COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF EAST KENTUCKY POWER COOPERATIVE, INC. AND ITS MEMBER DISTRIBUTION COOPERATIVES FOR APPROVAL OF PROPOSED CHANGES TO THEIR QUALIFIED COGENERATION AND SMALL POWER PRODUCTION FACILITIES TARIFFS	)	CASE NO. 2023-00153

ORDER

On May 25, 2023, the Commission initiated this investigation into East Kentucky Power Cooperative, Inc.'s (EKPC) revised tariff sheets, filed on March 31, 2023, setting forth proposed adjustments to its existing tariff for Qualified Cogeneration and Small Power Production Facilities (QF Tariff). EKPC provided notice of the changes to the following Qualifying Facilities (QFs) on EKPC's system: Cox Waste-To-Energy, Inc.; Mac Farms, Inc.; Kentucky Army National Guard, Swope Enterprises, LLC; and Swope Hyundai, LLC.

EKPC is a generation and transmission cooperative that provides wholesale electric service to 16 distribution cooperatives that, in turn, provide retail electric service to end-use customers. All 16 distribution cooperatives filed proposed QF tariffs mirroring EKPC's proposed revisions. The 16 distribution cooperatives and their corresponding tariff filing numbers are as follows:

Big Sandy R.E.C.C.	(TFS2023-00147)
Blue Grass Energy Cooperative Corp.	(TFS2023-00179)
Clark Energy Cooperative, Inc.	(TFS2023-00185)
Cumberland Valley Electric, Inc.	(TFS2023-00184)

Farmers R.E.C.C.	(TFS2023-00191)
Fleming-Mason Energy Cooperative, Inc.	(TFS2023-00175)
Grayson R.E.C.C.	(TFS2023-00165)
Inter-County Energy Cooperative Corporation	(TFS2023-00183)
Jackson Energy Cooperative Corporation	(TFS2023-00173)
Licking Valley R.E.C.C.	(TFS2023-00187)
Nolin R.E.C.C.	(TFS2023-00189)
Owen Electric Cooperative, Inc.	(TFS2023-00188)
Salt River Electric Cooperative Corp.	(TFS2023-00177)
Shelby Energy Cooperative, Inc.	(TFS2023-00193)
South Kentucky R.E.C.C.	(TFS2023-00178)
Taylor County R.E.C.C.	(TFS2023-00176)

The revisions to the QF Tariffs include updating the capacity credit amount for resources with dispatchable generation sources and reducing the market administration fee. EKPC proposed an effective date of June 1, 2023. The Commission suspended the proposed tariffs for five months from June 1, 2023, up to and including October 31, 2023.[1]

There are no intervenors in this proceeding. Kentucky Solar Industries Association, Inc. (KYSEIA) filed a lengthy public comment. KYSEIA stated that EKPC did not comply with the Commission's findings and instructions in Case No. 2021-00198.[2] KYSEIA stated that the Order in Case No. 2021-00198 outlined three elements of expected information for EKPC's filing: (1) the results of the most recent PJM Interconnection, LLC. (PJM) Base Residual Auction (BRA); (2) the actual cost for a unit of physical capacity, both if the capacity was purchased or built; and (3) robust information on the use of effective load carrying capability (ELCC) or like-kind calculations to

[1] Order (Mar. 31, 2023).

[2] KYSEIA's Comment (filed Aug. 5, 2023) at 3, citing Case No. 2021-00198*, Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. and Its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariffs* (Ky. PSC Oct. 26, 2021), at 9–10 (footnote omitted).

determine the capacity contribution of non-dispatchable resources.[3] According to KYSEIA,

> EKPC's March 31, 2023 letter tendered in support of the filing revealed that these three (3) elements were ignored. EKPC's discussion of ELCC and BRA is limited to demonstration of a potential performance penalty. Information concerning the actual cost for a unit of physical capacity, both if the capacity was purchased or built, is absent.[4]

KYSEIA noted that EKPC claims to have excess generation in the summer but being compliant with PJM's supply requirements should not be the only consideration.[5] KYSEIA stated that EKPC's winter generation should be considered in a state regulatory discussion.[6] EKPC's response suggested that QFs, both dispatchable and non-dispatchable, have no value as a resource in addressing a capacity deficit or avoiding acquisition or construction of capacity unless or until there is a large forecasted deficit, but KYSEIA contended that EKPC provided no real discussion or analysis to address any these issues.[7] KYSEIA requested the Commission refrain from taking any position on the risks of performance penalties.[8]

EKPC responded to two requests for information.[9] This matter now stands submitted for a decision.

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[3] KYSEIA's comment at 3.

[4] KYSEIA's comment at 3-4.

[5] KYSEIA's comment at 6.

[6] KYSEIA's comment at 6.

[7] KYSEIA's comment at 6-7.

[8] KYSEIA's comment at 8.

[9] EKPC's Response to Commission Staff's First Request for Information (Staff's First Request) (filed June 26, 2023). EKPC's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed July 31, 2023).

LEGAL STANDARD

The Commission's review of tariff rates is set forth in KRS 278.030, which provides that a utility may collect fair, just and reasonable rates, and that the service the utility provides must be adequate, efficient and reasonable. The Commission promulgated regulations that govern small power production and cogeneration tariffs in 807 KAR 5:054 pursuant to Title II of the Public Utility Regulatory Policies Act of 1978 (PURPA). Commission regulation 807 KAR 5:054, Section 5(2)(a), requires electric utilities to provide their avoided energy costs for the current year and each of the next five years. Commission regulation 807 KAR 5:054, Section 5(2)(b), requires electric utilities to provide their annual plans for capacity resources for the next ten years. Commission regulation 807 KAR 5:054, Section 7, establishes the basis for compensation paid by an electric utility for the purchase of output from a QF, defined as either a cogeneration facility or small power production facility.

Standard rates for purchases from a QF with a design capacity of 100 kW or less, as established in 807 KAR 5:054, Section 7(2), must be just and reasonable to the electric customers of the utility, in the public interest and nondiscriminatory, and must be based on avoided costs, subdivided into an energy component and a capacity component. Avoided costs are defined in 807 KAR 5:054, Section 1(1), as incremental costs to the utility of "electric energy or capacity or both, which if not for the purchase" from a QF, the utility would generate itself or purchase from another source.

Standard rates for purchases from a QF with a design capacity of 100 kW or more, established in 807 KAR 5:054, Section 7(4), are based on avoided costs, subdivided into an energy component and a capacity component. The rates are used only as a basis for negotiating a final purchase rate with the QF. Negotiated rates must be just and reasonable to the electric customers of the utility, in the public interest and nondiscriminatory.

Under 807 KAR 5:054, Section 7(2) and Section 7(4), the rates for power offered on an as-available basis are based on the utility's avoided energy costs estimated at the time of delivery, and rates for power offered on a legally enforceable basis are based, at the option of the QF, on either avoided costs at the time of delivery or avoided costs at the time the legally enforceable obligation (LEO) is incurred.

BACKGROUND

EKPC filed a letter in support of its March 31, 2023, tariff filing. Included in the filing were revised tariffs for the following: Cogeneration and Small Power Production Power Purchase Rate Schedule Over 100 kW from Dispatchable Generation Sources, Cogeneration and Small Power Production Power Purchase Rate Schedule Equal To or Less Than 100 kW from Dispatchable Generation Sources, Cogeneration and Small Power Production Power Purchase Rate Schedule Over 100 kW from Non-Dispatchable Generation Sources, and Cogeneration and Small Power Production Power Purchase Rate Schedule 100 kW or Less from Non-Dispatchable Generation Sources. The proposed capacity purchase rate reduces the capacity credit that EKPC and its distribution cooperatives will provide to a QF with Dispatchable Generation Sources from $18.81 to $0.00 kW/per year.[10] The proposed market administration fee reduces the

[10] EKPC's Letter of Filing (filed Mar. 31, 2023) at 14.

market administration fee that offsets the credits provided for energy from $0.00012 per kWh to $0.00011 per kWh.[11]

In Case No. 2021-00198,[12] the most recent case setting rates for purchases from QFs, the Commission found that the use of the most recent BRA capacity market-clearing price was appropriate and should be used as the proxy for the avoided capacity cost component of the COGEN/SPP tariffs. In the current case, EKPC stated that it has proposed the capacity credit at $0.00 per kW per year for dispatchable generation sources as it does not need, and does not plan to add or retire, capacity for the next ten years.[13] EKPC stated that it has not yet adopted a plan to address the projected capacity deficit projected in 2032.[14] However, EKPC subsequently admitted that it had a projected capacity deficit beginning as early as 2028.[15] EKPC provided updated Projected Capacity Needs from its 2022 Integrated Resource Plan (IRP), which showed that EKPC has a winter capacity deficit starting in 2028.[16] EKPC stated that it will satisfy its capacity obligations by making monthly or seasonal purchases and that if EKPC were to acquire

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[11] EKPC's Letter of Filing (filed Mar. 31, 2023) at 14.

[12] Case No. 2021-00198, *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. and Its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariffs* (Ky. PSC Oct. 26, 2021), Order.

[13] EKPC's Letter of Filing (filed Mar. 31, 2023) at 2. Further, EKPC stated that "the Commission's regulations require utilities to submit for only five years out," and that it "neither projects a need or has a plan to add capacity or retire capacity in the next five (5) years." EKPC's Letter of Filing (filed Mar 31, 2023). EKPC also refers to 172 FERC, 61,041, Order No. 872 (July 16, 2020), at P 424, FN 686, *citing* City of Ketchikan, 94 FERC at 62,061 ("[A]voided cost rates need not include the cost for capacity in the event that the utility's demand (or need) for capacity is zero. This is, when the demand for capacity is zero, the cost for capacity may also be zero.").

[14] EKPC's Letter of Filing (filed Mar. 31, 2023) at 2.

[15] EKPC's Response to Commission Staff's First Request for Information (Staff's First Request), Item 1.

[16] EKPC's Response to Staff's First Request, Item 1.

or construct a new capacity resource anytime there was a small forecasted deficit, the cost to consumers would outweigh the marginal risk of making a monthly or seasonal purchase from the market.[17] In addition, in the event that an incremental need would arise earlier in the PURPA planning horizon, EKPC asserted that PJM's capacity market clearing price would be the most appropriate value to use since there is no capacity addition plan against which to benchmark an avoided capacity rate.[18] When asked by Commission Staff to provide the 2021 and 2022 National Renewable Energy Laboratory (NREL) Annual Technology Baseline (ATB) costs or like-kind calculation for a physical proxy unit to calculate avoided capacity costs, EKPC, even though it provided the requested information, asserted that it does not consider this data appropriate for calculating its avoided capacity costs and that this data is not representative of capacity that EKPC could actually avoid by purchasing capacity from the potential QF facilities.[19]

EKPC stated that the tariff is simply a starting point for negotiations with a PURPA generator and that EKPC reserves the right to include a capacity payment in a special contract if the circumstances warrant it in a specific context.[20] Regarding the capacity credit for non-dispatchable generation sources being set at $0.00 per kW per year, EKPC stated, as it has in years past, that it would need to commit the QF capacity resource in the PJM capacity market in order to fully offset its performance obligation.[21] EKPC stated

[17] EKPC's Response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1.

[18] EKPC's Letter of Filing (filed Mar. 31, 2023) at 3.

[19] EKPC's Response to Staff's First Request, Item 12.

[20] EKPC's Letter of Filing (filed Mar. 31, 2023) at 2.

[21] EKPC's Letter of Filing (filed Mar. 31, 2023) at 3.

that doing so introduces performance risk and that EKPC, its distribution cooperatives, and customers should not be required to assume risk for a PURPA generator's failure to perform.[22] EKPC explained that failure to generate electricity when called upon results in a significant capacity performance penalty and that it is not appropriate to require EKPC to pay for capacity from a non-dispatchable resource while exposing itself to a sizeable penalty risk for an instance of non-performance.[23]

EKPC explained that it updated the market administration fee consistent with past updates. As it did in Case No. 2021-00298, EKPC determined that 40 percent of the Alliance for Cooperative Energy Services Power Marketing, LLC expenses were directly related to supplying energy in the market, and thus that was what was included in the calculation.[24]

DISCUSSION AND FINDINGS

Based upon a review of the record and being otherwise sufficiently advised, the Commission finds that EKPC has a projected capacity need during the PURPA planning horizon of ten years[25] and that this projected capacity deficit requires capacity payments greater than zero. The Commission also finds that EKPC's assertion that in the event an incremental capacity need arose, the use of PJM's capacity market-clearing price as the most appropriate value to use to estimate the avoided generation capacity cost is unreasonable since it is not an appropriate approximation of EKPC's actual avoided

[22] EKPC's Letter of Filing (filed Mar. 31, 2023) at 3.

[23] EKPC's Letter of Filing (filed Mar. 31, 2023) at 3–4.

[24] EKPC's Letter of Filing (filed Mar. 31, 2023) at 1.

[25] While 807 KAR 5:054, Section 5(2)(a) requires avoided energy costs for the next 5 years, 807 KAR 5:054, Section 5(2)(b) requires capacity plans for 10 years and is the more appropriate planning horizon for PURPA rates.

capacity cost. The Commission acknowledges EKPC's argument that the BRA and resulting market-clearing price is more appropriate, but the Commission only approved EKPC to use it as an approximation of avoided costs until its next COGEN/SPP tariff filling update.[26] Additionally, given the winter nature of EKPC's upcoming capacity deficit, procuring capacity from PJM's BRA would provide no reliability value, as the BRA procures an annual product based on summer supply. This discrepancy further underscores the importance of the Commission's requirement for this case, as indicated in Case No. 2021-00298, that EKPC should provide robust information on the use of ELCC or like-kind calculations to determine the capacity contribution of non-dispatchable resources. Filing this information was necessary to determine what kind of generation could actually provide reliability to EKPC in the event it had a capacity need in the PURPA planning horizon, and would help ensure customers only paid for the generation necessary to forego or downsize an identified need.

EKPC was also directed to provide in future filings both the most recent BRA results and the actual cost for a unit of physical capacity if the capacity was purchased or built.[27] Further, the Commission finds that EKPC could use public, transparent, widely used data sources, such as the NREL ATB or PJM Net CONE, as a source for determining the actual costs for a physical proxy unit to calculate avoided capacity costs.[28] EKPC did not provide information to comply with the Commissions previous Orders. Without the information requested regarding the specific reliability contribution

[26] Case No. 2021-00198, (Ky. PSC Oct. 26, 2021) Order at 9.

[27] Case No. 2021-00198, (Ky. PSC Oct. 26, 2021) Order at 9.

[28] Case No. 2021-00198, (Ky. PSC Nov. 30, 2021) Order at 5.

of certain resources to meet EKPC's identified needs, the Commission is forced to adopt avoided costs based on generation generally available year-round, even though doing so likely results in higher rates for customers. Therefore, based upon the evidence of record, the Commission adopts the use of a simple-cycle combustion turbine (CT) from the NREL ATB as the proxy for estimating avoided generation capacity costs for EKPC to meet its identified need.

Although neither EKPC nor the Commission know which resource EKPC will procure as its next capacity resource, as that is greatly dependent on the results of a specific request for proposal (RFP) and economic analysis, the Commission finds that a CT is the best generic substitute as it is generally regarded as the least-cost capacity resource, and it has variable sizing.[29] By relating the expected 2032 costs of a new CT to the generation of solar and wind resources, this method offers a reasonable proxy of the costs EKPC's ratepayers would be able to forgo by contracting intermittent resources.

The Commission reiterates that it has no interest in allowing Kentucky's regulated, vertically integrated utilities to effectively depend on the market for generation or capacity for any sustained period of time. Thus, should a capacity deficit occur, or is anticipated to occur, it is the replacement capacity cost of the next unit built, or the cost of firm bilateral

[29] The Commission has consistently adopted the use of a CT as the best generic substitute. *See* Case No. 2020-00174, *Electronic Application of Kentucky Power Company For (1)a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate Of Public Convenience and Necessity; and* (5) *All Other Required Approvals and Relief*, (Ky. PSC Jan 13, 2021) Order at 100, *see also*, Case No. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit and Case No. 2020-00350, Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit,* (Ky. PSC Sept. 24, 2021) Order at 32.

capacity, that can provide associated energy, that should form the basis for avoided capacity values, not a market-clearing price. If the Commission does not expect to allow a utility to depend on market-purchases for its long-term capacity needs, it follows that market capacity is not the cost the utility is avoiding, especially when the utility's peaking needs differ dramatically from the capacity "product" procured by markets, such as the winter peaking nature of EKPC and the summer focused BRA product in PJM. Rather, the likelihood is that the utility will replace generation capacity with "steel in the ground" or a Purchase Power Agreement. Therefore, the Commission places a greater emphasis on calculating avoided generation capacity cost, and thus value, on a proxy unit calculation. In addition, the Commission notes that EKPC presents a winter capacity deficit starting in 2028 of 18 MW according to the updated Projected Capacity Needs table provided by EKPC,[30] which is four years sooner than what EKPC originally anticipated in its IRP.[31] While the capacity deficit beginning in 2028 is in the winter and therefore not considered a deficit for EKPC's PJM capacity requirements; EKPC will still have a capacity deficit that will necessitate purchases to serve its native customers, and the winter deficit will continue to increase annually.

Regarding avoided capacity costs, the PSC's 1984 Order implementing PURPA requirements held:

> The commission views the calculation or determination of capacity purchase rates as consisting of three separate steps. The first step is the determination of the conditions under which the electric utilities would be required to make a capacity payment to QFs. The commission is of the opinion that capacity payments are appropriate in most circumstances

[30] EKPC's Response to Staff's First Request, Item 1.

[31] Case No. 2022-00098, *Electronic 2022 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.* (Ky. PSC. March 9, 2023), Commission Staff's Report.

> if the QF meets the reliability and dispatchability criteria which a utility would use for its own generation plant. *There are unique conditions on a utility's system which may obviate the necessity for capacity payments*. If a utility demonstrates to the commission's satisfaction that it simultaneously faces insignificant load growth, excess capacity, minimum off system sales and is neither planning nor constructing capacity within its ten-year planning horizon then the utility cannot avoid capacity-related costs at that time so a capacity payment would not be justified. However, the commission emphasizes that it would be contradictory for utilities to argue for zero avoided capacity costs while proceeding to plan for or construct generating facilities. *The burden is on the utility to demonstrate zero avoided capacity costs*.[32]

The Commission finds that EKPC has not met its burden to demonstrate that it has zero avoided capacity costs. The stark fact is that EKPC itself projects a capacity deficit within the next five years, well within the ten-year planning horizon. EKPC argues that it defines its capacity requirements as defined within the PJM system and that EKPC has a self-imposed requirement to ensure that it has adequate energy resources secured to reliably serve its native load throughout the entire year.[33] The Commission, however, disagrees with EKPC's assertion that in the absence of a demonstrated need, it would be unfair, unjust and unreasonable to create a false expectation for potential PURPA generators by including a price for unneeded generation capacity, particularly over the next five years, in EKPC's tariffs.[34] EKPC, and the evidence of record, demonstrate that there is a capacity need in the near future. The Commission has an expectation that generator utilities should take necessary planning action in advance to plan for their future

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[32] PSC Case No. 8566, *Re Small Power Producers and Cogenerators*, 60 P.U.R.4th 574, 577–78 (June 28, 1984). (1984 WL 1022161). (Emphasis added).

[33] EKPC's Response to Staff's First Request, Item 5.

[34] EKPC's Letter of Filing (filed Mar. 31, 2023) at 2.

capacity deficiencies. The Commission notes that it does not allow and has not allowed a utility to depend on capacity markets, such as PJM's BRA or incremental auctions, to meet its native load obligation.

The final Order in Case No. 2021-00198 states,

> In future filings, the Commission expects EKPC to develop a robust record upon which avoided costs can be calculated. In those future filings, EKPC should provide the most recent BRA results and the actual cost for a unit of physical capacity, both if the capacity was purchased or built. Additionally, in those future filings EKPC should include robust information on the use of Effective Load Carrying Capability (ELCC)] or like-kind calculations to determine the capacity contribution of non-dispatchable resources.[35]

The Commission notes that while EKPC did provide a calculation of the ELCC for a fixed-panel solar resource and net cost of new entry (Net CONE) as part of a calculation of penalties for non-performance, EKPC did not otherwise discuss the ELCC or Net CONE or provide BRA results in its original cover letter filing. The Commission believes it is patently contrary to the evidence provided to assert that non-dispatchable resources provide no contribution to capacity and therefore should be compensated $0 for capacity. The Commission expects that, in future filings, EKPC to provide robust evidence upon which avoided costs can be calculated and EKPC should improve the transparency of its avoided costs that are calculated.

Consistent with the Commission's findings discussed above, the QF tariff should include a two-year and a five-year contract. The Commission will monitor the pace of development and the accuracy of the utility avoided cost forecasts and may wish to revisit

[35] Case No. 2021-00198, *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. and Its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariffs* (Ky. PSC Oct. 26, 2021), Order.

the contract length in the future, particularly for existing QFs that are renewing their contracts.

The Commission notes that it agrees with EKPC's proposed non-performance penalty and finds that it should be approved. Regarding EKPC's argument that it is not appropriate for it to pay for capacity from a non-dispatchable generation resource while exposing itself to a sizeable penalty risk for an instance of non-performance, the Commission notes that EKPC can, and should, include language in its tariff-making generation resources that choose to take capacity payments responsible for any non-performance penalties attributable to that generation. Non-dispatchable generation resources should have the choice of whether to take a capacity payment, but if they do so, they should also take on the risk of any non-performance; EKPC's members should not be subject to a penalty for non-performance attributable to a QF. Therefore, the Commission finds that EKPC should include language in the tariff-making any resource that chooses to take capacity payments responsible for any non-performance penalties. Along those same lines, the Commission finds that EKPC should include language in the tariff requiring such non-dispatchable resources to provide credit support to cover such non-performance penalties.

The Commission has calculated the QF rates that include EKPC's expected 2032 date to build additional generation and used a CT as a proxy and discounted it annually from the 2028 date, when EKPC projects a capacity deficiency, to 2024. These rates should be reduced by the resource specific ELCC provided by PJM. The Commission also finds that the revision to the market administration fee is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The Cogen/SPP tariff rates proposed by EKPC and its distribution cooperatives are denied.

2. The rates and charges for EKPC's Cogen/SPP tariffs, as set forth in the Appendix to this Order, are fair, just and reasonable rates, and these rates are approved for service rendered on and after the date of service of this Order.

3. The terms, rates, and charges for EKPC's and its distribution cooperatives Cogen/SPP tariffs, as discussed in this Order, are fair, just and reasonable and are approved for service rendered on and after the date of service of this Order.

4. Within 20 days of the date of service of this Order, EKPC and its distribution cooperatives shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the terms, rates and charges approved by this Order and reflecting their effective date and that they were authorized by this Order.

5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ENTERED

OCT 31 2023 bsb

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00153 DATED OCT 31 2023

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.

Cogeneration and Small Power Production Power Purchase Rate Schedules

Over 100 kW from Dispatchable Generation Sources

Capacity - per kW per year

2-year contract	$0				
5-year contract	2024	2025	2026	2027	2028
	$37.68	$38.90	$40.17	$41.47	$42.82

Energy - The payments will be offset by a market administration fee of $0.00011 per kWh to cover EKPC's market participation costs.

Equal To or Less Than 100 kW from Dispatchable Generation Sources

Capacity - per kW per year

2-year contract	$0				
5-year contract	2024	2025	2026	2027	2028
	$37.68	$38.90	$40.17	$41.47	$42.82

Energy - The payments will be offset by a market administration fee of $0.00011 per kWh to cover EKPC's market participation costs.

Over 100 kW from Non-Dispatchable Generation Sources

Capacity - per kW per year

2-year contract	$0				
5-year contract	2024	2025	2026	2027	2028
	$37.68	$38.90	$40.17	$41.47	$42.82

Energy - The payments will be offset by a market administration fee of $0.00011 per kWh to cover EKPC's market participation costs.

<u>100 kW or Less from Non-Dispatchable Generation Sources</u>

Capacity - per kW per year

2-year contract	$0				
5-year contract	2024	2025	2026	2027	2028
	$37.68	$38.90	$40.17	$41.47	$42.82

Energy - The payments will be offset by a market administration fee of $0.00011 per kWh to cover EKPC's market participation costs.

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4775 Lexington Road
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Winchester, KY 40392-0707

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*Jackson Energy Cooperative Corporati
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