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**VIA OVERNIGHT MAIL**

October 1, 2012

RECEIVED

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

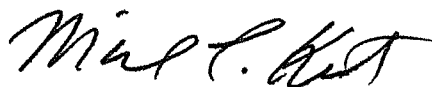
Re: **Case No. 2012-00169**

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies of the COMMENTS OF GALLATIN STEEL COMPANY filed in the above-referenced matter.

By copy of this letter, all parties listed on the attached Certificate of Service been served. Please place this document of file.

Very Truly Yours,

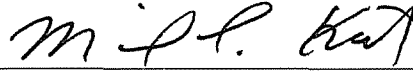


Michael L. Kurtz, Esq.  
**BOEHM, KURTZ & LOWRY**

MLKkew  
Attachment  
cc: Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by first-class postage prepaid mail, to all parties on the 1<sup>st</sup> day of October, 2012.



Michael L. Kurtz, Esq.

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WINCHESTER, KY 40392-0707

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

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

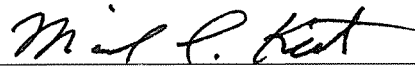
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**COMMENTS OF  
GALLATIN STEEL COMPANY**

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Gallatin Steel Company (“Gallatin”) submits these Comments in support of East Kentucky Power Cooperative, Inc.’s (“EKPC” or “Company”) request to transfer control of certain transmission facilities to PJM Interconnection, LLC (“PJM”) effective June 1, 2013. Gallatin agrees that EKPC’s request satisfies the requirements of KRS 278.218, including the requirements that the transfer be for a proper purpose and consistent with the public interest. The transfer of EKPC’s transmission facilities to PJM’s control will result in multiple benefits, including lower adjusted production costs due to more efficient generation resource commitment/dispatch, significantly lower planning reserves, and avoided long-term firm point-to-point transmission charges.<sup>1</sup> The estimated net benefit of EKPC’s full integration into PJM is approximately \$142 million over the first ten years, on a net present value basis, which EKPC anticipates will serve to reduce the total power cost to EKPC’s 16 member distribution cooperatives by between \$1 and \$3 per MWh.<sup>2</sup> In light of the reduced power costs that can be achieved by allowing EKPC to transfer control of its transmission facilities to PJM, Gallatin supports EKPC’s request and respectfully requests that the Commission approve EKPC’s full integration into PJM.

Respectfully submitted,



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Michael L. Kurtz, Esq.

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October 1, 2012

**COUNSEL FOR GALLATIN STEEL COMPANY**

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<sup>1</sup> EKPC Application at 5-6.

<sup>2</sup> *Id.* at 6.