COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES PURSUANT TO STREAMLINED PROCEDURE PILOT PROGRAM ESTABLISHED IN CASE NO. 2018-00407	)))))	CASE NO. 2021-00066

O R D E R

On March 11, 2021, Kenergy Corporation (Kenergy), pursuant to the amended "streamlined procedure" established in Case No. 2018-00407,[1] filed an application seeking a general adjustment in its rates, with a proposed effective date of April 11, 2021.[2] By Order dated March 25, 2021, the Commission accepted Kenergy's application pursuant to the "streamlined procedure" established in Case No. 2018-00407. The Commission, pursuant to KRS 278.190(2), also suspended the effective date of the proposed rates for five months, up to and including September 11, 2021. In addition, the March 25, 2021 Order established a procedural schedule for processing this case. Pursuant to the streamline procedure, the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General) was made a party to the case.

The Attorney General is the only intervenor in the case. Kenergy responded to two information requests from Commission Staff and one information request from the

[1] Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec. 20, 2019).

[2] Application at 3.

Attorney General. On March 30, 2021, Kenergy filed a motion to institute its proposed rates, subject to refund, beginning May 25, 2021. Kenergy stated that it did not account in its budgeting analysis for a delay in implementing its proposed rates until September 11, 2021. By Order dated May 12, 2021, Kenergy's motion was denied. On May 6, 2021, both the Attorney General and Kenergy filed comments on Kenergy's application. On May 20, 2021, the Commission, by its own motion, issued an Order extending the 75-day review period for a final Order, as established by the streamlined procedure, to June 24, 2021.

BACKGROUND

Kenergy is a non-profit, member-owned, rural electric distribution cooperative corporation duly organized and existing under KRS Chapter 279. Kenergy is engaged in the business of distributing retail electric power to approximately 58,000 customers in Daviess, Hancock, Henderson, Hopkins, McLean, Muhlenberg, Ohio, Webster, Breckinridge, Union, Crittenden, Caldwell, Lyon, and Livingston counties, Kentucky. Kenergy does not own any electric generating facilities, but is one of the three member cooperatives that own and receive wholesale power from Big Rivers Electric Corporation. Kenergy owns and maintains approximately 7,200 miles of distribution lines connecting fifty substations.[3] Kenergy's last general rate adjustment was effective September 15, 2016, in Case No. 2015-00312.[4]

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[3] Application, Exhibit 7, Direct Testimony of Jeff Hohn (Hohn Testimony) at 3.

[4] Case No. 2015-00312, *Application of Kenergy Corp. for a General Adjustment in Rates* (Ky. PSC Sept. 15, 2016).

TEST PERIOD

Pursuant to the streamlined procedures established in Case No. 2018-00407, Kenergy is using a historical test year ending on December 31, 2019.[5]

KENERGY'S PROPOSAL

Kenergy requests an overall increase of 2.80 percent, or $3,665,491 to its revenue requirements to achieve a Times Interest Earned Ratio (TIER) of 1.98, or an Operational Times Interest Earned Ratio (OTIER) of 1.85.[6] Kenergy proposes to allocate 100 percent of the requested revenue increase to the Non-Direct Served rate classes with the majority being place on the Residential Service customer charge and the balance upon the energy charge. This proposal will increase the Residential customer charge by 13.19 percent, from $18.20 per month to $20.60 per month and increase the energy charge by 3.25 percent, from $0.102038 per kWh to $0.105357 per kWh.[7] According to Kenergy, the effect upon the average bill for a residential customer using 1,248 kWh per month will result in an increase of $6.55 or 4.30 percent.[8] Kenergy is also proposing to revise its nonrecurring charges and pole attachment fees.[9]

Kenergy cites limited growth, declining margins, and increasing costs as support for its requested increase.[10] In particular, Kenergy asserts that since its last general adjustment to rates in 2016, it has experienced relatively low customer growth of

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[5] Application at 3.

[6] *Id.*

[7] *Id.*, Exhibit 4.

[8] *Id.*

[9] *Id.*

[10] Application at 2.

approximately 0.60 percent per year, and a 5.00 percent decrease in sales over the period.[11] Additionally, the average residential customer usage has decreased by 104 kWh.[12] Kenergy's also notes that its depreciation expenses have increased by approximately $2,000,000 and contractor tree-trimming expenses by $1,722,469 since its last rate case.[13]

Pursuant to the streamline procedure, Kenergy filed its Cost of Service Study (COSS) along with the application and Kenergy relied on this COSS to allocate the proposed revenue increase to the rate classes.[14] Kenergy supports its proposed rate design by noting that the residential class is the only customer classification not contributing its appropriate share towards Kenergy's cost of providing service, resulting in a cross-subsidization from all other customer groups.[15] Kenergy avers that not only does the proposed rate design help to address the subsidization between rate classes, but it will also move Kenergy's rate structures in the direction of cost based rates.[16] Kenergy's revised filed COSS indicates that the average monthly residential customer-related cost is $25.65 per month.[17]

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[11] *Id.* at 4.

[12] *Id.*

[13] *Id.* at 5.

[14] Application, Exhibit 9, Direct Testimony of John Wolfram (Wolfram Testimony) at 26.

[15] *Id.* at 25–26.

[16] *Id.* at 29.

[17] Kenergy's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Apr. 29, 2021), Item 8.

COST CONTAINMENT

Kenergy discussed several of its cost-containment measures in order to delay rate adjustments throughout the application. Kenergy largely focused on staff size and benefit contributions. First, Kenergy's number of full-time employees has decreased by 19 over a five-year period. These reduced positions were the result of voluntary resignations and retirements.[18] Kenergy cites the cost savings attributed to the reduction of the 19 positions as $2,393,837.[19] Second, Kenergy has increased the employee share of health insurance premiums from 10.00 percent to 16.00 percent.[20] This change was effective on January 1, 2020, and saves Kenergy approximately $135,353 per year.[21]

INTERVENOR COMMENTS

The Attorney General requested that the Commission set fair, just and reasonable rates for the customers of Kenergy as proven with known and measurable evidence.[22] The Attorney General expresses his concern over the lingering effects of the COVID-19 pandemic and the hardships and sacrifices that Kentuckians have had to face.[23] The Attorney General notes that at the height of the pandemic, around one-third of the Commonwealth's workforce lost their jobs, and that many others had to make hard financial decisions.[24] The Attorney General commended Kenergy's efforts on cost-

[18] Hohn Testimony at 6.

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] Attorney General's Comments (filed May 6 2021) at 6.

[23] *Id.* at 2.

[24] *Id*.

containment, including staffing reductions and increased employee-funded health insurance contributions, but believes Kenergy could have done more.[25] The Attorney General maintains that Kenergy should continue to evaluate opportunities for cost-containment to achieve further savings for its ratepayers.[26] In particular, Kenergy continues to pay for large portions of employee dental and life insurance premiums, and provided bonuses totaling nearly $40,000 in 2019.[27] The Attorney General states that the Commission should examine the continuous raises, incentive compensation, bonuses, and benefits packages provided to Kenergy employees, to determine whether these expenditures are reasonable.[28]

The Attorney General argues that Kenergy should evaluate and reduce its miscellaneous expenses. Among other things, miscellaneous expenses include employee awards and events, political activities, charitable donations, and break room supplies.[29] The Attorney General avers that Kenergy should strive to better utilize ratepayers' money by reducing expenditures that are not directly related to providing safe and reliable electric service, in order to stall future rate increases.[30]

Last, the Attorney General argues against increasing the Residential monthly customer charge. The Attorney General believes that a 13.19 percent increase will bring

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[25] *Id.* at 3.

[26] *Id*.

[27] *Id*.

[28] *Id.* at 4.

[29] *Id.* at 4–5.

[30] *Id.* at 5.

undue financial hardships on already struggling Kentuckians.[31] More importantly, under a Commission requested alteration to the Kenergy COSS, the revised residential customer cost to serve was shown to be $14.30 per month.[32] The Attorney General recommends that the Commission should reduce the monthly customer charge to $14.30 or maintain its current level.[33]

DISCUSSION

Revenue and Expense Adjustments

Kenergy proposed 16 adjustments to normalize its test-year operating revenues and expenses per the streamlined application. The Commission finds that 14 of the adjustments proposed by Kenergy are reasonable and should be accepted without change. The Commission finds that the rate case expense should be modified. Kenergy estimated it rate case expense at $50,000 in its application and proposed to recover this expense through a three-year amortization period. Actual rate case expense totaled $72,368.[34] A three-year amortization of these expenses will result in an increase in operating expenses of $7,456 over the $16,667 proposed in the application.[35] The Commission finds that this increase in rate case is justified and reasonable and that the adjustment to rate case expense should be made. Additionally and as detailed later in this Order, the Commission made an adjustment to the nonrecurring charges to eliminate

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[31] *Id*.

[32] Kenergy's Response to Staff's First Request (filed Apr. 29, 2021), Item 9.

[33] Attorney General's Comments at 6.

[34] Kenergy's Responses to Commission Staff's Second Request (filed June 8, 2021), Item 4.

[35] ($72,367.84 – $50,000) / 3 = $7,455.95

labor from the cost support calculations. The net result to other income is a decrease of total other electric revenue of $115,061.

Shown below are the Commission approved adjustments:

Fuel Adjustment Clause	$	22,698
Environmental Surcharge	$	(314,877)
Member Rate Stability Mechanism	$	(427,230)
Non-Smelter Non-FAC PPA	$	116,411
Rate Case Expenses	$	(24,123)
Year-End Customer Normalization	$	117,738
Depreciation Expense Normalization	$	(305,302)
Disallowed Expenses	$	380,865
Vegetation Management	$	(1,879,927)
Interest on LTD	$	473,714
Interest Expense & Income	$	(187,817)
Non-Operating Margins Interest	$	(436,362)
Labor Expenses	$	(114,439)
Labor Overhead Expenses	$	1,791
Miscellaneous Revenues	$	(115,061)
PSC Assessment	$	(24,761)
TOTAL	$	(2,716,682)

Pro Forma Adjustments Summary

The pro forma adjustments are found in Appendix A. The effects of the adjustments on Kenergy's net income results in utility operating margins of $(676,013) based upon a total revenue of $388,034,289, a total cost of electric service of $388,710,311 and resulting net margins of $80,031.

Salaries and Benefits

The Attorney General comments that employees received across the board average raises of two percent in 2016, 2017, and 2018; and three percent in 2019 and

2020.[36] Kenergy also provided that each employee, including the CEO, received incentive compensation for goals achieved in 2019. For these achievements, Kenergy's CEO received $21,250 and each employee received up to $1,440.[37] Additionally, each employee received a "grossed up for taxes" $100 and $150 in Christmas bonuses, in 2019 and 2020 respectively.[38]

Kenergy states in its written comments that although labor costs have been gradually increasing, it has taken several steps to combat the increase in labor expenses. First, Kenergy reduced its workforce by 19 employees, and second, Kenergy increased employee contributions to health insurance premiums.[39] Kenergy also notes that a recently completed Wage and Benefit study concluded that Kenergy's wages and benefits are competitive and comparable to local, state, and regional averages.[40]

The Commission has reviewed the information provided with regard to Wages and Benefits increases, including the salary survey that was provided by Kenergy. From the information provided, the Commission finds the compensation levels for Kenergy's executive staff to be reasonable and within the ranges set forth in the salary survey, and therefore no adjustment to compensation is required.

<u>Cost of Service</u>

Kenergy filed a fully allocated COSS based upon the 12 Coincident Peak methodology in order to determine the cost to serve each customer class. This COSS

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[36] Attorney General's Comments at 3.

[37] Kenergy's Response to Staff's First Request (filed Apr. 29, 2021), Item 6a.

[38] *Id.*, Item 6b.

[39] Hohn Testimony at 6.

[40] Kenergy's Written Comments (filed May 6, 2021) at 3.

determined Kenergy's overall rate of return on rate base and the relative rates of return from each rate class and was used as a guide in the proposed rate design.[41] Having reviewed Kenergy's COSS, the Commission finds it to be acceptable for use as a guide in allocating the revenue increase granted herein.

Revenue Allocation and Rate Design

Based on the results of the COSS, there is indication that the current rates illustrate a high degree of subsidization between the rate classes and, at current rates, only the residential rate is providing less than the cost to serve while the other classes produce revenues in excess of their respective class cost to serve.[42] Kenergy proposed to apply 100 percent of the rate increase to the residential rate schedule. The revenue allocation is illustrated below:[43]

Rate	Return on Rate Base	Unitized Return on Rate Base	Return after Rate Revision	Unitized Return After Rate Revision
Residential	-1.33%	(0.81)	1.03%	0.31
Commercial & Single Phase	6.16%	3.74	6.16%	1.82
Comm Three Phase (<1000 kW)	15.87%	9.63	15.87%	4.68
Comm Three Phase (>1000 kW)	8.71%	5.29	8.71%	2.57
Unmetered Lighting	10.22%	6.20	10.22%	3.01
TOTAL	1.65%	1.00	3.39%	1.00

Kenergy asserts that the COSS supports a fixed monthly charge of $25.65 for the residential class but proposes only to close the gap between the current charge of $18.20

[41] Wolfram Testimony at 16.

[42] Wolfram Testimony at 25–26.

[43] *Id.* at 24 and Exhibit JW-3 at 1.

by about one-third to $20.60.[44] Kenergy states that the proposed residential monthly customer charge is a step towards cost-based rates.[45]

The Commission finds that the COSS supports the proposed increase to the residential class because, at the current rates, the residential class is contributing to the rate of return less than its cost to serve. The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning considerably more than the residential class relative to their cost of service. Regarding rate design, the Commission finds that, for an electric cooperative that is strictly a distribution utility, there is merit in providing a means to guard against revenue erosion that often occurs due to the decrease in sale volumes that accompanies poor regional economies, changes in weather patterns, and the implementation or expansion of demand-side management and energy-efficiency programs. These factors are present in this matter, and applicable to Kenergy. Again, the Commission gives considerable weight to the COSS, which supports a customer charge of $25.66 and the proposed customer charge is within what is calculated in the COSS. However, in recent cases, the Commission has expressed its concern about the demand/customer expense allocations for the distribution plant classifications and the Commission's preference for the zero-intercept method.[46] For Kenergy's COSS, the zero-intercept analysis did not provide reasonable results for poles, towers, and fixtures (Acct 364) indicating little relationship between the number or cost of the poles or conductors and the number of customers. For overhead conductors and

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[44] *Id.* at 28.

[45] *Id*.

[46] *See* Case No. 2020-00131, *Electric Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rates* (KY. PSC Sept 16, 2020), final Order at 12.

devices (Acct 365), and underground conductors and devices (Acct 367), the data necessary to perform an analysis is not available; therefore, Kenergy relied on the classification allocations of 84.46 percent demand-related and 15.54 percent customer-related used in Kenergy's last rate case.[47] Kenergy supports the minimum system stating that the National Association of Regulatory Utility Commissioner's Electric Utility Cost Allocation Manual specifically notes that distribution plant accounts include demand and customer costs and argues that is it not appropriate to classify these plant costs as 100 percent demand.[48] The Commission is not swayed by Kenergy's arguments and believes that increasing the customer charge based on an arbitrary number is not supported. Removing the customer related percentage for Accts 364, 365, and 367 so that the allocation is 100 percent demand results in a monthly customer charge of $14.30.[49] Based upon the Commission-approved revenue requirement and increase of $3,816,512 as well as the COSS estimated monthly customer charge as revised to remove the minimum system estimation, the Commission finds that the proposed increase to the customer charge to be unreasonable and that any increase should only be applied to the energy charge. Based upon Kenergy's average monthly usage of 1,248 kWh, the average monthly bill for residential customers will increase by $6.87 from $145.54 to $152.41, or 4.72 percent.

[47] Wolfram Testimony at 22.

[48] *Id.* at 19–20.

[49] Kenergy's Response to Staff's First Request (filed Apr. 29 2021), Item 9.

Nonrecurring Charges

The Commission has also reviewed Kenergy's proposed nonrecurring charges. Following the Commission's recent decisions concerning special nonrecurring charges, the Commission finds that as personnel are paid during normal business hours, estimated labor costs previously included in determining the amount of nonrecurring charges should be eliminated from the charges.[50] By reflecting only the marginal cost of the service in the nonrecurring charges, Kenergy's rates will be more aligned with the principle of cost causation. Merely allocating a fixed expense of ordinary labor costs in special nonrecurring charges like disconnect or reconnect fees creates a mismatch between how a utility incurs expenses and how it recovers those expenses from customers. The Commission has reviewed Kenergy's nonrecurring cost justification and has adjusted charges by removing field labor coats and Customer Service Representative (CSR) costs from the charges. For nonrecurring charges that occur after normal business hours, the CSR labor cost were removed, as the Commission reasonably assumes that the CSR labor will be performed during normal business hours. These adjustments result in the following revised nonrecurring charges Kenergy:[51]

Turn on Service Charge	$5.75
Reconnect Service Charge	$5.75
Termination Service Charge	$5.75
Turn on Service Charge – After Hours	$95.14
Reconnect – After Hours	$95.14
Termination – After Hours	$95.14
Remote Disconnect	$3.25
Remote Reconnect	$3.25
Remote Meter Reading	$3.25

[50] *See* Case No. 2020-00141, *Electronic Application of Hyden-Leslie County Water District for an Alternative Rate Adjustment* (Ky. PSC Nov. 6, 2020).

[51] See Appendix B for calculation of the pro forma adjustments for other revenue.

Retuned Check Charge[52] $0.00

Late Payment Charge

Kenergy customers who pay their bill after the due date incur a late fee of 5.00 percent. This fee is intended to elicit customer behavior, is not cost based, and creates a hardship on customers that are already unable to timely pay for service. The evidence collected in Case No. 2020-00085 challenged the efficacy of delayed payment charges to certain customers.[53] In the response to the Commission's Request for Information in Case No. 2020-00085, the data provided by many utilities demonstrated that the moratorium on late payment fees had no material effect on the percentage of customers paying on time. Based on the evidence that a delayed payment charge does not appear to have the intended impact on residential customers' behavior, the Commission has found that assessing a late fee to be unreasonable.[54] Given the General Assembly's recent passage of House Bill 272[55], the Commission believes that a utility should be given an opportunity to provide a cost justification for residential late fees. Therefore, the Commission is not going to remove the late fees but finds that Kenergy must provide cost justification for the continuation of the late fees in its next rate filing.

Pole Attachment Fees

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[52] Kenergy's current bank does not charge a separate returned check charge. *See* Kenergy's Response to Staff's First Request (filed Apr. 29, 2021), Item 2.

[53] Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (filed Sept. 21, 2020).

[54] See Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (4) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021) Order.

[55] House Bill 272, Kentucky General Assembly 2021 may be viewed at https://apps.legislature.ky.gov/record/21rs/hb272.html (Last accessed Apr. 1, 2021).

Pole attachment rates are calculated based on the formula prescribed in Administrative Case 251–42.[56] Kenergy proposed to revise the pole attachment rates for Schedule 76 – Cable Television Attachment Tariff based upon these prescribed formulas.[57] The Commission finds the proposed changes to the pole attachment charges to be reasonable.

Residential Deposit

Kenergy proposes to decrease the residential deposit from $325 to $315. This decrease is based upon the calculation of the average monthly bill times two.[58] The Commission finds the revised calculation to be reasonable as it is based upon the most recent residential revenues and normalized annual residential billing units.

SUMMARY

The Commission recognizes the Attorney General's concern regarding the compensation and benefits, the changes to the customer charge, and use of ratepayer funds for miscellaneous expenses. The Commission also recognizes Kenergy's cost containment measures in the midst of decreased margins, limited growth, and increased expense for vegetation management and deprecation.[59] The Commission evaluated the wage and salary information and encourages Kenergy to maintain support and documentation of all wage and salary increases and bonuses and to continue evaluating

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[56] Administrative Case No. 251, *The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments* (Ky. PSC Sept. 17, 1982).

[57] Kenergy's Response to Staff's First Request (filed Apr. 29, 2021), Item 4.

[58] *Id.,* Item 1.

[59] Kenergy's Written Comments at 2–4.

budgetary constraints and economic conditions prior to awarding these increases. The Commission also requests that Kenergy be cognizant of its miscellaneous spending and be prudent in its spending of money that is not directly related to providing electric service. Finally, the Commission reminds all parties that the purpose of the Streamline Pilot Program is to encourage electric cooperatives to come in for more frequent, smaller rate increases so to ensure financial stability.

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The rates proposed by Kenergy should be denied.

2. The rates set forth in Appendix C to this Order are the fair, just and reasonable rates for Kenergy to charge for service rendered on and after the date of this Order and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Kenergy are denied.

2. The rates set forth in Appendix C to this Order are approved for services rendered by Kenergy on and after the date of this Order.

3. Within 20 days of the date of entry of this Order, Kenergy shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting their effective data and that they were authorized by this Order.

4. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED

JUN 24 2021 rcs

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Linda C. Bridwell

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00066 DATED JUN 24 2021

KENERGY CORP.
Statement of Operations & Revenue Requirement
For the 12 Months Ended December 31, 2019

Line #	Description (1)	Actual Total Test Year (2)	Direct Served (3)	Non-Direct Served (4)	Pro Forma Adjustments (5)	Pro Forma Total Test Yr (6)	Pro Forma Non-Direct Served (7)	Proposed Total Rates (8)	Proposed Non-Direct Served Rates (9)
1	Operating Revenues								
2	Total Sales of Electric Energy	391,163,369	261,182,705	129,980,664	(4,880,215)	386,283,153	125,100,448	390,099,665	128,916,960
3	Other Electric Revenue	1,866,205	9,300	1,856,905	(115,061)	1,751,144	1,741,844	1,751,144	1,741,844
4	Total Operating Revenue	393,029,574	261,192,005	131,837,569	(4,995,276)	388,034,298	126,842,293	391,850,809	130,658,804
5									
6	Operating Expenses:								
7	Purchased Power	352,421,358	259,161,586	93,259,772	(4,394,956)	348,026,402	88,864,816	348,026,402	88,864,816
8	Distribution Operations	4,213,017	-	4,213,017	114,441	4,327,458	4,327,458	4,327,458	4,327,458
9	Distribution Maintenance	8,591,985	34,748	8,557,237	1,879,927	10,471,912	10,437,164	10,471,912	10,437,164
10	Customer Accounts	3,392,505	13,958	3,378,547	-	3,392,505	3,378,547	3,392,505	3,378,547
11	Customer Service	313,631	608	313,023	-	313,631	313,023	313,631	313,023
12	Sales Expense	-	-	-	-	-	-	-	-
13	A&G	3,959,547	55,088	3,904,459	(358,534)	3,601,013	3,545,925	3,601,013	3,545,925
14	Total O&M Expense	372,892,043	259,265,988	113,626,055	(2,759,122)	370,132,921	110,866,933	370,132,921	110,866,933
15							-		
16	Depreciation	13,441,792	61,208	13,380,584	305,302	13,747,094	13,685,886	13,747,094	13,685,886
17	Taxes - Other	624,155	424,247	199,908	24,761	648,916	224,670	648,916	224,670
18	Interest on LTD	5,168,629	46,674	5,121,955	(1,187,992)	3,980,637	3,933,963	3,980,637	3,933,963
19	Interest - Other	133,074	-	133,074	-	133,074	133,074	133,074	133,074
20	Other Deductions	67,669	-	67,669	-	67,669	67,669	67,669	67,669
21									
22	Total Cost of Electric Service	392,327,362	259,798,116	132,529,246	(3,617,051)	388,710,311	128,912,195	388,710,311	128,912,195
23									
24	Utility Operating Margins	702,212	1,393,889	(691,677)	(1,378,225)	(676,013)	(2,069,902)	3,140,498	1,746,610
25							-		
26	Non-Operating Margins - Interest	1,948,916	-	1,948,916	(1,338,457)	610,459	610,459	610,459	610,459
27	Income(Loss) from Equity Investments	-	-	-	-	-	-	-	-
28	Non-Operating Margins - Other	(50,725)	-	(50,725)	2	(50,723)	(50,723)	(50,723)	(50,723)
29	G&T Capital Credits	-	-	-	-	-	-	-	-
30	Other Capital Credits	196,308	-	196,308	-	196,308	196,308	196,308	196,308
31									
32	Net Margins	2,796,711	1,393,889	1,402,822	(2,716,680)	80,031	(1,313,858)	3,896,542	2,502,654
33									
34	Cash Receipts from Lenders	243,043	-	-	-	243,043	-	243,043	-
35	OTIER	1.18				0.89		1.85	
36	TIER	1.54				1.02		1.98	
37	TIER excluding GTCC	1.54				1.02		1.98	
38									
39	Target OTIER	1.85				1.85		1.85	
40	Utility Oper Margins at Target OTIER	4,150,292				3,140,498		3,140,498	
41	Net Margins at Target OTIER	6,244,791				3,896,542		3,896,542	
42	Revenue Requirement	396,477,654				392,606,853		391,850,809	
43	Revenue Deficiency (Excess)	3,448,080				3,816,512		0	
44									
45	Total Revenue from Sales	391,163,369				386,283,153		390,099,665	
46	Needed Rev from Sales	394,611,448				390,099,665		390,099,665	
47	Increase	3,448,080				3,816,512		0	
48	Increase	0.88%				0.99%		0.00%	
49									
50	Cap on Increase			3.75%			3.75%		
51	Capped Increase Amount			4,874,275			4,691,267		
52	Rate Revenue at Capped Increase			134,854,939			129,791,715		
53									
54	Permissible Increase	3,448,080		3,448,080		3,816,512	3,816,512		
55	Permissible Increase	0.88%		2.65%		0.88%	2.94%		
56									
57	Increase $	$ 3,816,512						$ 3,816,512	$ 3,816,512
58	Increase %	0.98%						0.98%	2.94%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00066 DATED JUN 24 2021

Miscellaneous Revenue

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Account	**Description**	**Test Year**	**Normalized**	**Proforma**		**Charges**			**Revenue**		**Total**
No.		**No.**	**No.**	**No.**	**Test Year**	**Normalized**	**Proforma**	**Test Year**	**Normalized**	**Proforma**	**Adjustment**
450.000	Forfeited Discounts				5%	5%	5%	$723,340	$723,340	$723,340	$0
450.230	Forfeited Discounts - Class B				5%	5%	5%	$0	$0	$0	$0
450.240	Forfeited Discounts - Class C				5%	5%	5%	$0	$0	$0	$0
	Subtotal - Forfeited Discounts							$723,340	$723,340	$723,340	$0
	Special Charges:										
451.000	Turn on Service Charge	43	43	43	$33.00	$33.00	$5.75	$1,419	$1,419	$247	-$1,172
451.000	Remote Turn on Service Charge	22	22	22	$24.00	$24.00	$3.25	$528	$528	$72	-$457
451.100	Reconnect Charge - Regular	417	417	417	$33.00	$33.00	$5.75	$13,761	$13,761	$2,398	-$11,363
451.100	Remote Reconnect Charge	17	17	17	$24.00	$24.00	$3.25	$408	$408	$55	-$353
451.100	Reconnect Charge - After hours	-	-	-	$98.00	$98.00	$115.50	$0	$0	$0	$0
451.100	Remote Reconnect Charge	1,574	1,574	1,574	$24.00	$24.00	$3.25	$37,776	$37,776	$5,116	-$32,661
451.200	Terminate Service Charge	1,163	1,163	1,163	$33.00	$33.00	$5.75	$38,379	$38,379	$6,687	-$31,692
451.200	Remote Terminate Service Charge	2,621	2,621	2,621	$24.00	$24.00	$3.25	$62,904	$62,904	$8,518	-$54,386
451.240	MISC Service Revenue-Class C							$9,300	$9,300	$9,300	$0
451.300	Meter Reading Charge	-	-	-	$33.00	$33.00	$47.50	$0	$0	$0	$0
451.400	Meter Test Charge	8	8	8	$52.00	$52.00	$79.00	$416	$416	$632	$216
451.500	Revenue - Returned check charge	785	785	785	$13.00	$13.00	$0.00	$10,205	$10,205	$0	-$10,205
451.600	Revenue- Unnecessary trip by servicetech reg	1	-	-	$33.00	$33.00	$47.50	$33	$0	$0	-$33
451.600	Revenue- Unnecessary trip by servicetech after	-	-	-	$98.00	$98.00	$115.50	$0	$0	$0	$0
451.700	Revenue- S/C To CHG S/L Bulb To LED	1	1	1	$52.00	$52.00	$47.50	$52	$52	$48	-$5
451.700	Revenue- S/C To CHG S/L Bulb To LED	1	1	1	$50.00	$50.00	$47.50	$50	$50	$48	-$3
	Subtotal - Special Charges							$175,231	$175,198	$33,120	-$142,111
454.000	Revenue from AT&T:							$658,989	$688,206	$688,206	$29,217
								$658,989	$688,206	$688,206	$29,217
	Revenue Tower Leases::										
454.100	Revenue from Various Companies							$190,541	$190,541	$190,541	$0
	Subtotal - Tower Leases							$190,541	$190,541	$190,541	$0
	Cablevision and Other Attachment Fees:										
454.110	Cable Attachment Fees - 2 Party Pole	5,885	5,926	5,926	$6.20	$6.20	$6.10	$36,487	$36,741	$36,149	-$338
454.110	Cable Attachment Fees - 3 Party Pole	7,252	7,268	7,268	$4.83	$4.83	$4.76	$35,027	$35,104	$34,596	-$431
454.110	Cable Attachment Fees - 2 Party Anchor	-	-	-	$14.82	$14.82	$16.11	$0	$0	$0	$0
454.110	Cable Attachment Fees - 3 Party Anchor	-	-	-	$9.88	$9.88	$10.74	$0	$0	$0	$0
	Subtotal - Cable Attachment Fees							$71,514	$71,846	$70,744	-$770
454.110	Phone Attachment Fees - 2 Party Pole	442	444	444	$21.11	$21.63	$21.63	$9,331	$9,604	$9,604	$273
454.110	Phone Attachment Fees - 3 Party Pole	600	601	601	$27.18	$27.85	$27.85	$16,308	$16,738	$16,738	$430
	Subtotal - Phone Attachment Fees							$25,639	$26,342	$26,342	$703
454.110	Fiber Attachment Fees - 1 Party Pole	17	17	17	$26.80	$27.46	$27.46	$456	$467	$467	$11
454.110	Fiber Attachment Fees - 2 Party Pole	245	246	246	$17.66	$17.91	$17.91	$4,327	$4,406	$4,406	$79
454.110	Fiber Attachment Fees - 2 Party Pole	80	80	80	$17.59	$18.02	$18.02	$1,407	$1,442	$1,442	$34
454.110	Fiber Attachment Fees - 2 Party Pole	20	20	20	$27.18	$27.85	$27.85	$544	$557	$557	$13
454.110	Fiber Attachment Fees - 3 Party Pole	492	494	494	$15.65	$15.86	$15.86	$7,700	$7,835	$7,835	$135
	Fiber Attachment Fees - 3 Party Pole	98	98	98	$9.86	$10.10	$10.10	$966	$990	$990	$24
	Fiber Attachment Fees - 3 Party Pole	54	54	54	$27.18	$27.85	$27.85	$1,468	$1,504	$1,504	$36
	Fiber Attachment Fees - 3 Party Pole		28	28	$37.60	$37.60	$37.60	$0	$1,053	$1,053	$1,053
	Subtotal - Fiber Attachment Fees:							$16,867	$18,253	$18,253	$1,386
	Total Cablevision and Other Attachament Fees:							$114,020	$116,440	$115,338	$1,319
	Fiber Optic Attachment Fees:										
454.120	Revenue from Fiber Optic attachments							$2,465	$0	$0	-$2,465
	Subtotal - Fiber Optic Attachment Fees							$2,465	$0	$0	-$2,465
454.200	Revenue- Rental from Personal Property							$0	$0	$0	$0
454.300	Revenue- Sturgis Sub-Lease							$1,020	$0	$0	-$1,020
456.000	Sales Tax Compensation Fees							$600	$600	$600	$0
	TOTAL							$1,866,205	$1,894,324	$1,751,144	**-$115,061**
									$28,119	-$143,180	
	This adjustment adjusts test year revenues for proposed changes to miscellaneous charges.										

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00066 DATED JUN 24 2021

The following rates and charges are prescribed for the customers served by Kenergy Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

RESIDENTIAL SERVICE (SINGLE & THREE-PHASE)

Customer Charge per Month	$18.20
Energy Charge per kWh	$ 0.107543

NONRECURRING CHARGES

Turn on Service Charge	$5.75
Reconnect Service Charge	$5.75
Termination Service Charge	$5.75
Turn on Service Charge – After Hours	$95.14
Reconnect – After Hours	$95.14
Termination – After Hours	$95.14
Remote Disconnect	$3.25
Remote Reconnect	$3.25
Remote Meter Reading	$3.25
Retuned Check Charge	$0.00

POLE ATTACHMENT FEES

Two-Party Attachment	$6.10
Three-Party Attachment	$4.76
Two-Party Anchor	$16.11
Three-Party Anchor	$10.74

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