

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF FARMERS	)	
RURAL ELECTRIC COOPERATIVE	)	CASE NO.
CORPORATION FOR GENERAL ADJUSTMENT	)	2025-00107
OF RATES	)	

ORDER

On January 29, 2026, the Commission issued a final Order in this matter. On February 12, 2026, Farmers Rural Electric Cooperative Corporation (Farmers RECC) filed a motion for rehearing, and on February 18, 2026, Farmers RECC filed a motion for clarification. On March 4, 2026, the Commission issued an Order granting the motion for rehearing and the request for clarification.¹ However, the Commission denied the relief sought by the motion for clarification.² Farmers RECC responded to two requests for information related to rehearing matters.³ The matter now stands submitted for a decision on the record.

LEGAL STANDARD

KRS 278.030 states as follows,

(1) Every utility may demand, collect and receive fair, just reasonable rates for the services rendered or to be rendered by it to any person.

¹ Order (Ky. PSC Mar. 4, 2026) at 8.

² Order (Ky. PSC Mar. 4, 2026) at 8.

³ Farmers RECC's Response to Commission Staff's First Rehearing Request for Information (Staff's First Rehearing Request) (filed Mar. 19, 2026); Farmers RECC's Response to Commission Staff's Second Rehearing Request for Information (Staff's Second Rehearing Request) (filed Apr. 7, 2026).

(2) Every utility shall furnish adequate, efficient and reasonable service, and may establish reasonable rules governing the conduct of its business and the conditions under which it shall be required to render service.

Additionally, KRS 278.400 limits rehearing to new evidence not readily discoverable at the time of the original hearing, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”⁴ An Order can only be unlawful if it violates a state or federal statute or constitutional provision.⁵ By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

DISCUSSION AND FINDINGS

Farmers RECC requested rehearing regarding changes to its nonrecurring charges, including its reconnection fee, disconnect fee, trip fee, and return check fee.⁶ The Commission will discuss each item below.

Return Check Fee

⁴ *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

⁵ *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

⁶ Farmers RECC Motion for Rehearing (filed Feb. 12, 2026) (Rehearing Motion) at 2.

In the final Order, the Commission set the Return Check Fee at \$5.69.⁷ In its motion for rehearing, Farmers RECC noted that it did not request any adjustment based on a change to this nonrecurring fee and requested the fee be returned to \$25.⁸ In the alternative, Farmers RECC requested that an adjustment be made to the revenue requirement.⁹ Farmers RECC estimated this adjustment to result in approximately \$7,000 in lost revenue.¹⁰ The Commission granted rehearing to determine if any adjustment to the revenue requirement should be made.¹¹

In response to a request for information, Farmers RECC provided the return check fee occurrences and lost revenues for the test year, 2024, of \$7,145 and the subsequent year, 2025, of \$7,125.¹²

Having reviewed the record and the motion, the Commission affirms its finding in the final Order that the Return Check Fee should be in the amount of \$5.69 to reflect the actual, incremental expense incurred by the utility to perform this service. Farmers RECC's motion to return the check fee to \$25 is denied as it is not supported by the record. However, the Commission agrees that the Commission did not make the corresponding adjustment for this fee reduction in its final Order. In rehearing responses, Farmers RECC stated that during the test period it would have lost \$7,145 in miscellaneous revenues because of the reduction of the Returned Check Fee charge.

⁷ Order (Ky. PSC Jan. 29, 2026) at 31-32.

⁸ Rehearing Motion at 6-7.

⁹ Rehearing Motion at 6-7.

¹⁰ Rehearing Motion at 6.

¹¹ Order (Ky. PSC Mar. 4, 2026).

¹² Farmers RECC's Response to Staff's First Rehearing Request, Item 5(a)-(b).

Accepting Farmers RECC's lost revenue calculation, the Commission finds that a corresponding adjustment to the revenue requirement as a result of this reduction in Miscellaneous Revenues should be made. This adjustment is reasonable and is reflected in the rates set forth in the Appendix to this Order.

Reconnect and Disconnect Fees

In the final Order, the Commission discussed advanced metering infrastructure (AMI) in the context of nonrecurring charges.¹³ The Commission found that "...Farmers RECC should add language to the tariff stating that customers with meters capable of remote disconnection will not be subject to the \$30 disconnection fee."¹⁴ In addition, the Commission found "... that Farmers RECC should add language to the tariff stating that customers with meters capable of remote reconnection will not be subject to the \$30.00 reconnection fee."¹⁵ The Commission did not specifically decrease either of these nonrecurring charges. However, the Commission instead stated that customers with AMI capable of remote disconnect or reconnect should not be subject to this fee and "encourage[d] Farmers RECC to review its tariff to ensure that it accurately reflects fees that are attributable to corresponding utility expenses."¹⁶

Farmers RECC stated that it believed it had provided thorough cost breakdowns for the reconnection and disconnection fees.¹⁷ Farmers RECC cited its response to Staff's Second Request, Item 7(b), which listed examples of costs that go into the \$30

¹³ Order (Ky. PSC Jan. 29, 2026) at 29-31.

¹⁴ Order (Ky. PSC Jan. 29, 2026) at 31.

¹⁵ Order (Ky. PSC Jan. 29, 2026) at 29-30.

¹⁶ Order (Ky. PSC Jan. 29, 2026) at 30.

¹⁷ Farmers RECC's Response to Staff's Second Rehearing Request, Item 1.

reconnect and disconnect fee.¹⁸ These examples include annual depreciation expense, software maintenance costs, and internet connection.¹⁹ Farmers RECC explained that there are also labor and benefit costs associated with the reconnect meter charge, especially when it comes to the collared²⁰ meters.²¹ Farmers RECC also noted instances of which it was aware where the Commission removed labor and benefits costs associated with nonrecurring charges performed during regular business hours.²²

Having reviewed the record and the motion, the Commission finds that Farmers RECC's request should be granted in part. The Commission requested cost justification for the reconnect and disconnect fee numerous times.²³ Although disputed by Farmer's RECC, the Commission finds that a sufficient cost breakdown was not provided in the record nor was a monetary calculation of the fee.²⁴ Additionally, Farmers RECC stated that annual depreciation expense, software maintenance, and internet connection, the expenses Farmer's RECC relied upon to justify the Disconnection/Reconnection nonrecurring charges, were all recoverable through base rates.²⁵ Unfortunately, the

¹⁸ Farmers RECC's Response to Staff's Second Rehearing Request, Item 1.

¹⁹ Farmers RECC's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed June 12, 2025), Item 7b.

²⁰ A Collared Meter is defined as remote-capable.

²¹ Farmers RECC's Response to Staff's Second Rehearing Request, Item 1.

²² Farmers RECC's Response to Staff's Second Rehearing Request, Item 1.

²³ See Staff's Second Request, Item 7b.; Commission Staff's Post-Hearing Request for Information (Staff's Post-Hearing Request) (filed Oct. 1, 2025), Item 6; and Staff's Second Rehearing Request, Item 1.

²⁴ See Farmers RECC's Response to Staff's Second Request, Item 7b.; Farmers RECC's Response to Staff's Post-Hearing Request, Item 6; and Farmers RECC's Response to Staff's Second Rehearing Request, Item 1.

²⁵ Farmers RECC's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed July 16, 2025), Item 6.

record does not contain any additional clarity on the costs associated with the reconnect and disconnect fees.

The Commission reviewed the information and argument provided related to AMI. The Commission findings merely stated that, should a meter have remote capabilities, the customer should not be charged the same fee as a person without a remote capable meter. The Commission notes that 95.5 percent of disconnections in 2025²⁶ were associated with the approximate 24 percent of customers that have collared meters.²⁷ The Commission is concerned with that statistic and urges Farmers RECC to look into any probable issue related to disconnects and collared meters. The Commission encourages Farmers RECC to provide updated information in regard to the number of collared meters in its service territory and general reconnect/disconnect data in its next general rate case, along with any findings in regard to the suspected issue with disconnections and collared meters.

In the alternative, Farmers RECC requested that an adjustment be made to the revenue requirement.²⁸ Farmers RECC estimated this adjustment to result in approximately \$80,000 to \$85,000 in lost revenue.²⁹ The Commission granted rehearing to determine if any adjustment to the revenue requirement should be made.³⁰

In response to a request for information, Farmers RECC provided the reconnect/disconnect occurrences for collared and not collared meters with calculated

²⁶ Farmer's RECC's Response to Staff's First Rehearing, Item 5.

²⁷ Farmers RECC's Response to Staff's First Rehearing Request, Item 3.

²⁸ Rehearing Motion at 6-7.

²⁹ Rehearing Motion at 6.

³⁰ Order (Ky. PSC Mar. 4, 2026).

lost revenues for the test year, 2024, of \$91,925 and the subsequent year, 2025, of \$88,141.³¹

Having reviewed the record and the motion, the Commission affirms its finding in the final Order that the remote reconnect/disconnect fee should be zero to reflect the actual, incremental expense incurred by the utility to perform this service that is not already being recovered in base rates. However, the Commission finds that the Motion for Rehearing should be granted to the extent that the Commission did not make any adjustment for the non-recurring fee reduction in its final Order. In rehearing responses, Farmers RECC stated that during the test period it would have lost \$91,925 in miscellaneous revenues because of the reduction of the remote reconnect/disconnect fee reduction. As such, the Commission finds that a corresponding adjustment to the revenue requirement as a result of this reduction in miscellaneous revenues should be made. This adjustment is reasonable and is reflected in the rates set forth in the Appendix to this Order.

Effect on Rates

The Commission, having found that a \$99,070 total increase to the revenue requirement is necessary, has recalculated the rates in the same manner as calculated in the underlying final Order.³² However, during this time, East Kentucky Power

³¹ Farmers RECC's Response to Staff's First Rehearing Request, Item 5(a)-(b).

³² Order (Ky. PSC Jan. 29, 2026), Appendix B.

Cooperative, Inc. (EKPC) filed an application for a general rate adjustment.³³ Due to the timing of the final Order in this matter, the rehearing in this matter, and the final Order in EKPC's case, EKPC's approved rates were passed through to its Owner-Members, including Farmers RECC on April 27, 2026. As a result, the Commission has allocated this \$99,070 increase, based on the rates ordered in Case No. 2025-00221, Farmers RECC's pass-through. Therefore, an average residential customer using 1,053 kWh per month will see a bill increase of approximately \$0.29 or 0.20 percent from Case No. 2025-00221 pass-through rates.

IT IS HEREBY ORDERED that:

1. The Commission grants Farmers RECC's motion for rehearing, in part, and denies it, in part.
2. The Commission finds that an overall increase as set forth in this Order to Farmers RECC's revenue requirement should be granted.
3. The Commission denies Rehearing regarding the request for changes to the amount of the reconnection fee, disconnect fee, trip fee and return check fee.
4. The rates and charges, as set forth in the Appendix to this Order, are approved as fair, just and reasonable for Farmers RECC, and these rates and charges are approved for service rendered on and after the date of entry of this Order.
5. Within 20 days of the date of entry of this Order, Farmers RECC shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff

³³ Case No. 2025-00208, *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 Apr. 23, 2026) final Order; currently on rehearing. Case No. 2025-00221, *Electronic Application of Farmers Rural Electric Cooperative Corporation For Pass-Through of East Kentucky Power Cooperative, Inc.'s Wholesale Rate Adjustment* (Ky. PSC Apr. 27, 2026), final Order.

sheets setting forth the rates and charges approved herein and reflecting its effect date and that it was authorized by this Order.

6. The case is closed and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

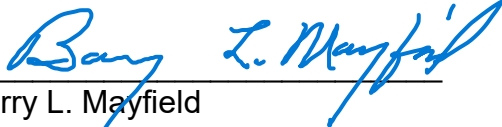
Entered on this 13th day of July, 2026.

PUBLIC SERVICE COMMISSION



Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

Case No. 2025-00107

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00107 DATED JUL 13 2026

The following rates and charges are prescribed for the customers served by Farmers Rural Electric Cooperative 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.

Schedule R - Residential Service

Customer Charge	\$23.80 per Month
Energy Charge	\$0.106535 per kWh

Schedule R - Time-of-Day

Customer Charge	\$23.80 per Month
On-Peak Energy Charge	\$0.127171 per kWh
Off-Peak Energy Charge	\$0.076802 per kWh

Schedule NM - Net Metering

Customer Charge	\$23.80 per Month
Energy Charge	\$0.106535 per kWh

Schedule RM - Residential Off-Peak Marketing - ETS

Energy Charge	\$0.076802 per kWh
---------------	--------------------

Schedule C - Commercial & Industrial <50kW

Customer Charge	\$29.23 per Month
Energy Charge	\$0.102982 per kWh

Schedule C - Time-of-Day - Commercial Service

Single Phase Customer Charge	\$29.23 per Month
------------------------------	-------------------

Service List for 2025-00107

* L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

* Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

* Heather Temple
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

* John G Horne, II
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Jennie G Phelps
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

* Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Meredith L. Cave
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

* Michael West
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601

* Tobias Moss
President
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298