

Goss ■ Samford PLLC



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September 30, 2015

Via Hand Delivery

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

RECEIVED
SEP 30 2015
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 of East Kentucky Power Cooperative, Inc.'s Notice of Filing along with a CD containing copies of the Amendment 3 Memorandum of Understanding as executed by East Kentucky Power Cooperative, Inc. and each of its sixteen Members. Please return a file-stamped copy to me.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Samford".

David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 30 2015

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.)

NOTICE OF FILING

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by and through counsel, and hereby tenders for filing in the above-captioned proceeding the attached fully-executed copies of the Amendment 3 Memorandum of Understanding (the "Amendment 3 MOU") entered into by EKPC and its sixteen (16) Owner-Members. This filing is made in further support of the Joint Motion to Dismiss filed by EKPC and Grayson Rural Electric Cooperative Corporation ("Grayson") in this matter on May 26, 2015.

The Joint Motion to Dismiss was predicated on the execution of a settlement agreement ("Settlement Agreement") by each of the parties to this case that resolves the various issues and points of contention that have been raised in this and other proceedings involving Grayson, EKPC and others. By Order entered June 19, 2015, the Commission deferred ruling on the Joint Motion

to Dismiss and directed EKPC and Grayson to file a copy of the Settlement Agreement and “any other document addressing the allocation of alternatively sourced power under Amendment 3.” EKPC filed an executed copy of the Settlement Agreement on June 22, 2015. In filings dated July 6, 2015, and August 18, 2015,¹ EKPC indicated that it would tender to the Commission the other requested document, namely the Amendment 3 MOU, once it had been formally agreed to and duly executed by EKPC and each of its sixteen (16) Owner-Members.

Attached hereto as Exhibit 1 is a complete, fully-executed copy of the Amendment 3 MOU, as signed by EKPC and each of its Members. As reflected by the signature pages of each of EKPC and each of EKPC’s Owner-Members along with the accompanying Resolution of EKPC’s Board of Directors, the Amendment 3 MOU has been approved and now governs the parties’ relationships with respect to the acquisition and allocation of alternatively sourced power under Amendment 3.

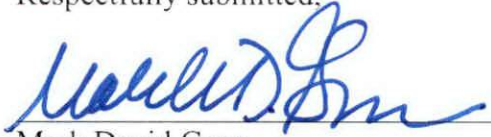
In light of the foregoing, the Joint Motion to Dismiss should be granted and Grayson’s Petition and Complaint, as amended, should be dismissed with prejudice. Through negotiation and compromise, the respective Boards of EKPC and Grayson have been able to successfully resolve the issues presented in this case and thus no further relief or involvement by the Commission is warranted or necessary.

WHEREFORE, EKPC respectfully requests an Order from the Commission dismissing Grayson’s Petition and Complaint, as amended, with prejudice and closing this case.

¹ See EKPC’s Reply to Grayson’s June 29, 2015 Response to the Commission’s Order entered June 19, 2015, and EKPC’s Notice of Filing Status Update, respectively.

This 30th day of September, 2015.

Respectfully submitted,



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Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served by depositing same into the custody and care of the U.S. Postal Service, postage pre-paid, on this the 30th day of September, 2015, addressed to the following individuals:

Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004-0609

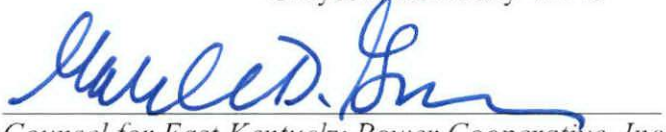
Don Prather
Mathis, Riggs & Prather, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

Clayton O. Oswald
Taylor, Keller & Oswald, PLLC
P.O. Box 3440
1306 West Fifth Street, Suite 100
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Taylor County RECC
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

James M. Crawford
Crawford & Baxter, PSC
523 Highland Avenue
P. O. Box 353
Carrollton, KY 41008

Hon. W. Jeffrey Scott
W. Jeffrey Scott, P.S.C.
311 W. Main Street
P.O. Box 608
Grayson, Kentucky 41143



Counsel for East Kentucky Power Cooperative, Inc.

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, September 15, 2015, at 9:30 a.m., EDT, the following business was transacted:

Approval of the Memorandum of Understanding as to Amendment No. 3 of the Wholesale Power Contract

After review of the applicable information, a motion to approve the Memorandum of Understanding as to Amendment No. 3 of the Wholesale Power Contract was made by Lee Coffee, seconded by Landis Cornett, and passed by the full Board to approve the following:

Whereas, Amendment No. 3 ("Amendment 3") of the Wholesale Power Contract ("WPC") between East Kentucky Power Cooperative, Inc. ("EKPC") and each of its Owner Members has been subject to different interpretations by various parties and has, therefore, been difficult to implement;

Whereas, Amendment 3 allows each Owner Member to acquire power supply outside of the WPC up to 15% of its load with the aggregate of all Owner Members' share not to exceed 5% of the EKPC's load;

Whereas, as Amendment 3 did not provide for an allocation methodology of the 5% limit;

Whereas, the CEO's of all Owner Members have been working with EKPC to come up with a Memorandum of Understanding ("MOU") that will address the equity issue among the Owner Members and that will clarify how Amendment 3 will be implemented going forward; and,


Whereas, it is the recommendation of EKPC Management that EKPC's Board of Directors now approve the MOU as attached to the Executive Summary and authorize EKPC's President & CEO to execute it on behalf of EKPC after all sixteen Owner Members' have approved and signed the MOU; now, therefore, be it;

Resolved, that the MOU as attached to the Executive Summary is hereby approved and EKPC's President & CEO is hereby authorized to execute it on behalf of EKPC once all Owner Members have approved and signed MOU.



The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 15th day of September 2015.


Michael Adams, Secretary

Corporate Seal