

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF	)	
TAYLOR COUNTY RURAL ELECTRIC	)	
COOPERATIVE CORPORATION FOR PASS-	)	Case No. 2021-00119
THROUGH OF EAST KENTUCKY POWER	)	
COOPERATIVE, INC.'S WHOLESALE RATE	)	
ADJUSTMENT	)	

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TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE  
CORPORATION'S APPLICATION

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Comes now Taylor County Rural Electric Cooperative Corporation ("Taylor County"), by counsel, pursuant to KRS 278.455(2), 807 KAR 5:007 and other applicable law, and does hereby request the Kentucky Public Service Commission ("Commission") to grant it a pass-through of East Kentucky Power Cooperative Inc.'s ("EKPC") wholesale rate adjustment, respectfully stating as follows:

1. Taylor County is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Taylor County is engaged in the business of distributing retail electric power to approximately 26,600 members in the Kentucky counties of Adair, Casey, Cumberland, Green, Hart, Marion, Metcalfe, Russell and Taylor.

2. Pursuant to 807 KAR 5:001, Section 14(1) and 807 KAR 5:007, Sections 1(2) and Section 2(2), Taylor County's mailing address is 625 West Main Street, P. O. Box 100, Campbellsville, Kentucky 42719-0100 and its electronic mail address is bmyers@tcrecc.com.

3. Pursuant to 807 KAR 5:001, Section 14(2), Taylor County is a Kentucky corporation that was incorporated on May 4, 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), Taylor County is one of the sixteen owner-member cooperatives of EKPC. EKPC has filed an Application for a general adjustment of its existing wholesale rates to its owner-members, including Taylor County.<sup>1</sup> In accordance with KRS 278.455, Taylor County seeks to pass-through the increase in EKPC's wholesale rates to Taylor County to Taylor County's retail members.

5. Pursuant to 807 KAR 5:007 Section 2(1), attached as **Exhibit 1** to this Application are the proposed tariffs of Taylor County incorporating the new rates and proposing an effective date of May 1, 2021, which is the same effective date proposed by EKPC in its rate case.

6. Pursuant to 807 KAR 5:007 Sections 1(4) and Section 2(2), attached as **Exhibit 2** to this Application is a comparison of the current and the proposed rates of Taylor County.

7. Pursuant to 807 KAR 5:007 Sections 1(5)(a)-(b) and Section 2(2), attached as **Exhibit 3** to this Application is a billing analysis which shows the existing and proposed rates for each of Taylor County's rate classes. Taylor County further states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail members through its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

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

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<sup>1</sup> 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).

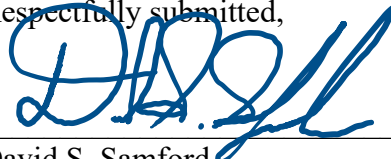
9. Pursuant to 807 KAR 5:007 Sections 1(7)(b) and (8) and Section 2(2), notice of the proposed rate changes has been given, not more than thirty (30) days prior to April 1, 2021, by publication in a newspaper of general circulation throughout Taylor County's service territory. A copy of the notice is attached as **Exhibit 5** and contains all of the required information pursuant to 807 KAR 5:007, Section 3.

10. This application is supported by the Testimony of Mr. John Wolfram, which is attached as **Exhibit 6**.

WHEREFORE, on the basis of the foregoing, Taylor County respectfully requests that the Commission accept this Application for filing and allow Taylor County to pass-through to its retail members the increase in the wholesale rates granted to EKPC and for the effective date of Taylor County's pass-through rates to be the same as the effective date of EKPC's rate increase.

Done this 1<sup>st</sup> day of April 2021.

Respectfully submitted,



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(859) 368-7740  
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allyson@gosssamfordlaw.com

*Counsel for Taylor County Rural Electric  
Cooperative Corporation*

**Exhibit List**

<b>Document</b>	<b>Tab</b>
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. 2021-00119  
Application – Exhibit 1

Proposed Tariffs

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 39  
Canceling PSC KY No. 5  
Original Sheet No. 39

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE A - FARM AND HOME SERVICE**

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APPLICABILITY

Applicable to residential consumers subject to the established rules and regulations of the Seller. The capacity of individual meters served under this schedule shall not exceed 7.5 H.P. Not applicable to loads having demands greater than 50 KW.

TYPE OF SERVICE

Single phase, 60 cycles, at available secondary voltage.

MONTHLY RATE

Customer Charge	\$10.25 per meter per month	(I)
All kWh per month	\$0.08152 per kWh	(I)

FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

MINIMUM CHARGES

The minimum monthly charge under the above rate shall be \$9.82 net where 10 KVA or less of transformer capacity is required. Each consumer who requires more than 10 KVA of transformer capacity shall pay, in addition to the above minimum \$.86 for each additional KVA or fraction thereof required. Payment of the minimum monthly charge shall entitle the member in all cases to the use of the number of kilowatt-hours corresponding to the minimum charge in accordance with the foregoing rate.

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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

ISSUED BY:   
Barry L. Myers, General Manager

Issued by authority of an order of the Public Service Commission of Kentucky In Case No. 2021-00119 dated February 25, 2021.

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 40  
Canceling PSC KY No. 5  
Original Sheet No. 40

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE A - FARM AND HOME SERVICE (continued)**

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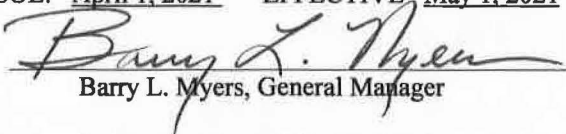
TERMS OF PAYMENT

The above rates are net, the gross rates being five percent higher. In the event the current monthly bill is not paid by the first of the month following the meter reading date, the gross rates shall apply.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 41  
Canceling PSC KY No. 5  
Original Sheet No. 41

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE GP - GENERAL PURPOSE SERVICE**

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APPLICABILITY

Applicable to small commercial, churches, community centers, industrial, public buildings, and three-phase farm service, including lighting, heating and power, subject to the established rules and regulations of the Seller.

CHARACTER OF SERVICE

Single-phase or three-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE

**PART I (For demands less than 50 KVA)**

Demand Charge: None

Energy:

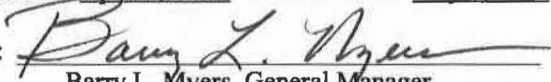
Customer Charge	\$10.44 per meter per month	(I)
All KWH per month	\$0.08169 Per KWH	(I)

Minimum Monthly Charges:

\$10.00 where 3 KVA or less of transformer capacity is required. Each consumer who requires more than 3 KVA of transformer capacity shall pay, in addition to the above minimum, \$.86 for each additional KVA or fraction thereof required. Where the minimum charge is increased in accordance with the terms of this section, additional energy therefore may be taken in accordance with the terms of the foregoing schedule.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

For All Territory Served  
PSC KY No. 5  
Revised Sheet No. 42  
Canceling PSC KY No. 5  
Original Sheet No. 42

**CLASSIFICATION OF SERVICE**

**SCHEDULE GP - GENERAL PURPOSE SERVICE (continued)**

**PART 2 (for loads requiring 50 KVA and above  
installed transformer capacity)**

Demand Charge:	\$ 5.55 per KW of billing demand	(I)
Energy Charges:		
Customer Charge	\$51.98 per meter per month	(I)
All KWH per month	\$ 0.06032 Per KWH	(I)

**DETERMINATION OF BILLING DEMAND**

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

**POWER FACTOR ADJUSTMENT**

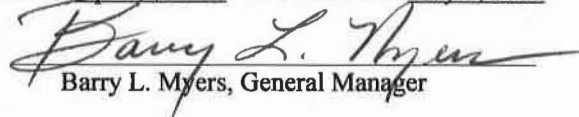
The consumer agrees to maintain unity power factor as nearly as practicable. The measured demand will be adjusted to correct for consumers with 50 KW or more of measured demand to correct for average power factors lower than 90 per cent. Such adjustments will be made by increasing the measured demand 1 percent for each 1 percent by which the average power factor is less than 90 percent lagging.

**FUEL ADJUSTMENT CLAUSE**

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed ten percent (10%) and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

For All Territory Served  
PSC KY No. 5  
Revised Sheet No. 43  
Canceling PSC KY No. 5  
Original Sheet No. 43

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE GP - GENERAL PURPOSE SERVICE (continued)**

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MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the highest of the following charges as determined for the consumer in question.

1. The minimum monthly charge as specified in the contract for service.
2. A charge of \$.86 per KVA of installed transformer capacity.
3. A charge of \$28.75

MINIMUM ANNUAL CHARGE FOR SEASONAL SERVICE

Consumers requiring service only during certain seasons not exceeding 9 months per year may guarantee a minimum annual charge, in which case there shall be no minimum monthly charge. The minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the Consumer, and in no event shall it be less than \$11.52 per KVA of installed transformer capacity or \$384.16 whichever is greater.

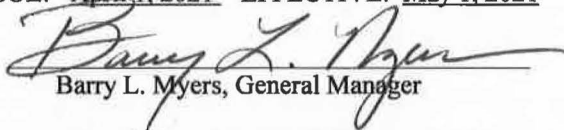
SERVICE PROVISIONS

1. Delivery Point If the service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring pole lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the Consumer. If the service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to Consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the Consumer.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

For All Territory Served  
PSC KY No. 5  
Revised Sheet No. 44  
Canceling PSC KY No. 5  
Original Sheet No. 44

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE GP - GENERAL PURPOSE SERVICE (continued)**

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2. Primary Service If the service is furnished at primary distribution voltage, a discount of fifteen cents (\$.15) per KW shall apply to the demand charge, and if the minimum charge is based on transformer capacity, a discount of seven percent (7%) shall apply to the minimum charge. However, the Seller shall have the option of metering at secondary voltage and adding the estimated transformer losses to the metered kilowatt demand and kilowatt hours.

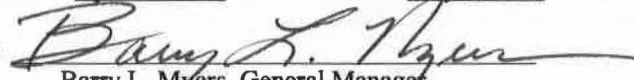
TERMS OF PAYMENT

The above rates are net, the gross rates being five percent (5%) higher. In the event the current monthly bill is not paid by the first of the month following the meter reading date, the gross rates shall apply.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

First Revised Sheet No. 45

Canceling PSC KY No. 5

Original Sheet No. 45

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE SL - STREET LIGHTING SERVICE**

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AVAILABILITY

Available to towns and villages for controlled street lighting  
From dusk to dawn.

<u>Mercury Vapor</u>	<u>Charge/Fixture</u>	
175 watts	\$2.97 plus 70 KWH/Light/Month @ GP-1 Rate	(I)
250 watts	\$3.56 plus 100 KWH/Light/Month @ GP-1 Rate	(I)
400 watts	\$4.72 plus 160 KWH/Light/Month @ GP-1 Rate	(I)

<u>High Pressure Sodium</u>	<u>Charge/Fixture</u>	
100 watts	\$3.39 plus 41 KWH/Light/Month @ GP-1 Rate	(I)
250 watts	\$5.22 plus 106 KWH/Light/Month @ GP-1 Rate	(I)

<u>LED Lighting</u>	<u>Charge/Fixture</u>	
Security Light (Approximate 6000-9200 Lumens)	\$9.88/Month	(I)
Cobra Head Light (Approximate 10600-15900 Lumens)	\$13.03/Month	(I)
Directional Light (Approximate 14500-21600 Lumens)	\$17.62/Month	(I)

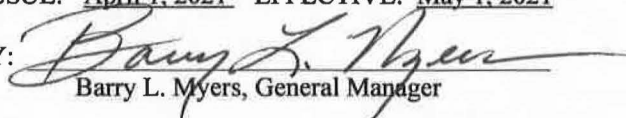
\*If Additional Wood Pole(s) Required:

\*Wood pole(s) not to exceed 30', and not more than 100' of wire  
distance, will be installed for one-time, upfront fee of \$275  
per pole.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
First Revised Sheet No. 46  
Canceling PSC KY No. 5  
Original Sheet No. 46

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**CLASSIFICATION OF SERVICE**

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**SCHEDULE SL - STREET LIGHTING SERVICE**

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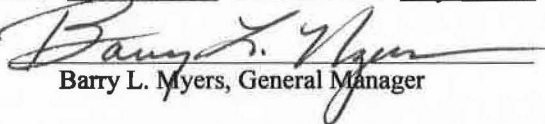
CONDITIONS OF SERVICE

1. Street-Lighting equipment including lamps, fixtures, controls and the necessary overhead street-lighting circuits, transformers and additional guys and fittings will all be furnished by the Cooperative.
2. Lamp replacements will be furnished and made by the Cooperative.
3. Service will be furnished for future additional lamps in accordance With the above charges.
4. Billing will be on a monthly basis.
5. Should the service required be other than the above standard Provisions, the Cooperative reserves the right to revise the charges listed above so as to include any unusual costs involved.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 69

Canceling PSC KY No. 5

Original Sheet No. 69

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**CLASSIFICATION OF SERVICE**

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**Residential Marketing Rate – Schedule R-1**

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APPLICABLE

In all territory served.

AVAILABILITY

This special marketing rate is available for specific marketing programs as approved by Taylor County 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 consumers already receiving service under Schedule A, Farm and Home Service Rate. This marketing rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under the Marketing Rate of East Kentucky Cooperative Wholesale power Rate Schedule A.

<u>Months</u>	<u>Off-Peak Hours - EST</u>
May through September	10:00 P.M. to 10:00 A.M.
October through April	12:00 P.M. to 5:00 P. M. 10:00 P.M. to 7:00 A.M.

TYPE OF SERVICE

Single phase, 60 Hertz, at available secondary voltage.

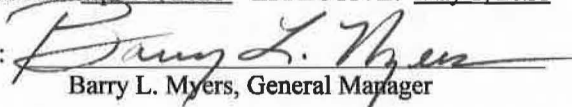
RATES

The energy rate for this program is:

All kWh	\$0.04824	(I)
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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 70  
Canceling PSC KY No. 5  
Original Sheet No. 70

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**CLASSIFICATION OF SERVICE**

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**Residential Marketing Rate - Schedule R-1 (Con't)**

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FUEL ADJUSTMENT CLAUSE

All rates area pplicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier Plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject ot all other applicable provisions as set out in 807 KAR 5:056.

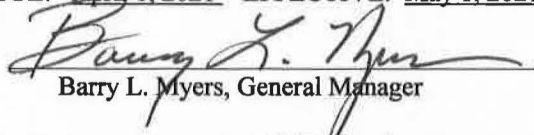
TERMS OF PAYMENT

The above rates are net, the gross rates are five (5%) higher. In the event the current monthly bill is not paid by the first of the month following the meter reading date, the gross rates shall apply.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 71

Canceling PSC KY No. 5

Original Sheet No. 71

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C1**

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**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 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 the Seller and the ultimate consumer.

**Monthly Rate**

Consumer Charge	\$1,279.63		(I)
Demand Charge	\$6.45	per kW of billing demand	(I)
Energy Charge	\$0.05112	per kWh	(I)

**Billing Demand**

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

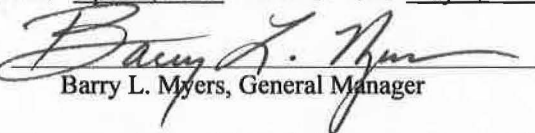
- (a) The contract demand
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor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

<b><u>Months</u></b>	<b><u>Hours Applicable for Demand Billing - EST</u></b>
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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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 72

Canceling PSC KY No. 5

Original Sheet No. 72

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C1**

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**Minimum Monthly Charge**

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

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 400 hours and the energy charge per KWH.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%) , the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

**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.

**Special Provisions**

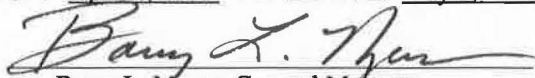
1. Delivery Point - If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service.

All wiring, poles lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 73  
Canceling PSC KY No. 5  
Original Sheet No. 73

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C1**

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**Special Provisions (con't)**

2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

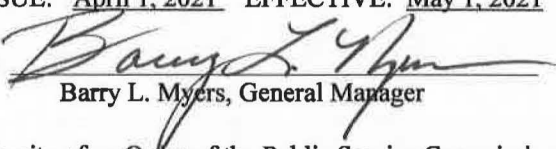
**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 74

Canceling PSC KY No. 5

Original Sheet No. 74

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C2**

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**Availability**

Applicable to contracts with demands of 5,000 to 9,000 KW with a monthly energy usage equal to or greater than 400 hours per KW of 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 the Seller and the ultimate consumer

**Monthly Rate**

Consumer Charge	\$2,979.00		(I)
Demand Charge	\$6.45	per kW of billing demand	(I)
Energy Charge	\$0.04497	per kWh	(I)

**Billing Demand**

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

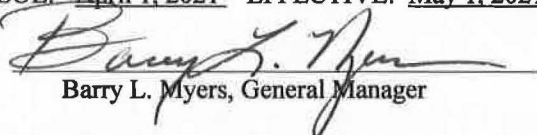
- (a) The contract demand
- (b) The ultimate consumer's peak demand during the current month or preceding eleven months. The peak demand shall be the highest average rate at which energy is used during any fifteen-minute interval in the below listed hours for each month and adjusted for power factor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

<b><u>Months</u></b>	<b><u>Hours Applicable for Demand Billing - EST</u></b>
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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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

ISSUED BY:

  
Barry L. Myers, General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2021-00119 dated February 25, 2021.

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 75

Canceling PSC KY No. 5

Original Sheet No. 75

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**CLASSIFICATION OF SERVICE**

---

**Large Industrial Rate - Schedule C2**

---

**Minimum Monthly Charge**

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

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 400 hours and the energy charge per KWH.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

**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.

**Special Provisions**

- 1. 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.

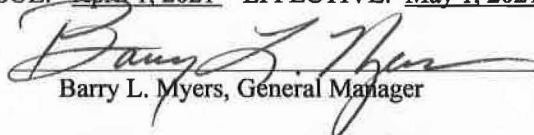
All wiring, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

FOR ALL TERRITORY SERVED

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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

ISSUED BY:

  
Barry L. Myers, General Manager

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

PSC KY No. 5  
Revised Sheet No. 76  
Canceling PSC KY No. 5  
Original Sheet No. 76

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C2**

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**Special Provisions (con't)**

2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 77

Canceling PSC KY No. 5

Original Sheet No. 77

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C3**

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**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 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 the Seller and the ultimate consumer

**Monthly Rate**

Consumer Charge	\$3,553.81		(I)
Demand Charge	\$6.45	per kW of billing demand	(I)
Energy Charge	\$0.04378	per kWh	(I)

**Billing Demand**

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

- (a) The contract demand
- (b) The ultimate 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:

**Months**

**Hours Applicable for  
Demand Billing - EST**

October through April

7:00 a.m. to 12:00 noon  
5:00 p.m. to 10:00 p.m.

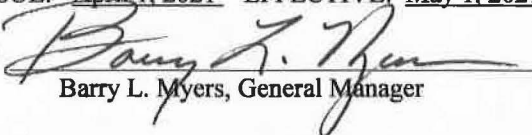
May through September

10:00 a.m. to 10:00 p.m.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 78  
Canceling PSC KY No. 5  
Original Sheet No. 78

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C3**

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**Minimum Monthly Charge**

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

- (a) The product of the billing demand multiplied by the demand charge, plus
- (b) The product of the billing demand multiplied by 400 hours and the energy charge per KWH.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

**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.

**Special Provisions**

1. 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, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

---

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 79  
Canceling PSC KY No. 5  
Original Sheet No. 79

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule C3**

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**Special Provisions (con't)**

2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5  
Revised Sheet No. 80  
Canceling PSC KY No. 5  
Original Sheet No. 80

---

**CLASSIFICATION OF SERVICE**

---

**Large Industrial Rate - Schedule B1**

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**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 billing demand.

**Monthly Rate**

Consumer Charge	\$1,279.63	(I)
Demand Charge per kW of Contract Demand	\$ 6.45	(I)
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$ 9.36	(I)
Energy Charge per kWh	\$ 0.05112	(I)

**Billing Demand**

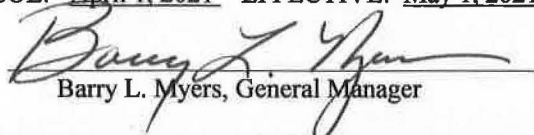
The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand during the current month exceeds the contract demand. The load center's peak demand is the highest average rate at which energy is used during any fifteen-minute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

<b><u>Months</u></b>	<b><u>Hours Applicable for Demand Billing - EST</u></b>
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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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

ISSUED BY:

  
Barry L. Myers, General Manager

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Kentucky in Case No. 2021-00119 dated February 25, 2021.

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 81

Canceling PSC KY No. 5

Original Sheet No. 81

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**CLASSIFICATION OF SERVICE**

---

**Large Industrial Rate - Schedule B1**

---

**Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- (a) Consumer Charge.
- (b) The product of contract demand multiplied by the contract demand charge plus, the product of the demand in excess of the contract demand multiplied by the in excess of contract demand charge.
- (c) The product of the contract demand multiplied by 400 hours and the energy charge per KWH.
- (d) Contract provisions that reflect special facilities requirements.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

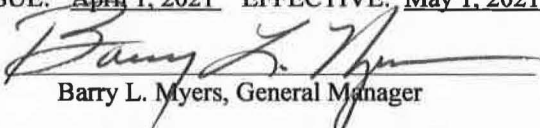
**Fuel Adjustment Clause**

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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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 82  
Canceling PSC KY NO. 5  
Original Sheet No. 82

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule B1**

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**Special Provisions**

1. 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, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

2 If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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ISSUED BY: \_\_\_\_\_

*Barry L. Myers*  
Barry L. Myers, General Manager

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Kentucky in Case No. 2021-00119 dated February 25, 2021.

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5  
Revised Sheet No. 83  
Canceling PSC KY No. 5  
Original Sheet No. 83

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**CLASSIFICATION OF SERVICE**

---

**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 billing demand.

**Monthly Rate**

Consumer Charge	\$2,979.00	(I)
Demand Charge per KW of Contract Demand	\$ 6.45	(I)
Demand Charge per KW for Billing Demand in Excess of Contract Demand	\$ 9.36	(I)
Energy Charge per KWH	\$ 0.04497	(I)

**Billing Demand**

The monthly 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 for each month and adjusted for power factor as provided herein:

<b><u>Months</u></b>	<b><u>Hours Applicable for Demand Billing - EST</u></b>
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May through September	10:00 a.m. to 10:00 p.m.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 84  
Canceling PSC KY NO. 5  
Original Sheet No. 84

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**CLASSIFICATION OF SERVICE**

---

**Large Industrial Rate - Schedule B2**

---

**Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- (a) Consumer Charge.
- (b) The product of contract demand multiplied by the contract demand charge plus, the product of the demand in excess of the contract demand multiplied by the in excess of contract demand charge.
- (c) The product of the contract demand multiplied by 400 hours and the energy charge per KWH.
- (d) Contract provisions that reflect special facilities requirements.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

**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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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 85  
Canceling PSC KY No. 5  
Original Sheet No. 85

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule B2**

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**Special Provisions**

1. 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, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load side of the delivery point shall be owned and maintained by the consumer.

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

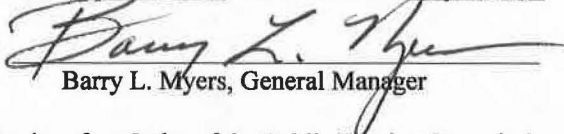
**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 86  
Canceling PSC KY No. 5  
Original Sheet No. 86

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule B3**

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**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 billing demand.

**Monthly Rate**

Consumer Charge	\$3,553.81	(I)
Demand Charge per KW of Contract Demand	\$ 6.45	(I)
Demand Charge per KW for Billing Demand in Excess of Contract Demand	\$ 9.36	(I)
Energy Charge per KWH	\$ 0.04378	(I)

**Billing Demand**

The monthly 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 for each month and adjusted for power factor as provided herein:

**Months**

**Demand Billing - EST**

**Hours Applicable for**

October through April

7:00 a.m. to 12:00 noon  
5:00 p.m. to 10:00 p.m.

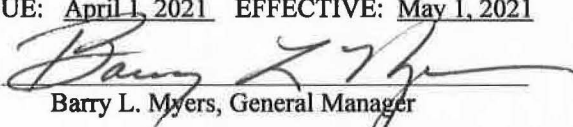
May through September

10:00 a.m. to 10:00 p.m.

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DATE OF ISSUE: April 1, 2021 EFFECTIVE: May 1, 2021

ISSUED BY:

  
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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED  
PSC KY No. 5  
Revised Sheet No. 87  
Canceling PSC KY No. 5  
Original Sheet No. 87

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**CLASSIFICATION OF SERVICE**

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**Large Industrial Rate - Schedule B3**

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**Minimum Monthly Charge**

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- (a) Consumer Charge.
- (b) The product of contract demand multiplied by the contract demand charge plus, the product of the demand in excess of the contract demand multiplied by the in excess of contract demand charge.
- (c) The product of the contract demand multiplied by 400 hours and the energy charge per KWH.
- (d) Contract provisions that reflect special facilities requirements.

**Power Factor Adjustment**

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 0.90 (90%), the demand for billing purposes shall be the demand as indicated or recorded, multiplied by 0.90 (90%) and divided by the power factor.

**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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TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

FOR ALL TERRITORY SERVED

PSC KY No. 5

Revised Sheet No. 88

Canceling PSC KY No. 5

Original Sheet No. 88

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**CLASSIFICATION OF SERVICE**

---

**Large Industrial Rate - Schedule B3**

---

**Special Provisions**

1. **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, pole lines, and other electric equipment on the load side of the delivery point shall be owned and maintained by the consumer.

- 2.. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other electric equipment (except metering equipment) on the load of the delivery point shall be owned and maintained by the consumer..

**Terms of Payment**

The above rates are net; the gross rates are 5% higher. In the event the current monthly bill is not paid by the due date as shown on the bill, the gross rates shall apply.

**Temporary Service**

Consumers requiring temporary service under this rate schedule may be required to pay all costs of connecting and disconnecting incidental to the supplying and removing of service. In addition to this, a deposit will be required to cover estimated consumption of electricity. Both fees will be paid in advance.

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ISSUED BY: 

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Case No. 2021-00119  
Application – Exhibit 2

Existing & Proposed  
Rate Comparison

TAYLOR COUNTY RECC  
Present & Proposed Rates

Rate	Item	Present	Proposed
A	<u>Residential Farm and Home</u>		
	Customer Charge	\$ 9.82	\$ 10.25
	Energy Charge per kWh	\$ 0.07807	\$ 0.08152
ETS	<u>Residential ETS</u>		
	Energy Charge per kWh	\$ 0.04620	\$ 0.04824
GP1	<u>Small Commercial Part 1 &lt; 50 KVA</u>		
	Customer Charge	\$ 10.00	\$ 10.44
	Energy Charge per kWh	\$ 0.07824	\$ 0.08169
GP2	<u>Small Commercial Part 2 &gt; 50 KVA</u>		
	Customer Charge	\$ 49.78	\$ 51.98
	Demand Charge per kW	\$ 5.32	\$ 5.55
	Energy Charge per kWh	\$ 0.05777	\$ 0.06032
B1	<u>Large Industrial</u>		
	Customer Charge	\$ 1,225.55	\$ 1,279.63
	Demand Charge Contract per kW	\$ 6.18	\$ 6.45
	Demand Charge Excess per kW	\$ 8.96	\$ 9.36
	Energy Charge per kWh	\$ 0.04896	\$ 0.05112
C1	<u>Large Industrial</u>		
	Customer Charge	\$ 1,225.55	\$ 1,279.63
	Demand Charge per kW	\$ 6.18	\$ 6.45
	Energy Charge per kWh	\$ 0.04896	\$ 0.05112
SL	<u>Lighting</u>		
	175 Watt Mercury Vapor	\$ 2.84	\$ 2.97
	250 Watt Mercury Vapor	\$ 3.41	\$ 3.56
	400 Watt Mercury Vapor	\$ 4.52	\$ 4.72
	100 Watt HPSodium	\$ 3.25	\$ 3.39
	250 Watt HPSodium	\$ 5.00	\$ 5.22
	175 Watt Mercury Metered	\$ 2.84	\$ 2.97
	400 Watt Mercury Metered	\$ 4.52	\$ 4.72
	250 Watt HPS Con Metered	\$ 5.00	\$ 5.22
	LED Security Light	\$ 9.46	\$ 9.88
	LED Cobra Head Light	\$ 12.48	\$ 13.03
	LED Directional Light	\$ 16.88	\$ 17.62
	100 Watt HPS Metered	\$ 3.25	\$ 3.39
C2	<u>Large Industrial</u>		
	Consumer Charge	2,863.82	2,979.00
	Demand Charge per kW	6.18	6.45
	Energy Charge per kWh	0.04323	0.04497
C3	<u>Large Industrial</u>		
	Customer Charge	3,416.40	3,553.81
	Demand Charge per kW	6.18	6.45
	Energy Charge per kWh	0.04209	0.04378
B2	<u>Large Industrial</u>		
	Customer Charge	2,863.82	2,979.00
	Demand Charge -Contract per kW	6.18	6.45
	Demand Charge -Excess per kW	8.96	9.36
	Energy Charge per kWh	0.04323	0.04497
B3	<u>Large Industrial</u>		
	Customer Charge	3,416.40	3,553.81
	Demand Charge -Contract per kW	6.18	6.45
	Demand Charge -Excess per kW	8.96	9.36
	Energy Charge per kWh	0.04209	0.04378

Case No. 2021-00119  
Application – Exhibit 3

Billing Analysis for  
Each Rate Class

TAYLOR COUNTY RECC  
Billing Analysis for Pass-Through Rate Increase

Total Revenue Increase Allocated by East Kentucky Power Cooperative: \$1,725,220

#	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 Home	A	\$ 26,491,048	61.80%	\$ 26,491,048	67.76%	\$ 1,168,996	\$ 27,660,606	62.04%	\$ 1,169,559	4.41%	4.06%	\$ 563
3	Residential ETS	ETS	\$ 14,736	0.03%	\$ 14,736	0.04%	\$ 650	\$ 15,387	0.03%	\$ 651	4.42%	3.86%	\$ 0
4	Small Commercial Part 1 < 50 KVA	GP1	\$ 3,469,479	8.09%	\$ 3,469,479	8.87%	\$ 153,101	\$ 3,622,433	8.12%	\$ 152,954	4.41%	4.05%	\$ (147)
5	Small Commercial Part 2 > 50 KVA	GP2	\$ 7,278,132	16.98%	\$ 7,278,132	18.62%	\$ 321,169	\$ 7,597,727	17.04%	\$ 319,595	4.39%	4.06%	\$ (1,574)
6	Large Industrial	B1	\$ 911,149	2.13%	\$ 911,149	2.33%	\$ 40,207	\$ 951,301	2.13%	\$ 40,152	4.41%	4.10%	\$ (55)
7	Large Industrial	C1	\$ 620,464	1.45%	\$ 620,464	1.59%	\$ 27,380	\$ 647,746	1.45%	\$ 27,282	4.40%	4.08%	\$ (98)
8	Tennessee Gas / Kinder Morgan	Special	\$ 3,768,387	8.79%	\$ -	0.00%	\$ -	\$ 3,768,387	8.45%	\$ -	0.00%	0.00%	\$ -
9	Lighting	SL	\$ 310,830	0.73%	\$ 310,830	0.80%	\$ 13,716	\$ 324,638	0.73%	\$ 13,808	4.44%	4.44%	\$ 92
10	SubTotal Base Rates		\$ 42,864,225	100.00%	\$ 39,095,838	100.00%	\$ 1,725,220	\$ 44,588,226	100.00%	\$ 1,724,002	4.02%		\$ (1,218)
11													
12	TOTAL Base Rates		\$ 42,864,225	100.00%	\$ 39,095,838	100.00%	\$ 1,725,220	\$ 44,588,226	100.00%	\$ 1,724,002	4.02%		\$ (1,218)
13													
14	<u>Riders</u>												
15	FAC		\$ (1,106,268)				\$ (1,106,268)						
16	ES		\$ 4,708,578				\$ 4,708,578						
17	Misc Adj		\$ -				\$ -						
18	Other		\$ -				\$ -						
19	Total Riders		\$ 3,602,310				\$ 3,602,310						
20													
21	Total Revenue		\$ 46,466,535				\$ 48,190,537			\$ 1,724,002		3.71%	
22	Target Revenue									\$ 1,725,220			
23	Rate Rounding Variance									\$ (1,218)			
24	Rate Rounding Variance									-0.07%			





TAYLOR COUNTY 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	
90	Lighting	SL														
91			175 Watt Mercury Vapor	38,738	2.84	\$ 110,016	35.39%		2.97	\$ 115,052	\$ 5,036	4.58%	35.44%	0.05%		
92			250 Watt Mercury Vapor	12	3.41	\$ 41	0.01%		3.56	\$ 43	\$ 2	4.40%	0.01%	0.00%		
93			400 Watt Mercury Vapor	1,305	4.52	\$ 5,899	1.90%		4.72	\$ 6,160	\$ 261	4.42%	1.90%	0.00%		
94			100 Watt HPSodium	27,654	3.25	\$ 89,876	28.91%		3.39	\$ 93,747	\$ 3,872	4.31%	28.88%	-0.04%		
95			250 Watt HPSodium	9,915	5.00	\$ 49,575	15.95%		5.22	\$ 51,756	\$ 2,181	4.40%	15.94%	-0.01%		
96			175 Watt Mercury Metered	186	2.84	\$ 528	0.17%		2.97	\$ 552	\$ 24	4.58%	0.17%	0.00%		
97			400 Watt Mercury Metered	24	4.52	\$ 108	0.03%		4.72	\$ 113	\$ 5	4.42%	0.03%	0.00%		
98			250 Watt HPS Con Metered	75	5.00	\$ 375	0.12%		5.22	\$ 392	\$ 17	4.40%	0.12%	0.00%		
99			LED Security Light	4,673	9.46	\$ 44,207	14.22%		9.88	\$ 46,169	\$ 1,963	4.44%	14.22%	0.00%		
100			LED Cobra Head Light	399	12.48	\$ 4,980	1.60%		13.03	\$ 5,199	\$ 219	4.41%	1.60%	0.00%		
101			LED Directional Light	305	16.88	\$ 5,148	1.66%		17.62	\$ 5,374	\$ 226	4.38%	1.66%	0.00%		
102			100 Watt HPS Metered	24	3.25	\$ 78	0.03%		3.39	\$ 81	\$ 3	4.31%	0.03%	0.00%		
103			Total Base Rates			\$ 310,830	100.00%	\$ 324,546		\$ 324,638	\$ 13,808	4.44%	100.00%	0.00%	\$ 91.95	
104			FAC			\$ -				\$ -	\$ -	-				
105			ES			\$ -				\$ -	\$ -	-				
106			Misc Adj			\$ -				\$ -	\$ -	-				
107			Other			\$ -				\$ -	\$ -	-				
108			Total Riders			\$ -				\$ -	\$ -	-				
109			TOTAL REVENUE			\$ 310,830				\$ 324,638	\$ 13,808	4.44%				
110																
111																
112																
113	TOTALS		Total Base Rates			\$ 42,864,225				\$ 44,588,226	\$ 1,724,002	4.02%				
114			FAC			\$ (1,106,268)				\$ (1,106,268)	\$ -					
115			ES			\$ 4,708,578				\$ 4,708,578	\$ -					
116			Misc Adj			\$ -				\$ -	\$ -					
117			Other			\$ -				\$ -	\$ -					
118			Total Riders			\$ 3,602,310				\$ 3,602,310	\$ -					
119			TOTAL REVENUE			\$ 46,466,535				\$ 48,190,537	\$ 1,724,002	3.71%				
120																
121			Rate Rounding Variance								\$ (1,218)					
122																
123			<b>RATES WITH NO CURRENT MEMBERS</b>													
124																
125	Large Industrial	C2														
126			Consumer Charge			2,863.82				2,979.00						
127			Demand Charge per kW			6.18				6.45						
128			Energy Charge per kWh			0.04323				0.04497						
129	Large Industrial	C3														
130			Customer Charge			3,416.40				3,553.81						
131			Demand Charge per kW			6.18				6.45						
132			Energy Charge per kWh			0.042090				0.043783						
133	Large Industrial	B2														
134			Customer Charge			2,863.82				2,979.00						
135			Demand Charge -Contract per kW			6.18				6.45						
136			Demand Charge -Excess per kW			8.96				9.36						
137			Energy Charge per kWh			0.043230				0.044969						
138	Large Industrial	B3														
139			Customer Charge			3,416.40				3,553.81						
140			Demand Charge -Contract per kW			6.18				6.45						
141			Demand Charge -Excess per kW			8.96				9.36						
142			Energy Charge per kWh			0.042090				0.043783						

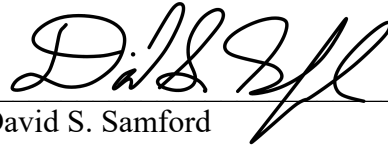


Case No. 2021-00119  
Application – Exhibit 4

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](mailto:rateintervention@ag.ky.gov) on this 1<sup>st</sup> day of April 2021.



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David S. Samford

*Counsel for Taylor County Rural Electric  
Cooperative Corporation*

Case No. 2021-00119  
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 Taylor County Rural Electric Cooperative Corporation (“Taylor County”) of a proposed rate adjustment. Taylor County intends to propose an adjustment of its existing rates to reflect the wholesale rate adjustment of its wholesale supplier, East Kentucky Power Cooperative, Inc., pursuant to KRS 278.455(2), by filing an application with the Commission on April 1, 2021, in Case No. 2021-00119. 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 Home</u>		
	Customer Charge	\$ 9.82	\$ 10.25
	Energy Charge per kWh	\$ 0.07807	\$ 0.08152
ETS	<u>Residential ETS</u>		
	Energy Charge per kWh	\$ 0.04620	\$ 0.04824
GP1	<u>Small Commercial Part 1 &lt; 50 KVA</u>		
	Customer Charge	\$ 10.00	\$ 10.44
	Energy Charge per kWh	\$ 0.07824	\$ 0.08169
GP2	<u>Small Commercial Part 2 &gt; 50 KVA</u>		
	Customer Charge	\$ 49.78	\$ 51.98
	Demand Charge per kW	\$ 5.32	\$ 5.55
	Energy Charge per kWh	\$ 0.05777	\$ 0.06032
B1	<u>Large Industrial</u>		
	Customer Charge	\$ 1,225.55	\$ 1,279.63
	Demand Charge Contract per kW	\$ 6.18	\$ 6.45
	Demand Charge Excess per kW	\$ 8.96	\$ 9.36
	Energy Charge per kWh	\$ 0.04896	\$ 0.05112
C1	<u>Large Industrial</u>		
	Customer Charge	\$ 1,225.55	\$ 1,279.63
	Demand Charge per kW	\$ 6.18	\$ 6.45
	Energy Charge per kWh	\$ 0.04896	\$ 0.05112
SL	<u>Lighting</u>		
	175 Watt Mercury Vapor	\$ 2.84	\$ 2.97
	250 Watt Mercury Vapor	\$ 3.41	\$ 3.56
	400 Watt Mercury Vapor	\$ 4.52	\$ 4.72
	100 Watt HPSodium	\$ 3.25	\$ 3.39
	250 Watt HPSodium	\$ 5.00	\$ 5.22
	175 Watt Mercury Metered	\$ 2.84	\$ 2.97
	400 Watt Mercury Metered	\$ 4.52	\$ 4.72
	250 Watt HPS Con Metered	\$ 5.00	\$ 5.22
	LED Security Light	\$ 9.46	\$ 9.88
	LED Cobra Head Light	\$ 12.48	\$ 13.03
	LED Directional Light	\$ 16.88	\$ 17.62
	100 Watt HPS Metered	\$ 3.25	\$ 3.39
C2	<u>Large Industrial</u>		
	Consumer Charge	2,863.82	2,979.00

		Demand Charge per kW	6.18	6.45
		Energy Charge per kWh	0.04323	0.04497
C3	<u>Large Industrial</u>			
		Customer Charge	3,416.40	3,553.81
		Demand Charge per kW	6.18	6.45
		Energy Charge per kWh	0.04209	0.04378
B2	<u>Large Industrial</u>			
		Customer Charge	2,863.82	2,979.00
		Demand Charge -Contract per kW	6.18	6.45
		Demand Charge -Excess per kW	8.96	9.36
		Energy Charge per kWh	0.04323	0.04497
B3	<u>Large Industrial</u>			
		Customer Charge	3,416.40	3,553.81
		Demand Charge -Contract per kW	6.18	6.45
		Demand Charge -Excess per kW	8.96	9.36
		Energy Charge per kWh	0.04209	0.04378

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 Home		\$ 1,169,559	4.06%
ETS	Residential ETS		\$ 651	3.86%
GP1	Small Commercial Part 1 < 50 KVA		\$ 152,954	4.05%
GP2	Small Commercial Part 2 > 50 KVA		\$ 319,595	4.06%
B1	Large Industrial		\$ 40,152	4.10%
C1	Large Industrial		\$ 27,282	4.08%
Special	Tennessee Gas / Kinder Morgan		\$ -	0.00%
SL	Lighting		\$ 13,808	4.44%
Total			\$1,724,002	3.71%

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 Usage (kWh)	Increase	
			Dollars	Percent
A	Residential Farm and Home	1,084	\$ 4.17	4.06%
ETS	Residential ETS	NA	\$ -	3.86%
GP1	Small Commercial Part 1 < 50 KVA	1,157	\$ 4.43	4.05%
GP2	Small Commercial Part 2 > 50 KVA	22,658	\$ 79.96	4.06%
B1	Large Industrial	370,522	\$ 1,115.35	4.10%
C1	Large Industrial	667,596	\$ 2,273.51	4.08%
Special	Tennessee Gas / Kinder Morgan	-	\$ -	0.00%
SL	Lighting	NA	NA	4.44%

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

Taylor County Rural Electric Cooperative Corporation  
625 West Main Street  
Campbellsville, Kentucky 42719  
(270) 465-4101  
<https://www.tcrecc.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 Taylor County, but the Commission may order rates to be charged that differ from the proposed rates contained in this notice. A person may submit a timely written request for intervention to the Commission at Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.

Case No. 2021-00119  
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.<sup>1</sup>

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,<sup>2</sup> 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

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<sup>1</sup> 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).

<sup>2</sup> 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,<sup>3</sup> 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. 2020-00095<sup>4</sup> (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

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<sup>3</sup> 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).

<sup>4</sup> *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.<sup>5</sup>

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.<sup>6</sup> 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,<sup>7</sup> 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

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<sup>5</sup> 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).

<sup>6</sup> 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.

<sup>7</sup> 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.<sup>8</sup> 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.

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<sup>8</sup> *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,<sup>9</sup> 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?**

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<sup>9</sup> *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.

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**


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**VERIFICATION OF JOHN WOLFRAM**

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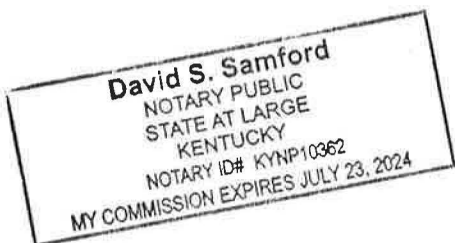
COMMONWEALTH OF KENTUCKY    )  
  )  
COUNTY OF JEFFERSON                                )


John Wolfram, being duly sworn, states that he has supervised the preparation of his Direct Testimony in this case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_

John Wolfram

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



  
\_\_\_\_\_

Notary Commission No. KYNP10362

Commission expiration: 7-23-24