

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FLEMING-)	
MASON ENERGY COOPERATIVE, INC. FOR)	CASE NO. 2023-00223
A GENERAL ADJUSTMENT OF RATES)	

<p>DIRECT TESTIMONY</p> <p>AND EXHIBIT</p> <p>OF</p> <p>GREG R. MEYER</p>

ON BEHALF OF THE

OFFICE OF THE ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY

Brubaker & Associates, Inc.
16690 Swingley Ridge Road, Suite 140
Chesterfield, MO 63017

November 28, 2023

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Affidavit of Greg R. Meyer

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DIRECT TESTIMONY OF GREG R. MEYER

1 I. QUALIFICATIONS AND SUMMARY

2 Q. Please state your name and business address.

3 A. Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
4 Chesterfield, Missouri 63017.

5 Q. What is your occupation and by whom are you employed?

6 A. I am a consultant in the field of public utility regulation and a Principal with the firm of
7 Brubaker & Associates, Inc. (“BAI”), energy, economic, and regulatory consultants.

8 Q. Please describe your educational and professional experience.

9 A. I graduated from the University of Missouri in 1979 with a Bachelor of Science Degree
10 in Business Administration, with a major in Accounting. Subsequent to graduation I
11 was employed by the Missouri Public Service Commission. I was employed with the
12 Commission from July 1, 1979 until May 31, 2008.

13 I began my employment at the Missouri Public Service Commission as a Junior
14 Auditor. During my employment at the Commission, I was promoted to higher auditing

1 classifications. My final position at the Commission was an Auditor V, which I held
2 for approximately ten years.

3 As an Auditor V, I conducted audits and examinations of the accounts, books,
4 records, and reports of jurisdictional utilities. I also aided in the planning of audits and
5 investigations, including staffing decisions, and in the development of staff positions in
6 which the Auditing Department was assigned. I served as Lead Auditor and/or Case
7 Supervisor as assigned. I assisted in the technical training of other auditors, which
8 included the preparation of auditors' workpapers, oral and written testimony.

9 During my career at the Missouri Public Service Commission, I presented
10 testimony in numerous electric, gas, telephone, and water and sewer rate cases. In
11 addition, I was involved in cases regarding service territory transfers. In the context of
12 those cases listed above, I presented testimony on all conventional ratemaking
13 principles related to a utility's revenue requirement. During the last three years of my
14 employment with the Commission, I was involved in developing transmission policy
15 for the Southwest Power Pool as a member of the Cost Allocation Working Group.

16 In June of 2008, I joined the firm of Brubaker & Associates, Inc. as a Consultant.
17 Since joining the firm, I have presented testimony and/or testified in the state
18 jurisdictions of Arkansas, Florida, Idaho, Illinois, Indiana, Iowa, Maryland, Missouri,
19 Montana, New Mexico, Ohio, Utah, Washington, Wisconsin, and Wyoming. I have
20 also appeared and presented testimony in Alberta and Nova Scotia, Canada. In addition,
21 I have filed testimony at the Federal Energy Regulatory Commission ("FERC"). These
22 cases involved addressing conventional ratemaking principles focusing on the utility's
23 revenue requirement. The firm Brubaker & Associates, Inc. provides consulting

1 services in the field of energy procurement and public utility regulation to many clients
2 including industrial and institutional customers, some utilities, offices of attorneys
3 general, and, on occasion, state regulatory agencies.

4 More specifically, we provide analysis of energy procurement options based on
5 consideration of prices and reliability as related to the needs of the client; prepare rate,
6 feasibility, economic, and cost of service studies relating to energy and utility services;
7 prepare depreciation and feasibility studies relating to utility service; assist in contract
8 negotiations for utility services, and provide technical support to legislative activities.

9 In addition to our main office in St. Louis, the firm also has branch offices in
10 Corpus Christi, Texas; Detroit, Michigan; Louisville, Kentucky, and Phoenix, Arizona.

11 **Q. On whose behalf are you appearing in this proceeding?**

12 A. I am appearing on the behalf of the Office of the Attorney General of the
13 Commonwealth of Kentucky (“OAG”).

14 II. CASE OVERVIEW

15 **Q. Please describe the rate increase that Fleming-Mason Energy Cooperative, Inc.**
16 **(“Fleming-Mason” or “Cooperative”) originally filed.**

17 A. On August 4, 2023, Fleming-Mason filed to increase its revenues by \$2,755,741.
18 Fleming-Mason filed the direct testimony of three witnesses. Subsequent to discussions
19 with the OAG, the revenue increase was reduced to \$1,868,707. This reduced revenue
20 increase was captured in “Responses to Attorney General’s First Request for
21 Information.”

1 Q. Please indicate the major drivers of the requested increase.

2 A. I have prepared Table GRM-1 that shows the breakdown of the increased revenue
3 requirement sought by Fleming-Mason.

Table GRM-1		
<u>Fleming-Mason Detailed Revenue Deficiency</u>		
<u>Line</u>	<u>Description</u>	<u>Amount</u>
1	Actual Test Year Rev. Req. for Target OTIER Before Adjustments ¹	\$ 815,185
2	Net Fuel Adjustment Clause/ Environmental Surcharge Adjustments ²	\$ 54,817
3	Net Expense Adjustments ³	\$ 54,028
4	OTIER Interest Coverage Needed for Increased Interest Expense ⁴	<u>\$ 944,677</u>
5	Total Revenue Deficiency	\$ 1,868,707

Source:
AGI-7-RevReq-2022-REVISED2023-10-24 Tab "RevReq"
1. Cell C55
2. Cell D11 - D14
3. Σ of Cells D16, D20, D23, and D27
4. Cell D25 x 1.85

1 **Q. Do you believe an increase in Fleming-Mason’s revenues of approximately \$1.8**
2 **million will result in just and reasonable rates for Fleming-Mason’s members?**

3 A. No. I believe that the amount requested by Fleming-Mason is overstated. I have
4 prepared Table GRM-2 that shows the adjustments I am proposing that reduce the
5 revenue increase sought by Fleming-Mason.

<u>Line</u>	<u>Description</u>	<u>Amount</u>
1	Fleming-Mason's Claimed Revenue Deficiency	\$ 1,868,707
2	Rate Case	\$ (19,333)
3	Rate Schedule Revenues	\$ (16,548)
4	Regular Time Wages and Salaries	\$ (96,461)
5	Overtime Wages and Salaries	\$ (25,774)
6	Healthcare	\$ (181,116)
7	OTIER	\$ (545,304)
8	Total OAG Adjustment (Σ of Lines 2 through 7)	\$ (884,536)
9	OAG Adjusted Revenue Deficiency (Line 1 + Line 8)	\$ 984,171

6 If my adjustments are accepted by the Commission, Fleming-Mason’s revenue
7 deficiency would decrease to \$984,171.

8 **III. RATE CASE EXPENSE**

9 **Q. Have you read the direct testimony of John Wolfram as it relates to**
10 **Fleming-Mason’s rate case expense adjustment?**

11 A. Yes, I have.

1 **Q. What level of rate case expense is Fleming-Mason requesting in this rate case?**

2 A. Fleming-Mason is requesting recovery of \$145,000 in rate case expense.
3 Fleming-Mason is proposing to amortize rate case expenses over three years, or \$48,333
4 annually be included in its revenue requirement.

5 **Q. Are you in agreement with the level of rate case expense and the amortization**
6 **period?**

7 A. I have no issues with the total rate case expense being sought for recovery. I take issue
8 with the three-year amortization. The three-year amortization period is too short. It has
9 been more than 16 years since Fleming-Mason has last filed a rate case to change
10 customer rates.

11 **Q. Do you have any history of the frequency of Fleming-Mason's rate case filing**
12 **intervals?**

13 A. Yes. I have prepared Table GRM-3 that shows the intervals between Fleming-Mason's
14 rate case filings.

<u>Rate Case Filing Date</u>	<u>Case Number</u>	<u>Interval Between Rate Cases</u>
Aug. 28, 2023	2023-00223	16 Years, 2 Months
Jun. 25, 2007	2007-00022	5 Years, 7 Months
Nov. 29, 2001	2001-00244	7 Years, 1 Month
Dec. 02, 1994	1994-00396	

1 Table GRM-3 shows that a three-year amortization period for recovery of rate case
2 expense is unreasonably short.

3 **Q. What amortization period do you recommend for recovery of rate case expense in**
4 **this case?**

5 A. I recommend recovery of rate case expense over five years. Fleming-Mason has not
6 filed a rate case within the length of their proposed amortization period dating back to
7 1994. I contend a five-year amortization period is more reasonable than the three years
8 proposed by Fleming-Mason.

9 **Q. Did Fleming-Mason discuss the 16+ year interval between rate cases in its direct**
10 **testimony?**

11 A. Yes. In the direct testimony of Fleming-Mason witness Brandon Hunt, Mr. Hunt makes
12 the following statement:

13 Considering that Fleming-Mason's last rate case was fifteen years ago,
14 the Cooperative takes satisfaction in being able to have held the line on
15 rates for its Owner-Members to the degree seen.¹

16 In this instance, Fleming-Mason is quite proud of the fact that it has waited over
17 16 years to file its next rate case. The Commission should not ignore the historical rate
18 case activity of Fleming-Mason when deciding the amortization period for rate case
19 expenses. The OAG recommends that rate case expense be amortized over five years.

¹Direct Testimony of Brandon Hunt, page 8, lines 9-11.

1 **Q. What is the impact on revenue requirement from amortizing rate case expenses**
2 **over five years?**

3 A. Fleming-Mason's revenue requirement would be reduced by \$19,333.

4 **IV. RATE SCHEDULE REVENUES**

5 **Q. Did Fleming-Mason propose an increase in revenues for this rate case?**

6 A. Yes. Fleming-Mason proposed to increase margin revenues by approximately
7 \$126,000. The revenue adjustment is detailed on Reference Schedule 1.06 which I have
8 included as part of Exhibit GRM-1.

9 **Q. Do you have any areas of concern with Reference Schedule 1.06?**

10 A. Yes. The "Current Base Rate Revenue" totals listed on line 22 of Reference Schedule
11 1.06 do not match the base rate revenue totals listed on Exhibit JW-9 that is also included
12 in Exhibit GRM-1. Exhibit JW-9 shows a breakdown of both present and proposed
13 revenues, including all relevant billing determinants. The present revenues on the
14 reference schedule should match those shown on Exhibit JW-9.

15 **Q. What is the impact from incorporating the base rate revenues listed on**
16 **Exhibit JW-9 into Reference Schedule 1.06 for annualizing Fleming-Mason's**
17 **revenues?**

18 A. Replacing the Base Rate Revenues in Exhibit JW-9 into Reference Schedule 1.06
19 increases the revenue adjustment by approximately \$16,548. This adjustment can be
20 seen in the modified Reference Schedule 1.06 of Exhibit GRM-1.

1 **Q. Do you believe this adjustment reflects a more reasonable level of revenues?**

2 A. Yes. Using the same base rate revenues assures that the level of revenues proposed by
3 Fleming-Mason are correct and that the revenue requirement is just and reasonable.

4 **V. REGULAR TIME WAGES AND SALARIES**

5 **Q. Have you read the direct testimony of John Wolfram as it relates to**
6 **Fleming-Mason's wages and salaries adjustment?**

7 A. Yes, I have.

8 **Q. Do you have any concerns with the pro forma adjustment that is included in**
9 **Fleming-Mason's wages and salaries calculation?**

10 A. Yes. I believe that the adjustment is overstated due to an unjustified increase in regular
11 time hours and overtime hours. I do not take issue with the pro forma test year wage
12 rate that the Cooperative uses to calculate its adjustment.

13 **Q. How does Fleming-Mason calculate its adjustment to regular time hours?**

14 A. The Cooperative takes regular time hours based on 51 employees at 2,080 hours and
15 multiplies the hours by the pro forma test year wage rate. The Cooperative has failed
16 to provide any justification for the increase from 49 to 51 employees. Fleming-Mason
17 witness Lauren C. Fritz testifies that as of August 4, 2023, Fleming-Mason employed
18 49 employees.²

²Direct Testimony of Lauren C. Fritz, page 8, line 9

1 **Q. What level of adjustment do you recommend for regular time?**

2 A. I propose that the regular time hours be calculated based on 49 employees at 2,080
3 hours. After capitalization, this adjustment would decrease Fleming-Mason's revenue
4 deficiency by \$96,461.

5 **VI. OVERTIME WAGES AND SALARIES**

6 **Q. How does Fleming-Mason calculate its adjustment to overtime wages and salaries?**

7 A. The Cooperative takes its projected overtime hours and multiples them by the pro forma
8 year average wage rate for overtime hours. The difference between the historic test year
9 and the pro forma is the basis for Fleming-Mason's adjustment for overtime wage
10 expense. This adjustment is then reduced for the effect of capitalization.

11 Fleming-Mason is proposing a substantial increase to overtime hours of 790
12 hours.³ The Cooperative has also failed to justify this increase in hours. In its response
13 to Staff Data Request 3-6, Fleming-Mason states that "[t]he overtime hours for the pro
14 forma test years are based on a five-year average." However, the Cooperative fails to
15 provide any support for this assertion.

16 One would expect a more thorough analysis to show that a need for this
17 significant increase in overtime hours exists, including a discussion of employee levels
18 and additional workload required.

³Fleming-Mason's Exhibit JW-2 Reference Schedule 1.10

1 **Q. What level of adjustment do you recommend for overtime?**

2 A. I propose that the overtime hours be equal to the test year amount of 7,063. Using the
3 pro forma overtime wage rate of \$51.31 and the approximately 31% capitalization rate
4 results in an overtime wage expense of \$230,429. This represents an adjustment that
5 would decrease Fleming-Mason's proposed revenue deficiency by \$25,774.

6 **VII. HEALTH CARE COSTS**

7 **Q. Have you read the direct testimony of John Wolfram as it relates to**
8 **Fleming-Mason's health care cost adjustment?**

9 A. Yes, I have.

10 **Q. Do you have any concerns with the pro forma adjustment that is included in**
11 **Fleming-Mason's health care cost calculation?**

12 A. Yes. My first concern is with how this adjustment is calculated on Reference Schedule
13 1.12 of Exhibit JW-2. Mr. Wolfram describes that this adjustment "accounts for
14 employee contributions to medical, dental, and vision insurance" and the "increase in
15 medical by 9% over test year amounts."⁴ However, the calculations that appear on that
16 schedule do not conform to the description offered.

⁴Direct Testimony of John Wolfram, page 14.

1 **Q. How is the pro forma adjustment for health care costs calculated on Reference**
2 **Schedule 1.12 of Exhibit JW-2?**

3 A. Mr. Wolfram's adjustment is based off of an illogical calculation. He multiplies the test
4 year employer portion of the premiums of \$427,350 by a 9% increase factor resulting
5 in an additional \$38,462. He then inexplicably subtracts the employee portion of the
6 premiums of \$106,838, resulting in a negative \$68,376.

7 He then reverses the sign, and adds it to the sum of the employee and employer
8 premiums of \$534,188 to arrive at his Pro Forma Test Year Expense of \$602,564, of
9 which, at a bare minimum, \$106,838 is already paid for by employees and doesn't need
10 to be recouped from members.

11 This is clearly a mistake. If the Commission finds that a 9% increase is
12 appropriate, the test year level of expense should only be increased for the employer's
13 portion, not the amounts paid by employees. Mr. Wolfram's calculation exceeds even
14 including a 9% increase for employee premiums. If Mr. Wolfram had intended to
15 include an increase for both employee and employer premiums, the increase would be
16 \$48,077.⁵

17 The calculation should be a straight-forward 9% times the \$427,350 for the
18 employer's premiums, resulting in an increase to expense of \$38,462, not \$68,376.
19 Correcting only for this mistake by itself reduces Fleming-Mason's proposed revenue
20 requirement by \$29,915.⁶

⁵ $\$534,188.11 \times 9\% = \$48,076.93$.

⁶Numbers presented here are rounded, so there is a \$1 rounding difference. $\$68,376.08 - \$38,461.54 = \$29,914.54$.

1 Q. Do you agree with the requested 9% increase?

2 A. No, I do not. In calculating this rate, Mr. Wolfram relies on the average of 2023 increase
3 over 2022 cost in the various premiums procured by the Cooperative. Given that
4 Fleming-Mason's history suggests that they are looking to set rates for a longer term
5 than just one year, a longer look at premiums would be helpful. I have prepared
6 Table GRM-4 to provide that longer view of premiums.

Year	Medical Insurance Premiums Under KREC Plan			
	Employee	Employee W/ Children	Employee W/ Spouse	Employee / Family
2019	\$416	\$888	\$1,034	\$1,398
2020	\$433	\$929	\$1,079	\$1,462
2021	\$464	\$970	\$1,122	\$1,512
2022	\$498	\$1,038	\$1,195	\$1,618
2023	\$548	\$1,131	\$1,296	\$1,753
Compound Annual Growth Rate (2019 - 2023)	7.17%	6.24%	5.82%	5.82%

Source: Fleming-Mason Response to Staff Data Request 2-16.

7 As can be seen from this table, premiums under KREC's Plan have grown 5.82%
8 to 7.17% on average over the 2019 - 2023 time frame.

1 **Q. Do you have any other information that suggests a different growth rate would be**
2 **appropriate?**

3 A. Yes. PricewaterhouseCoopers' ("PwC") Health Research Institute recently released a
4 report⁷ showing that health care costs for 2023 and 2024 were expected to increase by
5 6% and 7%, respectively, for both group and individual markets.

6 Both my longer term look and the research performed by PwC suggest that the
7 9% factor used by Mr. Wolfram is too high.

8 **Q. What level of increase for health care costs do you propose?**

9 A. Relying on the growth expected for both 2023 and 2024 from PwC's experts, I believe
10 that an appropriate adjustment would be an increase to the test year employer's share of
11 premiums by 6.5%. Relative to the historical review shown in Table GRM-4, this
12 proposed increase is generous.

13 **Q. Are there any other factors that should be considered related to health care costs?**

14 A. Yes. In reviewing Fleming-Mason's adjustment for health care, I noticed that the
15 Cooperative has failed to capitalize any of these payroll-related costs. Given that these
16 health care costs are related to the employees of Fleming-Mason, and these employees
17 are performing work that relates to investments in plant, health care costs should be
18 capitalized at the same rate as payroll. I found no discussion in Mr. Wolfram's

⁷See PricewaterhouseCoopers' "Medical cost trend: Behind the numbers 2024" available at <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>. Reviewed November 20, 2023.

1 testimony that explains or justifies why these costs should not be capitalized similarly
2 to payroll.

3 **Q. Please summarize your position on health care costs.**

4 **A.** I have prepared Table GRM-5 showing my proposed adjustments to health care costs.

Table GRM-5		
<u>OAG's Health Care Cost Adjustment</u>		
Line	Description	Amount
1	Company Proposed Health Care Costs ¹	\$495,727
2	Adjustment 1 - Moving to Employer Portion Only	<u>(\$29,915)</u>
3	Corrected Company Proposed Health Care Costs (Line 1 + Line 2)	\$465,812
4	Adjustment 2 - Changing Escalation from 9% to 6.5% ²	<u>(\$10,684)</u>
5	Adjusted Employer Portion Health Care Costs (Line 3 + Line 4)	\$455,128
6	Adjustment 3 - Capitalizing Similar to Payroll Costs at 31% ³ (-1 x Line 5 x 31%)	<u>(\$140,518)</u>
7	OAG Proposed Health Care Cost Expense (Line 5 + Line 6)	<u>\$314,610</u>
8	Total Health Care Cost Adjustments Proposed by OAG (Line 2 + Line 4 + Line 6)	(\$181,116)

Sources:
¹Exhibit JW-2, Reference Schedule 1.12 - adds the Expense Adjustment found on Line 8 to the Test Year Expense Level on Line 3, column (B).
²Formula: $-\$427,350 \times 1.065 - \$427,350 \times 1.09$ -- \$427,350 is the test year employer portion of health care premiums. This is found on Exhibit JW-2, Reference Schedule 1.12, Line 3, column (B).
³Exhibit JW-2, Reference Schedule 1.10, Line 14, Column (e). The capitalization rate presented in the description is rounded to 31%. The actual rate used is 30.8743671004963%.

5 Based on my calculations, I believe that Fleming-Mason has overstated its health care
6 expense by \$181,116.

VIII. OTIER

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Q. Please describe the purpose of the Operating Times Interest Earned Ratio (“OTIER”) calculation.

A. The OTIER calculation is a measure of the Cooperative’s ability to generate sufficient revenues from electric operations to repay the interest on its long-term debt.⁸

Q. Is there another commonly used financial metric besides OTIER?

A. Yes. Times Interest Earned Ratio (“TIER”) is a measurement of the system’s annual ability to earn margins sufficient to cover the interest expense on long-term debt. TIER is a primary indicator of a utility’s financial health to lending institutions.⁹

Q. In this case, what metric is Fleming-Mason relying on to set new rates and what is the ratio being sought by Fleming-Mason?

A. Fleming-Mason is utilizing the OTIER financial ratio and is seeking a 1.85 OTIER ratio. This ratio essentially requires Fleming-Mason to collect revenues to pay its operating expenses and provide operating margins equal to \$1.85 for every dollar of interest expense.

Q. What are the required OTIER ratios for setting rates?

A. Fleming-Mason has three loan contracts that specify coverage ratios for the loans. I have listed the loan commitments below:

⁸Data Response to AG Data Request 1-9 CFC Key Ratio Trend Analysis.
⁹Data Response to AG Data Request 1-9 CFC Key Ratio Trend Analysis.

- 1 ➤ Rural Utilities Service (“RUS”) Loan Contract, Section 5.4(b) The average
2 Coverage Ratios achieved by the borrower in the best two years out of the three
3 most recent calendar years must be not less than the following:
- 4 ○ OTIER = 1.1;
- 5 ➤ The Cooperative Finance Corporation (“CFC”) loan contract requires Modified
6 Debt Service Coverage of 1.35 for the best two of the last three years; and
- 7 ➤ The CoBank loan contract requires a Debt Service Coverage Ratio for such year of
8 not less than 1.35 to 1.00.¹⁰

9 Clearly these three loan contracts require an OTIER coverage ratio less than the
10 1.85 OTIER ratio requested by Fleming-Mason in this rate case.

11 **Q. What is the impact from requesting a higher OTIER ratio than what the loan**
12 **contracts require?**

13 A. Requesting a higher OTIER coverage ratio than what is required from the lenders results
14 in higher rates for Fleming-Mason’s ratepayers.

15 **Q. How do you respond to the argument that if Fleming-Mason’s rates are higher**
16 **than what the loan contracts require and those excess revenues provide for profits**
17 **to be returned to members, what is the harm?**

18 A. First, let me state that I am not aware that all ratepayers of Fleming Mason are members
19 and, therefore, would not share in any capital returns. For example, in the direct
20 testimony of Fleming-Mason witness Lauren C. Fritz states the following:

21 As of the end of the test year, the residential load was comprised of
22 approximately 30% of Fleming-Mason’s total kWh sold and represented
23 approximately 39% of the Cooperative’s total revenue from energy sales.
24 The Cooperative serves six industrial customer loads over 1,000 KVA

¹⁰Data Response to AG Data Request 1-9

1 representing approximately 57% of Fleming-Mason's total kWh sold
2 and approximately 45% of the Cooperative's total revenue from energy
3 sales.¹¹

4 It is not clear if the six industrial customers are considered members of
5 Fleming-Mason and are eligible for capital credits from any profits generated by
6 Fleming-Mason. Furthermore, the return of capital credits is usually returned over a
7 very long lag period. If indeed the capital credits are returned over an extended period
8 of time, members should be concerned with paying rates that will almost certainly
9 generate profits from return several years into the future. Most members that I am aware
10 of today are not willing to pay for a return several years in the future.

11 **Q. Are you aware that the Commission has historically allowed an OTIER ratio of**
12 **1.85 or a TIER ratio of 2.0?**

13 A. Yes, I am. However, I would also note that in Southern Kentucky Rural Electric
14 Cooperative Corporation, Case No. 2021-00407, the Commission stated the following:

15 The Commission notes that the authorized TIER for an electric
16 distribution cooperative will be addressed on a case by case basis, and
17 the current interest rates for the cooperative and market conditions must
18 be part of the consideration.¹²

19 **Q. Do you believe that Fleming-Mason is currently subject to market interest rate**
20 **risks?**

21 A. No. On page 7 of Laruen Fritz's direct testimony, Ms. Fritz states the following:

22 Fleming-Mason Energy's long-term debt portfolio is at 100% fixed
23 interest rates. Fleming-Mason is a current borrower from CFC, Co Bank
24 and FFB. Due to recent spikes in interest rates, Fleming-Mason moved

¹¹Direct Testimony of Lauren C. Fritz, page 5, lines 12-17.

¹²Final Order of Case No. 2021-00407, page 18.

1 its variable portfolio to fixed interest rates at the beginning of 2023. The
2 variable portion of the long-term debt portfolio for the years 2021 and
3 2022 was approximately 40-45% which presented a stretch of savings in
4 interest expense for the Cooperative. Fleming-Mason believes that
5 having its full portfolio in fixed interest rate debt in this high-interest
6 economic climate appropriately achieves the avoidance of unnecessary
7 financial risk presented by variable-rate debt.¹³

8 Given that Fleming-Mason correctly hedged its interest debt rate exposure, the necessity
9 to granting an OTIER ratio of 1.85 is unnecessary.

10 **Q. What OTIER ratio would you recommend?**

11 A. I would recommend an OTIER ratio of 1.5. This ratio is still higher than any ratio
12 prescribed by the three lending institutions who have loans outstanding with
13 Fleming-Mason. I have previously described the actions, and I commend
14 Fleming-Mason for reducing its interest rate exposure by securing fixed interest rates.
15 However, that action should also be translated into benefits for ratepayers by reducing
16 the OTIER ratio to 1.5.

17 **Q. What is the impact on revenue requirement related to your recommended change
18 to the OTIER ratio?**

19 A. Changing Fleming-Mason's OTIER ratio from 1.85 down to 1.5 reduces the
20 Cooperative's revenue deficiency by \$545,304.

21 **Q. Does this conclude your direct testimony?**

22 A. Yes, it does.

¹³Direct Testimony of Lauren C. Fritz, page 7, lines 7-14.

Reference Schedule: 1.06

FLEMING-MASON ENERGY COOPERATIVE
For the 12 Months Ended December 31, 2022

Year-End Customers

Line #	Year (1)	Month (2)	Residential & Small Power (1)		Residential & Small Power ETS (11)	Prepay (80) (5)	Net Metering (100)	Inclining Block Rate (8) (7)	Small General Service (2) (8)	Total (11)
			(3)	(4)	(6)					
1	2022	Jan	23,869	51	524	54	304	237		
2	2022	Feb	23,869	50	523	54	310	235		
3	2022	Mar	23,979	52	536	56	316	238		
4	2022	Apr	23,914	51	524	58	316	242		
5	2022	May	24,028	51	537	60	314	240		
6	2022	Jun	23,920	51	511	60	311	242		
7	2022	Jul	24,068	53	517	63	313	242		
8	2022	Aug	24,150	51	519	64	312	243		
9	2022	Sep	24,089	52	514	65	311	244		
10	2022	Oct	24,122	51	513	66	312	246		
11	2022	Nov	24,213	50	528	67	314	249		
12	2022	Dec	24,278	50	530	66	313	247		
13		Average	24,042	51	523	61	312	242		
14										
15		End of Period Increase over Avg	236	(1)	7	5	1	5		
16										
17		Total kWh	308,135,777	909,510	7,907,545	796,690	920,624	18,017,225		
18		Average kWh	12,817	17,834	15,120	13,060	2,951	74,451		
19		Year-End kWh Adjustment	3,024,709	(17,834)	105,837	65,302	2,951	372,257	3,553,222	
20										
21		(continued)								
22		Revenue Adjustment								
23		Current Base Rate Revenue	\$ 29,830,320	\$ 74,474	\$ 777,392	\$ 57,426	\$ 123,479	\$ 1,283,475		
24		Average Revenue per kWh	\$ 0.09681	\$ 0.08188	\$ 0.09831	\$ 0.07208	\$ 0.13413	\$ 0.07124		
25		Year End Revenue Adj	\$ 292,819	\$ (1,460)	\$ 10,405	\$ 4,707	\$ 396	\$ 26,518	333,385	
26										
27		Expense Adjustment								
28		Avg Adj Purchase Exp per kWh	0.05833	0.05833	0.05833	0.05833	0.05833	0.05833		
29		Year End Expense Adj	\$ 176,445	\$ (1,040)	\$ 6,174	\$ 3,809	\$ 172	\$ 21,715	207,275	
30										
31										
32		Test Year Amount	\$ -	\$ -						
33										
34		Pro Forma Year Amount	\$ 333,385	\$ 207,275						
35										
36		Adjustment	\$ 333,385	\$ 207,275						
37										
38										
39		For Expense Adjustment:								
40		Total Purchased Power Expense		\$ 80,627,507						
41		Less Fuel Adjustment Clause		\$ (11,162,273)						
42		Less Environmental Surcharge		\$ (9,613,093)						
43		Adjusted Purchased Power Expense		\$ 59,852,141						
44		Total Purchased Power kWh		1,026,016,445						
45										

This adjustment adjusts the test year expenses and revenues to reflect the number of customers at the end of the test year.

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%
1	Residential & Small Power (1)	RSP								
2			Customer Charge	288,499	15.57	\$ 4,491,929	19.50	\$ 5,625,731	\$ 1,133,801	25.24%
3			Energy Charge per kWh	308,135,777	0.08330	\$ 25,667,710	0.08831	\$ 27,211,470	\$ 1,543,760	6.01%
4			Total Base Rates			\$ 30,159,640		\$ 32,837,201	\$ 2,677,561	8.88%
5			FAC			\$ 4,192,666		\$ 4,192,666	\$ -	-
6			ES			\$ 2,756,532		\$ 2,756,532	\$ -	-
7			Solar Credits			\$ (3,279)		\$ (3,279)	\$ -	-
8			Green Power			\$ 462		\$ 462	\$ -	-
9			Total Riders			\$ 6,946,381		\$ 6,946,381	\$ -	-
10			TOTAL REVENUE			\$ 37,106,021		\$ 39,783,582	\$ 2,677,561	7.22%
11			Average	1,068		\$ 128.62		\$ 137.90	\$ 9.28	7.22%
12	Residential & Small Power ETS (11)	RSP-ETS								
13			Customer Charge	613	15.57	\$ 9,544	19.50	\$ 11,954	\$ 2,409	25.24%
14			Energy Charge per kWh	601,479	0.08330	\$ 50,103	0.08831	\$ 53,117	\$ 3,013	6.01%
14			Energy Charge - Off Peak per kWh	308,031	0.05079	\$ 15,645	0.05079	\$ 15,645	\$ -	0.00%
15			Total Base Rates			\$ 75,293		\$ 80,715	\$ 5,422	7.20%
16			FAC			\$ 12,489		\$ 12,489	\$ -	-
17			ES			\$ 6,633		\$ 6,633	\$ -	-
18			Misc Adj			\$ -		\$ -	\$ -	-
19			Other			\$ -		\$ -	\$ -	-
20			Total Riders			\$ 19,122		\$ 19,122	\$ -	-
21			TOTAL REVENUE			\$ 94,414		\$ 99,837	\$ 5,423	5.74%
22			Average	502		\$ 154.02		\$ 162.87	\$ 8.85	5.74%
23	Prepay (80)	RSP-PPM								
24			Customer Charge	6,276	15.57	\$ 97,717	19.50	\$ 122,382	\$ 24,665	25.24%
25			Prepay Service Fee	6,276	5.00	\$ 31,380	5.00	\$ 31,380	\$ -	0.00%
25			Energy Charge per kWh	7,907,545	0.08330	\$ 658,698	0.08831	\$ 698,315	\$ 39,617	6.01%
26			Total Base Rates			\$ 787,796		\$ 852,077	\$ 64,281	8.16%
27			FAC			\$ 108,345		\$ 108,345	\$ -	-
28			ES			\$ 71,603		\$ 71,603	\$ -	-
29			Misc Adj			\$ -		\$ -	\$ -	-
30			Other			\$ -		\$ -	\$ -	-
31			Total Riders			\$ 179,949		\$ 179,949	\$ -	-
32			TOTAL REVENUE			\$ 967,745		\$ 1,032,026	\$ 64,281	6.64%
33			Average	1,260		\$ 154.20		\$ 164.44	\$ 10.24	6.64%
34	Net Metering (100)	NM								
24			Customer Charge	733	15.57	\$ 11,413	19.50	\$ 14,294	\$ 2,881	25.24%
25			Energy Charge per kWh	796,690	0.08330	\$ 66,364	0.08831	\$ 70,356	\$ 3,991	6.01%
26			Total Base Rates			\$ 77,777		\$ 84,649	\$ 6,872	8.84%
27			FAC			\$ 7,842		\$ 7,842	\$ -	-
28			ES			\$ 5,258		\$ 5,258	\$ -	-
29			Misc Adj			\$ -		\$ -	\$ -	-
30			Other			\$ -		\$ -	\$ -	-
31			Total Riders			\$ 13,100		\$ 13,100	\$ -	-
32			TOTAL REVENUE			\$ 90,877		\$ 97,749	\$ 6,872	7.56%
33			Average	1,087		\$ 123.98		\$ 133.35	\$ 9.38	7.56%

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%
35	Time of Day (110)	RSP-TOD								
36			Customer Charge	281	18.97	\$ 5,331	22.90	\$ 6,435	\$ 1,104	20.72%
35			Energy Charge On Peak per kWh	349,323	0.12514	\$ 43,714	0.12198	\$ 42,610	\$ (1,104)	-2.53%
36			Energy Charge Off Peak per kWh	833,793	0.05779	\$ 48,185	0.05779	\$ 48,185	\$ -	0.00%
37			Total Base Rates			\$ 97,230		\$ 97,230	\$ -	0.00%
38			FAC			\$ 15,758		\$ 15,758	\$ -	-
39			ES			\$ 9,139		\$ 9,139	\$ -	-
40			Misc Adj			\$ -		\$ -	\$ -	-
41			Other			\$ -		\$ -	\$ -	-
42			Total Riders			\$ 24,898		\$ 24,898	\$ -	-
43			TOTAL REVENUE			\$ 122,127		\$ 122,127	\$ -	0.00%
44			Average	1,243		\$ 434.62		\$ 434.62	\$ -	0.00%
45										
46	Inclining Block Rate (8)	RSP-IB								
47			Customer Charge	3,746	15.57	\$ 58,325	19.50	\$ 73,047	\$ 14,722	25.24%
48			Energy Charge 0-300 per kWh	327,463	0.06513	\$ 21,328	0.04559	\$ 14,929	\$ (6,398)	-30.00%
49			Energy Charge 301-500 per kWh	275,508	0.07551	\$ 20,804	0.05700	\$ 15,703	\$ (5,101)	-24.52%
50			Energy Charge Over 500 per kWh	302,167	0.10665	\$ 32,226	0.09599	\$ 29,003	\$ (3,223)	-10.00%
51			Total Base Rates			\$ 132,683		\$ 132,683	\$ -	0.00%
52			FAC			\$ 12,502		\$ 12,502	\$ -	-
53			ES			\$ 11,244		\$ 11,244	\$ -	-
54			Misc Adj			\$ -		\$ -	\$ -	-
55			Other			\$ -		\$ -	\$ -	-
56			Total Riders			\$ 23,746		\$ 23,746	\$ -	-
57			TOTAL REVENUE			\$ 156,429		\$ 156,429	\$ -	0.00%
58			Average	242		\$ 41.76		\$ 41.76	\$ -	0.00%
59										
60	Small General Service (2)	SGS								
61			Customer Charge	2,905	51.10	\$ 148,446	51.10	\$ 148,446	\$ -	0.00%
62			Energy Charge per kWh	18,017,225	0.06342	\$ 1,142,652	0.06342	\$ 1,142,652	\$ -	0.00%
63			Demand Charge per kW	71,351	7.69	\$ 548,689	7.69	\$ 548,689	\$ -	0.00%
64			Total Base Rates			\$ 1,839,787		\$ 1,839,787	\$ -	0.00%
65			FAC			\$ 243,094		\$ 243,094	\$ -	-
66			ES			\$ 172,818		\$ 172,818	\$ -	-
67			Misc Adj			\$ -		\$ -	\$ -	-
68			Other			\$ -		\$ -	\$ -	-
69			Total Riders			\$ 415,911		\$ 415,911	\$ -	-
70			TOTAL REVENUE			\$ 2,255,699		\$ 2,255,699	\$ -	0.00%
71			Average	6,202		\$ 776.49		\$ 776.49	\$ -	0.00%
72										

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	
73	Large General Service (3)	LGS									
74			Customer Charge	1,878	68.00	\$ 127,704	68.00	\$ 127,704	\$ -	0.00%	
75			Energy Charge per kWh	100,849,878	0.05164	\$ 5,207,888	0.05164	\$ 5,207,888	\$ -	0.00%	
76			Demand Charge per kW	298,990	7.19	\$ 2,149,738	7.19	\$ 2,149,738	\$ -	0.00%	
77			Total Base Rates			\$ 7,485,330		\$ 7,485,330	\$ -	0.00%	
78			FAC			\$ 1,347,295		\$ 1,347,295	\$ -	-	
79			ES			\$ 725,831		\$ 725,831	\$ -	-	
80			Misc Adj			\$ -		\$ -	\$ -	-	
81			Other			\$ -		\$ -	\$ -	-	
82			Total Riders			\$ 2,073,126		\$ 2,073,126	\$ -	-	
83			TOTAL REVENUE			\$ 9,558,455		\$ 9,558,455	\$ -	0.00%	
84			Average		53,701	\$ 5,089.70		\$ 5,089.70	\$ -	0.00%	
85											
86			All Electric School (4)	AES							
87	Customer Charge	36			67.34	\$ 2,424	67.34	\$ 2,424	\$ -	0.00%	
88	Energy Charge per kWh	619,360			0.08179	\$ 50,657	0.08179	\$ 50,657	\$ -	0.00%	
89	Total Base Rates					\$ 53,082		\$ 53,082	\$ -	0.00%	
90	FAC					\$ 8,648		\$ 8,648	\$ -	-	
91	ES					\$ 4,860		\$ 4,860	\$ -	-	
92	Misc Adj					\$ -		\$ -	\$ -	-	
93	Other					\$ -		\$ -	\$ -	-	
94	Total Riders					\$ 13,509		\$ 13,509	\$ -	-	
95	TOTAL REVENUE					\$ 66,590		\$ 66,590	\$ -	0.00%	
96	Average				17,204	\$ 1,849.73		\$ 1,849.73	\$ -	0.00%	
97											

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%
98	Security Lights (20)	OLS								
99		MV	7000 Lumens Standard Service	19,440	8.98	\$ 174,571	8.98	\$ 174,571	\$ -	0.00%
100		MV	7000 Lumens Ornamental Service	-	20.48	\$ -	20.48	\$ -	\$ -	0.00%
101		MV	20,000 Lumens Standard Service	24	17.26	\$ 414	17.26	\$ 414	\$ -	0.00%
102		MV	20,000 Lumens Ornamental Service	-	27.24	\$ -	27.24	\$ -	\$ -	0.00%
103		HPS	9500 Lumens Standard	65,856	8.78	\$ 578,216	8.78	\$ 578,216	\$ -	0.00%
104		HPS	9500 Lumens Ornamental	168	18.73	\$ 3,147	18.73	\$ 3,147	\$ -	0.00%
105		HPS	9500 Lumens Directional	2,856	8.87	\$ 25,333	8.87	\$ 25,333	\$ -	0.00%
106		HPS	22,000 Lumens Standard	1,248	12.46	\$ 15,550	12.46	\$ 15,550	\$ -	0.00%
107		HPS	22,000 Lumens Ornamental	144	22.41	\$ 3,227	22.41	\$ 3,227	\$ -	0.00%
108		HPS	22,000 Lumens Directional	1,236	12.22	\$ 15,104	12.22	\$ 15,104	\$ -	0.00%
109		HPS	50,000 Lumens Standard	-	18.70	\$ -	18.70	\$ -	\$ -	0.00%
110		HPS	50,000 Lumens Ornamental	-	28.14	\$ -	28.14	\$ -	\$ -	0.00%
111		HPS	50,000 Lumens Directional	3,096	18.32	\$ 56,719	18.32	\$ 56,719	\$ -	0.00%
112		LED	6100 Lumens Standard	9,588	9.13	\$ 87,538	9.13	\$ 87,538	\$ -	0.00%
113		LED	9500 Lumens Standard	-	12.52	\$ -	12.52	\$ -	\$ -	0.00%
114		LED	23,000 Lumens Directional Floodlight	60	24.90	\$ 1,494	24.90	\$ 1,494	\$ -	0.00%
115			Total Base Rates			\$ 961,313		\$ 961,313	\$ -	0.00%
116			FAC			\$ -		\$ -	\$ -	-
117			ES			\$ -		\$ -	\$ -	-
118			Misc Adj			\$ -		\$ -	\$ -	-
119			Other			\$ -		\$ -	\$ -	-
120			Total Riders			\$ -		\$ -	\$ -	-
121			TOTAL REVENUE			\$ 961,313		\$ 961,313	\$ -	0.00%
122										
123	AppHarvest (70)	Contract								
124			Customer Charge	12	1,268.17	\$ 15,218	1,268.17	\$ 15,218	\$ -	0.00%
125			Demand Charge Contract per kW	70,496	7.44	\$ 524,490	7.44	\$ 524,490	\$ -	0.00%
126			Demand Charge Interrup per kW	18,006	(5.60)	\$ (100,834)	(5.60)	\$ (100,834)	\$ -	0.00%
127			EDR			\$ 160,720		\$ 160,720	\$ -	0.00%
128			Energy Charge per kWh	41,463,518	0.04261	\$ 1,766,761	0.04261	\$ 1,766,761	\$ -	0.00%
129			Total Base Rates			\$ 2,366,355		\$ 2,366,355	\$ -	0.00%
130			FAC			\$ 609,175		\$ 609,175	\$ -	-
131			ES			\$ 353,471		\$ 353,471	\$ -	-
132			Buy Through Net			\$ 3,511		\$ 3,511	\$ -	-
133			Other			\$ -		\$ -	\$ -	-
134			Total Riders			\$ 966,157		\$ 966,157	\$ -	-
135			TOTAL REVENUE			\$ 3,332,512		\$ 3,332,512	\$ -	0.00%
136			Average	3,455,293		\$ 277,709.32		\$ 277,709.32	\$ -	0.00%
137										
138	Dravo (14 now 18)	Contract								
139			Customer Charge	12	-	\$ -	-	\$ -	\$ -	0.00%
140			Demand Charge per kW	96,000	7.44	\$ 714,240	7.44	\$ 714,240	\$ -	0.00%
141			Energy Charge per kWh	59,373,527	0.04261	\$ 2,529,906	0.04261	\$ 2,529,906	\$ -	0.00%
142			Total Base Rates			\$ 3,244,146		\$ 3,244,146	\$ -	0.00%
143			FAC			\$ 791,345		\$ 791,345	\$ -	-
144			ES			\$ 577,948		\$ 577,948	\$ -	-
145			Misc Adj			\$ -		\$ -	\$ -	-
146			Other			\$ -		\$ -	\$ -	-
147			Total Riders			\$ 1,369,293		\$ 1,369,293	\$ -	-
148			TOTAL REVENUE			\$ 4,613,439		\$ 4,613,439	\$ -	0.00%
149			Average	4,947,794		\$ 384,453.21		\$ 384,453.21	\$ -	0.00%
150										

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%	
138	Guardian Industries (16)	Contract									
139			Customer Charge	12	1,268.17	\$ 15,218	1,268.17	\$ 15,218	\$ -	0.00%	
140			Demand Charge per kW	92,021	7.44	\$ 684,636	7.44	\$ 684,636	\$ -	0.00%	
141			Energy Charge per kWh	56,173,030	0.04261	\$ 2,393,533	0.04261	\$ 2,393,533	\$ -	0.00%	
142			Total Base Rates			\$ 3,093,387		\$ 3,093,387	\$ -	0.00%	
143			FAC			\$ 754,775		\$ 754,775	\$ -	-	
144			ES			\$ 534,246		\$ 534,246	\$ -	-	
145			Misc Adj			\$ -		\$ -	\$ -	-	
146			Other			\$ -		\$ -	\$ -	-	
147			Total Riders			\$ 1,289,021		\$ 1,289,021	\$ -	-	
148			TOTAL REVENUE			\$ 4,382,408		\$ 4,382,408	\$ -	0.00%	
149			Average		4,681,086	\$ 365,200.64		\$ 365,200.64	\$ -	0.00%	
150											
151			Int'l Paper	Contract							
152	Customer Charge	12			5,726.70	\$ 68,720	5,726.70	\$ 68,720	\$ -	0.00%	
153	Demand Charge per kW	412,081			7.30	\$ 3,008,191	7.30	\$ 3,008,191	\$ -	0.00%	
154	Energy Charge per kWh	256,019,383			0.03978	\$ 10,184,451	0.03978	\$ 10,184,451	\$ -	0.00%	
155	Total Base Rates					\$ 13,261,363		\$ 13,261,363	\$ -	0.00%	
156	FAC					\$ 3,382,471		\$ 3,382,471	\$ -	-	
157	ES					\$ 2,411,760		\$ 2,411,760	\$ -	-	
158	Misc Adj					\$ -		\$ -	\$ -	-	
159	Other					\$ -		\$ -	\$ -	-	
160	Total Riders					\$ 5,794,231		\$ 5,794,231	\$ -	-	
161	TOTAL REVENUE			\$ 19,055,594		\$ 19,055,594	\$ -	0.00%			
162	Average		21,334,949	\$ 1,587,966.15		\$ 1,587,966.15	\$ -	0.00%			
163											
164	Tennessee Gas	Contract									
99			Customer Charge	163,515,005	0.002	\$ 327,030	0.002	\$ 327,030	\$ -	0.00%	
100			Energy Charge per kWh	140,567,003	0.06074	\$ 8,538,040	0.06074	\$ 8,538,040	\$ -	0.00%	
101			Demand Charge per kW	327,872	1.75	\$ 573,776	1.75	\$ 573,776	\$ -	0.00%	
102			Total Base Rates			\$ 9,438,846		\$ 9,438,846	\$ -	0.00%	
103			FAC			\$ -		\$ -	\$ -	-	
104			ES			\$ 574,417		\$ 574,417	\$ -	-	
105			Misc Adj			\$ -		\$ -	\$ -	-	
106			Other			\$ -		\$ -	\$ -	-	
107			Total Riders			\$ 574,417		\$ 574,417	\$ -	-	
108	TOTAL REVENUE			\$ 10,013,263		\$ 10,013,263	\$ -	0.00%			
109	Average		11,713,917	\$ 834,438.56		\$ 834,438.56	\$ -	0.00%			
110											

Fleming-Mason RECC
Billing Analysis of Present and Proposed Rates

#	Classification	Code	Billing Component	Billing Units	Present Rate	Present Revenue	Proposed Rate	Proposed Revenue	Increase \$	%
111	Steam	Steam								
112			Demand Charge per MMBTU	3,462	604.75	\$ 2,093,645	604.75	\$ 2,093,645	\$ -	0.00%
113			Energy Charge per MMBTU	1,859,751	4.2660	\$ 7,933,697	4.2660	\$ 7,933,697	\$ -	0.00%
114			Total Base Rates			\$ 10,027,342		\$ 10,027,342	\$ -	0.00%
115			FAC			\$ 2,616,174		\$ 2,616,174	\$ -	-
116			ES			\$ 1,879,756		\$ 1,879,756	\$ -	-
117			Misc Adj			\$ -		\$ -	\$ -	-
118			Other			\$ -		\$ -	\$ -	-
119			Total Riders			\$ 4,495,930		\$ 4,495,930	\$ -	-
120			TOTAL REVENUE			\$ 14,523,272		\$ 14,523,272	\$ -	0.00%
121			Average			\$ 4,195.05		\$ 4,195.05	\$ -	0.00%
122										
123										
124										
125	TOTALS		Total Base Rates			\$ 83,101,367		\$ 85,855,505	\$ 2,754,137	3.31%
126			FAC			\$ 14,102,577		\$ 14,102,577	\$ -	-
127			ES			\$ 10,095,518		\$ 10,095,518	\$ -	-
128			Misc Adj			\$ 232		\$ 232	\$ -	-
129			Other			\$ 462		\$ 462	\$ -	-
130			Total Riders			\$ 24,198,788		\$ 24,198,788	\$ -	-
131			TOTAL REVENUE			\$ 107,300,156		\$ 110,054,293	\$ 2,754,137	2.57%
132										
133								Target:	\$ 2,755,741	
134								Variance:	\$ (1,604)	

FLEMING-MASON ENERGY COOPERATIVE
For the 12 Months Ended December 31, 2022

Year-End Customers

Line #	Year (1)	Month (2)	Residential & Small	Residential & Small Power ETS	Prepay (80)	Net Metering	Inclining Block	Small General	Total (11)
			Power (1) (3)	(11) (4)		(100) (6)	Rate (8) (7)	Service (2) (8)	
1	2022	Jan	23,869	51	524	54	304	237	
2	2022	Feb	23,869	50	523	54	310	235	
3	2022	Mar	23,979	52	536	56	316	238	
4	2022	Apr	23,914	51	524	58	316	242	
5	2022	May	24,028	51	537	60	314	240	
6	2022	Jun	23,920	51	511	60	311	242	
7	2022	Jul	24,068	53	517	63	313	242	
8	2022	Aug	24,150	51	519	64	312	243	
9	2022	Sep	24,089	52	514	65	311	244	
10	2022	Oct	24,122	51	513	66	312	246	
11	2022	Nov	24,213	50	528	67	314	249	
12	2022	Dec	24,278	50	530	66	313	247	
13		Average	24,042	51	523	61	312	242	
14									
15		End of Period Increase over Avg	236	(1)	7	5	1	5	
16									
17		Total kWh	308,135,777	909,510	7,907,545	796,690	920,624	18,017,225	
18		Average kWh	12,817	17,834	15,120	13,060	2,951	74,451	
19		Year-End kWh Adjustment	3,024,709	(17,834)	105,837	65,302	2,951	372,257	3,553,222
20									
21		(continued)							
22		Revenue Adjustment							
23		Current Base Rate Revenue	\$ 30,159,640	\$ 75,293	\$ 787,796	\$ 77,777	\$ 132,683	\$ 1,839,787	
24		Average Revenue per kWh	\$ 0.09788	\$ 0.08278	\$ 0.09963	\$ 0.09763	\$ 0.14412	\$ 0.10211	
25		Year End Revenue Adj	\$ 296,052	\$ (1,476)	\$ 10,544	\$ 6,375	\$ 425	\$ 38,012	349,932
26									
27		Expense Adjustment							
28		Avg Adj Purchase Exp per kWh	0.05833	0.05833	0.05833	0.05833	0.05833	0.05833	
29		Year End Expense Adj	\$ 176,445	\$ (1,040)	\$ 6,174	\$ 3,809	\$ 172	\$ 21,715	207,275
30									
31									
32		Test Year Amount	\$ -	\$ -					
33									
34		Pro Forma Year Amount	\$ 349,932	\$ 207,275					
35									
36		<u>Adjustment</u>	<u>\$ 349,932</u>	<u>\$ 207,275</u>					
37									
38									
39		For Expense Adjustment:		Test Period Total					
40		Total Purchased Power Expense		\$ 80,627,507					
41		Less Fuel Adjustment Clause		\$ (11,162,273)					
42		Less Environmental Surcharge		\$ (9,613,093)					
44		Adjusted Purchased Power Expense		\$ 59,852,141					
45		Total Purchased Power kWh		1,026,016,445					

This adjustment adjusts the test year expenses and revenues to reflect the number of customers at the end of the test year.

AFFIDAVIT

STATE OF MISSOURI)

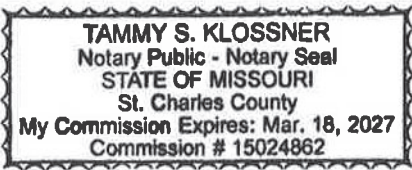
COUNTY OF ST. LOUIS)


GREG R. MEYER, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Greg R. Meyer

Sworn to and subscribed before me on this
27th day of November, 2023.





Notary Public