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James W. Gardner
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Daniel E. Logsdon Jr.
Vice Chairman

J. Roger Thomas
Commissioner

February 22, 2016

PARTIES OF RECORD

Re: Case No. 2015-00358
Application of East Kentucky Power Cooperative, Inc. for Deviation from
Obligation Resulting from Case No. 2012-00169

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at (502) 782-2586.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie Bell for JW".

James W. Gardner
Acting Executive Director


QN/ph

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Quang D. Nguyen, Staff Attorney 

DATE: February 22, 2016

RE: Case No. 2015-00358
Application of East Kentucky Power Cooperative, Inc. for Deviation from
Obligation Resulting from Case No. 2012-00169

Pursuant to the Commission Staff's January 20, 2016 Notice, an informal conference was held on January 29, 2016, at the Commission's offices in Frankfort, Kentucky. The purpose of the informal conference was to discuss the status of the settlement negotiations conducted by the parties. A list of the attendees is attached hereto.

At the request of Commission Staff, East Kentucky Power Cooperative, Inc. ("EKPC") began by providing a brief summary of the company's first status report, which had been filed on January 14, 2016. Among other things, the report described the four methodologies that EKPC is evaluating to flow back the net capacity benefits from the company's participation in PJM Interconnection, LLC. Those four approaches were a surcredit mechanism, a margin sharing mechanism, a one-time capital credit payment, and base rates. EKPC then provided the financial impacts to EKPC of each of the flow-back rate mechanisms and the estimated magnitude and potential timing of future base rate increases stemming from each approach. Additional discussion then focused upon the mechanics of the capital credit payment approach. EKPC indicated that it is meeting with the Rural Utility Services ("RUS") on February 11, 2016, to discuss RUS authorization on the capital credit payment approach. EKPC's board is scheduled to meet on February 9, 2016, and a meeting with the CEOs of the 16 distribution cooperatives is scheduled for March 1, 2016. EKPC will submit a status report at the end of February providing an update regarding the meetings with RUS and the distribution cooperatives. Another informal conference will be scheduled for March 17, 2016, to further discuss the flow-back rate mechanism alternatives. Kentucky Industrial Utility Customers, Inc., requested EKPC to provide a calculation of a capital credit allocation methodology based upon EKPC's Rate Schedule E winter peak demand. EKPC agreed to provide such a calculation and would provide it via email prior to the next schedule informal conference.

There being no further discussions, the informal conference was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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January 29, 2016 Informal Conference
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Please sign in:

NAME	REPRESENTING
RICHARD RAFF	PSC-LEGAL
Quang D Nguyen	PSC
Mike Kurtz	KIUC
Patrick Woods	EKPC
David Sanford	Goss Sanford/EKPC
MARK DAVID GOSS	" " "
Larry Cook	OAG
Bruce Hays	EKPC
Mike McValley	EKPC
Jody Cohn	KIUC
Tom Stachnik	EKPC
Julia Tucker	EKPC
Leann L. Scard	EKPC

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