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March 29, 2013

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Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

PUBLIC SERVICE
COMMISSION

Re: Case No. 2007-00165, Application of East Kentucky Power Cooperative, Inc. for an Order Approving a Pilot Real-Time Pricing Program for Large Commercial and Industrial Customers

Dear Mr. Derouen:

Please find attached the following information associated with the East Kentucky Power Cooperative, Inc. ("EKPC") Real Time Pricing ("RTP") Pilot Program:

- An original and five (5) copies of the third annual report of the RTP Pilot Program. This annual report is submitted pursuant to the Commission's February 1, 2008 Order in Case No. 2007-00165, Ordering Paragraph No. 2.
- An original and five (5) copies of a detailed evaluation of the RTP Pilot Program. This detailed evaluation is submitted pursuant to the Commission's February 1, 2008 Order in Case No. 2007-00165, Ordering Paragraph No. 3.
- An original and ten (10) copies of a joint application from EKPC, Blue Grass Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, and Owen Electric Cooperative, Inc. requesting the Commission approve the cancellation and withdrawal of the wholesale and retail RTP Pilot Program tariffs.

EKPC is providing copies of the annual report, detailed evaluation, and joint application to the Office of the Attorney General and the Kentucky Industrial Utility Customers, Inc.

If there are questions about the report or additional information is needed, please contact Isaac Scott at (859) 745-9243.

Sincerely,

A handwritten signature in black ink that reads "Mark David Goss" followed by a stylized flourish.

Mark David Goss
Counsel

Attachments

EAST KENTUCKY POWER COOPERATIVE, INC.

2012 ANNUAL REPORT

CASE NO. 2007-00165

Filed March 29, 2013

EAST KENTUCKY POWER COOPERATIVE, INC.

**Response to Ordering Paragraph 2
Of the Commission's February 1, 2008 Order**

Case No. 2007-00165

2012 Annual Report

Request No. 1

The current number of program participants.

Response No. 1

As reported in the 2011 Annual Report, EKPC and its participating Member Cooperatives¹ had no program participants. Calendar year 2012 was the third year of the pilot program, and pursuant to the terms of service included in Schedule RTP-DA, no additional retail customer could be added to the pilot program after the completion of the second year of the pilot program.

Request No. 2

The type of industry or primary business activity of each participant.

Response No. 2

EKPC and its participating Member Cooperatives had no program participants; therefore, the type of industry or primary business activity of each participant cannot be identified.

¹ The participating Member Cooperatives are Blue Grass Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, and Owen Electric Cooperative. In its November 6, 2009 Status Report on the Roll-Out of the Real Time Pricing Pilot Program, EKPC had indicated that eight Member Cooperatives planned on participating in the pilot program. However, Fleming-Mason Energy Cooperative, Grayson Rural Electric Cooperative Corporation, South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation have not filed Real Time Pricing pilot program tariffs and are not participating in the program.

Request No. 3

The number of participants that have withdrawn from the program and the reason for such withdrawal.

Response No. 3

EKPC and its participating Member Cooperatives have not had any participants since the Real Time Pricing pilot program began; consequently, there have been no participants withdraw from the program.

Request Nos. 4 and 5

The average, minimum, and maximum monthly electrical usage and cost for program participants during each 12-month reporting period and the 12-month period immediately preceding enrollment into the program.

Response Nos. 4 and 5

EKPC and its participating Member Cooperatives have no program participants; therefore the requested analysis is not available.

Request No. 6

All comments and suggestions received from program participants.

Response No. 6

Although EKPC and its participating Member Cooperatives have no program participants, there have been informal discussions between potential participants and Member Cooperatives. There were some potential participants interested in the concept, but there were also concerns. The potential participants expressed concerns about how the program would fit with their production schedules, did not see how they could make it work without being a detriment to employee morale (adjustment to work shifts), and a general feeling that the program was not worth the risks it posed to the potential participants.

Request No. 7

An evaluation of the program's effect on EKPC's peak and/or base demand as compared to its historical data for the 12-month period immediately preceding implementation of the program.

Response No. 7

As EKPC and its participating Member Cooperatives have no program participants, it is not possible to provide an evaluation of the Real Time Pricing pilot program's effect on EKPC's peak and/or base demand.

Request No. 8

A statement by EKPC of whether the program is achieving the stated objectives and an evaluation of the comments and suggestions of the program participants.

Response No. 8

EKPC's primary objective was to determine whether large customers would elect to use, take advantage of, and derive benefit from the Real Time Pricing mechanism. A secondary objective was to encourage participants to reduce demand during critical peak hours and shift variable demand to low peak hours. As there were no participants in the pilot program, there is no information available to determine if objectives were being met. Please also see the response to No. 6 above.

Request No. 9

The program costs to the date of the report, along with the details of any deviations from the program budget contained in the application submitted herein.

Response No. 9

EKPC's main program cost has been related to the maintenance of the Real Time Pricing website and the posting of day ahead prices. We calculate that the program costs during 2012 were approximately \$8,280.

Response No. 9 (continued)

EKPC has reviewed the record for Case No. 2007-00165 and cannot find where a program budget was provided with the application or in the data responses. Therefore, an explanation of the deviations of actual program costs compared to the program budget is not possible. However, in EKPC's response to Item 4 of the Commission Staff's First Data Request dated May 21, 2007, EKPC had estimated the annual hours devoted to calculating and monitoring the Real Time Prices and posting those prices to the website would be approximately 130 hours per year. During 2012, EKPC staff spent approximately 134 hours for these activities.

Request No. 10

A cumulative comparison of the information furnished in Items 4 and 5 above to allow year-to-year comparison of program results.

Response No. 10

EKPC and its participating Member Cooperatives have no program participants; therefore the requested comparison is not available.