

Rate EMEarnings MechanismStandard Rider

This Earnings Mechanism is a rider to Rates B, C, E and G as well as applicable to all special contract customers.

Applicability

In all territories of Owner-Member Cooperatives ("owner-member") of EKPC.

Availability

Available to Owner-Members ("owner-member") and End-Use Retail Members ("retail member") pursuant to Paragraph 6 of the Joint Stipulation, Settlement Agreement and Recommendation approved in Case No. 2021-00103.

Purpose

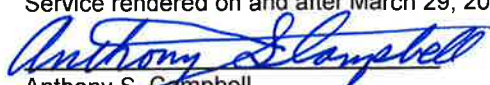
EKPC has committed to return any excess margins to its owner-members for contemporaneous pass-through to retail members in the form of a bill credit in the event that EKPC achieves per-book margins in excess of a 1.40 TIER in any calendar year. Any excess margins to be returned will be allocated based upon the percentage of each EKPC rate class' total revenue for the most recent calendar year. EKPC will make an annual filing with the Commission setting forth its calculations of margins and any required bill credit for the most recent calendar year on or before April 30th of the following year.

Methodology

Excess Margins. EKPC will determine any excess margins for the most recent calendar year by comparing the per book margins reflected in the achieved TIER with the margins needed to produce a 1.40 TIER. If the margins reflected in the achieved TIER exceed the margins needed to produce a 1.40 TIER, then the dollar difference in the margins will constitute excess margins to return to the owner-members and retail members. If the margins needed to produce a 1.40 TIER exceed the margins reflected in the achieved TIER, then there will be no excess margins returned for the calendar year.

DATE OF ISSUE: April 11, 2022

DATE EFFECTIVE: Service rendered on and after March 29, 2022

ISSUED BY: 
Anthony S. Campbell
President and Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2021-00429 dated March 29, 2022.

CANCELLED

May 1, 2026

**KENTUCKY PUBLIC
SERVICE COMMISSION****KENTUCKY
PUBLIC SERVICE COMMISSION****Linda C. Bridwell**
Executive Director

EFFECTIVE

3/29/2022

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Rate EM (continued)

Allocation of Excess Margins. EKPC will determine its total revenues from its owner-members for the most recent calendar year in total and by applicable rate classes. For purposes of this calculation,

- a. EKPC's rate classes are tarified Rates B, C, E, and G and special contracts not based on tarified rate schedules; and
- b. EKPC's Rate E total revenues will include the solar panel production credits, green power billing, direct load control credits, and the generator credit.

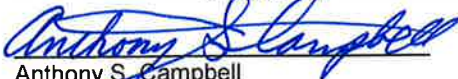
The allocation of the excess margin for the most recent calendar year will be performed using a two-step process. EKPC will first determine the percentage of total revenues each of its rate classes represent. The excess margin will be multiplied by this rate class percentage of total revenues to determine the allocation of the excess margin by rate class. If the rate class only has one retail member, then no further allocation will be necessary. For all other rate classes, EKPC will next determine the percentage of each rate class' revenues provided by the owner-members. The allocated excess margin by rate class will be multiplied by the applicable owner-member percentage for that rate class to determine the allocation of the excess margin by rate class by owner-member. EKPC will prepare and provide to each owner-member a schedule showing the allocation of the excess margin for the most recent calendar year by EKPC rate class. The owner-member will utilize this schedule to determine bill credit that will pass-through the excess margins to their retail members.

Payment of Bill Credit. EKPC will include the applicable bill credit to each owner-member on the billing invoices issued in June of the year for the annual filing. However, in the event that it appears that the one time bill credit would create an adverse impact to EKPC's cash flows, EKPC may request and the Commission may order, other amortization periods on a case-by-case basis.

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