

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST KENTUCKY POWER COOPERATIVE, INC.'S )  
FILING OF A PROPOSED CONTRACT WITH ) CASE NO. 94-456  
GALLATIN STEEL COMPANY )

INTERIM ORDER

On November 2, 1994, East Kentucky Power, Inc. ("East Kentucky") filed a proposed contract for the supply of electric service through Owen Electric Cooperative ("Owen") to Gallatin Steel Company ("Gallatin"). Upon review of the contract, the Commission determined that a further investigation would be necessary and suspended its implementation through May 1, 1995.

At the time East Kentucky filed the proposed contract, negotiations were ongoing with Kentucky Utilities Company ("KU") for transmission services necessary to supply Gallatin. Those negotiations have concluded, East Kentucky and KU have executed a transmission agreement, and Gallatin has requested electric service for start-up testing.

Although Gallatin can receive service under the terms of an existing industrial power tariff, no provision exists for East Kentucky to recoup the transmission charges imposed by KU. Those charges include a monthly payment of \$38,500 plus \$.0046 per kWh for all energy consumed by Gallatin during start-up testing. Consequently, East Kentucky has filed a motion for authorization to

bill Gallatin through Owen for all costs incurred under the transmission agreement with KU.

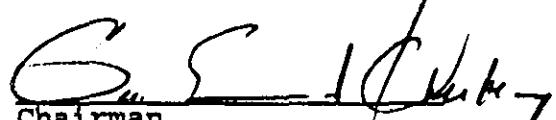
In support of its motion, East Kentucky has filed Amendment No. 2 to its proposed contract with Gallatin. By this amendment, Gallatin has agreed to indemnify East Kentucky for all transmission charges payable to KU under the recently negotiated transmission agreement. East Kentucky has requested that Amendment No. 2 be approved for service rendered on and after February 10, 1995 to coincide with the effective date of the transmission agreement, and that the charges be subject to refund pending completion of the investigation in this case.

Based on the motion and being otherwise sufficiently advised, the Commission finds good cause to approve Amendment No. 2 for interim service to Gallatin.

IT IS THEREFORE ORDERED that Amendment No. 2 to the electric service contract among East Kentucky, Owen, and Gallatin be and it hereby is approved on an interim basis, subject to refund, for service rendered on and after February 10, 1995.

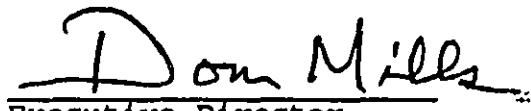
Done at Frankfort, Kentucky, this 9th day of March, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Don Mills  
Executive Director

  
Linda K. Breakfast  
Commissioner