



July 16, 2014

Mr. Jeff Derouen
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: East Kentucky Power Cooperative, Inc. Section H Wholesale Renewable Energy Program - Envirowatts (Revision)

Dear Mr. Derouen:

Please see attached for electronic filing with the Commission, EKPC's revisions to the tariff referenced above.

As part of the settlement agreement between all parties to Case No. 2010-00238, East Kentucky Power Cooperative, Inc. ("EKPC") initiated a Collaborative among EKPC, its 16 member cooperatives, the Sierra Club, Kentuckians for the Commonwealth, Kentucky Environmental Foundation, Gallatin Steel Company, the Attorney General, and other organizations and entities representing relevant and appropriate interests. The purpose of the Collaborative was to "evaluate and recommend actions to expand deployment of renewable energy and demand-side management, and to promote collaboration among the Parties in the implementation of those ideas."

The Collaborative recently concluded its business and by unanimous vote, recommended that EKPC expand its renewable energy program, Envirowatts, to include energy generated by renewable resources other than the existing land-fill gas offering.

EKPC's current Envirowatts program is described in its tariff as Section H – Wholesale Renewable Resource Power Service. EKPC charges its member cooperatives \$2.375 per 100 kWh block of renewable energy. The member cooperatives have corresponding retail renewable resource power service tariffs where the retail customer is charged \$2.75 per 100 kWh block of renewable energy. The difference between the wholesale and retail charge is used to cover administrative costs of the member cooperatives.

Several Collaborative members advised that many retail customers have an affinity for solar, wind, and hydroelectric renewable power, and would be more likely to participate in the Envirowatts program if those renewable resources were offered. To this end, EKPC requests approval to expand its Envirowatts renewable energy program to include Green-E certified solar, wind, and hydroelectric power. This revision to the Envirowatts program will allow a retail customer, through their member cooperative, to designate the type of renewable energy they want their monthly contribution to support. The retail customer can purchase up to four (4)

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different types of renewable energy (solar, wind, hydroelectric, and land-fill gas) at \$2.75 per increment. The member cooperatives believe it is important at this time not to change the retail customer's contribution rate for the Envirowatts program. The member cooperative, under this tariff revision, will provide EKPC with a monthly retail member contribution total per renewable energy type. EKPC will bill the member cooperative \$2.50 per increment, allocating \$2.25 for each increment of the type of renewable energy designated. EKPC and the member cooperatives will each retain \$0.25 per increment to help cover administrative costs, which include marketing, advertising, data management, and Renewable Energy Certificates (REC) purchases and retirements, as well as a quarterly participation filing at the Commission. The additional administrative costs incurred by EKPC and the member cooperatives will be allocated from the incremental contributions to cover a portion of those costs and are not charged to the base energy rate payers.

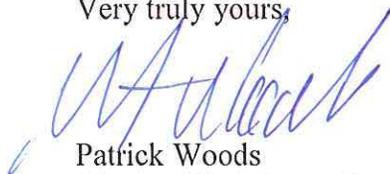
If EKPC owns the type of renewable resource designated by the member cooperative on behalf of their retail customer, EKPC will generate the energy and retire the appropriate RECs. If EKPC does not own the designated renewable resource, EKPC will utilize the member cooperative's financial contribution to both purchase, and then retire, the appropriate RECs supporting the designated renewable resource.

Existing Envirowatts participants can continue their contributions and will be allowed to allocate their contributions to the renewable energy types of their choosing. New Envirowatts participants will also contribute in \$2.75 increments and will also be allowed to allocate their contributions to the renewable energy types of their choosing.

EKPC and the member cooperatives are excited to expand the Envirowatts program. The marketing staff at EKPC will soon start developing a new Envirowatts marketing and advertising plan for 2015, and plans to allocate additional marketing and advertising funds in the 2015 budget. Though the marketing and advertising budgets have yet to be finalized, EKPC chose to retain \$0.25 of each contribution for both EKPC and the member cooperative to help offset program costs. At current participation levels, EKPC and the member cooperatives realize \$0.50 total per increment will not cover all of the current and expected costs of the new marketing and advertising plan. EKPC and the member cooperatives will re-evaluate the \$0.50 total per increment for administrative costs once Envirowatts participation increases.

Please contact me if you have any questions.

Very truly yours,



Patrick Woods
Director, Regulatory Services

Enclosures