

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SHELBY ENERGY)	
COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF)	CASE NO.
RATES PURSUANT TO STREAMLINED PROCEDURE PILOT)	2023-00213
PROGRAM ESTABLISHED IN CASE NO. 2018-00407)	

NOTICE

Comes now Shelby Energy Cooperative, Inc., (“Shelby Energy”) by and through counsel, state as follows for its Notice pursuant to KRS 278.190(2) and the Commission’s October 17, 2023, and November 22, 2023 Orders in this matter and Shelby Energy respectfully states as follows:

1. On August 4, 2023, Shelby Energy filed an Application for a general adjustment of rates pursuant to the streamlined procedures established in Case No. 2018, 00407.¹
2. The Commission issued an Order on August 17, 2023 accepting Shelby Energy’s Application to proceed under the streamlined procedures.
3. Commission Staff issued data requests to Shelby Energy on August 28, 2023 and the Attorney General’s Office of Rate Intervention (“AG”) issued data requests to Shelby Energy on August 29, 2023 to which Shelby Energy filed responses on September 12, 2023.
4. Comments were filed by the AG and Shelby Energy on September 19, 2023.

¹ See, *In the Matter of: A Review of the Rate Case Procedure for Electric Distribution Cooperatives*, Case No. 2018-00407, (Ky. P.S.C., Dec. 20, 2019). (“Streamlined Rate Order”)

5. The Commission’s Order of October 17, 2023 accepted 13 of Shelby Energy’s 14 proposed adjustments. The adjustment that was not accepted by the Commission was the adjustment for interest expense. Shelby Energy requested to increase the test-year expense by \$398,879 to include the interest on two advances from RUS of long-term debt from May 2023 and August 2023, short-term lines of credit from 2023 and consumer deposits.² The Commission’s October 17th Order found “only the December 31, 2022 ending balance and the 2023 rate for consumer deposits should be reflected in the interest expense adjustment, for a total increase of \$91,369.”

6. Shelby Energy filed a Motion for Rehearing and a Motion for Extension on November 6, 2023.

7. On November 20, 2023, the Commission granted the Motion for Extension in which to file a tariff in this matter until 20 days after a final Order has been entered in part due to a concern of potential confusion or false perception that there had been two increases in rates in a very short amount of time, should the Commission’s ruling on the Motion for Rehearing cause the rates to increase. Despite this concern, Shelby Energy has made the decision to put the rates into effect subject to refund because there has not been a final Order in this matter to date, and it has already missed the majority of the heating season of rates waiting on a decision in this matter.

8. On November 22, 2023, the Commission entered an Order granting rehearing in part and denying rehearing in part for the issue of interest expense and correcting material errors made regarding interest expense, and the issue of insurance premiums paid by union members.

9. On December 13, 2023, the Commission entered an Order establishing a procedural schedule for the issues on rehearing.

² See, Shelby Energy’s Response to Staff’s First Request, Item 7(c).

10. Commission Staff issued information requests on December 20, 2023 and Shelby Energy filed responses to those on January 5, 2024.

11. Shelby Energy filed its Motion to Submit the remaining matters for a decision by the Commission on the record on January 22, 2024, and the Attorney General filed a motion to submit this matter for a final decision on the record on January 24, 2024.

12. Shelby Energy's rate application was filed due to its financial condition, which has been exacerbated by increase costs in all areas of its business, increased interest rates, and the under-recovery of environmental surcharge amounts which continue to increase absent any order from the Commission.

13. Shelby Energy has reviewed the numbers and is concerned about a second rate case with a 2023 test-year, that would ultimately warrant approximately \$2,000,000 of additional increase in total revenue above the instant case. Shelby Energy's requested increase in the streamlined case provides a more gradual approach to rate adjustments than the alternative of the Commission's proposed 2023 rate increase followed by an additional rate case in 2024.

14. Despite the administrative costs and burden on Shelby Energy's member-owners, including Shelby Energy's human resources, it has made the decision that the delay in the Commission's final Order in this matter has created the financial necessity that Shelby Energy put the rates contained the Commission's two Orders already issued in this matter into effect as of March 16, 2024, subject to refund.

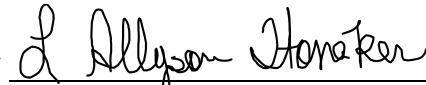
15. Pursuant to KRS 278.190(2), this proceeding has not concluded nor a final order made to date, therefore, Shelby Energy hereby gives its Notice to put the rates contained in the Commission's October 17, 2023 and November 22, 2023 Orders, into effect as of March 16, 2024, and Shelby Energy will maintain its records in a manner as will enable it, its customers, or the

Commission, to determine the amounts to be refunded and to whom, in the event a refund is awarded.

WHEREFORE, based on the foregoing, Shelby Energy gives the Commission notice of putting the rates of the Commission's October 17, 2023 and November 22, 2023 Orders into effect subject to refund to be effective as of March 16, 2024.

Dated this 16th day of February, 2024.

Respectfully submitted,



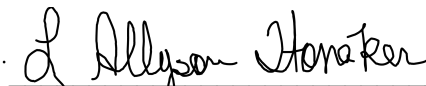
L. Allyson Honaker
Brittany Hayes Koenig
Heather S. Temple
HONAKER LAW OFFICE, PLLC
1795 Alysheba Way, Suite 6202
Lexington, Kentucky 40509
(859) 368-8803
allyson@hloky.com
brittany@hloky.com
heather@hloky.com

Counsel for Shelby Energy Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that foregoing was submitted electronically to the Commission on February 16, 2024 and that there are no parties that have been excused from electronic filing.

Pursuant to prior Commission orders, no paper copies of this filing will be submitted.



Counsel for Shelby Energy Cooperative, Inc.