

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

**In the Matter of:**

<b>AN ELECTRONIC EXAMINATION OF THE</b>	)	
<b>APPLICATION OF THE FUEL ADJUSTMENT</b>	)	
<b>CLAUSE OF EAST KENTUCKY POWER</b>	)	<b>CASE NO.</b>
<b>COOPERATIVE, INC. FROM NOVEMBER 1, 2020</b>	)	<b>2023-00009</b>
<b>THROUGH OCTOBER 31, 2022</b>	)	

**RESPONSES TO COMMISSION’S THIRD INFORMATION REQUEST**

**TO EAST KENTUCKY POWER COOPERATIVE, INC.**

**DATED NOVEMBER 1, 2023**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE )  
APPLICATION OF THE FUEL ADJUSTMENT )  
CLAUSE OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. FROM NOVEMBER 1, )  
2020 THROUGH OCTOBER 31, 2022 )

CASE NO.  
2023-00009

CERTIFICATE

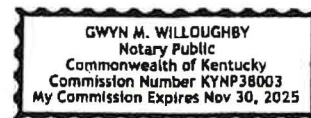
STATE OF KENTUCKY )  
 )  
COUNTY OF CLARK )

Michelle K. Carpenter, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's Third Request for Information in the above-referenced case dated November 1, 2023, 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 17<sup>th</sup> day of November 2023.

*Gwyn M. Willoughby*  
Notary Public



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**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN ELECTRONIC EXAMINATION OF THE )**  
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**CLAUSE OF EAST KENTUCKY POWER )**      **CASE NO.**  
**COOPERATIVE, INC. FROM NOVEMBER 1, )**      **2023-00009**  
**2020 THROUGH OCTOBER 31, 2022 )**

**CERTIFICATE**

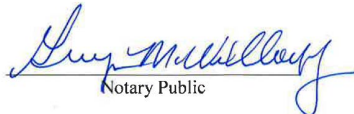
**STATE OF KENTUCKY )**  
**)**  
**COUNTY OF CLARK )**

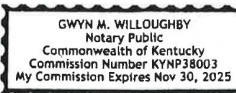
Julia J. Tucker, being duly sworn, states that she has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's Third Request for Information in the above-referenced case dated November 1, 2023, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

*Julia Tucker*

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Subscribed and sworn before me on this 17<sup>th</sup> day of November 2023.

  
Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.  
CASE NO. 2023-00009  
THIRD REQUEST FOR INFORMATION RESPONSE

COMMISSION'S REQUEST DATED NOVEMBER 1, 2023

REQUEST 1

RESPONSIBLE PARTY: Julia J. Tucker

**Request 1.** Refer to EKPC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 18.

- a. Explain the circumstances under which PJM requires capacity purchases when EKPC units are on a planned, maintenance or forced outage.
- b. For the energy purchases to hedge against potentially volatile market prices, explain whether these are on a will call basis, whether they were hours in a day, and whether there were limits to the number of hours that the energy can be taken.

**Response 1.** a. EKPC's generator resources participate in PJM's capacity market. Per PJM manual 18, section 8.4a:

*A Non-Performance Assessment will assess performance of resources during emergency conditions. Non-Performance Assessment applies to Capacity Performance Resource commitments and Price Responsive Demand commitments. Capacity Performance Resource commitments and PRD commitments are exposed to Non-Performance Charges for underperformance during Emergency Actions throughout the entire Delivery Year. Resources*

*that fail to perform are subject to Non-Performance Charge and resources that over-perform may be eligible for Bonus Performance Credit.*

Generators will be excused from underperformance with an approved planned or maintenance outage during a performance assessment interval. However, forced outages are not excused from underperformance during a performance assessment interval, and are subjected to severe penalties (\$3,008.40/MWh for delivery year 2022/23). If EKPC foresees a generator will remain on an extended forced outage, we will attempt to purchase the capacity commitment for that generator from the market to eliminate the non-performance risk. This is not a requirement by PJM. It is a decision by EKPC to mitigate risk.

b. The energy hedges listed in item 18 of the second data request are not on a will call basis. They were for the specified amount of energy during on-peak hours, which is Monday – Friday, 7 a.m. to 11 p.m., excluding NERC holidays.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**CASE NO. 2023-00009**  
**THIRD REQUEST FOR INFORMATION RESPONSE**

**COMMISSION'S REQUEST DATED NOVEMBER 1, 2023**

**REQUEST 2**

**RESPONSIBLE PARTY:            Julia J. Tucker**

**Request 2.**            Refer to EKPC's response to Staff's Second Request, Item 24. When a unit is bid into the market as must run and PJM does not call upon it to run at a level above its minimum load level, explain whether the unit is paid the higher of its cost to run or the locational marginal price (LMP).

**Response 2.**            PJM cannot require a unit to operate below its minimum load level. A unit operating at minimum load as a must run unit is paid LMP.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**CASE NO. 2023-00009**  
**THIRD REQUEST FOR INFORMATION RESPONSE**

**COMMISSION'S REQUEST DATED NOVEMBER 1, 2023**

**REQUEST 3**

**RESPONSIBLE PARTY:**           **Michelle K. Carpenter**

**Request 3.**           Explain in detail the circumstances that would result in EKPC reporting a negative dollar value for a Coal and TDF burned, Oil burned, or Gas burned under Company Generation in its Fuel Adjustment Clause (FAC) form A rate sheet filing.

**Response 3.**           EKPC did not report negative dollar values during the review period for Coal and TDF burned, Oil burned, or Gas burned under Company Generation in its Fuel Adjustment Clause (FAC) form A rate sheet filing. However, it is possible that a negative value could occur in a given month if an adjustment for a fuel type exceeds the value of the current month burn. An adjustment could consist of (1) a true-up of a prior month natural gas settlement estimate, (2) a correction of a prior month value reported in any of the above-mentioned line items, or (3) a physical inventory adjustment for coal or oil. Negative dollar values resulting from such adjustments would be more likely to occur with fuel types that vary considerably from month to month in volume burned and price, such as natural gas.