

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

ELECTRONIC TARIFF FILING OF EAST	)	
KENTUCKY POWER COOPERATIVE, INC.’S	)	CASE NO.
DISTRIBUTION COOPERATIVES TO ESTABLISH	)	2023-00135
AN EARNING MECHANISM TARIFF	)	

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**EAST KENTUCKY POWER COOPERATIVE, INC.’S DISTRIBUTION  
COOPERATIVES’ MOTION FOR LEAVE TO MODIFY TARIFFS  
AND MOTION FOR EXTENSION OF TIME TO FILE UPDATED TARIFFS**

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Come now East Kentucky Power Cooperative Inc.’s (“EKPC”) sixteen owner-member cooperatives (“owner-members”), by and through counsel, and do hereby request leave to modify the tariffs approved by the Kentucky Public Service Commission’s (“Commission”) April 27, 2023 Order (“April 27<sup>th</sup> Order”) and for an extension of time to file the modifications contained in the April 27<sup>th</sup> Order, until such time as the Commission has ruled upon the modifications contained in this Motion. Specifically, the owner-members seek leave to modify step five of the owner-members’ bill calculation process. With regards to this request for leave to modify and for extension of time, the owner-members respectfully state as follows:

**I. BACKGROUND**

The owner-members tendered Rate EM tariffs through the Commission’s electronic tariff filing system on March 28, 2023. The Commission issued an Order approving those tariffs with slight modifications on April 27, 2023. These modifications included having provisions in the tariff regarding the owner-members’ rate calculations being filed with the Commission in the same manner as EKPC’s calculations are filed and the amortization period of the owner-members’ bill

credits over the same time period as EKPC's bill credit to the owner-members. The owner-members are in agreement to include these provisions in the Rate EM tariffs.

## **II. REQUEST FOR MODIFICATION**

The owner-members are seeking clarification on one portion of the Commission's April 27<sup>th</sup> Order. Specifically, the owner-members request clarification on the following portion of the April 27<sup>th</sup> Order:

The Commission recognizes that challenges may arise under step 5 of the above process, particularly issues related to using the past year's customer account information in determining bill credits. Should issues arise under the current process, in subsequent years the Distribution Cooperatives may propose a modification for Commission consideration to provide a bill credit to all current customers based on expected or anticipated usage, or based on customer count. The Commission will consider the reasonableness of any proposal if and when it is submitted.

The owner-members' intent in the tariff filing was to provide the bill credit only to current customers. The owner-members would use the prior years' usage information to determine the total amount of the credit to each customer class. That total amount would then be credited only to current customers at the time the bill credit is issued. However, after reviewing the Commission's Order, it appears that the owner-members' tariffs were not clear on how that process would happen. Therefore, the owner-members request that the Commission allow the owner-members to amend the tariffs that were filed on March 27, 2023. The Commission's Order correctly foresees issues with step 5, however, the owner-members believe that the issues are currently present and would request to amend the tariffs now instead of waiting for a later date. The owner-members have attached to this Motion a proposed red-lined tariff to detail how the owner-members will calculate and apply the bill credit to retail customers. The owner-members propose to divide the excess margins in each customer class, either by current customer account

or membership and distribute the excess margins equally to each member in a particular customer class, or the owner-member will base each retail member's bill credit, in a particular class, on the total revenue or usage contributed by each retail member within that class. However, if the owner-member chooses to use the total revenue or usage to determine the amount of the bill credit, the share of any retail member who was a member in the year used to calculate the excess margins by EKPC but who is no longer a member at the time of the bill credit, will be divided between the current retail members.

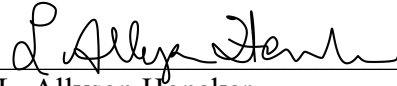
### **III. MOTION FOR EXTENSION OF TIME**

The Commission's April 27<sup>th</sup> Order required the owner-members to file updated tariffs with the Commission via the Commission's electronic tariff filing system within twenty days from the date of the Order. Due to the additional change to the tariff that is being requested by the owner-members in this filing, the owner-members request an extension of time to file the updated tariffs. If the Commission approves the amendment requested in this filing, the owner-members would then have to file another updated tariff. The owner-members request that the requirement to file the updated tariffs be extended until such time as the Commission rules on the Motion to Modify Tariffs. This would allow the owner-members to make one tariff filing containing all of the amendments to the Rate EM tariff.

WHEREFORE, on the basis of the foregoing, the owner-members respectfully request the Commission to allow the owner-members to modify the tariffs filed on March 27, 2023 and to grant an extension of time on the required amended tariff filings until such time as the Commission rules on the Motion to Modify Tariffs.

This 17<sup>th</sup> day of May, 2023.

Respectfully submitted,



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L. Allyson Honaker  
HONAKER LAW OFFICE, PLLC  
1795 Alysheba Way, Suite 6202  
Lexington, KY 40509  
(859) 368-8803  
allyson@hloky.com

*Counsel for EKPC's Owner-Member Cooperatives*

**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing was transmitted to the Commission on May 17, 2023 and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085 no paper copies of this filing will be filed.



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*Counsel for EKPC's Owner-Member Cooperatives*

[OM] Cooperative Inc.

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**Rate EM - Earnings Mechanism - Member Tariff**

In the service territory of [Owner-Member] ("[OM]").

**Availability**

Available to retail members pursuant to Paragraph 6 of the Joint Stipulation, Settlement Agreement and Recommendation approved in East Kentucky Power Cooperative, Inc.'s ("EKPC") base rate case, Case No. 2021-00103 and EKPC's EM Tariff filing, Case No. 2021-00429.

**Purpose**

EKPC has committed to return any excess margins to its Owner-Member Cooperatives for contemporaneous pass-through to End-Use Retail Members ("retail members") in the form of a bill credit in the event that EKPC achieves per-book margins in excess of a target TIER in any calendar year. Any excess margins to be returned will be allocated based upon the percentage of each EKPC rate class's total revenue for the most recent calendar year. EKPC will make an annual filing with the Commission setting forth its calculations of margins and any required bill credit for the most recent calendar year on or before April 30<sup>th</sup> of the following year.

**Methodology**

Allocation of Excess Margins from EKPC. EKPC will determine the allocation of the excess margin for the most recent calendar year and will prepare and provide to [OM] a schedule showing the allocation of the excess margin for the most recent calendar year by EKPC rate class. [OM] will then calculate the bill credit applicable to its retail members and will file that calculation with the Commission in the same manner that EKPC files its calculation with the Commission each year.

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DATE OF ISSUE \_\_\_\_\_  
MONTH / DATE / YEAR

DATE EFFECTIVE \_\_\_\_\_  
MONTH / DATE / YEAR

ISSUED BY \_\_\_\_\_  
SIGNATURE OF OFFICER

TITLE \_\_\_\_\_

[OM] Cooperative Inc.

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**Calculation of Bill Credit.** [OM] will calculate the bill credit applicable to its retail members in the following manner:

- a. [OM] will determine which of its retail rate schedules correspond with the EKPC wholesale rate classes. Using the same calendar year as EKPC, [OM] will determine the total revenues for the set of its rate schedules that correspond with each EKPC rate class.
- b. [OM] will determine the percentage of the total revenues for each of its rate schedules that correspond with the applicable EKPC rate class.
- c. [OM] will allocate the excess margin by EKPC rate class to its corresponding rate schedules by multiplying the allocated excess margin by EKPC rate class by the percentages determined in part b.
- d. [OM] will calculate a "Bill Credit Percentage" for each of its retail rate schedules. The Bill Credit Percentage will be calculated by dividing the excess margin allocated to the retail rate schedule by the total revenues for that retail rate schedule used in part a. If there is only one retail member served by a [OM] retail rate schedule, the excess margin allocated to the retail rate schedule will be the amount of the bill credit for that retail member.
- e. Utilizing its customer account information, [OM] will apply the Bill Credit Percentage for each retail rate schedule either by customer account, membership, usage, or ~~to~~ the total revenues provided by each retail member in the calendar year used by EKPC when determining the excess margins to calculate the bill credit for each retail member. [OM] will return the excess margins only to current retail members at the time the bill credit is given. If the [OM] returns the excess margins based on total revenues or usage provided by each retail member within a customer class, any retail member's share who is no longer a member at the time the credit is given, will be distributed to the active retail members within that same customer class. The calculation filed with the Commission each year will show whether the excess margins were returned based on current customer account, membership, usage, or total revenue contributed by each retail member, for each customer class.
- f. [OM] may elect to return the bill credit as a one-time credit on the retail member's current bill or spread the bill credit over several billings. However, [OM] will amortize the bill credit over the same time period EKPC uses to return the excess margins to [OM]. If the bill credit is spread over several billings, the payment of the bill credit will be completed by the end of the calendar year.

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