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February 3, 2021

VIA ELECTRONIC TARIFF FILING

Ms. Linda Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Electronic Tariff Filing of Two New Proposed Tariffs: (1) Schedule B-1: Large Industrial Rate; and (2) Section EDR – Economic Development Rider; and Request for Deviation

Dear Ms. Bridwell:

On behalf of Clark Energy Cooperative, Inc. ("Clark Energy"), attached please find two proposed tariffs, being: (1) Schedule B-1: Large Industrial Rate ("Schedule B-1); and (2) Section EDR – Economic Development Rider ("Section EDR"). These tariffs are filed in compliance with 807 KAR 5:011, Section 2. In addition, pursuant to 807 KAR 5:011, Section 15, Clark Energy respectfully requests a deviation be granted such that public notice of the proposed new tariffs not be required. In support of this electronic tariff filing, please accept the following:

<u>Schedule B-1: Large Industrial Rate</u>

Clark Energy believes that it will be advantageous to give potential new industrial customers that may locate within its service territory a new rate option that corresponds to East Kentucky Power Cooperative, Inc.'s ("EKPC") Rate Schedule B. In preparing the new proposed Schedule B-1, Clark Energy sought to develop a better rate for large industrial loads while also maintaining a margin consistent with its existing Rate P. As such, demand charges for contract demand and excess contract demand charges align with similar charges for EKPC's Rate B. The proposed rate for energy is one cent ($0.01) higher per kilowatt hour (kWh) than EKPC's wholesale rate in order to protect Clark Energy's retail margin. Moreover, as set forth in the attached documentation, the proposed facility charge is designed to reflect the anticipated requirements of future large industrial loads. Clark Energy has conducted its own internal rate analysis of the proposed rates which demonstrates that the proposed Schedule B-1 provides comparable margins to the existing P rate, with a slight decrease in margins at loads larger than 1500 kW. This achieves Clark Energy's goal of designing a rate that should produce comparable margins to its current P rate.

Although Clark Energy does not have any current or future customers specifically identified who will take service under the proposed Schedule B-1, it believes that offering this rate structure will allow it to compete with other utilities that offer similar tariff options. In other words, offering a Schedule B-1 rate is deemed to be an important component of the economic development strategy for both Clark Energy and the communities it serves. Subject to any further action by the Commission, and in conformity with KRS 278.180, Clark Energy has given its new Schedule B-1: Large Industrial Rate an effective date of March 5, 2021.

Section EDR – Economic Development Rate

Clark Energy currently does not offer an Economic Development Rider to new or existing customers and views this as a disadvantage to attracting new investment and job creation within its service territory. Clark Energy has seen the success that other cooperatives have achieved in attracting new loads by offering rates that include a reasonable rate preference in the early years, but that fully recover the utility's variable costs over time. Accordingly, Clark Energy is also proposing to add a new Section EDR to its tariff. The proposed economic development rate is modeled after EKPCs successful economic development tariff and conforms to the requirements set forth in *An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities*, Order, Administrative Case No. 327 (Ky. P.S.C. Sept. 24, 1990).

Currently Clark Energy does not have any prospective clients whom it knows will be interested in this tariff, nor has it had any communications with existing customers regarding expansions in load or job creation that fall within the ambit of this proposed tariff. Nevertheless, with this additional tariff offering, Clark Energy intends to more aggressively market its service territory for new and expanding loads, investment and job creation.

Subject to any further action by the Commission, and in conformity with KRS 278.180, Clark Energy has given its new Section EDR – Economic Development Rate an effective date of March 5, 2021.

Request for Deviation

807 KAR 5:011, Section 8, provides as follows:

> Notice: A utility shall provide notice if a charge, fee, condition of service, or rule regarding the provision of service is changed, revised, or initiated and the change will affect the amount that a customer pays for service or the quality, delivery, or rendering of a customer's service.

Per the plain language of the regulation, customer notice is only required if "the change will affect the amount that a customer pays for service or the quality, delivery, or rendering of a customer's service." As set forth above, Clark Energy does not have any customers currently taking service under either Schedule B-1 or Section EDR; nor does it have any specific customers in mind who may one day qualify for service under either tariff. Accordingly, approval of the two tariffs have will have no immediate impact upon the amount a customer pays or the quality, delivery or rendering of service to a customer and customer notice does not appear to be required.

However, Clark Energy has prepared a notice that complies with 807 KAR 5:011, Section 8(4) and intends to publicly post said notice in compliance with 807 KAR 5:011, Section 8(1). Clark Energy believes that, under the circumstances, this form of notice is sufficient and that Clark Energy should not be required to provide additional notice under 807 KAR 5:011, Section 8(2)-(3).

Although the value of providing customer notice through a mailing, publication in newspapers or publication through *Kentucky Living* would be negligible, the cost of providing such notice is significant and would impose a cost of several thousand dollars upon Clark Energy. Ultimately, this cost erodes the cooperative's margins and deprives its members of amounts that could be otherwise used to refund capital credits or for other general corporate purposes. Given the very limited value of giving customer notice – if it is even required at all – and the better uses to which the necessary cost of publication could be applied, Clark Energy respectfully requests, pursuant to 807 KAR 5:011, Section 15, that no customer notice described in 807 KAR 5:011, Section 8(2) – (3) shall be required to be given in connection with these two tariffs filings and that the public posting of the aforementioned tariffs in compliance with 807 KAR 5:011, Section 8(1) and (4) shall be deemed sufficient.

Should you have any questions regarding the foregoing tariffs, please do not hesitate to contact me.

Sincerely,

David S. Samford

Enc.

cc: Chris Brewer
Brian Frasure