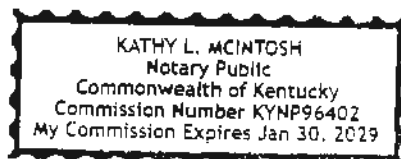


COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. FOR)	
APPROVAL TO AMEND ITS ENVIRONMENTAL)	CASE NO.
COMPLIANCE PLAN, AND RECOVER COSTS)	2025-00053
PURSUANT TO ITS ENVIRONMENTAL)	
SURCHARGE, AND OTHER GENERAL RELIEF)	

RESPONSES TO STAFF’S FIRST INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED AUGUST 12, 2025



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. FOR)	
APPROVAL TO AMEND ITS ENVIRONMENTAL)	CASE NO.
COMPLIANCE PLAN, AND RECOVER COSTS)	2025-00053
PURSUANT TO ITS ENVIRONMENTAL)	
SURCHARGE, AND OTHER GENERAL RELIEF)	

CERTIFICATE


STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Thomas J. Stachnik, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's First Request for Information in the above-referenced case dated August 12, 2025, 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.

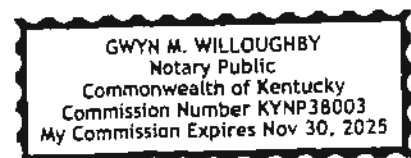


Thomas J. Stachnik

Subscribed and sworn before me on this 26 day of August, 2025.



Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF EAST)
KENTUCKY POWER COOPERATIVE, INC. FOR)
APPROVAL TO AMEND ITS ENVIRONMENTAL)
COMPLIANCE PLAN, AND RECOVER COSTS)
PURSUANT TO ITS ENVIRONMENTAL)
SURCHARGE, AND OTHER GENERAL RELIEF)**

**CASE NO.
2025-00053**

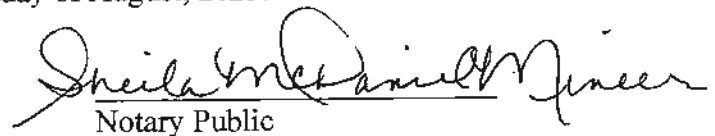
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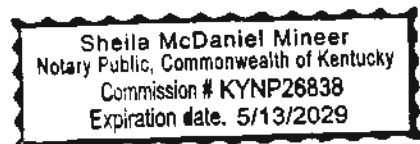
**STATE OF KENTUCKY)
)
COUNTY OF CLARK)**


Joseph VonDerHaar, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's First Request for Information in the above-referenced case dated August 12, 2025, 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.


Joseph VonDerHaar

Subscribed and sworn before me on this 25th day of August, 2025.


Notary Public



August, 2025


 Notary Public

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED AUGUST 12, 2025

REQUEST 1

RESPONSIBLE PARTY: Joe VonDerHaar

Request 1. Refer to the Application, page 3 and Attachment JV-1. EKPC states it is requesting approval of 19 projects; however, the fact sheets provided in Attachment JV1 list 17 projects. Provide the fact sheets for the additional two projects or explain if the request is limited only to the 17 projects listed.

Response 1. The 17 projects contained in Attachment JV-1 have useful lives, are depreciable, and are being recovered on Form 2.1. The other two projects described in are annual groundwater monitoring expenses and do not have depreciation expenses or any gross plant in service attached to them and, in turn, are being recovered on Form 2.12.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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STAFF'S REQUEST DATED AUGUST 12, 2025

REQUEST 2

RESPONSIBLE PARTY: Joe VonDerHaar

Request 2. Refer to the Application, pages 4–5. Provide the capacity factors for the four units at Spurlock Station and the two units at Cooper Station for calendar year 2022 through the most recently available date in 2025.

Response 2. The Net Capacity Factor for the requested units is as follows:

Year	CP1	CP2	SP1	SP2	SP3	SP4
2022	19.03%	33.93%	66.10%	72.90%	71.59%	76.04%
2023	9.71%	25.90%	63.89%	70.56%	73.50%	74.39%
2024	16.76%	19.22%	70.58%	69.01%	67.31%	80.23%
2025	26.63%	28.71%	80.61%	78.39%	83.26%	82.52%

EAST KENTUCKY POWER COOPERATIVE, INC.
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STAFF'S REQUEST DATED AUGUST 12, 2025

REQUEST 3

RESPONSIBLE PARTY: Jerry Purvis

Request 3. Refer to the Application, page 8. By project, provide the “legal authorities” that would require the 2025 Environmental Compliance Plan (ECP) projects absent the two primary rules.

Response 3. EPA, as authorized by Congress, under the Clean Air Act (“CAA”), the Clean Water Act (“CWA”), and the Resource Conservation Recovery Act (“RCRA”) delegate authority to administer several programs to the Kentucky Energy and Environmental Cabinet (“EEC”) agencies (Division of Water, Division of Waste Management, and Division for Air Quality). As the EPA promulgates new federal rules under the CAA, CWA, RCRA, and National Ambient Air Quality Standards (“NAAQS”) there is a connection from the EPA to the EEC and its divisions as “other agencies.” This makes the state issued permits federally enforceable. The Application, Exhibit 6, Attachment JRW-1 references the applicable federal EPA regulations as delegated to the states and any Kentucky regulations that are incorporated in EKPC operating permits. EKPC seeks recovery of environmental costs directly associated with those federally enforceable state authorized regulations and permits.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 4

RESPONSIBLE PARTY: Joe VonDerHaar

Request 4. Refer to the Direct Testimony of Joseph T. VonDerHaar, page 2. Provide detailed cost justification for each of the projects in this request that are listed in EKPC's 2025 ECP. Include assumptions, sources, vendor quotes, internal estimates, and escalation factors used in the cost breakdown.

Response 4. The 17 projects submitted and listed on JV-1 were in one of three categories when submitted: (i) scoping, (ii) design and bidding phase, or (iii) in construction. EPKC provided estimates and supporting information for the projects in design. Provided below is an explanation of how EKPC develops cost estimates for projects. Please note that estimates provided in Attachment JV-1 were a forecast for the project, which is a snapshot in time at submission; and, as a result of the process, there may be differences in provided estimates and what is shown in Attachment JV-1.

In accordance with industry practices, EKPC utilizes three types of estimates, which include (i) a Level "A" estimate, which has an accuracy of +/- 50%, (ii) a Level "B" estimate, which has an accuracy of +/- 30%, and (iii) a Level "C" Estimate with an accuracy of +/- 10%.

Level “A” estimates are planning level estimates and are completed in the beginning stage of a project to request approval to begin engineering on the project. Once EKPC begins engineering, scope can be defined and locked allowing a Level “B” estimate to occur. Lastly, Level “C” estimates occur once design has been finalized. Based on project complexity, duration, and cost, a Project Manager will execute the needed and applicable project estimates. All three estimates may not be completed for each project. Project Managers utilize historic project cost, vendor estimates, and engineer’s estimate of construction costs, unit rates, and any available information to complete Level “A”, “B”, and “C” estimates.

Level “A” Estimate Projects:

- Spurlock West Side Pump Station
- Spurlock South Side Cap
- Smith Landfill Final Cap

Level “B” Estimate Projects:

- Spurlock Landfill – Haul Road Paving Phase 2
- Cooper Unit 2 Replace Middle Layer Catalyst

Level “C” Estimate Projects:

- Spurlock CCR ELG Operations Control Facility (employee Plant Operations Facility)

EKPC did not provide support information for projects that are completed or well into construction as they are now actual costs and not estimates. Below is a table of the percent complete and spend to date of each of the projects based on the project schedule status at the time of submission of the Environmental Surcharge Fact Sheets.

PROJECT	% COMP AT TIME OF SUBMISSION	SPEND TO DATE (8/20/2025)
Spurlock Unit 3 & 4 Cooling Tower Concentrated Acid Tank	97%	\$820,758
Spurlock Landfill A, B, C Run on and Runoff Upgrade	100%	\$196,487
Spurlock Unit 3 and Unit 4 Dust Suppression for BC3, BC4, PC3 and PC4 Conveyors	100%	\$231,789
Spurlock WWT - Ash Reliability Improvements	98%	\$882,695
Spurlock Vac Truck Air Compressor	97%	\$881,037
Spurlock WWT Distillate System Upgrade	100%	\$610,841
Spurlock Water Mass Balance Pond-Install Heat Trace on Supply/Return Lines to Pond	100%	\$247,846
Cooper SCR Top Catalyst Layer Replacement	98%	\$1,306,856
Cooper Landfill Leachate System 480V Electric	97%	\$526,381
Cooper U2 Air Heater Basket/Seal Replacement	98%	\$1,724,894
Spurlock Station Ash Cooling Actuators	100%	\$31,816

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED AUGUST 12, 2025

REQUEST 5

RESPONSIBLE PARTY: Joe VonDerHaar

Request 5. Refer to the Application, Exhibit JV-1 and Attachment JRW-1. Provide supporting documentation for the estimated operating and maintenance (O&M) costs listed for each project.

Response 5. Operation and Maintenance (“O&M”) cost can vary annually and throughout the life of the asset depending on factors such as preventative maintenance needs, spare parts, and lifespan of the equipment. Often the O&M cost on a piece of equipment are low upon installation and increase over time. The EKPC O&M costs provided are levelized on a per-year basis; however, EKPC acknowledges that these costs will not be static year-to-year.

For the Spurlock Unit 3 & 4 Cooling Tower Concentrated Acid Tank – Add Second Tank, O&M cost estimates were based on operations cost for oversight of operation of the tank (including filling of the tank) and preventative maintenance and inspections (approximately 20 hours total per month). The addition of a second acid tank will not increase the usage volume of acid, so cost for purchase of acid were not included in this O&M estimate.

For the Spurlock Landfill – Haul Road Paving Phase 2, EKPC utilized a rehabilitation frequency of 5 years based on a previous recommendation from a consultant based on the nature of the traffic loading and material being hauled. The rehabilitation would include the cost associated with milling and paving the surface course on the 5-year frequency, as well as repair of spot failure that occur and ditch line maintenance. Please see attachment *PSC DRI Request 5 – Spurlock Landfill.xlsx*

The Smith and Spurlock South Side cap projects were developed based on the estimated cost for maintenance of the down drains (\$5,000), mowing (\$10,000), and erosion and sediment control (\$5,000) per year. The down drain and erosion and sediment control costs are based on previous experience from the caps and down drains currently maintained by EKPC. The cost to develop the mowing cost took into consideration the current landfill operations contract EKPC has in place for Spurlock Landfill.

For the Spurlock West Side Pump Station, the O&M costs were developed to cover the monitoring of the pump station on a regular basis utilizing standard unit rates and a contingency for repairs and spare parts required to maintain operation of the pump station.

For the Spurlock Landfill A, B, C run on and run off upgrade, it was expected that general maintenance of the stone-lined ditches associated with this project would be required. The cost was based EKPC's experience with the unit rates for purchase and placement of stone.

Conveyors, the Spurlock Distillate upgrades, and the Spurlock Water Mass Balance Line Heat Trace/Insulation, the O&M cost of \$5,000 took into account the cost for the labor cost associated with Preventative Maintenance activities and inspections (approximately four hours per month) as well as allowance for miscellaneous repairs, including minor material procurement and

replacement such as a plug nozzle.

Similarly, the Spurlock WWT – Ash Reliability Improvements O&M cost \$10,000 per year took into account the cost for the labor cost associated with approximately seven hours Preventative Maintenance activities and inspections per month, as well as allowance for miscellaneous repairs.

For the Spurlock Ash Truck Compressor, a semi-annual service quote was received for approximately \$13,000 per year. The air compressor will also require preventative maintenance (approximately four hours per month) and miscellaneous repairs including minor material procurement and replacement of air filters. Please see attachment *PSC DRI Request 5 – Service Check Quote.pdf*.

For the Spurlock Ash Cooling Actuators, the O&M costs included assume that one of the eight valves installed will need replacement approximately once every 10 years. The cost for a replacement is \$3,900 in material cost and approximately \$1,000 in labor for installation costs. Please see attachment *PSC DRI Request 5 – FloSource Quote.pdf*. Amortizing this into an annual O&M rate, EKPC determined the costs would equal approximately \$500/year.

No back up was provided for the Cooper SCR – Top Catalyst Layer Replacement, Cooper Landfill Leachate System 480 Volt Electric, Cooper U2 Air Heater Basket/Seal Replacement, and the Cooper Unit 2 Replace Middle Layer Catalyst projects as these projects have \$0 added O&M expenditures. The catalyst and air heater basket projects were replacements; therefore, there is no additional O&M expenses. The Cooper Landfill Leachate System 480 Volt Electric removed plant operation and maintenance cost by provide removing the manual generator.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 6

RESPONSIBLE PARTY: Joe VonDerHaar

Request 6. State the expected useful life of each of the projects in this request that are listed in EKPC's 2025 ECP.

Response 6. The projects Listed in EKPC's 2025 ECP are expected to have useful life with proper maintenance until each of the respective units' financial life stated EKPC's current deprecation study.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 7

RESPONSIBLE PARTY: Jacob R. Watson

Request 7. Refer to the Application, Attachment JRW-1. For any project listed in the application that represents an amendment or replacement of an earlier ECP project, identify the original project and provide a comparison and justification for the changes.

Response 7. Project 38, Spurlock Landfill – Haul Road Paving, is listed as an amendment because it is to be completed in Phases. Phase One was completed and placed in-service on November 24, 2020. Construction for Phase Two is estimated to be completed on/by September 30, 2026, pending Commission approval. Please refer to the response to Request 5 for a justification for the change. For Phase One, the total cost of the project was \$2,097,195. The forecasted cost of Phase Two is \$3,414,357. Please see attachment *PSC DRI Request 10 – Revenue Support.xlsx*, cell D4, that shows the total forecasted project cost.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 8

RESPONSIBLE PARTY: Jerry Purvis

Request 8. Provide copies of any Facility Evaluation Reports or assessments related to the applicability of the Legacy Disposal of Coal Combustion Residuals (CCR) from Electric Utilities Rule (CCR Rule) to EKPC facilities.

Response 8. EKPC is reviewing the new direct and final rule for the legacy CCR rule. The EKPC compliance plan for this rule will be revised to reflect any modifications and changes to the plan. For reference, please see attachment *PSC DRI Request 8 - EKPC Legacy CCR Rule Compliance Plan.pdf*. When EPA issues a new direct and final rule, EKPC will revise the compliance plan. EKPC has not completed any Facility Evaluation Reports ("FER"s) to date currently.

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REQUEST 9

RESPONSIBLE PARTY: Jerry Purvis

Request 9. Refer to the Application, Attachment JRW-1. Provide an update on all environmental permits that EKPC anticipates will be required for the proposed projects. Indicate in the response whether any new permitting applications have been initiated; whether any previously initiated permit applications have been approved or denied, and if denied, for what reason; and provide any other permitting updates that may be available. This is to be considered an ongoing request through the pendency of this case.

Response 9. All 19 projects listed are required by the existing operating permits such as: the CAA Title V air permits, the CWA, Kentucky Pollutant Discharge Elimination System water permits, and the Resource Conservation and Recovery Act/Kentucky Division of Waste Management waste "dry ash" landfills permits. EKPC is in compliance with the 2015 direct and final rules for ELG and CCR. EKPC is meeting the minimum standards for the legacy CCR rule required for the initiation of groundwater installation at the former Dale Station and future FERs at EKPC's coal-fired facilities.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 10

RESPONSIBLE PARTY: Jacob R. Watson

Request 10. Refer to the Application, Attachment JRW-3. Provide the derivation of the revenue requirement for the environmental surcharge, as shown in Attachment JRW-3. Include all supporting calculations and assumptions, including escalation factors, load forecasts, and cost allocations.

Response 10. Please see attachment *PSC DRI Request 10 – Revenue Support.xlsx*. Additionally, as previously noted in EKPC's response to Request 1, projects 57-58 are not included because they are not constructed projects, are only annual environmental monitoring expenses, and do not have any depreciation expenses or any gross plant in service. These projects were included as O&M expense in the Attachment JRW-3 calculation. Within Attachment JRW-3, there are no escalation factors, load forecasts, or additional cost allocations.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 11

RESPONSIBLE PARTY: Jacob R. Watson

Request 11. Refer to the Application, Attachment JRW-2. Explain how the proposed monthly surcharge reporting formats in Attachment JRW-2 differ from the currently approved formats. Provide justification for each proposed change.

Response 11. EKPC proposes to include projects 42-57 on ES Form 2.1 and projects 58-59 on ES Form 2.12. Please refer to *Attachment JRW-2 – Reporting Formats Redline.xlsx*, all proposed changes to the monthly surcharge formats are italicized in both tabs.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 12

RESPONSIBLE PARTY: Jacob R. Watson

Request 12. Explain whether the proposed surcharge reporting and billing procedures are consistent with EKPC's current environmental surcharge tariff (Rate Schedule ES). Identify and explain any deviations.

Response 12. Yes, EKPC's surcharge reporting and billing procedures are consistent with Rate Schedule ES.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED AUGUST 12, 2025

REQUEST 13

RESPONSIBLE PARTY: Jacob R. Watson

Request 13. Provide a sample calculation showing how the Base Environmental Surcharge Factor (BESF) will be calculated and billed under the current tariff structure.

Response 13. Please see attachment *PSC DRI Request 13 – June ES Filing.pdf*, ES Form 1.1, line 17 which shows how the BESF is utilized in the monthly calculation. Additionally, see PDF pages 16-31 in the same attachment to see how the BESF is utilized to calculate the pass-through amounts of each Owner-Members.

The BESF of 0.34% was last reviewed and approved by the PSC in Case No. 2025-00013. The BESF reduces the CESF to remove recovery of items identified as included in both Base Rate and the Environmental Surcharge.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 14

RESPONSIBLE PARTY: Thomas J. Stachnik

Request 14. Refer to the Application, Attachment TJS-1. Provide a detailed explanation of how EKPC calculated the rate of return, including the capital structure, debt/equity ratio, cost of debt, and any assumptions for equity.

Response 14. While, for investor-owned utilities, the rate of return is based upon overall capital structure, for cooperatives, such as EKPC, the original (and current) methodology for determining an appropriate return is the product of the weighted average debt cost of the debt issuances directly related to the projects in EKPC's Compliance Plan, multiplied by a TIER factor. The applicable debt used in the calculation are Federal Financing Bank ("FFB") loans used to fund compliance projects that are included in environmental surcharge. The financing source for each compliance project notes which FFB loan funded that specific project. Each FFB loan may have several advances that were used to fund the corresponding compliance project. Each of these advances are used in calculating the cost of debt for each compliance project. The Net Book Value ("NBV") of the compliance projects was calculated as of April 30, 2025. If part of a compliance project EKPC-syndicated credit facility interest rate as of April 30, 2025 was used for the cost of

the CWIP portion.

The corresponding cost of financing each compliance project is a composite interest rate of all the FFB loan advances that financed the project. This composite interest rate is calculated by totaling the current liability as of April 30, 2025 for each FFB loan advance that funded the compliance project, totaling the yearly interest of each FFB loan advance using the interest rate for each individual FFB loan advance and then dividing the total yearly interest by the total current liability. These calculated cost rates per compliance project are multiplied by the total investment of each project and then divided by the total investment of all compliance projects included in the calculation to determine a weighted average cost of debt for each compliance project. These weighted averages are summed together to produce the Weighted Average Cost of Debt (“WACD”). The WACD is then multiplied by the TIER to determine the final rate of return.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 15

RESPONSIBLE PARTY: **Thomas J. Stachnik**

Request 15. Refer to the Application, Attachment TJS-1. Provide supporting documentation for interest rates, debt instruments, and investment balances shown in the “Rate of Return” and “LTD Interest Rates” tabs.

Response 15. Please see attachment *PSC DRI Request 15 - Debt and Interest Support.pdf*.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 16

RESPONSIBLE PARTY: Jacob R. Watson

Request 16. Confirm whether EKPC proposes to earn a return on Construction Work in Progress (CWIP). If so, provide justification and explain how CWIP will be monitored.

Response 16. Yes, please refer to *Attachment JRW-3 – Residential Impact.xlsx* which illustrates a return on CWIP as EKPC includes those amounts in its monthly surcharge costs. Additionally, CWIP is monitored by project and is included in the Environmental Surcharge for recovery based upon the projects that have been approved by the Commission and do not begin depreciating until they are moved from CWIP to In–Service (planted).

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 17

RESPONSIBLE PARTY: Jacob R. Watson

Request 17. Explain how EKPC will allocate environmental surcharge costs among its owner-member distribution cooperatives. Include any supporting methodology or policy documents.

Response 17. The Owner-Members provide EKPC their member revenues each month. EKPC then calculates its MESF through its own environmental surcharge filing which is used to calculate each Owner-Member's pass-through amounts. Please see attachment *PSC DR1 Request 13 – June ES Filing.pdf* which depicts EKPC's a recent environmental surcharge filing. This example demonstrates how EKPC and each Owner-Member environmental surcharge amounts are calculated. EKPC's calculations start on PDF page 2 and the Owner-Members calculations start on PDF page 16. Please also refer to EKPC's current Commission approved tariff, specifically Rate ES, in regard to the supporting methodology and policy documents.

EKPC's calculated MESF is a percentage adder to each of the Owner-Member's monthly power bills. EKPC is not proposing any deviation to how the Environmental Surcharge is calculated or billed each month.

EAST KENTUCKY POWER COOPERATIVE, INC.
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REQUEST 18

RESPONSIBLE PARTY: Jacob R. Watson

Request 18. Confirm whether each owner-member cooperative applies the proposed surcharge in the same manner to retail customers. If not, identify and explain differences.

Response 18. Yes, EKPC calculates the pass-through amounts for each Owner-Member and that is filed monthly with the PSC. The Owner-Members bill that filed amount to their retail customers.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
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REQUEST 19

RESPONSIBLE PARTY: Jacob R. Watson

Request 19. Provide any guidance EKPC has issued or plans to issue to member cooperatives regarding customer communication of the proposed surcharge impact.

Response 19. EKPC provides communications on how the ES operates generally to its Owner-Members. A “frequently asked questions” explainer piece is provided to the Owner-Members for placement on their website and in print form for their office lobbies. Please see attachment *PSC DRI Request 19 – ES FAQ.pdf*. Additionally, EKPC does not typically communicate with the Owner-Member’s retail members on specific questions on the environmental surcharge, unless requested to do so by the Owner-Member.