

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2018-00019
COOPERATIVE, INC FROM MAY 1, 2017)	
THROUGH OCTOBER 31)	

**RESPONSES TO COMMISSION STAFF'S INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED MARCH 28, 2018**

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2018-00019

PUBLIC SERVICE COMMISSION REQUEST DATED 03/28/18

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits responses to the information requests contained in the Commission Staff's Second Request for Information in this case dated March 28, 2018. Each response with its associated supportive reference materials is individually tabbed.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2018-00019

FUEL ADJUSTMENT CLAUSE

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 03/28/18
REQUEST 1**

RESPONSIBLE PARTY: Mark Horn

Request 1. Refer to the response to Commission Staff's first request for information ("Staff's first request"), Item 2. This response shows that during the period under review, East Kentucky had several contracts under which more tons were received in the review period than the tonnage requirement. In addition, Spurlock Station Contract Nos. 800, 504, 522, and 530 all had relatively large over-deliveries. Explain if these excess tons are carryover tonnage that is being made up, or if the contracts are ahead of schedule.

Response 1. Commission Staff's first request for information, Item 2 addressed the "actual quantity received" and "tonnage requirement" for the review period. The review period of May 1, 2017, to October 31, 2017, is a relatively short snapshot in time when compared to the full term of a fuel contract. It is not uncommon to revise monthly commitments throughout the term of a contract when parties are mutually agreeable. The explanation for the excess tons during the review period is as follows:

- a. Contract No. 800—Contract was ahead of schedule at EKPC’s request in preparation for the winter burn in Gilbert Unit No. 3 and Unit No. 4 at Spurlock Station.
- b. Contract No. 504—Contract was ahead of schedule at EKPC’s request in preparation for the winter burn in Unit Nos. 1 and 2 at Spurlock Station.
- c. Contract No. 522—Contract was ahead of schedule at EKPC’s request in preparation for the winter burn in Unit Nos. 1 and 2 at Spurlock Station and to ensure the supplier’s commitment was met by the end of the term. Contract ended on December 31, 2017, on schedule.
- d. Contract No. 530—Contract was ahead of schedule at EKPC’s request in preparation for the winter burn in Unit Nos. 1 and 2 at Spurlock Station.

EAST KENTUCKY POWER COOPERATIVE, INC.

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**COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 03/28/18
REQUEST 2**

RESPONSIBLE PARTY: Julia J. Tucker

Request 2. Refer to the response to Staff's first request, Item 3. This response shows that the Cooper Station had a coal inventory level of 40 days, and that its target inventory level is 40-60 days. Given that the Cooper Station is a small station, and it takes more deliveries under spot, rather than long-term, contracts, explain why its target coal inventory level is larger than the Spurlock Station target inventory level of 25-45 days.

Response 2. The fact that Cooper Station received more coal under spot contracts than long-term contracts in this review period is anomalous. In this review period, Cooper Station needed to replace inventory through spot purchases because the actual burn exceeded the projected burn in May and June. Additional spot tons were also procured to prepare for the projected summer burn. Historically speaking, the majority of the Cooper Station's fuel supply has been procured through long-term contracts.

Cooper Station's target coal inventory is 40-60 days of max burn prior to the winter and summer peak months. The Cooper Station's target coal inventory is larger than the Spurlock Station's target coal inventory of 25-45 days at max burn primarily due to the dispatch of Cooper Station being cyclical, while the dispatch of Spurlock Station is steadier. EKPC procures coal contracts based on the forecasted annual burns which are driven by the PJM forward price curve for that delivery year. EKPC wants to have sufficient coal on the ground to be prepared to run the plant during extreme weather conditions. By having sufficient inventory, EKPC can plan to run the plant as much as needed during peak periods while not being subject to replacing the spot coal until prices have had a chance to moderate prior to the off-peak seasons, or shoulder months.

There are physical considerations as well, based on the potential max burn of each plant. An inventory of 60 days at max burn at Cooper Station would be approximately 217,740 tons. However, an inventory of 60 days at max burn at Spurlock Station would be approximately 971,880 tons.

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**COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 03/28/18
REQUEST 3**

RESPONSIBLE PARTY: Mark Horn

Request 3. Refer to the response to Staff's first request, Item 9. The response states:

"East Kentucky did execute a barge transportation contract with Ingram Barge Company, LLC, on July 12, 2017, to replace the barge transportation contract with Crouse Corporation that ended January 31, 2018."

Explain if East Kentucky audited the referenced contract or simply entered into it during the review period.

Response 3. East Kentucky simply entered into a barge transportation contract with Ingram Barge Company, LLC, during the review period. The Crouse Corporation contract ended January 31, 2018, and the Ingram Barge Company, LLC, contract started on February 1, 2018.

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COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 03/28/18
REQUEST 4

RESPONSIBLE PARTY: Craig A. Johnson

Request 4. Refer to the response to Staff's first request, Item 15, page 13 of 50.
Provide a status update on the GSU transformer.

Request 4a. Explain if this type of outage is common.

Response 4a. No this is not a common type of outage. A protection relay picked up to protect the equipment.

Request 4b. Explain what causes a GSU transformer to lock out.

Response 4b. When a protection relay comes in or rolls due to a fault on the system, it will lock out the equipment until the reason for the lockout has been corrected and then reset the relay. The root cause was an arc flash in the back of the generator breaker enclosure on the bus bars. The GSU transformer lockout relay saw the differential across the phases, picked up and locked itself out.

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COMMISSION STAFF'S SECOND INFORMATION REQUEST DATED 03/28/18
REQUEST 5

RESPONSIBLE PARTY: Craig A. Johnson

Request 5. Refer to the response to Staff's first request, Item 15, page 43 of 50.

Request 5a. Confirm that the Hardin County Landfill unit 1 did not operate during the review period.

Response 5a. Hardin County Landfill Unit No. 1 was not operated during May 1, 2017 through October 31, 2017.

Request 5b. In a previous East Kentucky Fuel Adjustment Clause review case, East Kentucky stated that it was considering relocating this unit. Explain if any locations have been explored as a potential site to relocate this unit.

Response 5b. No other Landfill Gas-to-Energy Stations have adequate gas supply to operate this additional engine at this time. EKPC continues to look for opportunities to relocate this engine.