

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC	)	
SERVICE COMMISSION OF THE	)	
APPLICATION OF THE FUEL	)	
ADJUSTMENT CLAUSE OF EAST	)	CASE NO. 98-563
KENTUCKY POWER COOPERATIVE,	)	
INC. FROM NOVEMBER 1, 1996 TO	)	
OCTOBER 31, 1998	)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 1, 1998 established this case to review and evaluate the operation of the fuel adjustment clause ( FAC ) of East Kentucky Power Cooperative, Inc. ( EKPC ) for the two years ended October 31, 1998 and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to reestablish its FAC charge.

As part of this review, the Commission ordered EKPC to submit certain information concerning its fuel procurements, its fuel usage, and the operation of its FAC. EKPC submitted this information on December 18, 1998. A public hearing was held in this case on February 10, 1999 at which Jerry Bordes, George Carruba, Randy Dials, and Don Miller, EKPC officials, testified.

EKPC proposed that the month of July 1998 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost [F(b)] and the KWH sales [S(b)] components of its FAC. It further proposed that its base fuel cost be changed to 13.29 mills per KWH, the actual fuel cost for the proposed base period. EKPC s current base fuel cost is 12.48 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in EKPC's rates, the Commission must determine whether the proposed base period cost per KWH is representative of the level of fuel cost currently being experienced by EKPC. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of July 1998 is a reasonably representative generation month of EKPC. The analysis of EKPC's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year period in question ranged from a low of 10.95 mills per KWH in February 1998 to a high of 14.43 mills per KWH in June 1998, with an average cost for the period of 12.07 mills per KWH. Based upon this review, the Commission finds that EKPC has complied with Commission Regulation 807 KAR 5:056 and the proposed base period fuel cost of 13.29 mills per KWH should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. EKPC has complied with the provisions of 807 KAR 5:056.
2. The test month of July 1998 should be used as EKPC's base period for this review.
3. EKPC's proposed base period fuel cost of 13.29 mills per KWH should be approved.
4. The establishment of a base fuel cost of 13.29 mills per KWH requires a transfer (roll-in) of .81 mills per KWH from the FAC rate to EKPC's base rates and can best be accomplished by a uniform increase in all energy rates.
5. The rates and charges in Appendix A, attached hereto and incorporated herein, are designed to reflect the transfer (roll-in) to base rates of the differential

between the old base fuel cost of 12.48 mills per KWH and the new base fuel cost of 13.29 mills per KWH.

6. The rates in Appendix A are fair, just, and reasonable and should be approved for service rendered on and after May 1, 1999.

7. For service provided on or after May 1, 1999, EKPC should use a FAC rate based on a base fuel cost of 13.29 mills per KWH.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by EKPC through the FAC for the period November 1, 1996 to October 31, 1998 are approved.

2. EKPC's proposed base fuel cost of 13.29 mills per KWH is approved.

3. The rates and charges in Appendix A are fair, just, and reasonable and are approved for service rendered on and after May 1, 1999.

4. For service provided on or after May 1, 1999, EKPC shall use a FAC rate based on a base fuel cost of 13.29 mills per KWH.

5. Within 30 days of the date of this Order, EKPC shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of March, 1999.

By the Commission

ATTEST:

---

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 98-563 DATED MARCH 22, 1999

The following rates and charges are prescribed for the customers in the area served by East Kentucky Power Cooperative, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE A

Monthly Rate Per Load Center

Energy Charge: \$.020365 Per KWH

SCHEDULE E

Monthly Rate

Energy Charge:  
Option 1 On-Peak \$.020660 Per KWH  
Option 1 Off-Peak \$.020158 Per KWH  
Option 2 On-Peak \$.027724 Per KWH  
Option 2 Off-Peak \$.020158 Per KWH

SCHEDULE B

Monthly Rate

Energy Charge: \$.020365 Per KWH

SCHEDULE C

Monthly Rate

Energy Charge: \$.020365 Per KWH

SCHEDULE G

Monthly Rate

Energy Charge: \$.018600 Per KWH

