

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2025-00339
COOPERATIVE, INC. FROM NOVEMBER 1, 2022)	
THROUGH OCTOBER 31, 2024)	

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

DATED DECEMBER 19, 2025

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF EAST KENTUCKY POWER)	2025-00339
COOPERATIVE, INC. FROM NOVEMBER 1, 2022)	
THROUGH OCTOBER 31, 2024)	

DIRECT TESTIMONY OF CHRISTOPHER E. ADAMS
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: January 23, 2025

COMMONWEALTH OF KENTUCKY
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, 2022)	2025-00339
THROUGH OCTOBER 31, 2024)	

VERIFICATION OF CHRISTOPHER E. ADAMS

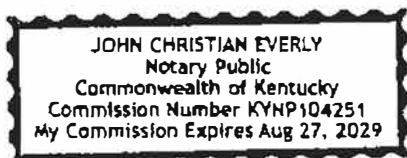
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK)

Christopher E. Adams, Director of Power Supply of East Kentucky Power Cooperative, Inc., being duly sworn, states that he has supervised the preparation of his Direct Testimony and certain filing requirements in the above-referenced case 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.



Christopher E. Adams

The foregoing Verification was signed, acknowledged and sworn to before me this 13th day of January, 2026, by Christopher E. Adams.





Notary Public

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Christopher E. Adams. I am the Director of Power Supply for East
4 Kentucky Power Cooperative, Inc. (“EKPC”). My business address is 4775
5 Lexington Road, Winchester, Kentucky 40391.

6 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**
7 **EXPERIENCE.**

8 A. I have a Bachelor’s degree in Electrical Engineering from the University of
9 Kentucky and a Master’s degree in Business Administration from Midway
10 University. My previous roles at EKPC include Generation Operations Engineer,
11 Transmission Operations Engineer, Supervisor of Transmission Planning, Manager
12 of Market Operations, and Director of Regulatory Compliance Services. I have
13 worked for EKPC for the past 15 years.

14 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT**
15 **EKPC.**

16 A. I oversee EKPC’s Power Supply Planning, Load Forecasting, and PJM Market
17 Operations.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY**
19 **PUBLIC SERVICE COMMISSION?**

20 A. Yes, most recently in the Fuel Adjustment Clause review cases in PSC Case Nos.
21 2024-00137 and 2024-00145 and in EKPC’s Integrated Resource Planning case in
22 Case No. 2025-00087.

23 **Q. ARE YOU SPONSORING ANY ATTACHMENTS?**

1 A. No.

2 **Q. WERE THERE ANY CHANGES IN THE WHOLESALE ELECTRIC**
3 **POWER MARKET THAT OCCURRED DURING THE REVIEW PERIOD**
4 **OR THAT EKPC EXPECTS TO OCCUR WITHIN THE NEXT TWO**
5 **YEARS THAT HAVE SIGNIFICANTLY AFFECTED OR WILL**
6 **SIGNIFICANTLY AFFECT EKPC'S ELECTRIC POWER**
7 **PROCUREMENT PRACTICES?**

8 A. Yes, as described in EKPC's 2025 Integrated Resource Plan, power supply risk at
9 EKPC and in the PJM market in general is increasing due to growing load and the
10 lack of power supply resources to serve that load. EKPC's own energy needs are
11 growing 1.3% year-over-year with its peak forecasted demand in its 2024 long-term
12 load forecast ("LTLF") growing by approximately 200 MW when compared to
13 EKPC's 2022 LTLF. The increases were primarily driven by three consecutive
14 winter peak periods beginning with Winter Storms Elliott in December 2022, Gerri
15 in January 2024, and Enzo in January 2025. Looking forward over the next two
16 years, excess capacity in the PJM market is expected to be consumed by new large
17 loads (data centers) throughout the RTO footprint. This means less capacity and
18 energy to procure at a discount to EKPC's own generation. EKPC is building new
19 generation assets such as Cooperative Solar Farm Two, Cooperative Solar Farm
20 Three, Liberty RICE, and Cooper 3 (CCGT) to insulate EKPC's members from
21 price volatility related to the reduction in capacity and energy available in the PJM
22 market.

1 **Q. DESCRIBE WHAT ACTIONS WERE TAKEN BY EKPC TO MITIGATE**
2 **HIGH FUEL OR PURCHASED POWER RELATED COSTS FOR ITS**
3 **CUSTOMERS.**

4 A. EKPC evaluates its short-term energy portfolio position on a seasonal, monthly,
5 and weekly basis and looks forward over the next three years. When the cost of
6 power to its Owner-Members indicates that fluctuations could occur as compared
7 to expectations, EKPC reviews all options it has for hedging that energy price
8 position. That evaluation is presented to the Executive Team as well as the Board
9 Risk Oversight Committee on a seasonal basis. The next peak season expectations
10 are presented along with recommended actions to secure the position. These hedges
11 are reviewed on an ongoing basis. EKPC also reviews its energy position a week
12 or two-week forward (during peak months) basis and makes a recommendation to
13 its Executive Management to buy a forward hedge for natural gas and/or energy or
14 to rely on the current resources for the next week. EKPC procured several energy
15 hedges during the review period, as outlined in EKPC's response to Staff's first
16 request for information, Item 12 (a).

17 **Q. DISCUSS ANY PLANNED OUTAGES THAT EXTENDED BEYOND THE**
18 **ESTIMATED TIME OF THE OUTAGE AND HOW EKPC ADDRESSED**
19 **THE EXTENDED OUTAGE, AND ANY RESULTING CAPACITY AND**
20 **ENERGY SHORTFALLS.**

21 A. EKPC did not purchase any capacity or energy products to replace extended outage
22 generation during the review period. As previously discussed, EKPC evaluates its

1 short-term energy portfolio frequently and any outage that may extend past its
2 originally planned end date would be evaluated as part of that analysis.

3 **Q. DESCRIBE IF EKPC ENGAGED IN ANY OFF SYSTEMS SALES OR**
4 **INTERSYSTEM SALES TO OFFSET HIGH FUEL OR POWER COSTS**
5 **DURING THE PERIOD UNDER REVIEW.**

6 A. EKPC engaged in off-system sales of two varieties during the review period. First,
7 EKPC experiences off-system energy sales when system load is lower than its
8 generation output for any given hour. This can occur due to low valley periods in
9 the load curve (mid-day or overnight). It can also occur when PJM economically
10 dispatches EKPC generation, resulting in the total generation output being above
11 EKPC's system load needs. In either case, EKPC did not attempt to operate its
12 generation fleet in a manner to capture off-system sales. EKPC's focus is to hedge
13 its Owner-Member's load needs. Most off-system sales occur due to mid-day or
14 overnight periods where load is low, and generation must remain online. EKPC has
15 no intersystem sales.

16 **Q. DESCRIBE HOW EKPC BIDS ITS GENERATING UNITS INTO PJM**
17 **INTERCONNECTION, INC'S (PJM) ENERGY MARKETS, INCLUDING,**
18 **BUT NOT LIMITED TO: HOW EKPC DETERMINES THE MANNER IN**
19 **WHICH INDIVIDUAL GENERATING UNITS ARE OFFERED INTO**
20 **PJM'S DAY AHEAD MARKET (MUST RUN, ECONOMIC DISPATCH,**
21 **ETC); WHO MAKES THOSE DECISIONS; AND WHAT LEVEL OF**
22 **CONTROL PJM HAS OVER THE DISPATCH OF EKPC'S GENERATING**
23 **UNITS.**

1 A. The PJM energy market is a two-settlement market, meaning there is both a day-
2 ahead and real-time (balancing) market. Any unit that has cleared the current PJM
3 RPM capacity market delivery year has a must-offer obligation to offer into the
4 day-ahead market. A unit that has not cleared the current capacity market may
5 choose to offer into the day-ahead or real-time market. For the period under review,
6 all EKPC units except Bluegrass 3 were obligated to must-offer.

7 In general, all Spurlock units were offered as must-run in the day-ahead
8 market while Cooper, Smith, and Bluegrass units (except Bluegrass 3) were offered
9 as economic in the day-ahead market. During times of expected high demand,
10 EKPC has offered all units as must-run in order to ensure clearing in the day-ahead
11 market. Units that clear as must-run cannot set hourly LMP as a marginal unit and
12 are paid the prevailing LMP at the unit's pricing node (a "price-taker"). In addition,
13 must-run units are not eligible for start-up, no-load, or make-whole payments.
14 EKPC, as of May 2025, has begun to offer all Spurlock units into the day-ahead
15 energy market as economic, mainly to capture no-load payments from the market.
16 Spurlock is still operated as if it were offered in as must-run, meaning that if the
17 unit is forecasted to be in the money over an extended period of time (5 days), that
18 EKPC will elect to keep the unit online even if it did not clear economically in the
19 day-ahead market. This is because the shutdown and startup costs associated with
20 cycling the units at Spurlock would outweigh the economic benefit of shutting the
21 unit down for a day. In addition, cycling large coal units creates a higher risk of
22 failure and increased maintenance costs over the long run. Units that do not clear
23 the day-ahead market based on economics but choose to run through for company

1 are paid the prevailing real-time LMP at that unit's pricing node for the operating
2 day.

3 A unit that has cleared the day-ahead market as must-run can either provide
4 an operating schedule to PJM designating the unit's hourly output, or it can elect to
5 follow PJM's dispatch signal based on real-time LMPs. EKPC generally elects to
6 follow the PJM dispatch signal unless unit testing requires a deviation.

7 For the period under review, Bluegrass 3 was offered into the PJM capacity
8 market but either did not clear, or EKPC elected to purchase its position out of the
9 capacity market to mitigate capacity performance risk. Therefore, Bluegrass 3 was
10 not obligated to the capacity market. Starting with the 2025/2026 delivery year
11 (June 1, 2025) and looking forward, Bluegrass 3 was and is obligated to the capacity
12 market and is generally offered in as economic.

13 For both must-run and economic offers, if the unit's offer price is above the
14 prevailing LMP, then the unit will be dispatched to its minimum output level, and
15 if the unit's offer price is below the prevailing LMP, then the unit will be dispatched
16 to its maximum economic output level. Each unit has an offer curve with defined
17 offer-MW pairs that drive economic dispatch in PJM. LMP may fall below, on, or
18 above those defined offer curves and PJM will dispatch the units accordingly.

19 As discussed, during extreme cold or hot weather and high-demand times,
20 EKPC may elect to must-run and proactively dispatch units for reliability. In
21 addition, PJM may elect to run units out of economic merit to ensure voltage
22 support. PJM has dispatched Cooper station in order to support voltages in the
23 southern area of EKPC's system in the past. When PJM dispatches units for

1 reliability, the unit is made-whole to the higher of its cost-offer or the prevailing
2 LMP.

3 EKPC's Market Operations Center ("MOC") determines unit offers on a
4 day-ahead and real-time basis. The MOC is in contact with EKPC Production,
5 Environmental, and Engineering staff daily to determine each unit's status and
6 operations plan. The MOC hosts a daily (during weekdays and any day during
7 extreme weather events) market operations call at 8:30 a.m. The call is intended to
8 provide a forum to review and confirm units status and operating plans with each
9 plant, review environmental testing schedules and any operating limits for each
10 unit, and provide an update on forecasted load, natural gas, energy market, and
11 weather conditions. In addition to the daily call, the MOC hosts a Wednesday
12 afternoon call to review portfolio performance from the prior week, communicate
13 expected dispatch for the upcoming three weeks, and provide a forum to review
14 any expected operations changes, testing, or outages with Production,
15 Environmental, and Engineering staff.

16 PJM has full authority to request the dispatch of all of EKPC's generating
17 units that have cleared the RPM capacity auction. PJM calls the MOC to make the
18 dispatch request. The MOC contacts the plant and relays the request to dispatch.
19 The plant will notify the MOC operator when it is ready to come online or will let
20 them know that they cannot come online and why. The MOC operator will
21 subsequently call PJM back and request them to allow the unit to come online as
22 requested or will notify PJM that the unit is not able to come online and define the
23 reason.

1 **Q. DESCRIBE ANY COST-BENEFIT ANALYSIS EKPC HAS PERFORMED**
2 **REGARDING ITS PARTICIPATION IN PJM.**

3 A. EKPC evaluates its participation within PJM each year and submits the findings of
4 that evaluation to the Executive Director of the Kentucky Public Service
5 Commission. The most recent report was filed on July 31, 2025. However, it is my
6 understanding that EKPC is requesting relief from this annual filing obligation in
7 Case No. 2025-00208.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.


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AN ELECTRONIC EXAMINATION OF THE)	
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CLAUSE OF EAST KENTUCKY POWER)	2025-00339
COOPERATIVE, INC. FROM NOVEMBER 1, 2022)	
THROUGH OCTOBER 31, 2024)	

DIRECT TESTIMONY OF MARK HORN
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: January 23, 2025


Notary Public

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is Mark Horn, and my business address is 4775 Lexington Road, Winchester,
3 Kentucky 40391.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by EKPC as Director, Fuel and Emissions in the Power Supply and
6 Planning Business Unit.

7 **Q. AS BACKGROUND FOR YOUR TESTIMONY, PLEASE BRIEFLY
8 DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
9 RESPONSIBILITIES AT EKPC.**

10 A. I have a Bachelor's degree in Chemistry from Eastern Kentucky University. I have
11 worked for EKPC for the past 30 years. I was a Lab Technician at Dale Power Station
12 from September 1996 to April 2000, a Chemist at Central Lab from April 2000 to
13 November 2002, then Senior Chemist from November 2002 to August 2008, and a Fuel
14 Buyer from August 2008 to December 2013. I was promoted to Manager, Fuel and
15 Emissions in December 2013 and have been in my current position of Director since
16 February 2024. I am responsible for procurement of EKPC's fuel and fuel related
17 commodities.

18 **Q. HAS EKPC UTILIZED REASONABLE FUEL PROCUREMENT PRACTICES
19 IN THE PERIOD UNDER REVIEW?**

20 A. Yes. EKPC's fuel procurement objectives are to ensure an adequate supply of fuel of
21 proper quality, purchased at competitive prices, and in accordance with the
22 requirements of lending and regulatory agencies; to ensure ethical, fair, and sound
23 business practices are followed; and to avoid any conflict of interest or appearance of

1 any such conflict of interest. Fuel procurement techniques, such as the competitive bid
2 process for contract or spot fuel supply is utilized, whether the Request For Proposal is
3 written or verbal. The fuel procurement practices, including any such negotiations,
4 follow EKPC's approved Policy, Strategy, and Procedure.

5 **Q. HAVE COAL AND NATURAL GAS SUPPLIERS TO EKPC ADHERED TO**
6 **CONTRACT DELIVERY SCHEDULES DURING THE REVIEW PERIOD?**

7 A. Yes, all of EKPC's coal suppliers have adhered to contract delivery schedules during
8 the review period. EKPC does not have standing contract delivery schedules for natural
9 gas suppliers for firm physical natural gas, with the exception of Winter Storm Elliott
10 in December 2022, the natural gas suppliers have adhered to spot delivery schedules
11 during the review period.

12 **Q. WHAT STEPS DOES EKPC TAKE TO ENSURE SUPPLIER COMPLIANCE**
13 **WITH THOSE CONTRACT DELIVERY SCHEDULES?**

14 A. Fuel Buyers are assigned specific commodities to procure, they manage the supply
15 agreements, and they oversee the delivery schedules to EKPC's generating fleet. These
16 Fuel Buyers monitor deliveries on a daily basis and communicate with the power plants
17 and suppliers on a routine basis. As an additional control, EKPC has internal reports
18 that track delivered tons versus committed tons. Delivery schedules, with adequate and
19 proper notification, may be adjusted as needed.

20 **Q. WHAT STEPS WOULD EPKC TAKE TO MAINTAIN AN ADEQUATE**
21 **SUPPLY OF COAL IF A SUPPLIER BECAME UNWILLING OR UNABLE TO**
22 **MEET ITS CONTRACT SUPPLY OBLIGATIONS?**

1 A. If current coal stockpile levels allow it, EKPC would attempt to negotiate a new
2 delivery schedule that is mutually acceptable to both parties. If coal stockpile levels
3 dictate immediate deliveries as outlined in EKPC's policy and emergency procedures,
4 EKPC would go to the market to replace the coal in an expeditious manner. The coal
5 supplier is contractually obligated to reimburse EKPC for the difference in the coal
6 cost, if the replacement cost is higher than the contracted price. EKPC also has a
7 Security of Performance provision in the coal contracts that mitigates exposure to the
8 spot market as well. EKPC monitors the domestic and international thermal/met coal
9 markets and considers the drivers that may impact contract supply obligations.

10 **Q. WHAT CHANGES IN COAL AND NATURAL GAS MARKET CONDITIONS**
11 **HAVE OCCURRED DURING THE REVIEW PERIOD, OR ARE EXPECTED**
12 **TO OCCUR WITHIN THE NEXT TWO YEARS, THAT HAVE**
13 **SIGNIFICANTLY IMPACTED OR WILL SIGNIFICANTLY IMPACT**
14 **EKPC'S FUEL PROCUREMENT PRACTICES?**

15 A. Mergers, acquisitions, bankruptcies, and divestments among thermal coal producers
16 continue to impact the number of participants in the coal market. The coal market
17 continues to experience contraction of suppliers as EKPC continues to see fewer
18 responses to coal solicitations from suppliers and brokers. In the coming years, coal
19 producers may have to deal with limited access to capital, bonding, and insurance in
20 domestic markets, which may further reduce the number of suppliers in the coal market.
21 The impact of contraction in the supply of coal available has been somewhat tempered
22 due to the reduced domestic demand for coal due to coal plant retirements. While
23 EKPC may see fewer suppliers in the coal market, EKPC does not currently anticipate

1 supply issues for its generation stations. Additionally, EKPC integrated into PJM in
2 June 2013. EKPC's fuel procurement practices are driven by the forecasted dispatch
3 of EKPC's generation assets in the PJM Energy Markets. Natural gas prices are
4 forecasted to stay in the current trading range over the next three to four years. Coal
5 competes with natural gas for market share within PJM. If the natural gas forecast is
6 accurate, the procurement of coal and gas over the next two years should be consistent
7 with EKPC's pre-COVID levels.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 **A. Yes**

COMMONWEALTH OF KENTUCKY

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CERTIFICATE

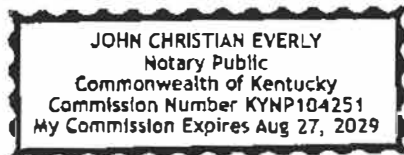
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

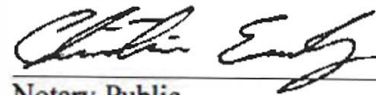
Christopher E. Adams, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's First Request for Information in the above-referenced case dated December 19, 2025, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Christopher E. Adams

Subscribed and sworn before me on this 13th day of January, 2026.





Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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APPLICATION OF THE FUEL ADJUSTMENT)
CLAUSE OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FROM NOVEMBER 1, 2022)
THROUGH OCTOBER 31, 2024)

CASE NO.
2025-00339

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 First Request for Information in the above-referenced case dated December 19, 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
Michelle K. Carpenter

Subscribed and sworn before me on this 22nd day of January, 2026.



Terri K. Combs
Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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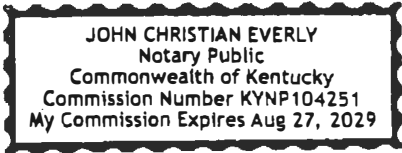
CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF CLARK)

Mark Horn, 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 December 19, 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.

Mark Horn
Mark Horn

Subscribed and sworn before me on this 13th day of January, 2026.



Christian Everly
Notary Public

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

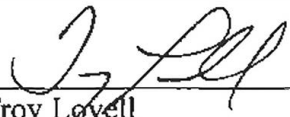
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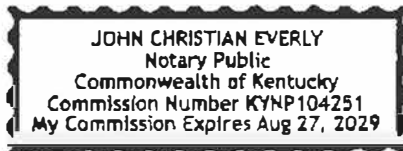
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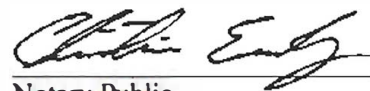
STATE OF KENTUCKY)
COUNTY OF CLARK)

Troy Lovell, 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 December 19, 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.


Troy Lovell

Subscribed and sworn before me on this 13th day of January, 2026




Notary Public

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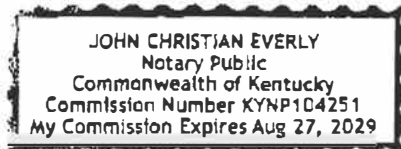
CERTIFICATE

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 Request for Information in the above-referenced case dated December 19, 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

Subscribed and sworn before me on this 13th day of January, 2026.




Notary Public

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00339
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 19, 2025

REQUEST 1

RESPONSIBLE PARTY: Mark Horn

Request 1. For the period from May 1, 2024, to October 31, 2024 (the last six months of the period under review), provide the amount of coal purchased in tons and the percentage of purchases that were spot versus contract.

Response 1. Please see attachment *PSC DR1 Response 1 - Coal Purchases.pdf*.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00339
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 19, 2025

REQUEST 2

RESPONSIBLE PARTY: Mark Horn

Request 2. For the last six months of the period under review, list each coal purchase made under a long-term contract (one year or greater). For each purchase, list the following:

- a. Contract or purchase order number;
- b. The supplier's name;
- c. The location(s) of production facilities from which the coal is sourced;
- d. The method of delivery, (i.e., barge, truck, rail, or other);
- e. The actual quantity received during the review period; and
- f. Current price paid per ton.

Response 2 a-f. Please see attachment *PSC DRI Response 2 - Long-Term Coal Contracts.pdf*.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00339
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED DECEMBER 19, 2025

REQUEST 3

RESPONSIBLE PARTY: Mark Horn

Request 3.

- a. As of the last day of the review period, state the coal inventory level in tons and in number of days' supply. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine the number of days' supply.
- c. State the target coal inventory level for each generating station and for the total system.
- d. If actual coal inventory exceeds the target inventory by ten days' supply, state the reasons for the excessive inventory.
 1. State whether any significant changes in the current coal inventory target are expected within the next 12 months.
 2. If so, state the expected change and the reasons for this change.

Response 3a.

- a. EKPC's aggregate coal inventory level as of October 31, 2024, was 1,020,365.25 tons – 51 days' supply at max burn. By generating station, the levels are as follows:

	<u>Tons</u>	<u>Days</u>
Cooper	137,905.08	38
Spurlock	882,460.17	54

b. Number of days' supply is determined by actual tons in inventory divided by the total maximum daily usage for EKPC's generating units. Same methodology applies to each generation station and in the system aggregate.

c. EKPC's aggregate coal inventory as of October 31, 2024, was within its target range of 25-60 days' supply. The Cooper Power Station inventory was within its target range of 25-60 days' supply. The Spurlock Power Station was within its target range of 25-60 days' supply.

d. EKPC's coal inventory did not exceed its target inventory by ten days as of the last day of the review period.

EKPC does not expect significant changes in its current coal inventory target within the next 12 months. With the return of market volatility and a shallow coal market, the upper limit of Spurlock Power Station's range was temporarily increased to 60 days in September 2023. And then permanently increased to 60 days at max burn in February 2025. The physical coal inventories are expected to remain within the target ranges by generation station and in the system aggregate.

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REQUEST 4

RESPONSIBLE PARTY: Mark Horn

Request 4. List each written coal-supply solicitation issued during the last six months of the period under review.

- a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor(s). Provide the bid tabulation sheet or corresponding document that ranks the proposals. (This document shall identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

Response 4a-b. Please see confidential attachments *Confidential PSC DRI Response 4a - Coal Solicitations.pdf* filed under seal pursuant to a motion for confidential treatment, and *Confidential PSC DRI Response 4b - Solicitation Bid Tabs.pdf*.

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REQUEST 5

RESPONSIBLE PARTY: Mark Horn

Request 5. List each oral coal-supply solicitation issued during the last six months of the period under review.

a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the period over which deliveries were requested, and the generating unit(s) for which the coal was intended.

b. For each solicitation, identify all vendors solicited and the vendor(s) selected. Provide the bid tabulation sheet or other document that ranks the proposals. (This document shall identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

Response 5. No oral coal supply solicitations were issued during the period under review.

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REQUEST 6

RESPONSIBLE PARTY: Mark Horn

Request 6. For the last six months of the period under review, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (i.e., spot or contract). Provide the percentage of purchases that were spot versus contract.

Response 6. Please refer to the table below.

<u>Vendor</u>	<u>Quantity (MMBtu)</u>	<u>Type of Purchase</u>
Conoco Phillips	392,757	Spot
Eco-Energy	253,551	Spot
NextEra Energy	741,487	Spot
NJR Energy	208,000	Spot
NRG Business Marketing	6,051	Spot
Sequent Energy	85,419	Spot
Tenaska Mktg.	1,152,088	Spot
United Energy	1,952,975	Spot
Vitol	20,000	Spot
TGP*	(1,872)	Spot

Please note that NAESB contracts with the above vendors have been filed with the Commission. For the period under review in total (six-month period ending October 31, 2024). EKPC's gas purchases were 100% spot.

* TGP is one of the pipeline transportation companies for Smith Power Station. Quantity shown is monthly balancing on the pipeline.

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REQUEST 7

RESPONSIBLE PARTY: Mark Horn

Request 7. For the last six months of the period under review, state whether there were any instances in which a natural gas generating unit could not be operated when it otherwise would have run due to pipeline constraints or natural gas being unavailable.

Response 7. No. During the period under review, there were no instances in which a natural gas unit could not be operated due to pipeline constraints or natural gas being unavailable.

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REQUEST 8

RESPONSIBLE PARTY: Mark Horn

Request 8. For the last six months of the period under review, state whether there have been any changes to hedging activities for coal or natural gas purchases used for generation since the previous Fuel Adjustment Clause (FAC) review proceeding. If so, describe the changes in detail.

Response 8. There have been no changes to hedging activities for coal or natural gas purchases used for generation since the previous FAC review proceeding. For natural gas, EKPC executed a conservative forward physical natural gas hedge during this time period to mitigate potential natural gas price volatility during peak winter months of December 2024, January 2025, and February 2025.

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REQUEST 9

RESPONSIBLE PARTY: Mark Horn

Request 9.

a. State whether EKPC has audited any of its fuel or transportation contracts during the last six months of the period under review.

b. If so, for each audited contract:

1. Identify the contract;
2. Identify the auditor; and
3. State the results of the audit and describe the actions that EKPC took as a result of the audit.

Response 9. No contracts were audited for the period under review.

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REQUEST 10

RESPONSIBLE PARTY: Mark Horn

Request 10.

a. State whether EKPC is currently involved in any litigation with its current or former fuel suppliers or transportation vendors.

b. If yes, for each litigation:

1. Identify the supplier or vendor;

2. Identify the contract involved;

3. State the potential liability or recovery to EKPC;

4. List the issues presented; and

5. Provide a copy of the complaint or other legal pleading that initiated the litigation and any answers or counterclaims. If a copy has previously been filed with the Commission, provide the date on which it was filed and the case in which it was filed.

c. State the current status of all litigation with suppliers or vendors.

Response 10. EKPC is not currently involved in any litigation with its current or former fuel suppliers or transportation vendors.

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REQUEST 11

RESPONSIBLE PARTY: Mark Horn

Request 11.

a. For the last six months of the period under review, state whether there have been any changes to EKPC's written policies and procedures regarding its fuel procurement.

b. If yes:

1. Describe the changes;
2. Provide the written policies and procedures as changed;
3. State the date(s) the changes were made; and
4. Explain why the changes were made. State the current status of all litigation with suppliers or vendors.

c. If no, provide the date EKPC's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.

Response 11a-c. EKPC updated its Fuel & Emissions Department Procurement Manual ("Manual") and the Fuel & Emissions Department Strategy ("Strategy") on October 21, 2024. The Manual was updated to reflect change in designated signatory, title changes, clarification to responsibilities, incorporation of definitions for applicable terms, addition of operational gallon capacity for each fuel oil

tank, addition of comparable product language for Mercontrol, and update the coal stockpile capacity. Additionally, the Strategy was updated to align with the Manual revisions as stated above, including the insertion of definitions for the applicable terms as provided in Table 1.

EKPC is providing *Confidential PSC DR1 Response 11 - Fuel Policies.pdf* under seal pursuant to a motion for confidential treatment. A revised copy of the Manual and the Strategy is provided in the previously referenced PDF on pages 1 through 138, and the redline copy is on pages 139 through 270. No other fuel procurement policies or procedures were updated during the period under review.

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REQUEST 12

RESPONSIBLE PARTY: Christopher E. Adams

Request 12. For the last six months of the period under review and for the years 2023 and 2024, list all firm power commitments for EKPC for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (i.e., peaking, emergency, etc.).

Response 12. (a) Purchases

SEPA	Up to 170 MW/hr	Energy	07/01/1998 – Indefinite ¹
Dynegy Marketing and Trade, LLC	60 MW/day	Capacity	06/01/2022 – 05/31/2023
Shell Energy North America (US), L.P.	50 MW/hr	Energy	10/01/2023 – 10/31/2023
Shell Energy North America (US), L.P.	100 MW/hr	Energy	11/01/2023 – 12/31/2023
Brookfield Renewable Trading and Marketing L.P.	Up to 417.5 MW/hr	Energy	12/28/2023 – 12/31/2025

¹ Contract is on-going until one party gives notice three years in advance of the date that it wishes to end the contract. No notices have been filed by either Party.

(b) Sales

Enel X North America, Inc.	130.8 MW/day	Capacity	6/1/2023 –5/31/2024
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REQUEST 13

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 13. Provide a monthly billing summary of sales to all electric utilities for the last six months of the period under review.

Response 13. Please see attachment *PSC DRI Response 13 - Monthly Billing Sales.pdf* pages 1 through 36 for sales to EKPC's Owner-Member Cooperatives and pages 37 through 42 for off-system sales for the period of May 1, 2024, through October 31, 2024.

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REQUEST 14

RESPONSIBLE PARTY: Troy Lovell

Request 14. Provide a list, in chronological order, showing by unit, any scheduled, actual, and forced outages between for the last six months of the period under review. Provide a key for any information that is abbreviated.

Response 14. Please see attachment *PSC DRI Response 14 – Outages.pdf*.

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REQUEST 15

RESPONSIBLE PARTY: **Troy Lovell**

Request 15. For the last six months of the period under review, provide the monthly capacity factor at which each generating unit operated.

Response 15. Please see attachment *PSC DRI Response 15 - Capacity Factors.pdf*.

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REQUEST 16

RESPONSIBLE PARTY: Troy Lovell

Request 16.

- a. For the last six months of the period under review, explain whether EKPC made any changes to its maintenance and operation practices or completed any specific generation efficiency improvements that affect fuel usage at EKPC's generation facilities.
- b. Describe the impact of these changes on EKPC's fuel usage.

Response 16. EKPC made no changes to its maintenance and operation practices that affect fuel usage at any of its generation facilities during the last six months of the period under review.

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REQUEST 17

RESPONSIBLE PARTY: Christopher E. Adams

Request 17. For the last six months of the period under review provide the hour-by-hour availability of each generating unit availability, how the unit had been bid into the day ahead market, whether the unit was operating, and if operating the minimum (economic or operational) and maximum capacity of the unit.

Response 17. Please refer to the attached excel spreadsheet *PSC DRI Response 17 - Unit Availability.xlsx*.

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REQUEST 18

RESPONSIBLE PARTY: Mark Horn

Request 18. State whether EKPC is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the last six months of the period under review.

Response 18. EKPC is not aware of any violations of its policies and procedures regarding fuel procurement.

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REQUEST 19

RESPONSIBLE PARTY: Jacob R. Watson

Request 19. State whether EKPC is aware of any violations of 807 KAR 5:056 that occurred prior to or during the last six months of the period under review.

Response 19. EKPC is not aware of any violations of 807 KAR 5:056 during the review period.

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REQUEST 20

RESPONSIBLE PARTY: Christopher E. Adams

Request 20. Describe the effect on the FAC calculation of line losses related to:

- a. Intersystem sales when using a third-party transmission system; and
- b. Intersystem sales when not using a third-party transmission system.

Response 20.

- a. There is no effect on line loss.
- b. There is no effect on line loss.

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REQUEST 21

RESPONSIBLE PARTY: Mark Horn

Request 21. State whether all fuel contracts related to commodity and transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.

Response 21. All fuel contracts related to commodity and transportation have been filed with the Commission by EKPC's Regulatory and Compliance group.

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REQUEST 22

RESPONSIBLE PARTY: Mark Horn

Request 22. For each generating station, state the methods of coal delivery currently available.

Response 22. Truck transportation is currently available at Cooper Power Station with rail transportation as a potential secondary option. Barge and rail transportation are typically both available at Spurlock Power Station.

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REQUEST 23

RESPONSIBLE PARTY: Jacob R. Watson

Request 23. If a change in the base fuel cost is proposed, state the month to be used as the base period (b). If the base period results in a fuel cost other than one representative of current costs as prescribed by 807 KAR 5:056, Section 1(2), explain why this base period was selected. If no change is proposed, include an explanation of the reason(s) EKPC believes the current base period fuel cost should remain unchanged.

Response 23. After review of the past, current, and projected fuel costs, EKPC does not propose any change to the base fuel component. In Case No. 2023-00009, October 2021's fuel cost of \$0.03749/kWh was set as the base fuel component. The current two-year review period covers the months of November 2022 through October 2024. Based upon a review of those months, EKPC's total fuel cost ranged from a low of \$0.02874/kWh in March 2024 to a high of \$0.04879/kWh in December 2022. The average total fuel cost for the 24-month period under review was \$0.03580/kWh. In determining a representative month for the base fuel cost, EKPC followed the same mathematical approach employed for the four previous two-year FAC review proceedings.

The fuel market is not anticipated to soften over the next two years. With that consideration, it did not appear to be reasonable that the representative month would be one where the actual monthly fuel cost is below the average total fuel cost for the 24-month period under review. This conclusion results in the

elimination of 14 of the 24 months from consideration as a representative month. EKPC also eliminated from consideration as the representative month, the three months with the highest actual monthly fuel cost, as they appeared to be an outlier (November and December of 2022 and January 2024).

For the remaining 7 months, the total actual fuel costs ranged from a low of \$0.03580/kWh in March 2023 to a high of \$0.03772/kWh in January 2023. The average of the total actual fuel costs for the remaining 7 months was \$0.03704/kWh. The average of the actual resource mixes for these 7 months was 68.80% generation and 30.20% purchased. Comparing the resource mix of the remaining 7 months shows April 2023 or October 2021 as the two closest months to the various averages representing the review period. The fuel cost for April 2023 is \$0.03743/kWh, only \$0.00006/kWh less than the existing base fuel component (October 2021). Below is a table displaying that comparison.

	Resource Mix - kWh		Fuel Cost /kWh
	Percentage Generated	Percentage Purchased	
January 2023	50.53%	49.47%	\$0.03772
March 2023	55.09%	44.91%	\$0.03580
February 2024	61.80%	38.20%	\$0.03700
<i>October 2021-Current Base</i>	<i>62.08%</i>	<i>37.92%</i>	\$0.03749
<i>First 12-Month Average</i>	<i>64.70%</i>	<i>35.30%</i>	
<i>24-Month Average</i>	<i>65.24%</i>	<i>34.76%</i>	
<i>Second 12-Month Average</i>	<i>65.76%</i>	<i>34.24%</i>	
April 2023	66.29%	33.71%	\$0.03743
August 2023	81.32%	18.68%	\$0.03659
September 2023	86.12%	13.88%	\$0.03732
July 2023	88.89%	11.11%	\$0.03741

While the monthly fuel costs fluctuate from month to month, EKPC believes October 2021 is a fair and representative month of fuel costs. EKPC does not propose any change to the base fuel component.

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REQUEST 24

RESPONSIBLE PARTY: Jacob R. Watson

Request 24. Provide a calculation of the fossil fuel costs F(b) that EKPC proposes to use to calculate the base period fuel cost. This calculation shall show each component of F(b) as defined by 807 KAR 5:056. Explain why the fuel cost in the selected base period is representative of the level of fuel cost currently being experienced by EKPC.

Response 24. Please see attachment *PSC DRI Response 24 - Fuel Cost Calculation.pdf*.

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REQUEST 25

RESPONSIBLE PARTY: Jacob R. Watson

Request 25. Provide a schedule showing each component of sales as defined by 807 KAR 5:056 in the selected base period (b). Explain why EKPC believes that the sales in the selected base period (b) are representative of the level of kWh sales that EKPC will derive from the level of fuel cost incurred during the selected base period (b).

- a. Separately provide the amounts of power purchases used in the calculation of sales provided.
- b. Separately provide the amounts of intersystem power sales used in the calculation of sales provided.

Response 25. Each component of sales is given below and shown in the attachment *Staff DRI – Response 24.pdf*, page 4 of 5.

Owner-Member Sales	907,218,130 kWh
Inter-System Sales	721,000 kWh

The annualized kwh sales to Owner-Members for the October 2021 base period total 10,886,617,560 kWh. This sales volume is lower than the projected sales to Owner-Members for 2025 of 14,622,910,594 kWh and for 2026 of 14,615,345,149 kWh as shown in the response to Request 33.

October generally is what is known as a “shoulder” month, where sales are normally lower than what would be expected in the peak winter months. When annualizing the sales for the month, it would not be surprising that the annualized total would be lower than the overall expected sales for the year. Taking these factors into consideration, EKPC believes that October 2021 is still representative.

Purchased from	kWh Purchased
Cox Interior	213,425
Lock 7 Generator	992,399
National Guard Armory	1,592
PJM	347,278,000
Southeast Power	19,137,000
Shell Energy	12,000,000
TGP Purchases – excluded from FAC	(31,249,093)
Total	348,373,323

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REQUEST 26

RESPONSIBLE PARTY: Jacob R. Watson

Request 26. Provide a schedule showing the calculation of EKPC's proposed increase or decrease in its base fuel cost per kWh to be incorporated into its base rate.

Response 26. EKPC is not proposing any changes to its base fuel rate.

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REQUEST 27

RESPONSIBLE PARTY: Jacob R. Watson

Request 27. Provide a schedule of the present and proposed rates that EKPC seeks to change pursuant to 807 KAR 5:056, shown in comparative form.

Response 27. EKPC is not proposing any changes to its base fuel rate. Therefore, there are no rate changes to be presented.

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REQUEST 28

RESPONSIBLE PARTY: Jacob R. Watson

Request 28. Provide a copy of the current tariff showing by cross-outs and inserts all proposed changes in rates.

Response 28. EKPC is not proposing any changes to its base fuel rate. Therefore, there are no rate changes to be made to EKPC's tariff.

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REQUEST 29

RESPONSIBLE PARTY: Christopher E. Adams

Request 29. For the years ending 2023 and 2024, provide:

- a. Maximum annual system demand; and
- b. Average annual demand.

Response 29.

- a. Maximum annual system demand; and

Year	Maximum System Load
2023	2,707
2024	3,754

- b. Average annual demand.

Year	Average System Load
2023	1,537
2024	1,610

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REQUEST 30

RESPONSIBLE PARTY: Jacob R. Watson

Request 30.

- a. Provide a schedule of the calculation of the 12-month average line loss by month for November 2022 through October 2024.
- b. Describe the actions that EKPC has taken to reduce line loss during this period.

Response 30.

- a. See table on the next page.

12 Month Ending	12 Month Total Member Sales Plus Off System Sales (MWh)	12 Month Line Loss (MWh)	12 Month Line Losses as a Percent of Total Sales
Nov-22	1,129,696	23,705	2.10%
Dec-22	1,158,373	24,638	2.13%
Jan-23	1,140,547	23,472	2.06%
Feb-23	1,129,239	22,780	2.02%
Mar-23	1,132,939	22,588	1.99%
Apr-23	1,131,746	22,063	1.95%
May-23	1,128,654	21,511	1.91%
Jun-23	1,118,141	21,282	1.90%
Jul-23	1,114,218	21,115	1.90%
Aug-23	1,112,434	21,081	1.90%
Sep-23	1,113,556	21,123	1.90%
Oct-23	1,113,874	21,420	1.92%
Nov-23	1,117,701	21,662	1.94%
Dec-23	1,110,192	21,025	1.89%
Jan-24	1,139,077	21,995	1.93%
Feb-24	1,148,812	22,291	1.94%
Mar-24	1,146,964	21,979	1.92%
Apr-24	1,150,167	21,845	1.90%
May-24	1,157,300	22,227	1.92%
Jun-24	1,170,819	22,664	1.94%
Jul-24	1,173,310	22,687	1.93%
Aug-24	1,179,410	22,520	1.91%
Sep-24	1,178,275	22,204	1.88%
Oct-24	1,177,648	21,619	1.84%

b. Although EKPC has not taken any specific actions driven primarily by reduction of system losses, many transmission and distribution substation projects undertaken by EKPC during the subject period provide an ancillary benefit of energy loss reductions. For example, EKPC completed rebuilds of more than 98 miles of 69 kV transmission line during this period. Replacement of older higher-impedance (i.e., less efficient) conductor with lower-impedance conductor was an integral part of these rebuild projects. As a result, energy losses were reduced on these line sections. EKPC also upgraded the main

power transformer at one existing transmission substation and at sixteen existing distribution substations during the subject period. The newer distribution substation transformers installed are typically more efficient than the older transformers installed in EKPC substations, which results in a slight reduction in energy losses incurred by delivery of power through the substation transformer. Finally, EKPC constructed approximately 7 miles of new 69 kV line to provide a new path for power flows on the EKPC system to reduce loading on the existing system in the area, resulting in reduced energy losses.

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REQUEST 31

RESPONSIBLE PARTY: Christopher E. Adams

Request 31. Describe in detail any hedging or hedging related activities that EKPC uses in relation to power purchases. Include an explanation as to whether the Commission approved the hedging activities, or the utility implemented hedging pursuant to internal company policies. If the hedging was pursuant to internal policies, provide a copy of the policy and an explanation of how long the hedging activity has been ongoing.

Response 31. EKPC evaluates its short-term energy portfolio position on a seasonal, monthly, and weekly basis and looks forward over the next three years. When the cost of power to its Owner-Members indicates that fluctuations could occur as compared to expectations, EKPC reviews all options it has for hedging that energy price position. That evaluation is presented to the Executive Team as well as the Board Risk Oversight Committee on a seasonal basis. The next peak season expectations are presented along with recommended actions to secure the position. These hedges are reviewed on an ongoing basis. EKPC also reviews its energy position a week or two-week forward (during peak months) basis and makes a recommendation to its Executive Management to buy a forward hedge for natural gas and/or energy or to rely on the current resources for the next week. EKPC procured several energy hedges during the review period, as outlined above in Item 12 (a).

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REQUEST 32

RESPONSIBLE PARTY: Mark Horn

Request 32. Provide the most recent projected fuel requirements for the years 2025, 2026, and 2027 in tons for coal, MMBtu for natural gas, and dollars.

Response 32.

2025 — 2027 Budget Quantities and Costs

		2025	2025	2026	2026	2027	2027
		Quantity	Dollars	Quantity	Dollars	Quantity	Dollars
Cooper		190,561	\$18,385,224	137,912	\$13,504,740	67,976	\$6,778,943
Spurlock	Units 1 & 2	2,204,518	\$130,438,171	1,914,522	\$117,849,858	2,025,685	\$129,794,694
Spurlock	Units 3 & 4	1,370,520	\$87,298,085	1,276,392	\$73,752,628	1,345,137	\$79,861,415
Smith	Natural Gas	11,484,133	\$49,531,490	8,428,118	\$39,420,584	7,409,448	\$34,530,961
Bluegrass	Natural Gas	2,645,570	\$13,012,562	2,391,989	\$11,786,554	2,378,567	\$11,605,493

Note: Data from 2024 Fuel Budget

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REQUEST 33

RESPONSIBLE PARTY: Jacob R. Watson

Request 33. Provide the most recent sales projections for the years 2025, 2026, and 2027 in kWh and dollars.

Response 33. Please see table below.

	2025	2026	2027
Base Revenue Dollars	\$ 1,154,698,468	\$ 1,294,334,012	\$1,325,932,939
KWH	14,622,910,594	14,615,345,149	14,804,406,235

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REQUEST 34

RESPONSIBLE PARTY: **Troy Lovell**

Request 34. Provide the planned maintenance schedule for each of the generating units for the years 2025, 2026, and 2027.

Response 34. Please see attachment *PSC DRI Response 34 - Maintenance Schedule.pdf*.

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REQUEST 35

RESPONSIBLE PARTY: Mark Horn and Michelle K. Carpenter

Request 35. Identify any issues that could affect fuel costs for the two-year period that remain unresolved or unsettled. Include in the response any issues related to billings from a regional transmission operator. Consider this a continuing request to inform the Commission if EKPC becomes aware of any issues during the course of this proceeding.

Response 35. Currently there are no known issues related to fuel procurement that could affect fuel costs for the two-year period under review (November 1, 2022, through October 31, 2024) that remain unresolved or unsettled. Further, there are no outstanding disputes of amounts billed by PJM related to the two-year review period. However, the Commission should be aware that EKPC is routinely billed by PJM for prior period adjustments to billing codes that are includable in the FAC. At times, these adjustments may be related to months that fall outside of a two-year review period, but have historically been immaterial in nature. These charges and credits, when they occur, are included within the total of the PJM Day Ahead and Balancing reported on the respective monthly FAC filings. EKPC has no control over PJM's adjustment process and such adjustments are typically not associated with amounts disputed during EKPC's weekly settlement process. Generally, such adjustments are not known by EKPC until billed and are considered part of the normal course of business for Regional Transmission Organizations.

EKPC believes that such adjustments represent the most recent actual fuel cost to the Company and are therefore, included in the FAC when invoiced by PJM.

It should also be noted that EKPC currently has a New ERA grant application pending with the Rural Utilities Service (RUS) that includes twenty-five percent of the cost of a hydroelectric power purchase agreement (PPA) that was in effect and recovered through the FAC for eleven months of the two-year review period. At this time, there is no certainty as to the final grant award amount or the timing of any grant proceeds.

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REQUEST 36

RESPONSIBLE PARTY: Mark Horn

Request 36. Provide the number of EKPC's coal purchase contracts that included transportation costs and those that did not from November 1, 2022, through October 31, 2024.

a. Explain how it is determined whether transportation costs will be included in the coal purchase contract.

b. When transportation is contracted for separately from the coal contract, explain whether EKPC issues requests for proposals (RFP) for this service.

1. If yes, state how often this occurs, how many vendors are included in the RFP, and how is it determined which vendors will receive the RFP.

2. State whether EKPC uses or contracts with any related parties for transportation of its coal purchases. If yes, provide the name of the related party and nature of the relationship, the period it has contracted with the party, and copies of any contracts with the related party if not previously filed with the Commission.

c. Explain in detail EKPC's policies and procedures for entering into transportation contracts.

Response 36. Coal for Cooper Power Station (“Cooper”) is procured on a delivered basis from the CAPP coal basin, which is relatively close. The coal purchase contracts for Cooper during the period under review, which were actually “spot” coal supply contracts in the form of short-term purchase orders, include all transportation costs from the Acquisition Point to the Unloading Point of Cooper. The Cooper coal contracts exclusively utilize truck transportation with the supplier responsible for the logistics because rail deliveries to Cooper Power Station is not the least-cost option. If EKPC exercised the option to deliver coal to Spurlock Power Station (“Spurlock”), which was initially procured for Cooper, the coal would most likely be transported by railcar, and the trucking rate would be excluded from the FOB railcar price. EKPC would then pay the applicable transportation costs directly to the railroad.

Coal for Spurlock is procured on a FOB barge or FOB railcar basis from coal basins such as the CAPP, NAPP, and ILB, which are relatively distant. The coal purchase contracts for Spurlock during the review period, which was 17 supply contracts, include applicable costs for getting the coal to the Acquisition Point/Delivery Point such as a dock or terminal, but do not include transportation costs from the Acquisition Point to the Unloading Point of Spurlock. The Spurlock coal contracts currently utilize barge transportation exclusively because rail and truck deliveries to Spurlock are not the least-cost options. Furthermore, daily truck deliveries of coal to Spurlock simply could not keep up with the typical daily burn of coal, especially not having designated coal haul roads where extended weights can be utilized. The Spurlock supply contracts are bid for FOB barge or railcar, and ultimately, EKPC must secure separate barge or rail transportation contracts.

The decision to procure coal is based on the lowest evaluated delivered cost of the coal that meets EKPC’s coal quality specifications and needs. Regardless of transportation method, the carrier assumes all risk of loss of the coal until delivered to the Unloading Point.

a. Whether transportation costs will be included in the coal purchase contract is typically based on the distance the coal will travel, the volume of coal to be moved, transportation methods possible, availability of equipment, and the most economical means of transporting the coal to its final destination. The industry standard of coal that can be delivered by truck is typically procured on a delivered basis. Truck transportation is usually limited to relatively small quantities moving fairly short distances on established coal haul roads. Coal companies may own their own fleet of trucks or have access to a pool of trucks through common carriers where multiple round trips could be made in a single day. Coal suppliers who deliver coal by truck simply may not have economical access to either a rail loadout or a dock. The industry standard of coal that can be delivered by barge or rail is typically procured from a specific point such as a dock or loadout, and the utility is responsible for transportation. Barge or rail deliveries are typically large quantities that may be in transit for multiple days and from multiple coal basins. Coal companies that own or lease barge and/or rail power and equipment use it in their daily operations, such as moving coal to their own processing or trans-load facilities, but not to deliver to their customers. The barge and/or rail transportation costs for Spurlock are separate transportation contracts from the coal purchase contracts.

b. Yes, EKPC issues written RFPs for barge transportation, but it does not issue RFPs for rail transportation because Spurlock is only served by one railroad (sole source), CSX Transportation. Currently, Spurlock receives all coal by barge, which is the most economical method for EKPC. EKPC has been on a cycle of issuing written RFPs for barge transportation every four years. When EKPC sought transparency in the market with a written RFP in 2017 and changed barge carriers in 2018, it resulted in significant savings that benefited the end user for the term of 2018 through 2021. The written RFP in 2021 also yielded favorable provisions for the term of 2022 through 2025. The current barge transportation contract has a term of five (5) years with the term of 2026 through 2030. EKPC has identified barge transportation companies that can serve Spurlock and they are on the Barge Bidders List.

The five qualified barge companies are on the Barge Bidders List, and every carrier on the Barge Bidders List receives the written RFPs. EKPC does not use or contract with any related parties for the transportation of its coal purchases.

c. EKPC has policies in place, such as Board Policy No. 404 (Transaction Authority Limits) and Administrative Policy No. AO31 (Delegation of Authority), that outline transaction limits and define fuel-related transportation transactions for product, term, lead time, volume, and cost with controls around the “per transaction” limits and “aggregate” limits. EKPC’s Fuel & Emissions department has a Procedure for the Procurement of Transportation that outlines the procurement, confirmation, and payment of transportation commodities for use at EKPC’s power stations. The procedures define responsibilities for each party in the procurement process, RFP process, bid opening process, evaluation process, field evaluation report, due diligence, approval process, execution of the transportation contract(s), and monitoring transportation company performance. This detailed procedure is from a global perspective and involves Fuel & Emissions, Power Supply and Planning, Power Production, Environmental Affairs, Finance, and Legal.

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REQUEST 37

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 37. Explain how purchase power costs are accounted for in the calculation of the FAC when EKPC experiences a planned generation outage and purchases power to meet load (i.e., whether the entire amount of the purchase power recorded in the calculation, or there is a limit as to the amount recorded). If there is a limit, explain the basis for the limitation and how it is calculated. If there is no limit, explain the basis for including 100 percent of the purchase power costs.

Response 37. Power purchases to meet load during a planned outage are included in the monthly FAC calculation to the extent that such purchases do not exceed EKPC's highest cost unit available, pursuant to Case No. 2000-00496-B. The highest cost unit available is determined each month by taking the heat rate at the minimum load level of each generating unit multiplied by the cost of fuel to run the unit. The highest resulting cost is then compared to the hourly purchases to determine the amount of purchases to exclude from the FAC calculation.

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REQUEST 38

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 38. Explain how purchase power costs are accounted for in the calculation of the FAC when EKPC is not experiencing a generation outage but must purchase power in order to meet demand (i.e., whether the entire amount of the purchase power recorded in the calculation, or there is a limit as to the amount recorded). If there is a limit, explain the basis for the limitation and how it is calculated. If there is no limit, explain the basis for including 100 percent of the purchase power costs.

Response 38. Power purchased in order to meet demand is limited for FAC recovery to EKPC's highest cost unit available, as described in response 37.

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REQUEST 39

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 39. Provide the amount, by month, of costs excluded from recovery from the FAC related to non-economy purchases.

- a. State whether EKPC otherwise recovers the excluded costs.
- b. If EKPC does recover the excluded costs, explain in detail how those costs are recovered.

A list of all programs currently offered by EKPC.

Response 39. Please refer to the schedule below for a summary of non-economy purchases excluded from FAC recovery as a result of the highest unit cost calculations described in responses 37 and 38, along with disallowed forced outage costs, for the period under review.

Month	Year	Highest Cost		Forced Outage Costs		Total
		Exclusion		Disallowed		
Nov	2022	\$ 57,729	\$	146,804	\$	204,533
Dec	2022	\$ 16,962,377	\$	18,676,425	\$	35,638,802
Jan	2023	\$ -	\$	-	\$	-
Feb	2023	\$ -	\$	-	\$	-
Mar	2023	\$ 91,348	\$	-	\$	91,348
Apr	2023	\$ 132,810	\$	-	\$	132,810
May	2023	\$ 253,365	\$	-	\$	253,365
Jun	2023	\$ 151,446	\$	-	\$	151,446
Jul	2023	\$ 140,685	\$	38,852	\$	179,537
Aug	2023	\$ 116,934	\$	556,681	\$	673,615
Sep	2023	\$ 60,414	\$	151,981	\$	212,395
Oct	2023	\$ 496,825	\$	80,422	\$	577,247
Nov	2023	\$ 452,926	\$	(100,325)	\$	352,601
Dec	2023	\$ 10,598	\$	-	\$	10,598
Jan	2024	\$ 1,014	\$	(279,226)	\$	(278,212)
Feb	2024	\$ -	\$	-	\$	-
Mar	2024	\$ 1,066,160	\$	8,183	\$	1,074,343
Apr	2024	\$ (1,057,615)	\$	-	\$	(1,057,615)
May	2024	\$ 7,077	\$	57,936	\$	65,013
Jun	2024	\$ 34,647	\$	15,715	\$	50,362
Jul	2024	\$ 151,505	\$	67,998	\$	219,503
Aug	2024	\$ 131,371	\$	-	\$	131,371
Sep	2024	\$ 35,622	\$	-	\$	35,622
Oct	2024	\$ 201,518	\$	-	\$	201,518
Total		\$ 19,498,756	\$	19,421,446	\$	38,920,202

EKPC has no separate mechanism established to recover these excluded costs. However, as discussed by Mr. Watson in his response to Request 41, EKPC proposed a \$5,173,478 adjustment to Test Year Other Power Supply Expense in Case No. 2021-00103 to include a component in base rates for FAC highest cost unit exclusions and disallowed forced outages, based upon a historic five-year average. This adjustment was ultimately included in the rates approved by the Commission, effective with service rendered on and after October 1, 2021. Accordingly, \$10,346,956 of the above listed exclusions incurred during the two-year review period are in essence, considered to be recovered in base rates.

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REQUEST 40

RESPONSIBLE PARTY: Jacob R. Watson

Request 40. Provide the amount of current FAC fuel procurement or purchase power costs that is included in EKPC's base rates.

Response 40. Consequently, EKPC's current energy rates reflect the cost recovery of test year non-fuel related variable expenses determined in Case No. 2021-00103 and the base fuel cost established in its FAC mechanism. The current FAC fuel procurement or purchase power costs included in EKPC's base rates was set during the last FAC two-year review, Case No. 2023-00009. As approved by the Order dated May 6, 2024, the fuel procurement and purchase power costs included in EKPC's base rates are the actual fuel costs from October 2021. See attachment *PSC DRI Response 24 - Fuel Cost Calculation.pdf*.

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REQUEST 41

RESPONSIBLE PARTY: Jacob R. Watson

Request 41. Provide the amount of non-FAC fuel procurement or purchase power costs that are otherwise recovered in EKPC's base rates.

Response 41. In Case No. 2021-00103, EKPC proposed an adjustment that reflected two types of purchased power costs that were not recoverable through its FAC mechanism. The first was purchased power costs in excess of EKPC's highest cost generating unit available to be dispatched to serve native load during a reporting period. The second was purchased power costs associated with forced outages. The total amount for each of these purchased power costs included in base rates was determined from a five-year average of these costs experienced during the period 2015 through 2019. The five-year average of purchased power costs in excess of EKPC's highest cost generating unit available totaled \$3,215,034. The five-year average of purchased power costs associated with forced outages totaled \$1,958,444. Thus, the total of non-FAC purchase power costs recovered in EKPC's base rates is \$5,173,478. Please see EKPC's Application in Case No. 2021-00103, Exhibit 13, the Direct Testimony of Isaac S. Scott, Exhibit ISS-1, Schedule 1.23, page 40 of 47 for the supporting calculations.

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REQUEST 42

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 42. Provide each instance an error was made by EKPC on its FAC form A rate sheets filed during the full two-year period under review. For each instance provide:

- a. An explanation on the error and why the error was made.
- b. EKPC's actions taken to correct for the error.
- c. Revised FAC form A rate sheets showing the actual fuel related expenses and sales as if it was filed accurately.

Response 42. Outlined below are corrections made during the two-year review period that impacted amounts reported on the monthly Form A rate sheet filings.

In July 2023, EKPC updated its forced outage methodology to utilize comparable EKPC combustion turbine (CT) unit information in determining the cost of replacement power when CT units on forced outage have no day-ahead award. This change was necessary because PJM determines economic dispatch in the market and EKPC cannot reasonably predict how long a combustion turbine would have run had the unit not experienced a forced outage. Because this was a new methodology, it was further refined over time to ensure consistency in application and with each refinement, affected prior month forced outage calculations were adjusted accordingly. These adjustments impacted Fuel (Assigned

Cost during F.O.), Fuel (Substitute for F.O.) and Economy Purchase (Highest Cost Unit) amounts previously reported on the monthly Form A rate sheet as noted below.

Expense Month Adjusted	Fuel (Assigned Cost During F.O.)	Fuel (Substitute for F.O.)	Net Impact of F.O. Adjustments on Fuel	Economy Purchases	Actual Expense Month
Aug-23	\$ 61,817	\$ 343,089	\$ (281,272)	\$ -	July 2023
Sep-23	\$ (16,516)	\$ (23,722)	\$ 7,206	\$ 175	August 2023
Nov-23	\$ (28,773)	\$ (129,598)	\$ 100,825	\$ (8,964)	July through October 2023
Jan-24	\$ (125,403)	\$ (407,301)	\$ 281,898	\$ (1,014)	July through October 2023
	<u>\$ (108,875)</u>	<u>\$ (217,532)</u>	<u>\$ 108,657</u>	<u>\$ (9,803)</u>	

Given the corrections were included in the August 2023, September 2023, November 2023 and January 2024 filings, a revised FAC Form A rate sheet has not been provided as part of this response.

For the expense month of March 2024, Bluegrass Station combustion turbine units were erroneously used for the purchased power highest cost unit exclusion calculations, which ultimately resulted in EKPC understating recoverable economy purchases for the month. The calculation was subsequently revised using the appropriate unit, Cooper Unit 1, and the resulting adjustments of \$448,781 and \$609,737 for PJM and Brookfield purchases, respectively, were included in April expense month economy purchases on the FAC Form A rate sheet. To ensure the appropriate highest cost unit is used, staff members preparing the calculation now compare the costs of all units, not just combustion turbines, to determine the highest cost unit each month. Given the correction was included in the following month's economy purchases, a revised FAC Form A rate sheet has not been provided as part of this response.

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REQUEST 43

RESPONSIBLE PARTY: Michelle K. Carpenter

Request 43. State whether any PJM costs were included in EKPC's monthly FAC filings during the period under review. If yes, provide the amount of the costs by month and by type of cost.

Response 43. PJM billing line items were included in the monthly FAC calculation during the period under review. Please see attachment *PSC DRI Response 43 - PJM BLI.xlsx* for a summary of the PJM billing line-item charges and credits included in the FAC calculation during each month of the two-year review period, which is consistent with the billing line items authorized by the Commission in Case No. 2014-00451, with the exception of line items 2211 and 2215, Day-ahead Transmission Congestion and Balancing Transmission Congestion, respectively. PJM replaced Commission authorized billing line item 2210, Transmission Congestion Credits, with these new line items, effective June 1, 2017. EKPC included a letter to the Commission with its June 2017 expense month FAC filing that explained the change in billing line items.

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REQUEST 44

RESPONSIBLE PARTY: Christopher E. Adams

Request 44. Explain how EKPC's generating units are bid into PJM's energy market and the implications for the manner in which the units are run when the unit's bid in price is greater than the hourly locational marginal pricing (LMP). For example, if the unit is bid in as "must run" and its bid in price is greater than the hourly LMP, explain whether the unit is ramped down to its economic minimum output level or whether it is run at some level greater than that for some other reason such as balancing or voltage support.

Response 44. The PJM energy market is a two-settlement market; meaning, there is both a day-ahead and real-time (balancing) market. Any unit that has cleared the current PJM RPM capacity market delivery year has a must-offer obligation to offer into the day-ahead market. A unit that has not cleared the current capacity market may choose to offer into the day-ahead or real-time market. For the period under review, all EKPC units except Bluegrass 3 were obligated to must-offer.

In general, all Spurlock units were offered as must-run in the day-ahead market while Cooper, Smith, and Bluegrass units (except Bluegrass 3) were offered as economic in the day-ahead market. During times of expected high demand, EKPC has offered all units as must-run in order to ensure clearing in the day-ahead market. Units that clear as must-run cannot set hourly LMP as a marginal unit and are paid the prevailing LMP at the unit's pricing node (a "price-taker"). In addition, must-run units are not

eligible for start-up, no-load, or make-whole payments. EKPC, as of May 2025, has begun to offer all Spurlock units into the day-ahead energy market as economic, mainly to capture no-load payments from the market. Spurlock is still operated as if it were offered in as must-run, meaning that if the unit is forecasted to be in the money over an extended period of time (5 days), that EKPC will elect to keep the unit online even if it did not clear economically in the day-ahead market. This is because the shutdown and startup costs associated with cycling the units at Spurlock would outweigh the economic benefit of shutting the unit down for a day. In addition, cycling large coal units creates a higher risk of failure and increased maintenance costs over the long run. Units that do not clear the day-ahead market based on economics but choose to run through for company are paid the prevailing real-time LMP at that unit's pricing node for the operating day.

A unit that has cleared the day-ahead market as must-run can either provide an operating schedule to PJM designating the unit's hourly output, or it can elect to follow PJM's dispatch signal based on real-time LMPs. EKPC generally elects to follow the PJM dispatch signal unless unit testing requires a deviation.

For the period under review, Bluegrass 3 was offered into the PJM capacity markets but either did not clear, or EKPC elected to purchase its position out of the capacity market to mitigate capacity performance risk. Therefore, Bluegrass 3 was not obligated to the capacity market. Starting with the 2025/2026 delivery year (June 1, 2025) and looking forward, Bluegrass 3 was and is obligated to the capacity market and is generally offered in as economic.

For both must-run and economic offers, if the unit's offer price is above the prevailing LMP, then the unit will be dispatched to its minimum output level, and if the unit's offer price is below the prevailing LMP, then the unit will be dispatched to its maximum economic output level. Each unit has an offer curve with defined offer-MW pairs that drive economic dispatch in PJM. LMP may fall below, on, or above those defined offer curves and PJM will dispatch the units accordingly.

As discussed, during extreme cold or hot weather and high-demand times, EKPC may elect to must-run and proactively dispatch units for reliability. In addition, PJM may elect to run units out of economic merit to ensure voltage support. PJM has dispatched Cooper station in order to support voltages in the southern area of EKPC's system in the past. When PJM dispatches units for reliability, the unit is made-whole to the higher of its cost-offer or the prevailing LMP.

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REQUEST 45

RESPONSIBLE PARTY: Christopher E. Adams

Request 45. If the coal units are available, explain whether they are always bid into the energy market as “must run.” If not, then explain the circumstances under which the units are not bid in as such.

Response 45. No, coal units are not always offered as must-run. For the period under review, generally Spurlock units were offered as must-run given that short-cycling the units is not economically beneficial. Although, as of May 2025, EKPC has begun to offer Spurlock units as economic. This allows EKPC to capture no-load payments from the PJM energy market that are not available to assets that are in the must-run status. EKPC will still operate the units as if they were must-run to avoid short-cycling if they were not to clear in the day-ahead energy market. The Cooper units are generally offered as economic, although during extreme weather EKPC often chooses to must-run the units for reliability. In addition, PJM can request a unit to dispatch out of economic merit for reliability. See Response 44, above, for more details regarding PJM unit commitment.

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REQUEST 46

RESPONSIBLE PARTY: Christopher E. Adams

Request 46. In an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible, for the period under review and when the units are available to run,

- a. Provide the bid status (i.e., economic dispatch, must-run, etc.), by day, of EKPC's coal-generating units into PJM's day ahead market. Explain the reason for each bid status.
- b. Provide the price per MWH, by day, of EKPC's generating units bid into PJM's day ahead market and the corresponding LMP indicating whether or not the unit cleared the market.
- c. In a separate spreadsheet Tab, provide a graphical representation of the information in part b. above.

Response 46a-c. Please see the attached excel spreadsheet, *Confidential PSC DRI Response 46 - EKPC Gen Units Bid Status.xlsx*, subject to motion for confidential treatment. EKPC is required to submit three different offer schedules to PJM: cost, price, and price-PLS (Parameter Limited Schedule). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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REQUEST 47

RESPONSIBLE PARTY: Christopher E. Adams

Request 47. For the period under review, explain whether when the units are not on a planned, maintenance, or forced outage, PJM considers the units as being in available status. If not, explain the circumstances under which the units would not be considered in available status.

Response 47. EKPC is required to communicate the status of each unit to PJM on a real-time and day-ahead basis. EKPC explicitly designates the status of each unit, either it is on a planned, maintenance, or forced outage and whether it is fully or partially (derated) available. This availability is communicated using the PJM Markets Gateway portal.