

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST KENTUCKY POWER COOPERATIVE,)	
INC.'S MOTION FOR AN EXTENSION OF TIME)	CASE NO.
TO FILE AMENDMENTS TO SPECIAL)	2013-00046
CONTRACTS FOR INTERRUPTIBLE LOAD)	

ORDER

On January 22, 2013, East Kentucky Power Cooperative, Inc. ("EKPC") filed its amended demand-side management ("DSM") tariffs to reflect EKPC's participation in the PJM Interconnection, LLC ("PJM") Demand Response program on behalf of its 16 member distribution cooperatives ("Members") and their retail customers. The amended DSM tariffs have an effective date of June 1, 2013, and they were filed through the Commission's electronic Tariff Filing System. By Order entered March 11, 2013, the Commission determined that these amended DSM tariffs needed to be investigated and that the investigation should be conducted in this case.

This case was initially established to address a motion filed by EKPC on January 18, 2013, requesting an extension of time to file amendments to existing special contracts, one for service to Gallatin Steel Company ("Gallatin Steel") and the other for service to AGC Automotive Americas ("AGC Automotive"), to reflect that EKPC is authorized to bid those customers' interruptible load into the PJM Demand Response program. Both the need to file amended DSM tariffs and

amended DSM contracts arises from the Commission's approval, in Case No. 2012-00169,¹ of EKPC's application to transfer functional control of certain transmission facilities to PJM. Our December 20, 2012 Order in Case No. 2012-00169 directed EKPC to file any needed amendments to its existing DSM tariffs and contracts within 30 days. EKPC requested two extensions of time to file its amended DSM contracts, and because Case No. 2012-00169 was closed, the Commission established this case to address those motions. In addition to granting EKPC's requests for extensions of time, the Commission also required EKPC to file semi-monthly status reports on the negotiations and internal approvals of its amended DSM contracts.

With respect to the amended DSM tariffs, EKPC has responded to a Staff request for information and there is now sufficient evidence in the record for the Commission to conclude its investigation of those tariffs. With respect to the amended DSM contracts, EKPC filed by separate application an entirely new contract for service to Gallatin Steel. That application has been docketed as Case No. 2013-00174,² and the Gallatin Steel contract will be reviewed in that case. No amended contract with AGC Automotive has been filed. If only a contract amendment is filed, it should be filed through the Commission's electronic Tariff Filing System; but if an entirely new contract is filed, it should be filed with a separate application to mirror the procedures used for the Gallatin Steel Contract.

¹ Case No. 2012-00169, *Application of East Kentucky Power Cooperative, Inc. to Transfer Functional Control of Certain Transmission Facilities to PJM Interconnection, LLC* (Ky. PSC Dec. 20, 2012).

² Case No. 2013-00174, *Application of East Kentucky Power Cooperative, Inc. for Approval of a Special Contract Between EKPC, Owen Electric Cooperative, and Gallatin Steel Company* (filed April 30, 2013).

A review of the amended DSM tariff indicates that, with one exception, the changes are relatively minor and are needed to ensure that the terms and conditions of EKPC's DSM programs are consistent with the terms and conditions of PJM's Demand Response program. For example, EKPC has revised its DSM tariffs to reflect that: (1) under Interruptible Service, annual hours of interruption are calculated on the 12-month period ended May 31; (2) all hours of time are expressed as Eastern Prevailing Time "EPT;" and (3) electric water heaters may be interrupted up to six hours, rather than the current four hours, during the on-peak hours of 10:00 a.m. to 10:00 p.m. in the months of May through September.

The one tariff revision that is more than minor is a provision added to EKPC's tariff designated as "Section DSM-3(a), Direct Load Control Program-Residential." The provision states that if the load control devices for residential water heaters, air conditioners and heat pumps, and pool pumps are not interrupted during EKPC's monthly billing peak, EKPC will credit each Member's monthly bill by the amount of the savings that would have occurred if the devices had been interrupted. EKPC explained that once it joins PJM, the load control devices will be interrupted when requested by PJM, rather than monthly as they are now. As a result of this change, the Members may not continue to receive the same savings they now receive, and this provision is needed to preserve the Members' current monthly savings and avoid higher monthly billings to the Members.³ This provision is also needed to ensure that the Members and their retail customers receive the benefits of EKPC's

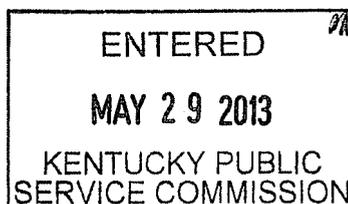
³ EKPC's response to Staff's Request for Information, Item No. 1, filed March 25, 2013.

participation in the PJM Demand Response program, since there is no existing rate mechanism to flow those savings directly through to Members. EKPC expects to utilize this tariff provision until June 1, 2016, and to have a rate mechanism in place thereafter to pass through all of the monetary benefits of membership in PJM.⁴

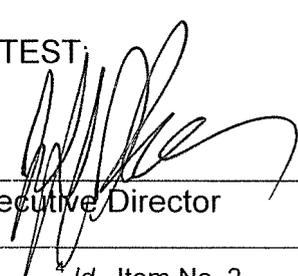
IT IS THEREFORE ORDERED that:

1. EKPC's revised DSM tariffs as filed on January 22, 2013 are approved for service rendered on and after June 1, 2013.
2. Any amended DSM contract with AGC Automotive shall be filed through the Commission's electronic Tariff Filing System, and any entirely new service contract with AGC Automotive shall be filed for approval by an application.
3. The provision in the Commission's March 11, 2013 Order requiring EKPC to file semi-monthly status reports is terminated.

By the Commission



ATTEST



Executive Director

⁴Id., Item No. 2.

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