

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. FOR)	
A GENERAL ADJUSTMENT OF RATES,)	CASE NO.
APPROVAL OF DEPRECIATION STUDY,)	2025-00208
AMORTIZATION OF CERTAIN REGULATORY)	
ASSETS, AND OTHER GENERAL RELIEF)	

ORDER

On May 12, 2026, Nucor Steel Gallatin (Nucor) filed a petition, pursuant to KRS 278.400, requesting a rehearing for the Commission to reduce the base rate increase to Nucor by \$2.6 million to reflect East Kentucky Power Cooperative, Inc’s (EKPC) corrected cost of service study (COSS) and to spread the recovery of the rate impacts of that change among Rates B and C. Prior to this date, both Nucor¹ and EKPC² filed Notice of Withdrawal from the Joint Stipulation and Settlement.

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the

¹ Nucor’s Letter informing the Commission it was withdrawing from the Joint Stipulation and Settlement (filed Apr. 28, 2026).

² EKPC’s Notice of Withdrawal from the Settlement (filed Apr. 29, 2026).

evidence presented leaves no room for difference of opinion among reasonable minds.”³
An order can only be unlawful if it violates a state or federal statute or constitutional provision.⁴

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

BACKGROUND

On August 1, 2025, EKPC filed an application requesting a general adjustment of rates; approval of proposed changes to rate design; approval of EKPC’s depreciation study; approval of modifications to several existing tariffs; approval of EKPC’s proposed tracking and recovery mechanism for Regional Transmission Expansion Plan (RTEP) expenses; approval of EKPC’s request to end the Earnings Mechanism (EM) that was established in Case No. 2021-00103;⁵ approval to amortize and reset EKPC’s Generation Maintenance Tracker in base rates; recovery of reasonable rate case expense over a period of three years; relief from certain ongoing reporting and filing obligations; and to

³ *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

⁴ *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

⁵ Case No. 2021-00103, *Electronic Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Rates, Approval of Depreciation Study, Amortization of Certain Regulatory Assets, and Other General Relief* (Ky. PSC Sept. 30, 2021).

realign the filing of EKPC's small power production and cogeneration rates to a biennial basis in accordance with 807 KAR 5:054.⁶ EKPC included a COSS with its application.⁷

On July 10, 2025, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General),⁸ was granted intervention, and on August 19, 2025, Nucor was granted intervention in this proceeding.⁹ On October 13, 2025, EKPC filed a partially corrected COSS that specifically addressed the Rate G Non-Coincident Peak (NCP) allocation.¹⁰ On November 24, 2025, a Joint Stipulation, Settlement Agreement and Recommendation (Joint Settlement) from EKPC, the Attorney General, and Nucor (the Parties) was filed by EKPC into the record.¹¹ On December 2, 2025, EKPC filed rebuttal testimony and stated that it was unable to identify the 12 Coincident Peak (CP) value the Attorney General and Nucor witness Stephen Baron outlined in his recommendation. However, EKPC states it was the intention of EKPC to use a 12 CP demand allocation methodology for transmission demand-related costs allocation factor based on a 12-month NCP value, and agreed to the recommendation.¹² The Commission entered a final Order in this proceeding on April 23, 2026 (April 23, 2026

⁶ Application (filed Aug. 1, 2025) at 14-15.

⁷ Application, Exhibit

⁸ Order (Ky. PSC July 10, 2025).

⁹ Order (Ky. PSC Aug. 19, 2025).

¹⁰ EKPC's Response to the Attorney General/Nucor's Second Request for Information (filed Oct. 13, 2025), Item 28a.

¹¹ Joint Stipulation and Settlement Agreement (Joint Settlement) (filed Nov. 24, 2025).

¹² EKPC's Rebuttal Testimony of Jeffrey Wernert (filed Dec. 2, 2025) at 8.

Order).¹³ Nucor filed a petition for rehearing on May 12, 2026.¹⁴ No responses to the petition were filed into the record.

PETITION

In its petition, Nucor requested the Commission reduce the base rate increase to Nucor by \$2.6 million to reflect EKPC's corrected COSS and to spread recovery of the rate impacts of that change among Rates B and C.¹⁵ Nucor argued that the April 23, 2026 Order was unlawful and unreasonable because it: (1) violated the Commission's long-standing policy regarding gradualism in ratemaking; (2) allocated costs based upon a flawed COSS without first correcting two admitted errors; (3) improperly "nets" interruptible credit increases for purposes of the base rate revenue allocation; and (4) unduly discriminated against Nucor as compared to EKPC's 27 other interruptible customers.¹⁶

Nucor's first argument was that the April 23, 2026 Order violated the Commission's long-standing policy regarding gradualism.¹⁷ Nucor argued that the 18.59 percent revenue increase applicable to Nucor was significantly higher than the revenue increase approved for any other EKPC rate class and was more than three times the system average increase of 6.0 percent.¹⁸ Nucor also noted the increase was much greater than

¹³ Order (Ky. PSC Apr. 23, 2026).

¹⁴ Nucor's Petition for Rehearing (Petition) (filed May 12, 2026).

¹⁵ Petition at 1.

¹⁶ Petition at 1.

¹⁷ Petition at 2.

¹⁸ Petition at 3-4.

the revenue increase initially proposed by EKPC's application which requested a significantly higher revenue requirement.¹⁹

Nucor's second argument was that the revenue allocation in the April 23, 2026 Order was based on a flawed COSS containing two admitted errors that were not corrected.²⁰ Nucor argued the initial COSS contained two significant errors: (1) the calculation of Rate G's NCP demand allocation; and (2) the calculation of the 12 CP allocator to assign transmission costs to rate classes.²¹ Nucor argued the Commission relied on the uncorrected initial version of EKPC's COSS in establishing the base rate revenue allocation.²²

The third argument presented by Nucor was that the Order improperly "nets" interruptible credit increases for purposes of the rate base revenue allocation.²³ Nucor argued that the April 23, 2026 Order singled out the \$2/kW-month interruptible credit increase for "netting" in determining the revenue allocation.²⁴ Nucor further argued the singling out of a particular increase for purposes of the base rate revenue allocation was unreasonable and unduly discriminatory since it failed to account for the "net" impact of tariff credits and payments received by other customers.²⁵

¹⁹ Petition at 4.

²⁰ Petition at 5.

²¹ Petition at 5.

²² Petition at 5.

²³ Petition at 8.

²⁴ Petition at 8.

²⁵ Petition at 8.

Lastly, Nucor argued that the April 23, 2026 Order unduly discriminated against Nucor compared to EKPC's 27 other interruptible customers.²⁶ Nucor argued that the April 23, 2026 Order's base revenue allocation and interruptible credit "netting" approach unfairly targeted Nucor compared to EKPC's 27 other interruptible customers.²⁷ Nucor stated the April 23, 2026 Order specifically examined Nucor's "net" rates while not examining the individual "net" rates of the 27 other similarly situated interruptible customers.²⁸

DISCUSSION AND FINDINGS

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that Nucor's request for rehearing should be granted in order to obtain additional information before rendering a decision on each issue. The Commission notes that Nucor identified two corrections to the COSS; however, there is only information regarding one correction in the record. The Commission also notes that while EKPC agreed with both adjustments in its rebuttal testimony, it did not provide a corrected COSS containing both corrections, however, there was testimony regarding a second correction at the hearing, but an updated COSS addressing both corrections was not placed in the record. The Commission also notes that the granting of the request for reconsideration for the purpose of gathering additional information should not be construed as making a finding on the merits of the rehearing motion as it merely allows for further proceedings to investigate the allegations.

²⁶ Petition at 9.

²⁷ Petition at 10.

²⁸ Petition at 9.

IT IS THEREFORE ORDERED that:

1. Nucor's petition for a rehearing is granted for the limited purpose of obtaining additional information regarding the COSS used to support Nucor's petition.
2. The procedural schedule set forth in the Appendix to this Order shall be followed.
3. All parties shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.
4. The remainder of the April 23, 2026 Order not in conflict with this Order remains in effect.

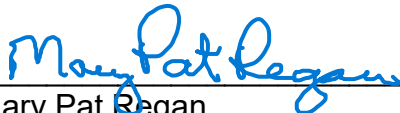
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Entered on this 1st day of June, 2026.

PUBLIC SERVICE COMMISSION




Angie Hatton
Chair



Mary Pat Regan
Commissioner



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00208 DATED JUN 01 2026

All initial requests for information to all Parties
shall be filed no later than 06/15/2026

All Parties shall file responses to initial requests for
information no later than 06/29/2026

All supplemental requests for information to all Parties
shall be filed no later than 07/15/2026

All Parties shall file responses to supplemental requests
for information no later than 07/24/2026

Last day for parties to request a public hearing or submit a
request for the matter to be decided based upon the written record 07/31/2026

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