

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE	)	
PUBLIC SERVICE COMMISSION OF THE	)	
ENVIRONMENTAL SURCHARGE MECHANISM	)	
OF EAST KENTUCKY POWER COOPERATIVE,	)	
INC. FOR THE SIXTH-MONTH EXPENSE	)	
PERIODS ENDING MAY 31, 2022, NOVEMBER	)	CASE NO.
30, 2022, NOVEMBER 30, 2023, MAY 31, 2024,	)	2025-00013
AND NOVEMBER 30, 2024, THE TWO-YEAR	)	
EXPENSE PERIOD ENDING MAY 31, 2023, AND	)	
THE PASS-THROUGH MECHANISM OF ITS	)	
SIXTEEN MEMBER DISTRIBUTION	)	
COOPERATIVES	)	

ORDER

This case arises as a result of a Commission Order entered on March 5, 2025, opening an investigation of the Environmental Surcharge for East Kentucky Power Cooperative, Inc. (EKPC) and its 16-member distribution cooperatives (Member Cooperatives) for: (1) the six-month review of EKPC's environmental surcharge for expense months ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024; (2) the corresponding six-month reviews of Member Cooperatives' pass-through mechanism for expense months ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024; (3) the two-year review of EKPC's environmental surcharge for the expense month ending May 31, 2023; and (4) the corresponding two-year reviews of Member Cooperatives' pass-through mechanism for the expense month ending May 31, 2023.<sup>1</sup>

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<sup>1</sup> Opening Order (Ky. PSC March 5, 2025).

## LEGAL STANDARD

KRS 278.183(3) requires, in pertinent part, that:

At six (6) month intervals, the commission shall review past operations of the environmental surcharge of each utility, and after hearing, as ordered, shall, by temporary adjustment in the surcharge, disallow any surcharge amounts found not just and reasonable and reconcile past surcharges with actual costs recoverable pursuant to subsection (1) of this section. Every two (2) years the commission shall review and evaluate past operation of the surcharge, and after hearing, as ordered, shall disallow improper expenses, and to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of each utility.

Additionally, KRS 278.183(5) states

The commission shall retain all jurisdiction granted by this section and KRS 278.020 to review the environmental surcharge authorized by this section and any complaints as to the amount of any environmental surcharge or the incorporation of any environmental surcharge into the existing base rate of any utility.

## BACKGROUND

On March 17, 2005, the Commission approved EKPC's environmental surcharge application and established a surcharge mechanism.<sup>2</sup> The Commission also approved a

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<sup>2</sup> Case No. 2004-00321, *Application of East Kentucky Power Cooperative, Inc. for Approval of an Environmental Compliance Plan and Authority to Implement an Environmental Surcharge* (Ky. PSC Mar. 17, 2005).

mechanism to pass through the environmental surcharge to EKPC's Member Cooperatives.<sup>3</sup> The Commission's last review was completed on March 29, 2024.<sup>4</sup>

The Commission issued a procedural schedule as Appendix A to the Opening Order.<sup>5</sup> There were no intervenors. EKPC and the 16-member distribution cooperatives

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<sup>3</sup> Case No. 2004-00372, *Application of Big Sandy RECC, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County Energy Cooperative, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen Electric Cooperative, Salt River Electric, Shelby Energy Cooperative, South Kentucky RECC and Taylor County RECC for Authority to Pass Through the Environmental Surcharge of East Kentucky Power Cooperative, Inc.* (Ky. PSC Mar.17, 2005).

<sup>4</sup> Case No. 2022-00141, *An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the sixth-month expense periods ending November 30, 2019, May 31, 2020, November 30, 2020, and November 30, 2021, and the Two-Year Expense Period Ending May 31, 2021, and the Pass-Through Mechanism of Its Sixteen Member Distribution Cooperatives* (Ky. PSC Mar. 29, 2024).

<sup>5</sup> Opening Order (Ky. PSC Mar. 5, 2025).

responded to three requests for information.<sup>6</sup> On June 16, 2025,<sup>7</sup> the parties requested that the decision be made based on the record.<sup>8</sup> This matter stands submitted for a decision.

### SURCHARGE ADJUSTMENT

The Commission reviewed EKPC's activity during each review period set forth in this Order, including an under-recovery that occurred in November 2024. EKPC applied its November 2024 under-recovery to the December 2024 expense month, which was billed in January 2025. EKPC stated that, from the normal operation of the surcharge

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<sup>6</sup> EKPC's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 31, 2025). Nolin Rural Electric Cooperative Corporation's Response to Staff's First Request (filed Mar. 31, 2025). Salt River Electric Cooperative Corp.'s (Salt River Electric) Response to Staff's First Request (filed Mar. 31, 2025). Licking Valley Rural Electric Cooperative Corporation's (Licking Valley RECC) Response to Staff's First Request (filed Mar. 31, 2025). Fleming-Mason Energy Cooperative, Inc.'s (Fleming-Mason Energy) Response to Staff's First Request (filed Mar. 31, 2025). Inter-County Energy Cooperative's (Inter-County Energy) Response to Staff's First Request (filed Mar. 31, 2025). Owen Electric Cooperative, Inc.'s (Owen Electric) Response to Staff's First Request (filed Mar. 31, 2025). Grayson Rural Electric Cooperative Corporation's (Grayson RECC) Response to Staff's First Request (filed Mar. 31, 2025). Shelby Energy Cooperative, Inc.'s (Shelby Energy) Response to Staff's First Request (filed Mar. 31, 2025). Cumberland Valley Electric Cooperative Inc.'s (Cumberland Valley Electric) Response to Staff's First Request (filed Mar. 31, 2025). Clark Energy Cooperative, Inc.'s (Clark Energy) Response to Staff's First Request (filed Mar. 31, 2025). Jackson Energy Cooperative Corporation's (Jackson Energy) Response to Staff's First Request (filed Mar. 31, 2025). Blue Grass Energy Cooperative Corp.'s (Blue Grass Energy) Response to Staff's First Request (filed Mar. 31, 2025). Big Sandy Rural Electric Cooperative Corporation's (Big Sandy RECC) Response to Staff's First Request (filed Mar. 31, 2025). Farmers Rural Electric Cooperative Corporation's (Farmers RECC) Response to Staff's First Request (filed Mar. 31, 2025). Taylor County Rural Electric Cooperative Corporation's (Taylor RECC) Response to Staff's First Request (filed Mar. 31, 2025). South Kentucky Rural Electric Cooperative Corporation's (South Kentucky RECC) Response to Staff's First Request (filed Mar. 31, 2025). EKPC's Response to Commission Staff's Second Request for Information (filed May 6, 2025). Taylor RECC's Response to Commission Staff's Second Request (filed Apr. 16, 2025). Cumberland Valley Electric's Response to Commission Staff's Second Request (filed Apr. 17, 2025). Licking Valley RECC's Response to Commission Staff's Second Request for Information (filed May 5, 2025). EKPC's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed May 27, 2025). In EKPC's Response to Commission Staff's Third Request EKPC agreed that going forward, EKPC is willing to add clearly printed subtotals to ES Form 2.5 for each Expense Type: Ash Handling, Operating Expense- Ammonia & Limestone, Air Permit Fees, and Maintenance.

<sup>7</sup> EKPC and its 16 Member-Owner Cooperative's for a Decision to Submit the Matter on the Record (filed June 16, 2025).

<sup>8</sup> EKPC's Motion for a Decision (filed June 16, 2025).

mechanism, no adjustment is needed to collect any under-recovery from the Member Cooperatives.<sup>9</sup> Subsequently, EKPC stated that on ES Form 2.2 it mistakenly started with November 2024's beginning inventory balance rather than November 2024's ending inventory balance.<sup>10</sup> EKPC agreed a typographical error was carried forward from ES Form 2.5 to ES form 2.4 for the expense month of February 2021.<sup>11</sup> The difference between the billed amount of \$4,396,580 and the corrected amount of \$4,966,454 is a \$569,874 under collection.<sup>12</sup> EKPC requested to recover the \$561,263 under-recovery through the environmental surcharge in the August 2025 expense period.<sup>13</sup> The under-recovery is \$8,611 less than the full error due to \$8,611 reducing member off-system sales.<sup>14</sup> The Commission finds the calculation of the under-recovery is correct and EKPC's proposals to recover its under-recovery amount in the August 2025 expense period is reasonable.<sup>15</sup>

### RATE OF RETURN

The final rate of return (ROR) in effect for the periods under review is 6.484 percent for the expense month of November 2024, which was approved by the Commission in

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<sup>9</sup> Direct Testimony of Jacob Ray Watson (Watson Direct Testimony) (filed Mar. 31, 2025) at 12.

<sup>10</sup> EKPC's Response to Staff's Second Request, Response 9.

<sup>11</sup> February 2021 was used to calculate a 12-month average that was used in January 2022 covered by the review periods.

<sup>12</sup> EKPC's Response to Staff's Third Request, Response 2.

<sup>13</sup> EKPC's Response to Staff's Third Request, Response 2.

<sup>14</sup> EKPC's Response to Staff's Third Request, Response 2.

<sup>15</sup> The total under- recovery of \$569,874 is a de minimus amount of a typical month's revenue requirement. For example, expenses in November 2024 Expense month totaled \$17,773,518.  $\$569,874 / \$17,773,518 = 3.21\%$ , an insignificant amount.

Case No. 2024-00109.<sup>16</sup> In EKPC's base rate case,<sup>17</sup> the Commission approved a Times Interest Earned Ratio (TIER) of 1.475 in the determination of the ROR. In EKPC's base rate case, the Commission approved a unanimous settlement agreement in which the environmental surcharge would incorporate a TIER of 1.475 in the determination of the ROR.<sup>18</sup> EKPC proposed to use a TIER of 1.50 for the ROR moving forward.<sup>19</sup> Using its proposed TIER, EKPC is proposing a ROR of 6.474 percent in this proceeding.<sup>20</sup> EKPC's proposed ROR is consistent with the Settlement Agreement approved in Case No. 2004-00321<sup>21</sup>, which provided that the ROR on compliance-related capital expenditures would be updated to reflect current average debt cost as of the end of each six-month review period.<sup>22</sup>

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<sup>16</sup> Case No. 2024-00109, *Electronic Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, and for the Issuance of a Certificate of Public Convenience and Necessity and Other General Relief* (Ky PSC No. 22, 2024), Order at 14.

<sup>17</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), Order at 4.

<sup>18</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), Order at 5.

<sup>19</sup> EKPC's Response to Staff's First Request, Item 5; Watson Direct Testimony at 8. The 1.50 TIER came from the rate case, 2021-00103, used to calculate the proposed ROR.

<sup>20</sup> EKPC's Response to Staff's First Request, Item 5; Watson Direct Testimony at 11. The weighted average debt cost of issuances directly related to projects recovered through the surcharge, including projects under construction was 4.316 percent. Applying a TIER of 1.50 results in a ROR of 6.474 percent.

<sup>21</sup> Case No. 2004-00321, *Application of East Kentucky Power Cooperative, Inc. for Approval of an Environmental Compliance Plan and Authority to Implement an Environmental Surcharge* (Ky PSC Mar. 17, 2005), Order at 10.

<sup>22</sup> Case No. 2004-00321, *Application of East Kentucky Power Cooperative, Inc. for Approval of an Environmental Compliance Plan and Authority to Implement an Environmental Surcharge* (Ky PSC Mar. 17, 2005), Order at 10.

Having considered the record, the Commission finds that EKPC's requested 6.474 percent ROR is reasonable and should be approved. A TIER of 1.50 is reasonable in the determination of the ROR. EKPC filed sufficient evidence to demonstrate its average debt costs and also provided sufficient evidence that its environmental compliance investments are financed with long-term debt. The Commission finds that EKPC should use a ROR of 6.474 percent for all environmental surcharge monthly filings submitted after the date of this Order.

### PASS THROUGH MECHANISM REPORT

Under the pass-through mechanism, the environmental surcharge factors computed for retail customers were billed by EKPC's Member Cooperatives at approximately the same time as EKPC billed the Member Cooperatives at wholesale. EKPC and the Member Cooperatives adhered to these and all other requirements and provisions for the periods under review.<sup>23</sup>

EKPC stated that, as approved in the Commission's November 5, 2010 Order in Case No. 2010-00021,<sup>24</sup> the Member Cooperatives proposed that any over- or under-recovery amounts be amortized over a period of six months beginning in the first month after the Commission's Order in this proceeding.<sup>25</sup> However, Fleming-Mason Energy requested to amortize its under-recovery over a 12-month period.<sup>26</sup>

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<sup>23</sup> Watson Direct Testimony at 12.

<sup>24</sup> Case No. 2010-00021, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Six-Month Billing Period Ending December 31, 2009 and the Pass-Through Mechanism for Its Sixteen Member Distribution Cooperatives* (Ky. PSC Nov. 5, 2010), Order.

<sup>25</sup> EKPC's Response to Staff's First Request, Item 2.

<sup>26</sup> EKPC's Response to Staff's First Request, Item 2 and Fleming-Mason Energy's Response to Staff's First Request, Item 7.

Member Cooperative	Total (Over)/Under Recovery		Months to Amortize	Monthly Amortization	
	(Over)	Under		(Over)	Under
Big Sandy RECC	(\$71,974)		6	(\$11,996)	
Blue Grass Energy	(\$347,512)		6	(\$57,919)	
Clark Energy	(\$176,102)		6	(\$29,350)	
Cumberland Valley Electric		\$247,191	6		\$41,199
Farmers RECC	(\$261,666)		6	(\$43,611)	
Fleming-Mason Energy		\$352,336	12		\$29,361
Grayson RECC		\$220,152	6		\$36,692
Inter-County Energy	(\$77,100)		6	(\$12,850)	
Jackson Energy		\$175,785	6		\$29,297
Licking Valley RECC	(\$641,389)		6	(\$106,898)	
Nolin RECC	(\$397,394)		6	(\$66,232)	
Owen Electric		\$1,741,005	6		\$290,168
Salt River Electric	(\$614,526)		6	(\$102,421)	
Shelby Energy		\$84,852	6		\$14,142
South Kentucky RECC	(\$1,038,492)		6	(\$173,082)	
Taylor RECC	(\$831,718)		6	(\$138,620)	
Cumulative Totals	(\$4,457,873)	\$2,821,321		(\$742,979)	\$440,858

The Commission finds reasonable the Member Cooperatives' proposals to amortize their respective accumulated over- or under-recovery amounts in each of the first six billing months following the final Order in this proceeding. The Commission further finds reasonable Fleming-Mason Energy's proposal to amortize its accumulated under-recovery amount in each of the first 12 billing months following the final Order in this proceeding.

#### SURCHARGE ROLL-IN

The environmental surcharge statute, KRS 278.183, directs the Commission to incorporate surcharge amounts found just and reasonable into the utility's existing base rates, but only to the extent appropriate. EKPC did not propose to incorporate, or roll-in, any of its environmental surcharge amounts into its existing base rates in this



proceeding.<sup>27</sup> EKPC stated that there are several reasons why a roll-in of the environmental surcharge is not appropriate at this time.<sup>28</sup> If EKPC is required to roll-in its environmental surcharge into its wholesale base rates, EKPC stated that the roll-in is typically allocated to both the demand and energy charges.<sup>29</sup> EKPC did not undertake a cost-of-service study that would provide a reasonable allocation of an environmental surcharge roll-in into demand and energy related components.<sup>30</sup> EKPC stated that including a roll-in as part of a wholesale base rate case would allow for the allocation of environmental costs in a manner consistent with other costs through the utilization of a cost-of-service study.<sup>31</sup> EKPC noted that the Commission has accepted the argument

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<sup>27</sup> EKPC's Response to Staff's First Request, Item 6a; Watson Direct Testimony at 15.

<sup>28</sup> Watson Direct Testimony at 15.

<sup>29</sup> EKPC's Response to Staff's First Request, Item 6b; Watson Direct Testimony at 15.

<sup>30</sup> EKPC's Response to Staff's First Request, Item 6b; Watson Direct Testimony at 15.

<sup>31</sup> EKPC's Response to Staff's First Request, Item 6b; Watson Direct Testimony at 16.

that a surcharge roll-in should be undertaken as part of a base rate case in previous environmental surcharge reviews, but is not appropriate at this time.<sup>32</sup>

EKPC's second concern was how the wholesale base rates would be reflected in the Member Cooperatives' retail base rates.<sup>33</sup> The amount of the roll-in each Member Cooperative receives as a result of the change in wholesale base rates would be cost-of-service based.<sup>34</sup> The Member Cooperatives indicated a general agreement with this concept during a rate design project EKPC undertook approximately 13 years ago.<sup>35</sup> While EKPC and its Member Cooperatives have consistently argued that the appropriate proceeding to roll-in the surcharge into base rates was during a base rate case, EKPC

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<sup>32</sup> EKPC's Response to Staff's First Request, Item 6b; Watson Direct Testimony at 16. See also Case No. 2007-00381, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Power Company for the Six-Month Billing Periods Ending June 30, 2006 and December 31, 2006, and for the Two-Year Billing Period Ending June 30, 2007* (Ky. PSC Aug. 19, 2008), Order at 6; Case No. 2009-00317, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Billing Period Ending June 30, 2009 and the Pass Through Mechanism for Its Sixteen Member Distribution Cooperatives* (Ky. PSC Jan. 28, 2010), Order at 5; Case No. 2012-00486, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Billing Period Ending June 30, 2011, for the Six-Month Billing Periods Ending December 31, 2011 and June 30, 2012, and the Pass-Through Mechanism for Its Sixteen Member Distribution Cooperatives* (Ky. PSC Aug. 2, 2013), Order at 5-6; Case No. 2013-00324, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Billing Period Ending June 30, 2013 and the Pass Through Mechanism for Its Sixteen Member Distribution Cooperatives* (Ky. PSC Mar. 21, 2014); Case No. 2015-00281, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for The Six-Month Billing Periods Ending June 30, 2014 and December 31, 2014, for the Two-Year Billing Period Ending June 30, 2015, and the Pass Through Mechanism for Its Sixteen Member Distribution Cooperatives* (Ky. PSC Apr. 8, 2016) Order at 9; and Case No. 2019-00380, *An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Two-Year Expense Period Ending May 31, 2019, and the Pass-Through Mechanism of Its Sixteen Member Distribution Cooperatives* (Ky. PSC May 6, 2020) Order at 5.

<sup>33</sup> EKPC's Response to Staff's First Request, Item 6d; Watson Direct Testimony at 17.

<sup>34</sup> EKPC's Response to Staff's First Request, Item 6d; Watson Direct Testimony at 17.

<sup>35</sup> Watson Direct Testimony at 17.

did not propose a surcharge roll-in during its last base rate case, Case No. 2021-00103.<sup>36</sup> EKPC did have a cost of service study available in that rate case to allocate its environmental costs, but the Member Cooperatives were utilizing the “flow-through” process available under KRS 278.455 to increase their rates. As a result, EKPC’s allocation of its environmental costs would have been based on a cost-of-service study while the Member Cooperatives’ share of the EKPC increase in revenues would have been allocated in total on a proportional basis.

EKPC averred that the final reason to not allow for a surcharge roll-in is related to the disclosure of the cost of environmental compliance to retail customers.<sup>37</sup> EKPC’s currently approved environmental compliance plan contains specific projects, and the monthly surcharge filings reflect the investment costs and operating expenses associated with those projects.<sup>38</sup> According to EKPC, the monthly surcharge pass-through factors would no longer easily disclose to retail customers the full cost of environmental compliance for the approved projects. Several of the Member Cooperatives believe it is important that retail customers be aware of the full cost of environmental compliance for the approved projects and the impact this compliance cost has on the monthly retail bill.<sup>39</sup>

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<sup>36</sup> EKPC’s Response to Staff’s First Request, Watson Direct Testimony at 17. See 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 May 25, 2022), Order.

<sup>37</sup> EKPC’s Response to Staff’s First Request, Watson Direct Testimony at 18.

<sup>38</sup> EKPC’s Response to Staff’s First Request, Watson Direct Testimony at 18.

<sup>39</sup> EKPC’s Response to Staff’s First Request, Watson Direct Testimony at 18.

EKPC is proposing no change to the Base Environmental Surcharge Factor (BESF) of 0.34 percent.<sup>40</sup> EKPC reclassified a dozen employees to be identified specifically with the coal combustion residual rule and effluent limitations guidelines work.<sup>41</sup> Previously, the expensed portion of those employees' salaries, payroll taxes, and benefits were recovered through base rates and therefore, EKPC believes the reclassification of these employees needs to be recognized in the BESF.<sup>42</sup>

The Commission has reviewed the evidence and finds that EKPC's recommendation to not roll the environmental surcharge amounts into base rates at the present time reasonable. After considering the evidence and based on the record, the Commission finds that EKPC's proposed BESF of 0.34 percent is reasonable and is approved.

#### MONTHLY REPORTING FORMS

Due to readability challenges created by formatting issues, the Commission identified that the inclusion of subtotals to ES Form 2.5 would assist the Commission in completing its analysis. EKPC stated that it is willing to add subtotals to ES Form 2.5 and stated that Commission approval is needed to change the format.<sup>43</sup> The Commission finds that EKPC should include clearly printed subtotals to ES Form 2.5 for each expense type on monthly filings: Ash Handling, Operating Expense- Ammonia & Limestone, Air Permit Fees, and Maintenance.

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<sup>40</sup> EKPC's Response to Staff's First Request, Watson Direct Testimony at 19.

<sup>41</sup> EKPC's Response to Staff's First Request, Watson Direct Testimony at 19.

<sup>42</sup> EKPC's Response to Staff's First Request, Watson Direct Testimony at 19.

<sup>43</sup> EKPC's Response to Staff's Third Request, Response 1.

IT IS THEREFORE ORDERED that:

1. EKPC's request to submit the case for a decision on the existing evidence of record without a hearing is granted.

2. The amounts billed by EKPC through its environmental surcharge for the expense months ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024; (2) the corresponding six-month reviews of Member Cooperatives' pass-through mechanism for expense months ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024; (3) the two-year review of EKPC's environmental surcharge for the expense month ending May 31, 2023; and (4) the corresponding two-year reviews of Member Cooperatives' pass-through mechanisms for the expense month ending May 31, 2023, are approved.

3. EKPC's requested BESF rate of 0.34 is approved.

4. EKPC's shall add clearly printed subtotals to ES Form 2.5 for each Expense Type on monthly filings: Ash Handling, Operating Expense- Ammonia & Limestone, Air Permit Fees, and Maintenance.

5. EKPC shall use a rate of return of 6.474 percent in all monthly environmental surcharge filings subsequent to the date of this Order.

6. EKPC shall include the \$561,263 under-recovery through the environmental surcharge in the August 2025 expense period to correct the February 2021 typographical error on ES Form 2.4.

7. EKPC's Member Cooperatives, except Fleming-Mason Energy, shall include the applicable monthly retail pass-through adjustments, shown in the Appendix to this Order, in the determination of each Member Cooperative's respective pass-through

mechanism in each of the first six months following the date of this Order, as discussed herein.

8. Fleming-Mason Energy shall include the applicable monthly retail pass-through adjustments, shown in the Appendix to this Order, in the determination of its pass-through mechanism in each of the first 12 months following the date of this Order, as discussed herein.

9. This case is closed and removed from the Commission's Docket.

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PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ATTEST:

  
Executive Director



Case No. 2025-00013

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00013 DATED JUL 28 2025

#### Member Cooperatives' Adjustments to Monthly Pass-Through Mechanism

The EKPC Member Cooperatives shall include the following monthly adjustments in the determination of the applicable pass-through factors for the first six months after the date of this Order. Fleming-Mason Energy Cooperative, Inc. shall include the following monthly adjustment in the determination of the applicable pass-through factors for the first 12 months after the date of this Order.

	<b><u>Total Amount of Over-Recovery</u></b>	<b><u>Monthly Amount To Be Returned</u></b>	<b><u>Monthly Bill Impact</u></b>
Big Sandy RECC	\$71,974	\$11,996	\$0.70
Blue Grass Energy Cooperative	\$347,512	\$57,919	\$0.65
Clark Energy Cooperative	\$176,102	\$29,350	\$0.72
Farmers RECC	\$261,666	\$43,611	\$1.15
Inter-County Energy Cooperative Corp.	\$77,100	\$12,850	\$0.43
Licking Valley RECC	\$641,389	\$106,898	\$5.55
Nolin RECC	\$397,394	\$66,232	\$1.35
Salt River Energy Cooperative Corp.	\$614,526	\$102,421	\$1.34
South Kentucky RECC	\$1,038,492	\$173,082	\$1.73
Taylor County RECC	\$831,718	\$138,620	\$3.76

	<b><u>Total Amount of Under-Recovery</u></b>	<b><u>Monthly Amount To Be Collected</u></b>	<b><u>Monthly Bill Impact</u></b>
Cumberland Valley Electric	\$247,191	\$41,199	\$1.37
Fleming-Mason Energy Cooperative	\$352,336	\$29,361	\$0.87
Grayson RECC	\$220,152	\$36,692	\$2.14
Jackson Energy Cooperative	\$175,785	\$29,298	\$0.49
Owen Electric Cooperative	\$1,741,005	\$290,168	\$3.99
Shelby Energy Cooperative	\$84,852	\$14,142	\$0.64



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