

**Goss
Samford**

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MAR 24 2016

PUBLIC SERVICE
COMMISSION

March 24, 2016

Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: PSC Case No. 2015-00281

Dear Executive Director:

Please find enclosed for filing with the Commission in the above-referenced case, an original and seven copies of East Kentucky Power Cooperative, Inc.'s motion to withdraw the March 15, 2016 motion to submit this case on the record and not have a hearing.

Very truly yours,

Mark David Goss (by R. H. Gunders)

Mark David Goss
Counsel

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR THE SIX-)	
MONTH BILLING PERIODS ENDING JUNE 30, 2014)	CASE NO.
AND DECEMBER 31, 2014, TWO-YEAR BILLING)	2015-00281
PERIOD ENDING JUNE 30, 2015, AND THE PASS)	
THROUGH MECHANISM FOR ITS SIXTEEN)	
MEMBER DISTRIBUTION COOPERATIVES)	

**MOTION TO WITHDRAW THE MOTION TO SUBMIT CASE
FOR ADJUDICATION ON THE ADMINISTRATIVE RECORD
PREVIOUSLY FILED ON MARCH 15, 2016**

Comes now East Kentucky Power Cooperative, Inc. (“EKPC”), by counsel, and hereby moves the Kentucky Public Service Commission (“Commission”) to permit EKPC to withdraw the motion filed on March 15, 2016 to submit the case for a decision based upon the existing record and without the need for a hearing, respectfully stating as follows:

On August 31, 2015, the Commission issued an Order opening an investigation for the six-month and two-year review of EKPC’s environmental surcharge and pass-through mechanisms. The August 31, 2015 Order also stated that EKPC and its Members could include with the filing of prepared direct testimony and information responses a proposal for a revised methodology in accordance with the finding and decision in Case No. 2014-00051.¹ During the

¹ *In the Matter of An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Six-Month Billing Period Ending December 31, 2013 and the Pass Through Mechanism for Its Sixteen Member Distribution Cooperatives*, Order, Case No. 2014-00051, p. 9-10 (Ky. P.S.C., Aug. 25, 2015).

course of the proceeding the Members identified an alternative methodology for the determination of the Members' over- and under-recovery in the surcharge review periods. The Members unanimously concluded the alternative methodology was a reasonable solution. On January 28, 2016, EKPC filed a motion seeking to amend the procedural schedule to file supplemental testimony explaining the alternative methodology, requesting an informal conference and asking for an appropriate extension of the procedural schedule. That motion was granted on February 18, 2016 and an informal conference was held on March 2, 2016. On March 15, 2016 EKPC filed information requested during the March 2, 2016 informal conference and filed a motion to submit the case for adjudication on the administrative record.

While reviewing operating and maintenance expenses included in the February 2016 environmental surcharge filing, EKPC became aware that there were some errors in the amounts that had been reported in the previous month's surcharge filing. Given the nature of these errors, EKPC believed it was reasonable to review operating and maintenance expenses allowable for inclusion in the environmental surcharge for the expense months that would correspond to revenues billed during 2015. The review revealed that similar errors occurred in reporting allowable operating and maintenance expenses beginning with the December 2014 expense month. EKPC believes there were no other errors in the expense months prior to December 2014, except for the corrections identified by EKPC in its response to Request No. 1 of the Commission Staff's First Request for Information dated August 31, 2015 ("Staff's First Request").

The current proceeding includes a two-year review of the operation of EKPC's environmental surcharge. Upon the completion of this review case, no additional revisions or corrections of any errors contained in the monthly surcharge filings are permitted. The last

expense month included in this review is the May 2015 expense month. Consequently, any corrections to errors identified in the monthly surcharge filings between December 2014 and May 2015 must be addressed in this case.

It should also be noted that EKPC's surcharge mechanism utilizes a 12-month average of operation and maintenance expenses. Absent correction, errors existing in the current expense month will continue to impact the monthly surcharge calculations for the following 11 months. While the expense months after May 2015 will be part of a subsequent surcharge review proceeding, the effects of the errors identified in the June 2015 through February 2016 expense months will impact monthly surcharge calculations through January 2017. EKPC believes it is reasonable to address these errors in the current proceeding rather than allowing the effects to continue for such a lengthy time.

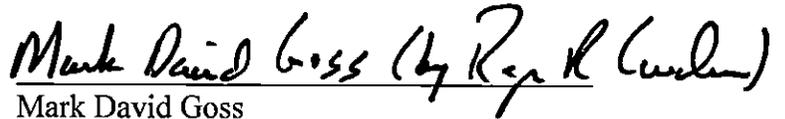
EKPC therefore requests that it be permitted to withdraw its March 15, 2016 motion to submit this case for adjudication on the administrative record. EKPC is in the process of finalizing the necessary adjustments to its surcharge filings and plans to submit a revised response to Request No. 1 of the Staff's First Request within a few days. EKPC wishes to stress that the adjustments it will be filing in no way impact the over- or under-recoveries previously determined for the Members in this proceeding. The adjustments also will not impact the proposed alternative methodology for the determination of the Members' over- or under-recoveries in surcharge review cases.

EKPC regrets having to request that the Commission permit it withdraw the March 15, 2015 motion. However, EKPC believes it is necessary and reasonable to address these errors at this time, as a decision not to address these errors in this two-year review could significantly impact the results of subsequent six-month surcharge review proceedings.

WHEREFORE, EKPC moves the Commission to permit it to withdraw the March 15, 2016 motion to submit the case on the existing administrative record and permit the filing of a revised response to Request No. 1 of the Staff's First Request.

This 24th day of March, 2016.

Respectfully submitted,

Handwritten signature of Mark David Goss in black ink, written in a cursive style. The signature reads "Mark David Goss (by Reg H. Curdson)".

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served by depositing same in the custody and care of the U.S. Mails, postage pre-paid, on this 24th day of March, 2016, addressed to the following:

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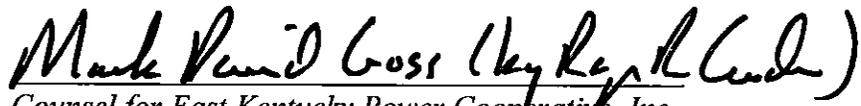
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