



A Touchstone Energy Cooperative 

March 28, 2025

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: *In the Matter of: 2022-00190 - Electronic Investigation of the Fuel Adjustment Clause Regulation 807 KAR 5:056, Purchased Power Costs, and Related Cost Recovery Mechanisms*

Dear Ms. Bridwell:

EKPC would like to express appreciation for the Commission's investigation into the Fuel Adjustment Clause (FAC) regulation and to emphasize the critical importance of this matter for East Kentucky Power Cooperative and its owner-members. The purchase of fuels and wholesale power is generally the single greatest expense for a utility and the FAC regulation (807 KAR 5:056) therefore plays a pivotal role in assuring that utilities are able to provide service to customers at fair, just and reasonable rates.

The unique structure of the cooperative model presents specific challenges under the current FAC regulation. Unlike vertically integrated utilities, the cooperative model involves a two-step process where fuel costs are first incurred by EKPC and then passed along to the sixteen owner-members, who must then pass these costs to their retail consumers. This process creates particular difficulties in terms of regulatory lag and cost recovery, often extending up to four months and leading to significant under-recovery during periods of rising fuel costs.

At the request of one of our Owner-Members, EKPC reviews the status of Case No. 2022-00190 at each monthly Board meeting. The current FAC regulation, designed primarily for vertically integrated utilities, does not adequately address the unique challenges faced by distribution cooperatives. EKPC and Jackson Energy Cooperative therefore respectfully request the Commission to take further action to develop the case record and determine how implementing alternatives to ensure more timely and equitable cost recovery for distribution cooperatives might protect their members from excessive rate volatility. EKPC looks forward to working collaboratively with the Commission to develop solutions that will benefit all stakeholders while ensuring the continued stability and reliability of its electric service.

Very truly yours,


Anthony Campbell
President and Chief Executive Officer