

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

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2021-00293
COOPERATIVE, INC. FROM NOVEMBER 1,)	
2020 THROUGH APRIL 30, 2021)	

**RESPONSES TO COMMISSION STAFF'S SECOND INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED DECEMBER 7, 2021

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2021-00293
COOPERATIVE, INC. FROM NOVEMBER 1,)	
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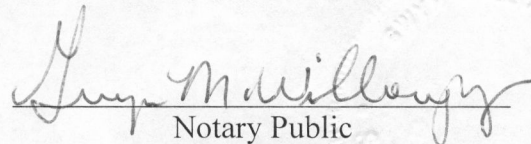
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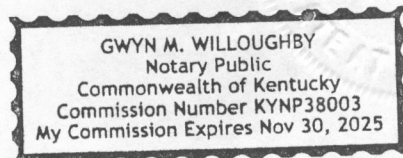
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson, 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 7, 2021, 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.



Subscribed and sworn before me on this 22nd day of December 2021.


_____ Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

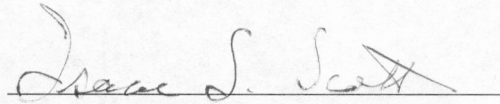
In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)
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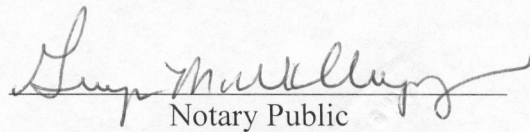
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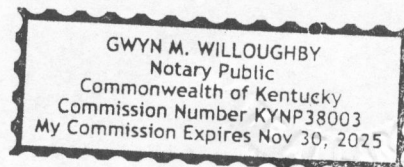
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

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 7, 2021, 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.



Subscribed and sworn before me on this 22nd day of December 2021.


Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 1

RESPONSIBLE PARTY: **Michelle Carpenter**

Request 1. Provide a listing of the PJM Interconnection LLC (PJM) billing line items that EKPC passes through its Fuel Adjustment Clause (FAC).

Response 1. Please refer to Page 2 of this response for a listing of all PJM billing line items that East Kentucky Power Cooperative includes in the Fuel Adjustment Clause (FAC) calculation. It should be noted that this listing is consistent with the billing line items authorized by the Commission in Case No. 2014-00451, with the exception of line items 2211 and 2215, Day-ahead Transmission Congestion and Balancing Transmission Congestion, respectively. PJM replaced Commission authorized billing line item 2210, Transmission Congestion Credits, with these new line items, effective June 1, 2017. EKPC included a letter to the Commission with its June 2017 expense month FAC filing that explained the change in billing line items.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

PJM Billing Line Items Included in the Fuel Adjustment Clause

Line Item	Description
1210	Day-ahead Transmission Congestion
1215	Balancing Transmission Congestion
1218	Planning Period Congestion Uplift
1220	Day-ahead Transmission Losses
1225	Balancing Transmission Losses
1230	Inadvertent Interchange
1250	Meter Error Correction
1260	Emergency Energy
1370	Day-ahead Operating Reserve
1375	Balancing Operating Reserve
1420	Load Reconciliation for Transmission Losses
2211	Day-ahead Transmission Congestion
2215	Balancing Transmission Congestion
2217	Planning Period Excess Congestion
2218	Planning Period Congestion Uplift
2220	Transmission Losses
2260	Emergency Energy Credit
2370	Day-ahead Operating Reserve
2375	Balancing Operating Reserve
2420	Load Reconciliation for Transmission Losses

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 2

RESPONSIBLE PARTY: **Michelle Carpenter**

Request 2. Provide a table showing the monthly PJM revenues and charges for each billing line item that EKPC is authorized to pass through the Fuel Adjustment Clause (FAC) in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response 2. Please refer to page 2 of this response and corresponding Excel file *PSC DR2 Response 2.xlsx* for a summary of PJM billing line item charges and credits included in the fuel adjustment clause calculation during the six-month review period.

EAST KENTUCKY POWER COOPERATIVE
Case No. 2021-00293
Monthly PJM Charges and Credits by Billing Code Authorized to Pass Through the Fuel Adjustment Clause
November 2020 - April 2021

BILLING LINE ITEM	BILLING LINE ITEM DESCRIPTION	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	TOTALS
1210	Day-ahead Transmission Congestion	\$ 188,840.84	\$ 61,169.14	\$ 394,151.71	\$ 464,776.48	\$ (223,567.17)	\$ (334,084.28)	\$ 551,286.72
1215	Balancing Transmission Congestion	\$ 21,393.53	\$ 78,384.56	\$ (41,652.79)	\$ 249,999.58	\$ 21,293.54	\$ 12,312.54	\$ 341,730.96
1218	Planning Period Congestion Uplift	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1220	Day-Ahead Transmission Losses	\$ (106.63)	\$ 392,887.29	\$ 373,003.36	\$ 858,133.48	\$ 29,548.64	\$ 203,141.13	\$ 1,856,607.27
1225	Balancing Transmission Losses	\$ 8,962.57	\$ 73,872.34	\$ (6,430.23)	\$ (121,349.54)	\$ 21,769.12	\$ 34,669.08	\$ 11,493.34
1230	Inadvertent Interchange	\$ 67.85	\$ 6,309.14	\$ (2,004.97)	\$ 9,929.02	\$ 7,084.90	\$ (969.60)	\$ 20,416.34
1250	Meter Error Correction	\$ 9,331.28	\$ (36,349.52)	\$ 151.98	\$ (11,747.22)	\$ 2,321.28	\$ -	\$ (36,292.20)
1260	Emergency Energy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1370	Day-Ahead Operating Reserve	\$ 8,977.04	\$ 8,564.79	\$ 13,305.07	\$ 16,681.53	\$ 40,235.68	\$ 10,316.84	\$ 98,080.95
1375	Balancing Operating Reserve	\$ 79,190.13	\$ 126,182.77	\$ 52,974.81	\$ 165,753.94	\$ 52,908.94	\$ 173,095.48	\$ 650,106.07
1420	Load Reconciliation for Transmission Losses	\$ 0.24	\$ (2.48)	\$ (0.77)	\$ 5.98	\$ (2.52)	\$ 3.15	\$ 3.60
2211	Day-ahead Transmission Congestion Credit	\$ 416.28	\$ 144.00	\$ (1,001.82)	\$ 8,498.19	\$ 14,066.63	\$ 2,318.04	\$ 24,441.32
2215	Balancing Transmission Congestion Credit	\$ 233,523.88	\$ 256,753.91	\$ 532,635.64	\$ 957,025.33	\$ 425,783.83	\$ 439,406.98	\$ 2,845,129.57
2217	Planning Period Excess Congestion Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2218	Planning Period Congestion Uplift	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2220	Transmission Losses Credit	\$ (203,206.24)	\$ (396,702.42)	\$ (438,057.20)	\$ (801,566.87)	\$ (282,336.48)	\$ (236,090.39)	\$ (2,357,959.60)
2260	Emergency Energy Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2370	Day-ahead Operating Reserve Credit	\$ -	\$ -	\$ -	\$ (2,568.31)	\$ -	\$ (288.28)	\$ (2,856.59)
2375	Balancing Operating Reserve Credit	\$ (265,652.21)	\$ (903,752.05)	\$ (349,853.26)	\$ (1,361,104.06)	\$ (341,728.10)	\$ (1,060,067.98)	\$ (4,282,157.66)
2420	Load Reconciliation for Transmission Losses Credit	\$ (0.31)	\$ 0.42	\$ 1.93	\$ (0.34)	\$ (2.32)	\$ (2.78)	\$ (3.40)
		\$ 81,738.25	\$ (332,538.11)	\$ 527,223.46	\$ 432,467.19	\$ (232,624.03)	\$ (756,240.07)	\$ (279,973.31)

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 3

RESPONSIBLE PARTY: **Mark Horn**

Request 3. Refer to EKPC's response to Commission Staff's First Request (Staff's First Request), Item 2. The response appears to have confused the information requested in subparts f. and g.

Request 3a. Provide an update to the response with the contract tonnage requirements.

Response 3a. Please see pages 2 through 4 of this response.

Request 3b. For any contracts where the supplier is having trouble delivering the required coal, explain what actions EKPC is taking in response.

Response 3b. There was no trouble with suppliers delivering the required coal during the review period.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC FUEL ADJUSTMENT CLAUSE CASE NO. 2021-00293

RESPONSE TO PSC ORDER DATED 12/7/21

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Contract No.	Supplier	Production Facility	Delivery Method	Actual Quantity Received During 11/1/20—4/30/21	Tonnage Requirement During 11/1/20—4/30/21	Current Price Paid Per Ton
<u>Cooper Station</u>						
Contract No. 244	B & W Resources, Inc. 849 S. Highway 11 Manchester, KY 40962	B & W Resources Manchester Loadout	Truck	5,919.12	10,000	\$60.252
<u>Spurlock Station</u>						
Contract No. 504 (Formerly Oxford Mining Co.)	CCU Coal & Const, LLC 544 Chestnut Street P. O. Box 427 Coshocton, OH 43812	Daron-Ligget Harrison, OH Barnesville, Wheeling Valley Mine-Belmont, OH	Barge	17,347.88	11,500	\$38.70072
Contract No. 824	B & N Coal, Inc. P. O. Box 100 Dexter City, OH 45727	Whigville, West Fork, & Ullman Noble, OH	Barge	119,971.44	112,000	\$38.12012
Contract No. 830	B & N Coal, Inc. P. O. Box 100 Dexter City, OH 45727	Whigville, West Fork, & Ullman Noble, OH	Barge	18,463.58	18,000	\$35.70
Contract No. 532	Foresight Coal Sales Suite 2600 One Metropolitan Square 211 N. Broadway St. Louis, MO 63102	Pond Creek Mach Mining Williamson, IL	Barge	27,541.76	20,000	\$34.50

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC FUEL ADJUSTMENT CLAUSE CASE NO. 2021-00293

RESPONSE TO PSC ORDER DATED 12/7/21

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Contract No.	Supplier	Production Facility	Delivery Method	Actual Quantity Received During 11/1/20—4/30/21	Tonnage Requirement During 11/1/20—4/30/21	Current Price Paid Per Ton
<u>Spurlock Station (continued)</u>						
Contract No. 832	B & N Coal, Inc. P. O. Box 100 Dexter City, OH 45727	Whigville, West Fork, & Ullman Noble, OH	Barge	67,306.69	60,000	\$38.12012
Contract No. 538	Contura Coal Sales, LLC 340 Martin Luther King Jr. Blvd. Bristol, TN 37620	Cumberland Mine Green, PA	Barge	81,898.22	68,000	\$38.00
Contract No. 542	Alliance Coal, LLC Suite 400 1717 South Boulder Tulsa, OK 74119	River View Mine Union, KY	Barge	73,125.49	68,000	\$42.00
Contract No. 836	CCU Coal & Const, LLC 544 Chestnut Street P. O. Box 427 Coshocton, OH 43812	Daron-Ligget Harrison, OH Barnesville Belmont, OH	Barge	160,436.26	134,000	\$37.6992

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC FUEL ADJUSTMENT CLAUSE CASE NO. 2021-00293

RESPONSE TO PSC ORDER DATED 12/7/21

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Contract No.	Supplier	Production Facility	Delivery Method	Actual Quantity Received During 11/1/20—4/30/21	Tonnage Requirement During 11/1/20—4/30/21	Current Price Paid Per Ton
<u>Spurlock Station (continued)</u>						
Contract No. 838	Alliance Coal, LLC Suite 400 1717 South Boulder Tulsa, OK 74119	River View Mine Union, KY	Barge	97,872.68	83,000	\$42.00
Contract No. 550	Foresight Coal Sales Suite 2600 One Metropolitan Square 211 N. Broadway St. Louis, MO 63102	Pond Creek Mach Mining Williamson, IL	Barge	94,831.32	84,000	\$29.00
Contract No. 840	B & N Coal, Inc. P. O. Box 100 Dexter City, OH 45727	Whigville, West Fork, & Ullman Noble, OH	Barge	30,543.14	40,000	\$32.20826
Contract No. 552	Foresight Coal Sales Suite 2600 One Metropolitan Square 211 N. Broadway St. Louis, MO 63102	Pond Creek Mach Mining Williamson, IL	Barge	79,054.12	84,000	\$28.50
Contract No. 554	Alliance Coal, LLC Suite 400 1717 South Boulder Tulsa, OK 74119	River View Mine Union, KY	Barge	61,875.84	68,000	\$36.00

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 4

RESPONSIBLE PARTY: Mark Horn

Request 4. Refer to EKPC's response to Staff's First Request, Item 4. The redacted bid tabulation sheets were filed with the response, but not the confidential tabulation sheets. Provide the confidential information.

Response 4. EKPC will provide the confidential information as requested. The requested information is already subject to a motion for confidential treatment filed on September 1, 2021.

Provided on pages 2 and 3 of this response is an e-mail correspondence showing proof of filing of the confidential information on September 29, 2021.

Gwyn Willoughby

From: Bruner, Brandon S (PSC) <brandon.bruner@ky.gov> on behalf of PSC Executive Director <PSCED@ky.gov>
Sent: Wednesday, September 29, 2021 12:30 PM
To: Gwyn Willoughby
Cc: Hembree, Aimee M (PSC); Smith, Renee C (PSC); Bridwell, Linda C (PSC)
Subject: RE: 2021-00293 - CONFIDENTIAL Information

We have received your above referenced filing. If you need further assistance please contact me. Thanks.

Best Regards,

Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601
502-782-6329

From: Gwyn Willoughby
Sent: Wednesday, September 29, 2021 12:27 PM
To: PSC Executive Director
Subject: RE: 2021-00293 - CONFIDENTIAL Information

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

Brandon,

Per our conversation a moment ago, please see the attached **CONFIDENTIAL** information to EKPC's response to request #4 in the above referenced case filed on 9-1-2021.

I realized today, I had neglected to forward this with the other confidential item.

Thank you,
Gwyn
859-745-9627

From: Bruner, Brandon S (PSC) <brandon.bruner@ky.gov> **On Behalf Of** PSC Executive Director
Sent: Thursday, September 2, 2021 1:02 PM
To: Gwyn Willoughby <gwyn.willoughby@ekpc.coop>
Cc: Hembree, Aimee M (PSC) <Aimee.Hembree@ky.gov>; Smith, Renee C (PSC) <ReneeC.Smith@ky.gov>; Bridwell, Linda

C (PSC) <linda.bridwell@ky.gov>

Subject: RE: 2021-00293 - CONFIDENTIAL Information

We have received your above referenced filing. If you need further assistance please contact me. Thanks.

Best Regards,

Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601
502-782-6329

From: Gwyn Willoughby <gwyn.willoughby@ekpc.coop>
Sent: Wednesday, September 1, 2021 4:20 PM
To: PSC Executive Director <PSCED@ky.gov>
Subject: 2021-00293 - CONFIDENTIAL Information

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

Good evening.

Please see the attached **CONFIDENTIAL** information for Response #11 of EKPC's FAC filing in the above referenced case.

Feel free to call with any questions.

Thank you,
Gwyn

Gwyn Willoughby
Administrative Assistant

East Kentucky Power Cooperative, Inc.
Regulatory and Compliance Services
4775 Lexington Road (40391)
P.O. Box 707
Winchester, KY 40392-0707
859-745-9627

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 5

RESPONSIBLE PARTY: **Mark Horn**

Request 5. Refer to EKPC's response to Staff's First Request, Items 4 and 5.

Request 5a. Provide a more detailed explanation of the economy purchase for Spurlock Units 3 & 4 reported in Item 5.

Response 5a. EKPC issued a written coal-supply solicitation or Request for Proposal ("RFP") on February 23, 2021, with proposals due on March 10, 2021, because the physical coal inventory at Spurlock was declining faster than projected. From that written RFP, EKPC procured coal from the two lowest proposals as seen in Responses 4(a)(b) on page 6 of 7 to Staff's First Request. These coal supply agreements satisfied 50,000 tons/month for the first three months but only 10,000 tons/month for the last three months of the 70,000 tons/month over the six-month term that was requested. On March 30, 2021, CCU Coal and Construction, LLC ("CCU") submitted an unsolicited proposal for 10,000 tons/month with deliveries beginning April 1, 2021, and continuing for the full six months. This unsolicited proposal from CCU, for Spurlock Units 3 & 4, as reported in Item 5, were incremental coal tons that were not previously available. This coal became

available due to another CCU utility customer experiencing an unplanned maintenance outage, effectively leaving this coal stranded. EKPC's Procedure for the Procurement of Coal defines an economy purchase as a spot purchase made without competitive bidding in situations where the price is favorable in comparison to recent bids and unsolicited offers and in comparison with published current market information. This economy purchase followed this mechanism in the procedures.

Request 5b. Provide a comparison of the purchase reported in Item 5 with the Spurlock Units 3 & 4 reported in Item 4.

Response 5b. The economy spot purchase for Spurlock Units 3 & 4 reported in Item 5 was for 60,000 tons of coal at a rate of 10,000 tons/month over a six-month term. In response to the written RFP, CCU had initially bid coal with a delivered cost of \$1.669/MMBtu and, as seen in Responses 4(a)(b) on page 6 of 7 to Staff's First Request, EKPC did not purchase. The unsolicited proposal from CCU, that came in later and not part of the written RFP process, was for a delivered cost of \$1.647/MMBtu, which is lower than the River Trading Co. coal that EKPC did purchase from the written RFP at a delivered cost of \$1.664/MMBtu. The economy spot coal purchase made from CCU as reported in Item 5, which was needed to maintain the physical coal inventory, was purchased at a price lower than all the bids previously received in response to the written RFP, except for the coal that was procured from Foresight Coal Sales, LLC, as reported in Item 4. Upward pressure on coal pricing has continued since these purchase commitments were made.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 6

RESPONSIBLE PARTY: **Craig Johnson**

Request 6. Refer to EKPC’s response to Staff’s First Request, Item 15.

Request 6a. For the landfill generators, explain how the outage time as a result of “Engine Shutdown State Due to Fuel Supply” affects the capacity factor calculation.

Response 6a. Capacity factor is defined as the actual generation divided by the product of the unit installed rating times the period hours. The resultant is multiplied by 100 to provide the capacity factor in percent. “Engine Shutdown Due to Fuel Supply” means that the engine is offline. This reduces the actual generation which reduces the capacity factor of the unit.

Request 6b. For the landfill generators, explain the meaning of “Engine Shutdown Due To Detonation”.

Response 6b. “Engine Shutdown Due to Detonation” means that engine safety control system detected knocks/noise that are mechanical in nature and initiated a shutdown to preserve

the life of the engine. This typically indicates poor fuel quality that results in a pre-ignition of the fuel.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE**

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 7**

RESPONSIBLE PARTY: Michelle Carpenter

Request 7. Confirm that no other revenues or charges from PJM billing line items not authorized by the Commission has been passed through the FAC during the six-month period under review.

Response 7. As discussed in Response 1, EKPC has only included PJM billing line items previously authorized by the Commission and those PJM billing line items that replaced previously authorized billing line item 2210 during the six-month review period.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2021-00293
SECOND REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/2021
REQUEST 8

RESPONSIBLE PARTY: Isaac S. Scott

Request 8. Review EKPC's Fuel Adjustment Clause Tariff sheets and provide a list of necessary adjustments or subsequent information, if any, needed to correspond with the recent changes to 807 KAR 5:056 Fuel Adjustment Clause Regulation, as amended on August 20, 2019, and June 3, 2021.

Response 8. EKPC has reviewed its Fuel Adjustment Clause tariff sheets and determined that the narrative for paragraphs 2 through 5 needs updating to correspond with the current language contained in 807 KAR 5:056. Please see pages 2 and 3 of 5 of this response for a marked up version of the Fuel Adjustment Clause tariff sheets and pages 4 and 5 of 5 of this response for a clean version.

Fuel Adjustment

Applicability

In all territories of owner-members of EKPC.

Availability

This rate schedule shall apply to Rate B, Rate C, Rate E, and Rate G and all special contracts with rates subject to adjustment upon the approval of the Commission.

1. The fuel clause shall provide for periodic adjustment per kWh of sales when the unit cost of fuel $[F(m) / S(m)]$ is above or below the base unit cost of \$.02624 per kWh $[F(b) / S(b)]$. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the fuel adjustment rate for the preceding month where the fuel adjustment rate is defined below:

$$\text{Fuel Adjustment Rate} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all as establish in paragraphs (2) through (6) defined below:

2. Fuel cost (F) shall be the most recent actual monthly cost, based on weighted average inventory costing, of:
 - a. Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation ~~and/or~~ transmission outages, but less the cost of fuel related to substitute generation, plus
 - b. The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
 - c. The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) ~~when such if the~~ energy is purchased on an economic dispatch basis. ~~Included therein may be Costs, such costs as~~ the charges for economy energy purchases, ~~and the~~ charges as a result of scheduled outages, and other charges for also such kinds of energy being purchased by the buyer to substitute for its own higher cost energy, may be included; and less

DATE OF ISSUE: April 1, 2021

DATE EFFECTIVE: Service rendered on and after October 1, 2021

ISSUED BY: _____
Anthony S. Campbell,
President and Chief Executive Officer

Fuel Adjustment (continued)

- d. The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- e. ~~All fuel costs shall be based on weighted average inventory costing.~~
3. Forced outages are all non-scheduled losses of generation or transmission which require ~~(purchase of)~~ substitute power for a continuous period in excess of six (6) hours. ~~Where~~ If forced outages are not ~~as a~~ the result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment. In making the calculations of fuel cost (F) in paragraphs (2)(a) and (2)(b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation until approval is obtained.
4. Sales (S) shall be all kWh sold, excluding inter-system sales. Utility used energy shall not be excluded in the determination of sales (S). ~~If,~~ Where for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to ~~the sum of~~ (i) generation; plus (ii) purchases; plus (iii) interchange in; ~~less~~ (iv) energy associated with pumped storage operations; ~~less~~ (v) inter-system sales referred to in ~~subsection~~paragraph (2)(d) above; ~~less~~ (vi) total system losses. ~~Utility used energy shall not be excluded in the determination of sales (S).~~
5. The cost of fossil fuel shall only include ~~no items other than the invoice price of fuel less any cash or other discounts.~~ The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses, less any cash or other discounts.

DATE OF ISSUE: April 1, 2021

DATE EFFECTIVE: Service rendered on and after October 1, 2021

ISSUED BY: _____
Anthony S. Campbell,
President and Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2021-00103 dated September 30, 2021.

Fuel Adjustment

Applicability

In all territories of owner-members of EKPC.

Availability

This rate schedule shall apply to Rate B, Rate C, Rate E, and Rate G and all special contracts with rates subject to adjustment upon the approval of the Commission.

1. The fuel clause shall provide for periodic adjustment per kWh of sales when the unit cost of fuel $[F(m) / S(m)]$ is above or below the base unit cost of \$.02624 per kWh $[F(b) / S(b)]$. The current monthly charges shall be increased or decreased by the product of the kWh furnished during the current month and the fuel adjustment rate for the preceding month where the fuel adjustment rate is defined below:

$$\text{Fuel Adjustment Rate} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all as established in paragraphs (2) through (6) below:

2. Fuel cost (F) shall be the most recent actual monthly cost, based on weighted average inventory costing, of:
 - a. Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
 - b. The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
 - c. The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) if the energy is purchased on an economic dispatch basis. Costs, such as the charges for economy energy purchases, the charges as a result of scheduled outages, and other charges for energy being purchased by the buyer to substitute for its own higher cost energy, may be included; and less

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Fuel Adjustment (continued)

- d. The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
3. Forced outages are all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. If forced outages are not the result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment. In making the calculations of fuel cost (F) in paragraphs (2)(a) and (2)(b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation until approval is obtained.
4. Sales (S) shall be all kWh sold, excluding inter-system sales. Utility used energy shall not be excluded in the determination of sales (S). If, for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to (i) generation; plus (ii) purchases; plus (iii) interchange in; less (iv) energy associated with pumped storage operations; less (v) inter-system sales referred to in paragraph (2)(d) above; less (vi) total system losses.
5. The cost of fossil fuel shall only include the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licenses, less any cash or other discounts.

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