

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)	
SHELBY ENERGY COOPERATIVE, INC.)	
FOR PASS-THROUGH OF EAST)	Case No. 2021-00117
KENTUCKY POWER COOPERATIVE, INC.'S)	
WHOLESALE RATE ADJUSTMENT)	

SHELBY ENERGY COOPERATIVE, INC.'S APPLICATION

Comes now Shelby Energy Cooperative, Inc. (“Shelby Energy”), 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. Shelby Energy is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Shelby Energy is engaged in the business of distributing retail electric power to approximately 17,119 meters serving approximately 13,323 members in the Kentucky counties of Anderson, Carroll, Franklin, Henry, Jefferson, Oldham, Owen, Shelby, Spencer and Trimble.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Shelby Energy’s mailing address is 620 Old Finchville Road, Shelbyville, Kentucky 40065-1714 and its electronic mail address is PSC@shelbyenergy.com.

3. Pursuant to 807 KAR 5:001, Section 14(2), Shelby Energy 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), Shelby Energy 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 Shelby Energy.¹ In accordance with KRS 278.455, Shelby Energy seeks to pass-through the increase in EKPC's wholesale rates to Shelby Energy to Shelby Energy'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 Shelby Energy 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 Shelby Energy.

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 Shelby Energy's rate classes. Shelby Energy further states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail members through its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

8. Pursuant to 807 KAR 5:007 Sections 1(6) and Section 2(2), a certification that a complete copy of this filing has been mailed to the Kentucky Attorney General's Office of Rate Intervention and an electronic copy was also sent to rateintervention@ag.ky.gov is attached as **Exhibit 4**.

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).

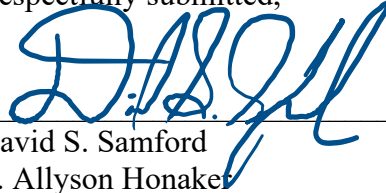
9. Pursuant to 807 KAR 5:007 Sections 1(7)(b) and (8) and Section 2(2), notice of the proposed rate changes has been given, not more than thirty (30) days prior to April 1, 2021, by publication in a newspaper of general circulation throughout Shelby Energy's service territory. A copy of the notice is 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, Shelby Energy respectfully requests that the Commission accept this Application for filing and allow Shelby Energy to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of Shelby Energy'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,



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 Shelby Energy Cooperative, Inc.

Exhibit List

Document	Tab
Proposed Tariffs Incorporating the New Rates Proposed to be Effective on May 1, 2021	1
Comparison of the Current and Proposed Rates	2
Billing Analysis Showing the Existing and Proposed Rates for Each Rate Class	3
Certification of Mailing to Office of Rate Intervention	4
Copy of Notice	5
Testimony of John Wolfram	6

Case No. 2021-00117
Application – Exhibit 1

Proposed Tariffs

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 300
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 300

LARGE POWER SERVICE – RATE 2

AVAILABILITY:

Available to all consumers whose kW demand shall be greater than 50 kW including residential and farm consumers who do not qualify under availability of service under Rate 12 or Rate 11 respectively, located on or near Seller’s line for all types of usage, subject to the established Rules and Regulations of Seller.

TYPES OF SERVICE:

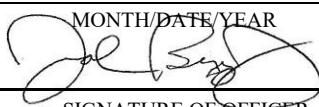
Three Phase, 60 Hertz, available at Seller’s standard voltage.

RATES:

Consumer Facility Charge per Month	\$ 54.35	(I)
Demand Charge per kW of billing demand	\$ 6.30	(I)
Energy Charge per kWh for all kWh	\$ 0.06260	(I)

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE April 1, 2021
MONTH/DATE/YEAR
DATE EFFECTIVE May 1, 2021
MONTH/DATE/YEAR
ISSUED BY 
SIGNATURE OF OFFICER
TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN
CASE NO. 2021-00117 DATED _____

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 301
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 301

OUTDOOR AND STREET LIGHTING – RATE 3

AVAILABILITY

Available to all consumers of the Cooperative, subject to the Rules and Regulations.

TYPES OF SERVICE:

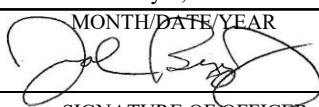
Cooperative will furnish, install, and maintain at no extra expense to the consumer, a lighting unit, in accordance with the rate schedule and conditions of service below. Cooperative will make all necessary electrical connections and furnish electricity for same which shall be controlled by a photocell to energize the unit from dusk to dawn.

MONTHLY RATES:

High Pressure Sodium:

100 Watt - Outdoor Light	\$ 10.43 (I)
100 Watt - Decorative Colonial Light	\$ 14.09 (I)
400 Watt - Directional Flood Light	\$ 20.93 (I)
250 Watt - Directional Flood Light	\$ 15.25 (I)
150 Watt - Decorative Acorn Light	\$ 16.80 (I)

* All new lights will be LED. High Pressure Sodium will be phased out upon failure and replaced with LED.

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Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO. 9
4th Revised SHEET NO. 322
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 322

LED Outdoor Lighting Facilities – RATE 3L

AVAILABILITY

Available to all consumers of the Cooperative, subject to the Rules and Regulations.

TYPES OF SERVICE:

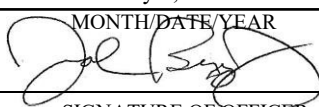
Cooperative will furnish, install, and maintain at no extra expense to the consumer, a light-emitting diode (LED) lighting unit, in accordance with the rate schedule and conditions of service below. The lighting unit shall be controlled by a photocell to energize the unit from dusk to dawn.

MONTHLY RATES:

Standard	Approximate Lumens	4,800-6,800	\$ 11.17	(I)
Decorative Colonial	Approximate Lumens	4,800-6,800	\$ 13.92	(I)
Cobra Head	Approximate Lumens	7,200-10,000	\$ 15.18	(I)
Directional Flood Light	Approximate Lumens	15,000-18,000	\$ 20.68	(I)

Service for the above units shall be unmetered and billed on the consumer's monthly bill for other electrical service furnished by the Cooperative, at a rate in accordance with the above rate schedule.

*All new lights will be LED. High Pressure Sodium lights will be phased out upon failure and replaced with LED.

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Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 303
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 303

OFF-PEAK RETAIL MARKETING (ETS) - RATE 9

AVAILABILITY OF SERVICE:

The special marketing rate is made as an attachment to Rate GS-11 & Rate 12 and all other terms of that rate apply except those covered here. It is available for specific marketing programs as approved by Shelby Energy's Board of Directors.

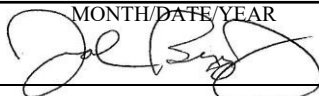
The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below listed off-peak hours. This rate is available to customers already receiving service under Rate GS-11 & Rate 12. This marketing rate applies only to programs which are expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule E.

<u>Months</u>	<u>Hours Applicable – EST</u>
May through September	10:00 P.M. to 10:00 A.M.
October through April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.

Rates

The energy rate for this program is as listed below:

All kWh \$ 0.06122 (I)

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FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 304
NAME OF UTILITY Shelby Energy Cooperative, Inc.
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 304

GENERAL SERVICE – RATE 11

AVAILABILITY:

Available for commercial, small power and non-residential purposes for single phase and three phase loads below 50 kW, subject to the established Rules and Regulations.

TYPE OF SERVICE:

Single phase and three phase, 60 Hertz, at available secondary voltage.

RATES:

Consumer Facility Charge per Month:		
Single Phase Service	\$ 18.75	(I)
Three Phase Service	\$ 41.67	(I)
Energy Charge per kWh	\$ 0.09275	(I)

MINIMUM MONTHLY CHARGE:

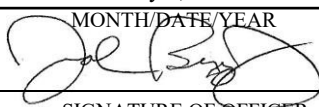
The minimum monthly charge under this schedule shall be the consumer facility charge. Where it is necessary to extend or reinforce existing facilities, the minimum charge may be increased to assure adequate compensation for added facilities.

TERMS OF PAYMENT:

The above rates are net; the gross rates are 10% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rate shall apply.

FUEL ADJUSTMENT CLAUSE:

This rate 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. The Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 305
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 305

RESIDENTIAL SERVICE – RATE 12

AVAILABILITY:

Available for residential homes for loads below 50 kW, subject to the established Rules and Regulations.

TYPE OF SERVICE:

Single phase service for residential dwellings.

RATES:

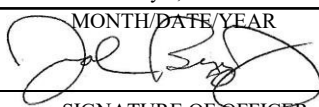
Consumer Facility Charge per Month	\$ 15.63	(I)
Energy Charge per kWh	\$ 0.09046	(I)

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under this schedule shall be the consumer facility charge. Where it is necessary to extend or reinforce existing facilities, the minimum charge may be increased to assure adequate compensation for added facilities.

TERMS OF PAYMENT:

The above rates are net; the gross rates are 10% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rate shall apply.

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FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 306
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 306

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

PREPAY SERVICE – RATE 15

STANDARD RIDER:

Shelby Energy Cooperative’s Prepay Service (“Prepay”) is an optional rider to Rate 12 – Residential Service as defined by the Cooperative.

AVAILABILITY:

All Rate 12 - Residential services, excluding accounts on Levelized/Fixed Budget, Automatic Draft, Net Metering and three-phase accounts within the territory served by Shelby Energy Cooperative.

RATES:

Consumer Facility Charge per Day: \$ 0.52 (I)
Energy Charge per kWh: \$ 0.09046 (I)
Prepay Service Fee per Day: \$ 0.10

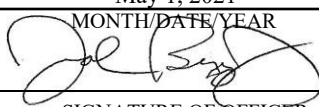
TERMS & CONDITIONS:

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 service 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 service shall sign a *Prepay Service Agreement* (“Agreement”). The Agreement shall remain in effect until the member notifies Shelby Energy, in writing, to cancel the Agreement.
4. Upon written cancellation of the Agreement, the member shall be subject to the conditions of the applicable tariff, without the Prepay rider. In accordance with Shelby Energy’s current Rules and Regulations, this may require a security deposit to be paid by the member at the time of cancellation of the Prepay service.

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	FOR <u>All Territory Served</u>
	PSC KY NO <u>9</u>
	<u>4th Revised</u> SHEET NO. <u>310</u>
Shelby Energy Cooperative, Inc.	CANCELLING PSC KY NO. <u>9</u>
NAME OF UTILITY	<u>3rd Revised</u> SHEET NO. <u>310</u>

LARGE INDUSTRIAL RATE – SCHEDULE B1

AVAILABILITY:

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 contract demand.

RATES:

Consumer Facility Charge per Month	\$ 639.88 (I)
Demand Charge per kW of Contract Demand	\$ 7.47 (I)
Demand Charge per kW in Excess of Contract Demand	\$10.40 (I)
Energy Charge per kWh	\$ 0.05027 (I)

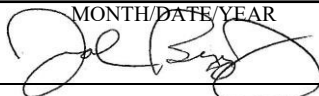
BILLING DEMAND:

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours of each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 311
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 311

LARGE INDUSTRIAL RATE – SCHEDULE B2

AVAILABILITY:

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

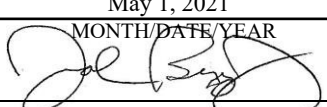
RATES:

Consumer Facility Charge per Month	\$ 1,278.55	(I)
Demand Charge per kW of Contract Demand	\$ 7.47	(I)
Demand Charge per kW in Excess of Contract Demand	\$ 10.40	(I)
Energy Charge per kWh	\$ 0.04371	(I)

BILLING DEMAND:

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours of each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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TITLE President & CEO

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CASE NO. 2021-00117 DATED _____

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 312
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 312

LARGE INDUSTRIAL RATE – SCHEDULE B3

AVAILABILITY:

Applicable to contracts with demands of 10,000 KW and over with a monthly energy usage equal to or greater than 400 hours per KW of contract demand.

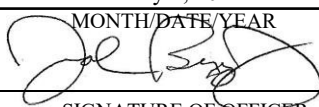
RATES:

Consumer Facility Charge per Month		
Transformer Size of 10,000 – 14,999 kVa	\$ 3,564.32	(I)
Transformer Size of 15,000 kVa and greater	\$ 5,657.46	(I)
Demand Charges per kW of Contract Demand	\$ 7.47	(I)
Demand Charge per kW in Excess of Contract Demand	\$ 10.40	(I)
Energy Charge per kWh	\$ 0.04309	(I)

BILLING DEMAND:

The billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The consumer's peak demand is the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours of each month and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 313
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 313

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

LARGE INDUSTRIAL RATE – SCHEDULE C1

AVAILABILITY:

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 contract billing demand. These contracts will be two “two-party” contracts with the first one being between the Seller and the Cooperative association and the second one being between Seller and the ultimate consumer.

RATES:

Consumer Facility Charge per Month	\$ 639.90	(I)
Demand Charge per KW of Billing Demand	\$ 7.47	(I)
Energy Charge per kWh	\$ 0.05027	(I)

BILLING DEMAND:

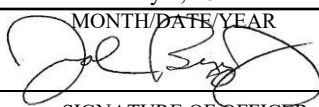
The monthly billing demand shall be the greater of (a) or (b) listed below:

- a) The contract demand
- b) The ultimate consumer’s peak demand during the current month or preceding eleven months. The peak demand shall be 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:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

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FOR All Territory Served
 PSC KY NO 9
4th Revised SHEET NO. 314
 CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 314

Shelby Energy Cooperative, Inc.
 NAME OF UTILITY

LARGE INDUSTRIAL RATE – SCHEDULE C2

AVAILABILITY:

Applicable to contracts with demands of 5,000 to 9,999 KW with a monthly energy usage equal to or greater than 400 hours per KW of contract billing demand. These contracts will be two “two-party” contracts with the first one being between the Seller and the Cooperative association and the second one being between Seller and the ultimate consumer.

RATES:

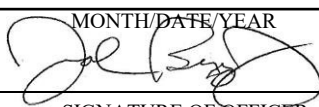
Consumer Facility Charge per Month	\$ 1,278.61	(I)
Demand Charge per KW of Billing Demand	\$ 7.47	(I)
Energy Charge per kWh	\$ 0.04371	(I)

BILLING DEMAND:

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

- a) The contract demand
- b) The ultimate consumer’s peak demand during the current month or preceding eleven months. The peak demand shall be 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:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
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FOR All Territory Served
 PSC KY NO 9
4th Revised SHEET NO. 315
 CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 315

Shelby Energy Cooperative, Inc.
 NAME OF UTILITY

LARGE INDUSTRIAL RATE – SCHEDULE C3

AVAILABILITY:

Applicable to contracts with demands of 10,000 KW and over with a monthly energy usage equal to or greater than 400 hours per KW of contract demand.

RATES:

Consumer Facility Charge per Month		
Transformer Size of 10,000 – 14,999 kVa	\$ 3,564.32	(I)
Transformer Size of 15,000 kVa and greater	\$ 5,657.46	(I)
Demand Charge per kW	\$ 7.47	(I)
Energy Charge per kWh	\$ 0.04309	(I)

BILLING DEMAND:

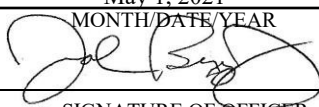
The monthly billing demand shall be the greater of (a) or (b) listed below:

- a) The contract demand
- b) The ultimate consumer's peak demand during the current month or preceding eleven months.
 The peak demand shall be 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:

<u>Months</u>	<u>Hours Applicable for Demand Billing – EST</u>
October through April	7:00 A.M. to 12:00 Noon 5:00 P.M. to 10:00 P.M.
May through September	10:00 A.M. to 10:00 P.M.

DATE OF ISSUE April 1, 2021
 MONTH/DATE/YEAR

DATE EFFECTIVE May 1, 2021
 MONTH/DATE/YEAR

ISSUED BY 
 SIGNATURE OF OFFICER

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN
 CASE NO. 2021-00117 DATED _____

Shelby Energy Cooperative, Inc.
NAME OF UTILITY

FOR All Territory Served
PSC KY NO 9
4th Revised SHEET NO. 307
CANCELLING PSC KY NO. 9
3rd Revised SHEET NO. 307

OPTIONAL T-O-D DEMAND – RATE 22

AVAILABILITY:

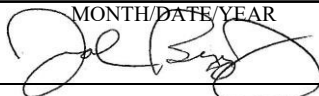
Available to all consumers whose KW demand shall be greater than 200 KW, including consumers who do not qualify under availability of service under Rate 11 or Rate 12, located on or near Seller's line for all types of usage, subject to the established Rules and Regulations of Seller.

TYPES OF SERVICE:

Three-phase, 60 Hertz, available at Seller's standard voltage.

RATE:

<u>Consumer Charge</u>			
			(I)
\$ 47.84			
<u>Demand Charge</u>			
			(I)
\$ 6.27 per month per KW of billing demand			
<u>Energy Charge</u>			
First	100 kWh per KW demand	\$ 0.07207 per kWh	(I)
Next	100 kWh per KW demand	\$ 0.06540 per kWh	(I)
All over	200 kWh per KW demand	\$ 0.05875 per kWh	(I)

DATE OF ISSUE April 1, 2021
MONTH/DATE/YEAR
DATE EFFECTIVE May 1, 2021
MONTH/DATE/YEAR
ISSUED BY 
SIGNATURE OF OFFICER
TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN
CASE NO. 2021-00117 DATED _____

FOR All Territory Served
PSC KY NO 9
3rd Revised SHEET NO. 309
NAME OF UTILITY Shelby Energy Cooperative, Inc.
CANCELLING PSC KY NO. 9
2nd Revised SHEET NO. 309

SPECIAL OUTDOOR LIGHTING SERVICE – RATE 33

AVAILABILITY OF SERVICE:

This schedule is available to any consumer requesting luminaries for dusk to dawn outdoor or street lighting service of a type not provided under other rate schedules, and is subject to the established Rules & Regulations of the Cooperative.

TYPE OF SERVICE:

The Cooperative will install and maintain automatic outdoor or street lighting of the desired type by the consumer, single phase, 60 Hertz at available secondary voltage.

RATES

The monthly charge will be the sum of items (1) and (2) below.

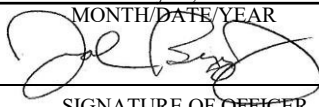
- 1. The Energy Rate for each type of lamp shall be \$ 0.05867 per kWh (I)
as determined by the following formula:

Monthly Rated kWh = (4100 hours per year X Manufacturers total input rating in watts) divided by (12 X 1000)

- 2. Facilities Charge – The books of the Cooperative shall accurately reflect the Cooperative’s total investment in facilities for each individual, agency or organization receiving service under this tariff. The monthly facilities charge shall be 1.4027 percent of the total investment in these special facilities.

FUEL ADJUSTMENT CLAUSE:

This rate 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. The Fuel Clause is subject to all other applicable provisions as set out in KAR 5:056.

DATE OF ISSUE April 1, 2021
MONTH/DATE/YEAR
DATE EFFECTIVE May 1, 2021
MONTH/DATE/YEAR
ISSUED BY 
SIGNATURE OF OFFICER
TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN
CASE NO. 2021-00117 DATED _____

Case No. 2021-00117
Application – Exhibit 2

Existing & Proposed
Rate Comparison

SHELBY ENERGY COOPERATIVE
Present & Proposed Rates

Rate	Item		Present	Proposed
12	<u>Residential Service</u>			
	Customer Charge	\$	15.00	\$ 15.63
	Energy Charge per kWh	\$	0.08684	\$ 0.09046
9	<u>Off Peak Retail Marketing (ETS)</u>			
	Energy Charge per kWh	\$	0.05877	\$ 0.06122
2	<u>Large Power Service > 50 kW</u>			
	Customer Charge	\$	52.18	\$ 54.35
	Energy Charge per kWh	\$	0.06010	\$ 0.06260
	Demand Charge per kW	\$	6.05	\$ 6.30
11	<u>General Service < 50kW</u>			
	Customer Charge Single Phase	\$	18.00	\$ 18.75
	Customer Charge Three Phase	\$	40.00	\$ 41.67
	Energy Charge per kWh	\$	0.08904	\$ 0.09275
B1	<u>Large Industrial Rate (500 kW to 4,999 kW)</u>			
	Customer Charge	\$	614.28	\$ 639.88
	Demand Charge - Contract per kW	\$	7.17	\$ 7.47
	Demand Charge - Excess per kW	\$	9.98	\$ 10.40
	Energy Charge per kWh	\$	0.04826	\$ 0.05027
B2	<u>Large Industrial Rate (5,000 kW to 9,999 kW)</u>			
	Customer Charge	\$	1,227.41	\$ 1,278.55
	Demand Charge - Contract per kW	\$	7.17	\$ 7.47
	Demand Charge - Excess per kW	\$	9.98	\$ 10.40
	Energy Charge per kWh	\$	0.04196	\$ 0.04371
3	<u>Outdoor & Street Lighting</u>			
	100 Watt Outdoor Light	\$	10.01	\$ 10.43
	250 Watt Directional Flood	\$	14.64	\$ 15.25
	100 Watt Decorative Colonial	\$	13.53	\$ 14.09
	400 Watt Directional Flood	\$	20.09	\$ 20.93
	150 Watt Decorative Acorn Standard	\$	16.13	\$ 16.80
	Decorative Colonial	\$	10.72	\$ 11.17
	Cobra Head	\$	13.36	\$ 13.92
	Directional Flood Light	\$	14.57	\$ 15.18
		\$	19.85	\$ 20.68
15	<u>Prepay Service</u>			
	Consumer Facility Charge per day	\$	0.50	\$ 0.52
	Energy Charge per kWh	\$	0.08684	\$ 0.09046
	Prepay Service Fee per day	\$	0.10	\$ 0.10
22	<u>Optional TOD Demand</u>			
	Customer Charge	\$	45.92	\$ 47.84
	Energy Charge per kWh - First 100	\$	0.06918	\$ 0.07207
	Energy Charge per kWh - Next 100	\$	0.06278	\$ 0.06540
	Energy Charge per kWh - All Over 200	\$	0.05640	\$ 0.05875
	Demand Charge - Contract per kW	\$	6.02	\$ 6.27
33	<u>Special Outdoor Lighting</u>			
	Energy Rate	\$	0.05632	\$ 0.05867
B3	<u>Large Industrial Rate</u>			
	Customer Charge Transformer 10,000 - 14	\$	3,421.59	\$ 3,564.32
	Customer Charge Transformer 15,000+ kV	\$	5,430.92	\$ 5,657.46
	Demand Charge - Contract per kW	\$	7.17	\$ 7.47
	Demand Charge - Excess per kW	\$	9.98	\$ 10.40
	Energy Charge per kWh - All Over 200	\$	0.04136	\$ 0.04309
C1	<u>Large Industrial Rate</u>			
	Customer Charge	\$	614.28	\$ 639.90
	Energy Charge per kWh	\$	0.04826	\$ 0.05027
	Demand Charge per kW	\$	7.17	\$ 7.47
C2	<u>Large Industrial Rate</u>			
	Customer Charge	\$	1,227.41	\$ 1,278.61
	Energy Charge per kWh	\$	0.04196	\$ 0.04371
	Demand Charge per kW	\$	7.17	\$ 7.47
C3	<u>Large Industrial Rate</u>			
	Customer Charge Transformer 10,000 - 14	\$	3,421.59	\$ 3,564.32
	Customer Charge Transformer 15,000+ kV	\$	5,430.92	\$ 5,657.46
	Demand Charge - Contract per kW	\$	7.17	\$ 7.47
	Energy Charge per kWh - All Over 200	\$	0.04136	\$ 0.04309

Case No. 2021-00117
Application – Exhibit 3

Billing Analysis for
Each Rate Class

SHELBY ENERGY COOPERATIVE
Billing Analysis for Pass-Through Rate Increase

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$1,802,690

#	Item	Code	Present Revenue	Present Share	Allocation Revenue	Allocation Share	Allocated Increase	Proposed Revenue	Proposed Share	Base Rate Increase	Base %	Total %	Rounding
1	<u>Base Rates</u>												
2	Residential Service	12	\$ 22,141,098	51.18%	\$ 22,141,098	51.18%	\$ 922,562	\$ 23,064,823	51.18%	\$ 923,725	4.17%	3.88%	\$ 1,163
3	Off Peak Retail Marketing (ETS)	9	\$ 11,592	0.03%	\$ 11,592	0.03%	\$ 483	\$ 12,075	0.03%	\$ 483	4.17%	4.06%	\$ 0
4	Large Power Service > 50 kW	2	\$ 4,093,851	9.46%	\$ 4,093,851	9.46%	\$ 170,580	\$ 4,264,210	9.46%	\$ 170,359	4.16%	3.91%	\$ (221)
5	General Service < 50kW	11	\$ 4,167,075	9.63%	\$ 4,167,075	9.63%	\$ 173,631	\$ 4,340,713	9.63%	\$ 173,638	4.17%	3.88%	\$ 7
6	Large Industrial Rate (500 kW to 4,999 kW)	B1	\$ 8,584,103	19.84%	\$ 8,584,103	19.84%	\$ 357,677	\$ 8,942,081	19.84%	\$ 357,978	4.17%	3.94%	\$ 301
7	Large Industrial Rate (5,000 kW to 9,999 kW)	B2	\$ 3,684,981	8.52%	\$ 3,684,981	8.52%	\$ 153,544	\$ 3,839,123	8.52%	\$ 154,141	4.18%	4.02%	\$ 598
8	Outdoor & Street Lighting	3	\$ 581,105	1.34%	\$ 581,105	1.34%	\$ 24,213	\$ 605,460	1.34%	\$ 24,356	4.19%	4.17%	\$ 142
9	SubTotal Base Rates		\$ 43,263,805	100.00%	\$ 43,263,805	100.00%	\$ 1,802,690	\$ 45,068,485	100.00%	\$ 1,804,680	4.17%		\$ 1,990
10													
11	TOTAL Base Rates		\$ 43,263,805	\$ 1	\$ 43,263,805	\$ 1	\$ 1,802,690	\$ 45,068,485	\$ 1	\$ 1,804,680	4.17%		\$ 1,990
12													
13	<u>Riders</u>												
14	FAC		\$ (700,099)				\$ (700,099)						
15	ES		\$ 3,567,580				\$ 3,567,580						
16	Prepay Daily Charges		\$ 967				\$ 967						
17	Other		\$ -				\$ -						
18	Total Riders		\$ 2,868,448				\$ 2,868,448						
19													
20	Total Revenue		\$ 46,132,253				\$ 47,936,933			\$ 1,804,680		3.91%	
21	Target Revenue									\$ 1,802,690			
22	Rate Rounding Variance									\$ 1,990			
23	Rate Rounding Variance											0.11%	

SHELBY ENERGY COOPERATIVE
Billing Analysis for Pass-Through Rate Increase

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Target Share	Target Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	Proposed Share	Share Variance	Rate Variance
50	Large Industrial Rate (500 kW to 4,999 kW)	B1													
51			Customer Charge	169	614.28	\$ 103,813	1.21%		639.88	\$ 108,140	\$ 4,326	4.17%	1.21%	0.00%	
52			Demand Charge - Contract per kW	258,800	7.17	\$ 1,855,596	21.62%		7.47	\$ 1,933,236	\$ 77,640	4.18%	21.62%	0.00%	
53			Demand Charge - Excess per kW	22,420	9.98	\$ 223,752	2.61%		10.40	\$ 233,168	\$ 9,416	4.21%	2.61%	0.00%	
54			Energy Charge per kWh	132,634,518	0.04826	\$ 6,400,942	74.57%		0.05027	\$ 6,667,537	\$ 266,595	4.16%	74.56%	0.00%	
55			Total Base Rates			\$ 8,584,103	100.00%	\$ 8,941,780		\$ 8,942,081	\$ 357,978	4.17%	100.00%	0.00%	\$ 300.99
56			FAC			\$ (211,011)				\$ (211,011)	\$ -	-			
57			ES			\$ 715,961				\$ 715,961	\$ -	-			
58			Misc Adj			\$ -				\$ -	\$ -	-			
59			Other			\$ -				\$ -	\$ -	-			
60			Total Riders			\$ 504,950				\$ 504,950	\$ -	-			
61			TOTAL REVENUE			\$ 9,089,053				\$ 9,447,031	\$ 357,978	3.94%			
62			Average	784,819.63		\$ 53,781.38				\$ 55,899.59	\$ 2,118.21	3.94%			
63															
64	Large Industrial Rate (5,000 kW to 9,999 kW)	B2													
65			Customer Charge	12	1,227.41	\$ 14,729	0.40%		1,278.55	\$ 15,343	\$ 614	4.17%	0.40%	0.00%	
66			Demand Charge - Contract per kW	96,000	7.17	\$ 688,320	18.68%		7.47	\$ 717,120	\$ 28,800	4.18%	18.68%	0.00%	
67			Demand Charge - Excess per kW	96,000	9.98	\$ 958,080	26.00%		10.40	\$ 998,400	\$ 40,320	4.21%	26.01%	0.01%	
68			Energy Charge per kWh	48,232,897	0.041960	\$ 2,023,852	54.92%		0.04371	\$ 2,108,260	\$ 84,408	4.17%	54.92%	-0.01%	
69			Total Base Rates			\$ 3,684,981	100.00%	\$ 3,838,525		\$ 3,839,123	\$ 154,141	4.18%	100.00%	0.00%	\$ 597.68
70			FAC			\$ (76,639)				\$ (76,639)	\$ -	-			
71			ES			\$ 227,197				\$ 227,197	\$ -	-			
72			Misc Adj			\$ -				\$ -	\$ -	-			
73			Other			\$ -				\$ -	\$ -	-			
74			Total Riders			\$ 150,558				\$ 150,558	\$ -	-			
75			TOTAL REVENUE			\$ 3,835,540				\$ 3,989,681	\$ 154,141	4.02%			
76			Average	4,019,408.08		\$ 319,628.29				\$ 332,473.40	\$ 12,845.10	4.02%			
77															
78	Outdoor & Street Lighting	3													
79			100 Watt Outdoor Light	22,664	10.01	\$ 226,867	39.04%		10.43	\$ 236,386	\$ 9,519	4.20%	39.04%	0.00%	
80			250 Watt Directional Flood	2,295	14.64	\$ 33,599	5.78%		15.25	\$ 34,999	\$ 1,400	4.17%	5.78%	0.00%	
81			100 Watt Decorative Colonial	894	13.53	\$ 12,096	2.08%		14.09	\$ 12,596	\$ 501	4.14%	2.08%	0.00%	
82			400 Watt Directional Flood	920	20.09	\$ 18,483	3.18%		20.93	\$ 19,256	\$ 773	4.18%	3.18%	0.00%	
83			150 Watt Decorative Acom	132	16.13	\$ 2,129	0.37%		16.80	\$ 2,218	\$ 88	4.15%	0.37%	0.00%	
84			Standard	17,983	10.72	\$ 192,778	33.17%		11.17	\$ 200,870	\$ 8,092	4.20%	33.18%	0.00%	
85			Decorative Colonial	1,913	13.36	\$ 25,558	4.40%		13.92	\$ 26,629	\$ 1,071	4.19%	4.40%	0.00%	
86			Cobra Head	1,447	14.57	\$ 21,083	3.63%		15.18	\$ 21,965	\$ 883	4.19%	3.63%	0.00%	
87			Directional Flood Light	2,444	19.85	\$ 48,513	8.35%		20.68	\$ 50,542	\$ 2,029	4.18%	8.35%	0.00%	
88			Total Base Rates			\$ 581,105	100.00%	\$ 605,318		\$ 605,460	\$ 24,356	4.19%	100.00%	0.00%	\$ 142.41
89			FAC			\$ 236				\$ 236	\$ -	-			
90			ES			\$ 2,135				\$ 2,135	\$ -	-			
91			Misc Adj			\$ -				\$ -	\$ -	-			
92			Other			\$ -				\$ -	\$ -	-			
93			Total Riders			\$ 2,371				\$ 2,371	\$ -	-			
94			TOTAL REVENUE			\$ 583,476				\$ 607,831	\$ 24,356	4.17%			
95															
96															
97															
98	TOTALS		Total Base Rates			\$ 43,263,805				\$ 45,068,485	\$ 1,804,680	4.17%			
99			FAC			\$ (700,099)				\$ (700,099)	\$ -	-			
100			ES			\$ 3,567,580				\$ 3,567,580	\$ -	-			
101			Misc Adj			\$ 967				\$ 967	\$ -	-			
102			Other			\$ -				\$ -	\$ -	-			
103			Total Riders			\$ 2,868,448				\$ 2,868,448	\$ -	-			
104			TOTAL REVENUE			\$ 46,132,253				\$ 47,936,933	\$ 1,804,680	3.91%			
105															
106			Rate Rounding Variance							\$ 1,990					

SHELBY ENERGY COOPERATIVE
Billing Analysis for Pass-Through Rate Increase

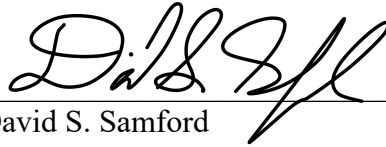
#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Target Share	Target Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	Proposed Share	Share Variance	Rate Variance	
107	RATES WITH NO CURRENT MEMBERS															
108																
109	Optional TOD Demand	22														
110			Customer Charge		45.92				47.84							
111			Energy Charge per kWh - First 100		0.06918				0.07207							
112			Energy Charge per kWh - Next 100		0.06278				0.06540							
113			Energy Charge per kWh - All Over 200		0.05640				0.05875							
114			Demand Charge - Contract per kW		6.02				6.27							
115	Special Outdoor Lighting	33														
116			Energy Rate		0.05632				0.058669							
117	Large Industrial Rate	B3														
118			Customer Charge Transformer 10,000 - 14,999 kVA		3,421.59				3,564.32							
119			Customer Charge Transformer 15,000+ kVA		5,430.92				5,657.46							
120			Demand Charge - Contract per kW		7.17				7.47							
121			Demand Charge - Excess per kW		9.98				10.40							
122			Energy Charge per kWh - All Over 200		0.04136				0.04309							
123	Large Industrial Rate	C1														
124			Customer Charge		614.28				639.90							
125			Energy Charge per kWh		0.04826				0.05							
126			Demand Charge per kW		7.17				7.47							
127	Large Industrial Rate	C2														
128			Customer Charge		1,227.41				1,278.61							
129			Energy Charge per kWh		0.04196				0.04							
130			Demand Charge per kW		7.17				7.47							
131	Large Industrial Rate	C3														
132			Customer Charge Transformer 10,000 - 14,999 kVA		3,421.59				3,564.32							
133			Customer Charge Transformer 15,000+ kVA		5,430.92				5,657.46							
134			Demand Charge - Contract per kW		7.17				7.47							
135			Energy Charge per kWh - All Over 200		0.04136				0.04309							

Case No. 2021-00117
Application – Exhibit 4

Certificate of Service to
The Attorney General

Exhibit 4
Statement of Service to the Attorney General

Pursuant to 807 KAR 5:007, Sections 1(6) and Section 2(2), the undersigned does hereby certify that a complete copy of this filing has been mailed to the Kentucky Attorney General's Office of Rate Intervention and an electronic copy was also sent to rateintervention@ag.ky.gov on this 1st day of April 2021.



David S. Samford

Counsel for Shelby Energy Cooperative, Inc.

Case No. 2021-00117
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 Shelby Energy Cooperative, Inc. (“Shelby Energy”) of a proposed rate adjustment. Shelby Energy 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. 2021-00117. 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
12	<u>Residential Service</u>		
	Customer Charge	\$ 15.00	\$ 15.63
	Energy Charge per kWh	\$ 0.08684	\$ 0.09046
9	<u>Off Peak Retail Marketing (ETS)</u>		
	Energy Charge per kWh	\$ 0.05877	\$ 0.06122
2	<u>Large Power Service > 50 kW</u>		
	Customer Charge	\$ 52.18	\$ 54.35
	Energy Charge per kWh	\$ 0.06010	\$ 0.06260
	Demand Charge per kW	\$ 6.05	\$ 6.30
11	<u>General Service < 50kW</u>		
	Customer Charge Single Phase	\$ 18.00	\$ 18.75
	Customer Charge Three Phase	\$ 40.00	\$ 41.67
	Energy Charge per kWh	\$ 0.08904	\$ 0.09275
B1	<u>Large Industrial Rate (500 kW to 4,999 kW)</u>		
	Customer Charge	\$ 614.28	\$ 639.88
	Demand Charge - Contract per kW	\$ 7.17	\$ 7.47
	Demand Charge - Excess per kW	\$ 9.98	\$ 10.40
	Energy Charge per kWh	\$ 0.04826	\$ 0.05027
B2	<u>Large Industrial Rate (5,000 kW to 9,999 kW)</u>		
	Customer Charge	\$ 1,227.41	\$ 1,278.55
	Demand Charge - Contract per kW	\$ 7.17	\$ 7.47
	Demand Charge - Excess per kW	\$ 9.98	\$ 10.40
	Energy Charge per kWh	\$ 0.04196	\$ 0.04371
3	<u>Outdoor & Street Lighting</u>		
	100 Watt Outdoor Light	\$ 10.01	\$ 10.43
	250 Watt Directional Flood	\$ 14.64	\$ 15.25
	100 Watt Decorative Colonial	\$ 13.53	\$ 14.09
	400 Watt Directional Flood	\$ 20.09	\$ 20.93
	150 Watt Decorative Acorn	\$ 16.13	\$ 16.80
	Standard	\$ 10.72	\$ 11.17
	Decorative Colonial	\$ 13.36	\$ 13.92
	Cobra Head	\$ 14.57	\$ 15.18
	Directional Flood Light	\$ 19.85	\$ 20.68
15	<u>Prepay Service</u>		
	Consumer Facility Charge per day	\$ 0.50	\$ 0.52

		Energy Charge per kWh	\$ 0.08684	\$ 0.09046
		Prepay Service Fee per day	\$ 0.10	\$ 0.10
22	<u>Optional TOD Demand</u>			
		Customer Charge	\$ 45.92	\$ 47.84
		Energy Charge per kWh - First 100	\$ 0.06918	\$ 0.07207
		Energy Charge per kWh - Next 100	\$ 0.06278	\$ 0.06540
		Energy Charge per kWh - All Over 200	\$ 0.05640	\$ 0.05875
		Demand Charge - Contract per kW	\$ 6.02	\$ 6.27
33	<u>Special Outdoor Lighting</u>			
		Energy Rate	\$ 0.05632	\$ 0.05867
B3	<u>Large Industrial Rate</u>			
		Customer Charge Transformer 10,000 - 14,999 kVA	\$ 3,421.59	\$ 3,564.32
		Customer Charge Transformer 15,000+ kVA	\$ 5,430.92	\$ 5,657.46
		Demand Charge - Contract per kW	\$ 7.17	\$ 7.47
		Demand Charge - Excess per kW	\$ 9.98	\$ 10.40
		Energy Charge per kWh - All Over 200	\$ 0.04136	\$ 0.04309
C1	<u>Large Industrial Rate</u>			
		Customer Charge	\$ 614.28	\$ 639.90
		Energy Charge per kWh	\$ 0.04826	\$ 0.05027
		Demand Charge per kW	\$ 7.17	\$ 7.47
C2	<u>Large Industrial Rate</u>			
		Customer Charge	\$ 1,227.41	\$ 1,278.61
		Energy Charge per kWh	\$ 0.04196	\$ 0.04371
		Demand Charge per kW	\$ 7.17	\$ 7.47
C3	<u>Large Industrial Rate</u>			
		Customer Charge Transformer 10,000 - 14,999 kVA	\$ 3,421.59	\$ 3,564.32
		Customer Charge Transformer 15,000+ kVA	\$ 5,430.92	\$ 5,657.46
		Demand Charge - Contract per kW	\$ 7.17	\$ 7.47
		Energy Charge per kWh - All Over 200	\$ 0.04136	\$ 0.04309

The effect of the change requested, in both dollar amounts and as a percentage, for each customer classification to which the proposed rates will apply is set forth below:

Rate Class			Increase	
			Dollars	Percent
12	Residential Service		\$ 923,725	3.88%
9	Off Peak Retail Marketing (ETS)		\$ 483	4.06%
2	Large Power Service > 50 kW		\$ 170,359	3.91%
11	General Service < 50kW		\$ 173,638	3.88%
B1	Large Industrial Rate (500 kW to 4,999 kW)		\$ 357,978	3.94%
B2	Large Industrial Rate (5,000 kW to 9,999 kW)		\$ 154,141	4.02%
3	Outdoor & Street Lighting		\$ 24,356	4.17%
Total			\$1,804,680	3.91%

The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply is set forth below:

Rate Class		Average	Increase	
		Usage (kWh)	Dollars	Percent
12	Residential Service	1,420	\$ 5.77	3.88%
9	Off Peak Retail Marketing (ETS)	NA	\$ -	4.06%
2	Large Power Service > 50 kW	73,573	\$ 240.62	3.91%
11	General Service < 50kW	982	\$ 4.52	3.88%
B1	Large Industrial Rate (500 kW to 4,999 kW)	784,820	\$ 2,118.21	3.94%
B2	Large Industrial Rate (5,000 kW to 9,999 kW)	4,019,408	\$ 12,845.10	4.02%
3	Outdoor & Street Lighting	NA	NA	4.17%

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

Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, Kentucky 40065-1714
(800) 292-6585
<https://shelbyenergy.com>

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 Shelby 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.

Case No. 2021-00117
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

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**DIRECT TESTIMONY
OF
JOHN WOLFRAM**

5 **I. INTRODUCTION**

6 **Q. Please state your name, business address and occupation.**

7 A. My name is John Wolfram. I am the Principal of Catalyst Consulting LLC. My business
8 address is 3308 Haddon Road, Louisville, Kentucky 40241.

9 **Q. On whose behalf are you testifying?**

10 A. I am testifying on behalf of each of the sixteen Owner-Members of East Kentucky Power
11 Cooperative, Inc. ("EKPC").

12 **Q. Please summarize your education and professional experience.**

13 A. I received a Bachelor of Science degree in Electrical Engineering from the University of
14 Notre Dame in 1990 and a Master of Science degree in Electrical Engineering from Drexel
15 University in 1997. I founded Catalyst Consulting LLC in June 2012. From March 2010
16 through May 2012, I was a Senior Consultant with The Prime Group, LLC. I have
17 developed cost of service studies or rates for numerous electric and gas utilities, including
18 electric distribution cooperatives, generation, and transmission cooperatives, municipal
19 utilities, and investor-owned utilities. I have performed economic analyses, rate
20 mechanism reviews, ISO/RTO membership evaluations, and wholesale formula rate
21 reviews. I have also been employed by the parent companies of Louisville Gas and Electric
22 Company ("LG&E") and Kentucky Utilities Company ("KU"), by the PJM
23 Interconnection, and by the Cincinnati Gas & Electric Company.

24 **Q. Have you previously testified before the Kentucky Public Service Commission**
25 **("Commission")?**

1 A. Yes. To date I have testified in over thirty different regulatory proceedings before this
2 Commission, most recently in Case No. 2021-00066.¹

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:

- 9 • Exhibit 2: Comparison of Current and Proposed Rates
- 10 • Exhibit 3: Billing Analysis

11

12 **II. PASS THROUGH OF WHOLESALE RATE INCREASE**

13 **Q. What does KRS 278.455(2) permit for the pass-through of wholesale rate increases?**

14 A. KRS 278.455(2) specifies that

15 “Notwithstanding any other statute, **any revenue increase authorized by**
16 **the Public Service Commission** or any revenue decrease authorized in
17 subsection (1) of this section **that is to flow through the effects of an**
18 **increase or decrease in wholesale rates may, at the distribution**
19 **cooperative's discretion, be allocated to each class and within each tariff**
20 **on a proportional basis that will result in no change in the rate design**
21 **currently in effect....”** (emphasis added)

22

23

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
4 distribution cooperative and by wholesale rate class, including the total proposed revenue
5 increase in dollars for each distribution cooperative.

6 **Q. Please generally describe the approach you used to determine the proposed rates for**
7 **each distribution cooperative.**

8 A. For each distribution cooperative, I first collected 2019 billing information for each rate
9 class in the cooperative's Commission-approved tariffs, to correspond with the 2019 test
10 period used by EKPC in Case No. 2021-00103. I calculated the billings for each rate class
11 and for each base rate billing component within the respective classes (*e.g.*, customer
12 charge, energy charge, demand charge). I also compiled annual amounts for rate riders,
13 billing adjustments, and other non-base-rate billing items by class. I then determined
14 "present" rates and revenues by accounting for a limited number of adjustments that I
15 describe below. Then I allocated the EKPC revenue increase proportionately, first to each
16 rate class, and then to the individual base rate billing components of each class. I
17 determined the proposed per-unit charges such that the rate class revenue allocation shares
18 and the billing component allocation shares were maintained. In other words, I allocated
19 the increase first to the rate classes and then to the billing components on a proportionate
20 basis, resulting in no change in the rate design currently in effect.

21 **Q. How did you adjust 2019 amounts to determine the "present" amounts?**

1 A. I adjusted 2019 data on an extremely limited basis. Because the Commission approved a
2 Fuel Adjustment Clause (“FAC”) roll-in effective February 1, 2020,³ it was necessary to
3 adjust 2019 amounts to reflect the revised base energy charges and FAC charges. I adjusted
4 2019 amounts to account for the FAC roll-in for all Owner-Members. Also, there were a
5 small number of large commercial or industrial retail members that either switched rates
6 or revised their contract demand amounts since 2019; I adjusted the billing determinants
7 for these end-users to ensure that the rate calculations would result in no change in the
8 retail rate design currently in effect. These types of adjustments are reflected where
9 applicable in the “Present Rates” and “Present Revenues” in Exhibit 3 and are needed to
10 ensure that the full effects of the wholesale rate increase are flowed through
11 proportionately. Other than the FAC roll-in and limited number of rate switching/contract
12 demand changes, I did not make any other adjustments to the test year data.

13 **Q. Did you consider the recent Commission Order in Case No. 2020-00095⁴ (the**
14 **“Kenergy Order”) in which the Commission clarified “proportional” for the purposes**
15 **of the pass-through calculations?**

16 A. Yes. As I understand it, in simple terms the *Kenergy* Order states that a distribution
17 cooperative should base its “proportions” in the pass-through calculation upon the most
18 recent Commission approved revenue allocation and billing component revenue allocation
19 from the cooperative’s last rate order. Here, my approach was to first attempt to determine

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).

1 the proposed rates based on the allocations from the last rate order. If those results proved
2 to be self-evidently unreasonable, I then determined the proposed rates based on the present
3 test year allocations, consistent with the method approved in the pass-through filings for
4 EKPC's last two rate cases.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
11 rates for all rate classes. Thus, for those utilities I used the present test year allocations
12 instead of the last rate order allocations to develop proposed rates.

13 **Q. Please describe how the *Kenergy* Order method provided unreasonable results for**
14 **certain rate classes of the Owner-Members.**

15 A. Relying on the last rate order to allocate the total increase to the rate classes seems
16 reasonable in theory, but has limitations based on how the customer mix within the rate
17 classifications has changed over time. For some cooperatives, the list of rate classes with

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.

1 active members differed from the last rate order and the present test year. The *Kenergy*
2 Order does not specify how to address this kind of variance.

3 More importantly, relying on the last rate order to allocate the class revenue to the
4 individual billing components was more problematic. For certain two-part rate classes like
5 residential, the percentage split between customer charge revenue and energy charge
6 revenue does not typically fluctuate much over time between rate cases, so for those classes
7 the results were mostly reasonable. However, for rate classes with more than two parts –
8 for example, a large customer class with four parts (customer charge, energy charge,
9 contract demand charge, and excess demand charge) – it was more common for the
10 percentage shares across the components to vary significantly between the last rate order
11 method and the present test year method. For example, there might be zero excess demand
12 kW (and thus revenue) in the present test year, but 25 percent excess demand revenue in
13 the last rate order. The converse could also be true. In either event, holding the last rate
14 order component percentages fixed and applying them to 2019 billing units often resulted
15 in skewed charges on a per-unit basis. For most cooperatives, applying the last rate order
16 component percentages yielded declines in the excess demand charge which would have
17 resulted in a significant change to the rate design currently in effect (where the excess
18 demand charge currently exceeds the contract demand charge). This appears to run afoul
19 of the proportionality standard in KRS 278.455(2) and would result in a rate design change.
20 It could also violate the ratemaking principle of gradualism. In situations like this, the
21 cooperative elected to use the present test year allocations in full to develop proposed rates.

1 **Q. Did any cooperative use a hybrid approach where it employed the last rate order**
2 ***Kenergy* Order method for some of its rate classes and the traditional test year method**
3 **for other rate classes?**

4 A. No. Each cooperative used one method or the other. No cooperative opted to determine
5 some rates from the *Kenergy* Order method and other rates from the present test year
6 allocation method. Only one method was used consistently for determining all proposed
7 rates for any particular Owner-Member.

8 **Q. Is it reasonable to use present test year allocations in instances where the *Kenergy***
9 **Order method produced unreasonable results?**

10 A. Yes. In 1944, in *Federal Power Commission v. Hope Natural Gas Co.*, the Supreme Court
11 held that, in setting maximum rates, the utility commission would not be "bound to the use
12 of any single formula or combination of formulae in determining rates." Rather, it would
13 be the "result reached, not the method employed" that would be controlling.⁸ I am not an
14 attorney, but it is my understanding that Kentucky law fully embraces the *Hope* Doctrine.
15 The approach here was to use the *Kenergy* Order method to the fullest practical extent; in
16 the cases where the *Kenergy* Order method did not produce reasonable rates, the use of the
17 present test year allocations did so, consistent with previous Commission orders in pass-
18 through rate cases. For this reason, the determination of proposed rates based on the
19 present test year allocations should be accepted as it has been in the past, specifically in
20 Case Nos. 2010-00167 and 2008-00409.

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

1 **Q. The *Kenergy* Order states that any revenue distortions could be addressed through**
2 **subsequent rate filings by a distribution cooperative. If the last rate order approach**
3 **is strictly applied, what is likely to happen?**

4 A. The overall revenue impact of the rate pass-through is consistent regardless of whether the
5 *Kenergy* Order last rate order method or the present test year approach is applied. Either
6 way, the distribution cooperative should be able to successfully absorb and pass through
7 any increase in its wholesale power expense to its end-use retail members, even if the pass-
8 through introduces some revenue distortions within a particular rate class. The bigger
9 problem under the *Kenergy* Order method is that some end-use retail customer classes will
10 immediately see very significant changes in their monthly bills. This skewing effect
11 between retail customer classes will likely force most of EKPC's distribution cooperatives
12 to file near-simultaneous rate cases shortly after EKPC's wholesale rates take effect. Since
13 the goal behind the enactment of KRS 278.455 was to avoid the need for each distribution
14 cooperative to file a rate case following an increase in wholesale rates, the *Kenergy* Order
15 approach could work at somewhat cross-purposes to the policy embodied in the statute.

16 **Q. Did you treat any retail rate classes differently than the others in the pass-through**
17 **calculation?**

18 A. For the most part, I made no distinction between retail rate classes taking service under
19 EKPC's different wholesale rate classes (Rate B, Rate C, Rate E, etc.), consistent with
20 previous Commission orders and Owner-Member pass-through rate filings. However, I
21 did separately calculate proposed rates for retail members served under EKPC Rate G -
22 Special Electric Contract Rate, as well as for those served under EKPC's other large special
23 contracts. These are listed separately in Exhibit 2. These classes are given separate

1 consideration by EKPC, so I determined the retail rate increases associated with these
2 classes using the specific data provided to me for these classes by EKPC. This is consistent
3 with the treatment afforded these particular classes in EKPC’s last rate case in Case No.
4 2010-00167,⁹ which was based on KRS 278.455(3):

5 “Any increase or decrease as provided for in subsections (1) and (2) of this
6 section shall not apply to special contracts under which the rates are subject
7 to change or adjustment only as stipulated in the contract.”
8

9 **Q. How did you determine proposed rates for any rate classes under which no retail**
10 **members took service in 2019 (“vacant rate classes”)?**

11 A. For vacant rate classes, I first checked to see if the per-unit charges were identical to any
12 per-unit charges of other, non-vacant rate classes; if so, I set the proposed vacant rate class
13 per-unit charge equivalently. Otherwise, I increased the vacant rate class per-unit charges
14 by the same percentage as the overall base rate increase for the utility. There is no revenue
15 impact associated with these changes, but the changes are necessary for the flow through
16 of the effects of the proposed EKPC rate increase to result in no change to the retail rate
17 design currently in effect, particularly on an inter-class basis. (For example, increasing
18 other per-unit rates without also increasing the vacant rate class rates will skew the current
19 retail rates relative to one another and could inappropriately provide incentives for rate
20 switching at the retail level.)

21

22 **III. CONCLUSION**

23 **Q. What is your recommendation to the Commission in this case?**

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).*

1 A. In this docket, the proposed rates are allocated to each retail class and within each retail
2 tariff on a proportional basis, and result in no change in the retail rate design currently in
3 effect. The proposed rates are fair, just, and reasonable, and are also consistent with KRS
4 278.455 and prior Commission precedent, specifically Case Nos. 2010-00167 and 2008-
5 00409. The proposed rates should be approved.

6 **Q. Does this conclude your testimony?**

7 A. Yes, it does.

