

TARIFF F.A.C. (Cont'd)
(Fuel Adjustment Clause)

- 4. Forced outages are all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel costs of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel costs (F) in subsection (3)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.
- 5. Sales (S) shall be all kWh's sold, excluding intersystem sales. Where, for any reason billed system sales cannot be coordinated with the fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) intersystem sales referred to in subsection (3)(d) above, less (vi) total system loss. Utility used energy shall not be excluded in the determination of sales (S).
- 6. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts or Public Utilities and Licensees.
- 7. At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the Commission and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of fuel supply and purchased power. Incorporation by reference is permissible. Any changes in the documents, including price escalations, or any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. Where fuel is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts shall be noted and the utility shall explain and justify them in writing. Fuel charges, which are unreasonable, shall be disallowed and may result in the suspension of the fuel adjustment clause. The Commission on its own motion may investigate any aspect of fuel purchasing activities covered by this regulation.
- 8. Any tariff filing which contains a fuel clause shall conform that clause with this regulation within three (3) months of the effective date of this regulation. The tariff filing shall contain a description of the fuel clause with detailed cost support.
- 9. The monthly fuel adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.
- 10. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS61.870 to 61.884.
- 11. At six (6) month intervals, the Commission shall conduct a formal review and may conduct public hearings on a utility's past fuel adjustments. The Commission shall order a utility to charge off and amortize, by means of a temporary decrease of rates, any adjustment the Commission finds unjustified due to improper calculation or application of the charges or improper fuel procurement practice.
- 12. Every two (2) years following the initial effective date of each utility fuel clause, the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses, and to the extent appropriate, reestablish the fuel clause charge in accordance with Section 1 (2) of the administrative regulation.
- 13. Resulting cost per kilowatt-hour in April 2017 to be used as the base cost in Standard Fuel Adjustment Clause is:

Fuel- April 2017 ÷ \$11,814,526 = \$0.02851/kWh
 Sales April 2017 414,368,000

This, as used in the Fuel Adjustment Clause, is 2.851¢ per kilowatt-hour.

CANCELLED
 DATE OF ISSUE: April 9, 2021
 DATE EFFECTIVE: Service Rendered On And After January 14, 2021
 ISSUED BY: /s/ Brian K. West
 TITLE: Vice President, Regulatory & Finance
 By Authority of Orders of the Public Service Commission
 In Case No. 2020-00174 dated January 13, 2021; January 15, 2021; February 22, 2021, and March 17, 2021
KENTUCKY PUBLIC SERVICE COMMISSION

KENTUCKY PUBLIC SERVICE COMMISSION
 Linda C. Bridwell
 Executive Director

 EFFECTIVE
1/14/2021
 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)