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VIA OVERNIGHT MAIL

February 21, 2018

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

FEB 22 2018

PUBLIC SERVICE
COMMISSION

Re: Case Nos. 2018-00050

Dear Ms. Pinson:

Please find enclosed the original and ten (10) copies of the MOTION TO INTERVENE OF NUCOR STEEL GALLATIN for filing in the above-referenced matter.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

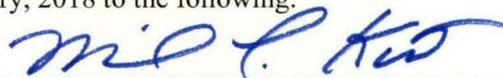
BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic mail (when available) or by U.S. mail, unless otherwise noted, this 21st day of February, 2018 to the following:



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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: THE APPLICATION OF SOUTH KENTUCKY :
RURAL ELECTRIC COOPERATIVE CORPORATION FOR : **Case No. 2018-00050**
APPROVAL OF MASTER POWER PURCHASE AND SALE :
AGREEMENT AND TRANSACTIONS THEREUNDER :

RECEIVED

**MOTION TO INTERVENE OF
NUCOR STEEL GALLATIN**

FEB 22 2018

PUBLIC SERVICE
COMMISSION

Pursuant to 807 KAR 5:001, Section 4(11), KRS 278.310, and KRS 278.040(2), Nucor Steel Gallatin (“Nucor”) requests that it be granted full intervenor status in the above-captioned proceeding(s) and states in support thereof as follows:

1. 807 KAR 5:001, Section 4(11)(a)(1) requires that a person requesting leave to intervene as a party to a case before the Kentucky Public Service Commission (“Commission”), by timely motion, must state his or her interest in the case and how intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.
2. 807 KAR 5:001, Section 4(11)(b) provides that the Commission shall grant a person leave to intervene if the Commission finds that he or she has made a timely motion for intervention and that he or she has a special interest in the case that is not otherwise adequately represented or that his or her intervention is likely to present issues or to develop facts that assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.
3. Nucor is the largest end use customer located in the Owen Electric Cooperative (“Owen”) service territory. Owen is in turn provided with generation and transmission service by East Kentucky Power Cooperative, Inc. (“EKPC”).
4. Owen is one of the sixteen distribution cooperatives that own EKPC. Another member owner of EKPC is South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”). If South Kentucky is authorized to purchase 58 MW of capacity and associated energy on a 7 x 24 x 365 basis (100% load factor) for 20 years from

Morgan Stanley Capital, then EKPC may be required to recover 58 MW of fixed costs from its remaining distribution cooperatives, including Owen. This in turn could increase costs to Nucor. Such cost shifting away from South Kentucky and to other ratepayers will occur immediately after the contract with Morgan Stanley becomes effective through the environmental surcharge and fuel adjustment clause, and may necessitate a base rate increase by EKPC. In short, any money saved by South Kentucky could translate into increased costs for other ratepayers. The reasonableness of this transaction must be judged in this light.

5. About one-half of the rate charged by EKPC to South Kentucky represents the recovery of fixed costs. Therefore, before mitigation through resale into the PJM energy and capacity markets, this transaction could result in approximately \$15 million per year in stranded costs (58 MW x 8,760 hours x \$30 mWh).

6. EKPC's peak load is approximately 3,000 MW. Under Amendment 3 to the wholesale power agreement between EKPC and its 16 member owners, up to 5% of EKPC's rolling average peak load (about 150 MW) can be served by third parties at market based rates. Therefore, an additional 92 MW may seek the same treatment as South Kentucky with a corresponding stranded cost shift to other ratepayers. The policy established in this case will be important.

5. The matters being decided by the Commission in this case may have a significant impact on the rates paid by Nucor for electricity. Electricity represents a significant cost of doing business for Nucor. The attorneys for Nucor authorized to represent them in this proceeding and to take service of all documents are:

Michael L. Kurtz, Esq.
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7. Nucor's interest cannot be adequately represented by any existing party. While the Kentucky Attorney General's Office of Rate Intervention is statutorily charged with representing the interests of "consumers" pursuant to KRS 367.150(8), that duty relates primarily to residential customers. In contrast, Nucor's interest is exclusively related to large industrial customers.

9. Nucor's intervention will not unduly complicate or disrupt the proceedings.

WHEREFORE, Nucor Steel Gallatin requests that it be granted full intervenor status in the above captioned proceeding.

Respectfully submitted,



Michael L. Kurtz, Esq.
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February 21, 2018