

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

In the Matter of:

ELECTRONIC APPLICATION FOR AN)	
ALTERNATIVE ADJUSTMENT OF RATES)	CASE NO.
FOR MEADE COUNTY RURAL ELECTRIC)	2025-00159
COOPERATIVE CORPORATION PURSUANT)	
TO 807 KAR 5:0078)	

ATTORNEY GENERAL’S COMMENTS

The Intervenor, the Attorney General of the Commonwealth of Kentucky, through his office of Rate Intervention (“Attorney General”), submits the following comments to the Public Service Commission (“Commission”) in the above-styled matter.

STATEMENT OF THE CASE

Meade County Rural Electric Cooperative Corporation (“Meade County” or the “Company”), is a not-for-profit, member-owned rural electric distribution cooperative organized under KRS 279, and distributes retail electric power to approximately 31,657 member-customers in the Kentucky Counties of Breckinridge, Grayson, Hancock, Hardin, Meade, and Ohio.¹ The Company owns approximately 3,318 miles of

¹ Application, paragraph 1.

distribution line in its service territory.² The Company's last rate adjustment application was filed in 2020. Meade County RECC is a utility subject to the rates and service jurisdiction of the Commission.³

Meade County filed a Notice of Intent to File an Application for an adjustment for rates on May 30, 2025. Subsequently, on July 15, 2025, the Company filed an Application seeking an adjustment of rates pursuant to the streamlined procedure pilot program, utilizing a test year that ended on December 31, 2024.⁴ The Commission granted intervention to the Attorney General by Order on July 1, 2025.

Meade County proposes an increase in revenues totaling \$1,750,780, representing a 2.06% increase.⁵ The Company requests an increase to the residential daily customer charge from 0.686 to 0.850, or an increase from \$20.87 to \$25.85 per month, according to the Company's expert witness, John Wolfram.⁶ An adjustment to the volumetric energy for residential customers was not proposed. According to the Company, if the Application is approved as filed, residential customers will see a \$4.99, or 3.68% increase to their monthly bill.⁷ Additionally, the Company proposes that the daily customer charge for small commercial customers be increased from .816 to .890, with

² Direct Testimony of Marty Littrel ("Littrel Testimony") at 4.

³ Application, paragraph 2.

⁴ Direct Testimony of Anna Swanson ("Swanson Testimony") at 5.

⁵ Application, paragraph 3.

⁶ Direct Testimony of John Wolfram ("Wolfram Testimony") at 24.

⁷ Wolfram Testimony at 25.

the volumetric energy charge being decreased from .104294 to 0.102400.⁸ According to Mr. Wolfram, this will not result in an average billing increase for this customer class.⁹

Pursuant to the streamlined procedure pilot program, the Attorney General and Commission Staff each propounded one round of discovery to Meade County, to which the Company filed responses on August 29, 2025. Following the submission of these Comments, the case will stand submitted for a decision on the record on September 15, 2025.

A. Rate Case Expenses

In Reference Schedule 1.05 of the application, Meade County indicated that the expected total rate case expenses would be \$115,000. The Company requested that Rate Case Expenses be amortized over three years for \$38,333 per year.¹⁰ On August 31, 2025, the Company filed Exhibit 19, which provided its updated rate case expense supported by the most recent invoices. Per the information provided, the Company has only paid \$29,212.64 in rate case expense at this time. While the Attorney General does not deny that further expense may be incurred over the course of this case, it does not appear likely that the final amount will be consistent with the \$115,000 forecast by the Company. As such, the originally proposed rate case expense is not reasonable. Thus, if approved, residential customers would be paying a rate that was unjust, unfair, and unreasonable. It is Commission precedent that recovery of rate expense is not guaranteed, and there must be sufficient evidence that supports a finding the expense is

⁸ Exhibit 6, page 26C.

⁹ Wolfram Testimony at 25.

¹⁰ Application, Exhibit JW-2, at 9.

just and reasonable.¹¹ The Attorney General requests the Commission only grant the Company's actual rate case costs that are deemed reasonable and necessary and supported by sufficient evidence, as opposed to estimated rate case costs, in the revenue requirement.

B. Employee Health and Dental Insurance Premiums

In Meade County's Application, it was noted that the Company pays 100% of single health and dental insurance premiums for employees.¹² In the Company's last rate case, the Commission took issue with Meade County RECC's 100% coverage of health and dental insurance premiums and advised that it should reflect the Bureau of Labor Statistics (BLS) utility average. It further noted that 100% coverage by the employer was not fair, just, or reasonable. In the Final Order, the Commission adjusted the allowed expenses to reflect the then BLS utility averages for Health and Dental Insurance Costs, rather than allowing those to be 100% employer-funded, as requested by Meade County RECC.¹³

Despite the Final Order of the previous rate case, Meade County continues to pay 100% of single health and dental insurance premiums. This continues to be unfair and unreasonable to the Company's member-customers, who are burdened by this policy. The Attorney General requests the Commission to make an adjustment that reflects previous precedent and is consistent with the current BLS data.

¹¹ Case No. 2022-00372, *Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief* (Ky. PSC Dec. 13, 2022), Order at 4.

¹² Swanson Testimony at 8.

¹³ Case No. 2020-00131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment Of Rates* (Ky. PSC. June 5, 2020), Order at 7 and 8.

C. Miscellaneous Adjustments to Revenue Requirements

The Attorney General was given the opportunity to submit one round of Data Requests to Meade County. In a typical, non-streamlined rate case, the Attorney General would have had the chance to make supplemental follow-up requests. It does not have the ability to conduct that follow-up here due to the expedited nature of the streamlined process. The issues presented below pertain to Meade County's Responses to those initial Requests. These are matters for which the Attorney General would have sought further clarification if additional questions were permitted.

In Response to AG DR 1-7, Meade County disclosed executive salary information. Additionally, in their Responses to Staff DR 1-4 and AG DR 1-8, the Company addressed inquiries concerning the 37% CEO pay increase in 2023. The Commission should ensure that executive salaries are reasonable and similar to those paid by other cooperatives throughout the Commonwealth. The Commission should rely on its data and relevant studies it has available to track executive compensation for cooperative distribution utilities in the Commonwealth. The Commission should consider all data available to it on this subject to determine whether those costs are just and reasonable. While the market for executive employees may be competitive, substantial salary increases will result in the member-customers bearing an unreasonable burden.

In Response to AG DR 1-9 and AG DR 1-10, Meade County RECC disclosed information pertaining to the wages and benefits to salaried and non-salaried employees respectfully. The Commission should ensure that the benefits and pay are

reasonable and similar to those paid by other cooperatives throughout the Commonwealth. The Commission should consider all data available on this subject, including the most recent BLS averages, to determine whether those and other costs are just and reasonable.

D. Customer Charge

As aforementioned, Meade County RECC has proposed an increase to its daily customer charge from .686 to .850, for residential customers. This equates to a 23.9% adjustment for residential ratepayers. The Company has not proposed any adjustments to the volumetry energy charge for residential customers.

The Attorney General has concerns regarding the increase to the fixed customer charge. By raising the daily customer charge as opposed to the volumetric charge, the customer's ability to control their monthly utility bills will be diminished. This in turn may disincentivize energy conservation.

The Commission has always relied upon the principle of gradualism in ratemaking, which mitigates the financial impact of rate increases on customers.¹⁴ Several communities in Meade County's service area, such as Breckinridge¹⁵ and

¹⁴ Case No. 2014-00396, *In the Matter of Application of Kentucky Power Company for: (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2014 Environmental Compliance Plan; (2) An Order Approving its Tariffs and Riders; and (4) An Order Granting All Other Required Approvals and Relief*, (Ky. PSC June 22, 2014) ("the Commission has long employed the principle of gradualism"); See also Case No. 2000-00080, *In the Matter of: The Application of Louisville Gas & Electric Company to Adjust its Gas Rates and to Increase its Charges for Disconnecting Service, Reconnecting Service and Returned Checks* (Ky. PSC Sept. 27, 2000) ("the Commission is adhering to the rate-making concepts of continuity and gradualism in order to lessen the impact of these increases on the customers that incur these charges.")

¹⁵https://data.census.gov/profile/Breckinridge_County_Kentucky?g=050XX00US21027#income-and-poverty; Responses to the Attorney General's First Request for Information, AG DR 1-4(i).

Grayson¹⁶ Counties, suffer from high poverty rates.¹⁷ These economic circumstances should be weighed when considering the requested increase. The Attorney General respectfully requests the Commission to continue to rely upon the principle of gradualism when awarding any increase to the residential customer charge.

Conclusion

The Attorney General requests that the Commission scrutinize the proposal as detailed above before approving any rate adjustments. Additionally, the Attorney General requests, to the extent the Commission deems a revenue increase to be appropriate, the proposed rates be adjusted to minimize the increase to the fixed customer charge.

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¹⁶https://data.census.gov/profile/Grayson_County,_Kentucky?g=050XX00US21085; Responses to the Attorney General's First Request for Information, AG DR 1-4(i).

Respectfully submitted,

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Certificate of Service

Pursuant to the Commission's Orders in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record.

This 9th day of September, 2025



Assistant Attorney General