

# Goss ■ Samford PLLC



David S. Samford  
david@gosssamfordlaw.com  
(859) 368-7740

October 25, 2013

*Via Hand-Delivery*

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

**RECEIVED**

**OCT 25 2013**

**PUBLIC SERVICE  
COMMISSION**

Re: In the Matter of: Petition and Complaint of Grayson RECC 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 Killowatt Hour Purchased From East Kentucky Power Cooperative Under a Wholesale Power Contract as Amended Between Grayson RECC and East Kentucky Power Cooperative, Inc., PSC Case No. 2012-00503

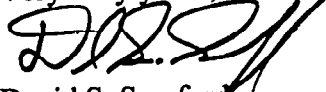
Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies each of the Responses to Grayson Rural Electric Cooperative Corporation's Document Requests to All Intervening Distribution Cooperative Respondents and Answers to Grayson Rural Electric Cooperative Corporation's Interrogatories to All Intervening Distribution Cooperative Respondents on behalf of the following cooperatives:

1. Blue Grass Energy Corporation;
2. Clark Energy Cooperative, Inc.;
3. South Kentucky Rural Electric Cooperative Corporation;
4. Cumberland Valley Electric, Inc.;
5. Licking Valley Rural Electric Cooperative Corporation;
6. Inter-County Energy Cooperative Corporation;
7. Big Sandy Rural Electric Cooperative Corporation; and
8. Nolin Rural Electric Cooperative Corporation.

Please return file-stamped copies to me. Do not hesitate to contact me if you have any questions.

Very truly yours,



David S. Samford

Enclosures

CC: Counsel of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
OCT 25 2013  
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 ) CASE NO. 2012-00503  
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. )

---

**INTER-COUNTY ENERGY COOPERATIVE CORPORATION'S  
ANSWERS TO GRAYSON RURAL ELECTRIC COOPERATIVE  
CORPORATION'S INTERROGATORIES TO ALL INTERVENING  
DISTRIBUTION COOPERATIVE RESPONDENTS**

---

Comes now Inter-County Energy Cooperative Corporation ("Inter-County"), by counsel, and hereby responds as follows to the Interrogatories propounded by the Petitioner, Grayson Rural Electric Cooperative Corporation ("Grayson"), to All Intervening Distribution Cooperative Respondents:

**INTERROGATORY NO. 1:** Please set forth the name, address and title of the person awaiting these Interrogatories.

**ANSWER:** James L. Jacobus, President and Chief Executive Officer, Inter-County Energy Cooperative Corporation, 1009 Hustonville Road, Danville, Kentucky 40422.

**INTERROGATORY NO. 2:** With respect to each distribution cooperative, please set forth what load or loads any said distribution cooperative has served on its system from a source other than East Kentucky Power Cooperative including the total megawatts utilized and the date of when said load or loads was commenced.

**ANSWER:** None.

**INTERROGATORY NO. 3:** Please set forth the date upon which any notice of service of any load or notice of the utilization of any power outside that purchased from East Kentucky Power Cooperative was sent to East Kentucky Power Cooperative.

**ANSWER:** Not applicable.

**INTERROGATORY NO. 4:** Please state whether any distribution co-op received any responses to any of its notices sent to East Kentucky Power Cooperative, and if so, the nature and content of each said response.

**ANSWER:** Not applicable.

**INTERROGATORY NO. 5:** Please set forth any power amount or loads each distribution co-op desires to have served outside of East Kentucky Power Cooperative or by action of its Board of Directors has sought and with respect to same, please state whether notice of same has been sent to East Kentucky Power Cooperative, Inc.

**ANSWER:** None at this time. Inter-County Energy reserves its right under Amendment 3 to seek power from an alternative resource in the future. Nothing in this response should be construed as a waiver of that right.

**INTERROGATORY NO. 6:** With respect to each distribution cooperative, please set forth the coincident peak demand over the preceding thirty-six (36) months of its load.

**ANSWER:** Information responsive to this interrogatory is set forth in Exhibit 7 to the Objection to Petitioner's Notice of Amendment, which was filed on September 24, 2013 by East Kentucky Power Cooperative, Inc. ("EKPC"), and is incorporated herein by reference.

**INTERROGATORY NO. 7:** Please set forth the terms and conditions of any agreement between any distribution cooperative and East Kentucky Power concerning payment for legal expenses by East Kentucky Power for any distribution cooperative that has entered its appearance in the within proceeding, as well as setting forth all monies paid by East Kentucky Power Cooperative for legal expenses for any distribution co-op in the within proceeding.

**ANSWER:** Inter-County objects to this interrogatory on the basis that it seeks information which is privileged. Moreover, the requested information is not relevant to interpreting or implementing Amendment 3 to the Wholesale Power Contract between Inter-County and EKPC, which is the issue before the Commission

**INTERROGATORY NO. 8:** Please set forth with respect to any distribution co-op intervening in the within proceeding the nature and term of any agreement between said distribution co-op and East Kentucky Power Cooperative concerning payment of costs for wholesale power, anything of value given or received by either party, i.e., the distribution co-op or East Kentucky Power Cooperative concerning the issues raised in the within proceeding, or anything of value for any load to be served by any entity on the distribution co-op's lines, i.e., any concession or disparity in rates charged by East Kentucky Power Cooperative for any particular load such as any industrial customer or otherwise.

**ANSWER:** Inter-County purchases wholesale power from EKPC pursuant to the Wholesale Power Contract and EKPC's tariffs and special contracts that have been approved by

the Kentucky Public Service Commission. Inter-County is unaware of anything else which would be responsive to the remainder of the interrogatory.

**INTERROGATORY NO. 9:** Please state whether any of the distribution co-ops intervening in the within action believe that the purchase of power by it from a source other than East Kentucky Power Cooperative of up to 15% of its load, at any rate less than that which is currently being paid to East Kentucky Power, would be beneficial to the members of said distribution co-op.

**ANSWER:** Not necessarily. This answer begs the questions of when, where and how the power being purchased from the non-EKPC resource will occur. All of these questions would have material implications for the value of any such proposal. The implications of entering into a long-term power agreement are always significant, particularly as a cooperative seeks to take the maximum allocation available to it under Amendment 3. Very likely, there will be hidden costs associated with the purchase of power from a non-EKPC resource that are not reflected in the "rate". For example, a cooperative would have to either retain consultants or make internal investments to attain the expertise, equipment and resources necessary to operate within PJM, particularly if the power is being procured as an "in front of the meter" resource. A cooperative would also need to be vigilant for any additional costs related to transmission, capacity or ancillary services and would have to take into account several other factors and risks which could ultimately impact the cost to the cooperative's members. Moreover, the relationship of such a proposal must be measured against the contractual limitations of Amendment 3 on the overall amount of non-EKPC power that may be purchased, in the aggregate, by all EKPC Members.

The Memorandum of Understanding that was negotiated by EKPC's Members was intended to resolve or mitigate several of these considerations and to facilitate the process by which a Member of EKPC could purchase power from an alternative resource. However, Grayson's repudiation of the MOU has now made the process of purchasing off-system power much more complex, not just for Grayson, but for all of EKPC's Members.

**INTERROGATORY NO. 10:** If your answer to the proceeding Interrogatory is in the negative, then please set forth the factual basis upon which you claim that your members paying less for electric power is not in their best interest.

**ANSWER:** Please see the answer to the above interrogatory.

**INTERROGATORY NO. 11:** Please set forth the name, address and title of each person which any distribution co-op intends to call as a witness at the Final Hearing in the within action setting forth the factual basis upon each said witness is expected to testify, as well as a summary of the grounds for each opinion.

**ANSWER:** Inter-County has not yet made a determination in this regard.

**INTERROGATORY NO. 12:** Please set forth the name, address, title, and educational background and qualifications of any expert witness which any distribution cooperative intends to call at the Final Hearing in this action, as well as setting forth the substance of the facts and opinions to which the expert is expected to testify, as well as the basis for each said opinion and a summary of each opinion.

**ANSWER:** Inter-County has not yet made a determination in this regard.

**INTERROGATORY NO. 13:** Please state whether any of the distribution cooperatives intervening in the within action believe that there is an inherent conflict of interest with the same attorney or attorneys representing East Kentucky Power in the within proceeding, and the same

attorney or attorneys representing the distribution cooperatives in the within proceeding, inasmuch as the basis for the complaint filed by the Petitioner is to obtain authorization of payment of wholesale power rates to East Kentucky Power by all of the distribution cooperatives less than the current rate, and as such, result in reduced costs to the members of each distribution cooperative and a reduction in equity to East Kentucky Power Cooperative.

**ANSWER:** Inter-County objects to this interrogatory on the basis that it seeks information which is privileged and confidential. Moreover, this interrogatory is not relevant to the Commission's stated intention to interpret and implement Amendment 3 of the Wholesale Power Contract. Without waiving said objection, any determination as to whether a conflict of interest exists between Inter-County and EKPC will be determined by Inter-County and EKPC. Inter-County does not believe there is any conflict of interest at this time. Should a conflict of interest subsequently be perceived to exist, Inter-County would exercise its right to withdraw from any joint representation arrangement and to represent itself before the Commission.

**INTERROGATORY NO. 14:** If the answer to the proceeding Interrogatory is in the negative, then please set forth the factual basis for the apparent contradictory answer on same.

**ANSWER:** Please see the answer to the above interrogatory.

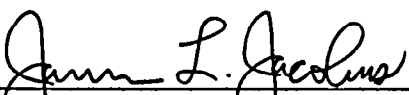
**INTERROGATORY NO. 15:** Please set forth the language of any waiver of any conflict of interest any distribution cooperative has signed that is connected to or is related to the representation it has in this case.

**ANSWER:** Inter-County objects to this interrogatory on the basis that it seeks information which is privileged and confidential. Moreover, this interrogatory is not relevant to the Commission's stated intention to interpret and implement Amendment 3 of the Wholesale Power Contract.

**VERIFICATION**


By signing below, the individual answering these Interrogatories, on behalf of Inter-County Energy Cooperative Corporation, hereby certifies that the foregoing responses are true and correct to the best of his knowledge and belief.

INTER-COUNTY ENERGY  
COOPERATIVE CORPORATION

By:   
James L. Jacobus, President and CEO

COMMONWEALTH OF KENTUCKY )  
COUNTY OF BOYLE )

Acknowledged, subscribed and sworn to before me by James L. Jacobus on behalf of Inter-County Energy Cooperative Corporation, this 23<sup>RD</sup> day of October, 2013.

  
Notary Public, # 492615

My Commission Expires: 7/15/2017

For the Objections,



Mark David Goss  
David S. Samford  
GOSS SAMFORD, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KY 40504  
(859) 368-7740  
mdgoss@gosssamfordlaw.com  
david@gosssamfordlaw.com

*Counsel for Inter-County Energy  
Cooperative Corporation*