

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF)
SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR PASS-) Case No. 2021-00118
THROUGH OF EAST KENTUCKY POWER)
COOPERATIVE, INC.'S WHOLESALE RATE)
ADJUSTMENT)

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION'S APPLICATION

Comes now South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”), 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. South Kentucky is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. South Kentucky is engaged in the business of distributing retail electric power to approximately 68,200 members in the Kentucky counties of Adair, Casey, Clinton, Cumberland, Laurel, Lincoln, McCreary, Pulaski, Rockcastle, Russell and Wayne.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), South Kentucky’s mailing address is 200 Electric Avenue, P.O. Box 910, Somerset, Kentucky 42502 and its electronic mail address is kypscinfo@skrecc.com.

3. Pursuant to 807 KAR 5:001, Section 14(2), South Kentucky is a Kentucky corporation that was incorporated on October 13, 1938 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), South Kentucky 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 South Kentucky.¹ In accordance with KRS 278.455, South Kentucky seeks to pass-through the increase in EKPC's wholesale rates to South Kentucky'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 South Kentucky 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 South Kentucky.

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 South Kentucky's rate classes. South Kentucky 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 South Kentucky'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, South Kentucky respectfully requests that the Commission accept this Application for filing and allow South Kentucky to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of South Kentucky'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,



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

*Counsel for South Kentucky Rural Electric
Cooperative Corporation*

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. 2021-00118
Application – Exhibit 1

Proposed Tariffs

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
18th REVISED SHEET NO. T-1
CANCELING P.S.C.KY NO. 7
17th REVISED SHEET NO. T-1

CLASSIFICATION OF SERVICE

**RESIDENTIAL, FARM AND
NON-FARM SERVICE**

SCHEDULE A

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to consumers of the Cooperative for all uses in the home and on the farm and for other consumers using single-phase service including schools, churches, and community buildings all subject to the established rules and regulations of the seller. The capacity of individual motors served under this schedule may not exceed 10 horsepower.

TYPE OF SERVICE: Single-phase 60 cycle at available secondary voltage.

RATES PER MONTH:

Consumer Charge - No KWH Usage.....	\$13.34	(I)
Energy Charge:		
All KWH per Month @.....	\$0.084680	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE: The minimum monthly charge shall be the "Consumer Charge - No KWH Usage" as stated in Rates per month above.

(Continued - Next Page)

DATE OF ISSUE: April 1, 2021

DATE EFFECTIVE: May 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118

DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
18th REVISED SHEET NO. T-2
CANCELING P.S.C.KY NO.7
17th REVISED SHEET NO. T-2

CLASSIFICATION OF SERVICE

**RESIDENTIAL, FARM AND
NON-FARM SERVICE**

SCHEDULE A

MARKETING RATE: A special discount marketing rate is available for specific marketing program as approved by South Kentucky's Board of Directors. The marketing rate requires separate metering and an executed contract between the Member and the Cooperative. A sample contract is shown following these tariffs as APPENDIX D. This discounted marketing rate is for energy purchased from the wholesale power supplier under their marketing rate and is for the below listed off-peak hours:

<u>-MONTHS-</u>	<u>OFF-PEAK HOURS - EST</u>
October through April	12:00 Noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 p.m. to 10:00 a.m.

MARKETING RATE PER MONTH:

ETS USAGE All KWH per Month @..... \$0.061370 (I)

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL RATE **SCHEDULE B**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available for commercial, small power and three-phase farm and/or residential service where available. (Also temporary services to construction jobs, fairs, carnivals, etc.). Includes lightning, heating and power subject to the established rules and regulations of the seller. Service under this schedule shall be limited to 50 KVA installed transformer capacity.

TYPE OF SERVICE: Single-phase and three-phase, 60 cycle at available secondary voltage. Motors having a rated capacity in excess of 10 horsepower must be three-phase. Where residential and commercial usage are metered as a single meter, all usage shall be billed under this schedule.

RATES PER MONTH:

Consumer Charge - No KWH Usage.....	\$24.76	(I)
Energy Charge:		
All KWH per Month @.....	\$0.096910	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE:

- (a) Single Phase Service shall be the "Consumer Charge - No KWH Usage" as stated in the rates per month.
- (b) Three Phase Service shall be determined by applying \$0.80 per KVA of transformer capacity installed. The Seller may, if it so desires, install transformer(s) of capacity larger than required but in such case the consumers minimum bill shall be based on the standard transformer size which would have been adequate for consumer's load.

(Continued - Next Page)

DATE OF ISSUE: APRIL 1, 2021
DATE EFFECTIVE: MAY 1, 2021
ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
18th REVISED SHEET NO. T-4
CANCELLING P.S.C. KY NO.7
17th REVISED SHEET NO. T-4

CLASSIFICATION OF SERVICE

SMALL COMMERCIAL RATE **SCHEDULE B**

MARKETING RATE: A special discount marketing rate is available for specific marketing programs as approved by South Kentucky's Board of Directors. The marketing rate requires separate metering and an executed contract between the Member and the Cooperative. A sample contract is shown following these tariffs as APPENDIX D. This discounted marketing rate is for energy purchased from the wholesale power supplier under their marketing rate and is for the below listed off-peak hours:

<u>-MONTHS-</u>	<u>OFF PEAK HOURS - EST</u>
October through April	12:00 Noon to 5:00 p.m. 10:00 p.m. to 7:00 a.m.
May through September	10:00 p.m. to 10:00 a.m.

MARKETING RATE PER MONTH:

ETS USAGE, all KWH per Month @..... \$0.068660 (I)

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
17th REVISED SHEET NO. T-7
CANCELLING P.S.C. KY NO. 7
16th REVISED SHEET NO. T-7

CLASSIFICATION OF SERVICE

**LARGE POWER RATE 1
(500 KW TO 4,999 KW)**

SCHEDULE LP-1

APPLICABLE: Entire Service Area - Applicable to contracts with contract demands of 500 to 4,999 KW with a monthly energy usage equal to or greater than 400 hours per KW of contract demand.

TYPE OF SERVICE: Three phase 60 hertz at voltages as agreed to in the special Contract for Service

RATES PER MONTH:

Consumer Charge:

The consumer charge is equal to the metering charge plus the substation charge.

1. Metering Charge	\$	148.70	(I)
2. Substation Charge Based on Contract Kw			
a. - 500 - 999 kw	\$	374.73	(I)
b. - 1,000 - 2,999 kW	\$	1,123.00	(I)
c. - 3,000 - 7,499 kW	\$	2,822.97	(I)

If retail consumer has provided for the investment in the substation facilities from which it is served, the substation charge does not apply and the only applicable rate is the metering charge.

Demand Charge: \$6.41 per KW of billing demand (I)

Energy Charge: \$0.05330 per KWH (I)

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

(a) The contract demand

(b) The ultimate consumer's highest demand during the current month or preceding eleven months coincident with wholesale power suppliers system peak 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 for each month (and adjusted for power factor as provided herein):

<u>-Month-</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

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
17th REVISED SHEET NO. T-9
CANCELLING P.S.C. KY NO. 7
16th REVISED SHEET NO. T-9

CLASSIFICATION OF SERVICE

**LARGE POWER RATE 2
(5,000 TO 9,999 KW)**

SCHEDULE LP – 2

APPLICABLE: Entire Service Area - Applicable to contracts with contract 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.

TYPE OF SERVICE: Three phase 60 hertz at voltages as agreed to in the special Contract for Service.

RATES PER MONTH:

Consumer Charge:

The consumer charge is equal to the metering charge plus the substation charge:

- | | | |
|---|-------------|-----|
| 1. Metering Charge | \$ 148.70 | (I) |
| 2. Substation Charge Based on Contract kW | | |
| a. - 3,000 - 7,499 kW | \$ 2,822.97 | (I) |
| b. - 7,500 -14,799 kW | \$ 3,396.35 | (I) |

If retail consumer has provided for the investment in the substation facilities from which it is served, the substation charge does not apply and the only applicable rate is the metering charge.

- | | | |
|----------------|--|-----|
| Demand Charge: | \$6.41 per KW of billing demand | (I) |
| Energy Charge: | \$0.05217 per KWH for the first 400 KWH, per KW of billing demand, limited to the first 5000 KW. | (I) |
| | \$0.04502 per KWH for all remaining KWH | (I) |

DETERMINATION OF BILLING DEMAND: The billing demand shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month or the preceding eleven months coincident with wholesale power suppliers system peak 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 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

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY. NO. 7
19th REVISED SHEET NO. T-11
CANCELLING P.S.C. KY. NO. 7
18th REVISED SHEET NO. T-11

CLASSIFICATION OF SERVICE

**LARGE POWER RATE 3
(500 KW TO 2,999 KW)**

SCHEDULE LP - 3

APPLICABLE: Entire Service Area - Applicable to contracts with contract demands of 500 to 2,999 KW with a monthly energy usage equal to or greater than 400 hours per KW of contract demand.

TYPE OF SERVICE: Three phase 60 hertz at voltages as agreed to in the special Contract for Service.

RATES PER MONTH:

Consumer Charge:

The consumer charge is equal to the metering charge plus the substation charge:

- | | | | |
|---|----|----------|-----|
| 1. Metering Charge | \$ | 151.83 | (I) |
| 2. Substation Charge Based on Contract kW | | | |
| a. 500 - 999 kW | \$ | 382.64 | (I) |
| b. 1,000 - 2,999 kW | \$ | 1,146.69 | (I) |

If retail consumer has provided for the investment in the substation facilities from which it is served, the substation charge does not apply and the only applicable rate is the metering charge.

Demand Charge per KW		
Contract demand.....	\$6.55	(I)
Excess demand.....	\$9.50	(I)
Energy charge per kWh @.....	\$0.04939	(I)

DETERMINATION OF BILLING DEMAND: The billing demand (kilowatt demand) shall be the greater of (a) or (b) listed below:

- (a) The contract demand
- (b) The ultimate consumer's highest demand during the current month coincident with wholesale power suppliers system peak 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 for each month (and adjusted for power factor as provided herein).

<u>-Months-</u>	<u>Hours Applicable For Demand Billing - E.S.T.</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

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY. NO. 7
18th REVISED SHEET NO. T-13
CANCELLING P.S.C. KY NO. 7
17th REVISED SHEET NO. T-13

CLASSIFICATION OF SERVICE

OPTIONAL POWER SERVICE **SCHEDULE OPS**

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all commercial and industrial consumers who require excess of 50 KVA but limited to no more than 300 KVA transformer capacity for lighting and/or heating and/or power. Consumers served under this schedule may request service under the LP SCHEDULE if they so desire provided the request is made in advance and not more often than once every 12 months.

TYPE OF SERVICE: The electric service furnished under this schedule will be of 60 cycle, alternating current and at available standard voltage, single or three phase at Seller's option.

RATES PER MONTH:

Consumer Charge - No KWH Usage	\$52.05	(I)
Energy Charge:		
All KWH per Month @	\$0.104320	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B following these tariffs.

MINIMUM CHARGE: The minimum monthly charge shall be the highest of the following charges:

- (a) The Consumer Charge - No KWH Usage as stated in Rates Per Month or
- (b) The minimum monthly charge as specified in the contract for service, or

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
 President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
11th REVISED SHEET NO. T-14.1
CANCELLING P.S.C. KY. NO. 7
10th REVISED SHEET NO. T-14.1

CLASSIFICATION OF SERVICE

ALL ELECTRIC SCHOOL SCHEDULE

SCHEDULE AES

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all public 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.

TYPE OF SERVICE: The electric service furnished under this schedule will be of 60 cycle, alternating current and at available voltage, single or three phase at Seller's option.

RATES PER MONTH:

Consumer Charge – No kWh Usage	\$86.42	(I)
Energy Charge per kWh	\$0.078630	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B, following these tariffs.

MINIMUM CHARGE: The minimum monthly charge shall be the HIGHEST one of the following:

- (a) The consumer charge, or
- (b) The minimum monthly charges, as specified in the contract for service, or,
- (c) A charge of \$0.80 per kVA of required transformer capacity. The Seller may, if it so desires, install transformers of capacity larger than required, but in such case, the Consumers minimum bill shall be based on the standard transformer size which would have been adequate for the Consumer's load.

CONDITIONS OF SERVICE

1. An agreement for the purchase of power shall be executed by the Consumer for service under this schedule as deemed necessary by the Seller.
2. Delivery Point – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, poles, lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the Consumer.
3. Primary Service – The seller shall meter at secondary distribution voltage unless it would be agreeable to both parties to primary meter.

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
18th REVISED SHEET NO. T-15
CANCELLING P.S.C. KY. NO. 7
17th REVISED SHEET NO. T-15

CLASSIFICATION OF SERVICE

STREET LIGHTING SERVICE **SCHEDULE STL**

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to cities or townships for dusk to dawn lighting.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixtures compatible with single-phase, 60 cycle alternating current at 120 or 240 volts.

RATES PER LIGHT PER MONTH:

Mercury Vapor or Sodium - 0 - 20,000 Lumens	\$ 8.70	(I)
(M.V. @ 74 KWH Mo. - S. @ 63 KWH Mo.)		
LED (Light Emitting Diode) – 10,500 Lumens.....	\$16.74	(I)
(39 KWH Mo.)		
Mercury Vapor or Sodium – Over 20,000 Lumens	\$14.07	(I)
(M.V. @ 162 KWH Mo. - S. @ 135 KWH Mo.)		

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B, following these tariffs.

CONDITIONS OF SERVICE

1. Street lighting circuits including transformers, fixtures, lamps, additional guys or fittings will be furnished by the Cooperative.
2. The Cooperative shall install street lights on existing poles where secondary voltage is available, or if necessary, extend secondary voltage a maximum of 150 feet including one service pole at its own expense. The cost of line extensions beyond 150 feet, will be the responsibility of the applicant.
3. All lamp replacement shall be made by the Cooperative. Lamp replacements may be charged to the applicant at cost as a separate item on the monthly bill for service.
4. Since the seller intends to eventually provide only LED lighting fixtures, mercury vapor and sodium will be used only until present supply is exhausted or until the existing lighting configuration is retired.

TERMS OF PAYMENT: The rates stated are net. If payment is not made by the due date, the current month charges shall be increased by 5%.

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42503

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
15th REVISED SHEET NO. T-15.1
CANCELLING P.S.C. KY NO. 7
14th REVISED SHEET NO. T-15.1

CLASSIFICATION OF SERVICE

DECORATIVE STREET LIGHTING

SCHEDULE DSTL

APPLICABLE: In all territory served by the Seller

AVAILABILITY: To associations, industrial foundations and large industrial consumers.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixtures compatible with single phase, 60 cycle alternating current at 120 or 240 volts.

RATES PER LIGHT PER MONTH:

	Pole Rate	Un-metered	Metered	
High Pressure Sodium Lamp				
Cobra Head Light Installed on Existing Pole 15,000-28,000 Lumens @ 100 kWh Mo		\$16.11	\$10.58	(I)
LED Cobra Head Light – Installed on Existing Pole 10,500 Lumens @ 39 kWh Mo		\$16.74	\$13.76	(I)
Cobra Head Light Installed on 30' Aluminum Pole 7,000-10,000 Lumens @ 39 kWh Mo		\$19.50	\$16.99	(I)
15,000-28,000 Lumens @ 100 kWh Mo		\$22.69	\$16.99	(I)
Metal Halide Lamp or Sodium				
100 Watt Acorn @ 44 kWh Mo.		\$10.75	\$8.13	(I)
100 Watt Lexington Lamp @ 44 kWh Mo		\$8.49	\$5.93	(I)
14' Smooth Black Pole	\$12.10			(I)
14' Fluted Pole	\$15.66			(I)
LED 173 Watt Area @ 63 kWh Mo		\$25.80	\$21.28	(I)
400 Watt Galleria @ 167 Kwh Mo		\$22.28	\$12.79	(I)
1000 Watt Metal Halide - Galleria @ 395 kWh Mo		\$37.08	\$14.96	(I)
30' Square Steel Pole	\$17.95			(I)
250 Watt Cobra Head HPS @ 106 Kwh w/30' Aluminum Pole		\$25.06		(I)
400 Watt Cobra Head Mercury Vapor @ 167 kWh With				
8' Arm		\$18.66	\$9.27	(I)
12' Arm		\$21.91	\$12.45	(I)
16' Arm		\$22.93	\$13.43	(I)
30' Aluminum Pole	\$27.35			(I)

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42503

FOR: ENTIRE TERRITORY SERVED
P.S.C. KY NO. 7
23rd REVISED SHEET NO. T-16
CANCELLING P.S.C. KY. NO. 7
22nd REVISED SHEET NO. T-16

CLASSIFICATION OF SERVICE

OUTDOOR LIGHTING SERVICE-SECURITY LIGHTS **SCHEDULE OL**

APPLICABLE: In all territory served by the Seller.

AVAILABILITY: Available to all consumers of the Cooperative for dusk to dawn lighting in close proximity to the existing overhead secondary circuits.

TYPE OF SERVICE: Rental of automatic dusk to dawn outdoor lighting fixture of a standard size and type as stated in the rate.

RATES PER LIGHT PER MONTH:

	<u>Unmetered</u>	<u>Metered</u>	
<u>Open Bottom</u>			
Mercury Vapor or Sodium - 7,000 - 10,000 Lumens (M.V. @74 KWH per Mo.-S. @45 KWH per Mo.)	\$10.74	\$7.82	(I)
LED (Light Emitting Diode) – 6,300 Lumens @ 23 KWH per Mo.	\$13.78	\$12.02	(I)
<u>Directional Flood Light, with bracket</u>			
200 Watt LED – 20,200 Lumens @ 73 KWH per Mo.	\$23.87	\$18.35	(I)
391 Watt LED – 48,000 Lumens @ 143 KWH per Mo.	\$36.53	\$26.31	(I)
250 Watt Sodium @ 106 KWH per Mo.	\$17.15	\$ 9.92	(I)
250 Watt Metal Halide @ 106 KWH per Mo.	\$18.61	\$11.04	(I)
400 Watt Metal Halide @ 167 KWH per Mo.	\$23.09	\$11.04	(I)
1000 Watt Metal Halide @ 395 KWH per Mo.	\$40.54	\$12.34	(I)

FUEL ADJUSTMENT CLAUSE: As shown in APPENDIX B, following these tariffs.

CONDITIONS OF SERVICE:

1. The Cooperative shall furnish, install, operate and maintain security light(s) at a location mutually agreeable to both the Cooperative and the Consumer. The Cooperative will determine if the lights are to be metered or unmetered.
2. The Cooperative shall install security lights only on existing service where an additional pole is not required. If Consumer requires additional line (not to exceed 150 feet from existing line) including pole to be constructed, there will be a charge of \$100.00 for installing the additional facilities.

DATE OF ISSUE: APRIL 1, 2021

DATE EFFECTIVE: MAY 1, 2021

ISSUED BY: /s/ Kenneth E. Simmons,
President & CEO

BY AUTHORITY OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00118
DATED _____.

Case No. 2021-00118
Application – Exhibit 2

Existing & Proposed
Rate Comparison

SOUTH KENTUCKY RECC
Present & Proposed Rates

Rate	Item	Present	Proposed
A	<u>Residential, Farm and Non-Farm Service</u>		
	Customer Charge	\$ 12.82	\$ 13.34
	Energy Charge per kWh	\$ 0.081350	\$ 0.084680
A-ETS	<u>Residential, Farm and Non-Farm Service (ETS)</u>		
	Energy Charge per kWh	\$ 0.058960	\$ 0.061370
B	<u>Small Commercial Rate</u>		
	Customer Charge	\$ 23.79	\$ 24.76
	Energy Charge per kWh	\$ 0.093100	\$ 0.096910
B-ETS	<u>Small Commercial Rate (ETS)</u>		
	Energy Charge per kWh	\$ 0.065960	\$ 0.068660
LP	<u>Large Power Rate (Excess of 50 kVA)</u>		
	Customer Charge	\$ 50.00	\$ 52.05
	Demand Charge per kW	\$ 7.00	\$ 7.29
	Energy Charge per kWh	\$ 0.05599	\$ 0.05828
LP-1	<u>Large Power Rate (500 KW to 4,999 KW)</u>		
	Customer Charge	\$ 142.85	\$ 148.70
	Substation Charge 500-999 kW	\$ 359.99	\$ 374.73
	Substation Charge 1000-2999 kW	\$ 1,078.84	\$ 1,123.00
	Substation Charge 3000-7499 kW	\$ 2,711.96	\$ 2,822.97
	Demand Charge per kW	\$ 6.16	\$ 6.41
	Energy Charge per kWh	\$ 0.05120	\$ 0.05330
LP-2	<u>Large Power Rate (5,000 KW to 9,999 KW)</u>		
	Customer Charge	\$ 142.85	\$ 148.70
	Substation Charge 3000-7499 kW	\$ 2,711.96	\$ 2,822.97
	Substation Charge 7500-14799 kW	\$ 3,262.80	\$ 3,396.35
	Demand Charge per kW	\$ 6.16	\$ 6.41
	Energy Charge-First 400 - per kWh	\$ 0.05012	\$ 0.05217
	Energy Charge-All Remaining - per kWh	\$ 0.04325	\$ 0.04502
LP-3	<u>Large Power Rate (500 KW to 2,999 KW)</u>		
	Customer Charge	\$ 145.86	\$ 151.83
	Substation Charge 500-999 kW	\$ 367.59	\$ 382.64
	Substation Charge 1000-2999 kW	\$ 1,101.60	\$ 1,146.69
	Demand Charge per kW - Contract	\$ 6.29	\$ 6.55
	Demand Charge per kW - Excess	\$ 9.13	\$ 9.50
	Energy Charge per kWh	\$ 0.04745	\$ 0.04939
OPS	<u>Optional Power Service</u>		
	Customer Charge	\$ 50.00	\$ 52.05
	Energy Charge per kWh	\$ 0.100220	\$ 0.104320
AES	<u>All Electric Schools</u>		
	Customer Charge	\$ 83.02	\$ 86.42
	Energy Charge per kWh	\$ 0.075540	\$ 0.078630
STL	<u>Street Lighting</u>		
	Mercury Vapor or Sodium 0-20000 Lumens	\$ 8.36	\$ 8.70
	Mercury Vapor or Sodium Over 20000 Lumens	\$ 13.52	\$ 14.07
	LED 10,500 Lumens	\$ 16.08	\$ 16.74

**SOUTH KENTUCKY RECC
Present & Proposed Rates**

Rate	Item	Present	Proposed			
DSTL	Decorative Street Lighting	Metal Halide Acorn 100-Watt Metered	\$ 7.81	\$ 8.13		
		Sodium Cobra on Existing Pole	\$ 15.48	\$ 16.11		
		LED Cobra on Existing Pole	\$ 16.08	\$ 16.74		
		LED Cobra on Existing Pole Metered	\$ 13.22	\$ 13.76		
		Sodium Cobra on 30' Aluminum Pole	\$ 21.80	\$ 22.69		
		Sodium Cobra on 30' Aluminum Pole	\$ 24.07	\$ 25.06		
		14' Smooth Black Pole	\$ 11.62	\$ 12.10		
		14' Fluted Pole	\$ 15.04	\$ 15.66		
		LED 173 Watt Area	\$ 24.79	\$ 25.80		
		30' Square Steel Pole	\$ 17.24	\$ 17.95		
		Metal Halide Galleria 1000-Watt	\$ 35.62	\$ 37.08		
		Mercury Vapor on 8' Arm 400-Watt	\$ 17.93	\$ 18.66		
		Mercury Vapor on 12' Arm 400-Watt	\$ 21.05	\$ 21.91		
		Mercury Vapor on 16' Arm 400-Watt	\$ 22.03	\$ 22.93		
		Metal Halide Galleria 400-Watt	\$ 21.40	\$ 22.28		
		Metal Halide Lexington 100-Watt	\$ 8.16	\$ 8.49		
		Metal Halide Lexington 100-Watt Metered	\$ 5.70	\$ 5.93		
		Metal Halide Acorn 100-Watt	\$ 10.33	\$ 10.75		
		Metal Halide Galleria 400-Watt Metered	\$ 12.29	\$ 12.79		
		Sodium Cobra on Existing Pole 15000 Lumens	\$ 10.16	\$ 10.58		
		Sodium Cobra on 30' Aluminum Pole 7000 L Unmet	\$ 18.73	\$ 19.50		
		Sodium Cobra on 30' Aluminum Pole 15000 L Metd	\$ 16.32	\$ 16.99		
		Sodium Cobra on 30' Aluminum Pole 7000 L Metd	\$ 16.32	\$ 16.99		
		LED 173W Area Metered	\$ 20.44	\$ 21.28		
		1000 Watt Galleria Metered	\$ 14.37	\$ 14.96		
		250W Cobra HPS w/30' Aluminum Pole	\$ 24.07	\$ 25.06		
		400 W Cobra MV 8' Arm Metered	\$ 8.91	\$ 9.27		
		401 W Cobra MV 12' Arm Metered	\$ 11.96	\$ 12.45		
		402 W Cobra MV 16' Arm Metered	\$ 12.90	\$ 13.43		
		30' Aluminum Pole	\$ 26.27	\$ 27.35		
		OLS	Outdoor Lighting/Security Lights	M/Vapor Sec L	\$ 10.32	\$ 10.74
				M/Vapor Sec L - Metered	\$ 7.51	\$ 7.82
				Sodium Sec L	\$ 10.32	\$ 10.74
				Sodium Sec L - Metered	\$ 7.51	\$ 7.82
LED Sec L	\$ 13.24			\$ 13.78		
LED Sec L - Metered	\$ 11.55			\$ 12.02		
LED Dir Flood 200 Watt	\$ 22.93			\$ 23.87		
LED Dir Flood 200 Watt- Metered	\$ 17.63			\$ 18.35		
LED Dir Flood 391 Watt	\$ 35.09			\$ 36.53		
LED Dir Flood 391 Watt - Metered	\$ 25.28			\$ 26.31		
Sodium Dir 250-Watt	\$ 16.48			\$ 17.15		
Sodium Dir 250-Watt - Metered	\$ 9.53			\$ 9.92		
Metal Halide Dir 250-Watt	\$ 17.88			\$ 18.61		
Metal Halide Dir 250-Watt - Metered	\$ 10.61			\$ 11.04		
Metal Halide Dir 400-Watt	\$ 22.18			\$ 23.09		
Metal Halide Dir 400-Watt - Metered	\$ 10.61			\$ 11.04		
Metal Halide Dir 1000-Watt	\$ 38.95			\$ 40.54		
Metal Halide Dir 1000-Watt - Metered	\$ 11.85			\$ 12.34		
Metal Halide Dir 250-Watt	\$ 17.88			\$ 18.61		

Case No. 2021-00118
Application – Exhibit 3

Billing Analysis for
Each Rate Class

SOUTH KENTUCKY RECC
Billing Analysis for Pass-Through Rate Increase

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$4,649,958

#	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, Farm and Non-Farm Service	A	\$ 73,783,878	64.95%	\$ 73,783,878	64.95%	\$ 3,020,145	\$ 76,800,551	64.95%	\$ 3,016,673	4.09%	3.76%	\$ (3,472)	
3	Residential, Farm and Non-Farm Service (ETS)	A-ETS	\$ 337,559	0.30%	\$ 337,559	0.30%	\$ 13,817	\$ 351,357	0.30%	\$ 13,798	4.09%	3.82%	\$ (19)	
4	Small Commercial Rate	B	\$ 7,838,361	6.90%	\$ 7,838,361	6.90%	\$ 320,842	\$ 8,158,941	6.90%	\$ 320,579	4.09%	3.78%	\$ (263)	
5	Small Commercial Rate (ETS)	B-ETS	\$ 1,906	0.00%	\$ 1,906	0.00%	\$ 78	\$ 1,984	0.00%	\$ 78	4.09%	3.81%	\$ 0	
6	Large Power Rate (Excess of 50 kVA)	LP	\$ 15,460,058	13.61%	\$ 15,460,058	13.61%	\$ 632,816	\$ 16,094,719	13.61%	\$ 634,661	4.11%	3.82%	\$ 1,845	
7	Large Power Rate (500 KW to 4,999 KW)	LP-1	\$ 2,374,660	2.09%	\$ 2,374,660	2.09%	\$ 97,200	\$ 2,471,830	2.09%	\$ 97,170	4.09%	3.84%	\$ (30)	
8	Large Power Rate (5,000 KW to 9,999 KW)	LP-2	\$ 3,616,177	3.18%	\$ 3,616,177	3.18%	\$ 148,019	\$ 3,763,887	3.18%	\$ 147,710	4.08%	3.86%	\$ (309)	
9	Large Power Rate (500 KW to 2,999 KW)	LP-3	\$ 4,173,750	3.67%	\$ 4,173,750	3.67%	\$ 170,841	\$ 4,344,735	3.67%	\$ 170,985	4.10%	3.86%	\$ 144	
10	Optional Power Service	OPS	\$ 1,501,646	1.32%	\$ 1,501,646	1.32%	\$ 61,466	\$ 1,563,088	1.32%	\$ 61,441	4.09%	3.78%	\$ (25)	
11	All Electric Schools	AES	\$ 803,167	0.71%	\$ 803,167	0.71%	\$ 32,875	\$ 836,021	0.71%	\$ 32,855	4.09%	3.81%	\$ (21)	
12	Lighting	STL-DSTL-OLS	\$ 3,709,975	3.27%	\$ 3,709,975	3.27%	\$ 151,858	\$ 3,861,244	3.27%	\$ 151,269	4.08%	3.73%	\$ (589)	
13	SubTotal Base Rates		\$ 113,601,136	100.00%	\$ 113,601,136	100.00%	\$ 4,649,958	\$ 118,248,355	100.00%	\$ 4,647,219	4.09%		\$ (2,739)	
14	<hr/>													
15	TOTAL Base Rates		\$ 113,601,136	100.00%	\$ 113,601,136	100.00%	\$ 4,649,958	\$ 118,248,355	100.00%	\$ 4,647,219	4.09%		\$ (2,739)	
16	<hr/>													
17	<u>Riders</u>													
18	FAC		\$ (3,018,926)				\$ (3,018,926)							
19	ES		\$ 11,918,409				\$ 11,918,409							
20	Prepay Fees		\$ 417,105				\$ 417,105							
21	Envirowatts + NM		\$ (8,642)				\$ (8,642)							
22	Total Riders		\$ 9,307,946				\$ 9,307,946							
23	<hr/>													
24	Total Revenue		\$ 122,909,083				\$ 127,556,302			\$ 4,647,219		3.78%		
25	Target Revenue									\$ 4,649,958				
26	Rate Rounding Variance									\$ (2,739)				
27	Rate Rounding Variance											-0.06%		

SOUTH KENTUCKY RECC
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
47	Large Power Rate (Excess of 50 kVA)	LP													
48			Customer Charge	5,125	50.00	\$ 256,250	1.66%		52.05	\$ 266,756	\$ 10,506	4.10%	1.66%	0.00%	
49			Demand Charge per kW	626,287	7.00	\$ 4,384,012	28.36%		7.29	\$ 4,565,635	\$ 181,623	4.14%	28.37%	0.01%	
50			Energy Charge per kWh	193,245,149	0.05599	\$ 10,819,796	69.99%		0.05828	\$ 11,262,327	\$ 442,531	4.09%	69.98%	-0.01%	
51			Total Base Rates			\$ 15,460,058	100.00%	\$ 16,092,874		\$ 16,094,719	\$ 634,661	4.11%	100.00%	0.00%	\$ 1,844.97
52			FAC			\$ (479,193)		\$ 632,816		\$ (479,193)	\$ -	-			
53			ES			\$ 1,613,158				\$ 1,613,158	\$ -	-			
54			Misc Adj			\$ -				\$ -	\$ -	-			
55			Other			\$ -				\$ -	\$ -	-			
56			Total Riders			\$ 1,133,965				\$ 1,133,965	\$ -	-			
57			TOTAL REVENUE			\$ 16,594,022				\$ 17,228,683	\$ 634,661	3.82%			
58			Average	37,706.37		\$ 3,237.86				\$ 3,361.69	\$ 123.84	3.82%			
59															
60	Large Power Rate (500 KW to 4,999 KW)	LP-1													
61			Customer Charge	19	142.85	\$ 2,714	0.11%		148.70	\$ 2,825	\$ 111	4.10%	0.11%	0.00%	
62			Substation Charge 500-999 kW	-	359.99	\$ -	0.00%		374.73	\$ -	\$ -	0.00%	0.00%	0.00%	
63			Substation Charge 1000-2999 kW	12	1,078.84	\$ 12,946	0.55%		1,123.00	\$ 13,476	\$ 530	4.09%	0.55%	0.00%	
64			Substation Charge 3000-7499 kW	7	2,711.96	\$ 18,984	0.80%		2,822.97	\$ 19,761	\$ 777	4.09%	0.80%	0.00%	
65			Demand Charge per kW	84,769	6.16	\$ 522,175	21.99%		6.41	\$ 543,368	\$ 21,192	4.06%	21.98%	-0.01%	
66			Energy Charge per kWh	35,504,697	0.05120	\$ 1,817,840	76.55%		0.05330	\$ 1,892,400	\$ 74,560	4.10%	76.56%	0.01%	
67			Total Base Rates			\$ 2,374,660	100.00%	\$ 2,471,860		\$ 2,471,830	\$ 97,170	4.09%	100.00%	0.00%	\$ (30.15)
68			FAC			\$ (73,910)		\$ 97,200		\$ (73,910)	\$ -	-			
69			ES			\$ 231,961				\$ 231,961	\$ -	-			
70			Misc Adj			\$ -				\$ -	\$ -	-			
71			Other			\$ -				\$ -	\$ -	-			
72			Total Riders			\$ 158,051				\$ 158,051	\$ -	-			
73			TOTAL REVENUE			\$ 2,532,711				\$ 2,629,881	\$ 97,170	3.84%			
74			Average	1,868,668.26		\$ 133,300.59				\$ 138,414.81	\$ 5,114.22	3.84%			
75															
76	Large Power Rate (5,000 KW to 9,999 KW)	LP-2													
77			Customer Charge	17	142.85	\$ 2,428	0.07%		148.70	\$ 2,528	\$ 99	4.10%	0.07%	0.00%	
78			Substation Charge 3000-7499 kW	1	2,711.96	\$ 2,712	0.07%		2,822.97	\$ 2,823	\$ 111	4.09%	0.08%	0.00%	
79			Substation Charge 7500-14799 kW	1	3,262.80	\$ 3,263	0.09%		3,396.35	\$ 3,396	\$ 134	4.09%	0.09%	0.00%	
80			Demand Charge per kW	115,608	6.16	\$ 712,145	19.69%		6.41	\$ 741,047	\$ 28,902	4.06%	19.69%	0.00%	
81			Energy Charge-First 400 - per kWh	34,000,000	0.05012	\$ 1,704,080	47.12%		0.05217	\$ 1,773,780	\$ 69,700	4.09%	47.13%	0.00%	
82			Energy Charge-All Remaining - per kWh	27,550,255	0.04325	\$ 1,191,549	32.95%		0.04502	\$ 1,240,312	\$ 48,764	4.09%	32.95%	0.00%	
83			Total Base Rates			\$ 3,616,177	100.00%	\$ 3,764,196		\$ 3,763,887	\$ 147,710	4.08%	100.00%	0.00%	\$ (308.55)
84			FAC			\$ (177,880)		\$ 148,019		\$ (177,880)	\$ -	-			
85			ES			\$ 384,379				\$ 384,379	\$ -	-			
86			Misc Adj			\$ -				\$ -	\$ -	-			
87			Other			\$ -				\$ -	\$ -	-			
88			Total Riders			\$ 206,499				\$ 206,499	\$ -	-			
89			TOTAL REVENUE			\$ 3,822,676				\$ 3,970,386	\$ 147,710	3.86%			
90				3,620,603.24											
91						224,863.32				233,552.14	8,688.82				

SOUTH KENTUCKY RECC
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
175	Outdoor Lighting/Security Lights	OLS	OLS												
176			M/Vapor Sec L	8,787	10.32	\$ 90,682	2.44%		10.74	\$ 94,372	\$ 3,691	4.07%	2.44%	0.00%	
177			M/Vapor Sec L	102,080	10.32	\$ 1,053,466	28.40%		10.74	\$ 1,096,339	\$ 42,874	4.07%	28.39%	0.00%	
178			M/Vapor Sec L - Metered	1,081	7.51	\$ 8,118	0.22%		7.82	\$ 8,453	\$ 335	4.13%	0.22%	0.00%	
179			M/Vapor Sec L - Metered	116	7.51	\$ 871	0.02%		7.82	\$ 907	\$ 36	4.13%	0.02%	0.00%	
180			Sodium Sec L	51,769	10.32	\$ 534,256	14.40%		10.74	\$ 555,999	\$ 21,743	4.07%	14.40%	0.00%	
181			Sodium Sec L	3,091	10.32	\$ 31,899	0.86%		10.74	\$ 33,197	\$ 1,298	4.07%	0.86%	0.00%	
182			Sodium Sec L - Metered	228	7.51	\$ 1,712	0.05%		7.82	\$ 1,783	\$ 71	4.13%	0.05%	0.00%	
183			Sodium Sec L - Metered		7.51	\$ -	0.00%		7.82	\$ -	\$ -	0.00%	0.00%	0.00%	
184			LED Sec L	88,785	13.24	\$ 1,175,513	31.69%		13.78	\$ 1,223,457	\$ 47,944	4.08%	31.69%	0.00%	
185			LED Sec L - Metered	507	11.55	\$ 5,856	0.16%		12.02	\$ 6,094	\$ 238	4.07%	0.16%	0.00%	
186			LED Dir Flood 200 Watt	7,254	22.93	\$ 166,334	4.48%		23.87	\$ 173,153	\$ 6,819	4.10%	4.48%	0.00%	
187			LED Dir Flood 200 Watt - Metered	538	17.63	\$ 9,485	0.26%		18.35	\$ 9,872	\$ 387	4.08%	0.26%	0.00%	
188			LED Dir Flood 391 Watt	577	35.09	\$ 20,247	0.55%		36.53	\$ 21,078	\$ 831	4.10%	0.55%	0.00%	
189			LED Dir Flood 391 Watt - Metered	320	25.28	\$ 8,090	0.22%		26.31	\$ 8,419	\$ 330	4.07%	0.22%	0.00%	
190			Sodium Dir 250-Watt	7,092	16.48	\$ 116,876	3.15%		17.15	\$ 121,628	\$ 4,752	4.07%	3.15%	0.00%	
191			Sodium Dir 250-Watt		16.48	\$ -	0.00%		17.15	\$ -	\$ -	0.00%	0.00%	0.00%	
192			Sodium Dir 250-Watt - Metered	712	9.53	\$ 6,785	0.18%		9.92	\$ 7,063	\$ 278	4.09%	0.18%	0.00%	
193			Sodium Dir 250-Watt - Metered		9.53	\$ -	0.00%		9.92	\$ -	\$ -	0.00%	0.00%	0.00%	
194			Metal Halide Dir 250-Watt	1,946	17.88	\$ 34,794	0.94%		18.61	\$ 36,215	\$ 1,421	4.08%	0.94%	0.00%	
195			Metal Halide Dir 250-Watt - Metered	184	10.61	\$ 1,952	0.05%		11.04	\$ 2,031	\$ 79	4.05%	0.05%	0.00%	
196			Metal Halide Dir 400-Watt	2,575	22.18	\$ 57,114	1.54%		23.09	\$ 59,457	\$ 2,343	4.10%	1.54%	0.00%	
197			Metal Halide Dir 400-Watt	359	22.18	\$ 7,963	0.21%		23.09	\$ 8,289	\$ 327	4.10%	0.21%	0.00%	
198			Metal Halide Dir 400-Watt - Metered	649	10.61	\$ 6,886	0.19%		11.04	\$ 7,165	\$ 279	4.05%	0.19%	0.00%	
199			Metal Halide Dir 400-Watt - Metered	22	10.61	\$ 233	0.01%		11.04	\$ 243	\$ 9	4.05%	0.01%	0.00%	
200			Metal Halide Dir 1000-Watt	1,146	38.95	\$ 44,637	1.20%		40.54	\$ 46,459	\$ 1,822	4.08%	1.20%	0.00%	
201			Metal Halide Dir 1000-Watt - Metered	338	11.85	\$ 4,005	0.11%		12.34	\$ 4,171	\$ 166	4.14%	0.11%	0.00%	
202			Metal Halide Dir 1000-Watt	129	38.95	\$ 5,025	0.14%		40.54	\$ 5,230	\$ 205	4.08%	0.14%	0.00%	
203			Metal Halide Dir 250-Watt		17.88	\$ -	0.00%		18.61	\$ -	\$ -	0.00%	0.00%	0.00%	
204			Metal Halide Dir 250-Watt - Metered		10.61	\$ -	0.00%		11.04	\$ -	\$ -	0.00%	0.00%	0.00%	
205			Total Base Rates			\$ 3,709,975	91.97%	\$ 3,861,833		\$ 3,861,244	\$ 151,269	4.08%	91.96%	0.00%	\$ (589.19)
206			FAC			\$ (42,022)		\$ 151,858		\$ (42,022)	\$ -	-			
207			ES			\$ 388,100				\$ 388,100	\$ -	-			
208			Misc Adj			\$ -				\$ -	\$ -	-			
209			Other												
210			Total Riders			\$ 346,078				\$ 346,078	\$ -	-			
211			TOTAL REVENUE			\$ 4,056,053				\$ 4,207,322	\$ 151,269	3.73%			
212															
213															
214															
215	TOTALS		Total Base Rates			\$ 113,601,136				\$ 118,248,355	\$ 4,647,219	4.09%			
216			FAC			\$ (3,018,926)				\$ (3,018,926)	\$ -	-			
217			ES			\$ 11,918,409				\$ 11,918,409	\$ -	-			
218			Misc Adj			\$ 417,105				\$ 417,105	\$ -	-			
219			Other			\$ (8,642)				\$ (8,642)	\$ -	-			
220			Total Riders			\$ 9,307,946				\$ 9,307,946	\$ -	-			
221			TOTAL REVENUE			\$ 122,909,083				\$ 127,556,302	\$ 4,647,219	3.78%			
222															
223			Rate Rounding Variance								\$ (2,739)				

Case No. 2021-00118
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 South Kentucky Rural Electric
Cooperative Corporation*

Case No. 2021-00118
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 South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) of a proposed rate adjustment. South Kentucky 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. 2021-00118. 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
A	<u>Residential, Farm and Non-Farm Service</u>		
	Customer Charge	\$ 12.82	\$ 13.34
	Energy Charge per kWh	\$ 0.081350	\$ 0.084680
A-ETS	<u>Residential, Farm and Non-Farm Service (ETS)</u>		
	Energy Charge per kWh	\$ 0.058960	\$ 0.061370
B	<u>Small Commercial Rate</u>		
	Customer Charge	\$ 23.79	\$ 24.76
	Energy Charge per kWh	\$ 0.093100	\$ 0.096910
B-ETS	<u>Small Commercial Rate (ETS)</u>		
	Energy Charge per kWh	\$ 0.065960	\$ 0.068660
LP	<u>Large Power Rate (Excess of 50 kVA)</u>		
	Customer Charge	\$ 50.00	\$ 52.05
	Demand Charge per kW	\$ 7.00	\$ 7.29
	Energy Charge per kWh	\$ 0.05599	\$ 0.05828
LP-1	<u>Large Power Rate (500 KW to 4,999 KW)</u>		
	Customer Charge	\$ 142.85	\$ 148.70
	Substation Charge 500-999 kW	\$ 359.99	\$ 374.73
	Substation Charge 1000-2999 kW	\$ 1,078.84	\$ 1,123.00
	Substation Charge 3000-7499 kW	\$ 2,711.96	\$ 2,822.97
	Demand Charge per kW	\$ 6.16	\$ 6.41
	Energy Charge per kWh	\$ 0.05120	\$ 0.05330
LP-2	<u>Large Power Rate (5,000 KW to 9,999 KW)</u>		
	Customer Charge	\$ 142.85	\$ 148.70
	Substation Charge 3000-7499 kW	\$ 2,711.96	\$ 2,822.97
	Substation Charge 7500-14799 kW	\$ 3,262.80	\$ 3,396.35
	Demand Charge per kW	\$ 6.16	\$ 6.41
	Energy Charge-First 400 - per kWh	\$ 0.05012	\$ 0.05217
	Energy Charge-All Remaining - per kWh	\$ 0.04325	\$ 0.04502
LP-3	<u>Large Power Rate (500 KW to 2,999 KW)</u>		
	Customer Charge	\$ 145.86	\$ 151.83
	Substation Charge 500-999 kW	\$ 367.59	\$ 382.64
	Substation Charge 1000-2999 kW	\$ 1,101.60	\$ 1,146.69

		Demand Charge per kW - Contract	\$ 6.29	\$ 6.55
		Demand Charge per kW - Excess	\$ 9.13	\$ 9.50
		Energy Charge per kWh	\$ 0.04745	\$ 0.04939
OPS	<u>Optional Power Service</u>			
		Customer Charge	\$ 50.00	\$ 52.05
		Energy Charge per kWh	\$ 0.100220	\$ 0.104320
AES	<u>All Electric Schools</u>			
		Customer Charge	\$ 83.02	\$ 86.42
		Energy Charge per kWh	\$ 0.075540	\$ 0.078630
STL	<u>Street Lighting</u>			
		Mercury Vapor or Sodium 0-20000 Lumens	\$ 8.36	\$ 8.70
		Mercury Vapor or Sodium Over 20000 Lumens	\$ 13.52	\$ 14.07
		LED 10,500 Lumens	\$ 16.08	\$ 16.74
DSTL	<u>Decorative Street Lighting</u>			
		Metal Halide Acorn 100-Watt Metered	\$ 7.81	\$ 8.13
		Sodium Cobra on Existing Pole	\$ 15.48	\$ 16.11
		LED Cobra on Existing Pole	\$ 16.08	\$ 16.74
		LED Cobra on Existing Pole Metered	\$ 13.22	\$ 13.76
		Sodium Cobra on 30' Aluminum Pole	\$ 21.80	\$ 22.69
		Sodium Cobra on 30' Aluminum Pole	\$ 24.07	\$ 25.06
		14' Smooth Black Pole	\$ 11.62	\$ 12.10
		14' Fluted Pole	\$ 15.04	\$ 15.66
		LED 173 Watt Area	\$ 24.79	\$ 25.80
		30' Square Steel Pole	\$ 17.24	\$ 17.95
		Metal Halide Galleria 1000-Watt	\$ 35.62	\$ 37.08
		Mercury Vapor on 8' Arm 400-Watt	\$ 17.93	\$ 18.66
		Mercury Vapor on 12' Arm 400-Watt	\$ 21.05	\$ 21.91
		Mercury Vapor on 16' Arm 400-Watt	\$ 22.03	\$ 22.93
		Metal Halide Galleria 400-Watt	\$ 21.40	\$ 22.28
		Metal Halide Lexington 100-Watt	\$ 8.16	\$ 8.49
		Metal Halide Lexington 100-Watt Metered	\$ 5.70	\$ 5.93
		Metal Halide Acorn 100-Watt	\$ 10.33	\$ 10.75
		Metal Halide Galleria 400-Watt Metered	\$ 12.29	\$ 12.79
		Sodium Cobra on Existing Pole 15000 Lumens	\$ 10.16	\$ 10.58
		Sodium Cobra on 30' Aluminum Pole 7000 L Unmet	\$ 18.73	\$ 19.50
		Sodium Cobra on 30' Aluminum Pole 15000 L Metd	\$ 16.32	\$ 16.99
		Sodium Cobra on 30' Aluminum Pole 7000 L Metd	\$ 16.32	\$ 16.99
		LED 173W Area Metered	\$ 20.44	\$ 21.28
		1000 Watt Galleria Metered	\$ 14.37	\$ 14.96
		250W Cobra HPS w/30' Aluminum Pole	\$ 24.07	\$ 25.06
		400 W Cobra MV 8' Arm Metered	\$ 8.91	\$ 9.27
		401 W Cobra MV 12' Arm Metered	\$ 11.96	\$ 12.45
		402 W Cobra MV 16' Arm Metered	\$ 12.90	\$ 13.43
		30' Aluminum Pole	\$ 26.27	\$ 27.35

OLS	Outdoor Lighting/Security Lights			
		M/Vapor Sec L	\$ 10.32	\$ 10.74
		M/Vapor Sec L - Metered	\$ 7.51	\$ 7.82
		Sodium Sec L	\$ 10.32	\$ 10.74
		Sodium Sec L - Metered	\$ 7.51	\$ 7.82
		LED Sec L	\$ 13.24	\$ 13.78
		LED Sec L - Metered	\$ 11.55	\$ 12.02
		LED Dir Flood 200 Watt	\$ 22.93	\$ 23.87
		LED Dir Flood 200 Watt- Metered	\$ 17.63	\$ 18.35
		LED Dir Flood 391 Watt	\$ 35.09	\$ 36.53
		LED Dir Flood 391 Watt - Metered	\$ 25.28	\$ 26.31
		Sodium Dir 250-Watt	\$ 16.48	\$ 17.15
		Sodium Dir 250-Watt - Metered	\$ 9.53	\$ 9.92
		Metal Halide Dir 250-Watt	\$ 17.88	\$ 18.61
		Metal Halide Dir 250-Watt - Metered	\$ 10.61	\$ 11.04
		Metal Halide Dir 400-Watt	\$ 22.18	\$ 23.09
		Metal Halide Dir 400-Watt - Metered	\$ 10.61	\$ 11.04
		Metal Halide Dir 1000-Watt	\$ 38.95	\$ 40.54
		Metal Halide Dir 1000-Watt - Metered	\$ 11.85	\$ 12.34
		Metal Halide Dir 250-Watt	\$ 17.88	\$ 18.61

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
A	Residential, Farm and Non-Farm Service		\$ 3,016,673	3.76%
A-ETS	Residential, Farm and Non-Farm Service (ETS)		\$ 13,798	3.82%
B	Small Commercial Rate		\$ 320,579	3.78%
B-ETS	Small Commercial Rate (ETS)		\$ 78	3.81%
LP	Large Power Rate (Excess of 50 kVA)		\$ 634,661	3.82%
LP-1	Large Power Rate (500 KW to 4,999 KW)		\$ 97,170	3.84%
LP-2	Large Power Rate (5,000 KW to 9,999 KW)		\$ 147,710	3.86%
LP-3	Large Power Rate (500 KW to 2,999 KW)		\$ 170,985	3.86%
OPS	Optional Power Service		\$ 61,441	3.78%
AES	All Electric Schools		\$ 32,855	3.81%
STL-DSTL-OLS	Lighting		\$ 151,269	3.73%
Total			\$4,647,219	3.78%

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
A	Residential, Farm and Non-Farm Service	1,041	\$ 3.99	3.76%
A-ETS	Residential, Farm and Non-Farm Service (ETS)	365	\$ 0.88	3.82%

B	Small Commercial Rate	1,283	\$ 5.86	3.78%
B-ETS	Small Commercial Rate (ETS)	332	\$ 0.90	3.81%
LP	Large Power Rate (Excess of 50 kVA)	37,706	\$ 123.84	3.82%
LP-1	Large Power Rate (500 KW to 4,999 KW)	1,868,668	\$ 5,114.22	3.84%
LP-2	Large Power Rate (5,000 KW to 9,999 KW)	3,620,603	\$ 8,688.82	3.86%
LP-3	Large Power Rate (500 KW to 2,999 KW)	705,084	\$ 1,781.10	3.86%
OPS	Optional Power Service	7,034	\$ 30.89	3.78%
AES	All Electric Schools	55,758	\$ 175.69	3.81%
STL-DSTL-OLS	Lighting	NA	NA	3.73%

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

South Kentucky Rural Electric Cooperative Corporation
200 Electric Avenue
Somerset, Kentucky 42501
(800) 264-5112
<https://www.skrecc.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 South Kentucky, 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. 2021-00118
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")?**

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.

