

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF OWEN)	
ELECTRIC COOPERATIVE, INC. FOR PASS-)	
THROUGH OF EAST KENTUCKY POWER)	Case No. 2021-00115
COOPERATIVE, INC.'S WHOLESALE RATE)	
ADJUSTMENT)	

RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO OWEN ELECTRIC COOPERATIVE INC.

DATED JUNE 15, 2021

OWEN ELECTRIC COOPERATIVE INC.

PSC CASE NO. 2021-00115

PUBLIC SERVICE COMMISSION REQUEST DATED 6/15/21

Owen Electric Cooperative, Inc. (“Owen Electric”) 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.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE ELECTRONIC APPLICATION OF OWEN)
ELECTRIC COOPERATIVE, INC. FOR PASS-)
THROUGH OF EAST KENTUCKY POWER) Case No. 2021-00115
COOPERATIVE, INC.'S WHOLESALE RATE)
ADJUSTMENT)**

CERTIFICATE

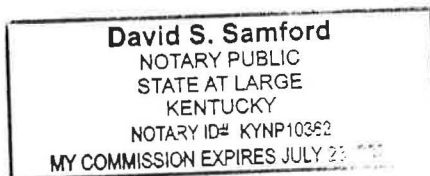
STATE OF KENTUCKY)


COUNTY OF JEFFERSON)

Comes now John Wolfram, being first duly sworn, and states that he has supervised the preparation of the responses of Owen Electric Cooperative, Inc. ("Owen Electric") 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.





Notary ID: KYNP10362
Expires: 7/23/24

OWEN ELECTRIC COOPERATIVE INC.

PSC CASE NO. 2021-00115

RESPONSE TO INFORMATION REQUEST

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

REQUEST 1

RESPONSIBLE PARTY:

Request 1. Provide the monthly usage and revenue for Nucor Steel Gallatin (Nucor) for 2019, 2020, and 2021 to date.

- a. Explain whether a pro forma adjustment for the additional revenue received from the increased usage resulting from the Nucor addition of the new galvanizing line should be applied to Owen Electric's 2019 test-year revenues.
- b. If a pro formal adjustment is made, provide this adjustment and an update to Owen Electric's Response to Commission Staff's First Request for Information, Item 5.
- c. If Owen Electric disagrees with such an adjustment, explain whether the current allocation of Owen Electric's portion of East Kentucky Power Cooperative, Inc.'s (EKPC) rate increase will result in additional revenues for Owen Electric and whether the other rate classes will pay more than their fair share of the pass-through.
- d. Explain whether a pro forma adjustment should be made to EKPC's test-year pro forma revenues.
- e. If an adjustment is made to EKPC's test-year pro forma revenues, explain whether the adjustment should then be applied to the calculation of Owen Energy's rate increase.

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.

- a. A pro forma adjustment for the additional revenue received from the increased usage resulting from the Nucor addition of the new galvanizing line should not be applied to Owen Electric's 2019 test-year revenues. First, the amounts are outside the historic test year, and it would be inappropriate to adjust Nucor 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 2020-2021 period, relative to 2019, rather than just increasing as the question implies. 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 to 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 that occur outside of the historic test period.
- b. Not applicable.
- c. 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 increases or decreases, revenues will correspondingly increase or decrease. Wholesale purchased power expense would similarly increase or decrease. Thus, the current allocation of Owen Electric's portion of EKPC's rate increase will not result in additional revenues for Owen Electric, 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 be unaffected by the amounts related to Nucor because Nucor is a special contract not included in the proportional allocation of revenues to Owen Electric's rate classes, consistent with KRS 278.455(3); see Wolfram Direct, Testimony, pages 8 and 9.

- d. 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.
- e. 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 Owen Electric should be applied to the calculation of Owen Electric's rate increase.

**OWEN ELECTRIC
NUCOR MONTHLY USAGE AND REVENUE**

#	Month	Usage (kWh)	Revenue (\$)
1	2019-Jan		
2	2019-Feb		
3	2019-Mar		
4	2019-Apr		
5	2019-May		
6	2019-Jun		
7	2019-Jul		
8	2019-Aug		
9	2019-Sep		
10	2019-Oct		
11	2019-Nov		
12	2019-Dec		
13	2020-Jan		
14	2020-Feb		
15	2020-Mar		
16	2020-Apr		
17	2020-May		
18	2020-Jun		
19	2020-Jul		
20	2020-Aug		
21	2020-Sep		
22	2020-Oct		
23	2020-Nov		
24	2020-Dec		
25	2021-Jan		
26	2021-Feb		
27	2021-Mar		
28	2021-Apr		
29	2021-May		