

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC TARIFF FILING OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. TO)	CASE NO.
IMPLEMENT A NEW GREEN ENERGY OPTION)	2019-00378
FOR NON-RESIDENTIAL RETAIL CUSTOMERS)	

**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED DECEMBER 13, 2019**

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BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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KENTUCKY POWER COOPERATIVE, INC. TO)	CASE NO.
IMPLEMENT A NEW GREEN ENERGY OPTION)	2019-00378
FOR NON-RESIDENTIAL RETAIL CUSTOMERS)	

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Michelle K. Carpenter, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated December 13, 2019, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Michelle K. Carpenter

Subscribed and sworn before me on this 20th day of December, 2019.

Gwyn M. Willoughby #590567
 Notary Public



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CERTIFICATE

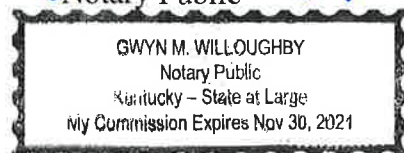
STATE OF KENTUCKY)
COUNTY OF CLARK)

Isaac S. Scott, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Second Request for Information in the above-referenced case dated December 13, 2019, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Isaac S. Scott

Subscribed and sworn before me on this 20th day of December, 2019.

Gwyn M. Willoughby #580567
Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2019-00378

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/13/19
REQUEST 1**

RESPONSIBLE PARTY: Michelle K. Carpenter and Isaac S. Scott

Request 1. Refer to the Cover Letter, page 2, and EKPC's responses to Staff's First Request, Items 1.g. and 2.b. Explain in detail how the model shows that EKPC's proposed credits for the environmental surcharge (ES) and fuel adjustment clause (FAC) appropriately credits participants "without materially affecting non-participant bills" and meets EKPC's expressed goal that "Participants do not shift costs to non-participants."

Response 1. The model, as previously provided in the application, showed only how the Green Tariff energy charges and related credits for participants would impact a hypothetical EKPC wholesale bill and the corresponding Member retail bills. It was not designed to address how the FAC and ES credits affect non-participants. Please refer to the response to Request 2 for a discussion on the impact to non-participants.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2019-00378

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/13/19
REQUEST 2**

RESPONSIBLE PARTY: Michelle K. Carpenter and Isaac S. Scott

Request 2. Refer to EKPC's response to Staff's First Request, Items 1.d. through 1.g. Explain how EKPC's proposal to include credits from the Green Energy Tariff for base fuel and the FAC in the over- or under-recovery calculation in the next monthly FAC filing and for the variable environmental costs in the over- or under-recovery calculation in the next monthly ES filing would not result in cost-shifting to non-participants.

Response 2. The FAC and ES credits from the Green Energy Tariff do not reflect cost shifting to non-participants, but rather the appropriate reassignment of fossil fuel-related costs to the non-participants. Green Energy Tariff participants will be billed the full cost of the green energy obtained on their behalf. Therefore, these participants should not pay FAC and variable ES costs on the kWh supplied from green power resources.

Pursuant to the FAC regulation, the FAC factor applied to Member wholesale bills is based upon the prior month's allowable fossil-fuel based fuel and purchased power costs and total kWh sales to Members. Total kWh sales to Members would include the Green Energy kWh procured for participating customers. However, the cost of green power would

not be included as a cost in the FAC. Therefore, given the FAC is billed to all Member kWh sales, EKPC must credit participants for the base and FAC charged on green power kWh and show those credits as an under-recovery includable in the subsequent month's FAC calculation to achieve the proper matching and recovery of fossil fuel based costs with the non-Green Energy kWh sales level. As shown in the model filed with the application, the FAC factor is applied to all kWh sales to the Member or retail customer, as applicable, including the kWh sales provided from the Green Energy sources. The FAC credits represent the amount of fossil fuel based costs that should be reassigned to the fossil fuel based kWh sales. Thus, FAC credits under the Green Tariff result in an under-recovery of EKPC's fossil fuel based costs used to provide kWh to non-participating Members. EKPC's proposal to include this under-recovery in the following month's recoverable FAC fuel costs reflects an appropriate matching of fossil fuel based costs with fossil fuel based kWh sales, which is a reasonable approach to reflect cost causation principles.

The ES credit is a function of the adjustment to the FAC related costs and excludes the variable portion of the monthly ES factor. Like the FAC credit, the ES credit is not a cost-shift to non-participants, but rather a reasonable approach to reflect cost causation principles.

EAST KENTUCKY POWER COOPERATIVE, INC.

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RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/13/19
REQUEST 3**

RESPONSIBLE PARTY: Michelle K. Carpenter and Isaac S. Scott

Request 3. Refer to EKPC's response to Staff's First Request, Item 13. Using the same assumptions when reasonable, provide a calculation of the Green Bill and Standard Bill for three months, including the effect EKPC's proposed Green Power Tariff credits would have on the ES and FAC factors in effect for the hypothetical months.

Response 3. Please see the attached spreadsheet "Response #3 – Bills for 3 Months.xlsx". In order to reflect only the effects of the Green Power Tariff credits on the hypothetical bills, the demand and total monthly energy have been kept constant for the three months. In the response to Staff's First Request, Item 13, 12-month average factors were utilized for the FAC and ES factors. In the attached spreadsheet, actual monthly FAC and ES factors have been utilized to better reflect the effects of the FAC and ES credits. For the Cooperative billings, the FAC factor is the EKPC FAC factor adjusted for average line losses. The Cooperative's corresponding pass-through surcharge factor has been recalculated to reflect the ES credit in the EKPC ES factor.

It should be noted that based upon the size of the FAC and ES credits used in the hypothetical bills, little change in the FAC and ES factors was observed.