

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MEADE	)	
COUNTY RURAL ELECTRIC COOPERATIVE	)	CASE NO.
CORPORATION FOR AN ALTERNATIVE RATE	)	2025-00159
ADJUSTMENT PURSUANT TO 807 KAR 5:078	)	

ORDER

On July 15, 2025,<sup>1</sup> Meade County Rural Electric Cooperative Corporation (Meade RECC) filed an application seeking an alternative rate adjustment pursuant to 807 KAR 5:078, with a proposed effective date of August 15, 2025. By Order dated July 29, 2025,<sup>2</sup> the Commission accepted Meade RECC's application pursuant to 807 KAR 5:078 and established a procedural schedule for processing this case. By Order dated July 1, 2025, the Attorney General of the Commonwealth of Kentucky, through the Office of Rate Intervention (Attorney General), was granted intervention and is the only intervenor in the case.<sup>3</sup>

Meade RECC responded to one request for information<sup>4</sup> from Commission Staff (Staff) and one request for information<sup>5</sup> from the Attorney General. On September 9,

---

<sup>1</sup> Meade RECC's Application (filed July 15, 2025). Accepted for filing as of that date pursuant an Order issued July 29, 2025.

<sup>2</sup> Order (Ky. PSC July 29, 2025).

<sup>3</sup> Order (Ky. PSC July 1, 2025).

<sup>4</sup> Meade RECC's Response to Commission Staff's First Request for Information (Response to Staff's First Request) (filed Aug. 29, 2025).

<sup>5</sup> Meade RECC's Response to Attorney General's First Request for Information (Attorney General's First Request) (filed Aug. 29, 2025).

2025 both the Attorney General<sup>6</sup> and Meade RECC<sup>7</sup> filed comments on Meade RECC's application.

### LEGAL STANDARD

Commission regulation 807 KAR 5:078 provides a streamlined process for Kentucky electric cooperatives to request modest rate adjustments. The regulation allows for simplified filings and expedited review compared to normal rate case proceedings and is designed to help cooperatives manage necessary rate changes efficiently. Among other things, a filing under 807 KAR 5:078 is available only if at least 12 months but no more than ten years have elapsed since the effective date of the cooperative's most recent base-rate adjustment; the requested increase does not exceed 1 percent per 12-month period since that adjustment and, in the aggregate, no more than 5 percent over existing rates; and the cooperative's OTIER does not exceed 1.85. The cooperative must also meet other eligibility and filing conditions in the regulation (e.g., recent cost of service study and limited scope to revenue requirement/rate design/tariff changes). Additionally, if five or more years have elapsed since the cooperative's most recent general rate adjustment, the application must include a narrative explaining why a general rate case was not pursued during that period.

### BACKGROUND

Meade RECC is a not-for-profit, member-owned, rural electric distribution cooperative organized under KRS Chapter 279. Meade RECC is engaged in the business of distributing retail power to approximately 31,657 members in the following

---

<sup>6</sup> Attorney General's Comments (filed Sep. 9, 2025).

<sup>7</sup> Meade County RECC's Comments (filed Sep 9, 2025).

Kentucky counties: Breckinridge; Grayson; Hancock; Hardin; Meade; and Ohio.<sup>8</sup> Meade RECC's last general rate adjustment was effective October 29, 2013, in Case No. 2013-00033<sup>9</sup> and its last base rate adjustment was effective September 16, 2020, in Case No. 2020-00131<sup>10</sup> in a "streamlined procedure" adjustment filed pursuant to the pilot program established in Case No. 2018-00407.<sup>11</sup>

### TEST PERIOD

Meade RECC used a historical test year ending on December 31, 2024, which corresponds with the most recent annual report filed with the Commission, pursuant to 807 KAR 5:078, Section 2(8).

### MEADE RECC'S PROPOSAL

Meade RECC requested approval to increase its annual revenues by \$1,750,780 or 2.06 percent.<sup>12</sup> Meade RECC stated that this amount does not exceed one percent per 12-month period since the last base rate adjustment, and the cumulative rate increase is not over 5 percent of the aggregate of multiple 12-month periods in the Application.<sup>13</sup>

---

<sup>8</sup> Application at 1.

<sup>9</sup> Case No. 2013-00033, *Application of Meade Rural Electric Cooperative Corporation for A General Adjustment of Rates and a Flow-Through of Big Rivers Electric Corporation's Rate Increase* (Ky. PSC Oct. 29, 2013), Order.

<sup>10</sup> Case No. 2020-00131, *Electronic Application of Meade Rural Electric Cooperative Corporation for an Adjustment of Rates* (Ky. PSC Sept. 16, 2020) Order.

<sup>11</sup> Case No. 2018-00407, *A Review of the Rate Case Procedure for Electric Distribution Cooperatives* (Ky. PSC Dec. 20, 2019).

<sup>12</sup> Application at 3.

<sup>13</sup> Application at 3.

Meade RECC requested an Operating Times Interest Earned Ratio (OTIER) of, but not exceeding, 1.85.<sup>14</sup>

Pursuant to 807 KAR 5:078, Meade RECC filed its cost of service study (COSS) for the twelve months ending December 31, 2024, along with the application.<sup>15</sup> Meade RECC relied on this COSS to allocate the proposed revenue to the rate classes.<sup>16</sup> Meade RECC proposed that the revenue increase be entirely allocated to the residential class since that class is the only one with a negative rate of return on rate base.<sup>17</sup> As such, Meade RECC proposed an increase of the monthly residential customer charge in Rate 1–Residential, Farm and Non-Farm, Schools & Churches (Residential) from \$0.686 to \$0.850 per day (or from \$20.87 to \$25.85 per month), with no change to the per-kWh energy charge.<sup>18</sup> However, Meade RECC also proposed a revenue neutral rate revision to its Rate 2–Commercial Rate (Commercial Rate) class, increasing the daily customer charge from \$0.816 to \$0.890, and decreasing its energy charge from \$0.104294 per kWh to \$0.102400 per kWh.<sup>19</sup>

### INTERVENOR COMMENTS

On September 9, 2025, the Attorney General filed comments addressing Meade RECC's application.<sup>20</sup> The Attorney General recommended limiting recovery of Rate

---

<sup>14</sup> Application at 3.

<sup>15</sup> Application, Exhibits JW-3 through JW-8.

<sup>16</sup> Direct Testimony of John Wolfram (Wolfram Direct Testimony) at 15.

<sup>17</sup> Wolfram Direct Testimony at 22–23.

<sup>18</sup> Direct Testimony of Anna Swanson (Swanson Testimony) at 4.

<sup>19</sup> Application, Exhibit 5, Commercial Rate tariff.

<sup>20</sup> Attorney General's Comments (filed Sep. 9, 2025).

Case Expense to the utility's actual, reasonable, and necessary costs demonstrated in the record, noting that the application forecasted \$115,000, while Meade RECC's August 29, 2025<sup>21</sup> update reflected \$29,212.64<sup>22</sup> paid to date and emphasizing Commission precedent that recovery of rate case expense is not guaranteed.<sup>23</sup>

The Attorney General also objected to Meade RECC's practice of paying 100 percent of single health and dental insurance premiums with respect to employee benefits.<sup>24</sup> Citing the Commission's adjustment in Meade RECC's 2020 streamlined case and urging consistency with current Bureau of Labor Statistics (BLS) averages, the Attorney General requested an adjustment to align allowed expenses with just and reasonable levels.<sup>25</sup>

The Attorney General also raised concerns regarding compensation.<sup>26</sup> Referencing Meade RECC's responses,<sup>27</sup> including a reported 37 percent increase in chief executive officer (CEO) pay in 2023, the Attorney General urged the Commission to review executive and employee compensation for reasonableness relative to other

---

<sup>21</sup> The Attorney General's Comments incorrectly cited this filing Rate Case Expense filing date as August 31, 2025. The correct filing date is August 29, 2025.

<sup>22</sup> Meade RECC filed a subsequent Rate Case Filing Expense update on Sep. 9, 2025, reflecting \$34,576.14 paid to date.

<sup>23</sup> Attorney General's Comments at 3–4.

<sup>24</sup> Attorney General's Comments at 4.

<sup>25</sup> Attorney General's Comments at 4.

<sup>26</sup> Attorney General's Comments at 5–6.

<sup>27</sup> Meade RECC's Response to Attorney General's First Request for Information (filed Aug. 29, 2025).

Kentucky cooperatives and relevant market data (including BLS averages) before including such costs in rates.<sup>28</sup>

The Attorney General expressed concern regarding rate design, with the proposed 23.9 percent increase to the Residential, Farm, and Non-Farm, Schools & Churches, daily customer charge (from \$0.686 to \$0.850 per day) and the absence of a change to the volumetric energy charge.<sup>29</sup> The Attorney General argued that shifting recovery to the fixed charge diminishes customers' ability to manage bills and may disincentivize conservation, and therefore, urged continued adherence to the Commission's principle of gradualism.<sup>30</sup> The comments also noted economic conditions, including elevated poverty rates in parts of the service territory, as relevant context for mitigating customer impacts.<sup>31</sup>

The Attorney General summarized Meade RECC's proposed, revenue-neutral adjustments to the Commercial Rate class (increasing the daily customer charge from \$0.816 to \$0.890 while decreasing the energy charge from \$0.104294 to \$0.102400) and stated that, according to Meade RECC, the average bill for that class would not increase.<sup>32</sup> The Attorney General concluded by requesting that, to the extent any revenue increase is approved, the Commission minimize increases to the fixed customer charge.<sup>33</sup>

---

<sup>28</sup> Attorney General's Comments at 5–6.

<sup>29</sup> Attorney General's Comments at 6–7.

<sup>30</sup> Attorney General's Comments at 6–7.

<sup>31</sup> Attorney General's Comments at 6–7.

<sup>32</sup> Attorney General's Comments at 7.

<sup>33</sup> Attorney General's Comments at 7.

## MEADE RECC'S COMMENTS

On September 9, 2025, Meade RECC filed comments in support of its application for an alternative adjustment of rates pursuant to 807 KAR 5:078.<sup>34</sup>

Meade RECC proposed increasing the Residential, Farm, and Non-Farm, Schools & Churches daily customer charge from \$0.686 to \$0.850 with no change to the energy charge, which allegedly yields an average residential bill increase of \$4.99, or 3.68 percent.<sup>35</sup> For the Commercial Rate class, the proposal increases the daily customer charge from \$0.816 to \$0.890 and decreases the energy rate from \$0.104294 per kWh to \$0.102400 per kWh, resulting in a revenue-neutral adjustment. No other rate classes had proposed changes. Meade RECC asserts these proposals are supported by the COSS, which indicates a Residential, Farm, and Non-Farm, Schools & Churches cost-based approximate monthly customer charge of \$35.06 (\$1.153 per day) and under-recovery from the rate class.<sup>36</sup> Meade RECC stated moderate temperatures can depress demand and to mitigate this volatility, it allocated the increase to the fixed customer charge rather than the kWh charge.<sup>37</sup> Meade RECC also cited evidence that fixed customer costs to provide service should be \$35.06 per month and observed that cooperatives are moving toward cost-based rates, characterizing its Residential, Farm, and Non-Farm, Schools & Churches change as gradual.<sup>38</sup>

---

<sup>34</sup> Meade RECC's Comments (filed Sep. 9, 2025).

<sup>35</sup> Meade RECC's Comments at 2.

<sup>36</sup> Meade RECC's Comments at 2.

<sup>37</sup> Meade RECC's Comments at 5.

<sup>38</sup> Meade RECC's Comments at 5.

Meade RECC stated that, since its last general rate case in 2020, margins have deteriorated while interest rates and the costs of essential materials have risen.<sup>39</sup> Meade RECC reported an OTIER of 1.07 in 2024 and 0.43 through July 2025, and contended the requested increase is necessary to maintain financial health and meet lender covenants.<sup>40</sup>

Meade RECC asserted that its wages and benefits are reasonable for its competitive labor market, especially for linemen and technical roles near large investor-owned utilities (IOUs).<sup>41</sup> Meade RECC did not propose a pro forma adjustment for right-of-way expense but emphasized right-of-way (ROW) management as an investment that reduces outages and long-run costs.<sup>42</sup>

Meade RECC concluded that its requested revenue increase and rate design are fair, just, and reasonable and requested Commission approval of the application and new rates.<sup>43</sup>

## DISCUSSION

### Revenue and Expense Adjustments

Meade RECC proposed 14 adjustments to normalize its test-year operating revenues and expenses in the streamlined application. The Commission finds that 12 of the 14 adjustments originally proposed by Meade RECC are reasonable and should be accepted without change. The Commission's two changes to Meade RECC's proposed

---

<sup>39</sup> Meade RECC's Comments at 2.

<sup>40</sup> Meade RECC's Comments at 3.

<sup>41</sup> Meade RECC's Comments at 5–6.

<sup>42</sup> Meade RECC's Comments at 6.

<sup>43</sup> Meade RECC's Comments at 8.



adjustments relating to Rate Case Expense and Year-End Customer Normalization are explained in the following paragraphs. Shown below are the Commission approved adjustments.

Adj. No.	Item	Revenue	Expense	Non-Operating Income	Net Margin
1	Fuel Adjustment Clause	(5,350,058)	(5,350,058)	-	-
2	Environmental Surcharge	(3,236,541)	(3,236,541)	-	-
3	Member Rate Stability Mechanism	1,668,084	1,668,084	-	-
4	Non-Smelter Non-FAC PPA	(3,173,128)	(3,173,128)	-	-
5	Rate Case Expenses		11,525	-	(11,525)
6	Year-End Customer Normalization	264,056	166,977	-	97,079
7	Depreciation Expense Normalization		(52,788)	-	52,788
8	Donations, Promotional Advertising & Dues		(158,923)	-	158,923
9	Directors Expense		(34,104)	-	34,104
10	Life Insurance Premiums		(17,027)	-	17,027
11	Retirement Plan Contributions		(21,970)	-	21,970
12	Health, Dental & Vision Insurance Premiums		(35,535)	-	35,535
13	Wages & Salaries		402,394	-	(402,394)
14	Interest Expense		163,164	-	(163,164)
Total		(9,827,588)	(9,667,931)	-	(159,658)

Rate Case Expense – In its application, Meade RECC proposed a total Rate Case Expense of \$115,000 amortized over three years for \$38,333 per year.<sup>44</sup> In its Monthly Rate Case Expense Update, Meade RECC provided its actual total Rate Case Expense as of September 9, 2025, of \$34,576.<sup>45</sup> The actual total Rate Case Expense of \$34,576 amortized over three years is \$11,525 per year.<sup>46</sup>

The Commission finds that Meade RECC's actual Rate Case Expense of \$34,576 to be reasonable. That amount, amortized over three years, equates to \$11,525 per year, and the adjustment should be accepted because it accurately reflects the Rate Case Expense incurred in this case.

<sup>44</sup> Wolfram Direct Testimony, Exhibit JW-2 at 9.

<sup>45</sup> Monthly Expense Update (filed Sept. 9, 2025).

<sup>46</sup> \$34,576/ 3 yrs = \$11,525.

Year-End Customer Normalization – Meade RECC proposed a \$346,958 increase to revenues and \$214,905 increase to expenses to adjust the test-year expenses and revenues to reflect the number of customers at the end of the test year.<sup>47</sup> This resulted in a decrease of \$132,053 to the revenue requirement.<sup>48</sup> Meade RECC calculated its average customer counts for the Residential, Small Commercial, Three Phase, and Large 1,000 KVA TOD rates as 29,247.92, 1,818.58, 402.00, and 4.58, respectively.<sup>49</sup>

The Commission finds that the average customer count should be rounded to a whole number. The Commission has historically rounded year-end customer count in this adjustment calculation.<sup>50</sup> It is not practical to assume any number of customers that is not a whole number, as the purpose of the adjustment is to apply the number of customers at test-year end to a full year of revenues, and fractional customers do not exist in practice. The Commission finds that the average customer counts for the Residential, Small Commercial, Three Phase, and Large 1,000 KVA TOD rates should be rounded to 29,248.00, 1,819.00, 402.00, and 5.00, respectively. The effect of the adjustment after rounding the average year-end customer counts to a whole number is a \$264,056 increase to revenues and \$166,977 increase to expenses.

#### Pro Forma Adjustments Summary

The 14 pro forma adjustments are found in Appendix A to this Order and summarized in the chart below. The effects of the approved adjustments on Meade

---

<sup>47</sup> Wolfram Direct Testimony, Exhibit JW-2 at 10.

<sup>48</sup> Wolfram Direct Testimony, Exhibit JW-2 at 10.

<sup>49</sup> Wolfram Direct Testimony, Exhibit JW-2 at 10.

<sup>50</sup> See Case No. 2024-00351, *Electronic Application of Shelby Energy Cooperative, Inc. for a General Adjustment of Rates* (Ky. PSC July 23, 2025), Order at 17.

RECC's net income result in utility operating margins of \$1,742,996 based upon a total revenue of \$78,073,214, a total cost of electric service of \$76,330,218, and resulting net margins \$2,241,960. The resulting credit metrics are a 2.08 TIER, a 1.85 OTIER, and a debt service coverage ratio of 0.809. The Commission finds that a revenue increase of \$1,760,817 is reasonable based on the adjustments made above.

	Meade County RECC	Final
Revenues		
Fuel Adjustment Clause	(5,350,058)	(5,350,058)
Environmental Surcharge	(3,236,541)	(3,236,541)
Member Rate Stability Mechanism	1,668,084	1,668,084
Non-Smelter Non-FAC PPA	(3,173,128)	(3,173,128)
Year End Customers	346,958	264,056
Total	(9,744,685)	(9,827,588)
Operating Expenses		
Fuel Adjustment Clause	(5,350,058)	(5,350,058)
Environmental Surcharge	(3,236,541)	(3,236,541)
Member Rate Stability Mechanism	1,668,084	1,668,084
Non-Smelter Non-FAC PPA	(3,173,128)	(3,173,128)
Rate Case Expenses	38,333	11,525
Year-End Customer Normalization	214,905	166,977
Depreciation Expense Normalization	(52,788)	(52,788)
Donations, Promotional Advertising & Dues	(158,923)	(158,923)
Directors Expense	(34,104)	(34,104)
Life Insurance Premiums	(17,027)	(17,027)
Retirement Plan Contributions	(21,970)	(21,970)
Health, Dental & Vision Insurance Premiums	(35,535)	(35,535)
Wages & Salaries	402,394	402,394
Interest Expense	163,164	163,164
Total	(9,593,195)	(9,667,931)
Operating Margins Impact	(151,491)	(159,658)
Generation and Transmission Capital Credits	-	-
Net Margins Impact	(151,491)	(159,658)

#### Cost of Service Study (COSS)

Meade RECC filed a fully allocated COSS based on the 12 Coincident Peak (12 CP) methodology, mirroring the cost allocation basis used in the applicable Big Rivers

Electric Corporation's (BREC) wholesale tariff.<sup>51</sup> The Attorney General did not comment on the COSS. With the 12 CP methodology, Meade RECC explained that power supply and transmission costs are allocated on the basis of the demand for each rate class at the time of BREC's system peak for each of the 12 months, and customer-related costs are allocated based on the average number of customers served in each rate class during the test year.<sup>52</sup> Distribution demand-related costs are allocated based on the relative demand levels of each class by the maximum class demands for primary and secondary voltage and by the sum of individual customer demands for secondary voltage.<sup>53</sup>

The zero-intercept method was used for the distribution costs to classify customer-related costs of the overhead conductor, underground conductor, and line transformers.<sup>54</sup> The COSS determined Meade RECC's overall rate of return (ROR) on the rate base and used it to determine the relative rates of return that Meade RECC earns from each rate class. Having reviewed Meade RECC's COSS, the Commission finds Meade RECC's proposal to use the 12 CP method as a guide to determine its revenue allocation to be reasonable.

#### Revenue Allocation and Rate Design

Based on the results of the COSS, there is an indication that the current rates illustrate a certain degree of subsidization between the rate classes, and, at current rates, the Residential, Farm, and Non-Farm, Schools & Churches rate class provides less

---

<sup>51</sup> Wolfram Direct Testimony at 19.

<sup>52</sup> Wolfram Direct Testimony at 19.

<sup>53</sup> Wolfram Direct Testimony at 19.

<sup>54</sup> Wolfram Direct Testimony at 17.

revenue relative to its cost to serve. The proposed revenue allocation with the ROR is illustrated below:<sup>55</sup>

<b>Rate Class</b>	<b>Revenue Increase</b>	<b>Return on Rate Base</b>	<b>Return After Rate Revision</b>
Residential, Farm, and Non-Farm, Schools & Churches	\$1,750,780	(0.14%)	1.20%
Commercial Rate	\$0	2.26%	2.26%
Three Phase Power Service, 0 KVA and Greater- 3 Phase Service	\$0	20.02%	20.02%
Three Phase Power Service, 0 KVA- 999 KVA- Optional Time-of-Day (TOO) Rate	\$0	30.10%	30.10%
Large Power Service, 1,000 KVA and Larger (TOD)	\$0	18.69%	18.69%
Outdoor Lighting Service - Individual Consumers	\$0	3.71%	3.71%
Street Lighting-Community, Municipalities, Towns	\$0	2.11%	2.11%
Special Contract	\$0	NA	NA
<b>Total</b>	<b>\$1,750,780</b>	<b>1.38%</b>	<b>2.50%</b>

Meade RECC's COSS supports a daily customer charge of \$1.153 and an energy charge of \$0.105629 per kWh for the Residential, Farm, and Non-Farm, Schools & Churches rate classes.<sup>56</sup> However, Meade RECC proposed to increase the daily customer charge from \$0.686 to \$0.850, an approximate 23.9 percent increase.<sup>57</sup> Meade RECC did not propose an adjustment to the energy charge. Meade RECC asserted that

<sup>55</sup> Wolfram Direct Testimony, Exhibit JW-3 at 1 and Exhibit JW-9 at 1.

<sup>56</sup> Wolfram Direct Testimony, JW-3 at 2.

<sup>57</sup> Wolfram Direct Testimony at 23–24.

the daily customer charge was in more need of a correction than the energy charge because the current daily customer charge is only 60 percent of its cost-based rate, while the energy charge is 92 percent.<sup>58</sup>

Meade RECC also proposed a revenue neutral rate revision to its Commercial Rate class. The current Commercial Rate daily customer charge is lower than the proposed Residential, Farm, and Non-Farm, Schools & Churches daily customer charge. The Commission previously has emphasized the importance of maintaining consistency in the relationship between residential and small customer fixed charges.<sup>59</sup> To address that, Meade RECC proposed to increase the Commercial Rate daily customer charge and to decrease the Commercial Rate energy charge such that the class does not experience an average bill increase overall.<sup>60</sup>

The Attorney General raised concerns regarding the 23.9 percent increase in the Residential, Farm, and Non-Farm, Schools & Churches daily customer charge.<sup>61</sup> The Attorney General stated that by raising the daily customer charge as opposed to the energy charge, a customer's ability to control their monthly bill would be diminished.<sup>62</sup> Additionally, the Attorney General stated that it may disincentivize energy conservation.<sup>63</sup> Furthermore, the Attorney General requested that the Commission continue to rely upon

---

<sup>58</sup> Meade RECC's Response to Staff's First Request, Item 1.

<sup>59</sup> Case No. 2023-00147, *Electronic Application of Taylor County Rural Electric Cooperative Corporation for a General Adjustment of Rates* (Ky. PSC, Apr. 5, 2024), Order at 23.

<sup>60</sup> Wolfram Direct Testimony at 24–25.

<sup>61</sup> Attorney General's Comments at 6.

<sup>62</sup> Attorney General's Comments at 6.

<sup>63</sup> Attorney General's Comments at 6.

the principle of gradualism when awarding an increase to the Residential, Farm, and Non-Farm, Schools & Churches daily customer charge.<sup>64</sup>

Meade RECC states that, although the COSS demonstrates a need for a fixed monthly charge of \$35.06 for the Residential, Farm, and Non-Farm, Schools & Churches class, Meade RECC proposed to only increase it to \$20.87.<sup>65</sup> Meade RECC stated that it not only proposed a gradual change, but the rate revision also eliminated subsidization of the Residential, Farm, and Non-Farm, Schools & Churches class by all other rate classes.<sup>66</sup>

The Commission finds the COSS supports an increase to the Residential, Farm, and Non-Farm, Schools & Churches rate because, at the current rates, the Residential, Farm, and Non-Farm, Schools & Churches rate is contributing to the rate of return less than the Meade RECC's cost to serve customers. The Commission also recognizes that, for an electric distribution cooperative, there is merit in providing a means to guard against revenue erosion.

Based upon the Commission-approved revenue increase of \$1,760,817, the Commission finds the proposed allocation of revenue to be reasonable. However, due to the Commission's adjustment to the revenue increase, the Residential, Farm, and Non-Farm, Schools & Churches proposed rate revisions need to be addressed. The Commission finds the Residential, Farm, and Non-Farm, Schools & Churches daily customer charge of \$0.850 to be reasonable, as it is a gradual increase towards the cost-

---

<sup>64</sup> Attorney General's Comments at 7.

<sup>65</sup> Meade RECC's Comments at 4.

<sup>66</sup> Meade RECC's Comments at 4-5.

based rate of \$1.153 per day. However, the Commission finds the energy charge needs to be modified to meet the approved revenue increase. The energy charge will increase from \$0.097665 per kWh to \$0.097696 per kWh. The monthly bill for the average Residential, Farm, and Non-Farm, Schools & Churches customer will increase from \$113.44<sup>67</sup> to 118.36, by \$4.92 or 4.34 percent.

Regarding the proposed rate revisions made to the Small Commercial Rate, Meade RECC requested increase in the daily customer charge for the Residential Customer class would result in the Residential Customer charge exceeding the customer charge for the Small Commercial Rate class.<sup>68</sup> Meade RECC recognized the Commission's prior Orders disfavoring this outcome. Accordingly, Meade RECC proposed to increase the daily customer charge for the Small Commercial Rate class to maintain consistency with the Residential Customer Charge, and in turn, decreased the Small Commercial Rate class energy charge to offset any revenue increase.<sup>69</sup> Upon review, the Commission finds the revenue neutral revisions to the Small Commercial Rate class be reasonable, that the rates should be accepted and are reflected in Appendix B to this Order.

### SUMMARY

As set forth above, following review of the administrative record, the Commission finds a revenue increase of 2.08 percent or \$1,760,817 to be reasonable. To achieve this increase and reduce rate class subsidization, the Commission finds it reasonable to

---

<sup>67</sup> Wolfram Direct Testimony, Exhibit JW-9 at 10.

<sup>68</sup> Wolfram Direct Testimony at 24–25.

<sup>69</sup> Wolfram Direct Testimony at 24.25.




increase the Residential, Farm, and Non-Farm, Schools & Churches daily customer charge to the proposed \$0.850 and increase energy charge to \$0.097696 per kWh. Additionally, the Commission finds it reasonable to accept the revenue neutral rate revisions to the Small Commercial Rate.


After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the rates proposed by Meade RECC should be denied. The rates set forth in Appendix B to this Order are approved pursuant to 807 KAR 5:078 for Meade RECC to charge for services rendered on and after the date of this Order.

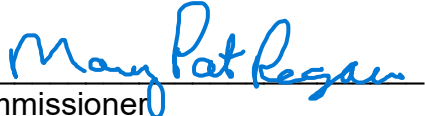
IT IS THEREFORE ORDERED that:

1. The rates proposed by Meade RECC are denied.
2. The rates set forth in Appendix B to this Order are approved for services rendered by Meade RECC on and after the date of service of this Order.
3. Within 20 days of the date of service of this Order, Meade RECC 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 its effective data and that it was authorized by this Order.
4. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ATTEST:

  
Executive Director



## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00159 DATED SEP 26 2025

Description	Actual Test Year	Pro Forma Adjustments	Pro Forma Test Yr	Proposed Rates
<u>Operating Revenues</u>				
Total Sales of Electric Energy	84,804,615	(9,827,588)	74,977,027	76,737,844
Other Electric Revenue	1,335,370	-	1,335,370	1,335,370
Total Operating Revenue	86,139,985	(9,827,588)	76,312,397	78,073,214
<u>Operating Expenses:</u>				
Purchased Power	66,430,864	(9,924,667)	56,506,197	56,506,197
Distribution Operations	3,926,714	-	3,926,714	3,926,714
Distribution Maintenance	4,565,315	-	4,565,315	4,565,315
Customer Accounts	1,540,243	-	1,540,243	1,540,243
Customer Service	152,058	-	152,058	152,058
Sales Expense	(6,563)	-	(6,563)	(6,563)
A&G	2,127,933	146,360	2,274,293	2,274,293
Total O&M Expense	78,736,563	(9,778,307)	68,958,256	68,958,256
Depreciation	5,204,787	(52,788)	5,151,999	5,151,999
Taxes - Other	63,683	-	63,683	63,683
Interest on LTD	1,903,745	163,164	2,066,908	2,066,908
Interest - Other	87,116	-	87,116	87,116
Other Deductions	2,255	-	2,255	2,255
Total Cost of Electric Service	85,998,148	(9,667,931)	76,330,218	76,330,218
Utility Operating Margins	141,836	(159,658)	(17,821)	1,742,996
Non-Operating Margins - Interest	241,943	-	241,943	241,943
Income(Loss) from Equity Investments	-	-	-	-
Non-Operating Margins - Other	13,418	-	13,418	13,418
G&T Capital Credits	-	-	-	-
Other Capital Credits	243,603	-	243,603	243,603
Net Margins	640,801	(159,658)	481,143	2,241,960
Cash Receipts from Lenders	13,876	-	13,876	13,876
OTIER	1.08		1.00	1.85
TIER	1.34		1.23	2.08
TIER excluding GTCC	1.34		1.23	2.08
Target OTIER	1.85		1.85	
Margins at Target OTIER	2,103,271		2,241,960	
Revenue Requirement	88,101,420		78,572,178	
Revenue Deficiency (Excess)	1,462,471		1,760,817	
Increase \$				1,760,817
Increase %				2.08%

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00159 DATED SEP 26 2025

The following rates and charges are prescribed for the customers served by Meade County 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.

#### Residential, Farm, and Non-Farm, Schools & Churches

Daily Customer Charge	\$0.850 per Day
Energy Charge	\$0.097696 Per kWh

#### Commercial Rate

Daily Customer Charge	\$0.890 per Day
Energy Charge	\$0.102400 per kWh

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

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

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

\*Meade County R.E.C.C.  
P. O. Box 489  
Brandenburg, KY 40108-0489

\*Anna Swanson  
Accounting Supervisor  
Meade County R.E.C.C.  
P. O. Box 489  
Brandenburg, KY 40108-0489

\*Martin Littrel  
Pres. CEO  
Meade County R.E.C.C.  
P. O. Box 489  
Brandenburg, KY 40108-0489

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

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

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

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

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