

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) CASE NO. 2012-00551
POWER COOPERATIVE, INC. FROM NOVEMBER 1,)
2010 THROUGH OCTOBER 31, 2012)

ORDER

Pursuant to 807 KAR 5:056, the Commission, on February 13, 2013, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of East Kentucky Power Cooperative, Inc. ("East Kentucky") for the period from November 1, 2010 through October 31, 2012, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor.

In establishing this review, the Commission ordered East Kentucky to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. East Kentucky submitted this information on March 1, 2013. A public hearing was held on April 9, 2013. There are no intervenors in this case.

East Kentucky's current base fuel cost is 30.14 mills per kWh based on the month of June 2010. East Kentucky proposes that, based on its review of past, current, and projected fuel costs, the current base fuel cost of 30.14 mills per kWh should remain unchanged.

In establishing the appropriate level of base fuel cost to be included in East Kentucky'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 East

Kentucky. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of June 2010 is a reasonably representative generation month of East Kentucky. The analysis of East Kentucky's monthly fuel clause filings showed that the fuel cost billed for the two-year review period ranged from a low of 24.86 mills per kWh to a high of 32.11 mills per kWh, with an average cost billed for the period of 29.0 mills per kWh. Based upon this review, the Commission finds that East Kentucky has complied with 807 KAR 5:056 and that the base period fuel cost of 30.14 mills per kWh should remain in effect.

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

1. During the period under review, East Kentucky has complied with the provisions of 807 KAR 5:056.
2. The month of June 2010 should be used as East Kentucky's base period for this review.
3. East Kentucky's current base period fuel cost of 30.14 mills per kWh should remain in effect.
4. The continued use of the base fuel cost of 30.14 mills per kWh requires no transfer to East Kentucky's base rates.

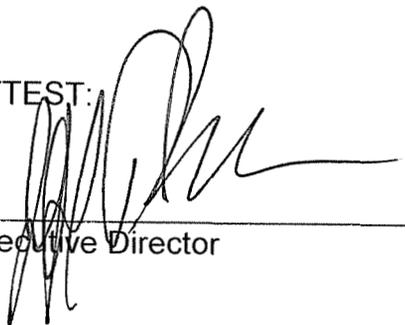
IT IS THEREFORE ORDERED that:

1. The charges and credits applied by East Kentucky through the FAC for the period November 1, 2010 to October 31, 2012 are approved.
2. East Kentucky's continued use of the existing base fuel cost of 30.14 mills per kWh is approved.

By the Commission

ENTERED ²⁴
MAY 17 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-00551

Anthony S Campbell
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