

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF)
EAST KENTUCKY POWER COOPERATIVE,) CASE NO.
INC. FROM NOVEMBER 1, 2012 THROUGH) 2014-00451
OCTOBER 31, 2014)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("East Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 25, 2015. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

East Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

East Kentucky fails or refuses to furnish all or part of the requested information, East Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, East Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to page 2 of the Direct Testimony of Julia J. Tucker (“Tucker Testimony”), lines 11-14, which state, “As expected, EKPC’s total power supply production costs to its owner members have decreased subsequent to integration, due to the economies of scale of a much larger system dispatch.” Provide the amount of power supply production costs for the six months prior to, and six months following, integration into PJM Interconnection, Inc. (“PJM”). Include in the response a detailed listing of the costs included in “power supply production costs.”

2. Refer to page 7 of the Tucker Testimony, lines 11-14, which state that “[t]he fuel required to operate as its own balancing authority was embedded in the cost of fuel to serve its load.”

a. Explain what additional responsibilities East Kentucky had to operate as its own balancing authority.

b. Explain in detail how additional fuel is required for East Kentucky to operate as its own balancing authority on top of the fuel used to generate power to meet load.

3. Refer to page 9 of the Tucker Testimony, lines 7-10.

a. Provide the PJM billing line items for which East Kentucky sought verification from PJM because they were not obvious fuel expenses.

b. Provide the verification that was submitted by PJM to East Kentucky.

4. Refer to Exhibit JJT-1, page 1 of 2, and to the response to Item 38 of the Commission's February 5, 2015 Request for Information ("February 5, 2015 Request").

a. Describe in detail PJM billing line item 2370 and explain why this billing line item is not includable in the calculation of its fuel adjustment clause ("FAC").

b. By month, provide the amount charged or credited to East Kentucky by PJM for billing line item 2370 from the time it became a member of PJM to the most current month available, and, if different, the amount that would have been included in the calculation of the FAC if the items were found to be includable by the Commission.

c. Confirm that PJM billing line item 1245 is not a charge for actual fuel burned or energy provided by East Kentucky, but is a charge based on the cost of fuel that would have been burned to serve load in high-load periods if demand response were not initiated. If this cannot be confirmed, explain.

d. State whether East Kentucky believes that the PJM billing line items included in the FAC should be the same across all Kentucky jurisdictional utilities

who are members of PJM. If not, explain why the Commission should allow differences in those includable in the FAC.

5. For the months of January 2014 and August 2014, provide a copy of the PJM invoice/statement which supports the amounts recorded in the FAC for those expense months. If necessary, provide a reconciliation of the amounts in the invoice/statement to the amounts recorded in the FAC.

6. Refer to the response to Item 39 of the February 5, 2015 Request. State whether East Kentucky is compensated by PJM if PJM dispatches any of its units out of economic dispatch order. If so, explain whether this compensation is fuel-related and credited to customers through the FAC. If fuel-related compensation is received and not credited through the FAC, explain why it is not credited.

7. Refer to the response to Item 40 of the February 5, 2015 Request.

a. Explain in detail why the \$ per MWh fuel cost for native load was higher than the \$ per MWh for off-system sales in half of the months in the 24-month review period.

b. Explain in detail why the \$ per MWh fuel cost for native load was significantly higher than the \$ per MWh for off-system sales in the months of January 2013, February 2013, and the five months of March 2014 through July 2014. Include in the response details of East Kentucky's fuel cost allocation methodology that produces these results.

8. State whether there are times when PJM does not dispatch one or more of East Kentucky's generating units, but, in order to meet load, East Kentucky has to purchase power at a higher cost from PJM than if it had operated its unit(s). If so, state

the number of times this occurred by month during the period under review and whether East Kentucky received any type of compensation from PJM.



Jeff Derouen
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DATED MAR 11 2015

cc: Parties of Record

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