

## FUEL ADJUSTMENT CLAUSE

- Q.** *What's the fuel adjustment clause?*
- A.** It recovers a portion of the cost of coal and natural gas needed to run power plants, and costs to buy power from other utilities.
- Q.** *Does the fuel adjustment change with the price of gas?*
- A.** It has nothing to do with the cost of gasoline. The fuel charge recovers a portion of the costs incurred by our power supplier, East Kentucky Power Cooperative, for coal and natural gas to operate its electric plants, and their costs to buy power from other utilities.
- Q.** *Why does it go up and down so much?*
- A.** Costs for coal, gas and purchased power vary, along with weather. Changes in weather will dramatically change the amount of the fuel needed to generate power and the fuel charge.
- Q.** *Does anyone check to make sure the fuel charge is accurate?*
- A.** Every six months, state regulators review our power supplier's, East Kentucky Power Cooperative, fuel adjustment clause calculations to make sure the charges are correct.
- Q.** *What else explains the differences I see compared to months last year?*
- A.** Check electric usage in the months being compared. Because you typically use more electricity in the winter and summer than in the fall or spring, your fuel charge will generally be higher around the hottest and coldest months.
- Q.** *Who decides what the charges are?*
- A.** Our power supplier, East Kentucky Power Cooperative, uses a formula approved by state regulators. Every penny goes directly to our power supplier.
- Q.** *Is there anything I can do?*
- A.** Absolutely. Most homes have leaks in duct work and lots of places where outside air gets in. Fixing those problems can significantly reduce energy consumption. By being more energy efficient, you can help to reduce the fuel charge.

## ENVIRONMENTAL SURCHARGE

- Q.** *What is the environmental surcharge?*
- A.** The surcharge reflects the cost of equipment and other expenses our power supplier, East Kentucky Power Cooperative, incurs to comply with EPA regulations on power plant emissions.
- Q.** *What equipment is needed to comply with EPA rules?*
- A.** Our power supplier, East Kentucky Power Cooperative, has had to install expensive equipment like scrubbers to meet government regulations. The surcharge covers operation and maintenance of this equipment, and other environmental costs.
- Q.** *Why does it change from month to month?*
- A.** It changes as environmental costs fluctuate. It also changes because there is a "true up" to account for monthly over- or under-collections of these costs.
- Q.** *How is the surcharge amount calculated?*
- A.** It is based on a formula approved by state regulators. Our power supplier, East Kentucky Power Cooperative, bills our co-op for these costs and then those are passed to members. State regulators regularly check to ensure that only proper expenses are included.
- Q.** *Does the co-op get revenue from the surcharge?*
- A.** No. The charge is a pass-through from our wholesale energy supplier, East Kentucky Power Cooperative (EKPC). Every penny goes directly to EKPC.
- Q.** *Is the Cooperative Solar farm causing the surcharge to increase?*
- A.** No. Cooperative Solar has no impact on the environmental surcharge.
- Q.** *Can the co-op help me at all?*
- A.** Our co-op understands that the economic downturn makes it difficult to pay for utilities, food and medicine. We can help members with programs like Prepay, levelized billing, bill payment plans.