

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF EAST)
KENTUCKY POWER COOPERATIVE, INC. FOR)
AN ORDER APPROVING THE ESTABLISHMENT)
OF A REGULATORY ASSET FOR THE)
EXPENSES ASSOCIATED WITH THE REGIONAL)
TRANSMISSION EXPANSION PROCESS AND)
EXPENSES ASSOCIATED WITH COAL)
COMBUSTION RESIDUALS)**

**CASE NO.
2025-00193**

**RESPONSES TO STAFF’S FIRST INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED JULY 21, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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EXPENSES ASSOCIATED WITH THE REGIONAL)	
TRANSMISSION EXPANSION PROCESS AND)	
EXPENSES ASSOCIATED WITH COAL)	
COMBUSTION RESIDUALS)	

CERTIFICATE

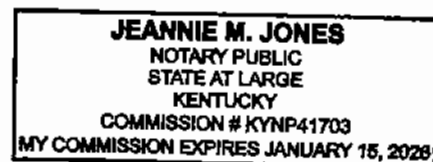
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Darrin Adams, 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 Amended Request for Information in the above-referenced case dated July 21, 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.

Darrin Adams
Darrin Adams

Subscribed and sworn before me on this 30th day of July, 2025.

Jeannie M. Jones
Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

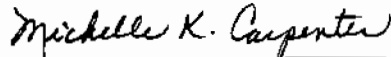
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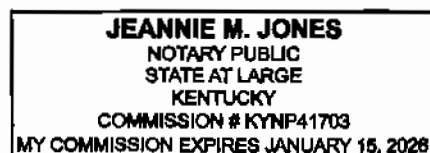
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

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 First Amended Request for Information in the above-referenced case dated July 21, 2025, 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 30th day of July, 2025.


Notary Public



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CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry B. Purvis, 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 Amended Request for Information in the above-referenced case dated July 21, 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.

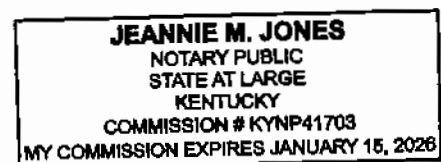
Jerry Purvis

Jerry B. Purvis

Subscribed and sworn before me on this 30th day of July, 2025.

Jeannie M. Jones

Notary Public



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

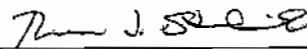
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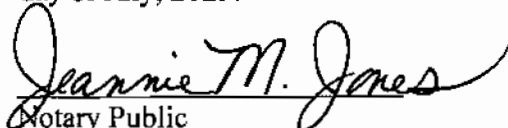
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

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 July 21, 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.

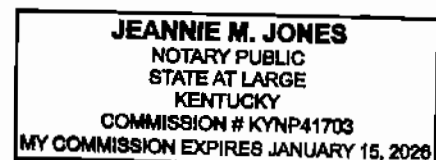


Thomas J. Stachnik

Subscribed and sworn before me on this 30th day of July, 2025.



Notary Public



EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 1

RESPONSIBLE PARTY: **Michelle K. Carpenter**

Request 1. Refer to the Application, Exhibit_2_-_CCR_and_RTEP_Support.xlsx, tab labeled "RTEP basis." Provide an update to the table labeled "PJM Settlement Analysis System Invoice Monthly Comparison Summary 2025" to include the invoices for May 2025 and June 2025.

Response 1. Please see *Staff DRI-1-2025 RTEP Basis.xlsx* for an updated table that includes invoices for May and June 2025.

EAST KENTUCKY POWER COOPERATIVE, INC.
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STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 2

RESPONSIBLE PARTY: Thomas J. Stachnik

Request 2. Refer to the Application, page 5, paragraph 10.

- a. Provide the expected impact on EKPC's Times Interest Earned Ratio (TIER) if the Commission were to deny regulatory asset treatment for the Legacy Coal Combustion Residuals (CCR) Asset Retirement Obligations (AROs).
- b. Provide the expected impact on EKPC's TIER if the Commission were to deny regulatory asset treatment for the Regional Transmission Expansion Process (RTEP) expenses.
- c. Provide the TIER required to satisfy EKPC's debt covenants.

Response 2.

- a. If the Commission were to deny regulatory asset treatment for the Legacy Coal Combustion Residuals (CCR) Asset Retirement Obligations (AROs), the projected 2025 TIER would go from 1.14 to 1.13 given budgeted margin and interest expense.
- b. If the Commission were to deny regulatory asset treatment for the Regional Transmission Expansion Process (RTEP) expenses the projected 2025 TIER would go from 1.14

to 0.96 given budgeted margin and interest expense. The projected 0.96 TIER will not meet EKPC's debt covenants.

c. EKPC's Trust Indenture and corresponding debt covenants contain a 1.10 MFI (Margins for Interest) requirement. For calculation purposes, MFI is very similar to TIER. In order to satisfy EKPC's debt covenants, a minimum TIER of approximately 1.10 would need to be achieved.

EAST KENTUCKY POWER COOPERATIVE, INC.
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FIRST REQUEST FOR INFORMATION RESPONSE

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REQUEST 3

RESPONSIBLE PARTY: Darrin Adams

Request 3. Refer to the Application, page 5, paragraph 10. EKPC stated that its “SBDFAX for this RTEP project increased from 6.65 percent in 2024 to 52.21 percent in 2025.” Provide the support for this increase in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response 3. PJM calculates the DFAX values annually for each RTEP project. PJM does not share the data behind the calculation publicly. PJM files the annual cost allocation for each RTEP project as an Appendix to Schedule 12 of its Open Access Transmission Tariff. This is the only information provided by PJM regarding the cost allocation calculations.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 4

RESPONSIBLE PARTY: Darrin Adams

Request 4. Refer to the Application, page 5, paragraph 10. Provide the support and calculations for the projected \$18.1 million increase for RTEP expenses for 2025 associated with the Mt. Storm-Valley 500 kV line (b2759) project in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response 4. See attachment *Staff DRI-4.xlsx* for a comparison of the costs assigned to each PJM load zone in 2024 and the estimated costs to be assigned in 2025 for the Mt. Storm-Valley 500 kV line (b2759) project. An explanation of the information contained in this Excel spreadsheet is as follows:

- Column B lists the Annual Revenue Requirement for the project as filed by Dominion Energy for the specified time period and Column C converts this to a monthly revenue requirement.
- Columns D through AB list the cost allocation percentages for each PJM load zone and the corresponding monthly allocated costs for those load zones. EKPC's calculated values are in Column O.

- Rows with “b2759” as the PJM Upgrade ID in Column A represent the load-ratio share value assigned to each zone.
- Rows with “b2759_dfax” as the PJM Upgrade ID in Column A represent the solution-based distribution-factors value calculated for each zone.

The spreadsheet shows that EKPC was assigned cost of \$2,548,372.23 for this RTEP project in 2024, and that EKPC’s estimated assigned cost for 2025 is \$21,656,540.05. Therefore, the expected difference in EKPC’s assigned costs for this project is an increase of \$19,108,167.82. This increase is expected to be offset slightly by changes in costs allocated to EKPC for several other projects, resulting in a net expected increase in EKPC’s RTEP cost allocation in 2025 of approximately \$18.1 million.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 5

RESPONSIBLE PARTY: **Michelle K. Carpenter**

Request 5. Refer to the Application, page 5, paragraph 10. Provide the monthly actual RTEP charges as of the date of this request for 2025 and the estimated amounts for the remaining months of 2025.

Response 5. Please refer to Response 1 for the monthly RTEP charges incurred through June 30, 2025, which total \$14.7 million. To project 2025 annual expense, Response 1 assumes that the remaining months of 2025 will be the same as the first six months of the year. Based upon the most recent information provided on PJM's website, a monthly amount of \$2,445,158 is expected beginning in July, but this monthly amount could be subject to future changes.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 6

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 6. Refer to the Application, page 5, paragraphs 10 and 11. Explain whether EKPC is requesting a one-time deferral or ongoing deferral for RTEP expenses above base rates.

Response 6. In this application, EKPC is only requesting a one-time deferral of 2025 RTEP expenses in excess of the amount established in base rates per Case No. 2021-00103. However, EKPC plans to request an ongoing deferral for RTEP expenses in excess of the amount established in base rates in its upcoming rate case application.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 7

RESPONSIBLE PARTY: Darrin Adams

Request 7. Refer to the Application, page 5, paragraph 10. Explain whether rebuilding the Mt. Storm-Valley 500 kV line (b2759) in the Dominion Energy zone is a baseline or supplemental project.

Response 7. Rebuilding the Mt. Storm Valley 500 kV line (b2759) in the Dominion Energy zone is classified by PJM as a baseline project and is therefore subject to regional cost allocation.

EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2025-00193

FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 8

RESPONSIBLE PARTY: Jerry Purvis

Request 8. Refer to the Application, page 7, paragraph 19 which stated EKPC believes the ARO settlement costs will be recoverable through the Environmental Surcharge mechanism when the costs to complete the projects are incurred. Explain how recovery of the Legacy CCR AROs complies with 278.183(1) which states, in part, that:

Notwithstanding any other provision of this chapter, effective January 1, 1993, a utility shall be entitled to the current recovery of its costs of complying with the Federal Clean Air Act as amended and those federal, state, or local environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal in accordance with the utility's compliance plan as designated in subsection (2) of this section.

Response 8. EKPC is in compliance with the federal Clean Air Act, Clean Water Act, and RCRA that regulate EKPC's coal-fired boilers that generate electrical power to the power delivery system. EKPC burns coal fuel in its utility-scale boilers to generate electricity. The

combustion of coal fuel results in coal combustion residuals regulated by the EPA under the 2015 CCR rule, the promulgated legacy CCR rule in 2024, and under the state adopted regulations in 401 KAR 46. EKPC interprets KRS 278.183(1) to mean if coal fuel is burned in EKPC's utility boilers to generate electricity, that is in compliance with the federal Clean Air Act as the waste product which results is defined as coal combustion under state and federal regulations. EKPC filed the environmental surcharge application to recover the costs from the 2024 legacy CCR rule since EKPC's compliance plans comport activities required under federal regulations. EKPC works prudently and diligently to comply with federal and state regulations. If it is not for the promulgation of the 2024 legacy CCR rule, EKPC would not seek such recovery. See Exhibits – EKPC Legacy CCR compliance plan –1 and Exhibit –GS2 and EKPC CCR –3.

The EPA recently proposed extending timelines for compliance with legacy CCR rule which is out for public comment. EPA recognizes that EKPC must comply with the material contained in the federal rule but is proposing more time to do so.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
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STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 9

RESPONSIBLE PARTY: **Michelle K. Carpenter and Jerry Purvis**

Request 9. Refer to the Application, Exhibit_2_-_CCR_and_RTEP_Support.xlsx.

- a. Explain whether the cost shown on Line 3 for each Legacy CCRs is the actual cost, original cost or an estimated cost.
- b. Provide EKPC's calculations for the original costs listed for all Legacy CCRs.
- c. Provide EKPC's calculations for the estimated costs listed for all Legacy CCRs.

Response 9.

- a. The costs shown on Line 3 for each Legacy CCR represent EKPC's best estimates of groundwater monitoring and closure certification costs at an LSI site and for expected costs related to facility evaluations at various sites where CCRMUs areas of interest were identified.
- b. There were no original costs to be utilized for the Legacy CCR ARO calculations. All were calculated based upon estimated costs of compliance.
- c. Please see confidential attachment *Staff DRI-9c-EKPC Legacy CCR Rule Compliance Plan.pdf* support of estimated costs for Legacy CCR AROs.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 10

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 10. Refer to the Application, page 10, paragraph 27. EKPC requested a decision no later than September 30, 2025. Confirm whether EKPC will start incurring these expenses on September 30, 2025, or if it will start incurring these expenses at an earlier or later date.

Response 10. EKPC has been incurring RTEP and Legacy CCR ARO accretion and depreciation expenses on its books since January 2025. EKPC proposes to defer all applicable expenses incurred year-to-date at the time of the Commission's approval and then, defer applicable expenses incurred thereafter on a monthly basis for the remainder of the year. It should be noted that deferral is requested for 2025 and all subsequent years for Legacy CCR AROs. Deferral of RTEP expenses is only for 2025. Deferral of all subsequent years of RTEP expense in excess of the amount established in base rates will be addressed in EKPC's upcoming rate case application.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00193
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED JULY 21, 2025

REQUEST 11

RESPONSIBLE PARTY: **Michelle K. Carpenter**

Request 11. If deferral accounting is approved for the AROs, provide the journal entries EKPC will record to defer the ARO expenses and settle the AROs.

Response 11. Please refer to the Application's *Exhibit 2 – CCR and RTEP Support.xlsx*, tab Sample Legacy Reg Asset JEs, for entries to defer ARO accretion and depreciation expenses. The accreted ARO liability is settled when actual project costs are incurred. The regulatory asset is amortized to expense as recovery of actual project costs occur through the Environmental Surcharge. Any balance remaining in the applicable ARO liability and regulatory asset accounts upon completion of the project would be cleared with zero impact to margin. For illustrative purposes only, the following entries assume settlement of the fully accreted and depreciated LSI ARO of \$1,409,216 in 2028, with actual project costs of \$1,200,000 incurred in 2028.

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
230003	Asset Retirement Obligation-Ash	\$1,200.000	
232100	Accounts Payable		\$1,200.000
	<i>To record actual project costs incurred in 2028</i>		
411100	Accretion Expense	\$229.200	
403800	Depreciation Expenses - Asset Retirement Costs	\$970.800	
1823XX	Other Regulatory Assets		\$1,200.000
	<i>To amortize to expense when ES revenue recognized</i>		
230003	Asset retirement Obligation-Ash	\$209.216	
1823XX	Other Regulatory Assets		\$209.216
	<i>To settle remaining ARO and regulatory asset balances</i>		