



April 12, 2018

Ms. Gwen Pinson  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Dear Ms. Pinson:

Please find attached for electronic filing with the Commission, East Kentucky Power Cooperative, Inc.'s ("EKPC") Tariff for Qualified Cogeneration and Small Power Production Facilities. Both clean and crossed-out versions of the tariff are included herein. Supporting calculations and PJM Interconnection, LLC ("PJM") Auction results are being provided on a separate CD, which due to file size, is being hand delivered.

EKPC is aware that the current tariffs state the rates would be updated by March 31<sup>st</sup> of each year. However, with the issuance of the Commission's March 27, 2018 Order in Case No. 2017-00212, EKPC was unable to make the compliance filing required in that Order and submit the tariff rate updates both before March 31, 2018. EKPC also believed it was not appropriate to submit the tariff rate updates as part of the compliance filing, as the Commission would not have reviewed any rate updates other than those in the record of Case No. 2017-00212. Therefore, EKPC submits in this filing the updated tariff rates, which is still more than 30 days before the proposed effective date of June 1, 2018.

As part of this update filing, EKPC would like to propose a revision concerning how the Market Administration Fee is determined. The calculation of the proposed Market Administration Fee is included on the CD in the file "SUPPORTING DATA-Cogen-SPP Market participation cost - 2017.xlsx". The costs reflected in the fee continue to be the expense of operating EKPC's Market Operation Center and expenses from ACES. In our proposal last year, we divided these costs by the real time generation to arrive at the \$0.00080/kWh fee. EKPC has been reviewing this approach and has concluded that both of these organizations contribute to the management of EKPC's load and generation in the PJM market. EKPC's load and generation are managed separately in the PJM market. Given the two functions, EKPC now feels it is appropriate to include the megawatt hours from both its load and generation in the denominator of the calculation to come up with a

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rate to approximate the expense of managing the PURPA generators in the PJM market. Therefore, EKPC is proposing that the calculation of the Market Administration Fee include both the real time load and generation MWh. This results in a fee of \$0.00017/kWh.

If you have any questions, please let me know.

Very truly yours,



Isaac S. Scott  
Manager, Pricing

Enclosures