

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

FOR ALL TERRITORY SERVED
Community, Town or City
P.S.C. KY. NO. 10
Original SHEET NO. 150
CANCELLING P.S.C. KY. NO. _____
SHEET NO. _____

Rate EM – Earnings Mechanism – Member Tariff

Applicability

In the service territory of Farmers Rural Electric Cooperative Corporation (“Farmers RECC”).

Availability

Available to retail members pursuant to Paragraph 6 of the Joint Stipulation, Settlement Agreement and Recommendation approved in East Kentucky Power Cooperative, Inc.’s (“EKPC”) base rate case, Case No. 2021-00103 and EKPC’s EM Tariff filing, Case No. 2021-00429.

Purpose

EKPC has committed to return any excess margins to its Owner-Member Cooperatives for contemporaneous pass-through to End-Use Retail Members (“retail members”) in the form of a bill credit in the event that EKPC achieves per-book margins in excess of a target TIER in any calendar year. Any excess margins to be returned will be allocated based upon the percentage of each EKPC rate class’s 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

Allocation of Excess Margins from EKPC. EKPC will determine the allocation of the excess margin for the most recent calendar year and will prepare and provide to Farmers RECC a schedule showing the allocation of the excess margin for the most recent calendar year by EKPC rate class. Farmers RECC will then calculate the bill credit applicable to its retail members and will file that calculation with the Commission in the same manner that EKPC files its calculation with the Commission each year.

CANCELLED

May 1, 2026

**KENTUCKY PUBLIC
SERVICE COMMISSION**

DATE OF ISSUE October 2, 2023
MONTH / DATE / YEAR
DATE EFFECTIVE November 2, 2023
MONTH / DATE / YEAR
ISSUED BY [Signature]
SIGNATURE OF OFFICER
TITLE President & CEO

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director

Linda C. Bridwell

EFFECTIVE

9/12/2023

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

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Rate EM – Earnings Mechanism – Member Tariff (continued)

Calculation of Bill Credit. Farmers RECC will calculate the bill credit applicable to its retail members in the following manner:

- a. Farmers RECC will determine which of its retail rate schedules correspond with the EKPC wholesale rate classes. Using the same calendar year as EKPC, Farmers RECC will determine the total revenues for the set of its rate schedules that correspond with each EKPC rate class.
- b. Farmers RECC will determine the percentage of the total revenues for each of its rate schedules that correspond with the applicable EKPC rate class.
- c. Farmers RECC will allocate the excess margin by EKPC rate class to its corresponding rate schedules by multiplying the allocated excess margin by EKPC rate class by the percentages determined in part b.
- d. Farmers RECC will calculate a “Bill Credit Percentage” for each of its retail rate schedules. The Bill Credit Percentage will be calculated by dividing the excess margin allocated to the retail rate schedule by the total revenues for that retail rate schedule used in part a. If there is only one retail member served by a Farmers RECC retail rate schedule, the excess margin allocated to the retail rate schedule will be the amount of the bill credit for that retail member.
- e. Utilizing its customer account information, Farmers RECC will apply the Bill Credit Percentage to residential retail members by customer count. Farmers RECC will apply the Bill Credit Percentage to retail members on all other rate schedules by revenue provided by each retail member in the calendar year used by EKPC when determining the excess margins to calculate the bill credit for each retail member.
- f. Farmers RECC may elect to return the bill credit as a one-time credit on the retail member’s current bill or spread the bill credit over several billings. However, Farmers RECC will amortize the bill credit over the same time period EKPC uses to return the excess margins to Farmers RECC.

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