

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)	CASE NO.
COOPERATIVE, INC. FOR THE APPROVAL OF	)	2010-00429
A SPECIAL CONTRACT	)	

O R D E R

On November 3, 2010, East Kentucky Power Cooperative, Inc. ("EKPC") filed an application seeking Commission approval of a special contract for electric service entered into among EKPC, Owen Electric Cooperative ("Owen"), and Gallatin Steel Company ("Gallatin Steel"). EKPC, Owen, and Gallatin Steel currently operate under an electric service agreement, which was approved by the Commission on May 12, 2005 and which went into effect on July 1, 2005. This electric service agreement was subsequently amended or revised on five occasions. The most recent revision, occurring effectively on September 1, 2010, provided by its terms that the agreement would expire effective at 11:59 p.m. on November 30, 2010.

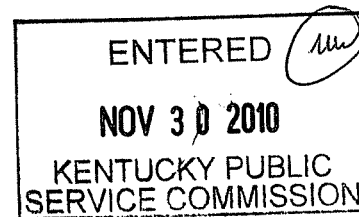
EKPC, as wholesale power supplier, Owen, as retail power supplier, and Gallatin Steel, as customer, entered into the proposed special contract to address certain issues of importance to the parties of the contract. The proposed special contract would have a five-year term, beginning December 1, 2010. One of the issues addressed by the proposed special contract relates to Gallatin Steel's relatively unpredictable load and additional costs incurred by EKPC due to the load following requirements associated with this unpredictability. A second issue addressed by the special contract concerns EKPC's compliance with North American Electric Reliability Corporation standards

regarding real time matching of generation and load in light of Gallatin Steel's rapidly fluctuating load. The special contract provides for EKPC's ability to instantaneously curtail Gallatin Steel's electric arc furnace load to improve system frequency. Lastly, the proposed special contract includes a contract reopener provision to address changes in electricity markets that could significantly impact the parties either financially or operationally.

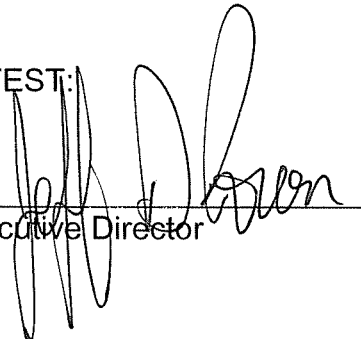
Having reviewed the record and being otherwise sufficiently advised, the Commission finds that EKPC's application for special contract should be approved.

IT IS THEREFORE ORDERED that the special contract entered into among EKPC, Owen, and Gallatin Steel is approved for service effective December 1, 2010.

By the Commission



ATTEST:

  
Executive Director

Mark David Goss  
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