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October 28, 2013

Via Hand-Delivery

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

RECEIVED
OCT 28 2013
PUBLIC SERVICE
COMMISSION

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

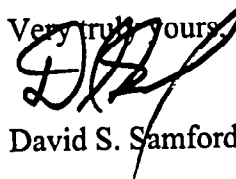
Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies each of the following:

1. Farmers Rural Electric Cooperative Corporation's Responses to Grayson Rural Electric Cooperative Corporation's Document Requests to All Intervening Distribution Cooperative Respondents;
2. Farmers Rural Electric Cooperative Corporation's Answers to Grayson Rural Electric Cooperative Corporation's Interrogatories to All Intervening Distribution Cooperative Respondents; and,
3. East Kentucky Power Cooperative, Inc.'s Answers to Grayson Rural Electric Cooperative Corporation's Interrogatories to All Intervening Distribution Cooperative Respondents.

Please return file-stamped copies to me. Do not hesitate to contact me if you have any questions.

Very truly yours,


David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 28 2013

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.)

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION'S
ANSWERS TO GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION'S INTERROGATORIES TO ALL INTERVENING
DISTRIBUTION COOPERATIVE RESPONDENTS**

Comes now Farmers Rural Electric Cooperative Corporation ("Farmers RECC"), by counsel, and hereby responds as follows to the Interrogatories propounded by the Petitioner, Grayson Rural Electric Cooperative Corporation ("Grayson"), to All Intervening Distribution Cooperative Respondents:

INTERROGATORY NO. 1: Please set forth the name, address and title of the person awaiting these Interrogatories.

ANSWER: Bill Prather, President and CEO, Farmers Rural Electric Cooperative Corporation, 504 South Broadway, Glasgow, Kentucky 42141.

INTERROGATORY NO. 2: With respect to each distribution cooperative, please set forth what load or loads any said distribution cooperative has served on its system from a source other than East Kentucky Power Cooperative including the total megawatts utilized and the date of when said load or loads was commenced.

ANSWER: Farmers RECC owns two 1.8 MW generators that are used to provide emergency backup service to one of its retail customers per a 2005 agreement with that customer. The generators were installed for reliability purposes and were not considered Amendment 3 resources when installed. The generators have also occasionally been used for peak shaving conservation.

INTERROGATORY NO. 3: Please set forth the date upon which any notice of service of any load or notice of the utilization of any power outside that purchased from East Kentucky Power Cooperative was sent to East Kentucky Power Cooperative.

ANSWER: The generators referenced in response to Interrogatory No. 2 were not originally considered to be Amendment 3 resources since they were installed to address the reliability concerns of one Member of Farmers RECC. Therefore, no notice to EKPC was required or given when they were installed. However, EKPC was kept aware of the development of the project. Following the 2013 negotiation of the Memorandum of Understanding (“MOU”) which was intended to resolve lingering questions regarding the implementation of Amendment 3, EKPC requested that Farmers “declare” the two generation resources owned by Farmers RECC to be Amendment 3 resources under the terms of the MOU. Although it did not believe it was obligated to do this, Farmers RECC assented to EKPC’s request.

INTERROGATORY NO. 4: Please state whether any distribution co-op received any responses to any of its notices sent to East Kentucky Power Cooperative, and if so, the nature and content of each said response.

ANSWER: None.

INTERROGATORY NO. 5: Please set forth any power amount or loads each distribution co-op desires to have served outside of East Kentucky Power Cooperative or by action of its Board of Directors has sought and with respect to same, please state whether notice of same has been sent to East Kentucky Power Cooperative, Inc.

ANSWER: See the responses to the above interrogatories.

INTERROGATORY NO. 6: With respect to each distribution cooperative, please set forth the coincident peak demand over the preceding thirty-six (36) months of its load.

ANSWER: Information responsive to this interrogatory is set forth in Exhibit 7 to the Objection to Petitioner's Notice of Amendment, which was filed on September 24, 2013 by East Kentucky Power Cooperative, Inc. ("EKPC"), and is incorporated herein by reference.

INTERROGATORY NO. 7: Please set forth the terms and conditions of any agreement between any distribution cooperative and East Kentucky Power concerning payment for legal expenses by East Kentucky Power for any distribution cooperative that has entered its appearance in the within proceeding, as well as setting forth all monies paid by East Kentucky Power Cooperative for legal expenses for any distribution co-op in the within proceeding.

ANSWER: Farmers RECC objects to this interrogatory on the basis that it seeks information which is privileged. Moreover, the requested information is not relevant to interpreting or implementing Amendment 3 to the Wholesale Power Contract between Farmers RECC and EKPC, which is the issue before the Commission.

INTERROGATORY NO. 8: Please set forth with respect to any distribution co-op intervening in the within proceeding the nature and term of any agreement between said distribution co-op and East Kentucky Power Cooperative concerning payment of costs for wholesale power, anything of value given or received by either party, i.e., the distribution co-op or East Kentucky Power Cooperative concerning the issues raised in the within proceeding, or anything of value for any load to be served by any entity on the distribution co-op's lines, i.e., any concession or disparity in rates charged by East Kentucky Power Cooperative for any particular load such as any industrial customer or otherwise.

ANSWER: Farmers RECC purchases wholesale power from EKPC pursuant to the Wholesale Power Contract and EKPC's tariffs and special contracts that have been approved by the Kentucky Public Service Commission. Farmers RECC is unaware of anything else which would be responsive to the remainder of the interrogatory.

INTERROGATORY NO. 9: Please state whether any of the distribution co-ops intervening in the within action believe that the purchase of power by it from a source other than East Kentucky Power Cooperative of up to 15% of its load, at any rate less than that which is currently being paid to East Kentucky Power, would be beneficial to the members of said distribution co-op.

ANSWER: Not necessarily. It depends upon whether the new or other source offers the same risk profile as to compliance with terms, delivery, etc. Other factors may affect the relative value of alternative resources, such as cost allocation and whether or not other costs may arise by virtue of purchasing power from a non-EKPC resource.

INTERROGATORY NO. 10: If your answer to the proceeding Interrogatory is in the negative, then please set forth the factual basis upon which you claim that your members paying less for electric power is not in their best interest.

ANSWER: Please see the answer to the above interrogatory.

INTERROGATORY NO. 11: Please set forth the name, address and title of each person which any distribution co-op intends to call as a witness at the Final Hearing in the within action setting forth the factual basis upon each said witness is expected to testify, as well as a summary of the grounds for each opinion.

ANSWER: Farmers RECC has not yet made a determination in this regard.

INTERROGATORY NO. 12: Please set forth the name, address, title, and educational background and qualifications of any expert witness which any distribution cooperative intends to call at the Final Hearing in this action, as well as setting forth the substance of the facts and opinions to which the expert is expected to testify, as well as the basis for each said opinion and a summary of each opinion.

ANSWER: Farmers RECC has not yet made a determination in this regard.

INTERROGATORY NO. 13: Please state whether any of the distribution cooperatives intervening in the within action believe that there is an inherent conflict of interest with the same attorney or attorneys representing East Kentucky Power in the within proceeding, and the same attorney or attorneys representing the distribution cooperatives in the within proceeding, inasmuch as the basis for the complaint filed by the Petitioner is to obtain authorization of payment of wholesale power rates to East Kentucky Power by all of the distribution cooperatives less than the current rate, and as such, result in reduced costs to the members of each distribution cooperative and a reduction in equity to East Kentucky Power Cooperative.

ANSWER: Farmers RECC objects to this interrogatory on the basis that it seeks information which is privileged and confidential. Moreover, this interrogatory is not relevant to the Commission's stated intention to interpret and implement Amendment 3 of the Wholesale Power Contract. Without waiving said objection, any determination as to whether a conflict of interest exists between Farmers RECC and EKPC will be determined by Farmers RECC and EKPC. Farmers RECC does not believe there is any conflict of interest.

INTERROGATORY NO. 14: If the answer to the proceeding Interrogatory is in the negative, then please set forth the factual basis for the apparent contradictory answer on same.

ANSWER: Please see the answer to the above interrogatory.

INTERROGATORY NO. 15: Please set forth the language of any waiver of any conflict of interest any distribution cooperative has signed that is connected to or is related to the representation it has in this case.

ANSWER: Farmers RECC objects to this interrogatory on the basis that it seeks information which is privileged and confidential. Moreover, this interrogatory is not relevant to the Commission's stated intention to interpret and implement Amendment 3 of the Wholesale Power Contract.

VERIFICATION

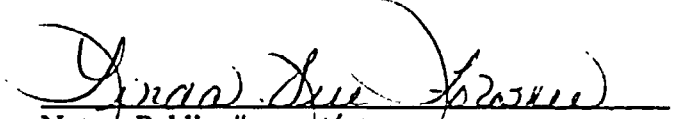
By signing below, the individual answering these Interrogatories, on behalf of Farmers Rural Electric Cooperative Corporation, hereby certifies that the foregoing responses are true and correct to the best of his knowledge and belief.

FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION

By: 
Bill Prather, President and CEO

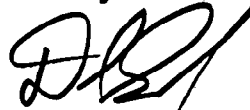
COMMONWEALTH OF KENTUCKY)
COUNTY OF BARREN)

Acknowledged, subscribed and sworn to before me by Bill Prather on behalf of Farmers Rural Electric Cooperative Corporation, this 28 day of October, 2013.


Notary Public, # 446516

My Commission Expires: 07-30-2015

For the Objections.



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*Counsel for Farmers Rural Electric
Cooperative Corporation*

M:\Clients\4000 - East Kentucky Power\1800 - Grayson Litigation\Drafts\ Farmers RECC's Answers to Grayson's Interrogatories to All Intervening Distribution Cooperative Respondents (PSC case) - 131009.docx