

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

Pending before the Commission is the motion of East Kentucky Power Cooperative, Inc. ("EKPC") for an Order: (1) extending by 90 days the time period during which this proceeding is held in abeyance; and (2) continuing the temporary suspension of the requirement established in Case No. 2012-00169¹ that EKPC file an application for approval of a rate mechanism to flow back to customers benefits from its participation in the PJM Interconnection, L.L.C. ("PJM") capacity markets.

On October 30, 2015, EKPC filed an application for an 18-month suspension of the November 30, 2015 deadline to file the required rate mechanism. Kentucky Industrial Utility Customers, Inc. ("KUIIC") and the Attorney General's Office of Rate Intervention ("AG") (collectively, "Intervenors") filed motions to intervene in this case, which motions the Commission granted. On November 20, 2015, EKPC and the Intervenors participated in an informal conference with Commission Staff to discuss issues related to this case. At the informal conference, the parties discussed the possibility of having further consultations to explore the potential for reaching a

¹ Case No. 2012-00169, *Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC* (Ky. PSC Dec. 20, 2012) ("PJM Integration Order") at 20.

consensus on a mechanism to flow back PJM-related capacity market benefits to EKPC's customers.

On November 25, 2015, EKPC filed a motion to hold this case in abeyance and to temporarily suspend the November 30, 2015 filing deadline “[i]n order for the Parties to further discuss the resolution of this matter, and specifically 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.”² Neither KUIC nor the AG filed a response to EKPC's motion. By Order entered November 30, 2015, we granted EKPC's motion and ordered that the case be held in abeyance and the filing deadline be temporarily suspended for a period of 90 days in order to allow the parties and Commission Staff to further discuss the issues in this case. The current abeyance period thus ends on February 28, 2016. We also ordered EKPC to file, 45 days from the date of that Order and at the end of the 90-day period of abeyance, written reports summarizing the status of the efforts to reach a consensus on the issue of a flow-back rate mechanism.

On December 22, 2015, the parties participated in an informal conference with Commission Staff at which the issues in this case were discussed. On January 14, 2016, EKPC filed the first status report required by the Commission's Order of November 30, 2015. In the status report, EKPC discussed the net benefits from its participation in the PJM capacity markets and the four mechanisms under consideration to flow these benefits back to customers. On January 29, 2016, the parties participated

² EKPC's Motion to Hold Case in Abeyance at 2.

in another informal conference with Commission Staff to further discuss the issues in this case.

On February 26, 2016, EKPC filed the second status report required by the Commission's Order dated November 30, 2015. In the status report, EKPC summarizes the parties' discussions to date concerning the development and implementation of a flow-back rate mechanism, and notes that although the discussions had not resulted in a consensus on a specific mechanism, there appeared to be general agreement that the focus should be on a mechanism that would not trigger a base rate case. On February 29, 2016, Commission Staff scheduled another informal conference for March 17, 2016, to further discuss the issues in this case.

In its instant motion, EKPC states that the parties have engaged in good faith discussions regarding various methods available to flow capacity-market benefits back to EKPC's customers. EKPC further states that, although substantial progress has been and continues to be made toward achieving an agreed upon proposal for the design and implementation of a flow-back rate mechanism, additional time is needed to complete further analysis and modeling, and to allow EKPC to further engage in substantive discussions with Commission Staff, the parties, and EKPC's 16 distribution cooperatives. EKPC also commits to file additional status reports should the Commission grant its motion for an extension of the abeyance period.

Having reviewed the motion and being otherwise sufficiently advised, the Commission finds that EKPC has established good cause to extend by 90 days, through May 28, 2016, the period during which this case is held in abeyance, and to continue the temporary suspension of the deadline set forth in the PJM Integration Order for

EKPC to file an application for approval of a flow-back rate mechanism. The Commission further finds that EKPC should be required to file, on or before April 13, 2016, and at the end of the extended period of abeyance, written reports summarizing the status of the parties' efforts to reach a consensus on the issues in this case.

IT IS THEREFORE ORDERED that:

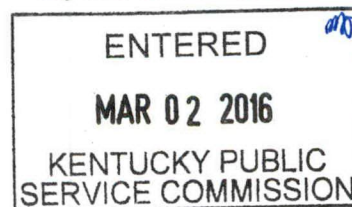
1. EKPC's motion to extend for 90 days, through May 28, 2016, the period of abeyance is granted to the extent that the Commission shall take no action on EKPC's application during that time period to allow the parties and Commission Staff to further discuss the issues in this case.

2. The temporary suspension of the requirement in the PJM Integration Order for EKPC to file a rate mechanism to flow back capacity market benefits to customers shall continue during the period of abeyance, as extended by this Order.

3. EKPC shall file, on or before April 13, 2016, and at the end of the extended period of abeyance, written reports summarizing the status of the efforts by the parties and Commission Staff to reach a consensus on the issue of a flow-back rate mechanism.

4. Nothing shall prevent the parties from filing documents or the Commission from entering further Orders during the abeyance of this case.

By the Commission



ATTEST:


Acting Executive Director

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Jennifer Black Hans
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

*Jody M Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707