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May 24, 2016

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**PUBLIC SERVICE
COMMISSION**

Via Hand-Delivery

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

Re: In the Matter of: The Application of East Kentucky Power Cooperative, Inc.
For Deviation from Obligation Resulting from Case No. 2012-00169
PSC Case No. 2015-00358

Dear Executive Director:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of East Kentucky Power Cooperative, Inc.'s Motion for Extension of Period of Abeyance. Please return a file-stamped copy to me.

Do not hesitate to contact me if you have any questions or concerns.

Very truly yours,



M. Evan Buckley

Enclosures

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MAY 24 2016

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR DEVIATION)	CASE NO.
FROM OBLIGATION RESULTING FROM)	2015-00358
CASE NO. 2012-00169)	

**EAST KENTUCKY POWER COOPERATIVE, INC.'S
MOTION FOR EXTENSION OF PERIOD OF ABEYANCE**

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, and moves the Kentucky Public Service Commission ("Commission") for an Order extending by thirty (30) days the time period during which this proceeding is held in abeyance. In support of this Motion, EKPC states as follows:

1. In its Application filed herein on October 30, 2015, EKPC requested relief from an obligation contained in the Commission's Order entered December 20, 2012, in Case No. 2012-00169 (the "PJM Integration Order").¹ Specifically, EKPC sought an 18-month extension of the deadline by which it must file "an application for approval of a rate mechanism to flow back to customers the capacity market benefits expected to accrue from membership in PJM."²

2. During the weeks that followed the filing of EKPC's Application, the Attorney General of the Commonwealth of Kentucky (the "AG") and Kentucky Industrial Utility Customers, Inc. ("KIUC"), each intervened in this matter and filed responses to EKPC's

¹ *In the Matter of the Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC* (Ky. P.S.C. Dec. 20, 2012).

² *Id.* at p. 20.

Application. Upon motion of EKPC, an Informal Conference was held on November 20, 2015, to discuss the issues relevant to the case.

3. Shortly after the first Informal Conference, EKPC moved the Commission for an Order holding this proceeding in abeyance for a period of ninety (90) days. The purpose of the requested period of abeyance was to allow the parties an opportunity to develop a mutually-agreeable proposal related to the structure and implementation of the capacity benefits mechanism required by the PJM Integration Order.³ The Commission granted EKPC's motion by Order entered November 30, 2015.

4. Additional Informal Conferences involving the parties and Commission Staff took place on December 22, 2015, and January 29, 2016. At each of these Informal Conferences, the participants engaged in good-faith discussions concerning the various methods available to flow the subject capacity benefits back to EKPC's Owner-Members. On February 12, 2016, EKPC moved for a 90-day extension of the abeyance period to allow for further discussions and modeling of the alternative methodologies. The Commission granted EKPC's motion by Order entered March 2, 2016.⁴

5. On March 17, 2016, a fourth Informal Conference was held involving the parties and Commission Staff. The March 17th Informal Conference included a discussion of the challenges presented by a proposed capital credit allocation methodology, as well as a high-level examination of an option designed to address certain unamortized costs associated with EKPC's J.K. Smith Unit 1.

³ See EKPC's Motion to Hold Case in Abeyance (filed Nov. 25, 2015).

⁴ The current period of abeyance extends through May 28, 2016.

6. Since the March 17th Informal Conference, EKPC has held numerous, substantive discussions with its Owner-Members, its Board of Directors, and the parties to this case.⁵ As a result of these efforts, EKPC believes a final proposal for a capacity benefits sharing methodology called for by the PJM Integration Order nears completion. KIUC has expressed its tentative agreement with the proposed design and implementation, and EKPC is in the process of refining its plan and reducing it to writing.

7. Although the EKPC Board of Directors has approved the framework of a final proposal, additional time is needed to reduce it to writing and meet to discuss the details with Commission Staff, the AG, and KIUC. EKPC requests that this case be held in abeyance for an additional thirty (30) days beyond the existing abeyance period, *to wit*, through June 27, 2016. Further, EKPC requests that the requirement of the PJM Integration Order for EKPC to file by November 30, 2015, a rate mechanism to flow back capacity market benefits to customers remain temporarily suspended during the period of abeyance. The granting of EKPC's requests will allow it time to draft and subsequently file an Amended Application that describes the proposed solution to account for EKPC's anticipated PJM Capacity Benefits.

8. In light of the good-faith discussions of the parties and the reasonable nature of the abeyance and temporary suspension described herein, good cause exists to grant EKPC's requested relief.

9. EKPC's next periodic update is due to be filed on May 31, 2016. Because of the current posture of the case as described above, EKPC requests that this pleading serve in place of that update and that EKPC be relieved from filing an additional update on May 31, 2016.

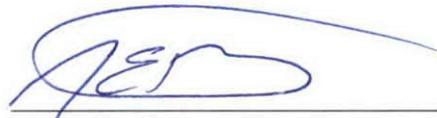
⁵ Additionally, pursuant to the Commission's Order entered March 2, 2016, EKPC filed its third Status Report on April 13, 2016.

WHEREFORE, EKPC respectfully requests that the Commission enter an Order:

1. Extending the period during which this matter is held in abeyance for an additional thirty (30) days, *to wit*, through June 27, 2016;
2. Continuing the temporary suspension of the PJM Integration Order's requirement regarding the filing of a capacity benefits mechanism;
3. Treating this pleading as the May 31, 2016, periodic update and relieving EKPC from making a separate update filing; and
4. Granting all other relief to which EKPC may appear entitled.

This 24th day of May, 2016.

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served, by delivering same to the custody and care of the U.S. Postal Service, postage pre-paid, this 24th day of May, 2016, addressed to the following:

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