corporation ("Inter-County"), 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. Inter-County is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Inter-County is engaged in the business of distributing retail electric power to approximately 26,500 members in the Kentucky counties of Boyle, Casey, Garrard, LaRue, Lincoln, Madison, Marion, Mercer, Nelson, Rockcastle, Taylor and Washington.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Inter-County's mailing address is 1009 Hustonville Road, Danville, Kentucky 40422 and its electronic mail address is psc@intercountyenergy.net.

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3. Pursuant to 807 KAR 5:001, Section 14(2), Inter-County is a Kentucky corporation that was incorporated on June 14, 1937 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), Inter-County 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 Inter-County.¹ In accordance with KRS 278.455, Inter-County seeks to pass-through the increase in EKPC's wholesale rates to Inter-County to Inter-County'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 Inter-County 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 Inter-County.

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 Inter-County's rate classes. Inter-County 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

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).

Intervention and an electronic copy was also sent to rateintervention@ag.ky.gov is attached as **Exhibit 4**.

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 Inter-County'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, Inter-County respectfully requests that the Commission accept this Application for filing and allow Inter-County to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of Inter-County'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. Δ • •

David S. Samford L. Allyson Honaker Goss Samford, PLLC 2365 Harrodsburg Road, Suite B-325 Lexington, KY 40504 (859) 368-7740 david@gosssamfordlaw.com allyson@gosssamfordlaw.com

Counsel for Inter-County Energy Cooperative Corporation

<u>Exhibit List</u>

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Case No. 2021-00111 Application – Exhibit 1

Proposed Tariffs

FOR	ENTIRE	TERRITORY S	ERVED
	Comm	unity, Town or Ci	ty
	KY. NO.	SHEET NO.	8
		 S.C. KY. NO.	8
		SHEET NO.	1

(Name of Utility)

CLASSIFICATION OF SERVICE

RATES FOR FARM AND HOME SERVICE – SCHEDULE 1

Applicable

In all territory served by the seller.

Availability

Effective July 1, 2004 this schedule is available to customers for all uses in the home and on the farm. All electric service is subject to the established rules and regulations of the seller. Customers served under Schedule 1 prior to July 1, 2004 shall remain on Schedule 1 and will be subject to the availability of service conditions set forth in the tariff immediately prior to July 1, 2004.

Type of Service

Single phase and three phase where available, at available voltages.

Monthly Rate

Customer Charge	\$15.72 Per Meter Per Month (\$0.524 per day)	(I)
All kWh Per Month	\$0.09586	(I)

Special Rules

Approval of the Cooperative must be obtained prior to the installation of any motor having a rated capacity of 10 HP or more.

DATE OF ISSUE	April 1, 2021	
	Month / Date / Year	
DATE EFFECTIVE	May 1, 2021 Month / Date / Year	
ISSUED BY	Jerry W. Carter Signature of Officer	
TITLE	President/CEO	
	ORDER OF THE PUBLIC SERVICE COMMISSIONDATED	

FOR <u>E</u>	NTIRE TERR	ITORY SERVED
	Community, T	own or City
P.S.C. KY	Y. NO	8
REVISIO	<u>N #2</u> SHE	ET NO. 2
CANCEL	LING P.S.C. K	(Y. NO. <u>8</u>
REVISIO	N #1 SHE	ET NO. 2

(Name of Utility)

CLASSIFICATION OF SERVICE

PREPAY SERVICE

Standard Rider

Inter-County Energy'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 Service, excluding accounts on Levelized/Fixed Budget, Automatic Bank Draft, Net Metering, and three-phase accounts within the territory served by Inter-County Energy.

Monthly Rate

Customer Facility Charge Energy Charge per kWh Prepay Service Fee	\$15.72 (\$0.524 per day) \$0.09586 \$8.20 (\$0.273 per day)	(1) (1)
r repay bervice r ce	φο.20 (φο.270 per day)	

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 Inter-County Energy, in writing, to cancel the Agreement.

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ISSUED BY	Jerry W. Carter
TITLE	//Signature of Officer
	ORDER OF THE PUBLIC SERVICE COMMISSION

		ORY SERVED
	Community, To	wh of City
P.S.C. KY	. NO	8
REVISION	H#3 SHEE	T NO. <u>11</u>
CANCELL	.ING P.S.C. KY	. NO. 8
	1#2 SHEI	

(Name of Utility)

CLASSIFICATION OF SERVICE

FARM AND HOME MARKETING RATE (ETS) SCHEDULE 1-A

Availability of Service

This special marketing rate is available for specific marketing programs as approved by Inter-County Energy's Board of Directors. The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below off-peak hours. This rate is available to customers already receiving service under the Schedule 1, Farm and Home Service Rate. This marketing rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule E, the second (lower) energy rate.

Months May through September Off Peak Hours – Prevailing Time 10:00 PM to 10:00 AM

October through April

12:00 Noon to 5:00 PM 10:00 PM to 7:00 AM

<u>Rates</u>

The energy rate for this program is listed below: All kWh \$0.06248

Terms of Payment

The customer's bill will be due fifteen (15) days from the issuance of the bill. In the event the current monthly bill is not paid within fifteen (15) days from the issuance of the bill, ten percent (10%) shall be added to the bill.

Fuel Adjustment Clause

All rates are applicable to the fuel adjustment clause and 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 ten percent (10%) and is based on a twelve (12) month moving average of such losses. This fuel clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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TITLE	President/CEO
BY AUTHORITY OF IN CASE NO.	ORDER OF THE PUBLIC SERVICE COMMISSION DATED

(I)

FOR_	ENTIRE	TERRITORY S	BERVED
	Comm	unity, Town or C	ity
P.S.C.	KY. NO.		8
REVIS	SION #2	SHEET NO.	13
CANC	ELLING P	.S.C. KY. NO.	8
REVI	SION #1	SHEET NO.	13

(Name of Utility)

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL AND SMALL POWER – SCHEDULE 2

Applicable

In all territory served by the seller.

Availability

Available to customers for single-phase and three-phase commercial and industrial loads whose kilowatt demand is less than 50 kW for lighting and/or heating and/or power. Effective July 1, 2004, Schedule 2 will be available to churches and community buildings. All electric service is subject to the established rules and regulations of the seller.

Type of Service

Single phase and three phase where available, 60 Hz at available secondary voltage.

Character of Service

The electric service furnished under this rate schedule will be 60 Hz, alternating current, single-phase or three-phase service, present facilities permitting, and at the following nominal voltages: single phase 120, 120/240, 480, 240/480 volts; three phase 120/240, 120/208Y, 240/480, 277/480Y volts.

Monthly Rate

Customer Charge	\$18.62 per meter per month	(I)
Demand Charge	\$6.05 per kW in Excess of 10kW Per Month	(1)
All kWh per Month	\$0.08707 Per kWh	(I)

The customer charge is without kWh usage. All kWh usage is billed at rates set forth above.

Minimum Monthly Charge

The minimum monthly charge under the above rate shall be \$18.62.

(I)

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	Signature of Officer
	-
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BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR ENTIRE TERRITORY SERVED Community, Town or City P.S.C. KY. NO. 8 REVISION #2 SHEET NO. 16

INTER-COUNTY ENERGY

(Name of Utility)

CANCELLING P.S.C. KY. NO. 8 REVISION #1 SHEET NO. 16

CLASSIFICATION OF SERVICE

LARGE POWER RATE (LPR) – SCHEDULE 4

Applicable

In all territory served by the seller.

Availability

Available to all commercial and industrial customers whose kilowatt demand shall exceed 50 kW for lighting and/or heating and/or power.

Conditions

An "Agreement for Electric Service" shall be executed by the customer for service under this schedule.

Character of Service

The electric service furnished under this rate schedule will be 60 Hz, alternating current, single phase or three phase service, present facilities permitting, and at the following nominal voltages: single phase 120, 120/240, 480, 240/480 volts; three phase 120/240, 120/208Y, 240/480, 277/480Y volts.

<u>Rate</u>

Customer Charge	\$32.74 per meter per month	(I)
Demand Charge	\$6.05 per month per kW of billing demand	(I)
All kWh per Month	\$0.06884 per kWh	(I)

The Customer Charge does not allow for kWh usage. All kWh usage is billed at the above rate.

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the customer for any 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.

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_	Month / Date / Year
ISSUED BY	Jerry W. Carter
	Signature of Officer
TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR ENTIRE TERRITORY SERVED Community, Town or City P.S.C. KY. NO. 8 REVISION #2 SHEET NO. 18 CANCELLING P.S.C. KY. NO. 8 REVISION #1 SHEET NO. 18

INTER-COUNTY ENERGY

(Name of Utility)

CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOLS (AES) - SCHEDULE 5

Applicable

In all territory served by the seller.

Availability

Available to all public or non-profit private schools whose total energy requirements, 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 Hz, alternating current, single phase or three phase service, present facilities permitting, and at the following nominal voltages: single phase 120, 120/240, 480, 240/480 volts; three phase 120/240, 120/208Y, 240/480, 277/480Y volts.

<u>Rate</u>

Customer Charge\$32.74All Kilowatt Hours Per Month\$0.08707 Per kWh

Minimum Charge

The minimum annual charge will be not less than \$16.00 per kVA of required transformer capacity as determined by the cooperative.

Fuel Adjustment Clause

All rates are applicable to the fuel adjustment clause and may be increased or decreased by an amount per kWh equal to 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 twelvemonth moving average of such losses. This fuel adjustment clause is subject to all other applicable provisions as set forth in 807 KAR 5:056.

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	Signature of Officer
TITLE	President/CEO
	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR	ENTIRE TERRITOR	RY SERVED
	Community, Town of	or City
P.S.C.	KY. NO	8
<u>REVIS</u>	ON #2 SHEET NO.	20
CANC	ELLING P.S.C. KY. N	0. <u>8</u>
REVIS	SION #1 SHEET NO.	20

(Name of Utility)

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE - SECURITY LIGHTS - SCHEDULE 6

Availability

Available to all customers of the cooperative for dusk to dawn outdoor lighting in close proximity to the existing overhead and underground 120/240 volt secondary voltage.

Rate Per Light Per Month

\$39.42	per lamp per month	(1)
		(I)
		(Í)
\$13.94	per lamp per month	(ĺ)
\$10.97	per lamp per month	(ĺ)
\$11.22	per lamp per month	(I)
\$13.65	per lamp per month	(I)
\$17.71	per lamp per month	(I)
\$ 9.96	per lamp per month	(I)
\$ 5.80		(I)
	\$21.17 \$14.94 \$13.94 \$10.97 \$11.22 \$13.65 \$17.71 \$ 9.96	\$ 9.96 per lamp per month

Fuel Adjustment Clause

All rates are applicable to the fuel adjustment clause and 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. This fuel clause is subject to all other applicable provisions as set forth in 807 KAR 5:056. Estimated kWh consumptions are as follows:

107,800 Lumen Light - 360 kWh per month 50,000 Lumen Light - 159 kWh per month 27,500 Lumen Light - 87 kWh per month 9,500 Lumen Light - 39.3 kWh per month 7,000 Lumen Light - 77 kWh per month 9,550 Lumen Light - 20 kWh per month 9,550 Lumen Light - 38.3 kWh per month 6,000 Lumen Light - 24 kWh per month

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	J <i>erry W. Carter</i> Signature of Officer
TITLE BY AUTHORITY OF C IN CASE NO	President/CEO RDER OF THE PUBLIC SERVICE COMMISSION DATED

FOR ENTIRE TERRITORY S	SERVED
Community, Town or C	ity
P.S.C. KY. NO	8
REVISION #3 SHEET NO.	23
CANCELLING P.S.C. KY. NO.	8
REVISION #2 SHEET NO.	23

(Name of Utility)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND B1

Applicable

Applicable to contracts with demands of 500 to 4,999 kW with a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

Monthly Rate

Customer Charge Demand Charge Excess Demand Charge	\$625.62 \$7.42 \$10.32	per kW of Contract Demand per kW of Excess of Contract Demand	(1) (1) (1)
Energy Charge	\$0.04883	per kWh	(I)

Billing Demand

The billing demand (Kilowatt Demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate customer's highest demand during the current month coincident with EKPC's system peak (coincident peak), exceeds the contract demand. EKPC's system the peak demand is highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

Months	Hours Applicable For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon
Nov through Contombor	5:00 PM to 10:00 PM 10:00 AM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus
- (c) The customer charge

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	Signature of Officer
TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR ENTIRE TERRITORY S	SERVED
Community, Town or C	ity
P.S.C. KY. NO.	8
REVISION #3 SHEET NO.	25
CANCELLING P.S.C. KY. NO.	8
REVISION #2 SHEET NO.	25

(Name of Utility)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND B2

Applicable

Applicable to contracts with demand of 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 400 hours per kW of contracts demand.

Monthly Rate

Customer Charge Demand Charge Excess Demand Charge	\$1,250.04 \$7.42 \$10.32	per kW of Contract Demand per kW of Excess of Contract Demand	(l) (l) (l)
Energy Charge	\$0.04303	per kWh	(I)

Billing Demand

The billing demand (Kilowatt Demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate customer's highest demand during the current month coincident with EKPC's system peak (coincident peak), exceeds the contract demand. EKPC's system peak demand is highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

<u>Months</u>	Hours Applicable For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus

(c) The customer charge

DATE OF ISSUE	April 1, 2021 Month / Date / Year
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	Month / Date / Year
ISSUED BY	Jerry W. Carter
	Signature of Officer
TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR_	ENTIR	E TERRITORY	SERVED
	Com	munity, Town or	City
P.S.C.	KY. NO		8
		SHEET NO.	27
CANC	ELLING	P.S.C. KY. NO	. 8
REVIS	ION #2	SHEET NO.	27
		_	

(Name of Utility)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND B3

Applicable

Applicable to contracts with demand of 10,000 kW or greater with a monthly energy usage equal to or greater than 400 hours per kW of contracts demand.

Monthly Rate

Customer Charge Demand Charge Excess Demand Charge	\$1,250.04 \$7.42 \$10.32	per kW of Contract Demand per kW of Excess of Contract Demand	(I) (I) (I)
Energy Charge	\$0.04185	per kWh	(I)

Billing Demand

The billing demand (Kilowatt Demand) shall be the contract demand plus any excess demand. Excess demand occurs when the ultimate customer's highest demand during the current month coincident with EKPC's system peak (coincident peak), exceeds the contract demand. EKPC's system peak demand is highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

<u>Months</u>	Hours Applicable For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus

(c) The customer charge

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TITLE BY AUTHORITY OF IN CASE NO	President/CEO ORDER OF THE PUBLIC SERVICE COMMISSION

FOR ENTIRE TERRITORY S	SERVED
Community, Town or C	ity
P.S.C. KY. NO.	8
REVISION #3 SHEET NO.	29
CANCELLING P.S.C. KY. NO.	8
REVISION #2 SHEET NO.	29

(Name of Utility)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND C1

Applicable

Applicable to contracts with demand of 500 to 4,999 kW with a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

Monthly Rate

Customer Charge	\$625.62		(I)
Demand Charge	\$7.42	per kW of Contract Demand	(I)
Energy Charge	\$0.04926	per kWh	(I)

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand.
- (b) The ultimate customer's highest demand during the current month or proceeding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

Months	Hours Applicable For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon 5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus
- (c) The customer charge

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TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR	ENTIF	RE TERRITORY	SERVED
	Cor	nmunity, Town or	City
P.S.C.	KY. NO	D	8
		SHEET NO.	31
CANC	ELLING	P.S.C. KY. NO	. 8
REVISI	ON #2	SHEET NO.	31

(Name of Utility)

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND C2

Applicable

Applicable to contracts with demand of 5,000 to 9,999 kW with a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

Monthly Rate

Customer Charge	\$1,250.04		(1)
Demand Charge	\$7.42	per kW of Billing Demand	(I)
Energy Charge	\$0.04342	per kWh	(I)

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand.
- (b) The ultimate customer's highest demand during the current month or proceeding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

	Hours Applicable
<u>Months</u>	For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon
-	5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus
- (c) The customer charge

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FOR ENTIRE TERRITORY SERVED Community, Town or City P.S.C. KY. NO. 8 REVISION #3 SHEET NO. 33 CANCELLING P.S.C. KY. NO. 8

INTER-COUNTY ENERGY

(Name of Utility)

CANCELLING P.S.C. KY. NO. 8 REVISION #2 SHEET NO. 33

CLASSIFICATION OF SERVICE

LARGE INDUSTRIAL RATE SCHEDULE IND C3

Applicable

Applicable to contracts with demands of 10,000 kW or greater with a monthly energy usage equal to or greater than 400 hours per kW of billing demand.

Monthly Rate

Customer Charge Demand Charge Energy Charge \$1,250.04 \$7.42 per kW of Contract Demand \$0.04187 per kWh

Billing Demand

The monthly billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand.
- (b) The ultimate customer's highest demand during the current month or proceeding eleven months coincident with EKPC's system peak demand. EKPC's system peak demand is the highest average rate at which energy is used during any fifteen minute interval in the below listed hours for each month and adjusted for power factor as provided herein.

	Hours Applicable
<u>Months</u>	For Demand Billing - EST
October through April	7:00 AM to 12:00 Noon
	5:00 PM to 10:00 PM
May through September	10:00 AM to 10:00 PM

Minimum Monthly Charge

- (a) The product of the contract demand multiplied by the respective demand charges, plus
- (b) The product of the contract demand multiplied by 400 hours and the energy charge per kWh, minus the fuel base per kWh, plus
- (c) The customer charge

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DATE EFFECTIVE	May 1, 2021
	Month / Date / Year
ISSUED BY	Jerry W. Carter
	Signature of Officer
TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

FOR ENTIRE TERRITORY SERVE												
	Community, Town or City											
P.S.C.	8											
REVISION	<u> #2_</u> SH	EET NO.		34.1								
CANCELLING P.S.C. KY. NO. 8												
REVISION	l #1	SHEET N	0.	34.1								

(Name of Utility)

CLASSIFICATION OF SERVICE

Large Industrial Rate Schedule IND G

Applicable

Entire territory served.

<u>Availability</u>

Available to contracts with demand of 15,000 kW and greater with a monthly energy usage equal to or greater than 438 hours per kW of billing demand.

Character of Service

Three-phase, 60 Hertz AC, at available primary voltages. Consumer's equipment shall be operated in such a way that it does not cause electrical disturbances to other customers.

Monthly Rates

Facility Charge	\$5,726.70	(I)
Demand Charge per Billing kW	\$ 7.29	(l)
Energy Charge per kWh for all kWh	\$0.041588	(I)

Billing Demand

The kW billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand;
- (b) The consumer's highest demand during the current month or preceding eleven (11) months. Demand is the highest rate at which energy is used during any fifteen (15) minute interval in the below listed hours for each month and adjusted for power factor use.

DATE OF ISSUE	April 1, 2021 Month / Date / Year
DATE EFFECTIVE	May 1, 2021
	Month / Date / Year
ISSUED BY	Jerry W. Carter
	Signature of Officer
TITLE	President/CEO
BY AUTHORITY OF	ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.	DATED

Case No. 2021-00111 Application – Exhibit 2

Existing & Proposed Rate Comparison

INTER-COUNTY ENERGY COOPERATIVE Present & Proposed Rates

Rate	Item		Present		Proposed
1	Schedule 1 - Rates for Farm and Home Service				
	Customer Charge	\$	15.20	\$	15.72
	Energy Charge per kWh	\$	0.09267	\$	0.09586
	Prepay fee		8.20		8.20
8	Schedule NM - Net Metering				
	Customer Charge	\$	15.20	\$	15.72
	Energy Charge per kWh	\$	0.09267	\$	0.09586
11,12	Schedule 1-A - Farm and Home Marketing Rate (ETS)	^	15.00	•	45 70
	Customer Charge	\$	15.20	\$ ¢	15.72
2	Energy Charge per kWh Schedule 2 - Small Commercial and Small Power	\$	0.06040	\$	0.06248
Z	Customer Charge	\$	18.00	\$	18.62
	Demand Charge per kW	\$ \$	5.85	φ \$	6.05
	Energy Charge - Off Peak per kWh	\$	0.08417	\$	0.08707
4	Schedule 4 - Large Power Rate (LPR)		0.00111		0.001.01
	Customer Charge	\$	31.65	\$	32.74
	Demand Charge per kW	\$	5.85	\$	6.05
_	Energy Charge per kWh	\$	0.06655	\$	0.06884
5	Schedule 5 - All Electric School Rate	<u>^</u>	o	*	<u> </u>
	Customer Charge	\$	31.65	\$	32.74
D4	Energy Charge per kWh	\$	0.08417	\$	0.08707
B1	Schedule B1 - Large Industrial Rate	۴	604 77	ድ	605.00
	Customer Charge	\$	604.77 7.17	\$ \$	625.62 7.42
	Demand Charge-Contract per kW Demand Charge-Excess per kW	\$ \$	9.98	φ \$	10.32
	Energy Charge per kWh	\$ \$	0.04720	φ \$	0.04883
6	Lighting	φ	0.04720	φ	0.04003
0	9,500 Lumen Security	\$	10.60	\$	10.97
	Pole Charge	\$	5.61	\$	5.80
	4,000 Lumen Deocrative Colonial	\$	13.20	\$	13.65
	9,550 Lumen Decorative Colonial	\$	17.12	\$	17.71
	27,500 Lumen directional flood	\$	14.44	\$	14.94
	50,000 Lumen Directional flood	\$	20.46	\$	21.17
	107,800 Lumen Directional Flood	\$	38.11	\$	39.42
	27,500 Lumen Cobra head	\$	13.48	\$	13.94
	7,000 Lumen Lamp	\$	10.85	\$	11.22
	6,000 Lumen Security LED	\$	9.63	\$	9.96
B2	Schedule B-2 - Large Industrial Rate				
	Customer Charge	\$	1,208.42	\$	1,250.04
	Demand Charge per kW	\$	7.17	\$	7.42
	Excess Demand Charge per kW	\$	9.98	\$	10.32
5.0	Energy Charge per kWh	\$	0.04160	\$	0.04303
B3	Schedule B-3 - Large Industrial Rate	•		•	
		\$	1,208.42	\$	1,250.04
	Demand Charge per kW	\$	7.17	\$ ¢	7.42
	Excess Demand Charge per kW	\$	9.98	\$ ¢	10.32
C1	Energy Charge per kWh Schedule C-1 - Large Industrial Rate	\$	0.04046	\$	0.04185
U1	Customer Charge	\$	604.77	\$	625.62
	Demand Charge per kW	\$ \$	7.17	Ψ \$	7.42
	Energy Charge per kWh	\$	0.04762	Ψ \$	0.04926
C2	Schedule C-2 - Large Industrial Rate	Ψ	0.01102	Ψ	0.01020
	Customer Charge	\$	1,208.42	\$	1,250.04
	Demand Charge per kW	\$	7.17	\$	7.42
	Energy Charge per kWh	\$	0.04197	\$	0.04342
C3	Schedule C-3 - Large Industrial Rate				
	Customer Charge	\$	1,208.42	\$	1,250.04
	Demand Charge per kW	\$	7.17	\$	7.42
	Energy Charge per kWh	\$	0.04048	\$	0.04187
G	Schedule G - Large Industrial Rate				
	Facility Charge	\$	5,454.00	\$	5,726.70
	Demand Charge per kW	\$	6.98	\$	7.29
	Energy Charge per kWh	\$	0.039377	\$	0.041588

Case No. 2021-00111 Application – Exhibit 3

Billing Analysis for Each Rate Class

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$1,726,414

#	Item	Code	Present Revenue	Present Share	Allocation Revenue	Allocation Share	Allocated Increase	•	Proposed Share	Base Rate Increase	Base %	Total %	Round	ding
1	Base Rates													
2	Schedule 1 - Rates for Farm and Home Service	1	\$ 37,478,968	74.83%	\$ 37,478,968	74.83%	\$ 1,291,820	\$ 38,768,219	74.82%	\$ 1,289,251	3.44%	3.20%	\$ (2,5	570)
3	Schedule NM - Net Metering	8	\$ 37,827	0.08%	\$ 37,827	0.08%	\$ 1,304	\$ 39,129	0.08%	\$ 1,301	3.44%	3.35%	\$	(3)
4	Schedule 1-A - Farm and Home Marketing Rate (ETS)	11,12	\$ 31,002	0.06%	\$ 31,002	0.06%	\$ 1,069	\$ 32,067	0.06%	\$ 1,065	3.44%	3.21%	\$	(3)
5	Schedule 2 - Small Commercial and Small Power	2	\$ 2,115,379	4.22%	\$ 2,115,379	4.22%	\$ 72,913	\$ 2,188,140	4.22%	\$ 72,761	3.44%	3.22%	\$ (1	152)
6	Schedule 4 - Large Power Rate (LPR)	4	\$ 2,070,903	4.13%	\$ 2,070,903	4.13%	\$ 71,380	\$ 2,142,043	4.13%	\$ 71,140	3.44%	3.21%	\$ (2	(239)
7	Schedule 5 - All Electric School Rate	5	\$ 384,027	0.77%	\$ 384,027	0.77%	\$ 13,237	\$ 397,258	0.77%	\$ 13,231	3.45%	3.45%	\$	(5)
8	Schedule 6 - Outdoor Lighting Service - Security Lights	6	\$ 34,537	0.07%	\$ 34,537	0.07%	\$ 1,190	\$ 35,725	0.07%	\$ 1,189	3.44%	2.74%	\$	(2)
9	Schedule B1 - Large Industrial Rate	B1	\$ 6,802,620	13.58%	\$ 6,802,620	13.58%	\$ 234,472	\$ 7,038,567	13.58%	\$ 235,947	3.47%	3.36%	\$ 1,4	475
10	Lighting	6	\$ 1,132,367	2.26%	\$ 1,132,367	2.26%	\$ 39,030	\$ 1,171,593	2.26%	\$ 39,225	3.46%	3.46%	\$ 1	195
11	SubTotal Base Rates		\$ 50,087,631	100.00%	\$ 50,087,631	100.00%	\$ 1,726,414	\$ 51,812,742	100.00%	\$ 1,725,110	3.44%		\$ (1,3	304)
12														,
13	TOTAL Base Rates		\$ 50,087,631	\$ 1	\$ 50,087,631	\$1	\$ 1,726,414	\$ 51,812,742	\$1	\$ 1,725,110	3.44%		\$ (1,3	304)
14 15	Riders													
16	FAC		\$ (1,305,206)					\$ (1,305,206)						
17	ES		\$ 4,692,538					\$ 4,692,538						
18	Prepay Fee		\$ 15,588					\$ 15,588						
19	Other		\$ -					\$ -						
20	Total Riders		\$ 3,402,920					\$ 3,402,920						
21														
22	Total Revenue		\$ 53,490,551					\$ 55,215,662		\$ 1,725,110		3.23%		
23	Target Revenue									\$ 1,726,414				
24	Rate Rounding Variance									\$ (1,304)				
25	Rate Rounding Variance									-0.08%				

#	Classification	Code Bi	illing Component	Billing Units	Present Rate	Present Revenue	Target Share	Target Revenue	Proposed Rate	Proposed Revenue	Increase	\$%	Proposed Share	Share Variance	Rate Variance
1	Schedule 1 - Rates for Farm and Home	1													<u> </u>
2 3	Service		ustomer Charge	277,213 358,965,476	15.20 \$ 0.09267 \$	4,213,638 33,265,331	11.24% 88.76%			4,357,788			11.24% 88.76%	0.00% 0.00%	
3			nergy Charge per kWh btal Base Rates	338,965,476	0.09267 \$	37,478,968		38,770,788		34,410,431 38,768,219		3.44%	100.00%		(2,569.60)
5			FAC		\$	(984,434)	100.0070 \$	00,110,100	÷ S			-	100.0070	0.0070 \$	(2,000.00)
6			ES		\$	3,827,149			\$	3,827,149	\$-	-			
7			Prepay Fee Other	1901	\$	15,588			\$		\$-	-			
o 9		To	otal Riders		<u> </u>	2,858,303				2,858,303	\$-	-			
10			OTAL REVENUE		\$	40,337,271				41,626,522		3.20%			
11		_	verage	1,294.91	\$	145.51			5						
12		Л	velage	1,204.01	Ψ	140.01			4	100.10	φ 4.00	0.2070			
13	Schedule NM - Net Metering	8	ustamer Charge	201	15 00 P	4 400	11.000/		45.70	4.676	¢ 151	2 429/	11.00%	0.00%	
14 15			ustomer Charge nergy Charge per kWh	291 360,465	15.20 \$ 0.092670 \$	4,423 33,404	11.69% 88.31%		15.72 \$ 0.09586 \$			3.42% 3.44%	11.69% 88.31%	0.00% 0.00%	
16			otal Base Rates	,	\$	37,827	100.00% \$	39,131	\$			3.44%	100.00%	0.00% \$	(2.63)
17		_	FAC		\$	(1,030)			9			-			(/
18			ES		\$	2,073			\$	2,073	\$-	-			
19			Misc Adj		\$				\$		\$-	-			
20 21		Te	Other otal Riders		\$ \$	- 1,042			9		\$-	-			
22			OTAL REVENUE		\$	38,870			\$	1-		3.35%			
23		_	verage	1,238.71	\$	133.57			÷						
24		~	velage	1,230.71	Ψ	155.57			4	130.03	φ 4.47	3.3378			
25	Schedule 1-A - Farm and Home	11,12													
26 27	Marketing Rate (ETS)		ustomer Charge nergy Charge per kWh	729 329,826	15.20 \$ 0.060400 \$	11,081 19,921	35.74% 64.26%		15.72 \$ 0.06248 \$			3.42% 3.44%	35.74% 64.26%	-0.01% 0.01%	
28			otal Base Rates	329,020	0.000400 \$	31,002	100.00% \$	32,071	0.00248 \$				100.00%	0.00% \$	(3.46)
20			FAC		\$	286	100.00% \$	32,071	φ §		\$ 1,005 \$ -	3.44 %	100.00 %	0.00% \$	(3.40)
30			ES		Ψ \$	1,886			9			-			
31			Misc Adj		\$	-			\$		\$-	-			
32		-	Other otal Riders		\$	- 2,171			9		\$-				
33												-	•		
34		_	OTAL REVENUE		\$	33,174			\$			3.21%			
35		A	verage	452.44	\$	45.51			\$	46.97	\$ 1.46	3.21%			
36 37	Schedule 2 - Small Commercial and	2													
38	Small Power	С	ustomer Charge	10,129	18.00 \$	182,322	8.62%		18.62 \$	188,602	\$ 6,280	3.44%	8.62%	0.00%	
39			emand Charge per kW	77,713	5.85 \$	454,622	21.49%		6.05000 \$				21.49%	0.00%	
40			nergy Charge - Off Peak per kWh	17,564,878	0.08417 \$	1,478,436	69.89%			1,529,374			69.89%	0.00%	(151.00)
41			otal Base Rates		\$	2,115,379	100.00% \$	2,188,292		2,188,140		3.44%	100.00%	0.00% \$	(151.88)
42 43			FAC ES		\$	(51,515) 192,593			9			:			
44			Misc Adj		\$	-			\$		\$-	-			
45			Other		\$	-			9						
46		To	otal Riders		\$	141,078			\$	141,078	\$-	-			
47		то	OTAL REVENUE		\$	2,256,458			\$	2,329,218	\$ 72,761	3.22%			
48		A	verage	1,734.12	\$	222.77			\$	229.96	\$ 7.18	3.22%			
49															

#	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	Schedule 4 - Large Power Rate (LPR)	4													
51			Customer Charge	1,223	31.65 \$	38,708	1.87%		32.74 \$			3.44%	1.87%	0.00%	
52			Demand Charge per kW	93,150	5.85 \$	544,926	26.31%		6.05 \$			3.42%	26.31%	0.00%	
53			Energy Charge per kWh	22,348,136	0.06655 \$	1,487,268	71.82%			1,538,446 \$		3.44%	71.82%	0.00%	
54			Total Base Rates		\$	2,070,903	100.00% \$	2,142,282		2,142,043 \$		3.44%	100.00%	0.00% \$	(239.34)
55			FAC		\$	(64,131)			\$	(64,131) \$		-			
56			ES		\$	210,206			\$	210,206 \$		-			
57 58			Misc Adj Other		\$ \$	-			\$ \$	- \$	-	-			
59			Total Riders		\$	146,074			\$	146,074 \$		-			
					Ť										
60			TOTAL REVENUE		\$	2,216,977			\$	2,288,117 \$	71,140	3.21%			
61 62			Average	18,273.21	\$	1,812.74			\$	1,870.91 \$	58.17	3.21%			
63	Schedule 5 - All Electric School Rate	5													
64			Customer Charge	99	31.65 \$	3,133	0.82%		32.74 \$			3.44%	0.15%	-0.66%	
65			Energy Charge per kWh	4,525,287	0.08417 \$	380,893	99.18%		0.08707 \$			3.45%	99.18%	0.00%	
66			Total Base Rates		\$	384,027	100.00% \$	397,263	\$	397,258 \$	13,231	3.45%	99.34%	-0.66% \$	(5.34)
67			FAC		\$	(12,548)			\$	(12,548) \$		-			
68			ES		\$	37,472			\$	37,472 \$		-			
69 70			Misc Adj		\$ \$	-			\$ \$	- \$	-	-			
70 71			Other Total Riders		\$	- 24,923			\$	- 24,923 \$		-			
					Ŧ										
72			TOTAL REVENUE		\$	408,950			\$			3.24%			
73 74			Average	45,709.97	\$	4,130.81			\$	4,264.46 \$	133.65	3.24%			
75 76	Schedule 6 - Outdoor Lighting Service - Security Lights	6	Energy Charge per kWh	372.684	0.092670 \$	34.537	100.00%		0.09586 \$	35.725 \$	1 189	3.44%	100.00%	0.00%	
77			Total Base Rates	072,004	\$	34,537	100.00% \$	35,727	0.00000 ¢ \$		1	3.44%	100.00%	0.00% \$	(1.54)
78			FAC		\$	(1,090)			\$					· · · · ·	(-)
79			ES		\$ \$	9,944			\$	9,944 \$		-			
80			Misc Adj		\$	-			\$	- \$		-			
81			Other		\$	-			\$	-					
82			Total Riders		\$	8,854			\$	8,854 \$	-	-			
83			TOTAL REVENUE		\$	43,390			\$	44,579 \$	1,189	2.74%			
84 85				NA		NA				NA	NA				
86	Schedule B1 - Large Industrial Rate	B1													
87			Customer Charge	110	604.77 \$	66,525	0.98%		625.62 \$	68,818 \$		3.45%	0.98%	0.00%	
88 89			Demand Charge-Contract per kW Demand Charge-Excess per kW	473,008 21,845	7.17 \$ 9.98 \$	3,391,471 218,013	49.86% 3.20%		7.42 \$ 10.32 \$			3.49% 3.41%	49.86% 3.20%	0.01% 0.00%	
89 90			Energy Charge per kWh	66,241,778	9.98 \$ 0.04720 \$	3,126,612	3.20% 45.96%			3,234,586 \$		3.41%	3.20% 45.96%	-0.01%	
				00,241,770				7 007 000							4 475 47
91			Total Base Rates		\$	6,802,620	100.00% \$	1,031,092		7,038,567 \$		3.47%	100.00%	0.00% \$	1,475.17
92			FAC		\$	(190,743)			\$			-			
93 94			ES Misc Adj		\$ \$	411,216			\$ \$	411,216 \$ - \$					
94 95			Other		5 S	-			э \$	- Þ	-	-			
96			Total Riders		\$	220,474			\$	220,474 \$	-	-			
97			TOTAL REVENUE		\$	7,023,094			\$	7,259,041 \$		3.36%			
98			Average	602,197.98	\$	63,846.31			\$	65,991.28 \$	2,144.97	3.36%			
99															

#		le Billing Component	Billing Units	Present Rate	Present Revenue		Target Revenue	Proposed Rate	Proposed Revenue	Increase	\$%	Proposed Share	Share Variance	Rate Variance
100 101	Lighting 6	9,500 Lumen Security	57,996	10.60 \$	614,758	54.29%		10.97 \$	636,216	\$ 21,459	3.49%	54.30%	0.01%	
101		Pole Charge	10,165	5.61 \$	57,026	5.04%		5.80 \$			3.39%	5.03%	0.00%	
102		9,500 Lumen Security	2,682	10.60 \$	28,429	2.51%		10.97 \$	1			2.51%	0.00%	
103		Pole Charge	1,419	5.61 \$	7,961	0.70%		5.80 \$	- 1	• • •		0.70%	0.00%	
105		4,000 Lumen Deocrative Colonial	1,508	13.20 \$	19,906	1.76%		13.65 \$	- 1			1.76%	0.00%	
106		4.000 Lumen Deccrative Colonial	1,911	13.20 \$	25,225	2.23%		13.65 \$			3.41%	2.23%	0.00%	
107		9,550 Lumen Decorative Colonial	72	17.12 \$	1,233	0.11%		17.71 \$	- 1	• • • • •		0.11%	0.00%	
108		9.550 Lumen Decorative Colonial	628	17.12 \$	10,751	0.95%		17.71 \$			3.45%	0.95%	0.00%	
109		27,500 Lumen directional flood	3,872	14.44 \$	55,912	4.94%		14.94 \$				4.94%	0.00%	
110		27,500 Lumen directional flood	817	14.44 \$	11,797	1.04%		14.94 \$	- 1		3.46%	1.04%	0.00%	
111		50.000 Lumen Directional flood	1,549	20.46 \$	31,693	2.80%		21.17 \$			3.47%	2.80%	0.00%	
112		50.000 Lumen Directional flood	804	20.46 \$	16,450	1.45%		21.17 \$	- 1 -	• / · · ·		1.45%	0.00%	
113		107.800 Lumen Directional Flood	284	38.11 \$	10.823	0.96%		39.42 \$	1 -			0.96%	0.00%	
114		107.800 Lumen Directional Flood	362	38.11 \$	13,796	1.22%		39.42 \$			3.44%	1.22%	0.00%	
110		27.500 Lumen Cobra head	1,136	13.48 \$	15,313	1.35%		13.94 \$	1 -	•	3.41%	1.35%	0.00%	
111		27,500 Lumen Cobra head	1,438	13.48 \$	19,384	1.71%		13.94 \$			3.41%	1.71%	0.00%	
112		7,000 Lumen Lamp	4	10.85 \$	43	0.00%		11.22 \$			3.41%	0.00%	0.00%	
113		6,000 Lumen Security LED	19,095	9.63 \$	183,885	16.24%		9.96 \$				16.23%	-0.01%	
114		6,000 Lumen Security LED	829	9.63 \$	7,983	0.71%		9.96 \$			3.43%	0.70%	0.00%	
115		Total Base Rates		\$	1,132,367	100.00% \$	1,171,398	\$	1,171,593	\$ 39,225	3.46%	100.00%	0.00% \$	194.90
116		FAC		\$				\$		\$-	-			
117		ES		\$				\$		- \$-	-			
118		Misc Adj		\$	-			\$		\$-	-			
119		Other												
120		Total Riders		\$	-			\$	-	\$-	-			
121		TOTAL REVENUE		\$	1,132,367			\$	1,171,593	\$ 39,225	3.46%			
122 123														
124														
125	TOTALS	Total Base Rates		\$	50,087,631			\$	51,812,742	\$ 1,725,110	3.44%			
126		FAC		\$	(1,305,206)			\$	(1,305,206)	\$-				
127		ES		\$	4,692,538			\$	4,692,538	\$-				
128		Misc Adj		\$	15,588			\$	15,588	\$-				
129		Other		\$	-			\$		\$-				
130		Total Riders		\$	3,402,920			\$	3,402,920	\$-				
131		TOTAL REVENUE		\$	53,490,551			\$	55,215,662	\$ 1,725,110	3.23%			
132														
133		Rate Rounding Variance							:	\$ (1,304)				
134														
135	RATES WITH NO CURRENT MEMBERS													
136														
137	Schedule B-2 - Large Industrial Rate B2													
138		Customer Charge		1,208.42				1,250.04						
139		Demand Charge per kW		7.17				7.42						
140		Excess Demand Charge per kW		9.98				10.32						
141		Energy Charge per kWh		0.04160				0.04303						

						Present	Target		Proposed	Proposed			Proposed	Share	Rate
#	Classification		Billing Component	Billing Units	Present Rate	Revenue	Share	Revenue	Rate	Revenue	Increase \$	%	Share	Variance	Variance
142	Schedule B-3 - Large Industrial Rate	B3													
143			Customer Charge		1,208.42				1,250.04						
144			Demand Charge per kW		7.17				7.42						
145			Excess Demand Charge per kW		9.98				10.32						
146			Energy Charge per kWh		0.04046				0.04185						
147	Schedule C-1 - Large Industrial Rate	C1													
148	ů.		Customer Charge		604.77				625.62						
149			Demand Charge per kW		7.17				7.42						
150			Energy Charge per kWh		0.04762				0.04926						
151	Schedule C-2 - Large Industrial Rate	C2													
152			Customer Charge		1,208.42				1,250.04						
153			Demand Charge per kW		7.17				7.42						
154			Energy Charge per kWh		0.04197				0.04342						
155	Schedule C-3 - Large Industrial Rate	C3	Energy onlarge per kwin		0.04101				0.04042						
155	Schedule C-3 - Large Industrial Rate	03	Customer Charge		1,208.42				1,250.04						
150			Demand Charge per kW		7.17				7.42						
158			Energy Charge per kWh		0.04048				0.04187						
159	Schedule G - Large Industrial Rate	G													
160	See Note		Facility Charge		5,454.00				5,726.70						
161			Demand Charge per kW		6.98				7.29						
162			Energy Charge per kWh		0.039377				0.041588						

Note: Schedule G was vacant for 2019 test year but has since attracted a large special contract customer under EKPC Rate G. This is reflected in the Notice in Exhibit 5.

Case No. 2021-00111 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 rate intervention@ag.ky.gov on this 1st day of April 2021.

David S. Samford

Counsel for Inter-County Energy Cooperative Corporation

Case No. 2021-00111 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 Inter-County Energy Cooperative Corporation ("Inter-County") of a proposed rate adjustment. Inter-County 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. 2021-00111. 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
1	Schedule 1 - Rates for Farm and Home Service			
		Customer Charge	\$ 15.20	\$ 15.72
		Energy Charge per kWh	\$ 0.09267	\$ 0.09586
		Prepay fee	8.20	8.20
8	Schedule NM - Net Metering			
		Customer Charge	\$ 15.20	\$ 15.72
		Energy Charge per kWh	\$ 0.09267	\$ 0.09586
11,1 2	Schedule 1-A - Farm and Home Marketing Rate (ETS)			
		Customer Charge	\$ 15.20	\$ 15.72
		Energy Charge per kWh	\$ 0.06040	\$ 0.06248
2	Schedule 2 - Small Commercial and Small Power			
		Customer Charge	\$ 18.00	\$ 18.62
		Demand Charge per kW	\$ 5.85	\$ 6.05
		Energy Charge - Off Peak per kWh	\$ 0.08417	\$ 0.08707
4	Schedule 4 - Large Power Rate (LPR)			
		Customer Charge	\$ 31.65	\$ 32.74
		Demand Charge per kW	\$ 5.85	\$ 6.05
		Energy Charge per kWh	\$ 0.06655	\$ 0.06884
5	Schedule 5 - All Electric School Rate			
		Customer Charge	\$ 31.65	\$ 32.74
		Energy Charge per kWh	\$ 0.08417	\$ 0.08707
B1	Schedule B1 - Large Industrial Rate			
		Customer Charge	\$ 604.77	\$ 625.62
		Demand Charge-Contract per kW	\$ 7.17	\$ 7.42
		Demand Charge-Excess per kW	\$ 9.98	\$ 10.32
		Energy Charge per kWh	\$ 0.04720	\$ 0.04883
6	Lighting			
		9,500 Lumen Security	\$ 10.60	\$ 10.97
		Pole Charge	\$ 5.61	\$ 5.80
		4,000 Lumen Deocrative Colonial	\$ 13.20	\$ 13.65
		9,550 Lumen Decorative Colonial	\$ 17.12	\$ 17.71
		27,500 Lumen directional flood	\$ 14.44	\$ 14.94
		50,000 Lumen Directional flood	\$ 20.46	\$ 21.17
		107,800 Lumen Directional Flood	\$ 38.11	\$ 39.42
		27,500 Lumen Cobra head	\$ 13.48	\$ 13.94

		7,000 Lumen Lamp	\$ 10.85	\$ 11.22
		6,000 Lumen Security LED	\$ 9.63	\$ 9.96
B2	Schedule B-2 - Large Industrial Rate			
		Customer Charge	\$ 1,208.42	\$ 1,250.04
		Demand Charge per kW	\$ 7.17	\$ 7.42
		Excess Demand Charge per kW	\$ 9.98	\$ 10.32
		Energy Charge per kWh	\$ 0.04160	\$ 0.04303
B3	Schedule B-3 - Large Industrial Rate			
		Customer Charge	\$ 1,208.42	\$ 1,250.04
		Demand Charge per kW	\$ 7.17	\$ 7.42
		Excess Demand Charge per kW	\$ 9.98	\$ 10.32
		Energy Charge per kWh	\$ 0.04046	\$ 0.04185
C1	Schedule C-1 - Large Industrial Rate			
		Customer Charge	\$ 604.77	\$ 625.62
		Demand Charge per kW	\$ 7.17	\$ 7.42
		Energy Charge per kWh	\$ 0.04762	\$ 0.04926
C2	Schedule C-2 - Large Industrial Rate			
		Customer Charge	\$ 1,208.42	\$ 1,250.04
		Demand Charge per kW	\$ 7.17	\$ 7.42
		Energy Charge per kWh	\$ 0.04197	\$ 0.04342
C3	Schedule C-3 - Large Industrial Rate			
		Customer Charge	\$ 1,208.42	\$ 1,250.04
		Demand Charge per kW	\$ 7.17	\$ 7.42
		Energy Charge per kWh	\$ 0.04048	\$ 0.04187
G	Schedule G - Large Industrial Rate			
		Facility Charge	\$ 5,454.00	\$ 5,641.85
		Demand Charge per kW	\$ 6.98	\$ 7.22
		Energy Charge per kWh	\$ 0.039377	\$ 0.040733

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:

		Increase		
Rate Class		Dollars	Percent	
1	Schedule 1 - Rates for Farm and Home Service	\$ 1,289,251	3.20%	
8	Schedule NM - Net Metering	\$ 1,301	3.35%	
11,12	Schedule 1-A - Farm and Home Marketing Rate (ETS)	\$ 1,065	3.21%	
2	Schedule 2 - Small Commercial and Small Power	\$ 72,761	3.22%	
4	Schedule 4 - Large Power Rate (LPR)	\$ 71,140	3.21%	
5	Schedule 5 - All Electric School Rate	\$ 13,231	3.45%	
6	Schedule 6 - Outdoor Lighting Service - Security Lights	\$ 1,189	2.74%	
B1	Schedule B1 - Large Industrial Rate	\$ 235,947	3.36%	
6	Lighting	\$ 39,225	3.46%	
Total		\$1,725,110	3.23%	

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:

		Average		Increase		
Rate Class		Usage (kWh)		Dollars	Percent	
1	Schedule 1 - Rates for Farm and Home Service	1,295	\$	4.65	3.20%	
8	Schedule NM - Net Metering	1,239	\$	4.47	3.35%	
11,12	Schedule 1-A - Farm and Home Marketing Rate (ETS)	452	\$	1.46	3.21%	
2	Schedule 2 - Small Commercial and Small Power	1,734	\$	7.18	3.22%	
4	Schedule 4 - Large Power Rate (LPR)	18,273	\$	58.17	3.21%	
5	Schedule 5 - All Electric School Rate	45,710	\$	133.65	3.45%	
6	Schedule 6 - Outdoor Lighting Service - Security Lights	NA		NA	2.74%	
B1	Schedule B1 - Large Industrial Rate	602,198	\$	2,144.97	3.36%	
6	Lighting	NA		NA	3.46%	

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

Inter-County Energy Cooperative Corporation 1009 Hustonville Road Danville, Kentucky 40422 (859) 236-4561 https://www.intercountyenergy.net

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 Inter-County, 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.



A Touchstone Energy Cooperative 🔨

March 31, 2021

Mr. Tom Neisheisel Project Manager Diageo Americas Supply Inc. - Lebanon Facility 100 Bourbon Dr. Lebanon, Ky 40033

RE: Customer Notice of Wholesale Electric Rate Adjustment Pass-Through

Dear Mr. Neisheisel,

I would like to make you aware of a forthcoming rate increase request by our wholesale power supplier, East Kentucky Power Cooperative, Inc. (EKPC). The request will be filed April 1, 2021 with the Kentucky Public Service Commission (PSC) and, as proposed, it will become effective May 1, 2021. EKPC, which generates and transmits wholesale electricity to Inter-County Energy and 15 other electric co-ops, seeks to raise its base rates. EKPC states the increase is needed to maintain reliable service and EKPC's financial strength. This increase will mark EKPC's first increase in base rates since 2011.

If approved by the PSC, the proposal by EKPC will raise our purchased power costs, necessitating a corresponding pass-through rate case for Inter-County Energy. Accordingly, Inter-County Energy will also file an application with the PSC detailing how the adjustment would be passed through on the monthly bills to customers, including Diageo.

In accordance with the requirements of the PSC as set forth in 807 KAR 5:001, Section 17 and 807 KAR 5:007, Section 3, of the Rules and Regulations of the PSC, notice is hereby given of a proposed rate adjustment. Inter-County Energy intends to propose an adjustment of its existing rates to reflect the wholesale rate adjustment of its wholesale supplier, EKPC, pursuant to KRS 278.455(2), by filing an application with the Commission on April 1, 2021, in Case No. 2021-00111. The application will request that the proposed rates become effective May 1, 2021.

The amount of the increase requested for Schedule G – Large Industrial Rate is as follows:

	Present	Proposed
Facility Charge:	\$5,454.00	\$5,726.70
Demand Charge per kW:	\$6.98	\$7.29
Energy Charge per kWh:	\$0.039377	\$0.041588



A Touchstone Energy Cooperative K

The effect of the change requested, in both dollar amounts and as a percentage, for Diageo as Inter-County's only Rate G customer, will be as follows:

		<u>Inc</u>	rease
<u>Rate</u>		<u>Dollars</u>	<u>Percent</u>
Special	Diageo – EKPC Rate G	\$494,185	5.06%

The amount of the average usage and the effect upon the average bill for Diageo as Inter-County's only Rate G customer, will be as follows:

		<u>Average</u>	<u>Increase</u>	
<u>Rate</u>		<u>Usage (kWh)</u>	<u>Dollars</u>	Percent
Special	Diageo-EKPC Rate G	14,016,000	\$41,182	5.06%

You may examine the application and any related documents Inter-County has filed with the PSC at our office, located at:

Inter-County Energy Cooperative Corporation 1009 Hustonville Road Danville, Kentucky 40422 (859) 236-4561 <u>https://www.intercountyenergy.net</u>

You 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 Inter-County 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.



A Touchstone Energy Cooperative K

Inter-County offers the following services to improve your energy use throughout your facility.

- Thermal Infrared Audits (Billed Service)
- Compressed Air Audits (Billed Service)
- Commercial and Industrial Energy Audits (Free Service)
- Power Quality Metering & Troubleshooting (Free Service)
- Power Factor Capacitor Bank Installation and Maintenance (Billed Service)

As a not-for-profit, member-owned organization, Inter-County Energy and EKPC strive to keep rates steady by containing and reducing operating costs. One of the most effective ways EKPC has mitigated costs is by obtaining lower-cost energy and renewable energy options for our members is through PJM, a major regional energy marketplace.

As a result of the effort by Inter-County Energy and EKPC to keep energy economical, and environmentally friendly, Inter-County Energy's rates are competitive with neighboring utilities.

We can discuss this further at our meeting scheduled previously on April 7th. If you have any questions, please contact me directly by calling my cell at 859-324-2446.

Thank you and I look forward to our meeting on April 7th.

Jerry W. Carter

Jerry W. Carter President/CEO Inter-County Energy Cooperative jerry@intercountyenergy.net

Case No. 2021-00111 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")?

A. Yes. To date I have testified in over thirty different regulatory proceedings before this
 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:
 - Exhibit 2: Comparison of Current and Proposed Rates
- 10 Exhibit 3: Billing Analysis
- 11

9

12 II. <u>PASS THROUGH OF WHOLESALE RATE INCREASE</u>

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)

 $\frac{22}{23}$

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
distribution cooperative and by wholesale rate class, including the total proposed revenue
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 For each distribution cooperative, I first collected 2019 billing information for each rate A. 9 class in the cooperative's Commission-approved tariffs, to correspond with the 2019 test period used by EKPC in Case No. 2021-00103. I calculated the billings for each rate class 10 11 and for each base rate billing component within the respective classes (e.g., customer 12charge, 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 15describe 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 17determined 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 20basis, 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 $\mathbf{2}$ 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 2019 amounts to account for the FAC roll-in for all Owner-Members. Also, there were a 4 $\mathbf{5}$ 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 ensure that the full effects of the wholesale rate increase are flowed through 10 11 proportionately. Other than the FAC roll-in and limited number of rate switching/contract 12demand 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
 "Kenergy Order") in which the Commission clarified "proportional" for the purposes
 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).

the proposed rates based on the allocations from the last rate order. If those results proved
 to be self-evidently unreasonable, I then determined the proposed rates based on the present
 test year allocations, consistent with the method approved in the pass-through filings for
 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
- rates for all rate classes. Thus, for those utilities I used the present test year allocations
 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.

A. Relying 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

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.

 $\frac{1}{2}$

active members differed from the last rate order and the present test year. The *Kenergy* 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 individual billing components was more problematic. For certain two-part rate classes like 4 $\mathbf{5}$ 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 12kW (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 15in 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 17resulted 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. 20It could also violate the ratemaking principle of gradualism. In situations like this, the 21cooperative elected to use the present test year allocations in full to develop proposed rates.

1Q.Did any cooperative use a hybrid approach where it employed the last rate order2Kenergy Order method for some of its rate classes and the traditional test year method3for 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?

Yes. In 1944, in Federal Power Commission v. Hope Natural Gas Co., the Supreme Court 10 A. 11 held that, in setting maximum rates, the utility commission would not be "bound to the use 12of any single formula or combination of formulae in determining rates." Rather, it would be the "result reached, not the method employed" that would be controlling.⁸ I am not an 13 14 attorney, but it is my understanding that Kentucky law fully embraces the Hope Doctrine. 15The 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 17present 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 20Case Nos. 2010-00167 and 2008-00409.

⁸ Fed. Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591, 602 (1944).

Q. The *Kenergy* Order states that any revenue distortions could be addressed through
 subsequent rate filings by a distribution cooperative. If the last rate order approach
 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 $\mathbf{5}$ *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 12to 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 15approach 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-throughcalculation?

A. For the most part, I made no distinction between retail rate classes taking service under
EKPC's different wholesale rate classes (Rate B, Rate C, Rate E, etc.), consistent with
previous Commission orders and Owner-Member pass-through rate filings. However, I
did separately calculate proposed rates for retail members served under EKPC Rate G Special Electric Contract Rate, as well as for those served under EKPC's other large special
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):
$5 \\ 6 \\ 7 \\ 8$		"Any increase or decrease as provided for in subsections (1) and (2) of this section shall not apply to special contracts under which the rates are subject to change or adjustment only as stipulated in the contract."
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).

A. In this docket, the proposed rates are allocated to each retail class and within each retail
 tariff on a proportional basis, and result in no change in the retail rate design currently in
 effect. The proposed rates are fair, just, and reasonable, and are also consistent with KRS
 278.455 and prior Commission precedent, specifically Case Nos. 2010-00167 and 2008 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

VERIFICATION OF JOHN WOLFRAM

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.

M

John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 31st day of March, 2021, by John Wolfram.

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

SATAN	
DAN	

Notary Commission No. KYNP10362

Commission expiration: 7-23-24