COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE APPROVAL OF A SPECIAL CONTRACT	)))	CASE NO. 2015-00422

ORDER

On December 18, 2015, East Kentucky Power Cooperative, Inc. ("EKPC") filed an application seeking approval of an Industrial Power Agreement with Interruptible Service ("Special Contract") entered into by and between EKPC, Nolin Rural Electric Cooperative Corporation ("Nolin"), and AGC Automotive Americas ("AGC"). EKPC, Nolin, and AGC originally entered into an industrial power agreement with interruptible service in 2009 ("2009 Agreement"), which was amended in 2010.[1] Beginning in March 2013, the parties began discussing revisions to the interruptible service provisions of the 2009 Agreement that would be needed due to EKPC's full integration into the PJM Interconnection, LLC ("PJM"). Ultimately, the parties were able to come to terms on the Special Contract. EKPC states that the terms and conditions of the Special Contract are essentially the same as those in the 2009 Agreement, noting that the contract demand, the demand charge, the energy charge, the customer charge, the power factor adjustment, the fuel adjustment clause, the environmental surcharge, and the

[1] An Agreement for Electric Service was entered into between EKPC, Nolin, and AGC effective February 1, 2006; however that agreement did not include interruption.

determination of the minimum bill from Nolin to AGC all remain unchanged.[2] The differences in the 2009 Agreement and the proposed Special Contract are listed as follows:

- The 2009 Agreement provided that the agreement could be cancelled after the initial one-year term upon giving 12 months advance written notice. Under the proposed Special Contract, the agreement could be cancelled after the initial one-year term upon giving written notice 60 days prior to the desired termination date. EKPC states that the 60-day written termination notice is part of the standard language currently incorporated in its new industrial power agreements.

- Although the 2009 Agreement contained terms allowing a two-year waiver of the ratchet provision when determining billing demand, the proposed Special Contract does not include such a waiver and provides that billing demand will be the greater of the contract demand or ACG's highest demand during the current month or the preceding 11 months coincident with EKPC's system peak demand.

- The proposed Special Contract contains changes required by EKPC's integration into PJM, including a provision distinguishing between economic and

[2] In response to a Commission Staff request for information, EKPC stated that the proposed Special Contract attached as Exhibit A to its Application contained the incorrect demand charge, energy rate, and customer charge. EKPC explained that due to a clerical error made during the drafting process, the demand charge, energy rate, and customer charge from the 2009 Agreement were inadvertently set forth in the proposed Special Contract. On March 4, 2016, EKPC filed the revised Special Contract which reflected the accurate charges currently provided for in Nolin's general Commission-approved rates.

reliability interruptions[3] as well as specifying that a buy-through opportunity is available only during an economic interruption, but not during a reliability interruption.

- Unlike the 2009 Agreement, the proposed Special Contract also contains provisions addressing the parties' rights to remove equipment, apparatus, devices or facilities installed and/or utilized in connection with the Special Contract and a revised payment for service due date section. EKPC states that both of these provisions reflect standard language currently incorporated into its new industrial power agreements.

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that terms of the revised proposed Special Contract are reasonable and should be approved. The Commission further finds that EKPC should file with the Commission an annual report setting forth the following detailed information: the date and type of each interruption; the start and end times of each interruption; the estimated cost savings, if any, to EKPC during each interruption; and whether AGC exercised the buy-through option during each economic interruption. This report of AGC's interruptions should be filed by March 31 of each calendar year.

IT IS THEREFORE ORDERED that:

1. The revised Special Contract as filed on March 4, 2016, for service among EKPC, Nolin, and AGC is approved.

[3] Economic interruption is set forth in the Special Contract as an interruption at the request of EKPC to avoid purchasing energy from the PJM market. Reliability interruption is characterized in the Special Contract as a right by EKPC to call upon a physical interruption of AGC's interruptible demand to participate in the PJM Demand Response Programs.

2. EKPC shall file by March 31 of each year, beginning in 2016, a report detailing the prior calendar year's interruption of AGC as described in the findings above.

3. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

4. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon EKPC's showing of good cause for such extension.

By the Commission

ENTERED
MAR 14 2016
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

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