

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

IN THE MATTER OF: ELECTRONIC INVESTIGATION : CASE No. 2022-00190
OF THE FUEL ADJUSTMENT CLAUSE REGULATION :
807 KAR 5:056, PURCHASED POWER COSTS, AND :
RELATED COST RECOVERY MECHANISMS. :

**REPLY COMMENTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Kentucky Industrial Utility Customers, Inc. (“KIUC”) hereby submits its Reply Comments to the Kentucky Public Service Commission (“Commission”) in response to some of the Comments filed in the above-captioned proceeding. KIUC’s decision not to respond to every recommendation raised in the Comments should not be construed as agreement or disagreement with those recommendations.

Upon review of the filings, KIUC maintains its recommendations that the Commission: 1) establish the correct threshold between when “*economy*” power purchases end and when “*non-economy*” power purchases begin, as discussed in detail in KIUC’s initial comments; 2) more thoroughly review the reasonableness of non-economy purchase power expenses; 3) expressly consider the adequacy of a utility’s plant maintenance and operations practices as a factor when setting the return on equity in base rates; 4) apply the fuel adjustment clause (“FAC”) regulation in a uniform manner, to the extent possible; and 5) expressly require utilities to provide additional evidence to support their fuel and purchased power procurement practices.

One additional recommendation that emerged from the comments and that may have merit is allowing electric utilities to enter into financial hedges for natural gas purchases in order to reduce the volatility of the FAC.¹ However, if adopted, such financial hedging should be subjected to the same scrutiny required for physical fuel hedges.

WHEREFORE, the Commission should adopt KIUC's recommendations in this proceeding.

Respectfully submitted,

/s/ Jody Kyler Cohn

Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: 513.421.2255 Fax: 513.421.2764

mkurtz@bkllawfirm.com

kboehm@BKLLawfirm.com

jkylercohn@BKLLawfirm.com

**COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.**

December 19, 2022

¹ Comments on behalf of East Kentucky Power Cooperative Inc and Its Sixteen Owner-Members at 9-12; Initial Comments of Kentucky Power Company at 3; Comments of Duke Energy Kentucky, Inc. at 4.