COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST	)	
KENTUCKY POWER COOPERATIVE, INC.	)	
FOR A GENERAL ADJUSTMENT OF RATES,	)	**Case No.**
APPROVAL OF DEPRECIATION STUDY,	)	**2025-00208**
AMORTIZATION OF CERTAIN REGULATORY	)	
ASSETS AND OTHER GENERAL RELIEF	)	

RESPONSES TO STAFF'S FIRST POST-HEARING INFORMATION REQUEST

TO EAST KENTUCKY POWER COOPERATIVE, INC.

DATED DECEMBER 11, 2025

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES, APPROVAL OF DEPRECIATION STUDY, AMORTIZATION OF CERTAIN REGULATORY ASSETS, AND OTHER GENERAL RELIEF	**))))))**	**Case No. 2025-00208**

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 Post-Hearing Request for Information in the above-referenced case dated December 11, 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

Subscribed and sworn before me on this 17th day of December, 2025.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029

Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES, APPROVAL OF DEPRECIATION STUDY, AMORTIZATION OF CERTAIN REGULATORY ASSETS, AND OTHER GENERAL RELIEF	**))))))**	**Case No. 2025-00208**

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Gregory H. Cecil, 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 Post-Hearing Request for Information in the above-referenced case dated December 11, 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.

Gregory H. Cecil

Subscribed and sworn before me on this 16th day of December, 2025.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029

Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES, APPROVAL OF DEPRECIATION STUDY, AMORTIZATION OF CERTAIN REGULATORY ASSETS, AND OTHER GENERAL RELIEF	**))))))**	**Case No. 2025-00208**

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Cliff Scott, 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 Post-Hearing Request for Information in the above-referenced case dated December 11, 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.

Cliff Scott

Cliff Scott

Subscribed and sworn before me on this 17th day of December, 2025.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029

Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES, APPROVAL OF DEPRECIATION STUDY, AMORTIZATION OF CERTAIN REGULATORY ASSETS, AND OTHER GENERAL RELIEF	**))))))**	**Case No. 2025-00208**

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 Post-Hearing Request for Information in the above-referenced case dated December 11, 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 16th day of December, 2025.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029

Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR A GENERAL ADJUSTMENT OF RATES, APPROVAL OF DEPRECIATION STUDY, AMORTIZATION OF CERTAIN REGULATORY ASSETS, AND OTHER GENERAL RELIEF	**))))))**	**Case No. 2025-00208**

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jacob R. Watson, 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 Post-Hearing Request for Information in the above-referenced case dated December 11, 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.

Jacob R. Watson

Jacob R. Watson

Subscribed and sworn before me on this 16th day of December, 2025.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029

Christian Everly

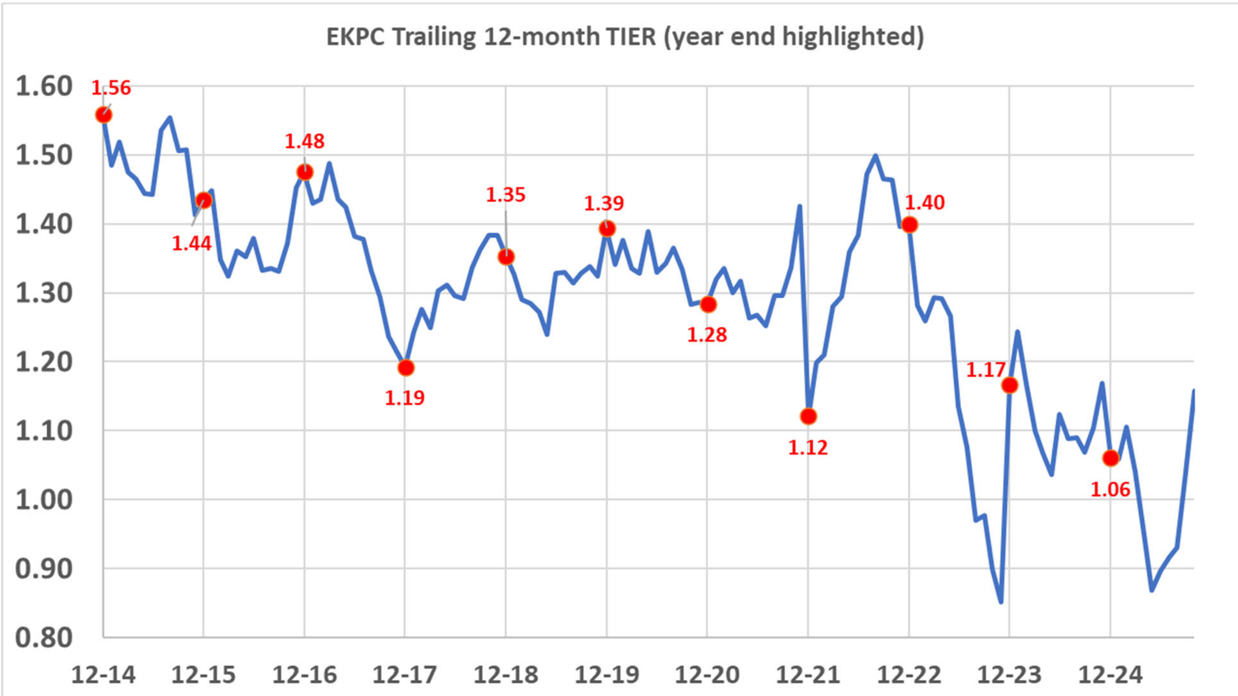
Notary Public

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 1
RESPONSIBLE PARTY: Thomas J. Stachnik

Request 1. Provide the monthly Times Interest Earned Ratio (TIER) for EKPC for the ten years, beginning in 2015.

Response 1. Please see attachment *PSC PHDR1 Request 1 - TIER 2015 to Date.xlsx*. Monthly TIER is volatile due to seasonality and does not reflect the covenant requirements of EKPC's debt agreements, which only consider measures for full fiscal years. Also included in the attachments are year-to-date and trailing 12-month TIER. Trailing 12-month TIER more accurately reflects TIER without the vagaries of seasonality. The graph below shows trailing 12-month TIER with the year-end values (which reflect the measurement dates for debt covenant calculations) highlighted in red.


EKPC Trailing 12-month TIER (year end highlighted)
1.60
1.50
1.40
1.30
1.20
1.10
1.00
0.90
0.80
12-14
12-15
12-16
12-17
12-18
12-19
12-20
12-21
12-22
12-23
12-24
1.56
1.44
1.48
1.19
1.35
1.39
1.28
1.12
1.40
1.17
1.06

EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2025-00208

FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025

REQUEST 2

RESPONSIBLE PARTY: Jacob R. Watson

Request 2. Provide EKPC's final update of the actual costs incurred in conjunction with this rate case, including the actual costs incurred on behalf of the Member-Owners' passthrough cases, by January 9, 2026. Include copies of any invoices or other documentation that support charges incurred in the preparation of this rate case. If necessary, provide an itemized estimate of remaining costs to be incurred for this case as of that date, and include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

Response 2. The final update on the actual costs incurred in conjunction with this rate case will be filed by January 9, 2026.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 3
RESPONSIBLE PARTY: Jacob R. Watson

Request 3. Provide a final revenue requirement and billing analysis, including the information provided in response to Item 2, by January 9, 2026.

Response 3. The final revenue requirement and billing analysis, including actual costs incurred in conjunction with this rate case, will be filed by January 9, 2026.

EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2025-00208

FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025

REQUEST 4

RESPONSIBLE PARTY: Cliff Scott

Request 4. Refer to the Hearing Testimony of Cliff Scott. Provide an example calculation, using actual data from a fiscal year in which EKPC ended the fiscal year with TIER metrics in the 1.1 to 1.2 range of the collection amount if the proposed Symmetrical Earnings Mechanism (SEM) had been in place at that time.

Response 4. Please see attachment *PSC PHDR1 Request 4 – 2023 SEM Example.xlsx*. A 2023 test year was utilized for the SEM example because EKPC achieved a 1.18 TIER during that year.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 5
RESPONSIBLE PARTY: Jeffrey W. Wernert, Jr.

Request 5. Refer to the Stipulation and Settlement Agreement, Exhibit C, "EKPC Summary" tab. Provide a similar analysis using the following scenarios:

a. $0.50/kW increase to the interruptible credit.

b. $1.00/kW increase to the interruptible credit.

c. $1.50/kW increase to the interruptible credit.

Response 5. Please see the following attachments.

a. *PSC PHDR1 Request 5a - Settlement Agreement - Exhibit C ($0.50 per kW).xlsx*

b. *PSC PHDR1 Request 5b - Settlement Agreement - Exhibit C ($1.00 per kW).xlsx*

c. *PSC PHDR1 Request 5c - Settlement Agreement - Exhibit C ($1.50 per kW).xlsx*

d. *PSC PHDR1 Request 5d - Settlement Agreement - Exhibit C Summary of Various Int Credits.xlsx*

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 6
RESPONSIBLE PARTY: Jacob R. Watson

Request 6. Provide how many Large Special Contract customers EKPC and its Owner-Members have, which owner-member serves the customer(s), and identify each of those Large Special Contracts that are interruptible.

Response 6. There is only one Large Special Contract customer and it is interruptible, it is served by Owen Electric Cooperative. This is a long-standing contract that has served Owen, EKPC and the community well with sound operations and beneficial employment. EKPC, Owen and the customer meet on a regular basis to review operations, discuss costs and seek mutually beneficial solutions. All parties seek to reach mutually beneficial operations, if those operations become burdensome on any of the parties, notice can be given to end the existing contract and open it for renegotiations to ensure it remains beneficial to all parties.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 7
RESPONSIBLE PARTY: Jacob R. Watson

Request 7. Refer to Attachment CS-1, SEM Example. Explain what the average residential bill impact would be on a monthly basis and how much the impact may differ across the Owner-Member customer classes.

Response 7. The Owner-Member Earnings Mechanism tariffs will be updated in 2026. Without knowing the final approved language in those revised tariffs, EKPC can only provide an estimate using a methodology similar to the existing Earning Mechanism tariffs.

EKPC's sixteen Owner-Members will be allocated their portion based upon their revenue contribution, this is detailed in Attachment CS-1, SEM Example. Under the existing tariffs, residential members would receive equal amounts. By dividing the amount of (under)-recovery by the average customer counts, and then dividing by the number of months the recovery is amortized over, EKPC would estimate an average monthly impact to residential members at $5.39. Below is a table detailing the calculation. Again, this is an estimate using a similar approach as to the existing Earnings Mechanism tariffs. With revised tariffs, the methodology could change.

Attachment CS-1 - Example From Tab - Allocation Pg 1			Estimated Example Residential Impact	
Member	Percentage of Rate Schedule	Allocation of ($34,659,441)	2024 Average Customer Count*	Monthly Impact
Big Sandy	2.1648%	($750,297.17)	11,574	($5.40)
Blue Grass	11.5977%	($4,019,694.48)	60,641	($5.52)
Clark	4.5756%	($1,585,884.30)	26,017	($5.08)
Cumberland Valley	4.4720%	($1,549,963.25)	22,556	($5.73)
Farmers	4.7746%	($1,654,849.65)	24,838	($5.55)
Fleming-Mason	4.6245%	($1,602,811.97)	23,660	($5.65)
Grayson	2.3154%	($802,497.76)	14,429	($4.63)
Inter-County	4.4698%	($1,549,197.28)	26,655	($4.84)
Jackson	8.7291%	($3,025,443.37)	49,423	($5.10)
Licking Valley	2.5758%	($892,764.80)	16,805	($4.43)
Nolin	6.3784%	($2,210,714.29)	35,519	($5.19)
Owen	11.3193%	($3,923,188.73)	63,711	($5.13)
Salt River	11.8937%	($4,122,296.82)	53,162	($6.46)
Shelby	3.5894%	($1,244,055.56)	17,090	($6.07)
South Kentucky	11.8308%	($4,100,492.56)	64,713	($5.28)
Taylor County	4.6893%	($1,625,281.68)	24,813	($5.46)
Total Rate E	100.0000%	($34,659,433.67)	535,606	($5.39)

* As reported on the Annual Form 7

EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2025-00208

FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025

REQUEST 8

RESPONSIBLE PARTY: Gregory H. Cecil

Request 8. Refer to the Hearing Testimony of Anthony Campbell (Campbell Hearing Testimony). Provide the executed nuclear purchase power agreement (PPA) or explain when the executed PPA would be available.

Response 8. See attachments listed below.

- *CONFIDENTIAL PSC PHDR1 Request 8 - Constellation_EKPC_2026-1.pdf*
- *CONFIDENTIAL PSC PHDR1 Request 8 - Constellation_EKPC_2026-2.pdf*
- *CONFIDENTIAL PSC PHDR1 Request 8 - Constellation_EKPC_2027.pdf*
- *CONFIDENTIAL PSC PHDR1 Request 8 - Constellation_EKPC_2028.pdf*

EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2025-00208

FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025

REQUEST 9

RESPONSIBLE PARTY: Gregory H. Cecil

Request 9. Refer to Campbell Hearing Testimony. Provide a summary of the capacity performance penalty incurred from PJM during Winter Storm Elliott.

Response 9. Please see the table below. A more detailed response can be found in Case No. 2024-00137[1]. EKPC also notes that EKPC received $22.4 million in bonus payments and $9.4 million from insurance coverage. In considering the bonus payments and insurance payments with the penalties, there is a net benefit to EKPC's Owner-Members of $18.6M.

Performance Assessment		
Estimated Amount Recorded for YE 12/31/22		$ 19,512,175.00
Amount Originally Assessed & Paid March-May 2023		$ 19,535,547.93
Subsequent Adjustments in 2023 (Before Settlement)		$ (215,798.46)
Final Assessment (Before FERC Settlement)		**$ 19,319,749.47**
31.7% Reduction Per FERC Settlement		$ (6,124,659.42)
Final Assessment (After FERC Settlement)		**$ 13,195,090.05**

[1] *An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2022 Through April 30, 2023*, Case No. 2024-00137, EKPC's Response to Staff's Second Request for Information, Response 4 (filed September 23, 2024).

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 10
RESPONSIBLE PARTY: Darrin Adams

Request 10. Refer to the Hearing Testimony of Darrin Adams.

a. Provide the annual cost allocation update from PJM for 2026 when received.

b. Provide the annual costs from PJM allocated to EKPC for 2026 when received.

Response 10.

a. PJM is required to file the annual cost allocation update for 2026 with the Federal Energy Regulatory Commission by December 31, 2025. EKPC will provide this filing when it becomes available. This update will provide the Load-Ratio Share and Distribution Factors percentages assigned to each PJM Load Zone for each regionally cost-allocated transmission project. The update will not identify the specific costs assigned to each Load Zone for these projects.

b. PJM will post the specific cost assignments to each Load Zone for each regionally cost-allocated transmission project in January 2026 once the revenue requirements for each project are updated for those Transmission Owners that have such updates which take effect at the beginning of the year. EKPC will provide those specific project costs assigned to EKPC beginning in January 2026 when they become available from PJM.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 11
RESPONSIBLE PARTY: Jacob R. Watson

Request 11. Refer to the Rebuttal Testimony of Jacob Watson, page 7, and the Application, Exhibit 16, Attachment JRW-1 Statement of Operations. Provide where EKPC removed the portion of dues associated with lobbying specific to National Rural Electric Cooperative Association (NRECA).

Response 11. The removal of lobbying expenses associated with NRECA was not explicitly made. The total NRECA membership dues that are included for recovery in this proceeding is $532,976.[2] In October of the 2023 test year, EKPC was invoiced $597,869 from NRECA for dues covering December 2023 through November 2024.[3] EKPC could have normalized the annual NRECA expense to $597,869. As discussed in EKPC's Response to AG-Nucor's First Request for Information, Response 8e, 10% of the NRECA dues are unrecoverable. While EKPC did not make a separate line-item adjustment for lobbying, EKPC excluded $64,893

[2] PSC_DR1_Request_42b_-_Miscellaneous_Expense.xlsx, Tab Account Detail, Cells H307:H330

[3] EKPC's Response to AG-Nucor's First Request for Information, Response 8e.

by opting to not normalize the NRECA expense. This results in more than 10% being excluded from revenue requirements.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 12
RESPONSIBLE PARTY: Jeffrey W. Wernert, Jr.

Request 12. Refer to the Stipulation and Settlement Agreement, Exhibit C, "EKPC Summary" tab. Provide the rate of return on rate base for each rate class before and after the addition of the increased interruptible credit.

Response 12. See tables below.

Please note that the values shown in the tables are based on the corrected cost-of-service study filed as a supplemental response to AG-Nucor Second Request for Information, Item 28, plus additional changes to correct the transmission demand-related cost allocation 12CP factor and update the 10-minute interruptible credit to $6.22/kW as recommended in the Direct Testimony of Stephen Baron.[4]

[4] OAG Nucor Joint Direct Testimony, Baron Direct Testimony (filed October 24, 2025).

TABLE 1 Class Rates of Return before Interruptible Credit Increase	
Customer Class	**Adjusted Rate of Return at Proposed Rates ($63.7M)**
Rate E	3.89%
Rate B	5.54%
Rate C	6.97%
Rate G	2.83%
Large Special Contract	1.33%
Special Contract – Pumping Stations	1.09%
Steam Service	37.60%
Total System	4.00%

TABLE 2 Class Rates of Return after Interruptible Credit Increase	
Customer Class	**Adjusted Rate of Return at Proposed Rates ($55.6M)**
Rate E	3.56%
Rate B	5.30%
Rate C	6.81%
Rate G	2.62%
Large Special Contract	0.96%
Special Contract – Pumping Stations	1.09%
Steam Service	37.60%
Total System	3.67%

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 13
RESPONSIBLE PARTY: Jeffrey W. Wernert, Jr.

Request 13. Refer to the Hearing Testimony of Jeffrey Wernert.

a. Explain further how the increase of the interruptible credit, specifically for the Large Special Contract class, will have a "cost of service impact which will stand to improve the rate of return for that class subrationally" given that the revenue increase for that class would only be 2.25 percent.

b. Provide a detailed example of how the interruptible credit impacts each class's cost to serve.

c. Explain how increasing the Large Special Contract's target revenue by 2.25 percent, after the addition of increased interruptible credits, instead of the proposed 11 percent, properly addresses the subsidization that the Large Special Contract class receives, as shown by the rate of return on rate base of roughly (3.76) percent and a cost-of-service study supported revenue allocation of approximately 24.49 percent.

<u>Response 13.</u>

a. When evaluating the revenue increase for the Large Special Contract rate class in the Stipulation, there are three scenarios that can be compared for purposes of cost-of-service:

1. A 2.25% increase in rates with a $0/kW Interruptible Credit
2. A 9.64% increase in rates with a $0/kW Interruptible Credit
3. A 9.64% increase in rates with a $2/kW Interruptible Credit which results in a net revenue increase of 2.25% overall

The table below shows a comparison of each of these three scenarios, the resulting Rate of Return for the Large Special Contract Class utilizing the same cost-of-service model used to answer question #12, and the change in subsidy levels remaining under each scenario.

	2023 Proforma Test Year	Scenario 1 2.25% Increase $0/kW Change Int Credit	Scenario 2 9.64% Increase $0/kW Change Int Credit	Scenario 3 9.64% Increase $2/kW Change Int Credit
Revenue Increase	$ -	$ 1,856,040	$ 7,942,786	$ 1,856,040
Proforma Revenue	24,929,545	26,785,585	32,872,331	26,785,585
Proforma Expenses	29,886,666	29,886,666	29,886,666	24,633,369
Proforma Margin	(4,957,121)	(3,101,081)	2,985,665	2,152,217
Rate Base	224,387,200	224,387,200	224,387,200	224,387,200
RoR on Rate Base	-2.21%	-1.38%	1.33%	0.96%
Revenue Required to Equalize RoR (4%)	$ 13,925,690 16.90%	$ 12,069,650 14.65%	$ 5,982,904 7.26%	6,823,271 8.28%

As shown above, the cost-of-service results for Scenarios 2 and 3 are much closer to each other, within 0.4% on rate of return ("RoR") on Rate Base and result in much higher levels of subsidy reduction, as compared to Scenario 1. This is because in Scenario 3, the $2/kW increase in the Interruptible Credit results in a substantial increase in imputed savings from avoided generation capacity which reduces the Proforma Expenses for the Large Special Contract as compared to the other scenarios. These imputed savings recognize that the interruptible credits are not simply a bill discount, instead they pay for a system generation resource, in the form of interruptible load, that is less costly to EKPC's Owner-Members than if EKPC was to build a new power plant to provide the same amount of generation capacity. This means that the overall allocated expenses to the Large Special Contract are substantially lower than the scenarios with no change in the credit and result in an overall change in cost-of-service comparable to that of Scenario 2 even though the overall net increase for the class is 2.25%. This is discussed in more detail in subpart (b) below.

In addition, the rates of return shown above do not incorporate the system benefits associated with the buy-through provisions in the Large Special Contract. These buy-through provisions provide system benefits in the form of reduced fuel and purchased power costs for the rest of EKPC's members. Therefore, it is likely that the rates of return are understated and the level of actual subsidization is somewhat lower for the Large Special Contract rate class.

b. From a cost-of-service perspective, there are three variables to consider when evaluating Interruptible Credits: (1) the credits that are included in the revenues for the retail rate class that the interruptible load takes service under; (2) the imputed expense savings applied to the retail rate class's expenses as a result of the interruptible load allowing EKPC to interrupt based on the terms in the Rate D Tariff; and (3) the reallocation of the imputed expense savings to each standard rate class based on the Excess Demand factor from the Average and Excess ("A&E") allocation methodology in the cost-of-service study. All three variables play a key role in impacting the rate of return for the rate class which provides interruptible load.

The revenue credits in (1) are included in the test year revenues and are based on the actual credits given to interruptible loads during 2023. By allowing EKPC to interrupt during times of reliability need or high market prices, EKPC avoids having to build additional generation capacity to serve these loads in the same manner that is required for firm loads that do not allow interruption. The interruptible credits are the mechanism in which EKPC compensates interruptible members for the value this avoided generation cost provides to the entire EKPC system. In many ways, the Interruptible credits provided to interruptible customers are similar to the avoided cost credits provided to residential Net Metering customers. In each case, the utility is compensating the customer for avoided production costs. Net Metering is for self-supply while interruptible customers are for interruption during times of need.

With the credits incorporated on the revenue side in (1), there is a corresponding adjustment to expenses that is needed to account for the avoided generation cost savings. Since avoided costs are not actually booked by EKPC, these savings are imputed based on the credit's value to EKPC which represents the second (2) variable that needs to be accounted for in the cost-of-service study. Without this imputed savings, each of the rate classes with interruptible loads will show a lower margin contribution because the credits reduce their overall revenue included in the study. To account for this, each kW of interruptible load provided during the test year is multiplied by the associated savings provided to EKPC and the sum total for each rate class is deducted from expenses for that class. Once this is done, variables (1) and (2) effectively offset each other from a cost-of-service perspective.

The final action that needs to be taken in the cost-of-service study is to reallocate the imputed expense savings in (2) to make the overall EKPC expenses match those in the revenue requirement. This is done via the third (3) and final step which takes the total of the imputed savings and allocates an offsetting expense entry in the cost-of-service study to the standard rate classes which received an allocation of Production demand-related costs. Since the avoided cost savings provided by the interruptible load reduces EKPC's need for peaking capacity, the most appropriate way to allocate this offsetting expense entry is via the Excess demand allocation factor from the A&E methodology. This offsetting adjustment brings EKPC's expenses back to the booked amount in the revenue requirement.

The table below shows a condensed portion of the "Allocation by Rate" tab in EKPC's cost-of-service study and highlights where each of the variables described above are accounted for in applying Interruptible credits to Rate G. The table also shows the resulting rate of return on Rate Base and margins for Rate G if the imputed cost savings are incorrectly omitted from the cost-of-service calculation.

Description		Rate G with Int Credit Exp Savings		Rate G without Int Credit Exp Savings
Cost of Service Summary -- Pro-Forma				
Operating Revenues				
Total Operating Revenue **(Includes Interruptible Credits) (1)**	$	48,089,307	$	48,089,307
Total Revenue Adjustments	$	28,265,990	$	28,265,990
Total Pro-Forma Operating Revenue	$	19,823,318	$	19,823,318
Operating Expenses				
Operation and Maintenance Expenses	$	38,353,155	$	38,353,155
Depreciation and Amortization Expenses		4,910,618	$	4,910,618
Accretion Expenses		34,246	$	34,246
Property and Other Taxes		8,458	$	8,458
Other Deductions		40,691	$	40,691
Total Expense Adjustments before Applying Avoided Costs of Interruptible Service	$	(19,836,384)	$	(19,836,384)
To Reflect TY Avoided Costs of Interruptible Service (2)	$	(2,149,258)	$	-
Reallocation of TY Avoided Cost Savings (3)	$	509,371	$	-
Total Expense Adjustments		(21,476,270)		(19,836,384)
Total Operating Expenses	$	21,870,898	$	23,510,784
Utility Operating Margins -- Pro-Forma	$	(2,047,581)	$	(3,687,467)
Net Cost Rate Base -- Excluding Environmental	$	83,077,404	$	83,077,404
Return on Rate Base -- Utility Operating Margin Divided by Rate Base		**-2.46%**		**-4.44%**

The detail of this calculation for each rate class in the cost-of-service study can be found on pages 25 and 26 of the "Allocation by Rate" tab of the files provided in Exhibit JWW-2 and the subsequent corrected version in response to AG-Nucor 2-28.

c. The 11% increase proposed by EKPC in the Application for the Large Special Contract class was based on the higher revenue requirement of $79.7M for EKPC. The 24.49% revenue allocation EKPC believed it could support in its original cost-of-service study for the

Large Special Contract class was also based on this higher revenue requirement. The original proposed revenue increase was 7.49% which resulted in a higher rate of return of 4.64% for EKPC.

Since then, EKPC and the intervening parties have agreed to a lower overall revenue requirement of $63.7M (5.99%) in the Stipulation which results in a lower EKPC overall rate of return of 3.67%. This lower revenue requirement, in combination with the changes accepted by EKPC to the cost-of-service study, have substantially reduced the subsidization of the Large Special Contract class.

Based on the reduction in the revenue requirement as a part of the Stipulation and the resulting changes in the cost-of-service study discussed in part (a), EKPC believes the combination of a 9.64% increase in base rate revenues plus a $2/kW increase in the Interruptible credit does make a substantial move towards cost-of-service and reduced subsidization for the Large Special Contract class.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 14
RESPONSIBLE PARTY: Jacob R. Watson

Request 14. Refer to the Hearing Testimony of Cliff Scott. State whether the other party of the Pumping Station Special Contract was a party to the stipulation. If not, explain whether the agreement to amend the Pumping Station Special Contract to eliminate the existing subsidy by either: (1) updating transmission costs from the 2000 level and including PJM generation capacity cost in a market-based contract; or (2) place the 31.9 MW gas utility on a standard cost-of-service rate, was discussed with the other party to the Pumping Station Special Contract.

Response 14. No. The Pumping Station Special Contract customer was not a party to the Stipulation because they did not request to intervene in this proceeding in accordance with 807 KAR 5:001. EKPC will work with the affected Owner Members to renegotiate the Pumping Station contracts.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 15
RESPONSIBLE PARTY: Thomas J. Stachnik

Request 15. Refer to the Hearing Testimony of Cliff Scott.

a. Explain if and/or how EKPC anticipates the SEM will impact EKPC's credit ratings and, in turn, its financing costs. Include in the response quantitative examples.

b. Considering EKPC anticipates increased borrowing as a result of the Commission's approval of Certificate of Public Convenience and Necessity (CPCN) projects for new generation, explain the timeline and impact this change in rating would have on EKPC's financing costs for such borrowings.

c. Regarding EKPC's revolving credit facility, if positive changes to EKPC's credit rating were to occur in the future as a result of implementing the SEM, explain whether EKPC anticipates it would refinance debt obligations at the more favorable rates. If so, explain the impact EKPC would expect that to have on its financial condition and TIER.

Response 15.

a. EKPC anticipates the revenue certainty the SEM gives EKPC will provide the comfort needed for Fitch to eventually remove the negative outlook and likelihood of a downgrade during EKPC's period of increased capital expenditures. EKPC's likelihood of maintaining its "A" rating from S&P is also strengthened by the SEM. The immediate effect of a one-notch downgrade is approximately $1 million per year of interest on EKPC's revolving and term loan credit facilities at currently projected short-term debt levels over the next year.

b. EKPC estimates that it will be necessary to borrow an additional $300 – $800 million of interim private financing over the next few years to support its capital plan. Future private issuances could be affected by roughly 25 bps (depends on market conditions at the time). This would amount to $0.75 - $2 million per year of additional interest. If EKPC gets more than a one-notch downgrade, these estimates would be higher. If EKPC got downgraded below investment grade (BBB-), it could make accessing private markets difficult altogether.

c. EKPC's credit facility pricing is based on its S&P rating. S&P stated they

> …do not expect to raise the rating during our two-year outlook period. This is because we believe the utility's carbon intensity creates a financial vulnerability to further regulation and the regional economy is closely tied to the struggling coal mining industry.

As of now there is more of a concern about avoiding downgrades than receiving upgrades. If EKPC were upgraded, the interest rate on the credit facility, since it is a variable rate, would adjust automatically. Future private / long term debt could also be less expensive, but refinancing existing long-term debt generally involves penalties / make-whole payments that make refinancing difficult.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 16
RESPONSIBLE PARTY: Jacob R. Watson

Request 16. Refer to the Hearing Testimony of Jacob Watson.

a. Provide the number of times and hours EKPC has interrupted its Large Special Contract customer(s), by date, each year for each year beginning in 2015.

b. Refer to the Application, Exhibit 16, Attachment JRW-1, Schedule 1.11. Explain the variances in EKPC's Retiree Medical Insurance expense for the years 2020–2024, including what justified the outliers in 2022 and 2023.

c. Refer to the Application, Exhibit 16, Attachment JRW-1, Schedule 1.06. State whether the adjusted Salaries and Wages figure included overtime. If yes, explain what overtime hours and overtime premium assumptions were used and how the amounts were derived.

Response 16.

a. See attachment *PSC PHDR1 Request 16 - Interruption History.xlsx*. EKPC also notes that in 2014, the Large Special Contract was interrupted 28 times over 16 days, for a total of 154 hours.

b. The amounts referenced in Schedule 1.11 represent each year's net periodic benefit cost as determined by Mercer as part of their annual actuarial valuation of EKPC's postretirement benefits. The components comprising net periodic benefit costs for each year are shown below.

	2020	2021	2022	2023	2024
Service Cost	$ 1,130,925	$ 1,278,997	$ 834,306	$ 590,203	$ 889,778
Interest Cost	$ 1,948,005	$ 1,283,028	$ 1,051,514	$ 1,563,693	$ 2,371,734
Amortization of Net Actuarial Gain	$ -	$ -	$ (871,554)	$ (1,261,339)	$ -
Amortization of Prior Service Credit	$ (2,020,997)	$ (2,020,997)	$ (2,020,997)	$ (2,020,997)	$ (2,020,997)
Net Periodic Benefit Cost	$ 1,057,933	$ 541,028	$ (1,006,731)	$ (1,128,440)	$ 1,240,515

Net periodic benefit cost is influenced by participant data, changes in plan provisions (if any), changes in actuarial assumptions (particularly discount rates and forecasts of future healthcare costs), claims experience, amortization of prior service cost/credits, and amortization of gains/losses which change from year to year. Years 2021 and 2022 were impacted by lower claims experience and healthcare trend rates than the other comparative years, along with significantly lower discount rates. Cumulative actuarial gains also rose to a level that triggered amortization of the actuarial gain into net periodic benefit cost in years 2022 and 2023, which combined with amortization of prior service credits for prior years' plan amendments resulted in a negative net periodic benefit cost for each year. Year 2023 net periodic benefit cost was also impacted by increased discount and healthcare trend rates. Year 2024 net periodic benefit cost was impacted by higher per capita claims cost and medical trend updates, which took into consideration the increased utilization of GLP-1 drugs and overall higher trend for Medicare Advantage costs based upon the CMS Trustee Report, which ultimately resulted in net periodic benefit cost of $1.2 million, the highest cost in the 5-year lookback period.

c. Overtime wages were included in the normalization of salaries and wages in the Application, Exhibit 16, Attachment JRW-1, Schedule 1.06. The supporting workpaper (Application Exhibit 16-Attachment JRW-1-Workpaper 1.06 Wages-Salaries.xlsx) was based upon the first payroll that included the 2024 merit increase approved by EKPC's Board of Directors, which had a pay advice date of July 5, 2024. Budget Code 1400 on this workpaper represents all overtime wages paid for the pay period, which was $192,696.58. This amount was included in "Payroll Total to be Annualized" (Column Q), which was multiplied by 26 pay periods to arrive at the "Annualized Payroll" (Column R) before removal of estimated amounts recoverable through the Environmental Surcharge. An overall comparison of normalized salaries and wages before environmental surcharge exclusions to actual labor distribution for the year ended December 31, 2024 showed that normalized wages were $1.7 million less than 2024 actuals, which indicates that the overall normalization process was within reason.

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FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 17
RESPONSIBLE PARTY: Jacob R. Watson

Request 17. Refer to the Direct Testimony of Jacob Watson, page 29.

a. Explain whether removing the 20,000-kW cap from Rate D would impact potential Rate DCP customers.

b. Confirm that the purpose of removing the 20,000-kW cap from Rate D would allow larger loads than 20,000-kWs to become interruptible. If not confirmed, explain the purpose of removing the 20,000-kW cap.

Response 17.

a. Eligibility for the Commission approved Rate DCP tariff begins at 15MW and the cap for Rate D is currently 20MW. With the existing tariffs, Rate DCP customers would be able to participate in Rate D for loads under the existing 20 MW cap. Removing the 20MW cap on Rate D would allow Rate DCP customers more access to Rate D. EKPC would add language to Rate D contracts to mitigate the risk of future Rate D members exiting the interruptible program and potentially leaving EKPC short capacity.

b. Confirmed. Removing the 20MW cap will allow for larger loads to participate in Rate D.

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FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 18
RESPONSIBLE PARTY: Jacob R. Watson

Request 18. Refer to the Direct Testimony of Randy A. Futral (Futral Direct Testimony), which noted a methodology error in the calculation of the Generation Maintenance Regulatory Asset Threshold, the correction of which would have increased EKPC's requested increase by approximately $9.873 million. Confirm whether this methodology error was corrected in the calculation of the stipulated increase amount. If not confirmed, provide a corrected amount.

Response 18. No. EKPC disagrees with a portion of the calculation. Mr. Futral calculated the 5-year average of EKPC's Generation Maintenance correctly, which is included as a line item to the Stipulation Agreement. See Attachment Settlement_Agreement_-_Exhibit_A.xlsx, Tab Summary, Row 4. However, Mr. Futral's calculation mistakenly added the existing Generation Maintenance regulatory asset that EKPC is proposing to amortize in this case. See Application_Exhibit_16_-_Attachment_JRW-1_Statement_of_Operations.xlsx, Tab 1.26 Generation Maint Amort. Had EKPC agreed to Mr. Futral's calculation, EKPC would be double recovering the Generation Maintenance regulatory asset through its base rates. The correct adjustment was included in the Stipulation Agreement with updating the Generation Maintenance adjustment from a 4-year average to a 5-year average, which is a revenue decrease of $2,367,854.

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CASE NO. 2025-00208
FIRST POST-HEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 11, 2025
REQUEST 19
RESPONSIBLE PARTY: Jacob R. Watson

Request 19. Refer to Stipulation, page 7, paragraph 7d. Explain whether EKPC anticipates filing for the power production and co-generation dates during the stay-out period consistent with the proposed tariff amendment.

Response 19. Yes. EKPC has a statutory requirement to update its power production and co-generation rates every two-years, according to 807 KAR 5:054. EKPC is also required by the Commission to update those rates every year. The stipulation is agreeing to relief from the annual filing requirement, as set forth in Case No. 2008-00128[5]. The stay-out period would not impact EKPC's statutory requirement of filing the power production and co-generation tariff every two years.

[5] The Revision of Cogeneration and Small Power Purchase Rates of East Kentucky Power Cooperative, Inc. Order filed August 20, 2008.