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July 30, 2013

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PUBLIC SERVICE
COMMISSION

Via Hand-Delivery

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

Re: In the Matter of: Petition and Complaint of Grayson RECC for an Order Authorizing Purchase of Electric Power at the Rate of Six Cents Per Kilowatts of Power vs. a Rate in Excess of Seven Cents Per Killowatt Hour Purchased From East Kentucky Power Cooperative Under a Wholesale Power Contract as Amended Between Grayson RECC and East Kentucky Power Cooperative, Inc.
PSC Case No. 2012-00503

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of the Motion to Intervene and Response to Order Dated July 17, 2013 on behalf of South Kentucky RECC, Cumberland Valley Electric, Inc., Farmers RECC, Blue Grass Energy Corporation, Big Sandy RECC, Licking Valley RECC, Inter-County Energy Cooperative Corporation, Nolin RECC and Clark Energy Corporation, Inc. Please return a file-stamped copy to me.

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

Very truly yours,

David S. Samford

Enclosures

M:\Clients\4000 - East Kentucky Power\1800 - Grayson Litigation\
Correspondence\Ltr. to Jeff Derouen (2012-00503) - 130730.docx

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

PETITION AND COMPLAINT OF GRAYSON)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
AUTHORIZING PURCHASE OF ELECTRIC)
POWER AT THE RATE OF SIX CENTS PER)
KILOWATTS OF POWER VS A RATE IN) CASE NO. 2012-00503
EXCESS OF SEVEN CENTS PER KILOWATT)
HOUR PURCHASED FROM EAST KENTUCKY)
POWER COOPERATIVE UNDER A)
WHOLESALE POWER CONTRACT AS)
AMENDED BETWEEN GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND EAST KENTUCKY POWER COOPERATIVE INC.)

**MOTION TO INTERVENE AND
RESPONSE TO ORDER DATED JULY 17, 2013**

Pursuant to 807 KAR 5:001, Section 4(11) and ordering paragraph 4 of the Commission's July 17, 2013, Order in the above-styled proceeding (the "Order"), come now South Kentucky Rural Electric Cooperative Corporation, Cumberland Valley Electric, Inc., Farmers Rural Electric Cooperative Corporation, Blue Grass Energy Corporation, Big Sandy Rural Electric Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, Inter-County Energy Cooperative Corporation, Nolin Rural Electric Cooperative Corporation and Clark Energy Cooperative, Inc. (the "Joint Movants"), by counsel, and do hereby move for leave to intervene in the above-styled proceeding, respectfully stating as follows:

The Commission's Order dismissed several aspects of the Petition and Complaint filed by Grayson Rural Electric Cooperative Corporation ("Grayson") in this matter, but found that a

review of Amendment No. 3 to the Wholesale Power Contract in existence between East Kentucky Power Cooperative, Inc. (“EKPC”) and its sixteen Member distribution cooperatives was in order (“Amendment No. 3”). The Order recognized that EKPC’s Members each have an interest in the outcome of any determination as to the operation and effect of Amendment No. 3 and invited the Members to seek leave to intervene on or before July 30, 2013, in stating:

Because the issues raised by Grayson may implicate the rights of EKPC’s other 15 Members, the Commission will serve a copy of this Order on each Member and allow them to individually or jointly file by July 30, 2013 a request for intervention and a response to the issues of: (a) whether Amendment 3 expressly requires a methodology for Members to share the allocation of alternative power, and if not expressly required, should the Commission nonetheless impute such a methodology for the Members to share the allocation of alternative power under Amendment 3; and (b) the proper form of advance notice to EKPC for an alternative sourced power purchase.

Intervention in Commission proceedings is within the Commission’s discretion and the Joint Movants appreciate the Commission granting them an opportunity to seek intervention in this proceeding. The Commission regulations specify that the Commission may allow intervention if the moving party “has a special interest in the case that is not otherwise adequately represented or that intervention is likely to present issues or to develop facts that assist the commission in fully considering the matter without unduly complicating or disrupting the proceedings.” 807 KAR 5:001, Section 4(11)(b). The Joint Movants, individually and collectively, are all Members of East Kentucky Power and have an interest in any determination as to the ability to develop alternative sources of power under Amendment No. 3. Accordingly the Joint Movants believe that their special interest in this proceeding satisfies the criteria set forth in the regulation and respectfully request the Commission to grant such intervention.

In response to the two specific questions which the Commission directed any party seeking intervention to answer, the Joint Movants state that a Memorandum of Understanding and Agreement (“MOU”) negotiated by and between the Members of EKPC provides an acceptable contractual mechanism for implementing Amendment No. 3. The MOU was first attached to the Motion for Intervention filed by Owen Electric Cooperative, Inc. on July 26, 2013.¹ The Joint Movants believe that the MOU will resolve the ambiguity as to the allocation mechanism for alternative sources of power that was latent in Amendment No. 3 and will also resolve the question as to the proper form and manner of notice to be given to EKPC with respect to the development of alternative sources of power. Accordingly, the Joint Movants urge the Commission to find that the MOU provides a reasonable and adequate methodology for the allocation of alternative sources of power under Amendment No. 3 as it is currently written. The Joint Movants believe that this will resolve most of the remainder of issues presented in Grayson’s Petition and Complaint.²

WHEREFORE, the Joint Movants respectfully request the Commission to grant each of them intervention in this matter.

This 30th day of July, 2013.

Respectfully submitted,



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¹ The Joint Movants support Owen’s Petition for Confidential Treatment of the MOU and accompanying slide presentation.

² Grayson also sought approval of a power purchase agreement that it had entered into with Magnum Drilling of Ohio, Inc. The Joint Movants take no position with respect to that portion of Grayson’s Petition and Complaint.

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Counsel for Joint Movants

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via depositing same in the custody and care of the U.S. Mail, postage prepaid, this 30th day of July, 2013:

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