

May 18, 2016

HAND DELIVERED

Aaron D. Greenwell
Acting Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Mark R. Overstreet
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MAY 18 2016

PUBLIC SERVICE
COMMISSION

RE: Letter Agreement Between Kentucky Power Company and Licking Valley Rural Electric Cooperative Corporation Regarding Service To Rodney and Tina Clemons, 263 Meeting House Road, West Liberty, Morgan County, Kentucky

Dear Mr. Greenwell:

Enclosed please find the original and ten copies of the letter agreement between Kentucky Power Company and Licking Valley Rural Electric Cooperative Corporation regarding service to two accounts (a residence and nearby garage) located at 263 Meeting House Road in Morgan County, Kentucky. The letter agreement is submitted for Commission approval pursuant to KRS 278.018(6).

The accounts are in the names of Rodney and Tina Clemons. Both accounts and their corresponding service locations are within Licking Valley's certified territory and currently are being served by Licking Valley. The Clemons' residence and garage are located approximately 500 feet northeast of the boundary between Kentucky Power and Licking Valley. Because of the location of the boundary in the vicinity of the Clemons' residence and garage, and the location of other distribution facilities owned by Kentucky Power and Licking Valley in the area, Kentucky Power would be able to serve the Clemons' residence and garage with a shorter and more direct extension than currently used by Licking Valley to provide the service.

The extension currently used by Licking Valley is approximately 2,800 feet in length and crosses undeveloped land. The Clemons's residence and garage are the only facilities served by the extension. Because of isolated nature of the terrain crossed by the extension used by Licking Valley the conductor has been stolen on repeated occasions. The thefts have increased the cost incurred by Licking Valley to serve Mr. and Ms. Clemons and disrupted service to Mr. and Ms. Clemons.

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Kentucky Power currently serves several facilities along Meeting House Road. It could serve the Clemons' residence and garage by means of an estimated 600 foot extension. Kentucky Power believes the short extension required by it to serve Mr. and Ms. Clemons, coupled with the less isolated nature of the terrain to be crossed by the extension, will result in fewer thefts of the conductor and service disruptions.

Mr. and Ms. Clemons have consented to the proposed change of service providers from Licking Valley to Kentucky Power as evidenced by their signatures on the April 14, 2016 consent form. Finally, the proposed service of Mr. and Mrs. Clemons by Kentucky Power will promote the purposes of KRS 278.016.

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

MRO

cc: Mr. and Mrs. Clemons
Kerry K. Howard

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PUBLIC SERVICE
COMMISSION

Kerry K. Howard
General Manager/CEO
Licking Valley Rural Electric Cooperative Corporation
271 Main Street
PO Box 605
West Liberty, Kentucky 41472

Re: Rodney and Tina Clemons
263 Meeting House Road
West Liberty, Kentucky 41472
LVRECC Acct. Nos. 16 018 002 01 (House) and 16 018 003 00 (Garage)

Dear Mr. Howard:

This letter is to memorialize the agreement between Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") and Kentucky Power Company ("Kentucky Power") regarding the proposed service by Kentucky Power to the residence and garage owned by Rodney and Tina Clemons (the "Clemons"). The facilities are located at 263 Meeting House Road, West Liberty, Kentucky. This agreement is made pursuant to KRS 278.018(6) and is limited to the Clemons' residence and garage.

This agreement is expressly contingent upon its approval without modification by the Public Service Commission of Kentucky.

For good and sufficient consideration, including the premises described below, and the receipt of which is acknowledged, Licking Valley and Kentucky Power agree that Kentucky Power will provide service to the Clemons' residence and garage. The parties further agree that this agreement is limited solely to the provision of service by Kentucky Power to the Clemons' residence and garage, and nothing in this agreement shall be deemed as entitling Kentucky Power to provide service to any other facility located in Licking Valley's service territory. Licking Valley and Kentucky Power further agree that nothing in this agreement shall be deemed a change in the boundary line between the certified territories of Licking Valley and Kentucky Power.

In reaching this agreement, Licking Valley and Kentucky Power considered and relied upon the following premises:

(1) The Clemons' residence and garage currently lie within Licking Valley's certified territory and currently are being served by Licking Valley. The Clemons' house and garage are located at the end of the paved portion of Meeting House Road. Meeting House Road proceeds northeast beyond the Clemons' residence and garage as a gravel road. Development in the vicinity of the Clemons' residence and garage lies in a southwest direction and is served by Kentucky Power. The area to the north, west, and south of the Clemons' residence and garage is undeveloped.

(2) The boundary line between the Licking Valley and Kentucky Power certified territories in the vicinity of the Clemons' residence and garage lies approximately 400 feet southwest of the Clemons' residence and garage. Kentucky Power currently provides service to several homes at the mouth and just up in Meeting House Road lying southwest of the Clemons' residence and garage. The closest Kentucky Power service location on Meeting House Road lies approximately 600 feet southwest of the Clemons' residence and garage.

(3) A map showing the location of the Clemons' residence and garage and the existing facilities of Kentucky Power and Licking Valley is attached hereto as EXHIBIT 1.

(4) Service to the Clemons' residence and garage by Licking Valley currently is provided by an estimated 2,800 foot extension that serves only the Clemons. Because of isolated nature of the terrain crossed by the extension used by Licking Valley the conductor has been stolen on repeated occasions. The thefts have increased the cost incurred by Licking Valley to serve Mr. and Ms. Clemons and disrupted service to Mr. and Ms. Clemons.

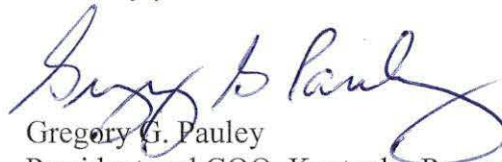
(5) Kentucky Power can provide service to the Clemons' residence and garage by extending its existing service facilities approximately 600 feet.

(6) Rodney and Tina Clemons have agreed to be served by Kentucky Power. His written agreement is attached hereto as EXHIBIT 2.

(7) This agreement will promote the purposes of KRS 278.016. The extension of Kentucky Power's current service facilities to the Clemons' residence and garage is consistent with the orderly development of retail electric service, will not result in wasteful duplication, and will not unnecessarily encumber the landscape of the Commonwealth. Kentucky Power has the ability to provide adequate and reasonable service to the Clemons' residence and garage.

If this accurately reflects our agreement, please sign where indicated below and return a copy to me. Please do not hesitate to contact me if you have any questions.

Sincerely yours



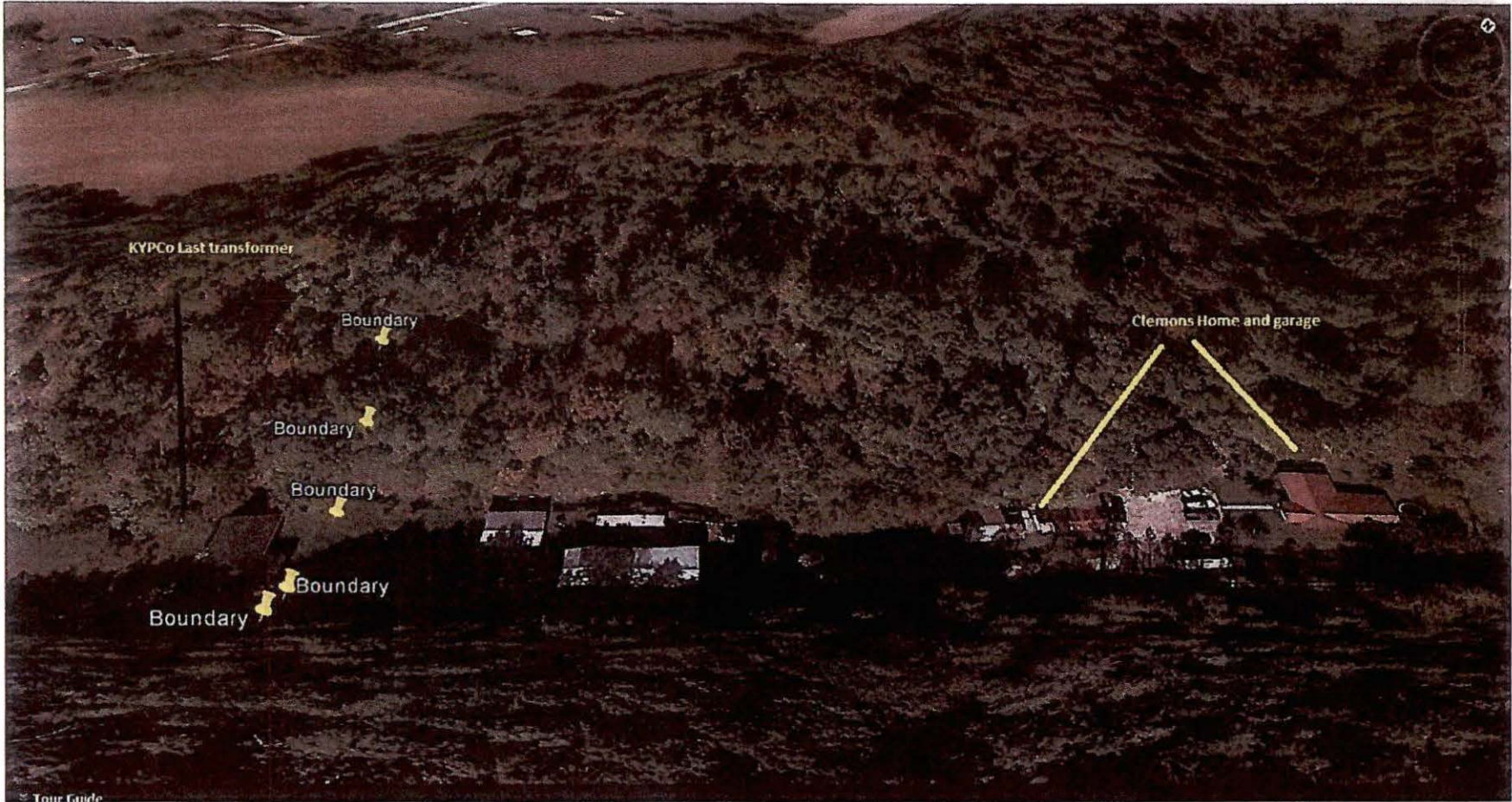
Gregory G. Pauley
President and COO, Kentucky Power
Company

Agreed to this ___ day of May, 2016.

Licking Valley Rural Electric Cooperative Corporation

By: 

Its: General Manager/CEO



April 14, 2016

Rodney and/or Tina Clemons
263 Meeting House Road
West Liberty, Kentucky 41472

Dear Mr. and Ms. Clemons:

You currently are a customer of Licking Valley Rural Electric Cooperative Corporation. Kentucky Power Company has been requested by Licking Valley to provide retail electrical service to your residence and garage. The Kentucky Power service would be in lieu of the service currently provided by Licking Valley.

Because of the length of the extension currently used to serve your residence and garage, and the isolated terrain it crosses, the conductor in the extension has been repeatedly stolen. The resulting service disruptions are an inconvenience to you and an additional cost to Licking Valley.

Kentucky Power currently provides electrical service to 159 Meeting House Road. It could serve your residence and garage by means of an estimated 600 foot extension of its current facilities. Kentucky Power believes that the shorter extension and the nature of the terrain it would cross would render its service facilities less susceptible to theft and service disruptions than those currently used by Licking Valley to serve you.

Please signify by signing below if you consent to Kentucky Power providing electrical service to your residence and garage in lieu of Licking Valley. Such service would be at the Kentucky Power rates and not those Licking Valley rates you currently pay.

We agree to receive retail electrical service to our residence and garage located at 263 Meeting House Road, West Liberty, Kentucky.



Rodney Clemons



Tina Clemons