

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

In the Matter of:

ELECTRONIC TARIFF FILING OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. TO)	CASE NO.
ESTABLISH ITS EARNINGS MECHANISM)	2021-00429
TARIFF)	

**RESPONSES TO COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED DECEMBER 7, 2021

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00429
FIRST REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 12/7/2021
REQUEST 1

RESPONSIBLE PARTY: Isaac S. Scott

Request 1. Refer to the proposed PSC No. 35, First Revised Sheet No. 47, section Standard Rider.

Request 1a. This section appears to contain typographical errors. Provide revised language for this section.

Response 1a. East Kentucky Power Cooperative ("EKPC") acknowledges that there were errors included in this section of the proposed tariff and apologizes for the confusion. This section of the proposed tariff should read as follows: "This Earning Mechanism is a rider to Rates B, C, E, and G as well as applicable to all special contract customers."

Request 1b. Explain whether special contract customers will be eligible for Rate EM bill credits. If not, explain why not.

Response 1b. Special contract customers will be eligible for Rate EM bill credits.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00429
FIRST REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 12/7/2021
REQUEST 2

RESPONSIBLE PARTY: **Ann Bridges**

Request 2. Refer to the proposed PSC No. 35, Original Sheet 47.1.

Request 2a. Confirm that EKPC intends to provide all bill credits in a single month. If this cannot be confirmed, explain. If confirmed, discuss whether EKPC expects any adverse impact to its cash flows.

Response 2a. EKPC confirms its intent is to provide the bill credits in a single month. EKPC does not expect any adverse impact to its cash flows using this approach. Given that the credit will reflect the margins in excess of a 1.40 TIER, EKPC does not believe the excess margins will be large enough to significantly impact its cash flows. In the event the credit for a given period was expected to negatively impact its cash flow, EKPC would reserve the right to include with the applicable annual filing a request to spread that particular credit over more than a single month and would provide an explanation concerning why there was a need to do so.

Request 2b. State whether EKPC considered monthly bill credits. If so, provide the rationale for proposing a lump sum annual bill credit. If not, explain why not.

Response 2b. EKPC did not consider monthly bill credits, as it desired to return to its Owner-Member Cooperatives (“owner-members”) and the End-Use Retail Members (“retail members”) the excess margins as quickly as possible. Spreading the credit over a 12-month period could dilute the amount so much that the impact on the retail members’ monthly bills would be negligible.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00429
FIRST REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 12/7/2021

REQUEST 3

RESPONSIBLE PARTY: Isaac S. Scott

Request 3. Provide sample annual filing formats for EKPC's Rate EM. The formats should include, at minimum, detailed schedules showing how EKPC intends to calculate (1) its achieved margins, (2) its achieved Times Interest Earned Ratio (TIER), (3) the margins necessary to produce a 1.40 TIER, and (4) the allocation of any excess margins.

Response 3. Please see pages 3 through 12 of this response. EKPC is proposing three filing formats. Format 1.0 shows the determination of the achieved margin and TIER, the margins necessary to produce a 1.40 TIER, and the excess margin (if any) for the reporting year. This format would be filed with the Commission every year. Format 2.0 shows the allocation of the excess margin by rate schedule and owner-member, based on invoiced revenues for the reporting year. Format 2.1 shows the determination of the invoiced revenues by rate schedule for the reporting year. The calculations shown on Formats 2.0 and 2.1 are consistent with the allocation of excess margins described in the proposed Rate EM tariff. Formats 2.0 and 2.1 would only be filed in reporting years where EKPC had achieved a margin in excess of a 1.40 TIER.

Pages 3 through 7 of this response show blank versions of the proposed formats. EKPC is also providing an illustrative example of how a “filled in” set of the formats would look on pages 8 through 12 of this response. The illustrative example is based on actual financial information from 2020, with two adjustments. The actual achieved TIER from 2020 operations was 1.28. For illustrative purposes, the operating revenues were increased by \$10,000,000 and operating expenses were decreased by \$10,000,000. With these illustrative adjustments, the fictive results from 2020 would have yielded a TIER of 1.48.

To document the calculation of the achieved margins, the achieved TIER, the margins necessary to produce a 1.40 TIER, and the excess margin for a reporting year, where applicable, EKPC cross-referenced the entries in Format 1.0 to the annual FERC Form 1. But EKPC realized that the accounting treatment described in Response No. 4 would result in the operating revenues reported on FERC Form 1 already being reduced for the excess margins. Thus without some adjustment, the calculations on Format 1.0 would not show excess margins. To solve this problem, for purposes of preparing Format 1.0, EKPC will exclude from the operating revenues the contra electric and steam revenue account entries associated with the regulatory liability recorded in Account 254004 for any margins in excess of 1.40 TIER.

Format 1.0

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING FORMATS
For the Calendar Year 20__

Determination of Achieved Margin

9	Total Operating Revenues	\$0
10	(FERC Form 1, page 114, line 2; see Note 1 below)	
11	Total Operating Expenses	\$0
12	(FERC Form 1, page 114, line 25)	
13	Net Utility Operating Income	\$0
14	[Row 9 minus Row 11]	
15	Net Other Income & Deductions	\$0
16	(FERC Form 1, page 117, line 56)	
17	Net Interest Charges	\$0
18	(FERC Form 1, page 117, line 66)	
19	Extraordinary Items	\$0
20	(FERC Form 1, page 117, line 73)	
21	Net Margins	\$0
22	[Row 13 plus Row 15 minus Row 17 plus Row 19]	

Determination of Achieved Times Interest Earned Ratio (TIER)

26	Net Margins	\$0
27	Interest on Long Term Debt	\$0
28	(FERC Form 1, page 117, line 58)	
30	Achieved TIER	0.00
31	[(Row 26 plus Row 27) / Row 27]	

Margins Necessary to Produce 1.40 TIER

35	Interest on Long Term Debt	\$0
37	Interest Multiplied by 1.40 TIER	\$0
39	Less Interest on Long Term Debt	\$0
41	Margins Necessary to Produce 1.40 TIER	\$0

Determination of Excess Margins

45	Net Margin	\$0
46	[Row 21]	
47	Margins Necessary to Produce 1.40 TIER	\$0
48	[Row 41]	
49	Excess Margins for Year	\$0

Note 1: Operating Revenues are shown exclusive of the contra electric and steam revenue account entries associated with the Regulatory Liability recorded in Account 254004 for any margins in excess of 1.40 TIER for the reporting year.

EKPC will file Format 1.0 each year with the Commission. In years where there are Excess Margins, EKPC will also file Formats 2.0 and 2.1 to provide the allocation of the Excess Margins to the Owner-Members.

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - ALLOCATION OF EXCESS MARGINS
For the Calendar Year 20__

0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63

Margins in Excess of 1.40 TIER \$0 [From Format 1.0, Row 49]

Step 1: Allocation of Excess Margin to Rate Schedules

Rate Schedule	Percentage of Total Revenues, All	Allocation of Excess Margin
Rate E, Option 2	0.000%	\$0
Rate B	0.000%	\$0
Rate C	0.000%	\$0
Rate G	0.000%	\$0
Contract	0.000%	\$0
TGP	0.000%	\$0
Steam	0.000%	\$0
Totals	0.000%	\$0

Step 2: Further Allocation of Excess Margin by Rate Schedules to Owner-Members

Note: Contract and Steam have only one customer each, so a further allocation is not necessary.

Rate E, Option 2			Rate B			Rate C		
Member	Percentage of Rate Schedule	Allocation of \$0	Member	Percentage of Rate Schedule	Allocation of \$0	Member	Percentage of Rate Schedule	Allocation of \$0
Big Sandy	0.000%	\$0	Big Sandy	0.000%	\$0	Farmers	0.000%	\$0
Blue Grass	0.000%	\$0	Blue Grass	0.000%	\$0	Fleming-Mason	0.000%	\$0
Clark	0.000%	\$0	Fleming-Mason	0.000%	\$0	Jackson	0.000%	\$0
Cumberland Valley	0.000%	\$0	Grayson	0.000%	\$0	South Kentucky	0.000%	\$0
Farmers	0.000%	\$0	Inter-County	0.000%	\$0			
Fleming-Mason	0.000%	\$0	Jackson	0.000%	\$0			
Grayson	0.000%	\$0	Nolin	0.000%	\$0			
Inter-County	0.000%	\$0	Owen	0.000%	\$0			
Jackson	0.000%	\$0	Salt River	0.000%	\$0			
Licking Valley	0.000%	\$0	Shelby	0.000%	\$0			
Nolin	0.000%	\$0	South Kentucky	0.000%	\$0			
Owen	0.000%	\$0	Taylor County	0.000%	\$0			
Salt River	0.000%	\$0						
Shelby	0.000%	\$0						
South Kentucky	0.000%	\$0						
Taylor County	0.000%	\$0						
Total Rate E, Opt 2	0.000%	\$0	Total Rate B	0.000%	\$0	Total Rate C	0.000%	\$0

Rate G			TGP		
Member	Percentage of Rate Schedule	Allocation of \$0	Member	Percentage of Rate Schedule	Allocation of \$0
Blue Grass	0.000%	\$0	Fleming-Mason	0.000%	\$0
Fleming-Mason	0.000%	\$0	Taylor County	0.000%	\$0
Inter-County	0.000%	\$0			
Nolin	0.000%	\$0			
Total Rate G	0.000%	\$0	Total TGP	0.000%	\$0

All Revenue Percentages come from calculations shown on Format 2.1.

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - ALLOCATION OF EXCESS MARGINS
For the Calendar Year 20__

Summary of Allocation of Excess Margins by Owner-Member

10	Big Sandy	Rate E, Option 2	\$0	Jackson	Rate E, Option 2	\$0
11		Rate B	\$0		Rate B	\$0
12		Total	\$0		Rate C	\$0
13					Total	\$0
14	Blue Grass	Rate E, Option 2	\$0	Licking Valley	Rate E, Option 2	\$0
15		Rate B	\$0			
16		Rate G	\$0	Nolin	Rate E, Option 2	\$0
17		Total	\$0		Rate B	\$0
18					Rate G	\$0
19	Clark	Rate E, Option 2	\$0		Total	\$0
20				Owen	Rate E, Option 2	\$0
21	Cumberland Valley	Rate E, Option 2	\$0		Rate B	\$0
22					Contract	\$0
23	Farmers	Rate E, Option 2	\$0		Total	\$0
24		Rate C	\$0	Salt River	Rate E, Option 2	\$0
25		Total	\$0		Rate B	\$0
26					Total	\$0
27	Fleming-Mason	Rate E, Option 2	\$0	Shelby	Rate E, Option 2	\$0
28		Rate B	\$0		Rate B	\$0
29		Rate C	\$0		Total	\$0
30		Rate G	\$0	South Kentucky	Rate E, Option 2	\$0
31		TGP	\$0		Rate B	\$0
32		Steam	\$0		Rate C	\$0
33		Total	\$0		Total	\$0
34				Taylor County	Rate E, Option 2	\$0
35	Grayson	Rate E, Option 2	\$0		Rate B	\$0
36		Rate B	\$0		Rate C	\$0
37		Total	\$0		Total	\$0
38						
39	Inter-County	Rate E, Option 2	\$0			
40		Rate B	\$0			
41		Rate G	\$0			
42		Total	\$0			
43						
44						
45						
46						
47		Total All Members	\$0			
48		Rounding Differences:				
49		Format 2.0, page 1 of 2, Row 6	\$0			
50		Format 2.0, page 1 of 2, Row 21	\$0			

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - REVENUE DETAIL
By Rate Schedule and Owner-Members
For the Calendar Year 20__

20__ EKPC Revenues									
Rate Schedule	Invoice Revenues	Panel Production Credit	Green Power Billing	Direct Load Control	Generator Credit	Total Revenues	Percentage of Rate Schedule	Percentage of Total Revenues, All	
<u>Rate E, Option 2</u>									
Big Sandy	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Blue Grass	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Clark	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Cumberland Valley	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Farmers	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Grayson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Inter-County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Jackson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Licking Valley	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Nolin	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Owen	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Salt River	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Shelby	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
South Kentucky	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Taylor County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Total Rate E, Option 2	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>Rate B</u>									
Big Sandy	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Blue Grass	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Grayson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Inter-County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Jackson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Nolin	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Owen	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Salt River	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Shelby	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
South Kentucky	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Taylor County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Total Rate B	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>Rate C</u>									
Farmers	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Jackson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
South Kentucky	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Total Rate C	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - REVENUE DETAIL
By Rate Schedule and Owner-Members
For the Calendar Year 20__

55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105

		20__ EKPC Revenues							
Rate Schedule	Invoice Revenues	Panel Production Credit	Green Power Billing	Direct Load Control	Generator Credit	Total Revenues	Percentage of Rate Schedule	Percentage of Total Revenues, All	
<u>Rate G</u>									
Blue Grass	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Inter-County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Nolin	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Total Rate G	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>Contract</u>									
Owen	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>TGP</u>									
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Taylor County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Total TGP	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>Steam</u>									
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
<u>Totals</u>									
Big Sandy	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Blue Grass	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Clark	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Cumberland Valley	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Farmers	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Fleming-Mason	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Grayson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Inter-County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Jackson	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Licking Valley	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Nolin	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Owen	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Salt River	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Shelby	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
South Kentucky	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Taylor County	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	
Totals, All Members	\$0	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	

Format 1.0

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING FORMATS
For the Calendar Year 2020
For Illustration Purposes Only

Determination of Achieved Margin

Total Operating Revenues <i>Adjusted for Illustration</i> (FERC Form 1, page 114, line 2; see Note 1 below)	\$797,672,472
Total Operating Expenses <i>Adjusted for Illustration</i> (FERC Form 1, page 114, line 25)	<u>\$660,122,153</u>
Net Utility Operating Income [Row 9 minus Row 11]	\$137,550,319
Net Other Income & Deductions (FERC Form 1, page 117, line 56)	\$12,746,133
Net Interest Charges (FERC Form 1, page 117, line 66)	\$101,604,544
Extraordinary Items (FERC Form 1, page 117, line 73)	<u>\$0</u>
Net Margins [Row 13 plus Row 15 minus Row 17 plus Row 19]	<u><u>\$48,691,908</u></u>

Determination of Achieved Times Interest Earned Ratio (TIER)

Net Margins	\$48,691,908
Interest on Long Term Debt (FERC Form 1, page 117, line 58)	\$100,921,595
Achieved TIER [(Row 26 plus Row 27) / Row 27]	<u><u>1.48</u></u>

Margins Necessary to Produce 1.40 TIER

Interest on Long Term Debt	\$100,921,595
Interest Multiplied by 1.40 TIER	\$141,290,233
Less Interest on Long Term Debt	<u>\$100,921,595</u>
Margins Necessary to Produce 1.40 TIER	<u><u>\$40,368,638</u></u>

Determination of Excess Margins

Net Margin [Row 21]	\$48,691,908
Margins Necessary to Produce 1.40 TIER [Row 41]	<u>\$40,368,638</u>
Excess Margins for Year	<u><u>\$8,323,270</u></u>

Note 1: Operating Revenues are shown exclusive of the contra electric and steam revenue account entries associated with the Regulatory Liability recorded in Account 254004 for any margins in excess of 1.40 TIER for the reporting year.

EKPC will file Format 1.0 each year with the Commission. In years where there are Excess Margins, EKPC will also file Formats 2.0 and 2.1 to provide the allocation of the Excess Margins to the Owner-Members.

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - ALLOCATION OF EXCESS MARGINS
For the Calendar Year 2020
For Illustration Purposes Only

0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63

Margins in Excess of 1.40 TIER \$8,323,270 [From Format 1.0, Row 49]

Step 1: Allocation of Excess Margin to Rate Schedules

Rate Schedule	Percentage of Total Revenues, All	Allocation of Excess Margin
Rate E, Option 2	80.813%	\$6,726,284
Rate B	6.931%	\$576,886
Rate C	1.591%	\$132,423
Rate G	3.084%	\$256,690
Contract	5.093%	\$423,904
TGP	1.109%	\$92,305
Steam	1.380%	\$114,861
Totals	100.001%	\$8,323,353

Step 2: Further Allocation of Excess Margin by Rate Schedules to Owner-Members

Note: Contract and Steam have only one customer each, so a further allocation is not necessary.

Rate E, Option 2			Rate B			Rate C		
Member	Percentage of Rate Schedule	Allocation of \$6,726,284	Member	Percentage of Rate Schedule	Allocation of \$576,886	Member	Percentage of Rate Schedule	Allocation of \$132,423
Big Sandy	2.292%	\$154,166	Big Sandy	0.640%	\$3,692	Farmers	17.021%	\$22,540
Blue Grass	11.335%	\$762,424	Blue Grass	17.236%	\$99,432	Fleming-Mason	33.317%	\$44,119
Clark	4.716%	\$317,212	Fleming-Mason	0.00858	\$4,950	Jackson	8.066%	\$10,681
Cumberland Valley	4.501%	\$302,750	Grayson	3.100%	\$17,883	South Kentucky	41.597%	\$55,084
Farmers	4.683%	\$314,992	Inter-County	5.873%	\$33,881			
Fleming-Mason	4.661%	\$313,512	Jackson	5.805%	\$33,488			
Grayson	2.402%	\$161,565	Nolin	1.429%	\$8,244			
Inter-County	4.525%	\$304,364	Owen	24.179%	\$139,485			
Jackson	8.950%	\$602,002	Salt River	14.504%	\$83,672			
Licking Valley	2.644%	\$177,843	Shelby	16.348%	\$94,309			
Nolin	6.481%	\$435,930	South Kentucky	7.065%	\$40,757			
Owen	11.242%	\$756,169	Taylor County	2.961%	\$17,082			
Salt River	11.217%	\$754,487						
Shelby	3.448%	\$231,922						
South Kentucky	12.154%	\$817,513						
Taylor County	4.748%	\$319,364						
Total Rate E, Opt 2	99.999%	\$6,726,215	Total Rate B	99.998%	\$576,875	Total Rate C	100.001%	\$132,424

Rate G			TGP		
Member	Percentage of Rate Schedule	Allocation of \$256,690	Member	Percentage of Rate Schedule	Allocation of \$92,305
Blue Grass	19.492%	\$50,034	Fleming-Mason	66.021%	\$60,941
Fleming-Mason	58.166%	\$149,306	Taylor County	33.979%	\$31,364
Inter-County	0.058%	\$149			
Nolin	22.284%	\$57,201			
Total Rate G	100.000%	\$256,690	Total TGP	100.000%	\$92,305

All Revenue Percentages come from calculations shown on Format 2.1.

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - ALLOCATION OF EXCESS MARGINS
For the Calendar Year 2020
For Illustration Purposes Only

Summary of Allocation of Excess Margins by Owner-Member

0						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10	Big Sandy	Rate E, Option 2	\$154,166	Jackson	Rate E, Option 2	\$602,002
11		Rate B	\$3,692		Rate B	\$33,488
12		Total	<u>\$157,858</u>		Rate C	\$10,681
13					Total	<u>\$646,171</u>
14	Blue Grass	Rate E, Option 2	\$762,424			
15		Rate B	\$99,432	Licking Valley	Rate E, Option 2	<u>\$177,843</u>
16		Rate G	\$50,034			
17		Total	<u>\$911,890</u>	Nolin	Rate E, Option 2	\$435,930
18					Rate B	\$8,244
19	Clark	Rate E, Option 2	<u>\$317,212</u>		Rate G	\$57,201
20					Total	<u>\$501,375</u>
21	Cumberland Valley	Rate E, Option 2	<u>\$302,750</u>			
22				Owen	Rate E, Option 2	\$756,169
23	Farmers	Rate E, Option 2	\$314,992		Rate B	\$139,485
24		Rate C	\$22,540		Contract	\$423,904
25		Total	<u>\$337,532</u>		Total	<u>\$1,319,558</u>
26						
27	Fleming-Mason	Rate E, Option 2	\$313,512	Salt River	Rate E, Option 2	\$754,487
28		Rate B	\$4,950		Rate B	\$83,672
29		Rate C	\$44,119		Total	<u>\$838,159</u>
30		Rate G	\$149,306			
31		TGP	\$60,941	Shelby	Rate E, Option 2	\$231,922
32		Steam	\$114,861		Rate B	\$94,309
33		Total	<u>\$687,689</u>		Total	<u>\$326,231</u>
34						
35	Grayson	Rate E, Option 2	\$161,565	South Kentucky	Rate E, Option 2	\$817,513
36		Rate B	\$17,883		Rate B	\$40,757
37		Total	<u>\$179,448</u>		Rate C	\$55,084
38					Total	<u>\$913,354</u>
39	Inter-County	Rate E, Option 2	\$304,364			
40		Rate B	\$33,881	Taylor County	Rate E, Option 2	\$319,364
41		Rate G	\$149		Rate B	\$17,082
42		Total	<u>\$338,394</u>		TGP	\$31,364
43					Total	<u>\$367,810</u>
44						
45						
46						
47		Total All Members	<u>\$8,323,274</u>			
48		Rounding Differences:				
49		Format 2.0, page 1 of 2, Row 6				(\$4)
50		Format 2.0, page 1 of 2, Row 21				\$79

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - REVENUE DETAIL
By Rate Schedule and Owner-Members
For the Calendar Year 2020

For Illustration Purposes Only

2020 EKPC Revenues									
Rate Schedule	Invoice Revenues	Panel Production Credit	Green Power Billing	Direct Load Control	Generator Credit	Total Revenues	Percentage of Rate Schedule	Percentage of Total Revenues, All	
<u>Rate E, Option 2</u>									
Big Sandy	\$13,972,122	\$0	\$696	(\$17,438)	\$0	\$13,955,380	2.292%	1.852%	
Blue Grass	\$69,240,238	(\$2,426)	\$5,414	(\$229,577)	\$0	\$69,013,649	11.335%	9.160%	
Clark	\$28,732,254	(\$335)	\$849	(\$17,952)	\$0	\$28,714,816	4.716%	3.811%	
Cumberland Valley	\$27,437,418	(\$81)	\$213	(\$30,186)	\$0	\$27,407,364	4.501%	3.638%	
Farmers	\$28,568,674	(\$395)	\$348	(\$57,257)	\$0	\$28,511,370	4.683%	3.784%	
Fleming-Mason	\$28,414,602	(\$1,199)	\$420	(\$31,142)	\$0	\$28,382,681	4.661%	3.767%	
Grayson	\$14,643,871	(\$1,600)	\$1,241	(\$16,072)	\$0	\$14,627,440	2.402%	1.941%	
Inter-County	\$27,603,582	(\$139)	\$11,178	(\$62,044)	\$0	\$27,552,577	4.525%	3.657%	
Jackson	\$54,519,753	(\$575)	\$2,030	(\$24,854)	\$0	\$54,496,354	8.950%	7.233%	
Licking Valley	\$16,107,860	(\$80)	\$600	(\$11,096)	\$0	\$16,097,284	2.644%	2.137%	
Nolin	\$39,458,227	(\$313)	\$5,003	(\$3,336)	\$0	\$39,459,581	6.481%	5.237%	
Owen	\$68,569,034	(\$3,098)	\$10,150	(\$128,122)	\$0	\$68,447,964	11.242%	9.085%	
Salt River	\$68,912,075	(\$1,688)	\$1,784	(\$77,621)	(\$533,900)	\$68,300,650	11.217%	9.065%	
Shelby	\$21,034,686	(\$754)	\$2,491	(\$39,448)	\$0	\$20,996,975	3.448%	2.787%	
South Kentucky	\$74,122,183	(\$2,288)	\$4,158	(\$122,496)	\$0	\$74,001,557	12.154%	9.822%	
Taylor County	\$28,926,797	\$0	\$0	(\$14,795)	\$0	\$28,912,002	4.748%	3.837%	
Total Rate E, Option 2	\$610,263,376	(\$14,971)	\$46,575	(\$883,436)	(\$533,900)	\$608,877,644	99.999%	80.813%	
<u>Rate B</u>									
Big Sandy	\$334,295	\$0	\$0	\$0	\$0	\$334,295	0.640%	0.044%	
Blue Grass	\$9,000,059	\$0	\$0	\$0	\$0	\$9,000,059	17.236%	1.195%	
Fleming-Mason	\$448,077	\$0	\$0	\$0	\$0	\$448,077	0.858%	0.059%	
Grayson	\$1,619,004	\$0	\$0	\$0	\$0	\$1,619,004	3.100%	0.215%	
Inter-County	\$3,066,881	\$0	\$0	\$0	\$0	\$3,066,881	5.873%	0.407%	
Jackson	\$3,031,343	\$0	\$0	\$0	\$0	\$3,031,343	5.805%	0.402%	
Nolin	\$746,254	\$0	\$0	\$0	\$0	\$746,254	1.429%	0.099%	
Owen	\$12,626,004	\$0	\$0	\$0	\$0	\$12,626,004	24.179%	1.676%	
Salt River	\$7,573,758	\$0	\$0	\$0	\$0	\$7,573,758	14.504%	1.005%	
Shelby	\$8,536,733	\$0	\$0	\$0	\$0	\$8,536,733	16.348%	1.133%	
South Kentucky	\$3,689,443	\$0	\$0	\$0	\$0	\$3,689,443	7.065%	0.490%	
Taylor County	\$1,546,287	\$0	\$0	\$0	\$0	\$1,546,287	2.961%	0.205%	
Total Rate B	\$52,218,138	\$0	\$0	\$0	\$0	\$52,218,138	99.998%	6.931%	
<u>Rate C</u>									
Farmers	\$2,039,683	\$0	\$0	\$0	\$0	\$2,039,683	17.021%	0.271%	
Fleming-Mason	\$3,992,546	\$0	\$0	\$0	\$0	\$3,992,546	33.317%	0.530%	
Jackson	\$966,547	\$0	\$0	\$0	\$0	\$966,547	8.066%	0.128%	
South Kentucky	\$4,984,849	\$0	\$0	\$0	\$0	\$4,984,849	41.597%	0.662%	
Total Rate C	\$11,983,625	\$0	\$0	\$0	\$0	\$11,983,625	100.001%	1.591%	

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING - REVENUE DETAIL
By Rate Schedule and Owner-Members
For the Calendar Year 2020

For Illustration Purposes Only

		2020 EKPC Revenues						Percentage of	Percentage of Total
Rate Schedule	Invoice Revenues	Panel Production Credit	Green Power Billing	Direct Load Control	Generator Credit	Total Revenues	Rate Schedule	Revenues, All	
<u>Rate G</u>									
Blue Grass	\$4,528,675	\$0	\$0	\$0	\$0	\$4,528,675	19.492%	0.601%	
Fleming-Mason	\$13,514,333	\$0	\$0	\$0	\$0	\$13,514,333	58.166%	1.794%	
Inter-County	\$13,557	\$0	\$0	\$0	\$0	\$13,557	0.058%	0.002%	
Nolin	\$5,177,527	\$0	\$0	\$0	\$0	\$5,177,527	22.284%	0.687%	
Total Rate G	\$23,234,092	\$0	\$0	\$0	\$0	\$23,234,092	100.000%	3.084%	
<u>Contract</u>									
Owen	\$38,369,470	\$0	\$0	\$0	\$0	\$38,369,470	100.000%	5.093%	
<u>TGP</u>									
Fleming-Mason	\$5,517,382	\$0	\$0	\$0	\$0	\$5,517,382	66.021%	0.732%	
Taylor County	\$2,839,652	\$0	\$0	\$0	\$0	\$2,839,652	33.979%	0.377%	
Total TGP	\$8,357,034	\$0	\$0	\$0	\$0	\$8,357,034	100.000%	1.109%	
<u>Steam</u>									
Fleming-Mason	\$10,399,384	\$0	\$0	\$0	\$0	\$10,399,384	100.000%	1.380%	
<u>Totals</u>									
Big Sandy	\$14,306,417	\$0	\$696	(\$17,438)	\$0	\$14,289,675	1.897%	1.897%	
Blue Grass	\$82,768,972	(\$2,426)	\$5,414	(\$229,577)	\$0	\$82,542,383	10.955%	10.955%	
Clark	\$28,732,254	(\$335)	\$849	(\$17,952)	\$0	\$28,714,816	3.811%	3.811%	
Cumberland Valley	\$27,437,418	(\$81)	\$213	(\$30,186)	\$0	\$27,407,364	3.638%	3.638%	
Farmers	\$30,608,357	(\$395)	\$348	(\$57,257)	\$0	\$30,551,053	4.055%	4.055%	
Fleming-Mason	\$62,286,324	(\$1,199)	\$420	(\$31,142)	\$0	\$62,254,403	8.263%	8.263%	
Grayson	\$16,262,875	(\$1,600)	\$1,241	(\$16,072)	\$0	\$16,246,444	2.156%	2.156%	
Inter-County	\$30,684,020	(\$139)	\$11,178	(\$62,044)	\$0	\$30,633,015	4.066%	4.066%	
Jackson	\$58,517,643	(\$575)	\$2,030	(\$24,854)	\$0	\$58,494,244	7.764%	7.764%	
Licking Valley	\$16,107,860	(\$80)	\$600	(\$11,096)	\$0	\$16,097,284	2.137%	2.137%	
Nolin	\$45,382,008	(\$313)	\$5,003	(\$3,336)	\$0	\$45,383,362	6.023%	6.023%	
Owen	\$119,564,508	(\$3,098)	\$10,150	(\$128,122)	\$0	\$119,443,438	15.853%	15.853%	
Salt River	\$76,485,833	(\$1,688)	\$1,784	(\$77,621)	(\$533,900)	\$75,874,408	10.070%	10.070%	
Shelby	\$29,571,419	(\$754)	\$2,491	(\$39,448)	\$0	\$29,533,708	3.920%	3.920%	
South Kentucky	\$82,796,475	(\$2,288)	\$4,158	(\$122,496)	\$0	\$82,675,849	10.973%	10.973%	
Taylor County	\$33,312,736	\$0	\$0	(\$14,795)	\$0	\$33,297,941	4.419%	4.419%	
Totals, All Members	\$754,825,119	(\$14,971)	\$46,575	(\$883,436)	(\$533,900)	\$753,439,387	100.000%	100.001%	

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00429
FIRST REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 12/7/2021

REQUEST 4

RESPONSIBLE PARTY: **Michelle Carpenter**

Request 4. Explain how EKPC intends to account for any bill credits, including to which accounts they will be recorded and the timing of these entries.

Response 4. After all accounting entries have been made for year-end, EKPC will calculate the TIER based upon unaudited margin and interest expense at that time. If TIER exceeds 1.40, EKPC will record a final entry for the year to credit Regulatory Liability Account 254004, and debit contra electric and steam revenue accounts 447144 and 456044, respectively, for the amount of year-end margin that will need to be refunded to owner-members through a bill credit to meet a 1.40 TIER. If any adjustments occur as a result of the annual independent audit that affect margin, year-end TIER will be recalculated and the year-end Regulatory Liability and contra revenue account balances will be adjusted accordingly to ensure that EKPC's TIER, based upon its final audited records, does not exceed 1.40. After providing the annual filing as discussed in Mr. Scott's Response to Request No. 3 to the Commission, EKPC plans to refund owner-members through a bill credit in June (May billing month) of that same year. Should the Commission seek additional information regarding the annual filing, EKPC would then issue the bill credit in the month following the conclusion of the

Commission's review. Regulatory Liability Account 254004 will be debited for the total amount of the bill credit, which will ultimately relieve the liability balance, and Account 142100, Customer Accounts Receivable-Electric, will be credited for the total amount of the bill credit.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00429
FIRST REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S FIRST INFORMATION REQUEST DATED 12/7/2021
REQUEST 5**

RESPONSIBLE PARTY: Ann Bridges

Request 5. Explain whether EKPC will retire any capital credits in association with returning any excess margins.

Response 5. The earnings mechanism tariff and the retirement of capital credits are two separate and distinct methods of returning funds to members. The earnings mechanism tariff, which is the subject of this proceeding, was a provision of the Settlement Agreement approved in Case No. 2021-00103. Under this mechanism, EKPC is required to refund to its members any amounts which exceed a 1.40 TIER in any calendar year. Conversely, and in accordance with EKPC's bylaws, the retirement of capital credits may only be considered if EKPC's equity is at least 20% and the Board approves the retirement. Consequently, the retirement of any capital credits is not associated with the return of any excess margins pursuant to the provisions of the earnings mechanism tariff.