

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ANNUAL REPORT OF EAST	)	
KENTUCKY POWER COOPERATIVE, INC. OF	)	CASE NO.
THE EARNINGS MECHANISM ESTABLISHED IN	)	2024-00131
CASE NO 2021-00103	)	

ORDER

On April 30, 2024, East Kentucky Power Cooperative, Inc. (EKPC) filed a motion for extension of time of 90 days to return the amounts owed for the years of 2022 and 2023 pursuant to an earnings sharing mechanism (Earnings Mechanism) that passes through earnings EKPC realizes above a TIER of 1.40 established in the stipulation and settlement agreement (Settlement) from Case No. 2021-00103.<sup>1</sup> EKPC; the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General); Nucor Steel Gallatin (Nucor); and AppHarvest Morehead Farm, LLC (AppHarvest Morehead) are the parties to the Settlement. EKPC stated that the Attorney General and Nucor have no objection to the 90-day extension and that AppHarvest Morehead has filed for bankruptcy and is no longer the legal entity that was a party to this matter. No requests to intervene were filed in this proceeding.

---

<sup>1</sup> Case No. 2021-00103, *Electronic Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Rates, Approval of Depreciation Study, Amortization of Certain Regulatory Assets, and other General Relief* (Ky. PSC Sept. 30, 2021).

## BACKGROUND

Paragraph 6 of the Settlement stated that EKPC would return any excess margins to its Owner-Members for contemporaneous pass-through to ratepayers in the form of a bill credit in the event that EKPC achieves in excess of a 1.40 TIER in any calendar year.<sup>2</sup> Per EKPC's tariff, EKPC is required to include the applicable bill credit to each Owner-Member on the billing invoices issued in June of the year for the annual filing.<sup>3</sup> EKPC discovered, during the preparation of the annual report, that it had achieved a TIER of 1.42 for 2022. This resulted in a total credit amount to be returned to the Owner-Members of \$1,392,834, which would result in the average residential customer receiving a one-time credit of approximately \$2.07.<sup>4</sup> Pursuant to an order entered on June 21, 2023, in Case No. 2023-00142, EKPC was ordered to place the 2022 credit into an interest-bearing escrow account.<sup>5</sup> The Order went on to allow EKPC to delay the return of that credit by one year, stating that EKPC shall credit customers in 2024 for the 2022 Earnings Mechanism amount of \$1,392,834 plus accrued interest, and the Earnings Mechanism amount for 2023, if any.<sup>6</sup>

---

<sup>2</sup> Case No. 2021-00103, Sept. 30, 2021 Order at paragraph 6.

<sup>3</sup> *East Kentucky Power Cooperative, Inc. of Winchester, Kentucky, Rates, Rules and Regulation for Furnishing Wholesale Power Service at Various Locations to Rural Electric Cooperative Members Throughout Kentucky* (filed Nov. 2, 2017) at P.S.C. No. 35, Original Sheet 47.1.

<sup>4</sup> Case No. 2023-00142, *Electronic Annual Report on the Earnings Mechanism and Application of East Kentucky Power Cooperative, Inc. for Approval of a Modification to the Earnings Mechanism Established in Case No. 2021-00103* (Ky. PSC June 21, 2023).

<sup>5</sup> Case No. 2023-00142, June 21, 2023 Order at ordering paragraph 1.

<sup>6</sup> Case No. 2023-00142, June 21, 2023 Order at ordering paragraph 2.

In the present motion, EKPC is requesting a 90-day extension of time to return the amounts owed for the years 2022 and 2023.<sup>7</sup> EKPC stated that per its calculations for 2023, the 1.40 TIER for earnings sharing was not met for that year; therefore, only the 2022 credit will be returned.<sup>8</sup> In support of its motion, EKPC argued that the 90-day extension would allow EKPC's Owner-Members time to complete all of the billing software upgrades needed to pass-through the amounts to each of their end-use members.<sup>9</sup>

### DISCUSSION

EKPC asserted that it and its Owner-Members require a 90-day extension to update billing software to accommodate the credit return, which there is no reason to doubt. This delay will not significantly impact ratepayers due to the size of the credit and because amounts will ultimately be credited on customer bills after only a brief delay. Thus, having reviewed the record and being otherwise sufficiently advised, the Commission finds that EKPC's motion for an extension of time is reasonable and should be granted.

IT IS THEREFORE ORDERED that EKPC's motion for a 90-day extension of time to return the 2022 credit from the Earnings Mechanism is granted.


---

<sup>7</sup> EKPC's Motion for Extension of Time, paragraph 8.

<sup>8</sup> EKPC's Motion for Extension of Time, paragraph 8.

<sup>9</sup> EKPC's Motion for Extension of Time, paragraph 9.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner

ENTERED  
MAY 30 2024 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

\*L. Allyson Honaker  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 6202  
Lexington, KENTUCKY 40509

\*Chris Adams  
East Kentucky Power Cooperative, Inc.  
P. O. Box 707  
Winchester, KY 40392-0707

\*East Kentucky Power Cooperative, Inc.  
4775 Lexington Road  
P. O. Box 707  
Winchester, KY 40392-0707