

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	)	2023-00009
COOPERATIVE, INC. FROM NOVEMBER 1, 2020	)	
THROUGH OCTOBER 31, 2022	)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on September 6, 2023, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of East Kentucky Power Cooperative, Inc. (EKPC) for the period from November 1, 2020, through October 31, 2022, and to determine the amount of fuel costs that should be included in its base rates.

In establishing this review, the Commission ordered EKPC to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. EKPC submitted this information on September 22, 2023, and filed responses to Commission Staff's Second Request for Information on October 20, 2023, and filed responses to Commission Staff's Third Request for Information on November 17, 2023. A public hearing was held on January 4, 2024. EKPC filed responses to Commissions Staff's post-hearing request for information on January 25, 2024. There are no intervenors in this proceeding.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that during the period under review, EKPC has complied with the

provisions of 807 KAR 5:056. The Commission further finds no evidence of improper calculation or application of EKPC's FAC charges or improper fuel procurement practices for the last six months of the period under review, from May 1, 2022, to October 31, 2022.

### Base Fuel Cost

EKPC is proposing that the FAC base rate be set at \$0.03749 per kilowatt hour (kWh) based on October 2021 fuel costs.<sup>1</sup> This represents a \$0.01125 per kWh increase from the current base fuel cost of \$0.02624 per kWh. EKPC explained that coal costs were expected to be significantly higher in 2023 and 2024 for both the Cooper and the Spurlock generating units compared to the average of actual coal prices for the review period, while the price of market purchases were expected to be lower in 2023 and 2024, thus resulting in the proposed increase in the FAC base rate.<sup>2</sup>

When establishing the appropriate level of base fuel cost to be included in EKPC's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by EKPC. An analysis of EKPC's monthly FAC filings shows that EKPC's total fuel cost ranged from a low of \$0.01917 per kWh in April 2021 to a high of \$0.04752 per kWh in September 2022 with an average total fuel cost for the 24-month period under review of \$0.03162 per kWh.<sup>3</sup> Based upon its review, the Commission finds that the proposed base period fuel cost of \$0.03749 per kWh should be approved beginning with the expense month of June 2024 and that EKPC's base energy rates should be increased by \$0.01125 per kWh, as

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<sup>1</sup> EKPC's Response to Commission Staff's First Request for Information (Staff's First Request), Item 23.

<sup>2</sup> EKPC's Response to Staff's First Request, Item 23.

<sup>3</sup> EKPC's Response to Staff's First Request, Item 23.

proposed, for service rendered on and after June 1, 2024, to reflect the increase to EKPC's base fuel costs.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by EKPC through the FAC for the period from November 1, 2020, through October 31, 2022, are approved.

2. EKPC's proposed base fuel cost of \$0.03749 per kWh is approved.

3. Beginning with the expense month of June 2024, EKPC shall use a FAC rate based upon a base fuel cost of \$0.03749 per kWh.

4. EKPC shall increase its base energy rates by \$0.01125 per kWh for service rendered on and after June 1, 2024, to reflect the increase of \$0.01125 per kWh to EKPC's base fuel costs, which is the differential between the old base fuel cost of \$0.02624 per kWh and the new base fuel cost of \$0.03749 per kWh.

5. Within 20 days of the date of this Order, EKPC shall file, using the Commission's electronic Tariff Filing System, its revised tariff sheets with the Commission setting out the increase in its base energy rates discussed herein and reflecting that they were approved pursuant to this Order.

6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

*Kurt Chlou*

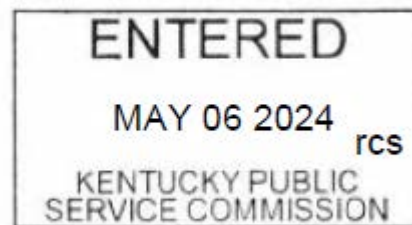
Chairman

*AK*

Vice Chairman

*Manfat Regan*

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ATTEST:

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