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RECEIVED

AUG 23 2010

PUBLIC SERVICE
COMMISSION

August 23, 2010

Mr. Jeffrey Derouen
Executive Director
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: PSC Case No. 2010-00238
In the Matter of: An Investigation of East Kentucky Power
Cooperative, Inc.'s Need for the Smith 1 Generating Facility

Dear Mr. Derouen:

Enclosed you will please find herewith an original and five (5) copies of the Joint Motion of East Kentucky Power Cooperative, Inc., Gallatin Steel Company and the Retail Customers designated by the Commission, to hold case in abeyance.

The parties request that the Commission consider this Motion at its earliest possible convenience and enter an Order as expeditiously as possible so that they may immediately redirect their efforts toward their discussions in an effort to narrow the issues which the Commission must decide in this investigation.

I will supplement this filing with original signatures from all three attorneys upon receipt of same from Messrs. Ukeiley and Kurtz.

Kindly file this Motion upon receipt and return a stamped "filed" copy to me in the enclosed self-addressed envelope.

Should you have any questions regarding this filing, please let me know.

Sincerely yours,



Mark David Goss

Enclosures

cc: Counsel of Record (w/encls.)

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

AUG 23 2010

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC.'S NEED FOR)
THE SMITH 1 GENERATING FACILITY)

CASE NO. 2010-00238

JOINT MOTION TO PLACE CASE IN ABEYANCE

Come now East Kentucky Power Cooperative, Inc. ("EKPC"), Gallatin Steel Company ("Gallatin"), John A. Patterson, M.D., MSPH, Fr. John Rausch, and Wendell Berry (collectively, "Retail Customers"), by and through their respective counsel, and jointly move the Kentucky Public Service Commission ("Commission") for an immediate Order placing this case in abeyance for a period of sixty (60) days following the entry of such Order.

In support of this Joint Motion, the parties state as follows:

1. By Order entered June 22, 2010, the Commission, on its own motion, pursuant to KRS 278.260, initiated this investigation of EKPC's continued need for the Smith 1 Circulating Fluidized Bed Coal Fired Unit ("Smith 1 CFB") which had previously been authorized to be constructed by Order dated August 29, 2006, in Case No. 2005-00053.¹ The Commission cited several factors for its decision to initiate this investigation, including: the passage of over three and one-half years since the date the Commission originally approved Smith 1 CFB; all necessary permits for construction of Smith 1 CFB have not been obtained by EKPC; there has

¹ Case No. 2005-00053, Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity, and a Site Compatibility Certificate, for the Construction of a 278 MW (Nominal) Circulating Fluidized Bed Coal Fired Unit and Five 90 MW (Nominal) Combustion Turbines in Clark County, Kentucky (Ky. PSC August 29, 2006).

been a substantial escalation in the estimated cost of construction of Smith 1 CFB; and, the various issues raised by the Retail Customers in their separate complaint case challenging Smith 1 CFB as neither needed nor the least-cost option for providing base load power in the EKPC system.

2. In its Order initiating this investigation the Commission considered the factors cited above and ultimately summarized the issues relating to Smith 1 CFB that warranted the investigation. Those issues were: (a) EKPC's current projected need for additional base load generating capacity; (b) whether or not Smith 1 CFB remains the least costly option available to meet EKPC's need for additional base load capacity; and, (c) the impact on EKPC's financial integrity and its future electric rates from either constructing Smith 1 CFB or pursuing an alternative option if additional base load capacity is needed.² The Commission determined that it would be more administratively efficient if all of the issues relating to Smith 1 CFB were reviewed in a single proceeding. Consequently, by separate Orders, the Commission closed the Retail Customers' complaint case,³ and EKPC's Smith 1 CFB financing case.⁴ In order to begin this investigation, the Commission directed EKPC to provide testimony⁵ to include generally: a discussion of its most recent long-term load forecast and its existing generating capacity; winter and summer peak demand, reserves, and planned capacity additions; planned energy efficiency and demand side management programs; cost estimates and in-service date information relating to Smith 1 CFB; other cost and financial analyses regarding total revenue requirements and anticipated annual rates for the next 20 years; and, other alternatives to Smith 1 CFB.

² Order, June 22, 2010, pp. 5-6.

³ Case No. 2009-00426.

⁴ Case No. 2009-00476.

⁵ By Order dated July 16, 2010, this testimony is to be filed with the Commission on or before August 30, 2010.

3. All of the parties to this case are acutely aware of the long-lasting effect and importance that the decision regarding construction of Smith 1 CFB will have on EKPC, its 16 member systems, those systems' member-ratepayers, as well as Kentucky's economy and environment. As such, it is imperative that a thorough discussion and vetting of all issues related to the construction of Smith 1 CFB be immediately undertaken by the parties and concluded in a timely fashion.

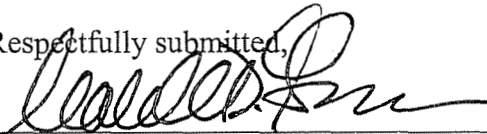
4. Counsel for the parties to this investigation have spoken informally concerning the need to address all of these issues. They have mutually agreed that the best way to accomplish this goal, at least in the short term, is to sit down collectively and discuss any and all issues of importance to them relating to the construction of Smith 1 CFB. In order to accomplish this, however, additional time beyond that currently set forth in the procedural schedule is needed. The parties believe that their discussions could substantially narrow the issues which the Commission will ultimately have to decide; and, quite possibly, could lead to some joint accommodation as to the respective positions of the parties in this investigation.

5. In order to be allowed the opportunity to conduct meaningful and comprehensive discussions regarding all of these issues, the parties respectfully request that the Commission stay operation of the current procedural schedule and place this case in abeyance for a period of at least sixty (60) days from the date that any Commission Order is entered to that effect. At or near the conclusion of this 60-day period, it is anticipated that the parties will jointly advise the Commission of the status of these discussions and the determination of a future course for this investigation will be suggested to the Commission.

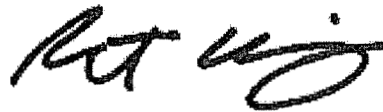
WHEREFORE, the parties jointly move the Commission for an immediate Order placing this investigation in abeyance for a period of at least sixty (60) days following entry of an Order of the Commission.

This 20th day of August, 2010.

Respectfully submitted,



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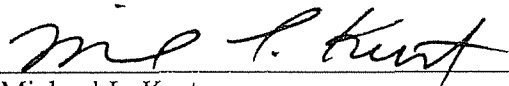
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