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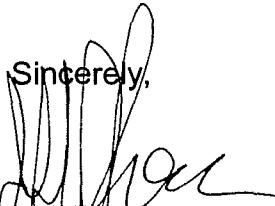
Linda Breathitt
Commissioner

September 12, 2013

PARTIES OF RECORD

Re: Case No. 2012-00503
Petition And Complaint Of Grayson Rural Electric Cooperative Corporation For An Order Authorizing Purchase Of Electric Power At The Rate Of Six Cents Per Kilowatts Of Power Vs. A Rate In Excess Of Seven Cents Per Kilowatt Hour Purchased From East Kentucky Power Cooperative Under A Wholesale Power Contract As Amended Between Grayson Rural Electric Cooperative Corporation And East Kentucky Power Cooperative Inc.

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Richard Raff, General Counsel, at 502-782-2588.

Sincerely,

Jeff Derouen
Executive Director


RR/kar

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Richard Raff, General Counsel 

DATE: September 10, 2013

SUBJECT: Case No. 2012-00503

Petition And Complaint Of Grayson Rural Electric Cooperative Corporation For An Order Authorizing Purchase Of Electric Power At The Rate Of Six Cents Per Kilowatts Of Power Vs. A Rate In Excess Of Seven Cents Per Kilowatt Hour Purchased From East Kentucky Power Cooperative Under A Wholesale Power Contract As Amended Between Grayson Rural Electric Cooperative Corporation And East Kentucky Power Cooperative Inc.

Pursuant to the Commission's Order entered July 17, 2013, an informal conference was held at the Commission's offices on August 8, 2013. A list of the attendees is attached hereto. As of the date of the conference, 13 of the 16 Member Cooperatives that are supplied by East Kentucky Power Cooperative, Inc. ("East Kentucky") have requested and been granted intervention.

The parties discussed a Memorandum of Understanding ("MOU") that is intended to provide a methodology by which the Member Cooperatives will share the allocation of power that may be acquired from sources other than East Kentucky. The acquisition of such alternative sourced power is authorized by Amendment 3 to the Member Cooperatives' wholesale power requirements contracts with East Kentucky. The parties noted that Grayson Rural Electric Cooperative Corporation's Board of Directors approved the MOU on June 28, 2013, and a majority of the other Member Cooperatives have either already approved the MOU or will be voting on it within the near future. East Kentucky's Board also intends to vote on the MOU in the near future.

The parties also discussed whether or not the MOU should be granted confidential treatment by the Commission. A copy of the MOU had been filed as an exhibit to the response of Owen Electric Cooperative, Inc. to the Commission's July 17, 2013 Order, along with a motion to grant confidential protection to the MOU. No consensus was reached on the issue of confidentiality.

The parties also discussed and agreed upon dates for conducting discovery and holding a subsequent informal conference. The discovery is to consist of written requests for information and documents and the taking of depositions. By September 1,

2013, Grayson will notify East Kentucky of the names of individuals to be deposed. Grayson will then conduct depositions and other discovery from September 23, 2013 through November 1, 2013. East Kentucky will then be able to take depositions and conduct discovery from November 1, 2013 through December 13, 2013. Another informal conference will be held on January 9, 2014 at 1:30 pm.

Attachment

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION AND COMPLAINT OF GRAYSON) RURAL ELECTRIC COOPERATIVE) CORPORATION FOR AN ORDER) AUTHORIZING PURCHASE OF ELECTRIC) POWER AT THE RATE OF SIX CENTS PER) KILOWATTS OF POWER VS A RATE IN) EXCESS OF SEVEN CENTS PER KILOWATT) HOUR PURCHASED FROM EAST KENTUCKY) POWER COOPERATIVE UNDER A) WHOLESALE POWER CONTRACT AS) AMENDED BETWEEN GRAYSON RURAL) ELECTRIC COOPERATIVE CORPORATION) AND EAST KENTUCKY POWER) COOPERATIVE INC.)	CASE NO. 2012-00503
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August 8, 2013

Please sign in:

NAME	REPRESENTING
<u>RICHARD RAFF</u>	<u>PSC LEGAL</u>
<u>Orange D. Nguyen</u>	<u>PSC</u>
<u>Don Prather</u>	<u>Shelby Energy</u>
<u>Delana Martin</u>	<u>Shelby Energy</u>
<u>Wayne Scott</u>	<u>Grayson Rural Elec. Coop.</u>
<u>MARIE SALWONG</u>	<u>Owen</u>
<u>Jim Crawford</u>	<u>Owen ; Fleming Mason</u>
<u>Clayton Oswald</u>	<u>Jackson Energy</u>
<u>Carol Wright</u>	<u>Jackson Energy</u>

NAME

REPRESENTING

SHERMAN GOODPASTER
DAVID SMART
MARK GOSS
David Sanford
Tim Sharp
Fereydoon Gorjian
Errol W Wagner
Bob Bursell

EKPC
"
GOSS SANFORD FOR EKPC
Goss Sanford for EKPC & Joint Monitors
Salt River Electric
PSC / Engineering
PSC / FA
PSC / FA