



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

August 21, 2009

## PARTIES OF RECORD

Re: Case No. 2007-00165

Attached is a copy of the 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 informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Rick Bertelson at 502/564-3940, Extension 260.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

RB/ew

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File

**FROM:** Rick Bertelson, Staff Attorney

**DATE:** August 21, 2009

**RE:** Case No. 2007-00165  
Status of East Kentucky Power Cooperative Inc.'s  
Pilot Real-Time Pricing Program

Pursuant to a request by East Kentucky Power Cooperative, Inc. ("East Kentucky") and the Commission Staff notice dated August 13, 2009, Commission Staff held an informal conference ("IC") with East Kentucky and the Attorney General of the Commonwealth of Kentucky on August 12, 2009. Counsel for Intervenor Kentucky Industrial Utility Customers, Inc. ("KIUC") was notified by telephone that the IC had been scheduled. He indicated that KIUC would not be participating in the conference but stated that he had no objection to the IC being held as scheduled. A list of the attendees is attached hereto. The purpose of the IC was to discuss the status of East Kentucky's Pilot Real-Time Pricing Program ("pilot RTP program"), which was approved by the Commission in its Order issued February 1, 2008.

At the beginning of the IC, East Kentucky passed out a presentation, a copy of which is attached hereto. East Kentucky explained that implementation of its pilot RTP program has been delayed due to the May 1, 2008 departure of an East Kentucky employee who was heading the program. The East Kentucky employee who has been assigned to carry out the pilot RTP program implementation was present at the IC and explained that he has gotten the program back on track toward implementation, which East Kentucky expects to complete in the early part of 2010.

East Kentucky explained that, because it doesn't have retail customers like other utilities that also have pilot real-time pricing programs, it has been difficult to develop an accurate 24-hour, real-time pricing model that works with its system. East Kentucky also noted that Louisville Gas and Electric Company/Kentucky Utilities' exposure to the energy markets via their interactions with the Midwest Independent System Operator has made it easier for them to establish their own real-time pricing. East Kentucky has also had difficulty in determining how to factor in purchased power in such a way that it will not adversely affect its customers.

Because this is just a pilot program, East Kentucky has decided not to have an automated system at this time. As such, it is trying to determine how to allocate labor and train its employees to perform manual monitoring of real-time prices.

To date, only seven customers have expressed interest in the pilot RTP program. East Kentucky theorizes that the low participation rate may be due to the fact that customers on interruptible service cannot participate due to their existing contracts with East Kentucky. East Kentucky believes that if it had structured the program to allow customers on interruptible service to cancel their existing contracts and adopt the pilot RTP program, it may have had more participants.

Commission Staff indicated its concern about East Kentucky taking nearly two years to roll-out the pilot RTP program. East Kentucky promised to provide the Commission with an update on the status of the roll-out by November 6, 2009, including a report on the steps outlined in their presentation and the IC that East Kentucky has completed by that date and an update of its May 1, 2008 response, listing the customers who will be participating in the pilot RTP program.

There being no other questions from any party, the informal conference was adjourned.

Attachment

cc: Parties of Record