

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)	2021-00054
COOPERATIVE, INC. FROM NOVEMBER 1, 2018)	
THROUGH OCTOBER 31, 2020)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on March 4, 2021, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of East Kentucky Power Cooperative, Inc. (EKPC) for the period from November 1, 2018, through October 31, 2020, and to determine the amount of fuel costs that should be included in its base rates.

In establishing this review, the Commission ordered EKPC to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. EKPC submitted this information on March 22, 2021, and filed responses to Commission Staff's Second Request for Information on April 19, 2021. A public hearing was held on May 18, 2021. EKPC filed responses to Commissions Staff's post-hearing data request on May 28, 2021. There are no intervenors in this proceeding.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that during the period under review, EKPC has complied with the provisions of 807 KAR 5:056. The Commission further finds no evidence of improper

calculation or application of EKPC's FAC charges or improper fuel procurement practices for the last six months of the period under review, from May 1, 2020, to October 31, 2020.

Base Fuel Cost

EKPC is proposing to maintain the amount of fuel costs included in base rates and proposes that the month of February 2018 and a base fuel cost of \$0.02624¹ per kilowatt-hour (kWh) be used as the base period for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC.² EKPC states that it decided to maintain the current base fuel cost and, after considering all the factors, EKPC determined that the February 2018 fuel cost still reflects the most representative level of fuel costs going forward.³

When 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. An analysis of EKPC's monthly FAC filings shows that the fuel cost billed for the two-year review period ranged from a low of \$0.01605 per kWh in April 2020⁴ to a high of \$0.02827⁵ per kWh in November 2018, with an average cost billed for the period of \$0.02827⁶ per

¹ EKPC's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 22, 2021), Item 22.

² EKPC last made a change to the fuel cost included in base rates in Case No. 2017-00002, *An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2014 Through October 31, 2016* (Ky. PSC Aug. 7, 2017).

³ EKPC's Response to Staff's First Request, Item 22.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

kWh. Based upon its review, the Commission finds that the proposed base period fuel cost of \$0.02624 per kWh should be approved.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by EKPC through the FAC for the period from November 1, 2018, through October 31, 2020, are approved.

2. EKPC's continued use of the existing base fuel cost of \$0.02624 per kWh is approved.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission

ENTERED
AUG 02 2021
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Linda C. Bidwell
Executive Director

Case No. 2021-00054

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*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