

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2023-00009
COOPERATIVE, INC. FROM NOVEMBER 1, 2020)	
THROUGH OCTOBER 31, 2022)	

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

East Kentucky Power Cooperative, Inc. (EKPC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on October 20, 2023. The Commission directs EKPC to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

EKPC shall make timely amendment to any prior response if EKPC obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which EKPC fails or refuses to furnish all or part of the requested information, EKPC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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, EKPC 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 the Direct Testimony of Julia J. Tucker (Tucker Direct Testimony), page 2, lines 18–19. Provide greater detail on the stakeholder concerns referenced in the testimony and the various changes implemented by PJM to address those stakeholder concerns.

2. Refer to Tucker Direct Testimony, page 2, lines 22–24 and page 3, lines 1–4 and to EKPC’s response to Commission Staff’s First Request for Information (Staff’s First Request), Item 8.

a. Explain the meaning of “implied heat rate” and how that was used to determine the purchase of forward energy products.

b. Provide a comparison of hedged forward gas prices to the generation cost and to the forecast energy prices.

c. Explain whether the EKPC has continued to purchase either forward natural gas or forward energy products beyond the time period of this review.

3. Refer to Tucker Direct Testimony page 5, line 2. Explain why Bluegrass 2, Cooper 1, and Smith 9 and 10 can be offered into PJM at EKPC’s discretion and are not obligated in PJM’s Reliability Pricing Model.

4. Refer to Tucker Direct Testimony page 5, line 3–5. Explain instances in which EKPC would describe the availability of a unit as “partially available with partial derate”.

5. Refer to Tucker Direct Testimony page 5, lines 21–23. Provide the July 2023 report as referenced.

6. Refer to the Direct Testimony of Mark Horn (Horn Direct Testimony), page 3, line 23, and page 4, lines 1–2. Explain if the agreement was made in the form of an amended contract and confirm whether that agreement was filed with the Commission.

7. Refer to Horn Direct Testimony, page 5, lines 7–9. Explain if, during the two-year period under review, EKPC was forced to secure short-term incremental spot coal tons to mitigate the impacts of coal supplier shortfalls of tons. If so, then:

a. Provide the instances during the two-year period under review in which EKPC was forced to secure short-term incremental spot coal tons to mitigate the impacts of coal suppliers' shortfalls of tons

b. Explain if the need to secure short-term incremental spot coal tons to mitigate the impacts of coal supplier shortfalls of tons increased the fuel related costs passed through the Fuel Adjustment Clause (FAC).

c. Explain if EKPC sought to recoup the increased fuel related costs from the coal supplier due to the supplier's failure to fulfill its coal supply requirements.

8. Refer to Horn Direct Testimony, page 6, lines 5–9.

a. Explain the meaning of "hedge range."

b. When spot coal is readily available at a lower price, explain the meaning of EKPC targeting the lower end of the hedge range.

c. Because the spot coal market is becoming shallower, explain the meaning of EKPC targeting the upper end of the hedge range.

9. Refer to Horn Direct Testimony, page 6, lines 5–6 and EKPC's response to Staff's First Request, Item 1.

a. Explain whether there are long term contracts available for the Cooper station or whether EKPC seeks spot market coal only.

b. Explain whether the turbine overhaul for Cooper 2 has been completed.

10. Refer to Horn Direct Testimony, page 6, line 14.

a. Provide the meaning of "Traditional Spot", "Emergency Spot", "Economy Spot", and "Test Spot".

b. Explain how often during the two-year period under review that EKPC executed Economy Spot supply agreements.

c. For the two-year period under review, for each spot market purchase made for the Cooper and Spurlock units characterize each spot purchase as Traditional Spot, Emergency Spot, Economy Spot, and Test Spot.

11. Refer to Horn Direct Testimony, page 8, lines 5–10. Explain the timeline and decision process for putting a coal unit in reserve shutdown and then after a period of time, bringing the unit back online. Include in the response the operational aspects of having the unit stop consuming coal and then warming the unit up to the point where it can be put online.

12. Refer to EKPC's response to Staff's First Request, Item 2. Foresight Coal Sales appears to have trouble fulfilling its contract obligations.

a. Explain whether the required tonnage has been made up.

b. Explain whether Foresight Coal Sales' issues have been resolved.

13. Refer to EKPC's response to Staff's First Request, Item 3. Explain the reasons EKPC expects the coal inventory levels at both Cooper and Spurlock to possibly increase above inventory targets.

14. Refer to EKPC's response to Staff's First Request, Item 4, pages 2 and 3. Explain whether the solicitation requested 140,000 tons for Cooper station and EKPC purchased the amount shown on page 3.

15. Refer to EKPC's response to Staff's First Request, Item 4, pages 8 and 9.

a. Explain why the first vendor on page 8 was not awarded a contract but was awarded a contract on page 9.

b. Explain why EKPC is test burning the third vendor's coal at the price listed on page 8, instead of test burning what appears to be the same coal from the same vendor at a lower price listed on page 9.

16. Refer to EKPC's response to Staff's First Request, Item 5, page 2.

a. Explain the reasons for the emergency purchases.

b. For each listed purchase, provide the actual characteristics of the coal purchased, the origin, supplier and the delivered price per ton and price per MMBtu.

17. Refer to EKPC's response to Staff's First Request, Item 6. Explain whether the instances when EKPC purchased forward natural gas is included in the response.

18. Refer to EKPC's response to Staff's First Request, Item 12.

a. For each capacity purchase, explain the reasons for the purchase and the purchase price. If any purchase is related to an outage, provide a cross reference to the outage.

b. For each energy purchase, explain the reason for the energy purchase and the actual amount of energy in MWh taken over the contract period.

19. Refer to EKPC's response to Staff's First Request, Item 30b. Provide a map showing the location of the substations, all lines (including voltages and ownership) interconnected with the substations and the reasons for the two new free-flowing interconnections.

20. Refer to EKPC's response to Staff's First Request, Items 12 and 31. If EKPC realizes additional value from the capacity auction by having excess capacity to sell, explain why only capacity was purchased and not sold.

21. Refer to EKPC's response to Staff's First Request, Item 33. Explain whether fuel oil has been included in the budget estimates and, if not, provide an update to the budgeted amounts.

22. Provide the average length of long term coal contract between EKPC and its coal suppliers and explain if EKPC has a policy in place that dictates the ideal length of a long term contract coal supply contract.

23. State whether any PJM costs were included in 's monthly FAC filings during the period under review. If yes, provide the amount of the costs by month and by type of cost.

24. Explain how EKPC's generating units are bid into PJM's energy market and the implications for the manner in which the units are run when the unit's bid in price is greater than the hourly locational marginal pricing (LMP). For example, if the unit is bid in as "must run" and the bid in price is greater than the hourly LMP, explain whether the unit is ramped down to its economic minimum output level or whether it is run at some level greater than that for some other reason such as balancing or voltage support.

25. In an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible, for the period under review and when the units are available to run,

a. Provide the bid status (i.e. economic dispatch, must-run, etc.), by day, of EKPC's coal generating units into PJM's day ahead market. Explain the reason for each bid status.

b. Provide the price per MWH, by day, of EKPC's generating units bid into PJM's day ahead market and the corresponding LMP indicating whether or not the unit cleared the market.

c. In a separate spreadsheet Tab, provide a graphical representation of the information in part b. above.

26. Explain how often PJM denies a request made by EKPC to place a generating unit in maintenance outage. Also provide a general description for how often PJM denies other entities request to place a generating unit in maintenance outage in the EKPC's region.

27. For the two-year period under review, provide each instance an error or misreport was made by EKPC on its FAC form A rate sheet filing. For each instance provide:

a. An explanation on the error that occurred and why the error was made.

b. EKPC's actions taken to correct for the error and to ensure future similar errors do not occur.

c. Revised FAC form A rate sheets showing the actual fuel related expenses and sales as correctly calculated pursuant to 807 KAR 5:056.

28. For each month of the review period, provide the total amount of fuel related cost that occurred during a forced outage that was disallowed pursuant to 807 KAR 5:056, or that EKPC was unable to collect via any other means.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 05 2023

cc: Parties of Record

Case No. 2023-00009

*L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 6202
Lexington, KENTUCKY 40509

*Brittany H. Koenig
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 6202
Lexington, KENTUCKY 40509

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*East Kentucky Power Cooperative, Inc
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707