

COMMONWEALTH OF KENTUCKY

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BEFORE THE PUBLIC SERVICE COMMISSION

OCT 31 2013

PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION AND COMPLAINT OF GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION FOR AN ORDER AUTHORIZING PURCHASE OF ELECTRIC POWER AT THE RATE OF SIX CENTS PER KILOWATT OF POWER VS A RATE IN EXCESS OF SEVEN CENTS PER KILOWATT HOUR PURCHASED FROM EAST KENTUCKY POWER COOPERATIVE UNDER A WHOLESALE CONTRACT AS AMENDED BETWEEN GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION AND EAST KENTUCKY POWER COOPERATIVE, INC.

CASE NO. 2012-00503

SHELBY ENERGY COOPERATIVE, INC.'S
ANSWERS TO GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION'S
INTERROGATORIES TO ALL INTERVENING COOPERATIVE RESPONDENTS

Comes Shelby Energy Cooperative, Inc. ("SEC"), by counsel, and for its Answers to Grayson Rural Electric Cooperative Corporation's ("Grayson") Interrogatories to all Intervening Cooperative Respondents states as follows:

INTERROGATORY NO. 1: Please state the name, address and title of the person answering these Interrogatories.

ANSWER: Debra J. Martin, President and CEO.

INTERROGATORY NO. 2: With respect to each distribution cooperative, please set forth what load or loads any said distribution cooperative has served on its system from a source other than East Kentucky Power Cooperative including the total

megawatts utilized and the date of when said load or loads was commenced.

ANSWER: SEC does not have any such loads.

INTERROGATORY NO. 3: Please set forth the date upon which any notice of service of any load or notice of the utilization of any power outside that purchased from East Kentucky Power cooperative was sent to East Kentucky Power Cooperative.

ANSWER: SEC has not sent any such notices.

INTERROGATORY NO. 4: Please state whether any distribution co-op received any responses to any of its notices sent to East Kentucky Power Cooperative, and if so the nature and content of each said response.

ANSWER: SEC did not send any such notice and therefore has not received any such notices.

INTERROGATORY NO. 5: Please set forth any power amount or loads each distribution co-op desires to have served outside of East Kentucky Power Cooperative or by action of its Board of Directors has sought and with respect to same, please state whether notice of same has been sent to East Kentucky Power Cooperative, Inc.

ANSWER: SEC does not at this time desire to purchase any electricity from any source other than East Kentucky Power

Cooperative, Inc. ("EKPC"), and therefore no notice of same has been sent to EKPC.

INTERROGATORY NO. 6: With respect to each distribution cooperative, please set forth the coincident peak demand over the preceding thirty-six (36) months of its load.

ANSWER: See attached Exhibit A incorporated herein.

INTERROGATORY NO. 7: Please set forth the terms and conditions of any agreement between any distribution cooperative and East Kentucky Power concerning payment for legal expenses by East Kentucky Power for any distribution cooperative that has entered its appearance in the within proceeding, as well as setting forth all monies paid by East Kentucky Power Cooperative for legal expenses for any distribution co-op in the within proceeding.

ANSWER: SEC has not entered into any such agreement.

INTERROGATORY NO. 8: Please set forth with respect to any distribution co-op intervening in the within proceeding the nature and term of any agreement between said distribution co-op and East Kentucky Power Cooperative concerning payment of costs for wholesale power, anything of value given or received by either party, i.e., the distribution co-op or East Kentucky Power Cooperative concerning the issues raised in the within

proceeding, or anything of value for any load to be served by any entity on the distribution co-op's lines, i.e., any concession or disparity in rates charged by East Kentucky Power Cooperative for any particular load such as any industrial customer or otherwise.

ANSWER: SEC objects to the breadth of this Interrogatory; however, SEC does not purchase any electricity from EKPC at any rate or under any terms other than those approved by the Kentucky Public Service Commission.

INTERROGATORY NO. 9: Please state whether any of the distribution co-ops intervening in the within action believe that the purchase of power by it from a source other than East Kentucky Power Cooperative of up to 15% of its load, at any rate less than that which is currently being paid to East Kentucky Power, would be beneficial to the members of said distribution co-op.

ANSWER: It may be beneficial to SEC members, but that determination would need to be based on consideration of all charges, fees, etc. that might be incurred to deliver the power to SEC's distribution system. To date, SEC has not had the opportunity to purchase power at less than EKPC's PSC-approved rates.

INTERROGATORY NO. 10: If your answer to the proceeding Interrogatory is in the negative, then please set forth the

factual basis upon which you claim that your members paying less for electric power is not in their best interest.

ANSWER: SEC's Answer to the preceding Interrogatory was not negative nor was it positive; therefore, the preceding Interrogatory cannot be answered by SEC.

INTERROGATORY NO. 11: Please set forth the name, address and title of each person which any distribution co-op intends to call as a witness at the Final Hearing in the within action setting forth the factual basis upon which each said witness is expected to testify, as well as a summary of the grounds for each opinion.

ANSWER: SEC has not made any decision at this time regarding any such witness(es).

INTERROGATORY NO. 12: Please set forth the name, address, title and educational background and qualifications of any expert witness which any distribution cooperative intends to call at the Final Hearing in this action, as well as setting forth the substance of the facts and opinions to which the expert is expected to testify, as well as the basis for each said opinion and a summary of each opinion.

ANSWER: SEC has not made any decision at this time regarding any such witness(es).

INTERROGATORY NO. 13: Please state whether any of the distribution cooperatives intervening in the within action believe that there is an inherent conflict of interest with the same attorney or attorneys representing East Kentucky Power in the within proceeding, and the same attorney or attorneys representing the distribution cooperative in the within proceeding, inasmuch as the basis for the complaint filed by the Petitioner is to obtain authorization for payment of wholesale power rates to East Kentucky Power by all of the distribution cooperatives less than the current rate, and as such, result in reduced costs to the members of each distribution cooperative and a reduction in equity to East Kentucky Power cooperative.

ANSWER: SEC is without sufficient information to answer this Interrogatory since the attorney for EKPC does not represent SEC in this action.

INTERROGATORY NO. 14: If the answer to the proceeding Interrogatory is in the negative, then please set forth the factual basis for the apparent contradictory answer on same.

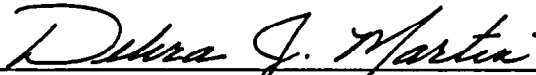
ANSWER: The answer is not contradictory, therefore this Interrogatory cannot be answered.

INTERROGATORY NO. 15: Please set forth the language of any waiver of any conflict of interest any distribution cooperative

has signed that is connected to or is related to the representation it has in this case.

ANSWER: SEC has not executed any such waiver.

I, Debra J. Martin, affirm that the preceding answers are true to the best of my information, knowledge and belief.


Debra J. Martin

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Donald T. Prather, certify that on October 29, 2013 copies of the foregoing were mailed to:

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A handwritten signature in black ink, appearing to read 'Donald T. Prather', written over a horizontal line.

Donald T. Prather