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DEC 6 2017

PUBLIC SERVICE
COMMISSION

December 6, 2017

Ms. Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for a Declaratory Order Confirming the Effect of Kentucky Law and Commission Precedent on Retail Electric Customers' Participation in Wholesale Electric Markets – Case No. 2017-00129*

Dear Ms. Pinson:

Please find enclosed for filing the Joint Status Report of Kentucky Power Company, Duke Energy Kentucky, Inc., and East Kentucky Power Cooperative, Inc. Pursuant to the June 6, 2017 Order in the above-referenced case, this document should be filed in the utilities' general correspondence file. Please return a file-stamped copy to me.

Please contact me with any questions you may have.

Sincerely,



L. Allyson Honaker

Enclosure

DEC 6 2017

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR A)	
DECLARATORY ORDER CONFIRMING THE)	
EFFECT OF KENTUCKY LAW AND)	Case No. 2017-00129
COMMISSION PRECEDENT ON RETAIL)	
ELECTRIC CUSTOMERS' PARTICIPATION IN)	
WHOLESALE ELECTRIC MARKETS)	

**JOINT STATUS REPORT OF
KENTUCKY POWER COMPANY
DUKE ENERGY KENTUCKY, INC. AND
EAST KENTUCKY POWER COOPERATIVE, INC.**

Comes now Kentucky Power Company (“Kentucky Power”), Duke Energy Kentucky, Inc. (“Duke Energy Kentucky”), and East Kentucky Power Cooperative, Inc. (“EKPC”) (collectively, the “Joint Utilities”), by counsel, and hereby jointly tender their Joint Status Report in the above-styled docket and in compliance with the June 6, 2017 Order of the Kentucky Public Service Commission (“Commission”) respecting same. To wit, the Joint Utilities hereby report as follows:

In an Order entered on June 6, 2017, the Commission required each of the Joint Utilities to file a report, individually or collectively, “describing the actions taken by PJM [Interconnection, LLC (“PJM”)] to comply with the commitments and provisions of [the Commission’s] prior Orders approving the transfer of functional control of transmission assets to PJM.”¹

¹ See *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for a Declaratory Order Confirming the Effect of Kentucky Law and Commission Precedent on Retail Electric Customers’ Participation in Wholesale Electric Markets*, Order, Case No. 2017-00129 (Ky. P.S.C. June 6, 2017).

KENTUCKY POWER COMPANY

Kentucky Power was the first utility granted the authority to transfer functional control of its transmission assets to PJM. In Case No. 2002-00475, a Stipulation and Settlement Agreement (“Settlement Agreement”) was negotiated by the parties and approved by the Commission.² The Settlement Agreement included numerous conditions and agreements. PJM was not required to file any additional documentation regarding any of the items contained in the Settlement Agreement or the Kentucky Power Integration Order. The steps taken by PJM and Kentucky Power to comply with the terms of the Settlement Agreement and Kentucky Power Integration Order are as follows:

1. The parties agree and stipulate that this approval is premised on PJM's operation of markets that are designed such that AEP Service Corporation's (AEP) purchases of capacity and energy, and sales of capacity and energy to, the PJM Capacity Credit Market and PJM Interchange Energy Market on behalf of its operating companies are voluntary.³ AEP's cost of service to retail customers is subject to appropriate Commission review through rate proceedings. The parties agree to resist any proposal to mandate PJM member participation in PJM's Capacity Credit Market or Interchange Energy Market to effect sales or purchases of capacity or energy. In addition, the parties will not contest if AEP seeks not to participate in any other mandatory purchases

² See *In the Matter of the Application of Kentucky Power Company d/b/a American Electric Power, for Approval, to the Extent Necessary, to Transfer Functional Control of Transmission Facilities Located in Kentucky to PJM Interconnection, L.L.C. Pursuant to KRS 278.218*, Order, Case No. 2002-00475 (Ky. P.S.C. May 19, 2004) (the “Kentucky Power Integration Order”)

³ The PJM Interchange Energy Market is the vehicle wherein AEP is required to specify the availability of its capacity resources solely in order to ensure that PJM can call upon such capacity in the event of a generation capacity deficiency emergency. AEP has the option to meet its capacity offer obligations as well as its other obligations to serve its native load through self-scheduling. "Self-scheduling" means the designation by a utility of its own resources to meet its load obligations.

or sales of capacity or energy in the PJM Capacity Credit Market or PJM Interchange Energy Market that FERC may subsequently propose. Nothing in this Stipulation is intended to address whatever authority FERC may have with respect to remedies for anticompetitive behavior or the position of the parties concerning same.

Response: At the time of AEP's integration into PJM, the current capacity construct was not in place. PJM has since filed and received FERC approval for the current capacity construct which eliminated the PJM Capacity Credit Market and placed additional requirements on Capacity resources in the Energy Market. Currently, all load serving entities are required to either self-supply sufficient capacity resources to meet their load obligation or purchase capacity from PJM's capacity auction. American Electric Power Service Corporation ("AEPSC"), on behalf of Kentucky Power, meets its load obligation through the self-supply of capacity. The self-supply option, referred to as the Fixed Resource Requirement (FRR), enables Kentucky Power, as a load serving entity, to meet its load obligation without participating in PJM's capacity auction (the Reliability Pricing Model or RPM). Energy from these units is offered into PJM's energy market on a daily basis. AEP operates within PJM in accordance with the FERC-approved PJM agreements. Kentucky Power cost of service to retail customers is still subject to appropriate Commission review through rate proceedings.

2. PJM agrees to provide information as necessary and to provide due consideration to the findings of this Commission and other Commissions within its footprint for PJM to determine the appropriate reserve margin necessary to maintain safe and reliable service. Nothing stipulated in this agreement shall supersede PJM's obligation to ensure an adequate reserve margin consistent with maintaining an acceptable level of

reliability. This level of reliability shall be maintained consistent with applicable reliability principles and standards. Integrating AEP into PJM will provide a larger base of generation in the PJM footprint. As a result, PJM anticipates that the integration of AEP into PJM should result over time in lower reserve margins than AEP would otherwise be required to maintain, all other things remaining equal. So long as AEP maintains adequate capacity in accordance with applicable PJM capacity requirements, AEP and retail customers provided generation service by AEP will not be obligated to pay PJM to maintain adequate capacity within the PJM footprint.

Response: PJM establishes the appropriate reserve margin in accordance with good utility practices to maintain safe and reliable service and publishes this information on an annual basis. Kentucky Power has maintained the required capacity reserve margin established by PJM through the self-supply of capacity resources.

3. PJM agrees to implement curtailment protocols as follows:
 - a. PJM will not direct AEP to curtail the retail customers of any AEP operating company including Kentucky Power for capacity deficiencies elsewhere on the PJM system so long as AEP has maintained adequate capacity in accordance with applicable requirements;
 - b. PJM will not direct AEP to curtail retail load in any AEP specific state jurisdiction, including Kentucky, for a transmission system emergency unless PJM has exercised all other available opportunities to remedy the emergency without curtailing such retail load;
 - c. The foregoing curtailment protocols shall apply except in extraordinary circumstances such as where load shedding would be beneficial to preventing

separation from the Eastern Interconnection, preventing voltage collapse, or in order to restore system frequency following a system collapse;

- d. Nothing in the approval of this application shall alter this Commission's authority over the application by Kentucky Power of curtailment practices to its retail customers.

Response: PJM has met the requirements to not curtail AEP retail load for deficiencies elsewhere on the PJM system. PJM has implemented voluntary Demand Response programs that allow for a more targeted remedy. PJM has curtailed load in AEP's I&M territory based on system conditions (lack of generation and transmission capacity) in September 2013 after all other options were exhausted. The Commission's Order approving the application has not altered the Commission's authority over Kentucky Power's application of curtailment practices to its retail customers.

4. Any PJM-offered demand side response or load interruption programs will be made available to Kentucky Power for its retail customers at Kentucky Power's election. No such program will be made available by PJM directly to a retail customer of Kentucky Power. Kentucky Power may, at its election, offer demand side response programs to its retail customers. Any such programs would be subject to the applicable rules of the Commission and Kentucky law.

Response: Kentucky Power confirms that any PJM-offered demand side response or load interruption programs will be made available to Kentucky Power for its retail customers at Kentucky Power's election. Kentucky Power's confirms its position remains that third parties and PJM may not directly offer DSM programs, including energy efficiency programs, to a Kentucky Power retail customer. The Company is unaware of any customer

directly or through a third party participating in the PJM demand response programs. In making this representation, Kentucky Power must rely upon PJM to inform it of any such participation from resources located in the Company's service territory because the Company does not have insight into resources bid into PJM from its service territory other than those bid in by Kentucky Power.

5. Nothing in this Stipulation shall be construed to alter the jurisdictional authority of the KPSC or the FERC or the parties' respective positions concerning same. Should the Commission approve this Stipulation, such approval shall not be construed as approval of the removal of Kentucky Power assets from rate base and the authority to determine revenue requirements for such assets. The KPSC shall retain its existing jurisdiction to, and shall continue to, establish retail electric rates for Kentucky Power based upon its assets included in retail rate base. Nothing in this Stipulation shall preclude Kentucky Power from taking any legal position in any rate proceeding or judicial review thereof with respect to the KPSC's jurisdiction.

Response: Kentucky Power confirms its continuing adherence to this representation concerning the effect of the stipulation. Kentucky Power understands this provision of the stipulation not to require action on the part of PJM.

6. Nothing in this Stipulation or the Commission's approval thereof shall be deemed to alter in any way the existing obligation of Kentucky Power Company under the laws of the Commonwealth of Kentucky to seek a certificate of public convenience and necessity prior to commencing to construct an electric generation facility or transmission facilities.

Response: Kentucky Power confirms its continuing adherence to this representation concerning the effect of the stipulation and the Commission's approval. Kentucky Power understands this provision of the stipulation not to require action on the part of PJM.

7. Nothing in this Stipulation alters in any way the laws of the Commonwealth or rules or policies of this Commission which provide that service to retail customers be provided through the provision of bundled retail electric service.

Response: Kentucky Power confirms its continuing adherence to this representation concerning the effect of the stipulation. Kentucky Power understands this provision of the stipulation not to require action on the part of PJM.

8. The parties hereby stipulate that the Commission may rely upon the testimony submitted in this proceeding in support of this Stipulation.

Response: This provision was made in the context of the Commission's review in 2004 of the stipulation and the Company's application. The testimony submitted in the proceeding thus was premised on PJM's operations as they existed at that time. PJM's operations and requirements have evolved in the intervening 13 years.

9. The parties will endeavor to obtain prompt approval of this Stipulation by the Commission, no more than thirty (30) days from the date of its submission.

Response: The stipulation was submitted for approval within 30 days of its execution.

DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky was the next utility to request and receive approval from the Commission to transfer functional control of certain assets to PJM. In Case No. 2010-00203, Duke Energy Kentucky sought Commission approval to transfer the functional control over its transmission assets from the Midcontinent Independent System Operator f/k/a Midwest

independent System Operator (MISO) to PJM.⁴ Similar to the case of Kentucky Power, the Commission granted Duke Energy Kentucky's request, subject to several conditions. In accordance with the Commission's instruction, Duke Energy Kentucky agreed to these conditions by letter filed with the Commission dated December 28, 2010. PJM also filed a letter accepting the conditions which were relevant to its operations. Duke Energy Kentucky completed its alignment to PJM effective January 1, 2012. The steps taken by PJM and Duke Energy Kentucky to comply with the terms of Duke Energy Kentucky's Integration Order are as follows:

1. Duke Energy Kentucky will not seek to recover in base rates or in any adjustment mechanism any exit fee imposed by Midwest ISO, LLC ("MISO") in conjunction with the move to PJM.⁵

Response: Duke Energy Kentucky did not request to defer or seek deferral of any exit fees imposed by MISO when the Company completed its realignment from MISO to PJM in 2012. The exit fee imposed by MISO was thus a cost incurred by Duke Energy Kentucky and an expense at the time it was assessed. The exit fee was not included in any rate filing before the Commission, so no request for recovery has been made.

2. Duke [Energy] Kentucky should not seek to double-recover in a future rate case the transmission expansion fees that it may be charged by the [MISO] and PJM in the same period or overlapping periods, nor should it seek to defer and/or amortize any transmission expansion fees it incurs for [MISO] transmission expansion projects which received

⁴ See *In the Matter of the Application of Duke Energy Kentucky, Inc. for Approval to Transfer Functional Control of its Transmission Assets from the Midwest Independent System Operator to the PJM Interconnection Regional Transmission Organization and Request for Expedited Treatment*, Order, Case No. 2010-00203 (Ky. P.S.C. Dec. 22, 2010)(the "Duke Kentucky Integration Order").

⁵ Id. at finding 2.

approval when it was a member of the [MISO], regardless of whether or not such fees are approved by FERC.⁶

Response:

At the time Duke Energy Kentucky made this commitment in 2010, the Company, was incurring MISO transmission expense costs (MTEP)., However, no such MTEP costs were reflected or being recovered in the Company's rates. This was because MTEP costs did not exist in 2006, the time of the Company's last base electric rate case that established its' then current electric rates. Duke Energy Kentucky has only recently filed its first base electric rate case since 2006.⁷ As such, there continues to be no transmission expansion related costs for either MISO or PJM transmission expansion costs reflected in the Company's base electric rates, notwithstanding the fact that the Company currently receives such charges from both RTOs today. Pursuant to MISO's tariffs, Duke Energy Kentucky remains responsible for its load-ratio share of the charges for MTEP projects that were approved during the time Duke Energy Kentucky was a MISO member and before it left for PJM. In its currently pending rate case, Case No. 2017-00321, Duke Energy Kentucky is proposing, (for the first time), to only include recovery of PJM's RTEP transmission expansion costs. And the Company is not proposing to include any MISO-related costs for recovery in its base rates or in any rider request in that rate proceeding even though it will continue to receive such allocations from MISO.

⁶ Id. at finding 3.

⁷ In the Matter of the Application of Duke Energy Kentucky, Inc., for: 1) an Adjustment of its Electric Rates; 2) Approval of an Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to establish Regulatory Assets and Liabilities; and 5) All Other Required Approvals and Relief, Case No. 2017-00321 Application (Ky. P.S.C. September 1, 2017).

3. Duke Energy Kentucky will hold its customers harmless from the costs of integration into PJM.⁸

Response: Duke Energy Kentucky did not defer or seek deferral of any PJM integration costs when the Company completed its realignment to PJM. The integration costs incurred by Duke Energy Kentucky were not included in any rate filing before the KYPSC for recovery and were expensed at the time they were incurred.

4. Duke Energy Kentucky must file a revised Rider PSM to be effective January 1, 2012 that continues to allocate the first \$1 million in annual profits to ratepayers, but shares the profits in excess of \$1 million annually in the ratio of 75 percent to ratepayers and 25% to shareholders.⁹

Response: Duke Energy Kentucky completed this filing and implemented the revised sharing percentages as directed.

5. None of Duke Energy Kentucky's retail customers will be allowed to participate directly or through a third party in PJM demand-response program until either the customer has entered into a special contract with Duke Energy Kentucky and that contract has been filed and approved by the Commission or Duke Energy Kentucky receives Commission approval of a tariff authorizing such customer participation. PJM was also required to file a written acknowledgement of this condition.¹⁰

Response: Duke Energy Kentucky continues to abide by this commitment and is not aware of any customer directly or through a third party participating in the PJM demand response

⁸ See Duke Kentucky Integration Order at Finding 4.

⁹ *Id.* at Finding 5.

¹⁰ *Id.* at Finding 6

programs. The Company must rely upon PJM informing us of whether or not there is such participation, as the Company does not have insight into all resources bid into PJM outside of the Company's own resources.

6. Duke Energy Kentucky will participate in PJM only under the FRR capacity plan until it requests and receives Commission approval to participate in the RPM market.¹¹

Response: Duke Energy Kentucky continues to operate under an FRR plan and has not sought Commission approval to become a full RPM participant in the base residual auctions. Duke Energy Kentucky acknowledges its continued obligation to seek Commission authority prior to exiting its FRR obligation commitment.

7. Duke Energy Kentucky's CEO had to file within 7 days a letter accepting and agreeing to be bound by the conditions.¹²

Response: Duke Energy Kentucky complied with this requirement by letter filed on December 28, 2010.

8. PJM's CEO had to file within 7 days a letter accepting and agreeing to be bound by the condition and shall publicize that condition in accordance to its demand response rules.¹³

Response: PJM complied with this requirement.

9. The transfer of control of certain transmission assets must not diminish the Commission's authority.¹⁴

Response: It has not.

¹¹ *Id.* at Finding 7.

¹² *Id.* at Finding 8

¹³ *Id.* at Finding 9.

¹⁴ *Id.* at Finding 10.

10. The transfer of control of certain transmission assets must not diminish Duke Energy Kentucky's existing obligation to regularly file for Commission review an Integrated Resource Plan ("IRP"); provide regulated service to its customers through the provision of bundled generation, transmission, and distribution electric service; file for CPCN prior to commencing construction of an electric generation or transmission facility.

Response: Duke Energy Kentucky continues to file its IRP consistent with Commission regulations and Orders and to file CPCN applications prior to constructing an electric generation or transmission facility that is not considered to be an extension of the existing system in the ordinary course of business.

EAST KENTUCKY POWER COOPERATIVE, INC.

EKPC was the last utility to receive Commission approval to transfer functional control of certain assets to PJM. In Case No. 2012-00169, a Stipulation and Settlement was reached in regards to the issues raised by Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") and a Final Order was entered granting the approval.¹⁵ The steps taken by PJM and EKPC to comply with the terms of the Settlement Agreement and EKPC Integration Order are as follows:

1. KU/LGE, EKPC and PJM shall work together, subject to FERC approval, to keep KU/LGE load served by EKPC transmission system as part of KU/LGE balancing authority by use

¹⁵ See *In the Matter of the Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC*, Order, Case No. 2012-00169 (Dec. 20, 2012) (the "EKPC Integration Order").

of a pseudo-tie between PJM and KU/LGE with each party bearing its own cost to implement this arrangement.

Response: KU/LGE, EKPC, and PJM cooperated in good faith to determine metering, equipment, and protocols to implement the pseudo-tie of the KU/LGE Load into their Balancing Authority. KU/LGE have not been responsible for charges incurred by PJM in order to pseudo-tie their load.

2. KU/LGE to pay for transmission service provided by EKPC for deliveries to KU/LGE load in accordance with the terms of the PJM OATT applicable to the EKPC pricing zone, subject to change based on EKPC revenue requirement.

Response: EKPC load served from the KU/LGE transmission system is pseudo-tied into PJM and is treated as EKPC zonal load.

3. PJM shall not charge KU/LGE any other rates or charges that are assessed on load in PJM markets.

Response: Based upon EKPC's knowledge and belief, and not having been advised otherwise by KU/LGE, PJM has not charged KU/LGE any rates or charges that are assessed on load in PJM.

4. KU/LGE will contract with EKPC for ancillary services at the terms and conditions set forth in EKPC OATT Schedules 1 and 2 subject to change based on EKPC's costs not PJM's costs.

Response: EKPC bills KU/LGE for ancillary services Schedules 1 and 2.

5. EKPC and PJM will work with KU/LGE and TVA to develop a plan for how EKPC can continue to fulfill its reserve obligation as a member of TCRSG after it becomes a member of PJM.

Response: KU/LGE, TVA, and EKPC subsequently agreed that EKPC would withdraw from the TCRSG.

6. EKPC's load served by the KU/LGE transmission system that is within the PJM balancing authority will be treated as EKPC zonal load and will pay the KU/LGE OATT.

Response: EKPC's load that is served by the KU/LGE transmission system and that is within the PJM balancing authority is treated as EKPC zonal load and EKPC pays KU/LGE per its OATT.

7. EKPC and PJM agree to maintain the current interconnection agreement with KU/LGE including the amended 9/11 Interconnection Agreement between EKPC and KU/LGE.

Response: The interconnection agreement with KU/LGE has been maintained and will be updated as needed. (New interconnection points, etc.)

8. PJM agrees to recognize and honor flowgates identified by KU/LGE to its reliability coordinator, TVA.

Response: Based upon EKPC's knowledge and belief, and not having been advised otherwise by KU/LGE, PJM has recognized and honored flowgates identified by KU/LGE to its reliability coordinator, TVA

9. PJM agrees to provide KU/LGE with modeling information and results of analysis related to critical contingencies identified in network integration studies for EKPC.

Response: Based upon EKPC's knowledge and belief, and not having been advised otherwise by KU/LGE, PJM provided KU/LGE with modeling information and results of analysis related to critical contingencies identified in network integration studies for EKPC

10. Commission shall retain jurisdiction following EKPC's transfer to monitor and enforce the provisions of the stipulation and shall have jurisdiction and to the extent any requisite FERC approvals have been granted.

Response: The Commission retains full jurisdiction.

11. Conditioned upon EKPC filing by 11/30/15 an application for approval of a rate mechanism to flow back to customers the capacity market benefits expected to accrue.

Response: EKPC filed the application on October 30, 2015, which was docketed as Case No. 2015-00358. The Commission's Final Order was entered on January 10, 2017.¹⁶

12. EKPC's CEO had to file a letter within 7 days accepting and agreeing to the above condition.

Response: This letter was timely filed.

13. EKPC had to file within 10 days documentation that all parties agree to modify the stipulation to allow EKPC to withdraw from TCRSG.

Response: This documentation was timely filed.

14. EKPC to file within 30 days any amendments needed to existing special contracts or tariffs to reflect that EKPC is authorized to bid any customer's interruptible load into PJM Demand Response program.

Response: EKPC filed all amendments to existing special contracts that were necessary to reflect EKPC's participation in PJM's Demand Response program.

¹⁶ See *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for a Deviation from Obligation Resulting from Case No. 2012-00169*, Order, Case No. 2015-00358 (Ky. P.S.C. Jan. 10, 2017).

15. Any customer on EKPC system that seeks to participate directly or through a third party in the PJM Demand Response program shall do so under the terms of an EKPC special contract or tariff that has been approved by the Commission.

Response: Any customer on the EKPC system that participates in the PJM Demand Response program does so under the terms of an EKPC special contract.

16. EKPC to file monthly status reports until it is fully integrated

Response: EKPC complied with this requirement.

17. By May 31 each year, EKPC shall file a comprehensive report detailing transmission rights, hedging strategies, and PJM benefits and costs. Based on these reports, the PSC will review to ensure that EKPC's participation in PJM is beneficial to its members and consumers and that EKPC is participating in a manner that maximizes all available RTO benefits.

Response: EKPC has filed this report each year as required.

PJM INTERCONNECTION, LLC

In each of the Integration Orders, the Commission discussed the issue regarding PJM's inability to offer demand response programs directly to the retail customers of the utilities. Any retail customer wishing to participate directly or through a third-party in such a program would have to do so under a special contract or tariff approved by the Commission. Since issuance of the Commission's June 6, 2017 Order, PJM has taken the following actions:

1. Within the PJM Stakeholder Process, PJM introduced a Problem Statement and Issue Charge, which is intended to develop a process that will identify how Energy Efficiency Resources should be registered in accordance with the Relevant Electric Retail Regulatory

Authority's ("RERRA") order. This problem statement is currently being worked within the Demand Response Subcommittee at PJM.

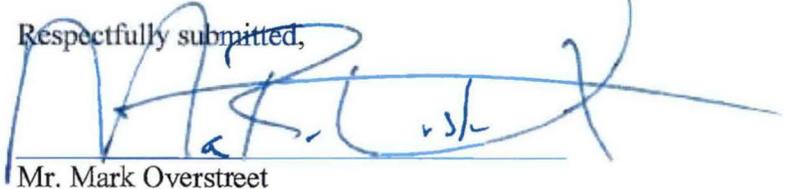
2. PJM filed at FERC for a waiver to its tariff that would prohibit a retail customer in Kentucky from bidding "Energy Efficiency" into the PJM Capacity Market during the next Incremental Auction in February 2018 and the Base Residual Auction in May of 2018. PJM asked FERC in this filing to direct it to enter a 205 filing at FERC which would remedy the discrepancy between the PJM tariff and State Law in regard to Energy Efficiency. The waiver would allow PJM to abide by Kentucky Law until FERC rules on the issue. On December 1, 2017 FERC dismissed PJM's request for waiver as "moot" because of its determination on Advanced Energy Economy's Petition for Declaratory Order which FERC granted in part and denied in part. FERC determined that it has exclusive jurisdiction over the participation of EERs in wholesale markets; that RERRAs may not bar, restrict, or otherwise condition the participation of EERs in wholesale electricity markets unless FERC expressly gives RERRAs such authority. However, FERC also found that it previously has allowed the Kentucky Commission to bar or restrict the sale into the wholesale electricity markets of EERs originating in its state. FERC explicitly states, "the Kentucky Commission may bar or restrict its retail customers from participating as suppliers in PJM's capacity market due to the fact that the Commission accepted such condition at the time the Kentucky Commission approved the integration of Kentucky Power into PJM."

SUMMARY

Kentucky Power, Duke Energy Kentucky and EKPC all continue to abide by the conditions set forth in the three Integration Orders. Moreover, PJM is actively working to assure that its own processes and programs are consistent with Kentucky law and the Commission's precedent. The Joint Utilities appreciate the Commission attention to the issues raised in this docket.

Dated this 6th day of December, 2017.

Respectfully submitted,

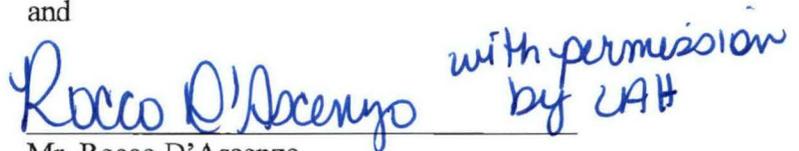


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Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

Although intervention has not been granted to any party, the undersigned hereby certifies that a true and correct copy of the foregoing has been served, as a courtesy, by depositing same in the custody and care of the U.S. Mails, postage pre-paid, on this 6th day of December, 2017, addressed to the following:

Mr. Mike Kurtz
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Ms. Denise Foster
Vice President, State and Member Services
PJM Interconnection, LLC
2750 Monroe Boulevard
Audubon, PA 19403



Counsel for East Kentucky Power Cooperative, Inc.