



Frankfort Plant Board

NOTICE – AGENDA OF SPECIAL BOARD MEETING

Tuesday, January 31, 2023 @ 12:00 NOON

A Special Board Meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky will be held at the FPB Administration Building located at 151 Flynn Avenue, Frankfort, KY 40601 on Tuesday, January 31, 2023, beginning at 12:00 NOON

The Agenda for this meeting is as follows:

1. Call to Order and Roll Call.
2. Motion for closed session pursuant to KRS 61.810(1)(b) for deliberations on the future acquisition of real property since publicity would be likely to affect the value of a specific piece of property to be acquired for public use and KRS 61.810(1)(c) to discuss pending or proposed litigation regarding property matter.
3. Closed Session pursuant to KRS 61.810(1)(b) for deliberations on the future acquisition of real property since publicity would be likely to affect the value of a specific piece of property to be acquired for public use and KRS 61.810(1)(c) to discuss pending or proposed litigation regarding property matter.
4. Potential action on closed session discussion regarding acquisition of real property and pending or proposed litigation regarding property matter.
5. Discussion of and potential action on proposed ECA adjustment from KyMEA.
6. Adjournment.

Action Item:

Approve the pass-thru of the Kentucky Municipal Energy Agency (KYMEA) Energy Cost Adjustment to FPB retail electric customers by way of the existing Power Cost Adjustment tariff mechanism in the event that KYMEA makes and ECA adjustment. Gary Zheng will discuss:

Kentucky Municipal Energy Agency (KYMEA) has provisions for an Energy Cost Adjustment (ECA). The ECA is implemented as a collection in the event the Days Cash on Hand falls below the minimum target, or credit in the event the Days Cash on Hand exceeds the maximum target. The targets are set each year in the KYMEA Rate Schedule in accordance with the Financial Metrics.

In February 2023 the KYMEA members will consider changes to the Energy Cost Adjustment. The changes have again become necessary to continue to mitigate against the energy market volatility driven by the highest energy cost in 14 years, the highest inflation in 40 years, and the severe global energy impact of the Russia invasion of Ukraine.

The existing FPB tariff provides for the implementation of this type of charge to be passed thru on the retail bills as provided for in the Power Cost Adjustment (PCA) provision in the existing FPB Tariff in (3.U.10) *Section 3. Electric Service U. Electric rates and Charges 10. Power Cost Adjustment (PCA):*

In the event the rate under which the Plant Board purchases power at wholesale from its supplier is adjusted in accordance with a fuel cost adjustment provision contained in its wholesale power contract, an amount, sufficient to recover or account for said charge, shall be applied per KWH of sales to Plant Board customers. Such amount shall be stated separately on each bill and shall be designated Power Cost Adjustment (PCA).

Staff recommends that if this additional ECA charge from KYMEA is approved by the KYMEA board, that it in turn be passed thru on the FPB retail bills as provided for in the existing Power Cost Adjustment (PCA) provision. This monthly PCA charge is expected to continue until KYMEA's current Days Cash on Hand is greater than the target of 40 days. This addition to the existing PCA charge would be reflected in the next invoice from KYMEA and would be billed to FPB customers on first billing cycle after KYMEA's approval.

Local Rate Comparison Before and After PCA

- Kentucky Utilities and Bluegrass Energy have both had a substantial PCA charges on recent residential bills.
- FPB is still at least 11% lower for an average residential customer, even after the power cost adjustment.
- Bill estimate is based on 1200kWh.

	KU 1/27/23	Bluegrass Energy 9/16/2022	FPB (Before) 10/11/2022	FPB w/ PCA 1/27/23
Updated				
Customer Service Charge	\$15.90	\$17.50	\$11.45	\$11.45
Rate per kwh	\$0.09699	\$0.08417	\$0.09400	\$0.09400
Demand Side Management	\$0.00074	\$0.00000	\$0.00000	\$0.00000
Environmental Cost Recovery ²	\$4.04	\$15.47	\$0.00000	\$0.00000
Home energy assistance	\$0.30	\$0.00	\$0.00	\$0.00
Fuel Adjustment or PCA	\$0.00808	\$0.01636	\$0.00000	\$0.00675
Bill Based on monthly kWh Usage	\$147.22	\$153.61	\$124.25	\$132.35
True Cost Per kWh ¹	\$0.12268	\$0.12801	\$0.10354	\$0.11029
Percent Increase Over FPB (vs. Base Rate 8/1/17)	18.48%	23.63%		
Percent Increase Over FPB after PCA	11.23%	20.15%		