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December 27, 2012

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
Frankfort, KY 40601

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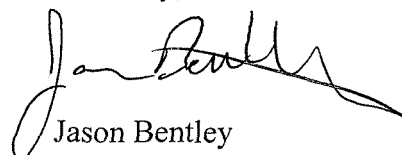
RE: *The Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection Case No. 2012-00169*

Dear Mr. DeRouen,

The Commission's Order in the above referenced case noted that not all Parties to the Stipulation and Recommendation entered therein have formally agreed to the modification proposed by signatories East Kentucky Power Cooperative ("EKPC"), Louisville Gas and Electric Company and Kentucky Utilities. The proposed modification to Article III of the Stipulation arises from concerns expressed by members of the TEE Contingency Reserve Sharing Group ("TCRSG") regarding NERC compliance risks associated with PJM performance of EKPC's TCRSG obligations. Rather than PJM assuming EKPC's TCRSG obligations as proposed in the Stipulation, the Parties have agreed that EKPC is to withdraw from the TCRSG as of June 1, 2013, assuming certain conditions are met.

The Commission's Order conditionally accepts the Stipulation, subject to the filing of documentation that all of the parties have agreed to the modification. As a signatory to the Stipulation, PJM hereby agrees to the modification put forth by the Parties by letter and attachments from EKPC to the Commission dated December 5, 2012.

Sincerely,


Jason Bentley
Counsel for PJM

Cc: Parties of Record