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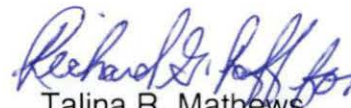
June 14, 2017

PARTIES OF RECORD

RE: Informal Conference for
Case No. 2017-00212

Enclosed is a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the content of this memorandum should be submitted to the Commission within seven days of receipt of this letter. Questions regarding this memorandum should be directed to Chris Whelan at (502) 782-2644.

Sincerely,


Talina R. Mathews
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Chris Whelan, ^{MCW} Financial Analysis

DATE: June 14, 2017

RE: Case No. 2017-00212
Tariff Filing of East Kentucky Power Cooperative, Inc. and its Member Distribution Cooperatives for Approval of Proposed Changes to their Qualified Cogeneration and Small Power Production Facilities Tariffs and the Implementation of Separate Tariffs for Power Purchases from Solar Generation Qualifying Facilities

On June 12, 2017, Commission Staff ("Staff") held a telephonic informal conference ("IC") with East Kentucky Power Cooperative, Inc. ("East Kentucky"). Staff's notice of the IC was issued on June 9, 2017. Commission Staff requested the IC to discuss East Kentucky's proposed changes to its cogeneration tariffs.¹

Staff opened the IC by asking when East Kentucky expected a Federal Energy Regulatory Commission ("FERC") ruling on its petition. East Kentucky had filed a petition at FERC in November 2016, seeking a determination that, under FERC regulations 18 C.F.R 292 Sections 303(a), 309, and 310, East Kentucky is relieved of the obligation to purchase electric energy and/or capacity from qualifying cogeneration or small power production facilities with a net capacity of over 20 MW. East Kentucky has proposed to include this language in its cogeneration tariffs. Due to there being only two FERC commissioners and not having a quorum, FERC is unable to rule on any matters currently pending before it, including East Kentucky's petition. East Kentucky indicated that, although it believed FERC would have a quorum by July 4, 2017, it was unable to predict when FERC would address its petition. However, East Kentucky maintained that the Commission is able to authorize inclusion of the language in its cogeneration tariffs without waiting on FERC because the exemption East Kentucky is claiming exists in the regulation. East Kentucky contends that the exemption is granted unless there is a ruling that states otherwise.

Staff requested information regarding the PJM Interconnection, LLC ("PJM") Administration Fee that would be used to reduce the rates paid by East Kentucky for

¹ As each of East Kentucky's 16 distribution cooperatives are proposing the same changes to their cogeneration tariffs as East Kentucky, a number of the cooperative representatives participated by telephone. See attached attendance list.

energy purchased under the cogeneration tariffs. East Kentucky explained that for it to be held harmless, such a fee was necessary. East Kentucky claims that it, in effect, would be acting as a marketing agent for those selling power under the tariffs and that East Kentucky should be compensated for acting in that capacity. East Kentucky contends that the cogeneration tariffs should be structured so that the utility is indifferent to purchasing power under the tariff versus the PJM market.

Staff inquired about the reason East Kentucky is proposing a separate cogeneration tariff for solar-sourced generation. East Kentucky stated the main reason for proposing a separate tariff is due to the capacity payment. According to East Kentucky, the intermittent nature of solar power is not as beneficial as power produced by other facilities that operate more often. East Kentucky stated that, for example, the cogeneration facility at Cox Interiors, which operates almost 100 percent of the time, reduces the need for capacity for East Kentucky but solar-sourced generation would not. Staff noted that the proposed solar cogeneration tariff includes different rates than those included in other cogeneration tariffs. Although the rates under the current cogeneration tariffs are based on the PJM market, the rates for the proposed solar cogeneration tariff are real-time PJM prices. Staff referred to 807 KAR 5:054, Section 7(2), which states "Each electric utility shall prepare standard rates for purchases from qualifying facilities..." East Kentucky is of the opinion that having different rates for the solar cogeneration tariff would not be in violation of the regulation because it believes a utility could have different standard rates for different generation sources. For example, all solar-sourced generation would receive the same standard rate.

Staff requested that East Kentucky file the following documents into the record: FERC Order No. 688, Public Utility Regulatory Policies Act of 1978 ("PURPA") Section 210(m), and FERC Regulations 18 C.F.R. 292 Sections 303(a), 309, and 310. East Kentucky stated it would do so by Friday, June 16, 2017.

There being nothing further to discuss, the meeting was adjourned.

Attachment: Sign-In Sheet

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. AND ITS MEMBER)	CASE NO.
DISTRIBUTION COOPERATIVES FOR)	2017-00212
APPROVAL OF PROPOSED CHANGES TO)	
THEIR QUALIFIED COGENERATION AND)	
SMALL POWER PRODUCTION FACILITIES)	
TARIFFS AND THE IMPLEMENTATION OF)	
SEPARATE TARIFFS FOR POWER)	
PURCHASES FROM SOLAR GENERATION)	
QUALIFYING FACILITIES)	

Informal Conference – June 12, 2017

Please sign in:

NAME	REPRESENTING
<u>Quang Nguyen</u>	<u>PSC</u>
<u>David Sanford</u>	<u>Goss Sanford PLLC</u>
<u>David Crews</u>	<u>EKPC</u>
<u>Matthew Baer</u>	<u>PSC-FA</u>
<u>Sarah Jambour</u>	<u>PSC</u>
<u>Chris Whelan</u>	<u>PSC</u>
<u>Angela Goad</u>	<u>PSC</u>
<u>Patsy Walters</u>	<u>Taylor Co. RECC - on phone</u>
<u>Patrick Wood</u>	<u>EKPC - on phone</u>
<u>Isaac Scott</u>	<u>EKPC - on phone</u>
<u>Chuck Williamson</u>	<u>Blue Grass - on phone</u>

Informal Conference
June 12, 2017

Kent Chandler

Carol Wright

Bill Prather

Jeff Greer

Mickey Miller

Ted Hampton

AG - on phone

Jackson Energy - on phone

Farmers - on phone

South KY - on phone

Nolin - on phone

Cumberland Valley - on phone

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