

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. (EKPC), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on September 17, 2025. The Commission directs EKPC to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

EKPC shall make timely amendment to any prior response if EKPC obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which EKPC fails or refuses to furnish all or part of the requested information, EKPC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, EKPC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Jeffrey W. Wernet, Jr. (Wernert Direct Testimony), at 7. Explain if any other methodologies were evaluated by EKPC when allocating production fixed costs in the Cost-of-Service Study (COSS). Additionally, provide explanation as to why the "Average & Excess" (A&E) method was chosen out of all methodologies evaluated.

2. Refer to the Wernert Direct Testimony, Exhibits JWW-1 and JWW-2. Explain whether there were any changes made to the methodologies utilized in performing EKPC's COSS from its last general rate case, Case No. 2021-00103.²

3. Refer to the Wernert Direct Testimony at 16, lines 17-20. Explain how the principle of gradualism was used to determine the percentage increases allocated to each class. Additionally, provide explanation on why EKPC did not propose to move toward fully cost-based revenue increases as justified by the COSS.

4. Refer to the Wernert Direct Testimony at 16, line 19. Explain how a maximum increase of 11 percent is gradual.

5. Refer to the Wernert Direct Testimony at 17, lines 2-5. Provide explanation as to why Steam Service received a revenue increase regardless of its very high rate of return instead of allocating the remaining revenue increase proportionally across the underperforming rate classes.

6. Refer to the Wernert Direct Testimony at 17-18, Table 2, Class Rates of Return. Explain the reasoning behind Rate E subsidizing under-performing rate classes when a portion of Rate E's proposed revenue increase could have been allocated to those rate classes to lessen interclass subsidization.

7. Provide a side-by-side comparison by rate class of the revenue allocation the COSS determined versus the proposed revenue allocation. Additionally, provide the percentage increase the COSS determined versus the proposed percentage increase by rate class.

² Case No. 2021-00103, *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* (filed Apr. 6, 2021).

8. Refer to the Wernert Direct Testimony at 19. Provide further explanation on how a 50-50 split between demand and energy revenues was determined. Additionally, provide explanation as to why EKPC chose not to allocate the revenue to energy-related costs and demand-related costs based on the COSS results.

9. Refer to the Wernert Direct Testimony at 18-19. Provide a table that details the current and proposed demand-related revenue recovery and energy-related revenue recovery, in dollar amounts and percentages, for each rate class.

10. Refer to the Direct Testimony of Jacob Watson (Watson Direct Testimony) at 11, lines 9-12. Provide further explanation on how utilizing the COSS properly allocates environmental costs in comparison to an environmental surcharge roll-in.

11. Refer to the Watson Direct Testimony, page 31, lines 10-14. Elaborate on how the proposed PJM Interconnection, LLC (PJM) Regional Transmission Expansion Plan (RTEP) Tracker will provide EKPC with a more proactive approach to managing the swings in costs allocated to it by PJM.

12. Refer to the Watson Direct Testimony, Exhibit JRW-1, Schedule 1.04. Confirm that each bond, note, and Federal Financing Bank (FFB) note listed in Schedule 1.04 has fixed interest rates. If not confirmed, provide a list of each debt instrument listed in Schedule 1.04 with a variable interest rate.

13. Refer to the Watson Direct Testimony at 11, lines 20-22. Explain how each Owner-Member's share of the EKPC proposed revenue increase is allocated on a proportional basis. Additionally, provide a table that outlines the allocation of EKPC's proposed revenue increase to each Owner-Member in dollar amounts and percentages.

14. Refer to the Watson Direct Testimony at 17, lines 1-2. Provide the Board of Directors' meeting minutes authorizing both the salary and pay merit increase in 2023 and 2024.

15. Refer to the Watson Direct Testimony at 17, lines 10-13.

a. Explain the approximate 39 percent increase in part-time employees from the end of the test year to July 5, 2024.

b. Refer also to Attachment JRW-1, Schedule 1.06. Explain what wage and salary expenses are typically recovered through the environmental surcharge.

16. Refer to the Watson Direct Testimony at 24, lines 22-34 and at 25, lines 1-13. Provide support for the proposed threshold based on a four-year average of general maintenance costs from 2020-2023, rather than a threshold based on a five year average similar to the threshold established in EKPC's prior rate case.

17. Refer to attachment JRW-1 Schedule 1.27. Provide the same adjustment calculation using five years instead of the requested four years.

18. Refer to the Watson Direct Testimony at 28, lines 21-23. Provide further explanation on how limiting demand changes to two updates per year improves EKPC's ability to recover capacity costs.

19. Refer to the Watson Direct Testimony at 29, lines 5-7. Explain how removing the cap of 20,000 kW would alleviate pressures with capacity planning.

20. Refer to the Watson Direct Testimony at 29, lines 10-12. Provide further explanation as to why EKPC believes the Rate D interruption timing restrictions should be removed and that interruptions should be able to be called at any time necessary.

21. Refer to the Watson Direct Testimony at 29, lines 13-17. Provide any available usage data involving Rate H Option B in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

22. Refer to the Watson Direct Testimony at 29-30, Rate EM - Earnings Mechanism. Provide further explanation as to why Rate EM is burdensome to EKPC and why utilizing the capital credit program is better for EKPC.

23. Refer to the Watson Direct Testimony at 35, lines 3-7. Provide a table that illustrates the level of subsidization between EKPC's Owner-Members.

24. Refer to the Watson Direct Testimony, Attachment JRW-1. For all applicable schedules, provide details regarding the adjustments to remove/exclude amounts recovered through the environmental surcharge. In the response, include the adjustment amount, as well as specification on where the adjustment is being made within the schedule(s).

25. Refer to the Application, Exhibit 16 – Attachment JRW-1 – Workpaper 1.06 Wages-Salaries.xlsx. Provide the support for an approximate 198 percent increase from the test year for the FERC account (152) Fuel Stock Undistributed.

26. Refer to the Direct Testimony of John Spanos (Spanos Direct Testimony), Exhibit JJS-1, General Plant. Explain what investments were made to Transportation Equipment that resulted in the increase in original cost and book depreciation reserve since the 2019 Depreciation Study.

27. Refer to the Spanos Direct Testimony, Exhibit JJS-1, General Plant. Explain what specific factors, since 2019, resulted in the increase to the calculated annual accrual rate for Transportation Equipment.

28. Refer to the Spanos Direct Testimony, Exhibit JJS-1, Prime Movers. Explain why Cooperative Solar was included on the 2019 Depreciation Study but excluded from the 2023 Depreciation Study.

29. Refer to the Spanos Direct Testimony, Exhibit JJS-1, Miscellaneous Power Plant Equipment. Explain why Cooper Unit 1 was excluded from the 2019 Depreciation Study and included in the 2023 Depreciation Study. Further, explain what specific investments EKPC made to cause this inclusion.

30. Refer to the Spanos Direct Testimony, Exhibit JJS-1, Miscellaneous Power Plant Equipment. Provide the justification for Laurel Ridge Landfill's composite remaining life declining from 18.0 in the 2019 Depreciation Study to 1.0 in the 2023 Depreciation Study.

31. Refer to the Spanos Direct Testimony, Exhibit JJS-1, Transmission Plant. Provide the justification for the composite remaining life for Station Equipment (353) declining from 46.1 in the 2019 Depreciation Study to 36.9 in the 2023 Depreciation Study.

32. Refer to the Spanos Direct Testimony, Exhibit JJS-1, Steam Production Plant Land and Land Rights. Explain what investments were made to Spurlock Common – Landfill, that constitute an approximate 217 percent increase in original cost from the 2019 Depreciation Study to the 2023 Depreciation Study.

33. Refer to the Direct Testimony of Michelle K. Carpenter (Carpenter Direct Testimony) at 7, lines 17-19. Provide support for amortizing the balance of the General Maintenance Tracker regulatory asset over three years. In the response, provide the advantages and disadvantages of longer amortization periods versus shorter amortization periods for regulatory assets as it pertains to EKPC's operations.

34. Refer to the Direct Testimony of Thomas J. Stachnik (Stachnik Direct Testimony) at 3, lines 22-23 and at 4, lines 1-2. Explain what efforts EKPC has made to reduce its discretionary expenditures.

35. Refer to the Stachnik Direct Testimony at 6, lines 22-23 and at 7, lines 1-2. Explain the effects of EKPC being in the 'bbb' credit rating range versus the 'aa' range in general, as well as if EKPC's cost of debt has changed as a result.

36. Refer to the Stachnik Direct Testimony at 9, lines 6-10.

a. Explain whether these metrics are currently still at these levels.

b. Explain whether EKPC anticipates these metrics will change as a result of its requests in this proceeding.

c. If so, explain how it anticipates they will change.

37. Refer to the Stachnik Direct Testimony at 12, lines 6-22. Provide a more in-depth discussion regarding EKPC's risk profile, specifically as compared to distribution cooperatives.

38. Refer to the Stachnik Direct Testimony at 17, lines 1-4. Provide data for EKPC's equity ratio for the past 10 calendar years.

39. Refer to the Wernert Direct Testimony, Exhibit JWW-1 at 6. Steam Power's Operation Supervision & Engineering utilized the functional vector for Production Plant (F001) and Steam Power's Maintenance Supervision & Engineering utilized the functional vector for Energy. Explain why those line items are not being functionalized by the same vector and the significance to that decision.

40. Refer to Schedule A1, Excel file, Calculation of Average Capital Structure, and the 2024 Annual Report, page 34. Explain the discrepancy among the long-term debt amounts.

41. Refer to the Direct Testimony of Cliff Scott, page 7, line 5, the Stachnik Direct Testimony, page 17, line 22, and Schedule 1.04, the Excel file. Provide support that the weighted average interest rate on all debt increased from 3.4 percent in 2021 to 4.0 percent in 2023.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **SEP 04 2025**

cc: Parties of Record

*L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Meredith L. Cave
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Greg Cecil
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Heather Temple
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

*Jacob Watson
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

*Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204