

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CLARK)	
ENERGY COOPERATIVE, INC. FOR AN)	CASE NO.
ALTERNATIVE RATE ADJUSTMENT)	2025-00230
PURSUANT TO 807 KAR 5:0077)	

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

Clark Energy Cooperative Inc. (“Clark Energy” 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 28,400 member-customers in the Kentucky Counties of Bath, Bourbon, Clark, Estill, Fayette, Madison, Menifee, Montgomery, Morgan, Powell, and Rowan.¹ The Company owns approximately 2,373

¹ Application, paragraph 1.

miles of distribution line in its service territory.² It is a member-owner of East Kentucky Power Cooperative, Inc.³ The Company's last rate adjustment application was filed in 2020. Clark Energy is a utility subject to the rates and service jurisdiction of the Commission.⁴

Clark Energy filed a Notice of Intent to File an Application for an adjustment for rates on July 11, 2025. Subsequently, on August 12, 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("Application").⁵ The Commission granted intervention to the Attorney General by Order on August 13, 2025.

Clark Energy proposes an increase in revenues totaling \$2,820,550, representing a 5% increase.⁶ The Company requests an increase to the residential monthly customer charge from \$18.62 to \$33.00. Additionally, the Company requested that the volumetric energy charge for resident customers be decreased from .010123 per kWh to .09621 per kWh. According to the Company, residential customers with the average energy use of 1,042 kWh will see an increase of \$9.15 in their monthly bills.⁷ Adjustments to other customer classes were proposed, but the Company has advised that those will not lead to increases of the monthly bills of those average users.⁸

² Direct Testimony of R. Christopher Brewer ("Brewer Testimony") at 4.

³ Brewer Testimony at 3.

⁴ Application, paragraph 2.

⁵ Direct Testimony of Billy O'Brian Frasure ("Frasure Testimony") at 5.

⁶ Application, paragraph 3.

⁷ Direct Testimony of John Wolfram ("Wolfram Testimony") at 24.

⁸ Wolfram Testimony at 23, 24.

Pursuant to the streamlined procedure pilot program, the Attorney General and Commission Staff each propounded one round of discovery to Clark Energy, to which the Company filed responses on September 22, 2025. Following the submission of these comments, the case will stand submitted for a decision on the record on October 9, 2025.

A. Rate Case Expenses

In Reference Schedule 1.03 of the application, Clark Energy indicated that the expected total rate case expenses would be \$50,000. The Company requested that rate case expenses be amortized over three years at a rate of \$16,667 per year.⁹ On September 22, 2025, the Company filed an updated Exhibit 19 in response to Staff's Data Request 1-20. Per the updated exhibit, the Company has presently paid \$28,122.80 in case expenses. While it is likely that further expenses will be incurred, the final amount will likely not be consistent with the \$50,000 forecast by the Company. 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 proposed revenue requirement. It should be noted that the Company is in agreement with this, stating, "Clark Energy agrees only actual rate expenses should be recovered."¹⁰

B. Miscellaneous Adjustments to Revenue Requirements

The Attorney General was given the opportunity to submit one round of Data Requests to Clark Energy. In a typical, non-streamlined rate case, the Attorney General

⁹ Application, Exhibit JW-2, at 7.

¹⁰ Company Response to AG DR 1-27.

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 Clark Energy'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, Clark Energy disclosed executive salary information. Additionally, in their Responses to AG DR 1-8, the Company was questioned about the 15% CEO pay increase in 2023. The salary increases of previous and subsequent years, as provided by Exhibit 13 and in the Company's Response to AG DR 1-7(b), are lower than the ones seen in 2023. For comparison, the CEO salary only increased by 4% in 2022 and 5% in 2024. 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. Future substantial salary increases can result in the member-customers bearing an unreasonable burden.

The Attorney General also requested information pertaining to the wages and benefits to salaried and non-salaried employees.¹¹ In particular, the Attorney General asked Clark Energy if their employee benefits, including health insurance premiums,

¹¹ AG DR-9 and AG DR 1-10.

resembled the averages provided by the Bureau of Labor Statics.¹² However, a clear answer was not given. Per the testimony of the Vice President of Finance and Office Services, employees contribute 10% for employee-only plans and 29% for family insurance plans. 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 publicly available BLS averages, to determine whether those and other costs are just and reasonable. Additionally, Clark Energy advised that some employees occasionally assist with fleet maintenance for Clark Propane Plus, a subsidiary.¹³ The Commission should ensure that work performed for Clark Propane Plus is not funded by the Company's electric ratepayers.

C. Customer Charge

Clark Energy has proposed to increase its monthly customer charge from \$18.62 to \$33.00 for residential customers. This equates to a 77.23% increase for residential ratepayers.

The Attorney General has concerns regarding the increase to the fixed customer charge as the primary method of obtaining a revenue increase. By deemphasizing the volumetric energy charge and increasing the monthly customer charge, member-owners are given less control of their utility bills. Energy conservation would be disincentivized, as total usage will play less of a role in determining monthly bills.

¹² See AG DR 1-9(i), and AG-DR1 1-10(h). See also <https://www.bls.gov/news.release/ebs2.t03.htm>, Table 3 and <https://www.bls.gov/news.release/ebs2.t04.htm>, Table 4

¹³ See Response to AG DR 1-29.

Clark Energy's service area encompasses several Counties whose residents struggle under high rates of poverty. Specifically, Menifee, Rowan, and Bath Counties have significantly high poverty rates.¹⁴ Given that an increase in rates relative to income will have a disproportionate impact on these communities, gradualism should be relied upon when awarding any increases to the customer charge. The Commission has historically used the principal of gradualism to mitigate the financial impact any rate increase may have on customers.¹⁵ The specific economic circumstances of Clark Energy's service territory should be considered in this matter. 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.

¹⁴ See AD DR 1-4.

¹⁵ 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.")

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 2nd day of October, 2025



Assistant Attorney General