COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF INTER-COUNTY ENERGY COOPERATIVE CORPORATION TO IMPLEMENT A NEW VOLUNTARY INCLINING BLOCK RATE SCHEDULE	)))))	**CASE NO. 2026-00182**

INTER-COUNTY ENERGY COOPERATIVE CORPORATION'S VERIFIED RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION ENTERED AUGUST 13, 2026

Comes now Inter-County Energy Cooperative Corporation's (Inter-County Energy), by counsel, and hereby tenders its Verified Responses to Commission Staff's First Request for Information entered August 13, 2026.

Filed: August 21, 2026

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF INTER-COUNTY ENERGY COOPERATIVE CORPORATION TO IMPLEMENT A NEW VOLUNTARY INCLINING BLOCK RATE SCHEDULE	)))))	CASE NO. 2026-00182

VERIFICATION OF JERRY CARTER

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF BOYLE)

Jerry Carter, being duly sworn, states that he has supervised the preparation of responses to Commission Staff's First Request for Information in the above referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Jerry W. Carter

Jerry Carter

The foregoing Verification was signed, acknowledged and sworn to before me this 21st day of August 2026, by Jerry Carter.

Farrah L Coleman

Commission expiration: 8-24-29

FARRAH L COLEMAN
My Commission Expires 08-24-2029
NOTARY PUBLIC
Comm. # KYNP34536
COMMONWEALTH OF KENTUCKY

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF INTER-COUNTY ENERGY COOPERATIVE CORPORATION TO IMPLEMENT A NEW VOLUNTARY INCLINING BLOCK RATE SCHEDULE	)))))	CASE NO. 2026-00182

VERIFICATION OF JOHN WOLFRAM

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

John Wolfram, being duly sworn, states that he has supervised the preparation of responses to Commission Staff's First Request for Information in the above referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

John Wolfram

The foregoing Verification was signed, acknowledged and sworn to before me this 21st day of August 2026, by John Wolfram.

Heather S. Temple
Commission expiration: April 9, 2029
KYNP98715

Witness: Jerry Carter

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

<u>Request 1:</u> Refer to the proposed Rates for Farm and Home Service – Schedule 1 – Inclining Block tariff (proposed tariff).

a. Explain how the one-year commitment to the rate schedule will be administered, including:

(1) When the one-year term begins;

(2) Whether the commitment automatically renews;

(3) When and how a member may return to Schedule 1;

(4) How a change in ownership, occupancy, or use of the structure will affect the commitment; and

(5) How the one-year commitment is expected to prevent rate switching or adverse selection.

<u>Response 1(a)(1):</u> The one-year commitment term will begin on the date the account is transferred to the Inclining Block rate.

<u>Response 1(a)(2):</u> The one-year commitment will not automatically renew at the end of the initial term; the Member will have to affirmatively state they would like to continue taking service on the Inclining Block Tariff.

<u>Response 1(a)(3):</u> After a one-year commitment, the Member may return to Schedule 1 at any time by notifying Inter-County Energy's member service department they would like to return to Schedule 1.

<u>Response 1(a)(4):</u> If ownership of the property changes during the one-year term, the new member may elect to remain on the Inclining Block Tariff. If the new member makes that election, a new one-year commitment will begin on the date service is established in the new member's name.

A change in occupancy that does not involve a change in the account holder will not terminate, or restart, the existing one-year commitment. If the building's use changes so that it no longer qualifies as an agricultural-related building or if it is converted to a commercial enterprise, the account will be transferred to the applicable rate schedule.

Response 1(a)(5): The one-year commitment is intended to prevent members from switching between rate schedules to obtain a temporary pricing advantage. For example, if a member completes the one-year commitment, transfers to another rate schedule for one month, and subsequently elects to return to the inclining block rate, a new one-year commitment will begin on the effective date of that change.

Witness: Jerry Carter

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 2: Refer to the proposed tariff. Explain how Inter-County Energy determined the energy per kWh charge blocks of 0–300 kWh, 301–500 kWh, and over 500 kWh and what influenced that decision.

Response 2: Inter-County Energy determined the blocks by reviewing other East Kentucky Power Cooperative, Inc. ("EKPC") Owner-Member cooperatives' inclining block tariffs. The blocks chosen by Inter-County Energy are same as other cooperatives. Please see, Blue Grass Energy Tariff, P.S.C. KY. NO. 2, Fifth Revised Sheet No. 5a, GS-2 ("Residential and Farm Inclining Block"); Fleming-Mason Energy Cooperative, Inc., Tariff, P.S.C. No 4, Third Revised Sheet No. 5, Residential and Small Power – Inclining Block – Schedule RSP-IB; and Owen Electric Cooperative, Inc., Tariff P.S.C. KY. NO. 6, 10th Revised Sheet No. 10.

Witness: Jerry Carter & John Wolfram

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 3: Refer to the proposed tariff. Describe the historical billing data used to develop and test the proposed rate design, including the period covered, the criteria used to include or exclude accounts or service locations, the number of unique service locations included, the number of bills included for each month, and whether the data include all existing service locations that satisfy the proposed tariff's availability and type of service requirements. Explain and reconcile any missing or duplicate monthly records.

Response 3: The historical billing data covers the period from January 1, 2025, through December 31, 2025. Inter-County Energy relied on its billing code information and staff experience to identify the members that would qualify for the rate; see the response to Request 9. For each month, the number of bills included was in the range from 2,001 to 2,028 total bills. Some of the monthly usage values were zero, but those were still included in the dataset. To the best of the Cooperative's knowledge, there are no missing or duplicate records, and the data includes all existing service locations that satisfy the proposed tariff's availability and type of service requirements.

Witness: Jerry Carter

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 4: Refer to the proposed tariff. Explain the customer incentive basis behind each proposed usage block.

Response 4: The inclining block rate is intended to provide low electric usage agricultural facilities with an economically viable option for remaining connected to Inter-County Energy's system. Additionally, inclining block rates allow the members to control their usage and therefore their bill. Inter-County Energy is aware the Commission expressed interest in the idea of utility customers having more control over their bills.

As fixed costs to serve rise and all utilities move toward more cost-based rates, members with agricultural facilities may elect to disconnect service and cease contributing to the cost of the infrastructure serving those facilities. If the members disconnect service, the associated poles, wires, and other equipment generally remain in place. Inter-County Energy is also aware of the Commission requirement that idle infrastructure must be maintained to the same level as energized infrastructure. Maintaining idle infrastructure would contribute to the rising costs to serve. Allowing low usage agricultural customers to take service on an inclining block rate will help keep these members from disconnecting service.

Witness: John Wolfram

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 5: Refer to the proposed tariff. Explain how variable and fixed costs associated with serving the targeted customer demographic were considered and allocated when designing the proposed tariff.

Response 5: Because the members to which the proposed tariff would apply are currently served on Residential Rate 1, the fixed and variable costs for the proposed rate are based on the division of those costs currently reflected in the per unit charges for Residential Rate 1. Also, please see the response to Request 6.

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 6: Refer to the Excel spreadsheet titled "20260701_Inter-County Energy Cooperative Corporation Voluntary Inclining Block Rate Schedule Tariff Filing.xlsx" filed alongside the proposed tariff.

a. Refer to the "Summary" tab. Explain how the rate scalar and proxy rates were calculated.

b. Refer to the "Summary" tab. The Excel file includes rates for a streamlined rate filing. Explain the reasoning for including those rates and calculations in support of the proposed tariff.

c. Refer to the "Summary" tab. Confirm that the values on lines 16–28 and lines 46–58 in columns D through G should be kWh instead of dollars. If not confirmed, explain the response.

Response 6(a): The overall rate design is premised on the concept of creating per-unit charges for three separate consumption blocks, such that the proposed charges will be revenue neutral when applied to the set of members that Inter-County Energy expects would take service on the rate (whose current rate has only a single energy block). Essentially, the goal is to create three blocks from one, such that the three per-unit charges, when applied to per-block consumption, achieve revenue neutrality for the applicable members.

The rate scalar does not apply to the Facilities Charge; it is the same for the Inclining Block rate as it is for Residential Rate 1. Thus, the division between fixed cost recovery and variable cost recovery is maintained. For the energy blocks, the rate scalar is the multiplier applied to the Residential Rate 1 energy charge such that a target "Ratio to Rate 1" is achieved. The targets for the "Ratio to Rate 1" are set such that the first block is lower than the Rate 1 energy charge, the second block is equal to the Rate 1 energy charge, and the third block is higher than the Rate 1 energy charge. The scalars for the first and third blocks are adjusted such that the "Ratio to Rate 1" for each of those blocks is somewhat symmetric around 1.00, with rounding, and within reasonable judgement. The proxy rate is the Residential Rate 1 multiplied by the scalar. To develop the per-unit charges, the scalars are adjusted for the first and third blocks such that (a) they each result in a somewhat symmetrical difference from 1.00 and (b) when applied to the billing data, they result in a total billing increase that rounds to zero, so the proposed rate is revenue neutral.

Response 6(b): The referenced fields were included in this model during the development of the Inclining Block Rate to assess various alternative scenarios in the event that Inter-County Energy opted to file a streamlined rate case following its last wholesale pass-through case [1] (which was still an open docket when the model was first developed). Inter-County Energy has not elected to do so; the fields are not used in support of the proposed tariff and were inadvertently included in the model as filed. They are removed in the revised model included with this response.

Response 6(c): Confirmed. Please see Attachment 1-6(c) provided separately in Excel format.

---

[1] *In the Matter of: Electronic Application Inter-County Energy Cooperative Corporation For Pass-Through Of East Kentucky Power Cooperative, Inc.'s Wholesale Rate Adjustment*, Case No. 2025-00216, Order dated April 27, 2026.

ATTACHMENT IS AN EXCEL SPREADSHEET AND UPLOADED SEPARATELY

Witness: John Wolfram

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 7: Refer to the proposed tariff. Explain whether Inter-County Energy performed a class cost-of-service study in the development of the proposed tariff rate. If so, provide the class cost-of-service study in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

Response 7. Inter-County Energy did not perform a class cost-of-service study for the development of the proposed tariff rate.

Witness: Jerry Carter

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 8: Explain how Inter-County Energy intends to advertise the proposed tariff to qualifying customers.

Response 8: Inter-County Energy provided notice in *Kentucky Living* twice. Based on those notices, Inter-County Energy received phone calls from members asking questions regarding the proposed tariff. Inter-County Energy also has notice posted on its website, office, and social media. If the tariff is approved, Inter-County Energy will continue to provide information regarding the voluntary program.

Inter-County Energy Cooperative Corporation
Case No. 2026-00182
Commission Staff's First Request for Information

Request 9: Refer to the tariff filing cover letter, customer notice, and Availability section of the proposed tariff.

a. Explain whether eligibility is limited to members currently receiving service under Schedule 1 for separately metered structures that are agricultural in nature.

b. State whether "low usage" is an eligibility requirement. If so, define "low usage" and explain how compliance will be determined.

c. Define "agricultural in nature" and describe the information or documentation Inter-County Energy will use to determine whether a structure qualifies.

d. Explain how Inter-County Energy will confirm that an applicant satisfies the tariff's type-of-service requirements, including the limitation to service requiring not more than a 25 kVA transformer

Response 9(a): Eligibility will not be limited to members currently receiving service under Schedule 1. The inclining block rate will be available to new members who meet the inclining block rate criteria.

Response 9(b): "Low usage" is not an eligibility requirement. However, the inclining block rate is designed to benefit qualifying agricultural structures, which generally consume fewer kilowatt-hours than the average residential account.

Response 9(c): "Agricultural in nature" is defined by a building, structure, or electric service used primarily and directly in cultivating land; raising, feeding, housing, or caring for livestock or poultry; producing or storing crops; or conducting other customary farming operations. The term includes barns, equipment sheds, grain bins, livestock facilities, poultry houses, greenhouses, irrigation systems, and similar facilities used in agricultural production.

Inter-County Energy will determine whether a building, structure, or electric service qualifies as agricultural in nature based on the definition above, documentation provided by the member, and information obtained by Inter-County Energy's engineering staff.

Response 9(d): Inter-County Energy will determine whether a building, structure, or electric service qualifies as agricultural in nature based on the definition provided in the response to Item 9(c).

Limiting eligibility to services supported by a transformer rated at 25 kVA or less provides a clear and objective standard, limits the capacity and infrastructure Inter-County Energy must maintain for accounts served under the rate, and helps align the rate's benefits with the cost of providing service. The limitation also prevents larger agricultural, processing, or commercial operations from attempting to receive the benefits of a rate intended for smaller agricultural structures and reduces the potential for costs to be shifted to other members. Agricultural facilities taking service with a 25 kVA transformer limitation is intended to ensure that the inclining block rate remains available to the smaller agricultural facilities for which it was designed. These facilities typically have low or intermittent energy usage but require electric service to remain available throughout the year.