

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KY 42501

For: ENTIRE TERRITORY SERVED
KENTUCKY PSC No. 7
ORIGINAL SHEET No. T-12.55

CLASSIFICATION OF SERVICE

EARNINGS MECHANISM MEMBER TARIFF

Applicability

In the service territory of South Kentucky R.E.C.C.

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 South Kentucky R.E.C.C. a schedule showing the allocation of the excess margin for the most recent calendar year by EKPC rate class. South Kentucky R.E.C.C. 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.

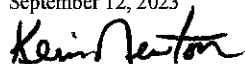
Calculation of Bill Credit. South Kentucky R.E.C.C. will calculate the bill credit applicable to its retail members in the following manner:

- a. South Kentucky R.E.C.C. will determine which of its retail rate schedules correspond with the EKPC wholesale rate classes. Using the same calendar year as EKPC, South Kentucky R.E.C.C. will determine the total revenues for the set of its rate schedules that correspond with each EKPC rate class.
- b. South Kentucky R.E.C.C. will determine the percentage of the total revenues for each of its rate schedules that correspond with the applicable EKPC rate class.

DATE OF ISSUE: October 2, 2023

DATE EFFECTIVE: September 12, 2023

ISSUED BY:


President & Chief Executive Officer

Pursuant to Commission Order in Case No. 2023-00135
Dated, September 12, 2023.

CANCELLED

May 1, 2026

**KENTUCKY PUBLIC
SERVICE COMMISSION**

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director



EFFECTIVE

9/12/2023

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

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- c. South Kentucky R.E.C.C 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. South Kentucky R.E.C.C 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 South Kentucky R.E.C.C 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, South Kentucky R.E.C.C will apply the Bill Credit Percentage to residential retail members by customer count. South Kentucky R.E.C.C 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. South Kentucky R.E.C.C will return the excess margins only to current retail members at the time the bill credit is given.
- f. South Kentucky R.E.C.C 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, South Kentucky R.E.C.C will amortize the bill credit over the same time period EKPC uses to return the excess margins to South Kentucky R.E.C.C.

CANCELLED

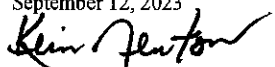
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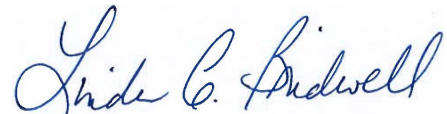
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