

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

**In the Matter of:**

**ELECTRONIC TARIFF FILING OF EAST )  
KENTUCKY POWER COOPERATIVE, INC. )  
AND ITS MEMBER DISTRIBUTION )  
COOPERATIVES FOR APPROVAL OF )  
PROPOSED CHANGES TO THEIR QUALIFIED )  
COGENERATION AND SMALL POWER )  
PRODUCTION FACILITES TARIFFS )**

**CASE NO.  
2021-00198**

**RESPONSES TO COMMISSION STAFF'S THIRD REQUEST  
FOR INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.  
DATED SEPTEMBER 15, 2021**

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

**In the Matter of:**

<b>ELECTRONIC TARIFF FILING OF EAST</b>	)	
<b>KENTUCKY POWER COOPERATIVE, INC.</b>	)	
<b>AND ITS MEMBER DISTRIBUTION</b>	)	<b>CASE NO.</b>
<b>COOPERATIVES FOR APPROVAL OF</b>	)	<b>2021-00198</b>
<b>PROPOSED CHANGES TO THEIR QUALIFIED</b>	)	
<b>COGENERATION AND SMALL POWER</b>	)	
<b>PRODUCTION FACILITES TARIFFS</b>	)	

**CERTIFICATE**

**COMMONWEALTH OF KENTUCKY** )  
) )  
**COUNTY OF CLARK** )

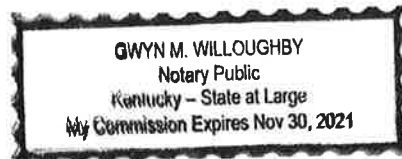
Robin B. Hayes, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff’s Third Request for Information in the above-referenced case dated September 15, 2021, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

*Robin B. Hayes*

Subscribed and sworn before me on this 23<sup>rd</sup> day of September 2021.

*Gwyn M. Willoughby*

Notary Public - #590567  
Commission expires - 11/30/2021



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**BEFORE THE PUBLIC SERVICE COMMISSION**

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**ELECTRONIC TARIFF FILING OF EAST                 )  
KENTUCKY POWER COOPERATIVE, INC.             )  
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**CASE NO.  
2021-00198**

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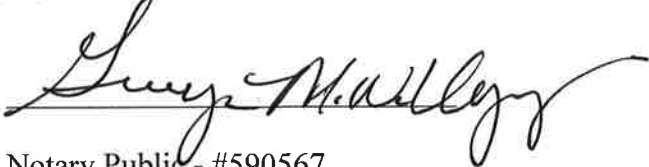
**COMMONWEALTH OF KENTUCKY    )  
   )  
COUNTY OF CLARK                         )**

Julia J. Tucker, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff’s Third Request for Information in the above-referenced case dated September 15, 2021, 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.



\_\_\_\_\_

Subscribed and sworn before me on this     day of September 23, 2021.



\_\_\_\_\_

Notary Public - #590567  
Commission expires - 11/30/2021



**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2021-00198**  
**THIRD REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S REQUEST FOR INFORMATION DATED 09/15/21**  
**REQUEST 1**

**RESPONSIBLE PERSON:** Julia J. Tucker

**COMPANY:** East Kentucky Power Cooperative, Inc.

**Request 1.** Refer to EKPC's response to Commission Staff's First Request for Information, Item 4b. EKPC did not provide the recalculated tariffs as requested. Provide recalculated tariffs with the revisions prescribed in the 2020-00174 Order.<sup>1</sup> Include the workpapers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible and a narrative explanation of how the revised rates were calculated.

**Response 1.** Please see pages 3 through 10 of 10 to this response for the tariff sheets reflecting the requested rate revision. Also see the Excel spreadsheet *NET CONE EXAMPLE – 21SEP21 – 01-TARIFF UPDATE – SPP-Cogen Update 2021 – 15MAR21.xlsx* for the supporting workpapers. The calculations are the same as EKPC's original filing except that the avoided capacity rate has been replaced with the net CONE cost of \$248.99/MW-Day as prescribed by the Commission in its Order in case 2020-00174

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<sup>1</sup> Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021), Order at 96–101.

2020-00174. The energy-only rates remain unchanged. EKPC and Kentucky Power both reference the Area 3 Combustion Turbine CONE. However, EKPC does not believe that CONE or Net Cone are the appropriate value to be used in its avoided capacity calculation. Using either CONE or Net CONE assumes that EKPC could avoid the investment cost of a new combustion turbine by securing capacity from a third party cogenerator or small power producer. That is not correct. EKPC has no plans for a new combustion turbine within the next five years, as demonstrated in its 2019 Integrated Resource Plan filed with the Commission in Case No. 2019-00096. Using CONE or Net CONE would significantly over-compensate new power supply and create additional cost burden to EKPC's owner-members and end-use retail members. The net effect would be to unnecessarily raise utility rates for customers in order to subsidize cogenerators or small power producers. Any new power supply investment incurred by EKPC must demonstrate that it is needed and will not result in wasteful duplication. Without demonstrating that it is the most reasonable least-cost alternative, a utility could not obtain a Certificate of Public Convenience and Necessity for a new generation source. PURPA projects are not subject to this type of review. Purchasing capacity at CONE or Net CONE is not the least-cost alternative and would create a subsidization of the small power producer or cogeneration project. EKPC can purchase capacity from the PJM RPM auction or from third party generation suppliers at substantially lower rates than CONE and that is the capacity value that would be avoided with a small power producer or cogeneration project.

**Cogeneration and Small Power Production**  
**Power Purchase Rate Schedule Over**  
**100 kW from Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Qualified cogeneration or small power production facilities must be able to be dispatched by EKPC. Non-dispatchable qualified cogeneration or small power production facilities are covered under a separate tariff. Pursuant to Federal Energy Regulatory Commission ("FERC") regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20MW.

**Rates**

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054.

1. Capacity - ~~\$3.84~~ 95.28 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC.
2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years. These rates include a market administration fee of ~~\$0.00020~~ \$0.00016 per kWh to cover EKPC's market participation costs.

a. Time Differentiated Rates:

Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
<del>2020</del>	<del>\$0.02946</del>	<del>\$0.02385</del>	<del>\$0.02770</del>	<del>\$0.01716</del>
2021	\$0.02905 3183	\$0.02308 2477	\$0.02949 3340	\$0.01763 2021
2022	\$0.02893 3224	\$0.02293 2496	\$0.02864 3199	\$0.01727 1929
2023	\$0.02880 3072	\$0.02284 2388	\$0.02920 3066	\$0.01775 1846
2024	\$0.02844 3092	\$0.02298 2427	\$0.02917 3108	\$0.01795 1844
2025	\$0.03165	\$0.02490	\$0.03177	\$0.01898

b. Non-Time Differentiated Rates:

Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Rate	<del>\$0.02464</del>	\$0.02472 2733	\$0.02439 2701	\$0.02455 2582	\$0.02454 2609	\$0.02673

DATE OF ISSUE: March 31, ~~2020~~ 2021

DATE EFFECTIVE: June 1, ~~2020~~ 2021

ISSUED BY:

\_\_\_\_\_  
Anthony S. Campbell,  
President and Chief Executive Officer

**P.S.C. No. 35, ~~Fourth~~ Fifth Revised Sheet No. 42  
Canceling P.S.C. No. 35, ~~Third~~ Fourth Revised Sheet No. 42**

**Cogeneration and Small Power Production  
Power Purchase Rate Schedule Equal To or Less Than  
100 kW from Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities with a design capacity of 100 kW or less which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Qualified cogeneration or small power production facilities must be able to be dispatched by EKPC. Non-dispatchable qualified cogeneration or small power production facilities are covered under a separate tariff.

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Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
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2025	\$0.03165	\$0.02490	\$0.03177	\$0.01898

b. Non-Time Differentiated Rates:

Year	2020	2021	2022	2023	2024	2025
Rate	\$0.02464	\$0.02472 2733	\$0.02439 2701	\$0.02455 2582	\$0.02454 2609	\$0.02673

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

	<b>On-Peak</b>	<b>Off-Peak</b>
<b>Winter (October - April)</b>	7:00 a.m. - 12:00 noon 5:00 p.m. - 10:00 p.m.	12:00 noon - 5:00 p.m. 10:00 p.m. - 7:00 a.m.
<b>Summer (May - September)</b>	10:00 a.m. - 10:00 p.m.	10:00 p.m. - 10:00 a.m.

**DATE OF ISSUE:** March 31, 2020 2021

**DATE EFFECTIVE:** June 1, 2020 2021

**ISSUED BY:** \_\_\_\_\_  
Anthony S. Campbell,  
President and Chief Executive Officer

P.S.C. No. 35, ~~Fourth~~ *Fifth* Revised Sheet No. 44  
Canceling P.S.C. No. 35, ~~Third~~ *Fourth* Revised Sheet No. 44

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**Cogeneration and Small Power Production Power Purchase  
Rate Schedule Over 100 kW from Non-Dispatchable Generation Sources**

**Availability**

Available only to qualified cogeneration or small power production facilities that are not able to be dispatched by ("EKPC") which have executed a contract with EKPC and one of EKPC's member distribution systems for the purchase of electric power by EKPC. Pursuant to FERC regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20 MW.

**Rates**

QF will be credited monthly for the electric power produced non-dispatchable generation facilities at the value of the real-time locational marginal price for energy set by PJM at the EKPC zonal node during each hour of the day. These payments will be offset by a market administration fee of ~~\$0.00020~~ \$0.00016 per kWh to cover EKPC's market participation costs.

**Terms and Conditions**

1. Pursuant to FERC regulations 18 C.F.R. §§ 292.303(a), 292.309, and 292.310, EKPC is no longer obligated to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20 MW.
2. All power from a QF will be sold only to EKPC
3. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
4. QF shall provide reasonable protection for EKPC and the member cooperative's system.
5. QF shall design, construct, install, own, operate, and maintain the QF in accordance with all applicable codes, laws, regulations, and general accepted utility practices.
6. QF shall reimburse EKPC and its member cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.
7. QF shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00.
  - b. Property Damage - \$500,000.00

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**DATE OF ISSUE:** March 31, ~~2020~~ 2021

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**ISSUED BY:**

\_\_\_\_\_  
Anthony S. Campbell,  
President and Chief Executive Officer



**Cogeneration and Small Power Production Power Purchase  
Rate Schedule 100 kW or Less from Non-Dispatchable Generation Sources**

**Availability**

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7. Initial contract term shall be for a minimum of five years.
8. QFs proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff.
10. Updated market administration fees will be filed with the Public Service Commission of Kentucky by March 31 of each year.

**DATE OF ISSUE:** March 31, ~~2020~~ 2021

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2023	\$0.03072	\$0.02388	\$0.03066	\$0.01846
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**DATE OF ISSUE:** March 31, 2021

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**ISSUED BY:**

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Anthony S. Campbell,  
President and Chief Executive Officer

P.S.C. No. 35, Fifth Revised Sheet No. 42  
Canceling P.S.C. No. 35, Fourth Revised Sheet No. 42

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Anthony S. Campbell,  
President and Chief Executive Officer

**P.S.C. No. 35, Fifth Revised Sheet No. 44**  
**Canceling P.S.C. No. 35, Fourth Revised Sheet No. 44**

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**DATE OF ISSUE:** March 31, 2021

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**ISSUED BY:**

\_\_\_\_\_  
 Anthony S. Campbell,  
 President and Chief Executive Officer

P.S.C. No. 35, Fifth Revised Sheet No. 46  
 Canceling P.S.C. No. 35, Fourth Revised Sheet No. 46

**Cogeneration and Small Power Production Power Purchase  
 Rate Schedule 100 kW or Less from Non-Dispatchable Generation Sources**

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7. Initial contract term shall be for a minimum of five years.
8. QFs proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff.
10. Updated market administration fees will be filed with the Public Service Commission of Kentucky by March 31 of each year.

**DATE OF ISSUE:** March 31, 2021

**DATE EFFECTIVE:** June 1, 2021

**ISSUED BY:**

\_\_\_\_\_  
 Anthony S. Campbell,  
 President and Chief Executive Officer

REDACTED

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2021-00198**  
**THIRD REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF’S REQUEST FOR INFORMATION DATED 09/15/21**  
**REQUEST 2**

**RESPONSIBLE PERSON:** Robin B. Hayes

**COMPANY:** East Kentucky Power Cooperative, Inc.

**Request 2.** For each unit in EKPC’s generation fleet, provide the forecasted fixed operation and maintenance expenses for the next five years on a \$/kW year basis.

**Response 2.** Please see the table below for the forecasted fixed operation and maintenance expenses for EKPC’s generation fleet for the next five years.

Generation	\$ / kW - year				
	2022	2023	2024	2025	2026
Coal-fired:					
Cooper (all units)	████████	████████	████████	████████	████████
Spurlock (all units)	████████	████████	████████	████████	████████
Natural Gas Turbines:					
Smith (all units)(winter)	████████	████████	████████	████████	████████
Bluegrass (all units)(winter)	████████	████████	████████	████████	████████
Landfill Gas:					
Bavarian	████████	████████	████████	████████	████████
Green Valley					
Hardin					
Laurel Ridge					
Pendleton County	████████	████████	████████	████████	████████

EKPC forecasts its operation and maintenance expenses by generating plant (Spurlock, Cooper, Smith, Bluegrass) rather than individual generating units (Spurlock 4, Cooper 2,

Smith CT 8, Bluegrass CT 1, etc.). In addition, these forecasted fixed operation and maintenance expenses represent EKPC's current estimates while the final forecast of these expenses will be included as part of EKPC's next Integrated Resource Plan filing.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2021-00198**  
**THIRD REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S REQUEST FOR INFORMATION DATED 09/15/21**  
**REQUEST 3**

**RESPONSIBLE PERSON:** Julia J. Tucker

**COMPANY:** East Kentucky Power Cooperative, Inc.

**Request 3.** Refer to the September 10, 2021 Formal Conference testimony of David Crews at approximately 2:49 p.m. Provide a citation to the Federal Energy Regulatory Commission (FERC) guidance in implementing the Public Utility Regulatory Policies Act of 1978 (PURPA) rates that EKPC follows.

**Response 3.** EKPC follows the following FERC guidance in establishing rates for purchases of electric capacity and/or energy from qualifying facilities (QFs) pursuant to PURPA: (1) *Small Power Production and Cogeneration Facilities; Regulations Implementing Section 210 of the Public Utility Regulatory Policies Act of 1978*, Order No. 69, FERC Stats. & Regs., Regs. Preambles 1977-1981 ¶ 30,128 (1980); (2) *Qualifying Facility Rates and Requirements*, Order No. 872, 172 FERC ¶ 61,041, *order on reh'g and clarification*, Order No. 872-A, 173 FERC ¶ 61,158 (2020); and (3) 18 C.F.R. Part 292.