

**Goss  
Samford**

ATTORNEYS AT LAW | PLLC

Mark David Goss  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

March 15, 2017

**VIA HAND DELIVERY**

Ms. Talina Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

MAR 15 2017

PUBLIC SERVICE  
COMMISSION

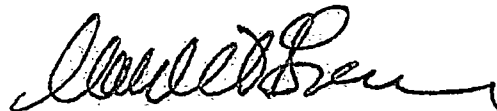
Re: IN THE MATTER OF APPLICATION OF NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION FOR AN ADJUSTMENT OF EXISTING RATES  
Case No. 2016-00367

Dr. Mathews:

Please find enclosed and accept for filing on behalf of Nolin Rural Electric Cooperative Corporation ("Nolin"): (i) a redacted original and ten (10) redacted copies of Nolin's Response to Commission Staff's Third Request for Information propounded March 2, 2017 (including eleven (11) identical thumb drives); (ii) a redacted original and ten (10) redacted copies of Nolin's Response to the Attorney General's Supplemental Request for Information propounded March 2, 2017 (including eleven (11) identical thumb drives); and (iii) an original and ten copies of Nolin's Motion for Confidential Treatment concerning certain portions of the aforementioned Responses. Also enclosed are two (2) sealed envelopes marked "Confidential," the first containing a copy of the confidential information/documentation contained in Nolin's Response to Commission Staff's Third Request for Information (including one (1) thumb drive), and the second containing a copy of the confidential information/documentation contained in Nolin's Response to the Attorney General's Supplemental Request for Information (including one (1) thumb drive), each labeled accordingly.

Please return file-stamped copies of this submission to me. I appreciate your assistance with this matter, and please do not hesitate to contact me with any questions or concerns.

Very truly yours,



Mark David Goss

Enclosures

**Commonwealth of Kentucky**  
**Before the Public Service Commission**  
**Case No. 2016-00367**

**VERIFICATION**

I verify, state and affirm that the testimony filed with this verification and for which I am listed as a witness is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

*Michael L. Miller*

Michael L. Miller, President & CEO  
Nolin RECC

**State of Kentucky**

**County of Hardin**

The foregoing was signed, acknowledged and sworn to before me by Mechonda O'Brien, this 13<sup>th</sup> day of March, 2017.

*Allison J. Coffey*  
Notary Public

My Commission Expires:

*August 29, 2020*

**Commonwealth of Kentucky**  
**Before the Public Service Commission**  
**Case No. 2016-00367**

**VERIFICATION**

I verify, state and affirm that the testimony filed with this verification and for which I am listed as a witness is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

*Sara Roberson*

Sara Roberson, Vice President Administration & Finance  
Nolin RECC

**State of Kentucky**

**County of Hardin**

The foregoing was signed, acknowledged and sworn to before me by Mechonda O'Brien, this 13<sup>th</sup> day of March, 2017.

*Allison F. Coffey*  
Notary Public

My Commission Expires:

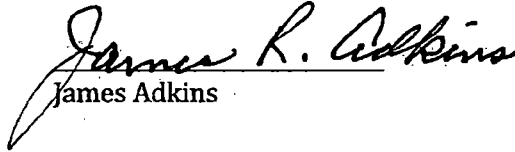
August 29, 2020

**Commonwealth of Kentucky**  
**Before the Public Service Commission**

**Case No. 2016-00367**

**VERIFICATION**


I verify, state and affirm that the testimony filed with this verification and for which I am listed as a witness is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

  
James Adkins

**State of Kentucky**

**County of Hardin**

The foregoing was signed, acknowledged and sworn to before me by James Adkins, this 14<sup>th</sup> day of March, 2017.

  
Notary Public

My Commission Expires:

08-07-18



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

1. Reference Nolin's response to AG 1-2 to answer the following questions:
- a. Continue to provide updates to this information during the pendency of the case.

**Response:**

Nolin will continue to provide updated rate case expense information and documentation, as requested.

- b. What is the total projected rate case expense for the present case, and the amount of rate case expense thus far?

**Response:**

The total amount Nolin has expended with respect to this rate case is \$75,661.61 (through March 13, 2017). Please see "Attachment 1B" for an updated ledger providing relevant transaction details. Nolin projects its total expenses for this rate case will be \$164,064.32 as shown in the table below.

**Estimate of Rate Case Expenses - Case No. 2016-00367**

	<u>Consulting</u>	<u>Legal</u>	<u>Advertising</u>	<u>Other</u>	
<b>Total - Thru 1-31-17</b>	44,242.00	7,460.00	18,433.87	1,928.45	72,064.32
<b>Additional Expenses</b>	15,000.00	60,000.00	15,000.00	2,000.00	92,000.00
<b>Total Estimated Expenses</b>	59,242.00	67,460.00	33,433.87	3,928.45	164,064.32

- c. Provide invoices containing breakdowns of the total amount due.

**Response:**

Please see "Attachment 1C" for copies of the requested invoices for the period of February 1, 2017 through March 13, 2017. Invoices for expenses incurred prior to February 1, 2017, were filed by Nolin in response to the Attorney General's Initial Request for Information, Item No. 2.

- d. Explain whether the monetary amounts on the restaurant receipts are included or excluded for ratemaking purposes and/or in rate case expense. Explain fully why these expenses should not be removed for ratemaking purposes.

**Response:**

Nolin feels that these expenses should be included for ratemaking purposes for the simple reason that these expenses would not have been incurred if Nolin were not involved in a rate application before this Commission.

- e. Provide a detailed narrative explaining Nolin's policy regarding payment for meals for Nolin's employees and expert witnesses/consultants, and whether Nolin is contractually bound to provide meals to its expert witnesses/consultants.

**Response:**

Nolin's policy is to pay for meals for employees and consultants when Nolin business is discussed related to the consultant's visit. Normally consultants charge meals to Nolin as part of expenses such as airfare, lodging, car rental or mileage, hourly consulting fees, etc. Nolin usually pays for the meals either way but going to lunch or having meals brought into the office saves time and can result in more productive discussion.

03/13/2017 12:39:26 PM

**GENERAL LEDGER  
TRANSACTION DETAIL**

Page: 1

MAY 2016 To FEB 2017

Date	Journal Description	Actv BU Project	Jrnl Mod Code Reference	Debit	Credit	Balance
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 1	Beginning Balance:		0.00
05/31/16	74116 Invoice	287	AP 4 RATE CASE PREP MTG	106.95		106.95
<b>Total For Module - AP:</b>				106.95	0.00	
<b>Net Amount For MAY 2016:</b>				106.95	0.00	
09/26/16	77341 Invoice	287	AP 4 RATE CASE - ROBERSON/COFFEY/	50.00		156.95
09/26/16	77341 Invoice	287	AP 4 RATE CASE - ROBERSON/ZUMSTE	51.00		207.95
<b>Total For Module - AP:</b>				101.00	0.00	
<b>Net Amount For SEP 2016:</b>				101.00	0.00	
10/07/16	77840 Invoice	287	AP 4 JOHN SCOTT ATTORNEY	620.00		827.95
10/07/16	77840 Invoice	287	AP 4 JOHN SCOTT ATTORNEY	360.00		1,187.95
10/07/16	77840 Invoice	287	AP 4 JOHN SCOTT ATTORNEY	340.00		1,527.95
10/27/16	78181 Invoice	287	AP 4 RATE CASE MEETING	57.78		1,585.73
10/31/16	78181 Invoice	287	AP 4 RATE CASE - GOSSETT/SPARKS/M	33.98		1,619.71
<b>Total For Module - AP:</b>				1,411.76	0.00	
<b>Net Amount For OCT 2016:</b>				1,411.76	0.00	
11/30/16	78971 Invoice	287	AP 4 RATE CASE DISCUSSION - ZUMST	59.00		1,678.71
11/30/16	78971 Invoice	287	AP 4 RATE CASE DISCUSSION-ADKINS/	59.74		1,738.45
<b>Total For Module - AP:</b>				118.74	0.00	
<b>Net Amount For NOV 2016:</b>				118.74	0.00	
12/05/16	79057 Invoice	287	AP 4 KERR OFFICE PLUS	58.29		1,796.74
12/19/16	79441 Invoice	287	AP 4 KERR OFFICE PLUS	184.44		1,981.18
12/30/16	80121 Invoice	287	AP 4 RATE CASE NOTICES	18,433.87		20,415.05
12/30/16	80121 Invoice	287	AP 4 AMS PROGRAMMING SERVICES -	300.00		20,715.05
12/31/16	79761 Invoice	287	AP 4 RATE CASE DISCUSSION - ADKIN	33.00		20,748.05
12/31/16	79761 Invoice	287	AP 4 PSC RATE CASE 2016-00367	380.59		21,128.64
12/31/16	79761 Invoice	287	AP 4 PSC RATE CASE 2016-00367 CERTI	10.00		21,138.64
12/31/16	79761 Invoice	287	AP 4 RATE CASE 2016-00367 ADKINS	95.89		21,234.53
12/31/16	80120 Invoice	287	AP 4 JOHN SCOTT - NOVEMBER 2016	2,360.00		23,594.53
12/31/16	80120 Invoice	287	AP 4 JOHN SCOTT - DECEMBER 2016	2,300.00		25,894.53
12/31/16	80120 Invoice	287	AP 4 JOHN SCOTT - OCTOBER 2016	1,480.00		27,374.53
<b>Total For Module - AP:</b>				25,636.08	0.00	
<b>Net Amount For DEC 2016:</b>				25,636.08	0.00	
01/08/17	80120 Invoice	287	AP 4 RATE CASE 2016-00367	24,435.00		24,435.00
01/27/17	80576 Invoice	287	AP 4 RATE CASE	19,807.00		44,242.00
01/30/17	80595 Invoice	287	AP 4 RATE CASE SUPPLIES	190.27		44,432.27

03/13/2017 12:39:26 PM

**GENERAL LEDGER  
TRANSACTION DETAIL**

Page: 2

MAY 2016 To FEB 2017

Date	Journal Description	Actv BU Project	Jrnl Mod Code Reference	Debit	Credit	Balance
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 1	Beginning Balance:		
01/31/17	80594 Invoice	287	AP 4 TABS - RATE CASE SUPPLIES	6.30		44,438.57
01/31/17	80594 Invoice	287	AP 4 RATE CASE #2016-00367	101.55		44,540.12
01/31/17	80594 Invoice	287	AP 4 RATE CASE - ADKINS/GOSSETT/M	42.83		44,582.95
01/31/17	80594 Invoice	287	AP 4 RATE CASE - ADKINS/MILLER/GO	106.84		44,689.79
<b>Total For Module - AP:</b>				<b>44,689.79</b>	<b>0.00</b>	
<b>Net Amount For JAN 2017:</b>			<b>44,689.79</b>	<b>44,689.79</b>	<b>0.00</b>	
02/07/17	80887 Invoice	287	AP 4 RATE CASE	52.99		44,742.78
02/14/17	81153 Invoice	287	AP 4 JAN 2016 RATE CASE EXPENSES	1,185.00		45,927.78
02/15/17	81153 Invoice	287	AP 4 RATE CASE	1,658.75		47,586.53
02/28/17	81286 Invoice	287	AP 4 FOLDERS FOR RATE MEETING	12.70		47,599.23
02/28/17	81286 Invoice	287	AP 4 2ND DATA REQUEST PSC CASE 20	152.10		47,751.33
02/28/17	81286 Invoice	287	AP 4 PSC CASE 2016-00367	190.09		47,941.42
02/28/17	81286 Invoice	287	AP 4 RATE CASE LUNCH ADKINS/MILL	79.77		48,021.19
02/28/17	81286 Invoice	287	AP 4 RATE CASE FARMERS RECC MEE	265.89		48,287.08
<b>Total For Module - AP:</b>				<b>3,597.29</b>	<b>0.00</b>	
<b>Net Amount For FEB 2017:</b>			<b>3,597.29</b>	<b>3,597.29</b>	<b>0.00</b>	
<b>Subtotal For Account: 0 928.0</b>			<b>Department: 1</b>	<b>75,661.61</b>	<b>0.00</b>	<b>75,661.61</b>
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 2	Beginning Balance:		0.00
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 5	Beginning Balance:		0.00
<b>Grand Total Beginning Balances:</b>				<b>0.00</b>	<b>0.00</b>	
<b>Grand Total Transactions: 36</b>				<b>75,661.61</b>	<b>0.00</b>	
<b>Grand Total:</b>				<b>75,661.61</b>	<b>0.00</b>	<b>75,661.61</b>

03/13/2017 11:20:24 AM

**GENERAL LEDGER  
TRANSACTION DETAIL**

Page: 1

FEB 2017 To MAR 2017

Date	Journal Description	Actv BU Project	Jrnl Mod Code Reference	Debit	Credit	Balance
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 1	Beginning Balance:		44,689.79
02/07/17	80887 Invoice	287	AP 4 RATE CASE	52.99		44,742.78
02/14/17	81153 Invoice	287	AP 4 JAN 2016 RATE CASE EXPENSES	1,185.00		45,927.78
02/15/17	81153 Invoice	287	AP 4 RATE CASE	1,658.75		47,586.53
02/28/17	81286 Invoice	287	AP 4 FOLDERS FOR RATE MEETING	12.70		47,599.23
02/28/17	81286 Invoice	287	AP 4 2ND DATA REQUEST PSC CASE 20	152.10		47,751.33
02/28/17	81286 Invoice	287	AP 4 PSC CASE 2016-00367	190.09		47,941.42
02/28/17	81286 Invoice	287	AP 4 RATE CASE LUNCH ADKINS/MILL	79.77		48,021.19
02/28/17	81286 Invoice	287	AP 4 RATE CASE FARMERS RECC MEE	265.89		48,287.08
<b>Subtotal For Account: 0 928.0</b>			<b>Net Amount For FEB 2017: 3,597.29</b>	<u>3,597.29</u>	<u>0.00</u>	<b>48,287.08</b>
			Department: 1	3,597.29	0.00	48,287.08
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 2	Beginning Balance:		0.00
Account: 0 928.0 REGULATORY COMMISSION EXPENSE			Department: 5	Beginning Balance:		0.00
<b>Grand Total Beginning Balances:</b>				<u>44,689.79</u>	<u>0.00</u>	
<b>Grand Total Transactions: 8</b>				<u>3,597.29</u>	<u>0.00</u>	
<b>Grand Total:</b>				<u><u>48,287.08</u></u>	<u><u>0.00</u></u>	<b>48,287.08</b>



# INVOICE

117 NORTH MAIN STREET  
 ELIZABETHTOWN KY 42701  
 270-765-6171

INVOICE NUMBER **514517-0**  
 INVOICE DATE 02/07/17  
 ACCOUNT NUMBER 10233  
 DEPT NUMBER

BILL TO ADDRESS		SHIP TO ADDRESS			
NOLIN RECC 411 RING ROAD ELIZABETHTOWN KY 42701 270-765-6153		NOLIN RECC 411 RING ROAD ELIZABETHTOWN KY 42701			
CUSTOMER PURCHASE ORDER	SALESPERSON	TERMS	ROUTE	PAYCODE	ORDER TAKER
	KRISTY MAYS			CHARGE	KERR



ITEM NUMBER	MFG	ITEM DESCRIPTION	UM	ORD QTY	B/O QTY	SHIP QTY	SELL PRICE	EXTEND PRICE
36592	BSN	Who Called : Cheryl Thomas PAPER,COPY,3HP,8.5X11,WHT Phone: 270-765-6153 x 1050 Email: cthomas@nolinrecc.com	CT	1		1	49.99	49.99

928  
 087 CFC

<b>Subtotal</b>	49.99
<b>Tax</b>	3.00
<b>Total Due</b>	52.99



Mark David Goss  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

February 6, 2017

Mr. Michael Miller  
President and CEO  
Nolin RECC  
411 Ring Road  
Elizabethtown, KY 42701-6767

Re: Invoice for January 1, 2016 to January 31, 2016

Dear Mickey:

Please find enclosed the invoice for legal services performed by Goss Samford, PLLC on behalf of Nolin RECC for the period from January 1, 2016 to January 31, 2016. Please remit payment for the amounts due within thirty days of today's date. A summary of the amounts due and owing, by matter, are as follows:

<u>Matter Description</u>	<u>Amount</u>
2016 Rate Case	\$1,185.00
<b>Total:</b>	<b><u>\$1,185.00</u></b>

Should you have any questions, please contact me at your convenience. Once again, it is a privilege to represent Nolin RECC and we thank you for allowing us the opportunity to work with you.

Sincerely,

Mark David Goss

Enclosure

**Goss Samford, PLLC**  
Suite B-325  
2365 Harrodsburg Road  
Lexington, KY 40504  
Telephone: 859-368-7740

Attachment 1C  
Page 4

February 06, 2017

Invoice No. 3004

Nolin RECC  
Attn: Mr. Michael Miller  
411 Ring Road  
Elizabethtown, KY 42701-6767

---

Client Number: 8035 Nolin RECC  
Matter Number: 0367 Nolin RECC - 2016 Rate Case - 2016-00367  
For Services Rendered Through 1/31/2017.

---

<u>Date</u>	<u>Timekeeper</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
1/19/2017	MDG	Initial email exchanges with M. Miller and J. Scott re engagement of Goss Samford to assist in rate case.	0.30	\$96.00
1/20/2017	MDG	Initial high-level review of rate case documents on KPSC website; telephone consultation with M. Miller and J. Scott.	1.50	\$480.00
1/23/2017	MEB	Revise Notice of Entry of Appearance and conferences with M. Goss, A. Cannon re same; draft cover letter re same; review filings of other prospective intervenors.	0.50	\$87.50
1/23/2017	MDG	Review and execution of Entry of Appearance and coordinate filing of same at KPSC.	0.40	\$128.00
1/24/2017	MEB	Review KPSC order granting AG intervention; revise and finalize Notice of Entry of Appearance; conferences with M. Goss, A. Cannon re same; serve Notice upon AG via email.	0.70	\$122.50
1/24/2017	MDG	Email exchange with M. Miller and J. Scott re Second set of Data Requests from KPSC.	0.30	\$96.00
1/25/2017	MEB	Conduct initial review of KPSC Staff's second set of Data Requests.	0.50	\$87.50
1/27/2017	MEB	Conduct initial review of AG's Data Requests.	0.50	\$87.50
<b>Billable Hours / Fees:</b>			<b>4.70</b>	<b>\$1,185.00</b>

Continued On Next Page



Client Number: 8035  
Matter Number: 0367

Attachment 1C  
2/8/2017  
Page 5  
Page: 2

---

### Timekeeper Summary

Timekeeper MDG worked 2.50 hours at \$320.00 per hour, totaling \$800.00.

Timekeeper MEB worked 2.20 hours at \$175.00 per hour, totaling \$385.00.

---

### Current Invoice Summary

Prior Balance:	\$0.00
Payments Received:	\$0.00
Unpaid Prior Balance:	<u>\$0.00</u>
Current Fees:	\$1,185.00
Advanced Costs:	<u>\$0.00</u>
<b>TOTAL AMOUNT DUE:</b>	<b><u><u>\$1,185.00</u></u></b>

INVOICE FOR SERVICES RENDERED

James R. Adkins  
2189 Roswerll Dr  
Lexington, KY 40513-1811

February 15, 2017

Mr. Michael Miller  
President & CEO  
Nolin RECC  
411 Ring Road  
Elizabethtown, KY 42701-6767

Assistance for Case No, 2016-00367

Date	Description	Time	Miles
<b>2017</b>			
Jan 15	AFC Data & Contract Review	1.75	
Jan 16	Discussion on AGC with EKPC Person	4.5	175
Jan 24	PSC DR2 Review	1.75	
Jan 25	AR DR-1 Review	1.5	
Jan 26	AG-1 Response Prep	1.25	
Jan 29	Prep of Data Requests Responses	1.75	
		12.50	175.00
		\$ 125.00	\$ 0.55
	AMOUNT	\$ 1,562.50	\$ 96.25
	Total Invoice Amount		<b>\$ 1,658.75</b>
	<i>James R. Adkins</i>		
	Signature		

# STAPLES

1807 N. Dixie Blvd.  
Elizabethtown, KY 42701  
(270) 737-9929

SALE 1159480 1 002 52357  
0757 02/14/17 06:32  
QTY SKU PRICE

REWARDS NUMBER 0399912740  
1 2 POCKET PORT GRAY 5.99  
718103059435  
1 2 POCKET PORT GRAY 5.99  
718103059435  
SUBTOTAL 11.98  
Standard Tax 6.00% 0.72  
TOTAL \$12.70

VISA CREDIT USD\$12.70  
Card No.: XXXXXXXXXXXX2705 [C]  
Chip Read  
Auth No.: 005464  
AID.: A0000000031010

*Folders for rate meeting*  
TOTAL ITEMS 2

*Billy Paul*

Staples brand products.  
Below Budget. Above Expectations.

THANK YOU FOR SHOPPING AT STAPLES !

Shop online at [www.staples.com](http://www.staples.com)

Get with the program.  
Staples Rewards members get up to 5%  
back in rewards and free shipping every  
day. Exclusions apply. See an associate  
for full program details or to enroll.





**Details for Order #106-6544097-2283431**

[Print this page for your records.](#)

**Order Placed:** January 25, 2017  
**Amazon.com order number:** 106-6544097-2283431  
**Order Total: \$152.10**

2<sup>nd</sup> data Request  
PSC. Case # 2016-00367

**Not Yet Shipped**

**Items Ordered**

**Price**

18 of: *Avery Premium Collated Legal Exhibit Divider Set, Avery Style, 26-50 and Table of Contents, Side Tab, 8.5 x 11 Inches, 1 Set (11372)* \$5.80

Sold by: Amazon.com LLC

Condition: New

18 of: *Avery Premium Collated Legal Exhibit Divider Set, Avery Style, 1-25 and Table of Contents, Side Tab, 8.5 x 11 Inches, 1 Set (11370)* \$2.17

Sold by: Amazon.com LLC

Condition: New

**Shipping Address:**

Allison Coffey  
411 Ring Road  
Elizabethtown, KY 42701  
United States

**Shipping Speed:**

FREE Shipping

**Payment information**

**Payment Method:**

Visa | Last digits: 7104

Item(s) Subtotal: \$143.46

Shipping & Handling: \$189.73

Free Shipping: -\$189.73

-----

Total before tax: \$143.46

Estimated tax to be collected: \$8.64

-----

**Grand Total: \$152.10**

**Billing address**

Nolin RECC  
411 Ring Rd  
Elizabethtown, Kentucky 42701  
United States

To view the status of your order, return to [Order Summary](#).

[Conditions of Use](#) | [Privacy Notice](#) © 1996-2017, Amazon.com, Inc. or its affiliates



**Details for Order #106-7277471-4306643**

[Print this page for your records.](#)

**Order Placed:** January 26, 2017  
**Amazon.com order number:** 106-7277471-4306643  
**Order Total:** \$190.09

*PSC Case  
2016-00367*

**Not Yet Shipped**

**Items Ordered**

**Price**

18 of: *Avery Premium Collated Legal Exhibit Divider Set, Avery Style, 26-50 and Table of Contents, Side Tab, 8.5 x 11 Inches, 1 Set (11372)* \$5.80

Sold by: Amazon.com LLC

Condition: New

1 of: *Vicfun 16GB USB 2.0 Flash Drive, Blue (10 Pieces)* \$37.99

Sold by: VICFUN ([seller profile](#))

Condition: New

18 of: *Avery Premium Collated Legal Exhibit Divider Set, Avery Style, 1-25 and Table of Contents, Side Tab, 8.5 x 11 Inches, 1 Set (11370)* \$2.17

Sold by: Amazon.com LLC

Condition: New

**Shipping Address:**

Allison Coffey  
411 Ring Road  
Elizabethtown, KY 42701  
United States

**Shipping Speed:**

FREE Shipping

**Payment information**

**Payment Method:**

Visa | Last digits: 7104

Item(s) Subtotal: \$181.45  
Shipping & Handling: \$197.88  
Free Shipping: -\$197.88  
-----

**Billing address**

Nolin RECC  
411 Ring Rd  
Elizabethtown, Kentucky 42701  
United States

Total before tax: \$181.45  
Estimated tax to be collected: \$8.64  
-----

**Grand Total: \$190.09**

To view the status of your order, return to [Order Summary](#).

Lunch - Rate Case  
JIM ADKINS  
ALLISON  
SARA  
FELICIA  
Mickey Kansai  
1611 North Dixie Hwy  
270.982.2200

Kansai  
1611 North Dixie Hwy  
270.982.2200

Server: Christina                      DOB: 02/10/2017  
01:11 PM                                02/10/2017  
Table 8/5                                2/20019

Server: Christina                      02/10/2017  
Table 8/5                                1:07 PM  
Guests: 5  
Reprint #: 1                            #20019

SALE

VISA                                      2097159  
Card #XXXXXXXXXXXX8628  
Magnetic card present: RECC NOLIN  
Card Entry Method: S

Approval: 001741

Amount:                                \$ 69.47  
+ Tip:                                    10.30  
= Total:                                79.77

L-ST                                      12.00  
Water                                    0.00  
Iced Tea                                 2.75  
Diet Pepsi                              2.75  
Diet MTN Dew                          2.75  
L-Shrimp (2 @12.00)                  24.00  
L-Teriyaki Chicken (2 @10.00)      20.00  
  
Subtotal                                64.25  
Tax                                       5.22  
  
Total                                     69.47  
  
Balance Due                            69.47

I agree to pay the above  
total amount according to the  
card issuer agreement.

X \_\_\_\_\_

Thanks for coming in!  
Suggested Gratuity  
22% = \$11.50  
20% = \$10.45  
18% = \$ 9.41

Thanks for coming in!  
Suggested Gratuity  
22% = \$11.50  
20% = \$10.45  
18% = \$ 9.41

Customer Copy

Rate Case / Farmers Meeting  
at Nolan

Welcome to Chick-fil-A  
Elizabethtown FSU (#01639)  
Elizabethtown, KY  
270-982-1350  
Chris Flanagan  
CUSTOMER COPY

\*\*\*\* DUPLICATE RECEIPT \*\*\*\*  
2/14/2017 8:29:01 AM  
PICKUP

Order Number: 3652754

Guest: Michelle Roggers  
Phone 2707656153  
Promised Time: 2/14/2017 11:00 AM

24 Pkgd Meal	203.52
CFA Sand	
Frt Cup MD	2.40
Chips	
Cookie 1 Ct	
5 CFA Sand	15.45
5 Spcy Sand	16.75
Sub. Total:	\$238.12
Tax:	\$19.34
Total:	\$257.46

Change \$0.00  
Visa: \$257.46

Register:6 Tran Seq No: 3652754

Cashier:Carol J

It was a pleasure serving you!  
Have a wonderful day.

Visa  
Card Num : (\*) XXXXXXXXXXXX9352  
Terminal : KA13006101006  
Approval : 001373  
Sequence : 007817

I agree to pay the above Total Amount  
according to Card Issuer Agreement.

Signature:

Rate Case Meeting w/ Farmers  
See back of receipt for your chance  
to win \$1000 @Office

ID #: 7KZSQH7P4CJ

**Walmart**   
Save money. Live better.

( 270 ) 763 - 1600  
MANAGER LISA BROWN  
100 WALMART DR  
ELIZABETHTOWN KY 42701

SN 00709	OPN 000104	TEW 05	TRN 04459
TEA	009147563004	F	2.86 T
TEA	009147563004	F	2.86 T
UNSWEET TEA	007874200705	F	2.37 O
	SUBTOTAL		0.09
TAX 1	6.000 %		0.34
	TOTAL		8.43
	VISA TEND		8.43

VISA CREDIT \*\*\*\* \* 9352 I 11  
APPROVAL # 001632  
REF # 704500561562  
TRANS ID - 387045666602257  
VALIDATION - LPC4  
PAYMENT SERVICE - E

AID R0000000031010  
TC 41F1929AB714A017  
TERMINAL # SC012278  
\*NO SIGNATURE REQUIRED

02/14/17 13:31:04

CHANGE DUE 0.00

# ITEMS SOLD 3

TC# 9079 8022 7279 3472 0753



Watch The Receipt  
Oscar Sunday Feb 26 on ABC  
02/14/17 13:31:04

\*\*\*CUSTOMER COPY\*\*\*

Store receipts on your phone. Walmart P  
ay.





**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Supplemental Request for Information**

2. Reference Nolin's response to AG-13 to answer the following questions:
- a. Reference the meeting minutes, page 60 of 87, and provide a copy of the policies that were revised including the following: Policy No. 209 Confidentiality of Information and Conflict of Interest, Policy No. 209A Gifts and Gratuities, Policy No. 307 Purchasing Practices and Procedures, Policy 313, Construction and Maintenance Contracts, Policy No. 729 Anti-Nepotism, Policy 704 Appendix A-Apprenticeship Program, and Policy No. 745 Whistleblower Reporting Procedure and Anti-Retaliation Policy.

**Response:**

The revised policies are attached to this response as shown below:

Policy No. 209 - "Attachment 2A"  
Policy No. 209A - "Attachment 2B"  
Policy No. 307 - "Attachment 2C"  
Policy No. 313 - "Attachment 2D"  
Policy No. 704A - "Attachment 2E"  
Policy No. 729 - "Attachment 2F"  
Policy No. 745 - "Attachment 2G"

- b. Reference the meeting minutes, page 75 of 87, and provide a copy of the previous Policy No. 202 Directors' Fees and Expenses as well as the revised version that allows directors to receive full or partial compensation for time worked outside of regular board meetings. Additionally, provide a detailed narrative explaining why this revision was necessary, exactly what type of work outside of the regular board meetings the directors are being paid for, and whether any other Kentucky rural electric cooperative corporation has a policy allowing directors to be paid for fees and expenses outside of regular board meetings.



**Response:**

Refer to "Attachment H" and "Attachment I", Policy No. 202.0 "Directors' Fees and Expenses" amended April 9, 2015, and an updated copy of the same policy amended September 14, 2016. The revision of Policy No. 202.0 was necessary to fairly compensate board members for attending to additional duties outside the scope of regular board meetings. This includes any special committee meetings or meeting with members. The Cooperative's Board Chairman is also tasked with investigating any potential violations of federal, state or local laws or regulations, the Cooperative's Bylaws and Board Policies, or accounting, auditing or other financial guidelines, if any such violations are brought to the attention of the Board Chairman. Nolin has no knowledge of whether any other Kentucky rural electric cooperative corporation has a policy allowing directors to be paid for fees and expenses outside of regular board meetings.

- c. Reference the meeting minutes, page 79 of 87, and provide a copy of the revised Policy 707 Work Hours & Pay for Non-Exempt Hourly Employees.

**Response:**

Refer to "Attachment J" for Nolin's revised Policy No. 707.0 "Work Hours & Pay for Hourly Employees".

- d. Provide any and all Board of Directors' meeting minutes prior to October 13, 2016 where the rate increase was discussed. If none exists, why was the need for a rate increase/case not discussed prior to October 13, 2016, which is the same date that the Board resolved to seek a rate increase with the Commission?

**Response:**

The possible need for a rate case was discussed many times in the Nolin board room in the months and years leading up to October 13, 2016. It is the practice of Nolin to only memorialize in the minutes actual action taken. Discussion such as a need for a rate case would not have been mentioned in the minutes unless some action was taken. Discussion about the need for a possible rate case did take place as far back as late 2013.

- e. Reference the October 13, 2016 and the December 8, 2016 Board of Directors' meeting minutes. Why does the Board resolve to request a rate increase of \$3,613,116 dollars per year in the October 13, 2016 meeting, but then at the December 8, 2016 meeting the Board resolves to request \$5,342,889 dollars per year in additional revenue? Explain the reasons for this discrepancy in full detail.

**Response:**

Board of Directors' meeting minutes dated October 13, 2016 show a resolution to request a \$4,613,116 dollar rate increase. As work continued on the Cost of Service Study, it was discovered that the estimated installation cost of Nolin's system wide meter change to an AMI system as approved by this Commission in Case No. 2014-00436 had been calculated at an increased rate. Nolin follows the Uniform System of Accounts for the initial installation of meters, i.e., the estimated installation cost is based on individual meter changes and is capitalized at the time of purchase. The offsetting entry is to credit Account 586, Meter Expense. Since Nolin is in a systematic meter change, this estimated installation cost should be much less. The discovery of this over estimation of these meter installation costs (credits to Account 586, Meter Expense) led to Nolin's expenses being understated and the change to the Board resolution on December 8, 2016.

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY NO. 209.0

SUBJECT: CONFIDENTIALITY OF INFORMATION AND CONFLICT OF INTEREST

I. PURPOSE:

Any business organization, regardless of its ownership structure, engages in actions in which distribution of certain information can produce embarrassment to individuals, create operational problems, or, in the extreme, make the business legally liable.

It is mandatory for individuals who have access to operational information (directors or employees) to maintain the confidentiality of information gained in the operation of the business. In addition, any person who stands to benefit personally from information gained, or by actions taken in the decision making process, has a special fiduciary duty to the organization. Any breach of that fiduciary duty creates a special liability for the person and/or the organization. If a possible conflict exists, persons making decisions affecting the business or making personal decisions resulting from the relationship, should use discretion.

The purpose of this policy is to discuss and provide guidelines to circumstances pertaining to breaches of fiduciary duty resulting from conflicts of interest or distribution of confidential information. (Also refer to Policy #745 Whistleblower/Anti-Retaliation Policy.)

II. POLICY STATEMENT:

It shall be the policy of the Board of Directors to require all Directors and employees of Nolin Rural Electric Cooperative Corporation ("Cooperative") protect information concerning the operation of the business that is not generally available to the public, and that its distribution can compromise or damage the Cooperative's future position or actions.

III. PROVISIONS:

The following guidelines shall apply to the Directors and employees of the Cooperative.

- A. Since it is impossible to describe all of the circumstances which may produce conflicts of interests, each Director and employee is expected to avoid any situation which might create an impression of impropriety. For example, if a contract or business transaction is under consideration and a Director or employee knows that he/she has a financial interest in the outcome, this interest will be fully disclosed to the CEO or Board of Directors as appropriate. The person involved in the conflict of interest cannot participate in the decision making process or the ongoing business relationship in any form.

Board Policy No. 209, page 2

III. PROVISIONS continued:

- B. Other sources of personal conflicts of interest are:
1. Other employment or financial relationships (including seeking or negotiating for prospective employment or business).
  2. Gifts, including travel or travel expense reimbursement.
  3. Consulting relationships (including commercial and professional consulting and service arrangements, scientific and technical advisory board memberships, or serving as an expert witness in litigation).
  4. Real estate investments.
  5. Business ownership and investment interests.
- C. There will be no unauthorized disclosure of “business secrets”, financial data, or other non-public proprietary company information. Do not share confidential information regarding business partners, vendors or customers.
- D. The use of information obtained by an individual as a Director or employee of the Cooperative for personal gain of that person or for the benefit of other persons that would damage the Cooperative is a breach of fiduciary duty in violation of the laws of the State of Kentucky.
- E. Employees will be informed of their obligations and will be required annually to confirm they have no related party relationships to disclose and to declare any gifts/gratuities received from subcontractors or provided to clients/customers (refer to Board Policy #209A, Gifts and Gratuities).
- F. A person who violates the purpose or intent of this policy may be subject to:
1. If a Director, a request for resignation from the other Directors, possible removal from office by the membership, or possible legal action if a violation of a statute is involved.
  2. If an employee, immediate dismissal by the President/CEO. In any action or proceeding harmful to the individual, he/she will be entitled to be represented by separate legal counsel.
  3. If a subcontractor, removal from performance of the contract or termination of the applicable subcontract.

Failure to disclose a personal conflict of interest is considered a violation of this policy (refer to Board Policy #745 Whistleblower Reporting Procedure and Anti-Retaliation for proper protocol to report unethical behavior).

Board Policy No. 209, page 3

IV. RESPONSIBILITY:

The Chair, the Board of Directors, the President/CEO, and all employees.

- A. The Board of Directors shall take appropriate action if one of its members or the President/CEO violates the provisions of this policy.
- B. The President/CEO may take the appropriate action to terminate an employee who violates this policy (Refer to Policy #715 Warnings and Disciplinary Procedures).

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/08/00  
Amended: 02/13/14  
Amended: 06/15/16

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY NO. 209 A

SUBJECT: GIFTS AND GRATUITIES

I. PURPOSE:

Any gift, loan or special favor which giving or receiving might create a sense of obligation on either party, or tend to influence independent judgment of a Director or employee, must be rejected or avoided.

II. POLICY STATEMENT:

It shall be the policy of the Board of Directors to require that all Directors and employees avoid soliciting or accepting, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from anyone whose interests or actions may be largely affected.

III. PROVISIONS:

The following guidelines shall apply to the Directors, Cooperative employees, and any contractor or sub-contractor authorized to do business for/with Nolin Rural Electric Cooperative Corporation ("Cooperative").

- A. Business shall be conducted with complete impartiality and with preferential treatment for none.
- B. As a Government contractor, the Cooperative and its employees must recognize that Government employees are prohibited from accepting (and therefore Cooperative employees are prohibited from offering) directly or indirectly, any gratuity, gift, favor, entertainment, loan or anything of monetary value from anyone who:
  - 1. Has or is seeking to obtain Government business.
  - 2. Conducts activities that are regulated by the Cooperative.
  - 3. Has an interest that may be substantially affected by the performance or non-performance of the employee's official duties.
- C. Examples of prohibited gifts/gratuities/favors include:
  - 1. Cash gifts or meals.
  - 2. Travel and/or travel expense reimbursement.
  - 3. Investment in the form of stock or bond ownership or partnership interest.
  - 4. Real estate investments.

Board Policy No 209 A, page 2

D. Limited exceptions include:

1. Gifts based on family or personal relationships where the circumstances make it clear those relationships, rather than the business of the persons concerned, are the motivating factors.
2. Gifts from a spouse's employer where the gift is clearly offered because of the spousal relationship and not because of the Government employee's position.
3. Free attendance at legitimate professional conferences or "widely attended gatherings" where the attendance of the government official is in the agency's interest including food and refreshments, but not including transportation, lodging or meals and entertainment outside the qualifying event.
4. The 20/50 Rule – Contractors may offer non-cash gifts with the aggregate value of \$20 or less per occasion, so long as the aggregate value of the gifts do not exceed \$50 in a calendar year period.

E. In treatment of violations, before taking any action against a party, the agency head or a designee shall determine, after notice and hearing under agency procedures, whether a gratuity was offered or received by a Director, President/CEO, employee, contractor or sub-contractor, or Government employee, and whether it was intended to obtain a contract or favorable treatment under a contract.

1. Directors and/or the President/CEO may be asked for a resignation request from other Directors, possible removal from office by the membership, or possible legal actions if a violation of a statute is involved.
2. An employee may be immediately dismissed by the President/CEO. In any action or proceeding harmful to the individual, he/she will be entitled to be represented by legal counsel.
3. The Government may terminate the employer's right to proceed, initiate debarment or suspension measures, and/or assess standard damages, and possible criminal prosecution if the contract uses money appropriated to the Department of Defense.

F. If you suspect that a co-worker, Government employee, competitor, agent or other individual has violated this policy, Nolin's Code of Ethics, any law or regulation, or has otherwise engaged in unethical conduct, you must report it promptly. Failure to do so is a violation of this policy. All reports will be treated confidentially to the fullest extent possible under the law. (Refer to Policy #745 Whistleblower Reporting Procedure and Anti-Retaliation for proper protocol to report unethical behavior.)

Board Policy No 209 A, page 3

IV. RESPONSIBILITY:

The Board of Directors, the President/CEO, and all employees.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/15/16



NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 307.0

SUBJECT: PURCHASING PRACTICES AND PROCEDURES

I. PURPOSE:

Each year, the Cooperative expends a large percentage of its budget for materials, supplies, and equipment. The use of accepted purchasing procedures can often effect a reduction in costs which makes it possible to utilize the savings for other purposes.

In addition, the size of its annual purchases makes it incumbent upon the Cooperative to follow purchasing practices and procedures which establish internal controls for the protection of the interests of the Cooperative and its employees.

II. POLICY:

It shall be the policy of Nolin Rural Electric Cooperative Corporation ("Cooperative") to follow accepted purchasing practices and procedures enabling the Cooperative to use its financial and physical resources to the best advantage of the Cooperative, and to provide control processes which will protect the interests of the Cooperative and its employees.

III. PROVISIONS:

The following provisions and procedures shall apply to this policy:

- A. All purchases of distribution plant materials, supplies and equipment costing \$25,000 per unit or over shall be made on the basis of competitive bids or quotations, except when experience, conditions or special requirements warrant purchasing from a specific supplier. Poles, transformers, meters, and other line material items which are used continuously, may be purchased with a blanket order providing for periodic delivery of portions of the order. Such blanket purchases will be based upon competitive bids when the total amount of the blanket will exceed \$100,000 even though unit costs are less than \$25,000.
- B. All purchases of distribution plant materials, supplies and equipment shall be made and supported by a Cooperative purchase order approved by the Compliance Coordinator and/or Vice President-Administration & Finance or their designees.

## Board Policy No. 307, page 2

- C. The purchase of new and replacement vehicles normally shall be made from franchised automobile and truck dealers located and doing business in the service area of the Cooperative, and shall be handled as follows:
1. The President/CEO or his/her designee shall request quotations on needed vehicles from dealers handling the type and/or brand of vehicles required.
  2. Each such request for quotations shall include all necessary specifications relative to the vehicles and equipment required, a description of any Cooperative vehicles to be offered in trade, the method in which quotations are to be made, the date and location to which delivery is required where applicable, and the date on which quotations shall be in the Cooperative's office, plus any other necessary information.
  3. Requests for quotations shall include "the Cooperative has the right to reject any or all quotations received".
  4. All quotations for vehicles shall be opened at one time.
  5. The lowest quoted price received normally shall be awarded the purchase, taking into consideration any trade-in offers where applicable, providing all specifications relative to the vehicle, and any necessary equipment, and delivery time and place are met, except as outlined in the next paragraph.
  6. Should past experience of the Cooperative indicate that maintenance and/or service costs, or downtime for a particular type and/or make of vehicle has been excessive, or that previous vehicles of a particular type and/or make did not meet quoted specifications when delivered, the President/CEO may reject such quotations
  7. Should an emergency arise in which it becomes necessary to obtain a new or replacement vehicle under conditions which cannot be met by franchised dealers in the Cooperative's service area, the President/CEO is authorized to purchase such vehicle under the most favorable terms for the Cooperative. An example of such an emergency would be storm repair. If additional vehicles are needed to best respond to immediate repair work, waiting for bids would not be practical.

Board Policy No. 307, page 3

D. General plant and maintenance items with an estimated cost in excess of \$1,000 but less than \$25,000 shall be purchased upon informal quotations, rather than formal bids. Formal quotations will be required for all items over \$25,000. Such items should be included in the annual operating budget unless there is an emergency need for the item. If at all practical, more than one quotation should be solicited.

E. Payment for materials, supplies, equipment, or services will not be made unless authorized Cooperative personnel have attested to the receipt of the materials, supplies, and equipment, or of the performance of the services as invoiced by the vendor or contractor.

IV. RESPONSIBILITY:

The President/CEO.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/08/00  
Amended: 09/15/03  
Amended: 03/13/14  
Amended: 06/15/16

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 313.0

SUBJECT: CONSTRUCTION AND MAINTENANCE CONTRACTS

I. PURPOSE:

In awarding a construction or maintenance contract, for work on the electrical system of the Cooperative, the Board of Directors has several concerns. It must follow accepted business procedures and it must look after the long-range interests of Nolin Rural Electric Cooperative Corporation ("Cooperative") and its members. The amounts of money associated with the awarding of construction and maintenance contracts make it incumbent upon the Board to weigh carefully the decisions inherent in awarding contracts.

II. POLICY:

It shall be the policy of the Board of Directors to follow accepted business procedures and be alert to potential anti-trust violations in awarding construction and maintenance contracts for work on the electrical system of the Cooperative.

III. PROVISIONS:

The following provisions and procedures shall be followed in implementing this policy:

- A. Except in emergency circumstances (i.e. storm repair), all contracts for construction or maintenance work costing \$25,000 or over will be awarded on the basis of competitive bidding.
- B. The opening of bids will take place in the presence of the President/CEO and Construction/Maintenance Manager or a committee empowered by the President/CEO to receive and consider bids.
- C. The award of the contract will normally be made to the lowest bidder unless past performance of that bidder indicates that the firm may not be able to complete the work as specified in the bid request.
- D. If the lowest bid is not acceptable, Management will determine whether a higher bid is acceptable or all bids are to be rejected and a new request for bids advertised.
- E. Management will present a recommendation to the Board of Directors for approval to award the bid.

Board Policy No. 313.0, page 2

III. PROVISIONS continued

- F. If the Board accepts a higher bid, it must be able to show that the award of the contract to the higher bidder is in the best interest of the Cooperative.
- G. The winner of the award may be required to post a contractor's bond or builder's risk policy in accordance with the specifications of the bid request.
- H. All contracts will be reviewed and approved by the Cooperative's legal counsel. All federal contracts will be reviewed and approved by the Cooperative's Federal Contracting Attorney.

IV. REPORTS OF SUSPECTED ANTI-TRUST VIOLATIONS:

The anti-trust laws are intended to ensure that markets operate competitively. Any agreement or mutual understanding among competing firms that restrains the natural operation of market forces is suspect. Practices or events that may indicate violations of the anti-trust laws include:

- A. The existence of an "industry price list" or "price agreement" to which contractors refer in formulating their offers.
- B. A sudden change from competitive bidding to identical bidding.
- C. Simultaneous price increases or follow-the-leader pricing.
- D. Rotation of bids or proposals, so that each competitor takes a turn in sequence as low bidder, or so that certain competitors bid low only on some sizes of contracts and high on other sizes.
- E. Division of the market, so that certain competitors bid low only for contracts awarded by certain agencies, or for contracts in certain geographical areas, or on certain products, and bid high on all other jobs.
- F. Competitors establishing a collusive price estimating system.
- G. The filing of a joint bid by two or more competitors when at least one of the competitors has sufficient technical capability and productive capacity for contract performance.

Board Policy No. 313.0, page 3

- H. Any incidents suggesting direct collusion among competitors, such as the appearance of identical calculation or spelling errors in two or more competitive offers or the submission by one firm of offers for other firms.
- I. Assertions by the employees, former employees, or competitors of offerors, that an agreement to restrain trade exists.

All Directors and employees of the Cooperative are required to report to the Attorney General through legal counsel, any bids or proposals that indicate a violation of the anti-trust laws.

V. RESPONSIBILITY:

The Board of Directors, the Cooperative's legal counsel and the President/CEO.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/08/00

Amended: 04/10/14

Amended: 06/15/16

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY #704.0

APPENDIX A

SUBJECT: APPRENTICESHIP PROGRAM

I. PURPOSE

To ensure that Line Technicians employed by Nolin Rural Electric Cooperative Corporation (Nolin RECC) are educated, trained, and familiar with the safety-related work practices, lines, procedures, and work ethics required while building and maintaining a safe and reliable electric distribution system.

II. TERM OF APPRENTICESHIP

The term of apprenticeship will begin when the program level assignment between the apprentice and Nolin RECC is signed. The first six months of Nolin RECC's apprenticeship program will be an introductory period. At the end of each month during the introductory period, a Monthly Review Form will be completed by each Crew Leader with whom the apprentice has worked during that particular month.

The typical Apprenticeship Program is a five (5) step process over 48 months (4 years), but may be less than that should the new apprentice be granted credit for previous experience and/or training. Advancement through the program and to each consecutive step is conditional upon satisfactory completion of all assigned course material, field work, on-call assignments, lab workshops, as well as positive recommendations by the Crew Leader and the Vice President System Operations. The recommendations will be determined after consulting with a Crew Leader with whom the apprentice has worked during the previous six months.

All apprenticeship correspondence training will be purchased by Nolin RECC and should be completed on the apprentice's own time. As a condition of apprenticeship, Nolin RECC requires that all correspondence training be satisfactorily completed with a passing grade. Workshop attendance required as a condition of apprenticeship will be paid for by Nolin RECC and hours expended will be paid as regular working hours.

Under certain circumstances related to weather conditions, etc., Nolin RECC may allow time during regular work hours for related apprenticeship correspondence training.

Board Policy No. 704.0, Appendix A, page 2

### III. WAGE RATE/SCHEDULE

The wage rate shall be in compliance with the Cooperative's Wage and Salary program. Apprentices shall receive a formal review every six months throughout the Apprenticeship Program. The review shall be done by the supervising Crew Leader and the Vice President System Operations.

*Any employee receiving a "1" - Unsatisfactory" rating on an evaluation, will be required to participate in a customized "Performance Improvement Plan" as developed by the Vice President System Operations. Failure to satisfactorily complete and pass a customized Performance Improvement plan within the time as set forth by the Vice President System Operations (reviewed by appropriate management staff and Human Resources) may be subject to possible termination of employment.*

### IV. APPRENTICE TRAINING

The Nolin RECC Lineman Apprenticeship training may consist of, but not be limited to the following:

- Credit for approved formal skills training/experience prior to employment at Nolin RECC may be allowed at the discretion of the President & CEO and the Vice President System Operations
- TVPPA Line Worker Apprenticeship Certification Program or Equivalent
- Kentucky Association of Electric Cooperatives (KAEC) Annual Lineman Skills Workshops
- TVPPA skills workshops
- Trade-related workshops on specific equipment (such as digger derrick operator certification)
- Online training program
- Scheduled monthly safety training programs as presented by Nolin RECC's instructors, Kentucky Association of Electric Cooperatives (KAEC) instructors and/or additional training as arranged by Nolin RECC field experience and on-call experience

### V. PRIOR EDUCATION/TRAINING OR JOB EXPERIENCE

Credit for prior formal education and/or experience may be allowed at the discretion of Nolin RECC in a fair and equitable manner to all apprenticeship applicants.



Board Policy No. 704.0, Appendix A, page 3

#### VI. WORKSHOP ATTENDANCE

Unless otherwise approved by Nolin RECC, each apprentice must attend assigned workshops, schools or equivalent, and satisfactorily complete prescribed courses within the four-year apprenticeship term. Satisfactory completion of all course materials is a condition of employment. Nolin RECC will pay for all related course materials, and/or workshop/class attendance fees as approved/directed by the Crew Leader and Vice President System Operations.

#### VII. SUPERVISION OF APPRENTICES

Apprentices will be under the supervision of Nolin RECC, who is responsible for making apprenticeship assignments; however, to insure adequate training of apprentices, Nolin RECC will designate a qualified person to supervise the apprentice and accept full responsibility for on-the-job training. An apprentice is to be under the supervision of the immediate supervisor, Line Technician, or qualified person at all times. This does not imply that the apprentice must always be in sight of the immediate supervisor or Line Technician, or that they are required to constantly watch the apprentice. Supervision will not be of a nature that prevents the development of responsibility and initiative. Work may be laid out by the immediate supervisor or Line Technician based on their evaluation of the apprentice's abilities to perform the job tasks. Apprentices will be permitted to perform job tasks in order to develop job skills and trade competencies. The immediate supervisor and/or Line Technician are permitted to leave the immediate work area without being accompanied by the apprentice as long as they are satisfactorily assured that the apprentice is in a safe position and not carrying out responsibilities which exceed their training and capabilities.

#### VIII. WORK PROCESS SCHEDULE

To achieve the status of Line Technician, the apprentice must have experience and training in work processes similar to those listed in the attached evaluation sheets and have passed all evaluations. Safety training is inherent in each work process, and must be demonstrated by all employees as a condition of employment.

#### IX. PROGRAM MODIFICATION

Management reserves the right to make changes and modifications to this Apprenticeship Program document, at any time, as deemed necessary.

Adopted: 06-15-2016

Revised: 10-13-2016

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

Apprentice Initial Program Level Assignment:

Previous Work Record (list work performed):

Previous Employer Information (name, address, phone number and dates of employment):

Educational credit information associated with lineman training (school name and class name):

Total Credit (credit hours or months of attendance):

The apprentice will be placed in the \_\_\_\_\_ step of the five-step program.

The apprentice will be enrolled in the TVPPA Line Worker Apprenticeship Program:

Yes: \_\_\_\_\_ No: \_\_\_\_\_

Apprenticeship entry date:

Beginning hourly wage:  
\$ \_\_\_\_\_ /hour

Apprenticeship Applicant Signature:

Date:

V.P. System Operations Signature:

Date:

Crew Leader Signature:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Step One (1) – First Month**

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Please grade each item with an X</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

### Step One (1) – Second Month

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable

2 = Needs Improvement

1 = Unsatisfactory

3 = Progressing as Expected

Please grade each item with an X	NA	1	2	3
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
Step One (1) – Third Month**

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Please grade each item with an X</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Step One (1) – Fourth Month**

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable                      2 = Needs Improvement  
1 = Unsatisfactory                                      3 = Progressing as Expected

<b>Please grade each item with an X</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**Step One (1) – Fifth Month**

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Please grade each item with an X</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

### Step One (1) – Sixth Month

To review the performance of Apprentice Line Technician participating in Step One (1) of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable

2 = Needs Improvement

1 = Unsatisfactory

3 = Progressing as Expected

Please grade each item with an X	NA	1	2	3
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Correct Use and Care of Personal Protective Equipment</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work With Others-Demonstrates Proper Attitude</b>				
<b>Demonstrates Proper Interactive Communication</b>				
<b>Respect for Utility Equipment</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Work Quality and Accuracy</b>				
<b>Operates Tools and Equipment Skillfully and Safely</b>				
<b>Climbing Ability</b>				

Crew Leader Signature:

Date:

Apprentice Signature:

Date:

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*



**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step One (1)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

***\*See Performance Improvement Plan***

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Two (2)**

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Place an X in the Appropriate Grade Category</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Can Properly Set Up and Operate Bucket/Digger Derrick</b>				
<b>Properly and Safely Check Voltage, Install Meters</b>				
<b>Demonstrates Ability to Fill out a Vehicle Inspection Form</b>				
<b>Knowledge of Minimum Approach Distance to Conductors</b>				
<b>Can Perform the Necessary Ground Work to Serve the Line Technician on the Pole/Bucket</b>				
<b>Maintains First Aid/CPR Certification</b>				
<b>Successfully Completes Pole Top/Bucket Rescue</b>				
<b>Understands Distribution Overhead Transformer Connections for Single Phase Installation</b>				
<b>Successfully Completed TVPPA Module 1 – Basic Electricity</b>				
<b>Demonstrates Knowledge of Electricity from Generation to the Member</b>				
<b>Can Properly Frame Poles While De-energized on the Ground (A1,A2,A3,A4,A5)</b>				
<b>Properly Demonstrates the Ability to String/Tie in De-energized Conductors</b>				
<b>Understands the Reasons for and the Basics for a Job Briefing</b>				
<b>Properly Select/Use Correct PPE for Various Tasks</b>				
<b>Demonstrates Proper Grounding Techniques for Single Phase Residential both Overhead and Underground</b>				
<b>Properly Identify the Primary Voltage on the Distribution System</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				

<b>Ability to Work with Others – Demonstrates Proper Attitude</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Climbing Ability</b>				

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Two (2)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

*\*See Performance Improvement Plan*

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**Line Technician Apprenticeship Step-Advancement Evaluation**  
**Step Three (3)**

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Place an X in the Appropriate Grade</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Properly Tie-In a VA1 and Other Basic Hot Work (i.e. Bell Change out, Line Re-sagging)</b>				
<b>Working Towards Completion of TVPPA Module 2 – Math &amp; AC Review</b>				
<b>Can Properly Install Ground Rod and Make the Proper Connections</b>				
<b>Has Demonstrated the Ability to Properly Install an Anchor</b>				
<b>Working Towards Completion of the Service Tech Training Program</b>				
<b>Can Properly Place Warning and Safety Devices</b>				
<b>Can Properly Connect a Secondary Underground Service at the House and Transformer</b>				
<b>Can Properly Identify and Draw Material for Work Orders</b>				
<b>Safe and Proper Use of the Pneumatic Rock Hammer Drill</b>				
<b>Can Safely Perform a Transformer Change out</b>				
<b>Can Properly Assemble Cross Arms to be Installed</b>				
<b>Has Obtained a "Class A" Commercial Driver's License</b>				
<b>Has Demonstrated Proper Use of and Care of Personal Protective Equipment and Hot Line Tools</b>				
<b>Basic Familiarity with Substations (i.e. One-Shot, High Side Fuses)</b>				
<b>Can Properly Connect a Secondary Overhead Service at House and Transformer</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work with Others – Demonstrates Proper Attitude</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>On-Call Record</b>				
<b>Climbing Ability</b>				

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Three (3)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

***\*See Performance Improvement Plan***

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**Training Agenda for Apprentice Line Technician Program**  
**Service Technician**

**The Operations Department is responsible for providing an apprentice Line Technician with a minimum of one week of hands-on training in the Service Technician Area. The Vice President System Operations will make sure apprentices are available for required training. This training will cover the following areas:**

Service Technician:

Date:

Apprentice Trainee:

Date:

Date Started:

Date Completed:

Familiarize the apprentice in these areas:

1. Circuit Troubleshooting
2. Voltage Complaints
  - a. Recording Voltmeter
3. Switching/Backfeeding
4. Substations & Equipment
  - a. Fault current readings at OCR
5. Security Light Repair
6. Material Chargeout
7. Maintenance Orders
8. Tools and Equipment
  - a. Fault Locators
  - b. Underground Locator
  - c. Voltmeter
    1. Voltage
    2. Amps
    3. Ohms

Note to Trainer: Describe training session provided and participation level:

---

---

---

---

---

*Provide one copy of this training document to the Vice President System Operations.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
Line Technician Apprenticeship Step-Advancement Evaluation  
Step Four (4)**

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

Place an X in the Appropriate Grade	NA	1	2	3
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Storm Restoration Troubleshooting</b>				
<b>Understands how to Bypass Reclosers</b>				
<b>Is Comfortable working in Sub Stations</b>				
<b>Understands Information that is on Equipment Nameplates</b>				
<b>Can Install Elbow Terminators in Residential Padmount Transformer with Supervision</b>				
<b>Successfully Completed TVPPA Module 3 – Intermediate Line Skills</b>				
<b>Completed Nolin RECC Staking Engineer Training Program</b>				
<b>Completed Nolin RECC System Operations Training Program</b>				
<b>On Call Record</b>				
<b>Understands Underground Ditch Inspection Requirements</b>				
<b>Can Successfully Troubleshoot and Isolate Underground Faults</b>				
<b>Demonstrates Knowledge of Staking Sheet</b>				
<b>Understands Overhead Clearance Requirements</b>				
<b>Is Proficient in using Computer Based Mapping System</b>				
<b>Demonstrates Knowledge of Multi-Phase Pole Framing (C1, C2, etc.)</b>				
<b>Can Properly Install Protective Equipment</b>				
<b>Understands the Proper Use of Arc Flash Settings (One Shot)</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work with Others – Demonstrates Proper Attitude</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Climbing Ability</b>				

*If apprentice receives a “needs improvement” or “unsatisfactory” rating, please explain the reason in the comments section on the Evaluation form.*



**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Four (4)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

*\*See Performance Improvement Plan*

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Training Agenda for Apprentice Line Technician Program**

**Staking Engineer**

The Engineering Department is responsible for providing an apprentice Line Technician with a minimum of three (3) days of hands-on training in line staking. The Vice President System Operations will make sure apprentices are available for required training. This training will cover the following areas:

Staking Engineer:

Date:

Apprentice Trainee:

Date:

Date Started:

Date Completed:

Familiarize the apprentice in these areas:

1. Be familiar with RUS framing specifications
  - a. Single Phase
  - b. Three Phase
  - c. Guying
  - d. Line Sagging
2. Be familiar with National Electric Safety Code Clearances
3. Be familiar with computer-based mapping system
  - a. Look up Locations
  - b. Look up Pole Data
  - c. Use Map Tips
  - d. Demonstrate Properties Icon
  - e. Upline/Downline Tracing
4. Be Familiar with how the Staking Sheet is completed
5. Be Familiar with how to Interpret a Staking Sheet
6. Be Familiar with the Line Inspection Program

(Note to Trainer) Describe training session provided and participation level:

*Provide one copy of this training document to the Vice President System Operations.*

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

### Training Agenda for Apprentice Line Technician Program

#### System Operations

The Technical Services Department is responsible for providing an apprentice Line Technician with hands-on training in System Operations. The Vice President System Operations will make sure apprentices are available for required training. This training will cover the following areas:

Overall function of the System Operations department and software available:

System Dispatcher:

Date:

Apprentice Trainee:

Date:

Date Started:

Date Completed:

1. Explain the purpose of our NISC Utility software systems and how each is used by System Operations:
  - a. Outage Management System (OMS)
  - b. Outage Management
  - c. Calls Manager
2. Describe our existing Supervisory Control and Data Acquisition (SCADA) and demonstrate how this system is used by System Operations.
3. Demonstrate applications of Automated Metering Infrastructure (AMI)L
  - a. Voltage Confirmation
  - b. Transformer Overloading
4. Explain and demonstrate East Kentucky Power Cooperative switching order process.
5. Explain and demonstrate Nolin RECC's LOTO program.

(Note to Trainer). Describe training session provided and participation level:

*Provide one copy of this training document to the Vice President System Operations.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Five (5)**

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable  
1 = Unsatisfactory

2 = Needs Improvement  
3 = Progressing as Expected

<b>Place an X in the Appropriate Grade</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Working Towards Completion of the Nolin RECC Metering Training Program</b>				
<b>Can Properly Fill out an Inventory Picking Ticket</b>				
<b>Understands the Need for and Can work Safely Around Capacitor Banks</b>				
<b>Demonstrates Knowledge of Differing Multi-Phase Transformer Bank Connections</b>				
<b>Can Successfully Convert a Normal 120/240 Volt Transformer to 120/208 Voltage</b>				
<b>Demonstrates Knowledge of Circuit Interrupters in Substations</b>				
<b>Understands Transmission Switching Procedures</b>				
<b>Demonstrates Knowledge of Regulators</b>				
<b>Demonstrates Knowledge of Step-Down Transformers</b>				
<b>Can Effectively Perform in Storm Trouble Restoration</b>				
<b>Demonstrates Knowledge of Nolin RECC SCADA System</b>				
<b>On Call Record</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work with Others – Demonstrates Proper Attitude</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Climbing Ability</b>				
<b>Successfully Completed TVPPA Module 4 – Advanced Line Technician Skills</b>				

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Step Five (5)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

*\*See Performance Improvement Plan*

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION****Line Technician Apprenticeship Step-Advancement Evaluation****Steps Six through Ten (6 – 10)**

Apprentice Name and Employee #:

Month and Year:

Scale: N/A = Not Applicable

2 = Needs Improvement

1 = Unsatisfactory

3 = Progressing as Expected

<b>Place an X in the Appropriate Grade</b>	<b>NA</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Understands Cooperative, Policies, Procedures, and Guidelines</b>				
<b>Can Properly Fill out an Inventory Picking Ticket</b>				
<b>Understands the Need for and Can work Safely Around Capacitor Banks</b>				
<b>Demonstrates Knowledge of Differing Multi-Phase Transformer Bank Connections</b>				
<b>Can Successfully Convert a Normal 120/240 Volt Transformer to 120/208 Voltage</b>				
<b>Demonstrates Knowledge of Circuit Interrupters in Substations</b>				
<b>Understands Transmission Switching Procedures</b>				
<b>Demonstrates Knowledge of Regulators</b>				
<b>Demonstrates Knowledge of Step-Down Transformers</b>				
<b>Can Effectively Perform in Storm Trouble Restoration</b>				
<b>Demonstrates Knowledge of Nolin RECC SCADA System</b>				
<b>On Call Record</b>				
<b>Demonstrates Required Job Skills and Knowledge</b>				
<b>Desire to Learn/Willingness to Work</b>				
<b>Ability to Work with Others – Demonstrates Proper Attitude</b>				
<b>Responds Effectively to Assigned Responsibilities</b>				
<b>Climbing Ability</b>				
<b>Successfully Completed TVPPA Module 4 – Advanced Line Technician Skills</b>				

*If apprentice receives a "needs improvement" or "unsatisfactory" rating, please explain the reason in the comments section on the Evaluation form.*

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Line Technician Apprenticeship Step-Advancement Evaluation**

**Steps Six Through Ten (6 – 10)**

**PURPOSE**

To evaluate Apprentice Line Technician skills/knowledge for possible advancement to the next consecutive step of the Nolin RECC Line Technician Apprenticeship Program.

Apprentice Name and Employee #:

Current Apprenticeship Step:

Above mentioned apprentice will be advanced to the next consecutive level

Above mentioned apprentice will be not advanced to the next consecutive level\*

***\*See Performance Improvement Plan***

Advance to Step:

Effective Date of Review:

V.P. System Operations:

Crew Leader:

COMMENTS:

Evaluation received by:

Date:

Apprentice Line Technician:

Date:

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

**Training Agenda for Apprentice Line Technician Program**

**The Meter Department is responsible for providing an apprentice Line Technician with hands-on training in the area of metering. The Department Vice President will make sure apprentices are available for required training. This training will cover the following areas:**

Large Power metering and installations instructed by:

Senior Meter Technician: \_\_\_\_\_

Date:

Apprentice Trainee:

Date:

1. The purpose of Current Transformers and Potential Transformers:
2. Sizing instrument transformers to the installation:
3. Meter selection and form recognition for the installation:
4. Hands on installation, mount CT's and/or PT's:
5. Explain test switch function and safety:
6. Explain how the multiplier is obtained:
7. The difference between i210 and KU2C meters:
8. Troubleshooting techniques for large power:
9. Overall function of the Meter Department and tools available to them (a brief description of the Infrared Program, Voltage line recording devices, RF equipment, etc.):
  
10. Apprentice will be shown how to distinguish a WYE and DELTA installation overhead:

(Note to Trainer) Describe training session provided and participation level:

*Provide one copy of this training document to the Vice President System Operations.*



## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY #729.0

SUBJECT: ANTI-NEPOTISM (PROHIBITION OF FAVORITISM TOWARD RELATIVES)

I. PURPOSE:

- A. To state the policy of the Cooperative with regard to the employment of "close relatives" of members of the Board of Directors and of existing employees of the Cooperative. "Close relatives" are defined in the Corporate Bylaws.
- B. To avoid the possible undesirable conflicting interests of family relationships.
- C. To make employment opportunities available to as many different families as possible in view of the public service nature of the Cooperative's business.
- D. To minimize absenteeism resulting from common activities of related personnel.

II. POLICY:

It shall be the policy of Nolin Rural Electric Cooperative Corporation that no person who is a "close relative" of an active member of the Board of Directors or of any full-time regular employee of the Cooperative shall be eligible for employment with the Cooperative. The term "close relative" means a person who is related to the principal person to the third degree or less; for example, a spouse, child, step-child, grandchild, great-grandchild, parent, step-parent, grandparent, great-grandparent, brother, sister, aunt, uncle, nephew or niece related by blood or in-law of the principal.

III. PROVISIONS:

The following provisions apply to this policy:

- A. No person who is a "close relative" of an active member of the Board of Directors or of any full-time regular employee of the Cooperative shall be eligible for employment with the Cooperative. However, this policy shall not preclude the provisions of Article IV, Section 2, of the Cooperative Bylaws with respect to relatives of Directors.

Board Policy No. 729.0, page 2

III. PROVISIONS continued:

- B. If two employees marry, both may continue to work for the Cooperative only if they are not in the same supervisory unit. If they are, one of the couple must resign. This “spousal” relationship also applies to persons living together in a conjugal or an unmarried/domestic partner relationship but not legally married.
- C. If two management employees become immediate family by marriage or otherwise and are in the same department/supervisory unit, one of them will be requested to transfer to a different department or terminate employment. The two employees cannot work in the same supervisory unit. If the affected employees cannot decide which of them will terminate, the employee with the least seniority at Nolin shall have employment terminated.
- D. Except under emergency conditions as provided in the Corporate Bylaws, Article IV, Section 2, a “close relative” of a member of the Board of Directors may not be employed by the Cooperative. If a Director desires to allow a qualified relative to secure employment with the Cooperative, the Director must resign before the employment can be finalized.
- E. This policy shall not apply to, or be enforced against, two or more such “close relatives” who are presently employed by the Cooperative on the initially effective date of this policy or to the employment of temporary employees.

IV. RESPONSIBILITY:

The President and CEO.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

Adopted: 05-08-1986  
Amended: 05-15-1992  
Amended: 02-15-2001  
Amended: 01-01-2010  
Amended: 06-13-2011  
Amended: 06-15-2016

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY #745

SUBJECT: WHISTLEBLOWER REPORTING PROCEDURE AND ANTI-RETALIATION POLICY

I. PURPOSE:

To establish Nolin Rural Electric Cooperative Corporation's ("Cooperative") whistleblower reporting procedures and the anti-retaliation protections afforded to employees of the Cooperative. The Cooperative is committed to maintain full compliance with applicable state and Federal laws in all aspects of the Cooperative's operations and to encourage reporting (following the Reporting Procedures outlined below) of truthful information regarding violations or potential violations of federal, state or local laws or regulations, the Cooperative's Bylaws and Board Policies, or accounting, auditing or other financial guidelines (collectively referred to as "Potential Violations"). This policy is in no way intended to restrict the Cooperative's rights under Kentucky employment law regarding the terminable-at-will doctrine.

II. POLICY:

- A. Each employee has an obligation to report in accordance with this policy all Potential Violations of which he/she may become aware.
- B. All reports of Potential Violations brought in good faith to the Cooperative's management, Board Chairman, legal counsel, or anonymously via the Cooperative's reporting hotline ([www.RedFlagReporting.com](http://www.RedFlagReporting.com) or 1-877-647-3335) will be investigated, and all illegal activity and corporate non-compliance will be corrected promptly. The Cooperative prohibits retaliation against any employee who, in good faith, utilizes this policy following the Reporting Procedures outlined below or who participates in an investigation pursuant to this Policy. The Cooperative also complies fully with all state and Federal laws that protect employees from retaliation for reporting truthful information to state or federal law enforcement or for testifying, participating in, or otherwise assisting with investigations or enforcement actions against the Cooperative.
- C. Nolin RECC posts notices of employees rights and remedies for whistleblower protections provided under section 1553 of the American Recovery and Reinvestment Act of 2009 (Pub. L.111-5) ("Recovery Act"). Nolin will include the substance of this clause, including this statement, in all subcontracts that are funded in whole or in part with Recovery Act funds.

Board Policy No. 745, page 2

III. PROVISIONS:

- A. Individuals who reasonably believe they have information regarding a Potential Violation by the Cooperative or any employee should bring this information to the attention of their immediate supervisor, department manager, vice president, President and CEO, Board Chairman, to the Cooperative's legal counsel, or report anonymously via the Cooperative's reporting hotline ([www.RedFlagReporting.com](http://www.RedFlagReporting.com) or 1-877-647-3335). Fraud hotline posters are located in common areas in all locations. The Cooperative encourages prompt reporting of any information so that immediate action can be taken to correct or stop any illegal activity or corporate non-compliance. Any information brought forth by anonymous sources will be considered on its own merit. Nolin RECC management, through legal counsel, will report to the appropriate Government official when credible evidence is received regarding violations of Federal, civil or criminal law involving fraud, conflict of interest, bribery, or gratuity violations.
- B. Any report of a Potential Violation brought in good faith to the Cooperative's management, Board Chairman, legal counsel, or via the reporting hotline will be investigated promptly and, if required, corrective action will be taken promptly. In addition to any corrective actions taken, and in addition to any penalties that may be imposed by an appropriate State or Federal Court, the Cooperative may impose disciplinary action upon any employee who is found to have violated Federal, state or local law, the Cooperative's Bylaws or Board Policies, or accounting or financial guidelines. Confidentiality will be maintained throughout the investigatory process to the extent allowed by law and consistent with reasonable investigation practices; however, complete confidentiality and anonymity should not be expected during investigations.
- C. Retaliation against an individual who reports information concerning a Potential Violation (that the individual reasonably and in good faith believes to be true and accurate) is a serious violation of this Policy and will be subject to disciplinary action. This whistleblower protection against retaliation extends to any individual who makes a report that the individual reasonably and in good faith believes to be true and accurate internally at the Cooperative, externally to state or Federal law enforcement, or who testifies, participates in, or otherwise assists with any such internal or external investigation or enforcement activities involving the Cooperative. The Cooperative, as a Government contractor, shall not discharge, demote, or otherwise retaliate or discriminate against an employee as punishment for disclosing information to an authorized Government official, including, but not limited to, a Member of Congress, an authorized official of an agency, or the Department of Justice relating to a violation of law related to a Government contract (including the competition for or negotiation of a Government contract).



## Board Policy No. 745, page 3

- D. Acts of retaliation should be reported immediately to the individual's immediate Supervisor, Department Manager, Vice President, President and CEO, Board Chairman or the Cooperative's legal counsel, and such acts will be promptly investigated and addressed.
- E. Retaliation for whistleblower activities will be dealt with appropriately. Responsive action may include training, referral to counseling and/or disciplinary action such as warning, reprimand, withholding of a promotion or pay increase, reassignment, temporary suspension without pay or termination of employment, or any other action that the Cooperative believes appropriate under the circumstances.
- F. Individuals who report Potential Violations under this Policy knowing them to be false and/or without reasonable basis (as opposed to complaints which, even if erroneous, are made in good faith based on a reasonable belief in the truth and accuracy of such information) may be subject to appropriate disciplinary action including termination of employment.
- G. This Policy was developed so that all of the Cooperative's Directors and employees will work together to maintain the highest level of compliance with all state and Federal laws and regulations, the Cooperative's Bylaws and Board Policies, and accounting or other financial guidelines. The Cooperative will make every reasonable effort to ensure that all employees are familiar with this Policy and aware that any violation will be investigated and resolved appropriately.

IV. INVESTIGATION AND RESOLUTION OF REPORTS:

- A. When a report of a Potential Violation is received, it shall be forwarded to the President and CEO and the Government Contracting Compliance Director, unless the report alleges a Potential Violation by the President and CEO, in which event the report shall be forwarded to the Cooperative legal counsel. Once received, the President and CEO, the Government Contracting Compliance Director, or the Cooperative's legal counsel, as applicable, shall promptly appoint, at his or her discretion, an officer, employee or other legal counsel, either internal or retained, of the Cooperative to investigate the Potential Violation to determine whether there is probable cause that a violation has occurred. If probable cause is found, the President and CEO, the Government Contracting Compliance Director, or the Cooperative's legal counsel shall refer the matter for further investigation to a committee of three persons who shall be officers, employees or legal counsel of the Cooperative. The committee shall investigate the allegations and then present a report to the President and CEO, Government Contracting Compliance Director, or Cooperative's legal counsel recommending a final resolution, including any disciplinary action deemed appropriate.

## Board Policy No. 745, page 4

- B. The person to whom the Potential Violation is first referred for purposes of determining whether probable cause exists and the committee selected if probable cause is found shall have authority to gather evidence, including written statements, sworn testimony (including expert opinions or testimony), documents, computer generated exhibits, photographs and such other exhibits or documentation as may be necessary to complete their investigation.
- C. Any person who is the subject of an investigation shall be entitled to be represented by counsel at his or her own cost, shall be entitled to a copy of the report and recommendation, and shall have the right to file written objections to the report and recommendation within ten (10) days of receipt. After the expiration of the ten (10) day period, the President and CEO, or Chairman if applicable, shall make a final written determination regarding the allegations, including any disciplinary action to be taken.

V. RESPONSIBILITY:

The President and CEO, Board Chairman, Government Contracting Compliance Director, and Cooperative's legal counsel.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

Adopted: 01-01-2010

Amended: 06-28-2011

Amended: 06-15-2016

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 202.0

SUBJECT: DIRECTORS' FEES AND EXPENSES

I. PURPOSE:

- A. To assure fair and equitable compensation for time spent and reimbursement for expenses incurred by Directors and the Cooperative attorney when attending regular or special board or committee meetings.
- B. To encourage adequate representation of the Cooperative by Directors at statewide, regional and national meetings, and training programs which will accrue to the benefit of the Cooperative.

II. POLICY STATEMENT:

In conformity with the Bylaws of the Cooperative, it shall be the policy of Nolin Rural Electric Cooperative Corporation to reimburse Directors for time and travel expenses as established in the provisions of this policy.

III. PROVISIONS:

The following provisions and procedures shall apply to this policy:

A. Attendance Fee

Members of the Board of Directors shall be paid a fee for attendance at regular or special meetings of the Board of Directors as shall be determined from time to time by the Board. For attendance at Board committee meetings held on other than board meeting days, or for attendance at authorized state, regional, national, or training meetings, a Board member shall receive a set daily fee to be determined by the Board for time actually in attendance.

- 1. Attendance at meetings within the state will be paid only for the actual days of the meetings and not for travel time to and from the meetings.
- 2. For attendance at meetings out of state, a maximum of two day's fees will be paid for travel, regardless of the mode of transportation.
- 3. A fee will not be paid to Directors or the attorney for attendance at advisory committee, banquet and appreciation dinners where there is not a special meeting; the Cooperative will pay meal and incidental expenses. The meal expense for spouses invited to attend as guests will also be paid.

Board Policy No. 202.0, page 2

B. Transportation Expenses

Directors shall be reimbursed for transportation expenses as follows:

1. When traveling by personal automobile, a Director shall be reimbursed at the prevailing mileage rate approved by the Internal Revenue Service for Federal income tax purposes (on the basis of coach-class round trip air fare or actual mileage incurred, whichever is less), plus any related out-of-pocket charges, such as tolls, parking charges, etc.
2. When traveling by common carrier, a Director shall be reimbursed on the basis of coach-class round-trip air fare or actual transportation expense incurred, whichever is less. In addition, the director will be reimbursed shuttle or taxicab fares to and from the terminal and the hotel or meeting place.

C. Incidental Expenses

1. When a Director attends any of the meetings listed in Section A, above, the director shall be reimbursed actual incidental expenses incurred.
2. It is proper for Directors to receive advance travel funds with appropriate post-event accounting. When properly authorized, the President/CEO will advance funds to Directors prior to departure on trips to include: anticipated attendance fees and travel costs.
3. All Directors are authorized and urged to attend the meetings of the Kentucky Association of Electric Cooperatives, Inc. (KAEC), the National Rural Electric Cooperative Association (NRECA), the National Rural Utilities Cooperative Finance Corporation (CFC), and other related organizations. They are also authorized and urged to attend training schools and meetings sponsored by these Associations within the limits of approved budgets.
4. For any work done by Directors (other than for regular Board meetings and special Board meetings and attendance at meetings which are already covered by policy), if the work performed by the Director amounts to less than four (4) hours in one day, the Director shall receive one-half (1/2) of the per diem amount for such services. If the work done by the Director takes four (4) hours or longer, then the director shall receive a full per diem pay for such services. This adjustment shall be made effective as of July 1, 2016.



Board Policy No. 202.0, page 3

IV. RESPONSIBILITY:

- A. It shall be the responsibility of each Director to submit an itemized expense report to include fees and all authorized reimbursement expenses, including travel. Expenses of spouses accompanying Directors to meetings will not be reimbursed.
- B. It shall be the responsibility of the Secretary-Treasurer to review all Director expense reports and to assure that all reimbursements are reasonable and in accordance with this policy.
- C. It shall be the responsibility of the President/CEO to see that Director expenses are paid upon the submission of appropriate expense reports. When travel funds have been advanced, the President/CEO shall provide for appropriate reconciliation of the accounts. When Director expenses are paid by the President/CEO, appropriate adjustments and review shall be made of the Director expense accounts.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/08/00

Amended: 06/07/07

Amended: 01/09/14

Amended: 04/09/15

Amended: 09/14/16

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY NO. 202.0

## SUBJECT: DIRECTORS' FEES AND EXPENSES

I. PURPOSE:

- A. To assure fair and equitable compensation for time spent and reimbursement for expenses incurred by Directors and the Cooperative attorney when attending regular or special board or committee meetings.
- B. To encourage adequate representation of the Cooperative by Directors at statewide, regional and national meetings, and training programs which will accrue to the benefit of the Cooperative.

II. POLICY STATEMENT:

In conformity with the Bylaws of the Cooperative, it shall be the policy of Nolin Rural Electric Cooperative Corporation to reimburse Directors for time and travel expenses as established in the provisions of this policy.

III. PROVISIONS:

The following provisions and procedures shall apply to this policy:

A. Attendance Fee

Members of the Board of Directors shall be paid a fee for attendance at regular or special meetings of the Board of Directors as shall be determined from time to time by the Board. For attendance at Board committee meetings held on other than board meeting days, or for attendance at authorized state, regional, national, or training meetings, a Board member shall receive a set daily fee to be determined by the Board for time actually in attendance.

1. Attendance at meetings within the state will be paid only for the actual days of the meetings and not for travel time to and from the meetings.
2. For attendance at meetings out of state, a maximum of two day's fees will be paid for travel, regardless of the mode of transportation.
3. A fee will not be paid to Directors or the attorney for attendance at advisory committee, banquet and appreciation dinners where there is not a special meeting; the Cooperative will pay meal and incidental expenses. The meal expense for spouses invited to attend as guests will be also be paid.

## Board Policy No. 202, page 2

B. Transportation Expenses

Directors shall be reimbursed for transportation expenses as follows:

1. When traveling by personal automobile, a Director shall be reimbursed at the prevailing mileage rate approved by the Internal Revenue Service for Federal income tax purposes (on the basis of coach-class round trip air fare or actual mileage incurred, whichever is less), plus any related out-of-pocket charges, such as tolls, parking charges, etc.
2. When traveling by common carrier, a Director shall be reimbursed on the basis of coach-class round-trip air fare or actual transportation expense incurred, whichever is less. In addition, the director will be reimbursed shuttle or taxicab fares to and from the terminal and the hotel or meeting place.

C. Incidental Expenses

1. When a Director attends any of the meetings listed in Section A, above, the director shall be reimbursed actual incidental expenses incurred.
2. It is proper for Directors to receive advance travel funds with appropriate post-event accounting. When properly authorized, the President/CEO will advance funds to Directors prior to departure on trips to include: anticipated attendance fees and travel costs.
3. All Directors are authorized and urged to attend the meetings of the Kentucky Association of Electric Cooperatives, Inc. (KAEC), the National Rural Electric Cooperative Association (NRECA), the National Rural Utilities Cooperative Finance Corporation (CFC), and other related organizations. They are also authorized and urged to attend training schools and meetings sponsored by these Associations within the limits of approved budgets.

Board Policy No. 202, page 3

IV: RESPONSIBILITY:

- A. It shall be the responsibility of each Director to submit an itemized expense report to include fees and all authorized reimbursement expenses, including travel. Expenses of spouses accompanying Directors to meetings will not be reimbursed.
- B. It shall be the responsibility of the Secretary-Treasurer to review all Director expense reports and to assure that all reimbursements are reasonable and in accordance with this policy.
- C. It shall be the responsibility of the President/CEO to see that Director expenses are paid upon the submission of appropriate expense reports. When travel funds have been advanced, the President/CEO shall provide for appropriate reconciliation of the accounts. When Director expenses are paid by the President/CEO, appropriate adjustments and review shall be made of the Director expense accounts.

This policy supersedes any existing policy which may be in conflict with the provisions of this policy.

Adopted: 06/08/00  
Amended: 06/07/07  
Amended: 01/09/14  
Amended: 04/09/15

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY NO. 707.0

SUBJECT: WORK HOURS & PAY FOR HOURLY EMPLOYEES

I. PURPOSE:

The Fair Labor Standards Act of 1938, as amended, establishes certain rules and regulations by which businesses are guided in defining their own working rules. The purpose of this policy is to define these rules as they apply to the employees of Nolin Rural Electric Cooperative Corporation.

II. POLICY:

It shall be the policy of Nolin RECC to establish working rules conforming to all state and federal laws and regulations.

III. PROVISIONS:

The following working conditions and pay shall apply as stipulated in the provisions of this policy:

- A. Workweek. The official workweek for the computation of pay shall be from 6:00 a.m. on Monday to 7:59 a.m. the following Monday. The standard workweek for most employees is forty (40) hours worked between 8:00 a.m. Monday and 5:00 p.m. Friday. However, certain specialized work assignments may require work schedules which vary from this standard workweek.
- B. Work Day. Management reserves the right to vary the start of the work day because of work needs, storm or weather conditions, or for the work demands of a particular department or employee.
1. For most employees the standard eight (8) hour workday is from 8:00 a.m. through 5:00 p.m., Monday through Friday, with one (1) unpaid hour allowed for lunch and two (2) paid 15 minute breaks.
  2. The standard workday for certain positions (i.e. Dispatch) may vary from the above definition because of the special work requirements of those positions.

## Board Policy No. 707.0, page 2

C. Overtime Pay for Employees Working Standard 40 Hour Work Week.

1. Employees will be paid at the rate of one and one-half times the regular rate for all time worked in excess of forty (40) hours in a workweek. Authorized sick, vacation, and holiday leave taken during a workweek shall be counted as hours worked.
2. If an employee is required to work on the day the Cooperative observes as a holiday, he/she will be paid eight (8) hours at regular straight time pay (coded as Holiday Pay), plus time and one-half for the hours actually worked (coded as Overtime).
3. If an employee is re-called to work after going home from working a regularly scheduled shift, he/she will be paid time and one-half for the additional hours worked.

D. Overtime Pay for Employees Working Specialized Work Assignments

1. Specialized work assignments (i.e. Dispatch) may vary from a standard forty (40) consecutive hour work week. For hours actually worked on the day the Cooperative observes a holiday, employees on specialized work assignments will be paid as follows:
  - a. Actual hours worked as Overtime (paid at time and one-half).
  - b. Eight (8) hours Holiday Pay (paid at regular rate).

For example, to key in time for an employee working a regularly scheduled twelve (12) hour shift, who works on a holiday, key time in as 12 hours coded Overtime (paid at time and one-half), 8 hours coded Holiday Pay (paid at regular rate).

- E. Overtime Approval. Overtime work must be approved in advance by the appropriate supervisor except for emergency line work to restore or maintain service. Overtime emergency work, etc., will be reported to the immediate supervisor for approval and shall also be approved by the appropriate departmental Vice President.

## Board Policy No. 707.0, page 3

- F. Working Conditions. Every effort will be made to avoid working employees beyond the regular workday. However, maintaining service to members, unanticipated emergency circumstances, or the need to complete work assignments may make it necessary for employees to work beyond the standard eight (8) hour day.
- G. On-Call. Two (2) employees shall, by advance schedule, be designated to be "on-call" from 8:00 a.m. on Monday to 8:00 a.m. the following Monday. The employees will perform on-call duty on a rotating basis, as scheduled. These designated employees will be paid two (2) hours each day, at their respective overtime rate, for each day of the week that they are "on call," regardless of whether or not they were called out. If employees are called out to work they will also be compensated for time worked in excess of the 2 hours, not to exceed 24 hours per day. Policy 727 "Maintenance of Service Outside of Regularly Scheduled Working Hours" shows details of the on-call policy.
- H. Pay Days. Pay vouchers for the first pay period in the month (the 1<sup>st</sup> through the 15<sup>th</sup>) will be given to employees on the day payroll is run. Pay vouchers for the second pay period (the 16<sup>th</sup> through the last day of the month) will be given to employees on the day payroll is run.

IV. RESPONSIBILITY:

The President/CEO and all Vice Presidents.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

Adopted: 10-09-1986

Revised: 02-15-2001

Revised: 07-15-2002

Revised: 06-10-2008

Revised: 03-01-2011

Revised: 11-12-2015

Revised: 10-13-2016

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

3. Reference Nolin's response to AG 1-7. The Attorney General requested the per capita income for the residents of each of the eight (8) counties that the Company provides with electricity service. It appears that Nolin provided the median household income. As originally requested, provide the per capita income. Further, provide the sources that Nolin relies upon for the per capita income and the unemployment rate data.

**Response:**

Below is the per capita income for the residents of each of the eight (8) counties that Nolin RECC provides with electric service. This information is provided by the Kentucky Cabinet for Health and Family Services, the most recent data, December, 2015.

	<b><u>Income</u></b>	<b><u>Unemployment Rate</u></b>
Breckinridge	\$32,780	6.7
Bullitt	\$35,508	4.6
Grayson	\$30,122	6.6
Green	\$31,592	5.0
Hardin	\$38,598	5.0
Hart	\$28,696	5.3
LaRue	\$32,168	5.4
Meade	\$33,278	5.7
Taylor	\$31,725	5.5



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

4. Reference Nolin's response to AG 1-8. The answer is inadequate and does not respond to the question originally posed. According to the Company, the rate increase request is due to increased cost of power, materials, equipment, labor, taxes, and other fixed and variable costs. As originally requested, provide a detailed explanation of each specific cost that has risen, and a succinct chart/table that provides a complete breakdown by item/account of the \$5,342,889 rate increase. For example, if Nolin is requesting an increase in depreciation, the amount of increase requested for that item, and an explanation as to why the depreciation expense is increasing.

**Response:**

A breakdown of each specific cost is included in this response as "Attachment 4A".

**"Attachment 4A"**

Test Year Adjustments	Amount	Explanation	Details Where
Wages & Salaries	(16,230)	Expense increase due to wage and salary increases	Exhibit 1
Payroll Taxes	(5,471)	Expense increase due to wage and salary increases	Exhibit 2
Depreciation	(394,111)	Expense increase due to plant expansion and and plant change outs.	Exhibit 3
Interest Expense	44,507	Expense decrease due to a reduction in debt and interest rates	Exhibit 4
FAS 106	(32,440)	Expense increase due to an updated study	Exhibit 5
Retirement & Security	(56,962)	Expense increase due to an increase in the pension rate of NRECA.	Exhibit 6
Professional Fees	326,143	Expense decrease as these expenses are considered as nonrecurring ones.	Exhibit 7
Director Expenses	83,999	Expense decrease - expenses not allowed for ratemaking purposes	Exhibit 8
Donations	34,604	Expense decrease - expenses not allowed for ratemaking purposes	Exhibit 9
Miscellaneous Expenses	18,408	Expense decrease - expenses not allowed for ratemaking purposes	Exhibit 10
Advertising	41,206	Expense decrease - expenses not allowed for ratemaking purposes	Exhibit 11
Rate Case Expenses	(25,000)	Expense increase - estimate of cost of rate case amortized over three years	Exhibit 12
EKPC Capital Credits	(3,474,463)	Revenue decrease - noncash allocation from wholesale power supplier	Exhibit 14
Purchased Power	4,146,380	Expense decrease - removal of FAC and ESR adjustments for test year and a change in the interruptible rate for wholesale power	Exhibit 15
Revenue - FAC & ESC	(3,653,290)	Revenue decrease -removal fo FAC and ESR adjustments for test year	Exhibit 16
Revenue - Normalization	(57,182)	Revenue decrease due to a decrease in the interruptible rate	Exhibit 16
Other Electric Revenue	(131,086)	Revenue decrease based on number of customers at test year end.	Exhibit 17
	3,150,988		
<b>Actual Loss for Test Year</b>	<b>(481,624)</b>		
Subtotal	3,632,612		
Plus Additional Revenue for a			
2.0 TIER	1,710,275	Additional revenue needed to reach a target TIER of 2.0X	
<b>Total Increase</b>	<b>5,342,887</b>		

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

5. Reference Nolin's response to AG 1-9 to answer the following:
- a. Nolin asserts that the Board considered alternatives to a rate increase. Explain in full detail what alternatives the Board considered, and why they were not pursued instead of a rate case.

**Response:**

The Nolin board has seen the cooperative's finances slowly decline over several years due to slowed growth, increased expenses and a decline in Fort Knox revenue that had helped delay a rate case. During those years many discussions were held at board meetings concerning methods to address this issue, including the reduction of interest expenses and operational expenses; budget reductions discussed in Nolin's response to Staff's First Request, Item 8c, were implemented with the 2017 budget. Ultimately, after nearly a decade of steady (low) rates, Nolin could no longer delay a rate adjustment and filed the instant case.

- b. Did Nolin's Board of Directors discuss alternatives to filing a rate increase such as freezing/reducing wage and salary increases, raises, and/or bonuses, increasing employee contributions for benefits such as health insurance, etc? Explain the answer in full detail.

**Response:**

As described in the previous response, Nolin's Board of Directors often discussed and implemented actions to avoid seeking an increase in rates. With specific reference to employee/payroll costs, Nolin's Board and management, guided by the cooperative's established compensation program/policies, regularly evaluated its expenses and balanced the cooperative's need to retain quality, highly-trained employees with its financial performance. Nolin considers health insurance, wages and other benefits as part of the complete employment package offered to attract and retain the employees necessary to aid Nolin in providing safe, reliable and affordable electric service. That said, more than once the wage and salary plan was not fully funded by the Nolin board and other measures, as shown in Nolin's response to Staff's First Request, Item 8c, have been implemented to reduce expenses.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Supplemental Request for Information**

6. Reference Nolin's response to AG 1-10.
- a. Provide a detailed explanation for each and every job position where Nolin pays the employee a higher salary/wage than the maximum amount recommended by the Intandem Salary Survey.

**Response:**

Please refer to Nolin's response to Commission Staff's Third Request for Information, Item 18b. The following employees wage is set above the maximum rate for the job grade with which their job is associated:

2016 Intandem Salary Survey	
JOB POSITION	
VP Engineering/Operations	Provides professional and technical electrical engineering services necessary for the development of properly planned system maintenance, growth, and improvement through implementation of long-range plans, construction work plans and other system studies.
Admin Asst Member Svcs	Provides secretarial and administrative support to the Member Services Department; provides product, service and benefit information to the public; provides support for Nolin RECC programs.
Cashier	Accepts payments to accounts; provides personal contact and answers consumers' questions regarding payment, balance due, etc.
Project Coordinator	Executes specific computer programs to generate forms, reports, and maintain Ft. Knox accounts. Works on special projects as they develop.
Line Tech III	Assists in the construction, maintenance and operation of overhead and underground distribution and transmission lines and substations; keeps informed and complies with all safety policies, procedures, rules and regulations.
Line Tech 1	Assists in the construction, maintenance and operation of overhead and underground distribution and transmission lines and substations; keeps informed and complies with all safety policies, procedures, rules and regulations. Provides leadership and supervision to assigned crew and coordinates the efficient implementation of assigned tasks.

- b. Explain in full detail how Nolin intends to address the issue of employees being paid more than the maximum salary/wage recommended by the Intandem Salary Survey.

**Response:**

Nolin has frozen the wages for those paid above the maximum of the salary range and re-evaluations of those Grades will soon take place. Several of the instances of the maximum being exceeded were caused by the wage and salary survey showing a decrease in the grade value causing the maximum to drop. This caused the employee who may have been near the maximum to exceed the maximum.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

7. Reference Nolin's response to AG 1-11(a) and (b). Provide the information for salaried employees and hourly employees in separate charts and designate as such. Further, include the percent pay increase for each of the employees for the past ten (10) years as originally requested.

**Response:**

The information for salaried employees and hourly employees has been provided in separate charts and designated as such in "Attachment 7A," which is included with this response. Nolin has provided the percent pay increase for each of the employees for the past ten (10) years in "Attachment 7B," which is also included in this response.

Nolin Rural Electric Cooperative Corporation ("Nolin")

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2016

**HOURLY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							



Nolin Rural Electric Cooperative Corporation ("Nolin")  
CONFIDENTIAL - Case NO: 2016-00367  
Salary & Benefit Data by Employee - 2016

**SALARY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

**NOLIN RURAL ELECTRIC - HOURLY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
--------------------	------	-------	---------	----------	-------	---	-------



Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							

Nolin Rural Electric Cooperative Corporation ("Nolin")  
CONFIDENTIAL - Case NO: 2016-00367  
Salary & Benefit Data by Employee - 2015

### SALARY EMPLOYEES

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Sub-Total

**HOURLY EMPLOYEES**

Employee Number	NAME		Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted]							

Employee Number	NAME		Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
--------------------	------	--	---------	----------	-------	--------------------------------------	-------



Employee Number	NAME		Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							



Nolin Rural Electric Cooperative Corporation ("Nolin")

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2014

**SALARY EMPLOYEES**

Employee Number	NAME		Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted]							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2013**

**HOURLY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2013**

**SALARY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

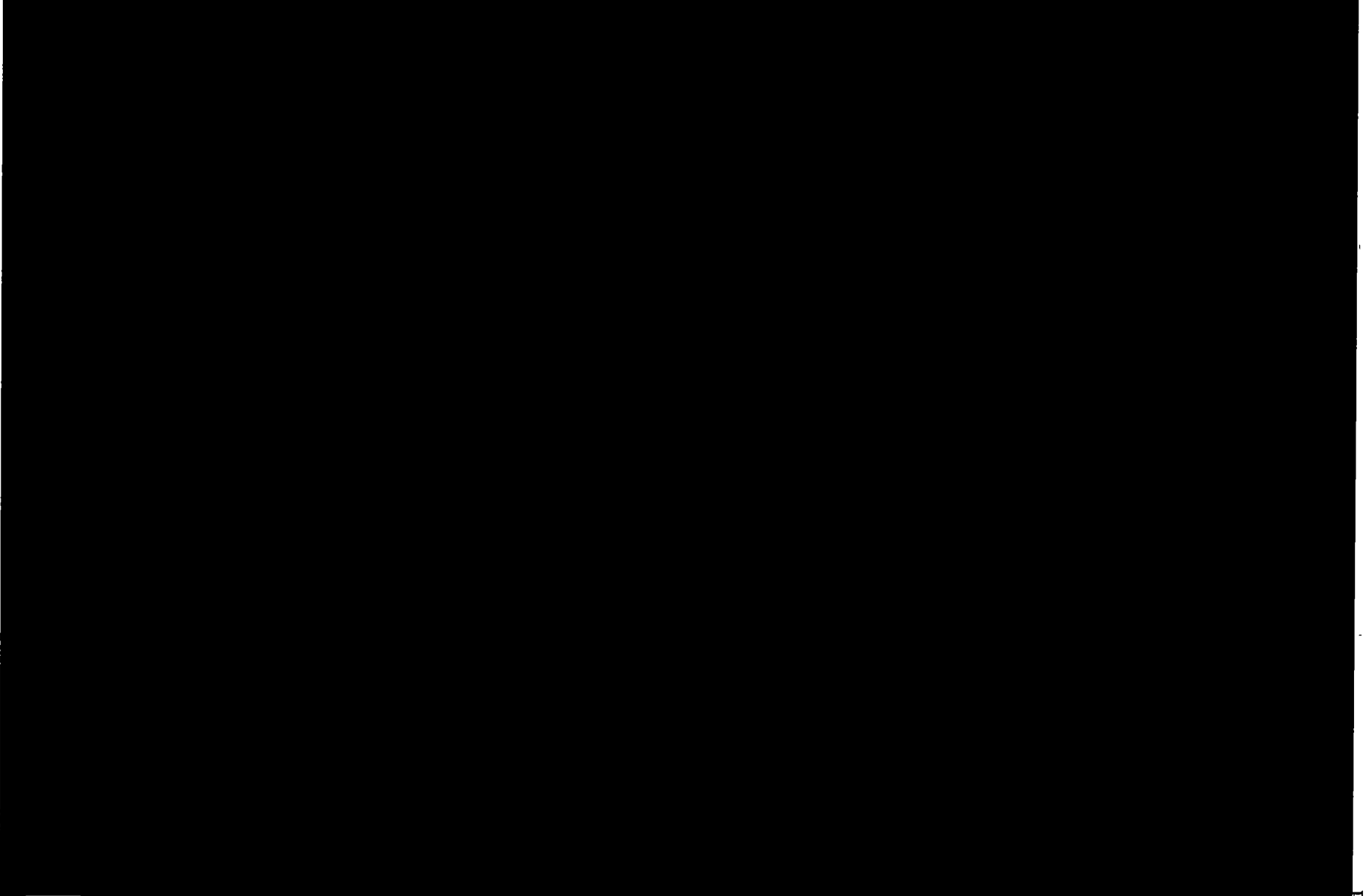
**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2012**

**HOURLY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
--------------------	------	-------	---------	----------	-------	---	-------





Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2012**

**SALARY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

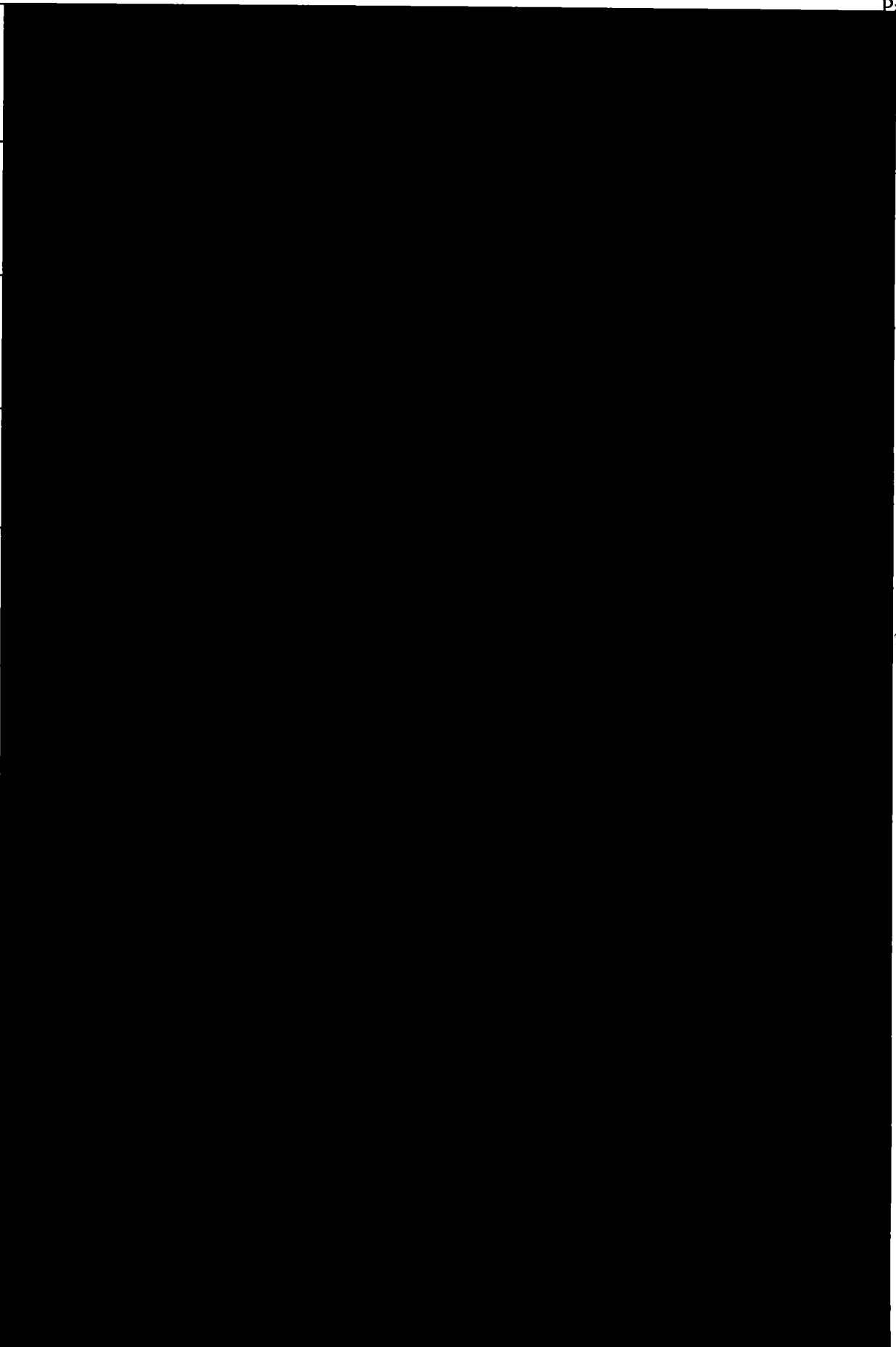
**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2011**

**HOURLY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted]							

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
							

2011  
2010

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[Redacted Content]							

2023  
2023

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2011

**SALARY EMPLOYEES**

Employee Number	NAME	Title	Regular	Overtime	Bonus	Vacation payout/ Storm Aid/ Other	Total
[REDACTED]							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2010

HOURLY EMPLOYEES

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
--	------	--	-------	-----	----	-------	--	-------



001 7A  
002 26



	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL


ATTACHMENT 7A  
 PAGE 27

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2010

**SALARY EMPLOYEES**

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

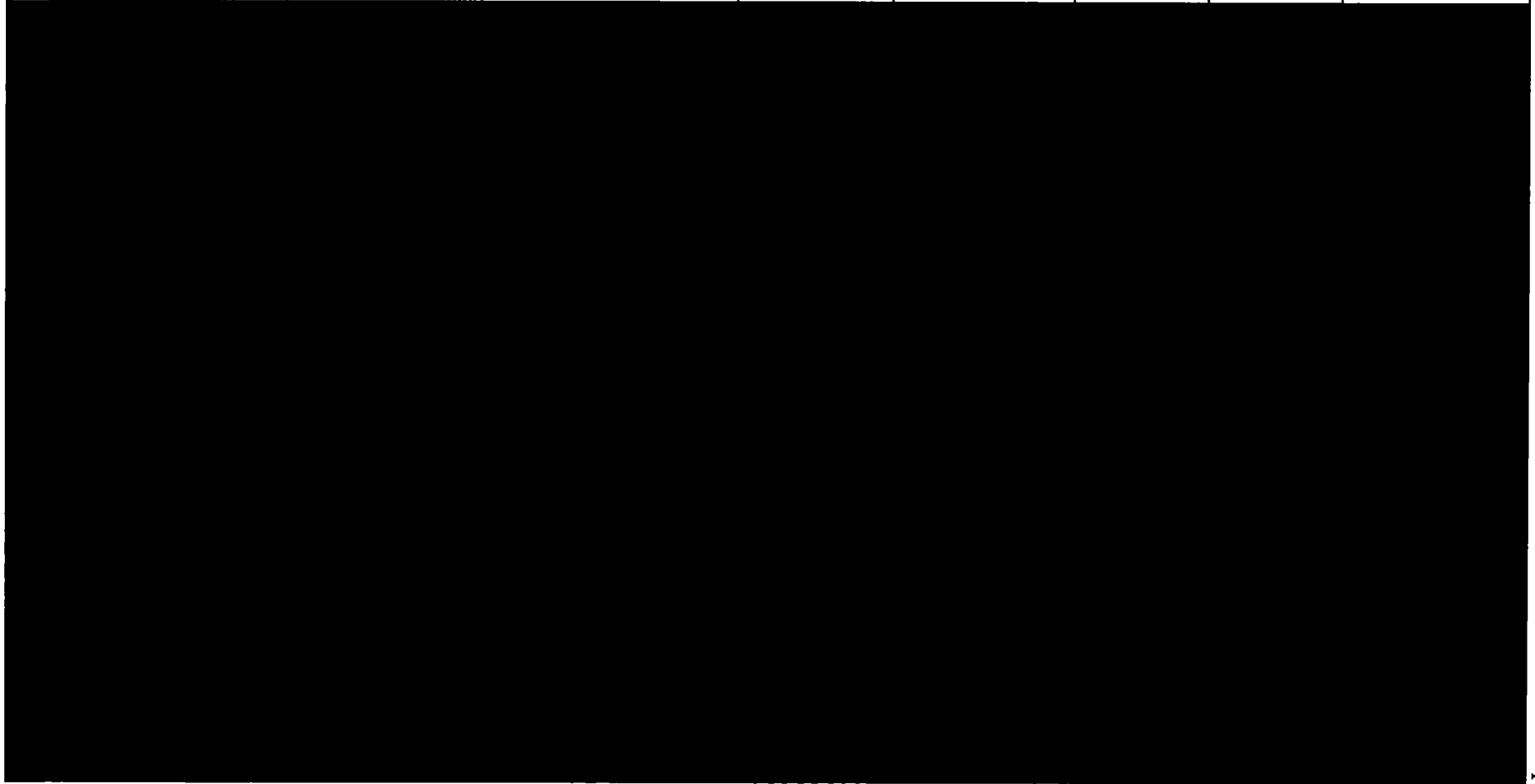
**Nolin Rural Electric Cooperative Corporation ("Nolin")**

CONFIDENTIAL - Case NO: 2016-00367

Salary & Benefit Data by Employee - 2009

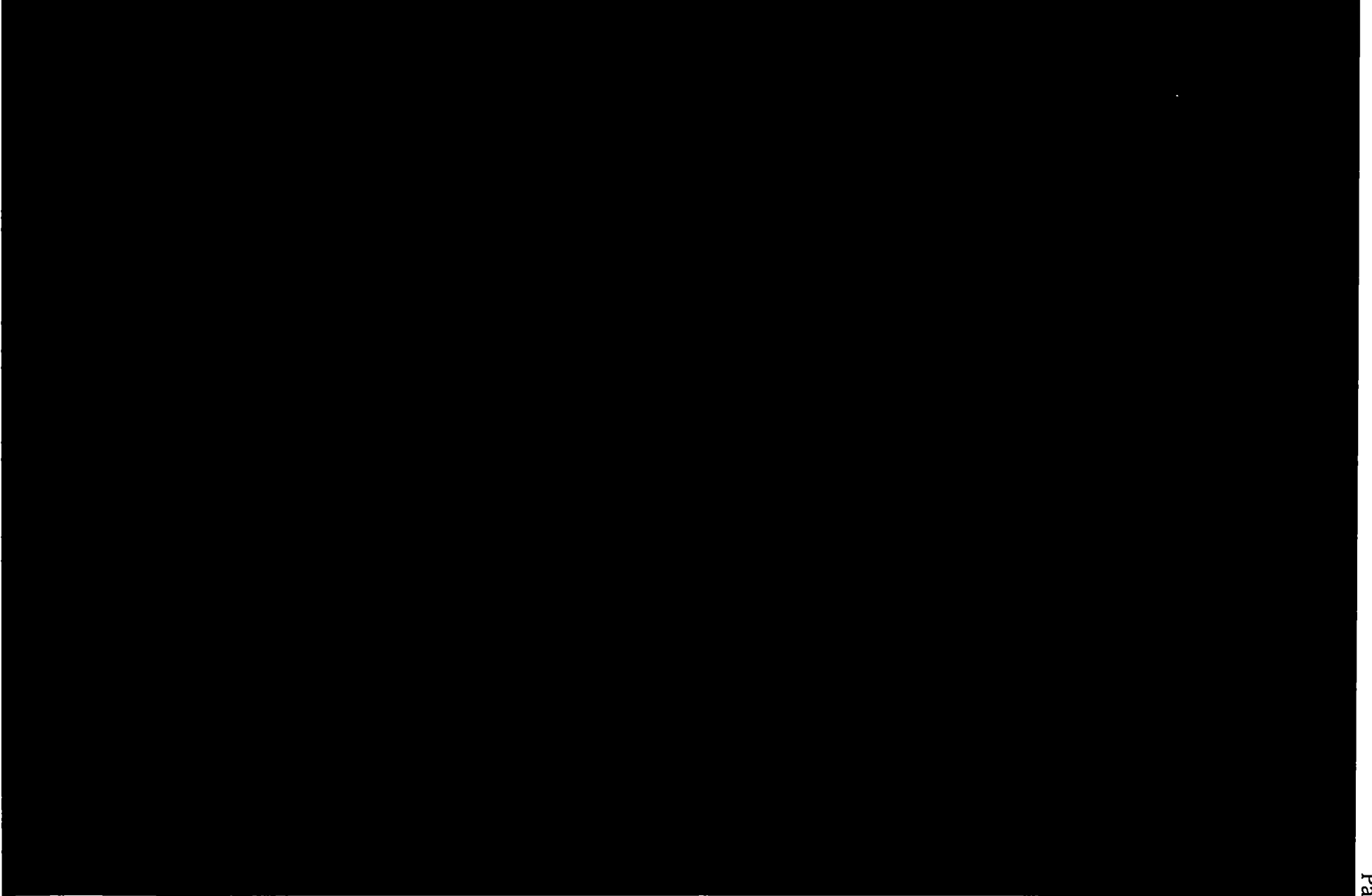
HOURLY EMPLOYEES

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
--	------	--	-------	-----	----	-------	--	-------



ent 29  
2010 29

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
--	------	--	-------	-----	----	-------	--	-------





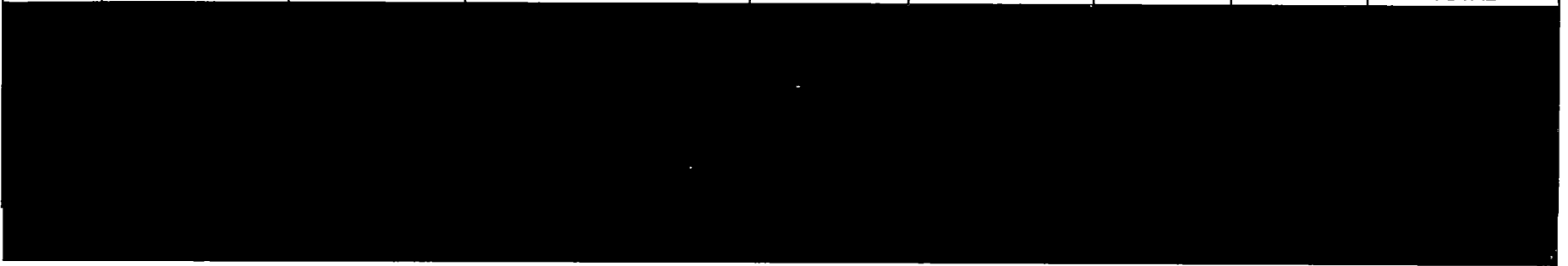
	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
[REDACTED]								

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2009**

**SALARY EMPLOYEES**

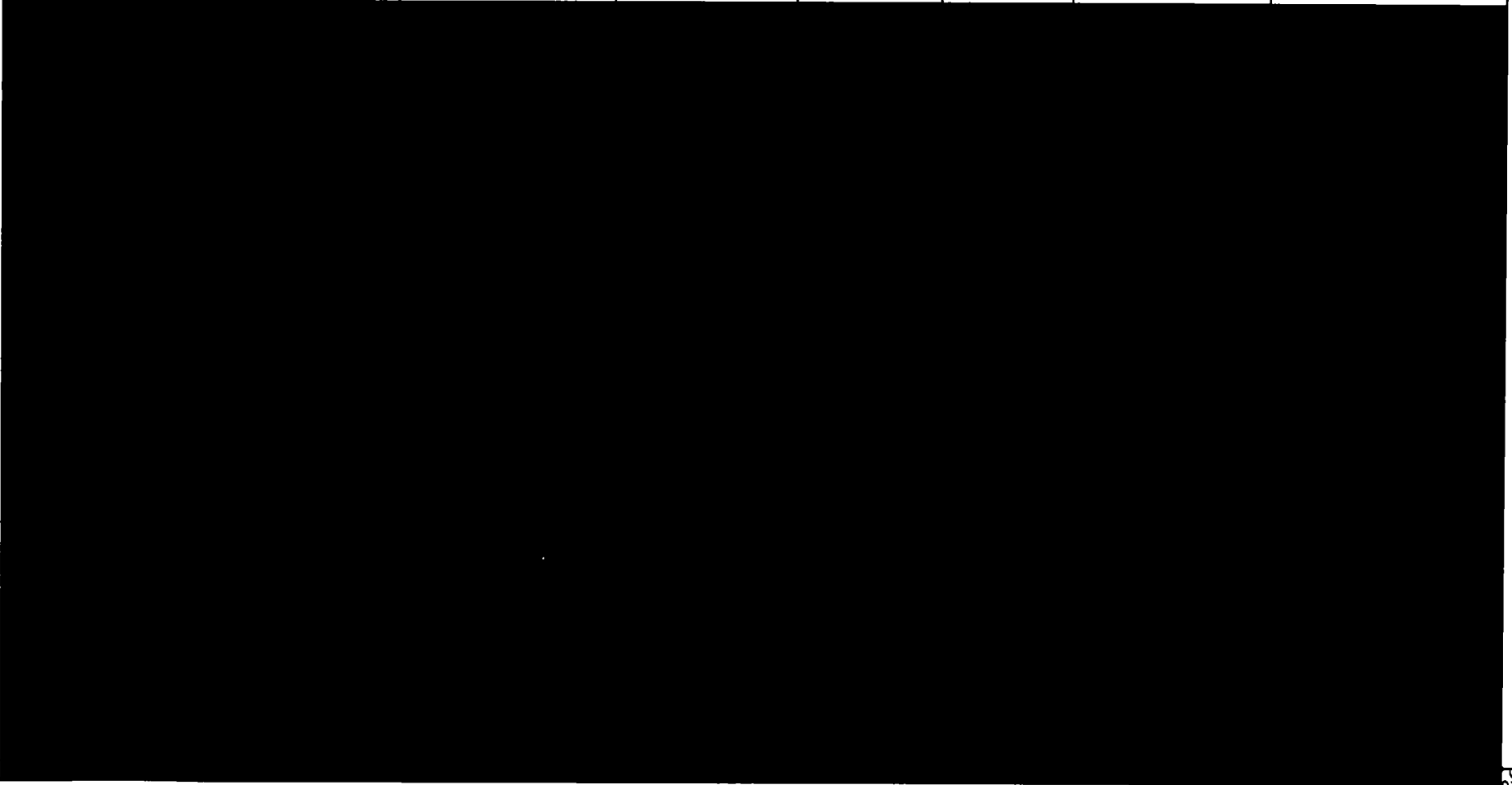
	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

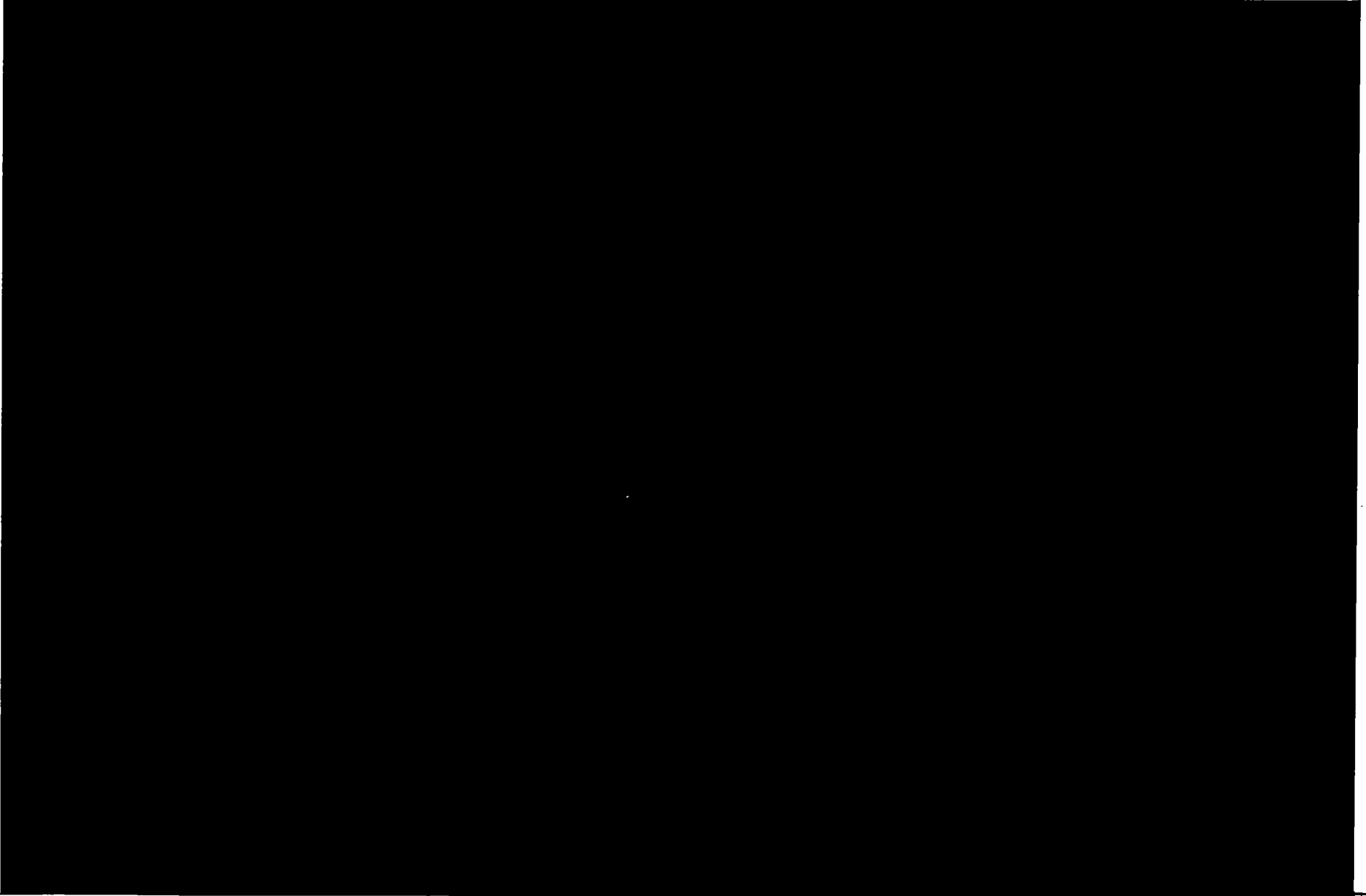
**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee -- 2008**

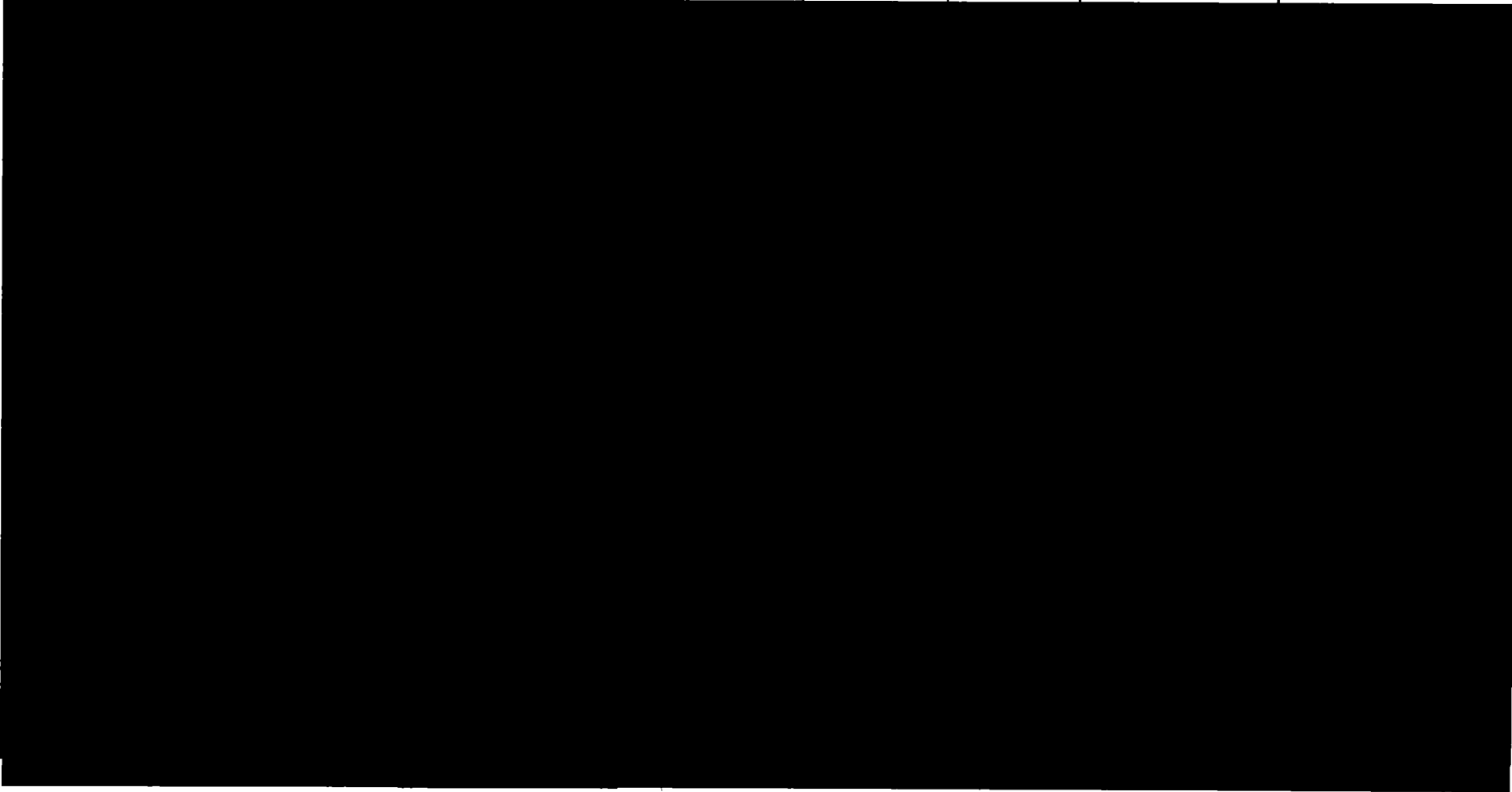
**HOURLY EMPLOYEES**

	NAME	TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
							

	NAME	TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
--	------	-------	-----	----	-------	---	-------






	NAME	TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2008**

**SALARY EMPLOYEES**

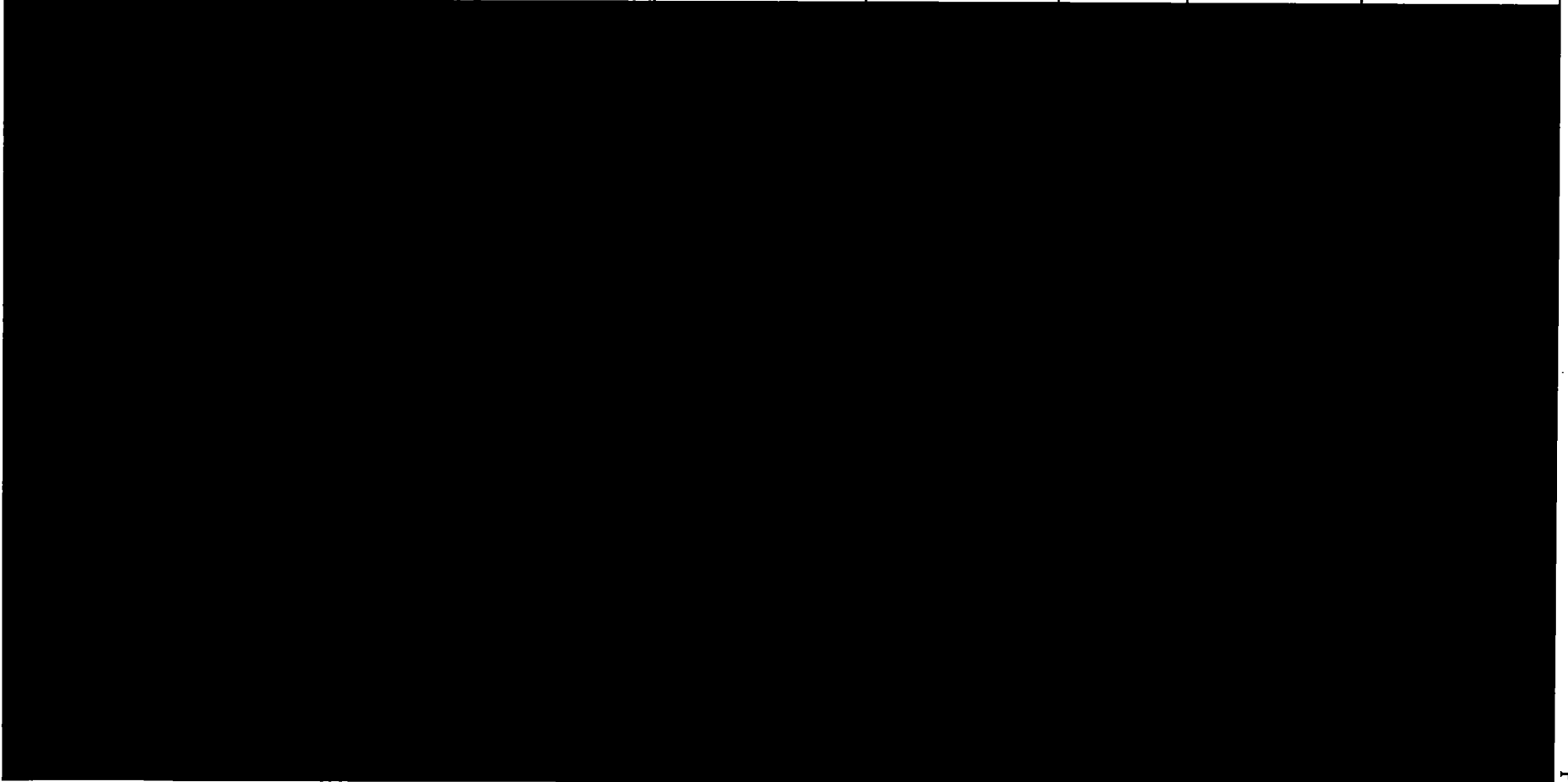
	NAME	TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
							

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

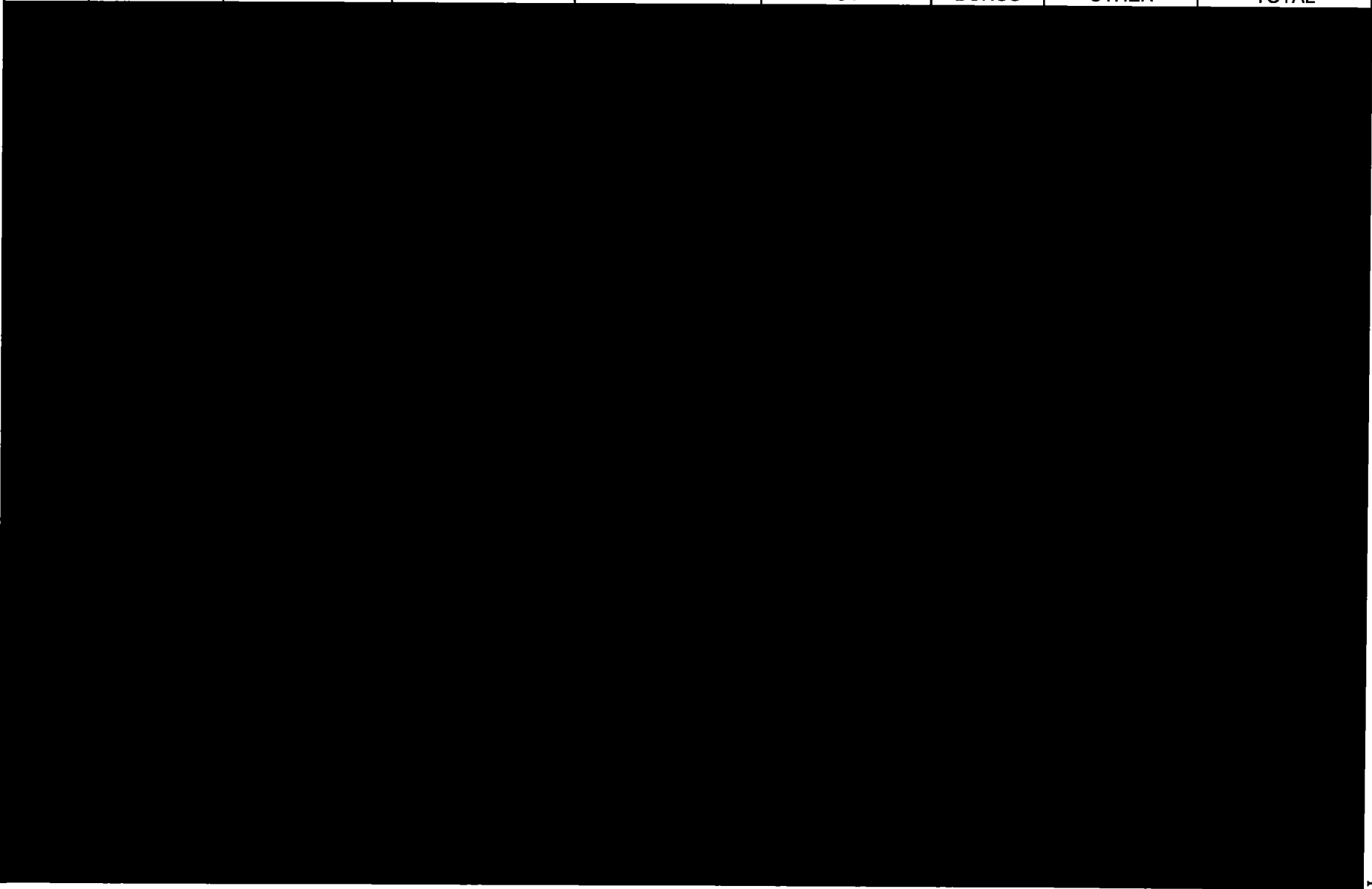
**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2007**

**HOURLY EMPLOYEES**

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
--	------	--	-------	-----	----	-------	--	-------




	NAME	TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2007**

**SALARY EMPLOYEES**

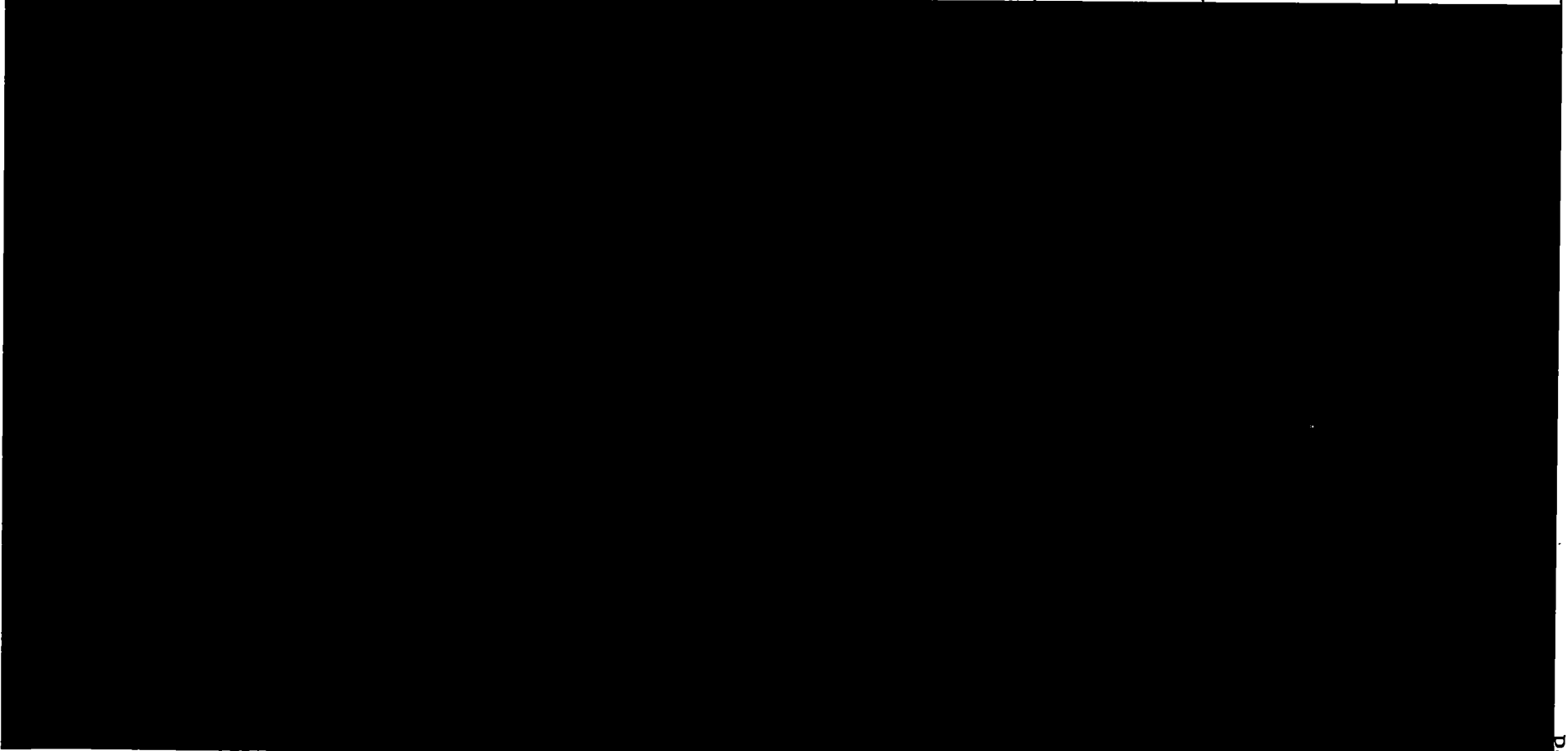
	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

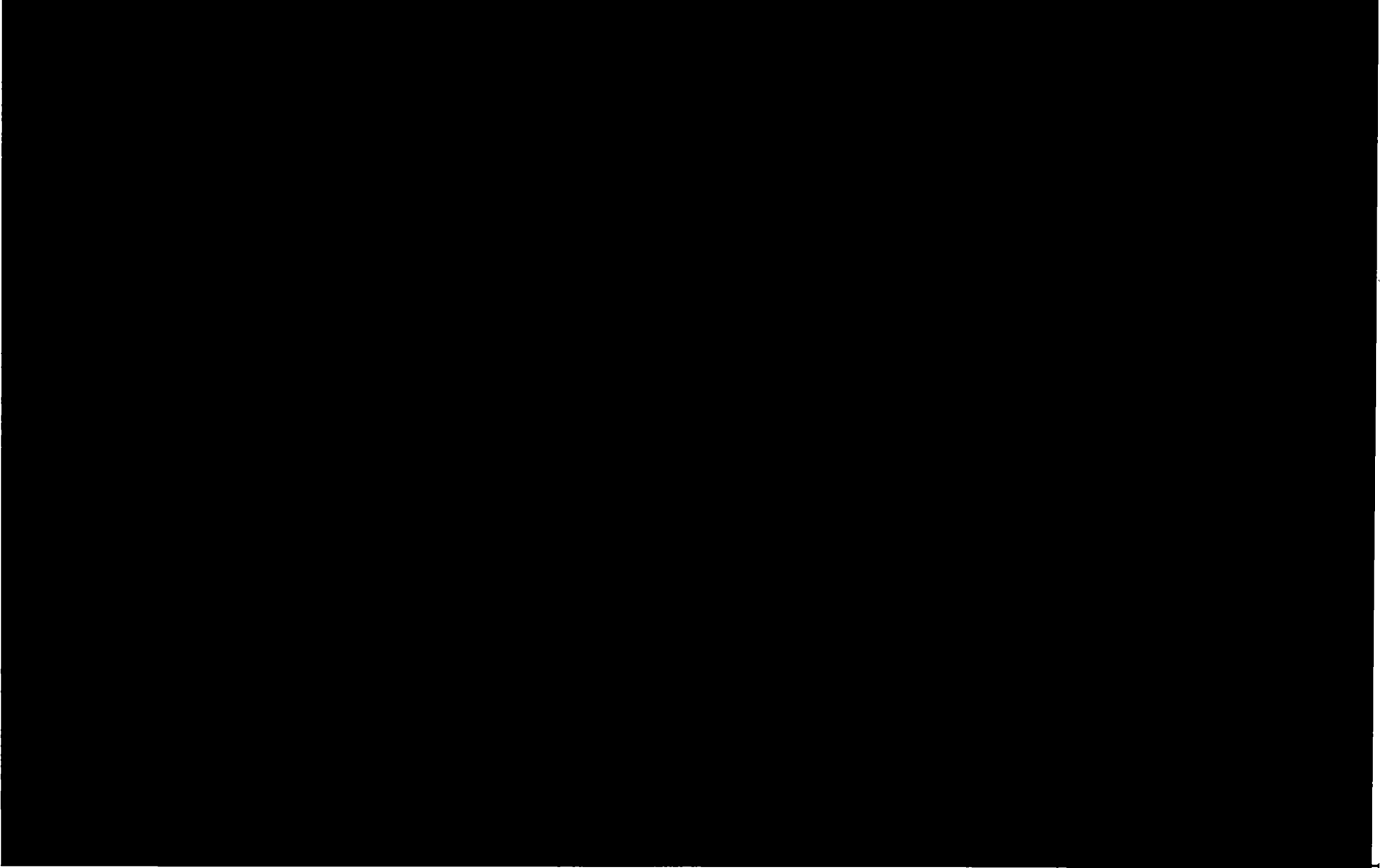
**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2006**

**HOURLY EMPLOYEES**

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM-AID/ OTHER	TOTAL
--	------	--	-------	-----	----	-------	--	-------





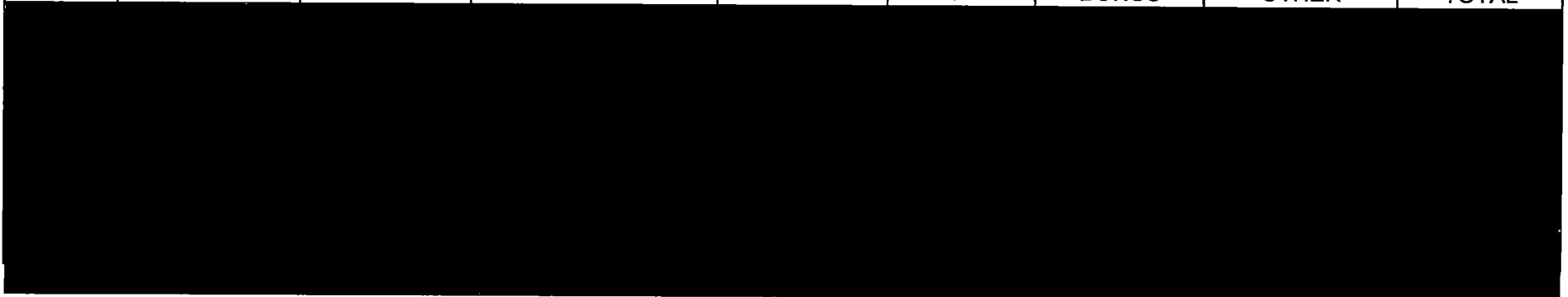
	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
[REDACTED]								

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

**CONFIDENTIAL - Case NO: 2016-00367**

**Salary & Benefit Data by Employee - 2006**

**SALARY EMPLOYEES**

	NAME		TITLE	REG	OT	BONUS	VACATION PAYOUT/ STORM AID/ OTHER	TOTAL
								

**Nolin Rural Electric Cooperative Corporation ("Nolin")**

CONFIDENTIAL - Case NO: 2016-00367

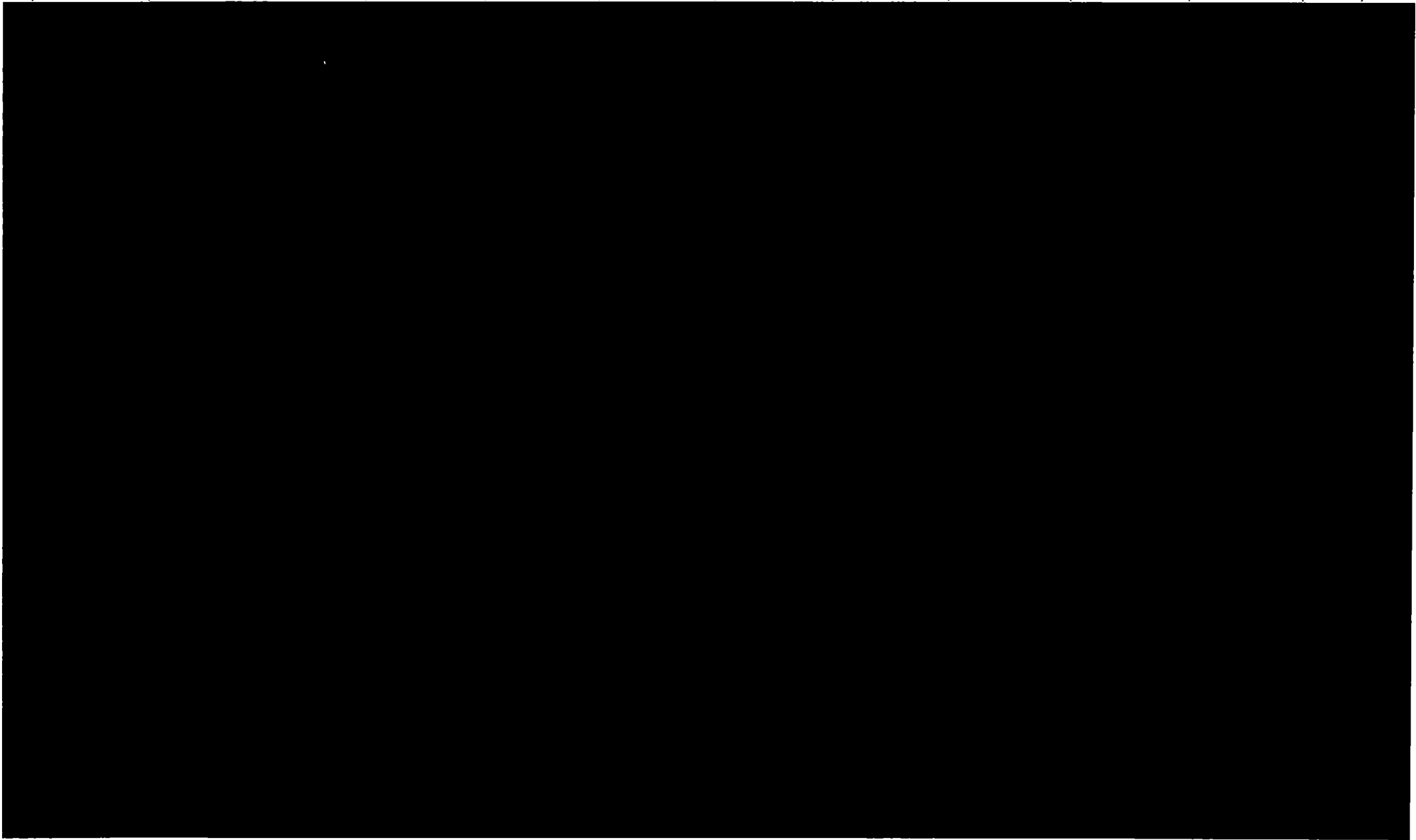
Salary & Benefit Data 2007 - 2016

	Health Benefits Cost		Dental Benefit Cost		Life Insurance		Supplemental AD&D		401K		Retirement	
	Nolin	Employee	Nolin	Employee	Nolin	Employee	Nolin	Employee	Nolin	Employee	Nolin	Employee



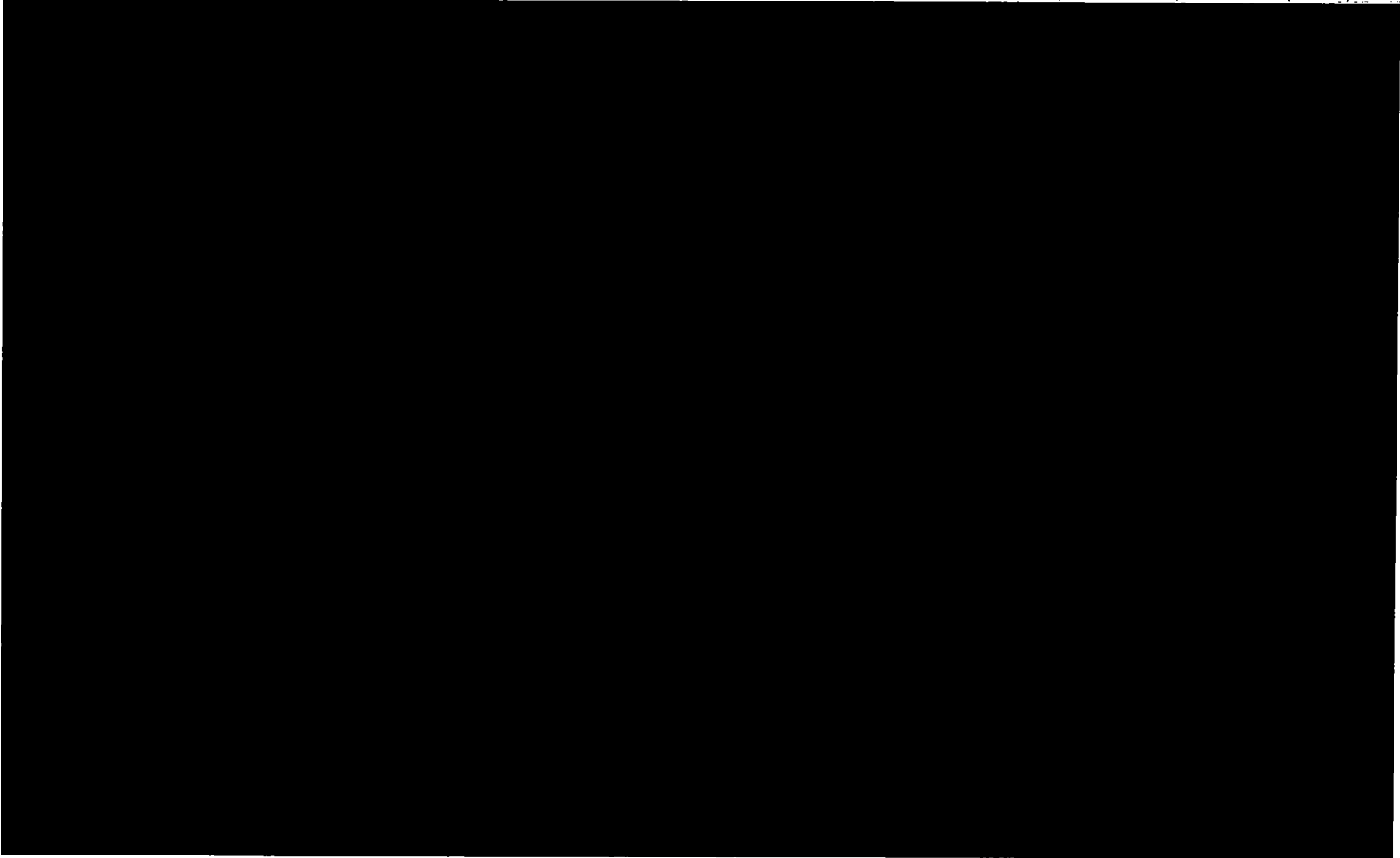
HOURLY EMPLOYEES - PERCENT PAY INCREASE PER YEAR

2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
Effective 11/1/16		Effective 11/1/15		Effective 11/1/14		Effective 11/1/13		Effective 11/1/12		Effective 11/1/11		Effective 11/1/10		Effective 11/1/09		Effective 1/1/09		Effective 1/1/08		Effective 1/1/07		Effective 1/1/06	
Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	Pay Rate



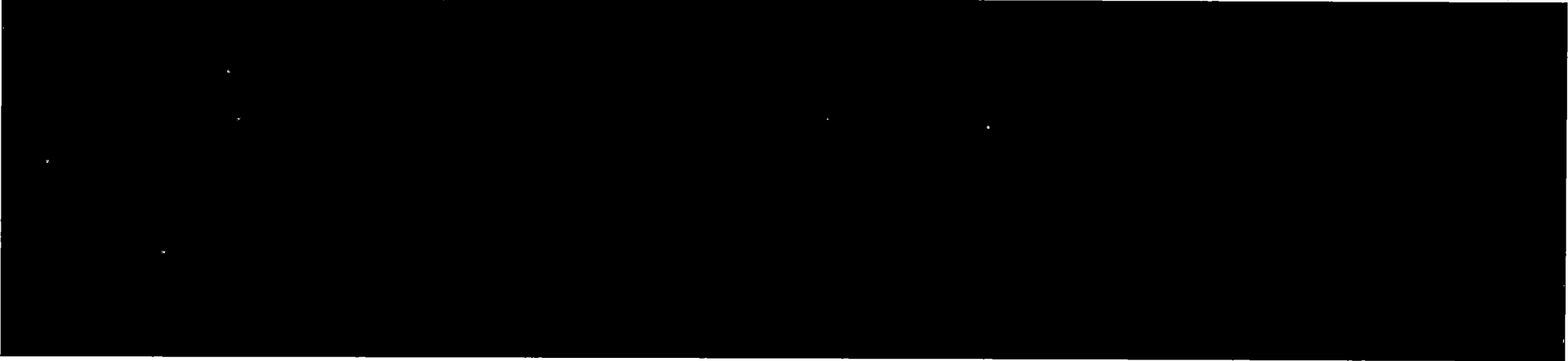
HOURLY EMPLOYEES - PERCENT PAY INCREASE PER YEAR

2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
Effective 11/1/16		Effective 11/1/15		Effective 11/1/14		Effective 11/1/13		Effective 11/1/12		Effective 11/1/11		Effective 11/1/10		Effective 11/1/09		Effective 1/1/09		Effective 1/1/08		Effective 1/1/07		Effective 1/1/06	
Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	Pay Rate



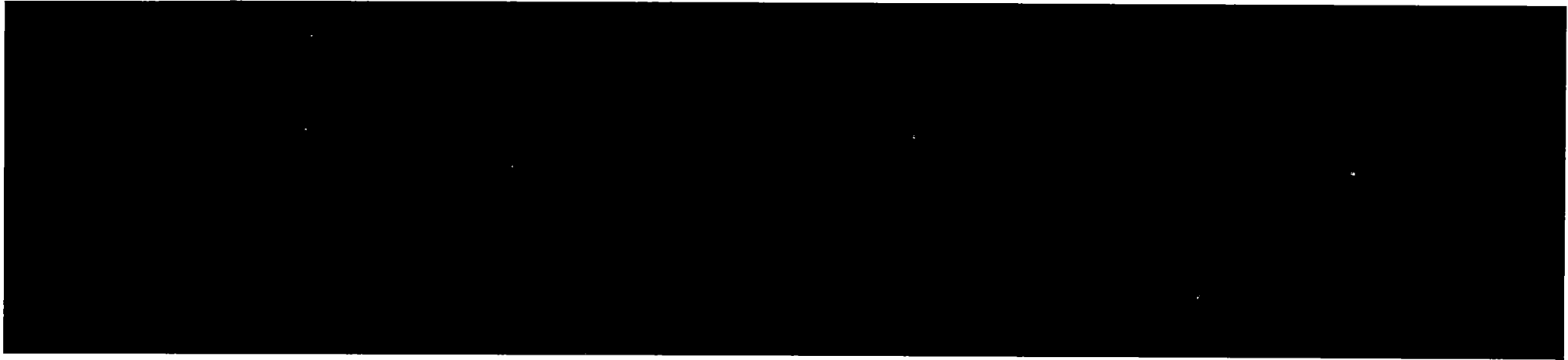
HOURLY EMPLOYEES - PERCENT PAY INCREASE PER YEAR

2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
Effective 11/1/16		Effective 11/1/15		Effective 11/1/14		Effective 11/1/13		Effective 11/1/12		Effective 11/1/11		Effective 11/1/10		Effective 11/1/09		Effective 1/1/09		Effective 1/1/08		Effective 1/1/07		Effective 1/1/06	
Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	% Increase	Emp #	Pay Rate



SALARY EMPLOYEES - PERCENT PAY INCREASE PER YEAR

2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		
Effective 11/1/16	Emp #	Effective 11/1/15	Emp #	Effective 11/1/14	Emp #	Effective 11/1/13	Emp #	Effective 11/1/12	Emp #	Effective 11/1/11	Emp #	Effective 11/1/10	Emp #	Effective 11/1/09	Emp #	Effective 1/1/09	Emp #	Effective 1/1/08	Emp #	Effective 1/1/07	Emp #	Effective 1/1/06	Emp #	Pay Rate



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Initial Request for Information**

8. Reference Nolin's response to AG 1-11(a), (b), and (c) to answer the following questions:
- a. Provide a detailed list of each and every bonus that Nolin awards to its employees, designate whether the bonus is available to salary and/or wage employees, the criteria utilized by Nolin to award each bonus, and full justification for each and every bonus Nolin awarded that was more than \$250 for years 2015 and 2016.

**Response:**

Nolin employees, both wage and salary, may receive a bonus at the end of each year if approved by the Board of Directors. This bonus has historically been \$260 or less and no other "bonus" is generally awarded. Notably, the column titled "Bonus/Other" found in "Attachment 11A" of AG 1-11 included any compensation paid outside of regular employee wages issued through the payroll system such as a bonus, payment for storm assistance to another cooperative, or vacation payout. Due to constraints in our payroll system, these amounts listed outside of regular wages must be entered as such. Please refer to "Attachment 7A" of this filing for detailed amounts in the "bonus" and "other" columns.

- b. Provide a detailed breakdown of the amounts paid to the Board of Director's for year 2015 and 2016. Additionally, provide a list of each Nolin Board of Director's job title with salary, overtime if any, percent pay increase, all benefits, bonuses, awards, etc. for 2016 as well.

**Response:**

Please refer to "Attachment 8A", which is included in this response, for a detailed breakdown of the amounts paid to the Board of Directors' for years 2015 and 2016. Job titles include one Chairman, one Vice Chairman, one Secretary, and three Directors. They are paid fees, but no salary or overtime; they receive no bonuses or awards. The attached breakdown lists all benefits Nolin pays for the Board of Directors.



- c. Provide the premium amount that Nolin employees contribute to health insurance coverage per month.

**Response:**

Nolin RECC employees do not contribute to health insurance coverage.

- d. Provide the premium amount that Nolin pays for dental benefits per month.

**Response:**

Nolin RECC pays no dental premiums for employees; dental premiums are paid 100 percent by the employee.

- e. Confirm that Nolin does not offer vision insurance to its employees. Explain the answer in full detail if Nolin does provide vision insurance to its employees along with the premium contributions.

**Response:**

Nolin RECC does not offer vision insurance to its employees.

- f. Provide the premium amount that Nolin employees contribute to life insurance per month.

**Response:**

Nolin RECC employees do not contribute to the basic life insurance offered by Nolin RECC. They can, however, enroll in Supplemental Life insurance which is paid 100 percent by the employee.

- g. Confirm that Nolin does not pay for or subsidize the costs of Accidental Death or Dismemberment policies for its employees. Explain the answer in full detail.

**Response:**

Nolin RECC employees do not contribute to the basic Accidental Death or Dismemberment (AD&D) insurance offered by Nolin RECC. They can, however, enroll in Supplemental AD&D insurance which is paid 100 percent by the employee. Please refer to "Attachment 7A" included with this filing.

- h. Provide a detailed description of Nolin's 401(k) policy. Provide any matching information including maximum caps, whether Nolin or the employee pays for the 401(k) administrative fees, etc.

**Response:**

Nolin RECC's 401(k) Plan is a defined contribution plan and is qualified under all applicable sections of the Internal Revenue Code of 1986 and Treasury Regulations. The 401(k) Plan operates on a calendar year basis during the twelve-month period beginning on January 1 and ending on December 31. The Plan is a money purchase pension plan with a special salary deferral feature that allows contributions on a pretax basis. Employees may also make after-tax contributions to a Roth 401(k) account. Employee base salary is used for employer, employee and voluntary employee contributions. Nolin RECC matches 100 percent of employee contributions up to 2 percent of wage/salary. Maximum annual contribution for elective deferrals for 2017: \$18,000; over 50 catch up for 2017: \$6,000. Employees have a one-year eligibility waiting period to enroll. Nolin pays 100 percent of the 401(k) administrative fees.

- i. Provide a detailed description of Nolin's Retirement policy. Provide details on whether employees contribute toward retirement, and if not why not, the monetary amount that employees contribute toward retirement, what amounts/percentages Nolin contributes toward employee retirements, working years to retire, retirement age, etc.

**Response:**

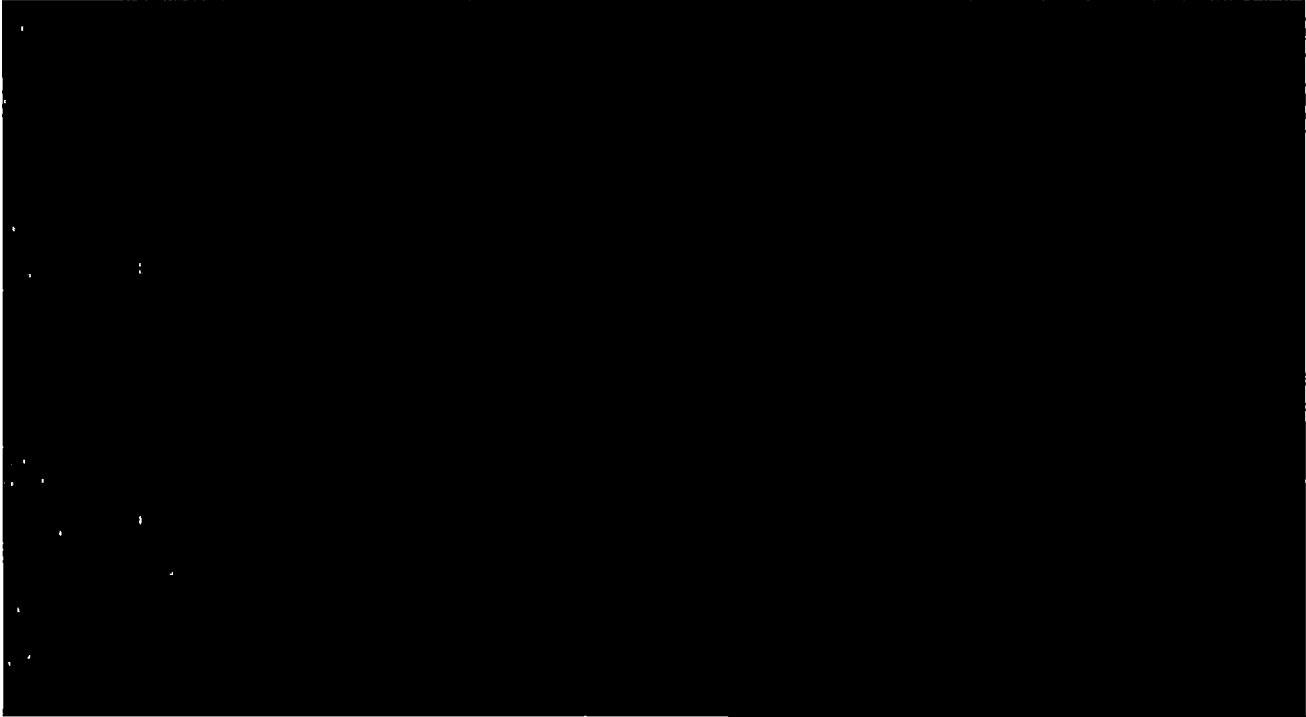
Nolin RECC's Retirement Security (RS) Plan provides a defined benefit plan and is qualified under all applicable sections of the Internal Revenue code of 1986 and Treasury Regulations. The RS Plan operates on a calendar year basis during the twelve-month period beginning January 1 and ending on December 31. The current benefits formula is 1.9% of a participant's final average effective salary, times years of benefit service. Employees have a one-year eligibility waiting period to enroll. Normal retirement age for the "30QuasiYes" Plan, for those hired or actively working at the Cooperative on or before January 1, 2017, is the earlier of 30 years of Benefit Service or age 62. Normal retirement age for the "30QuasiNo" Plan is after 30 years of credited service, but employees may quasi-retire only at or after age 62. Employees do not contribute toward retirement; Nolin RECC considers the RS Plan as part of the complete employment package offered to attract and retain top quality, highly trained employees to aid Nolin in providing clean, safe, reliable and affordable electric service.

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
TOTAL COMPENSATION PAID FOR BOARD MEMBER 2015**

**CHAIRMAN**

**Cooperative Board Meetings**

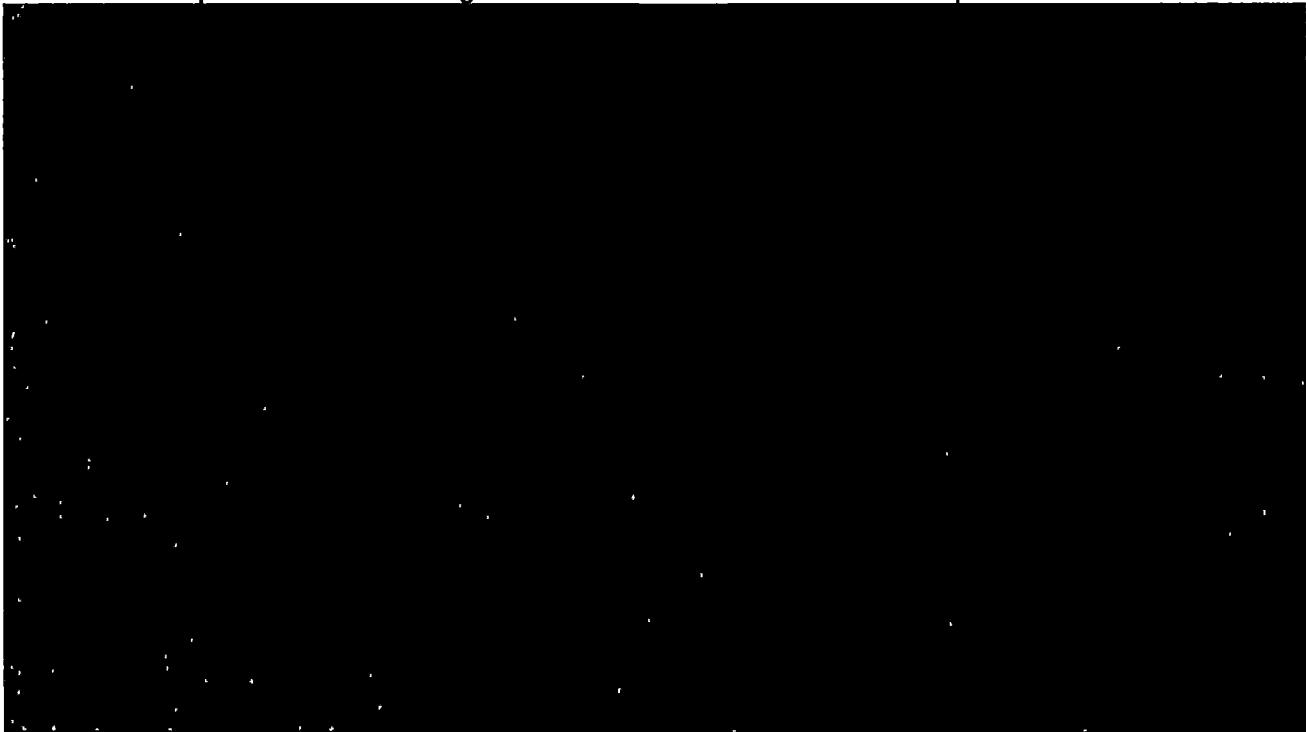
**Co-op Paid Benefits**



**VICE CHAIRMAN**

**Cooperative Board Meetings**

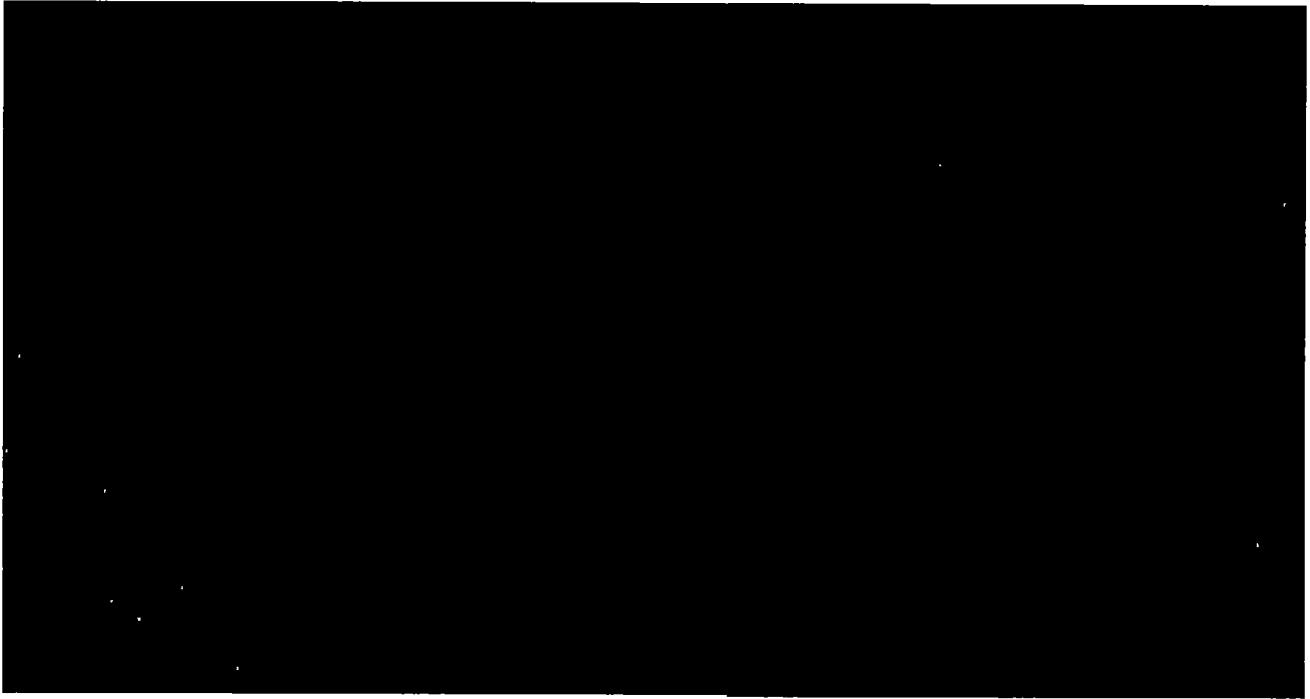
**Co-op Paid Benefits**



**SECRETARY**

Cooperative Board Meetings

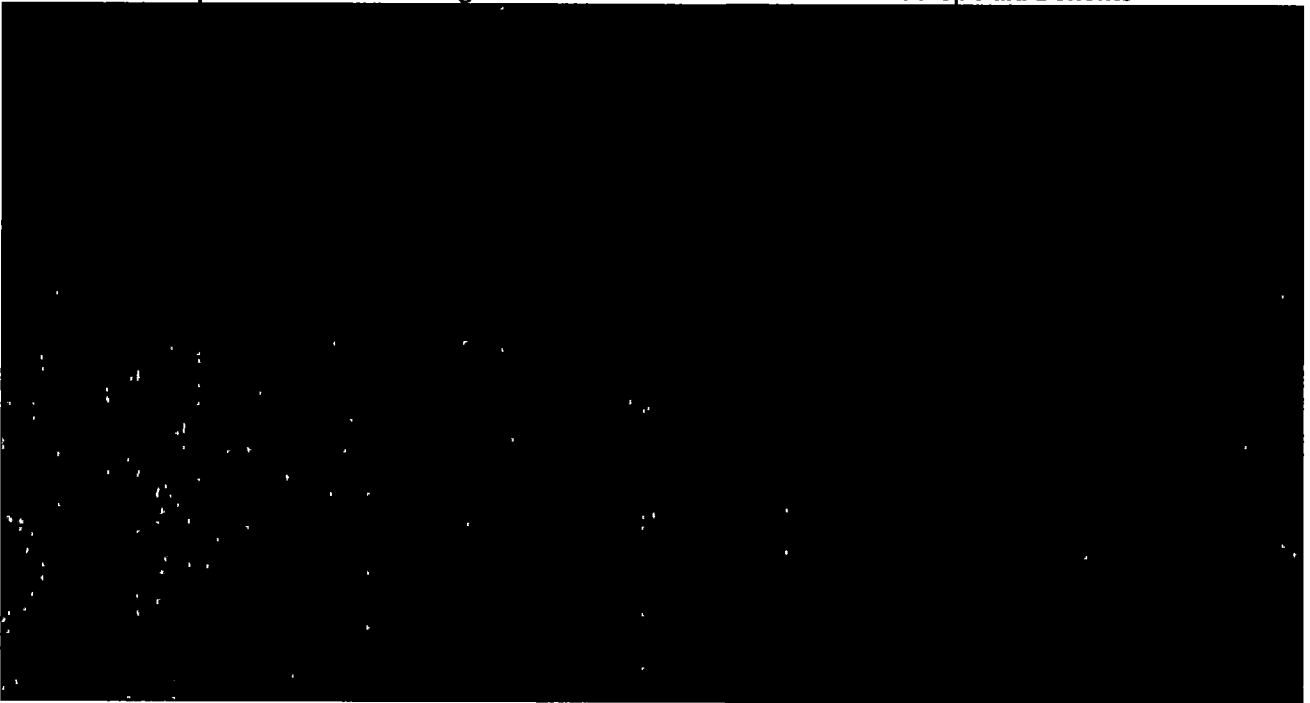
Co-op Paid Benefits



**DIRECTOR 1**

Cooperative Board Meetings

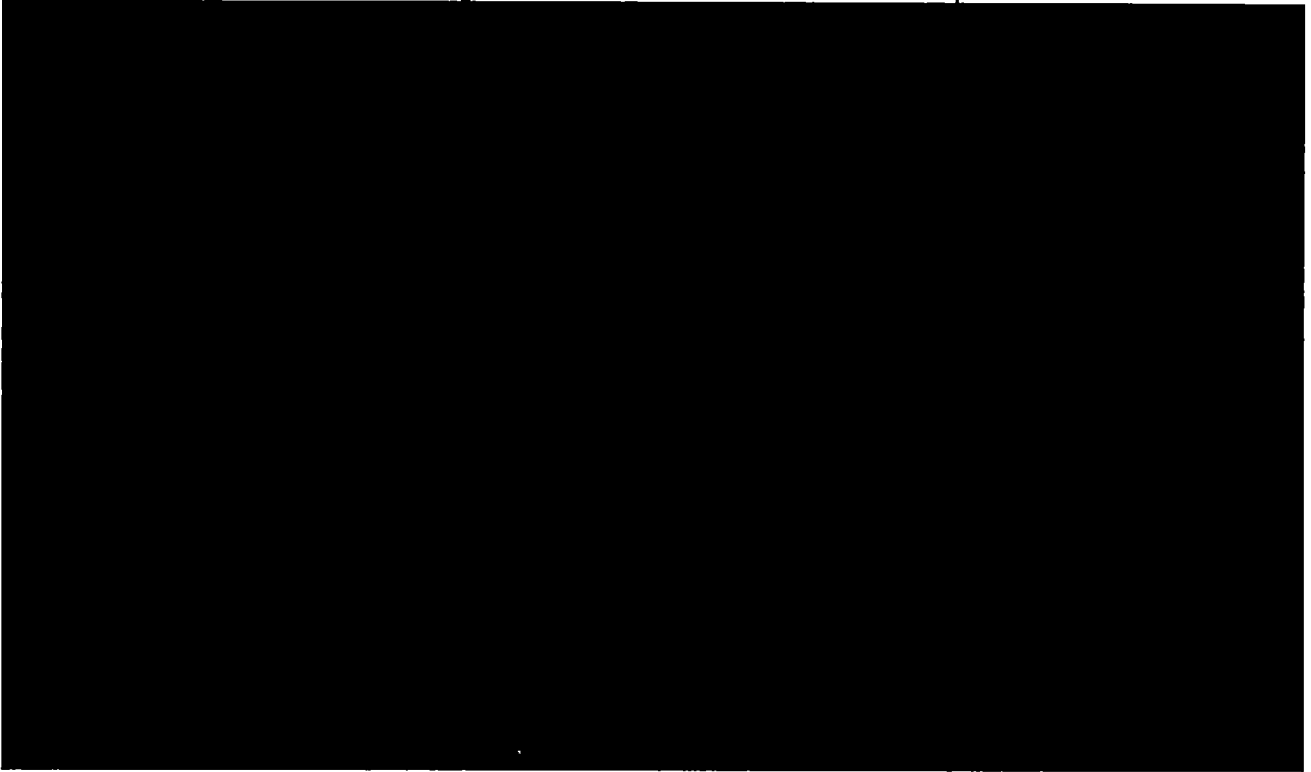
Co-op Paid Benefits



**DIRECTOR 2**

Cooperative Board Meetings

Co-op Paid Benefits



**DIRECTOR 3**

Cooperative Board Meetings

Co-op Paid Benefits

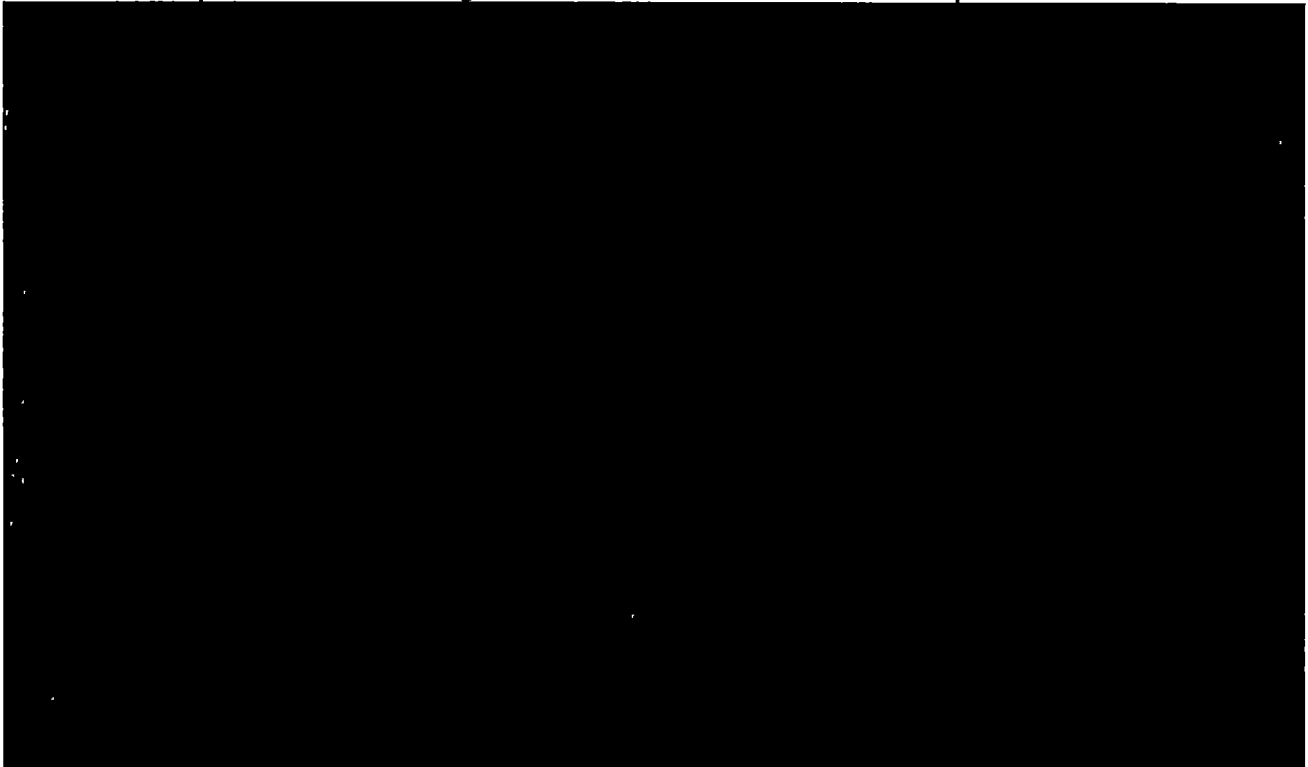


**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
TOTAL COMPENSATION PAID FOR BOARD MEMBER 2016**

**CHAIRMAN**

Cooperative Board Meetings

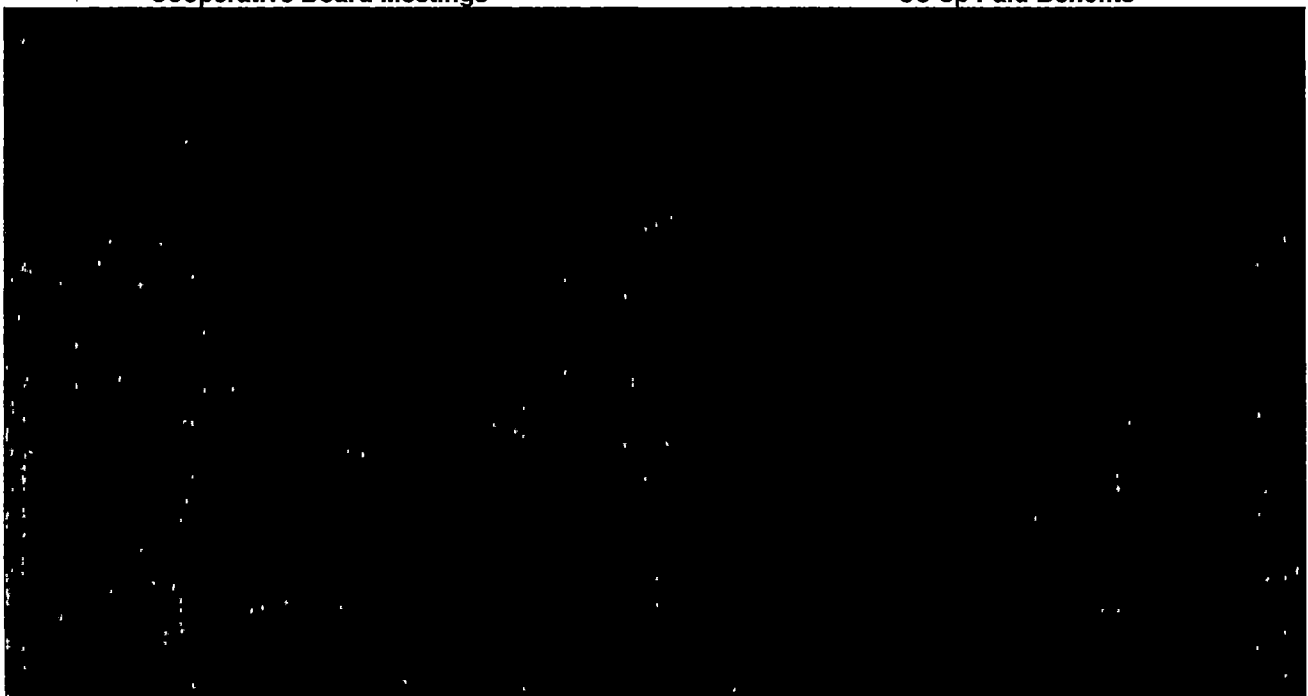
Co-op Paid Benefits

A large black rectangular redaction box covers the entire table area for the Chairman's compensation data. No numerical or textual information is visible within this section.

**VICE CHAIRMAN**

Cooperative Board Meetings

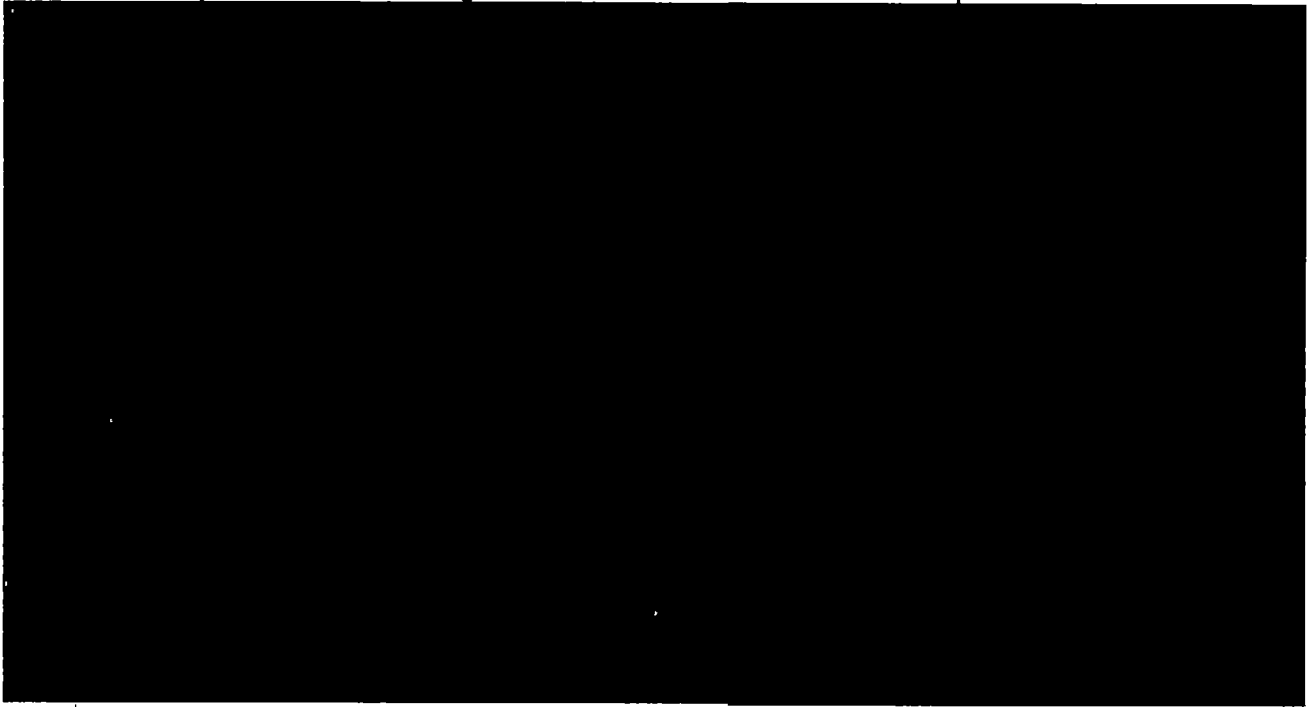
Co-op Paid Benefits

A large black rectangular redaction box covers the entire table area for the Vice Chairman's compensation data. No numerical or textual information is visible within this section.

**SECRETARY**

**Cooperative Board Meetings**

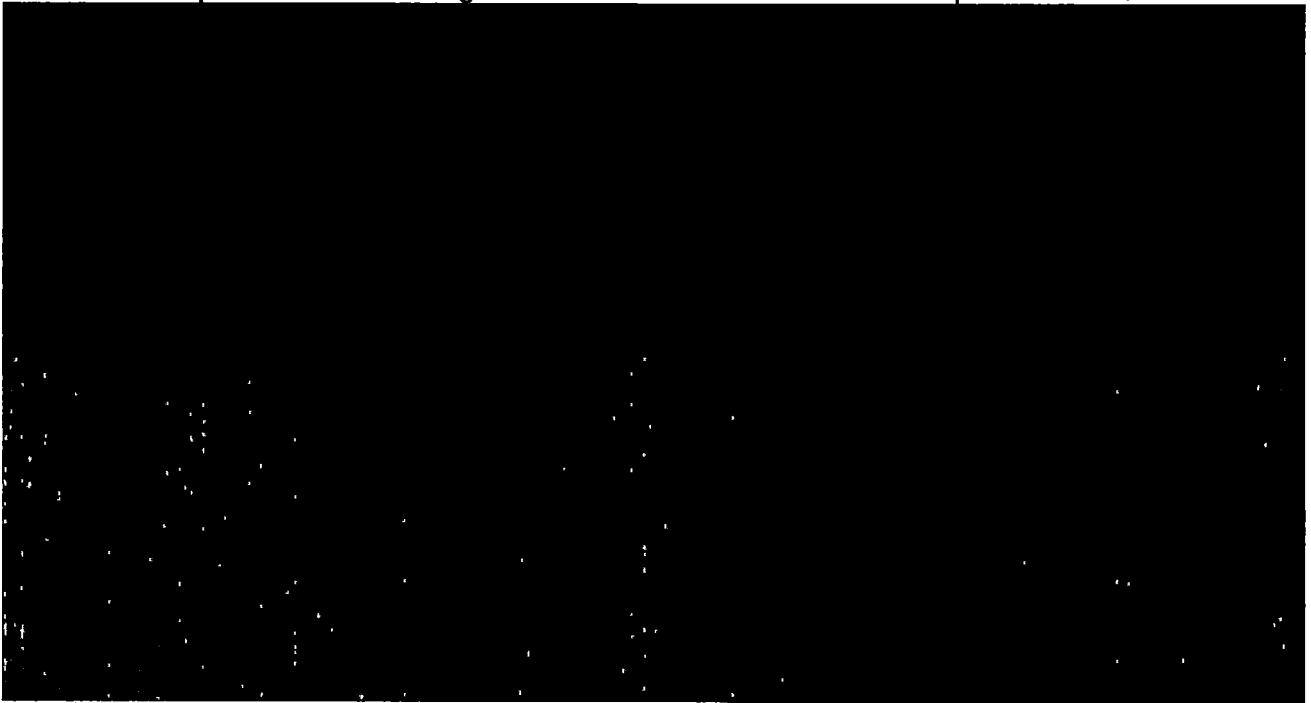
**Co-op Paid Benefits**



**DIRECTOR 1**

**Cooperative Board Meetings**

**Co-op Paid Benefits**

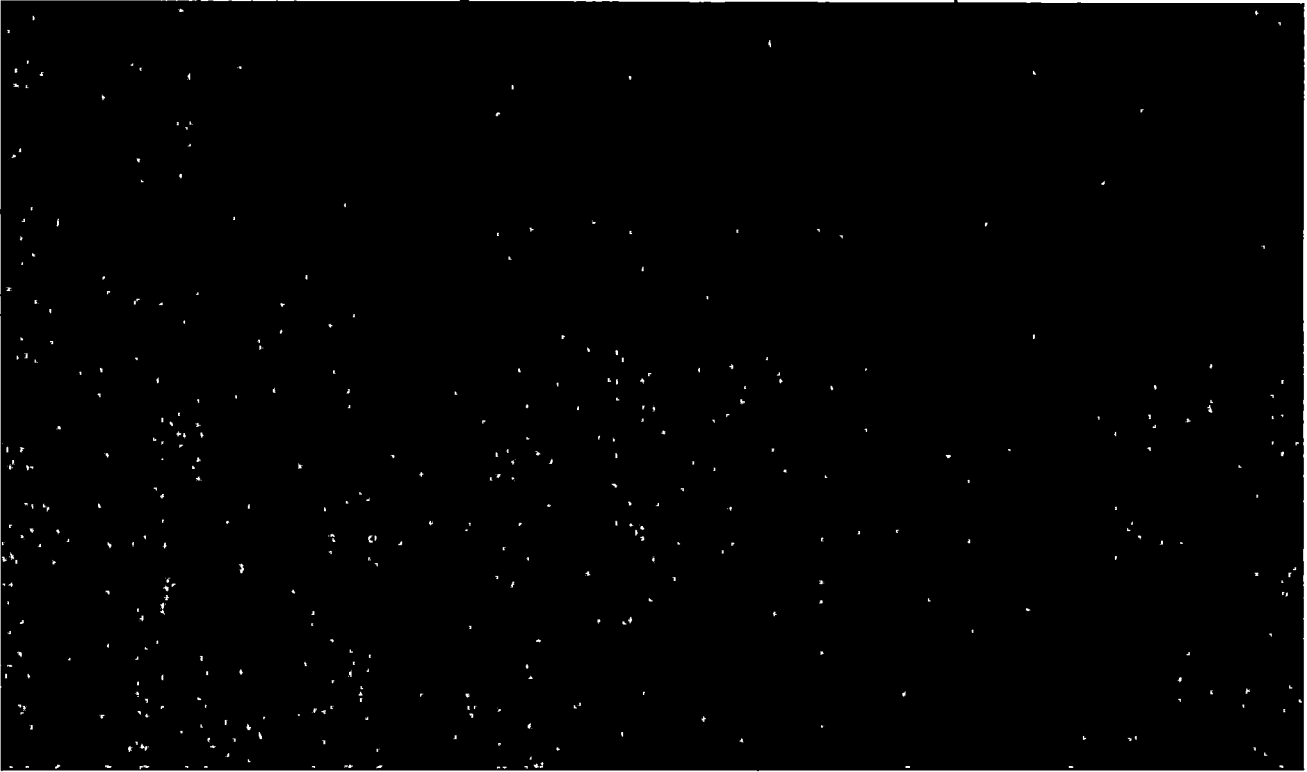




**DIRECTOR 2**

**Cooperative Board Meetings**

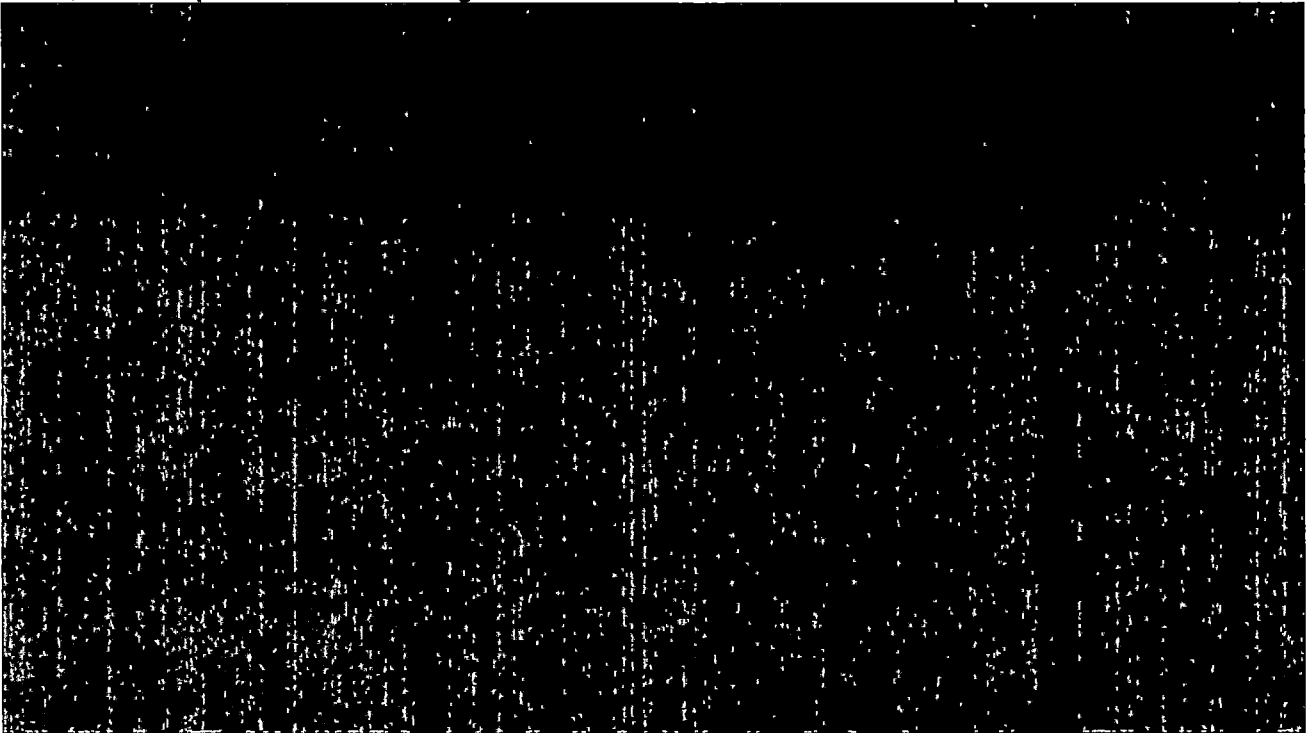
**Co-op Paid Benefits**



**DIRECTOR 3**

**Cooperative Board Meetings**

**Co-op Paid Benefits**



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

9. Reference Nolin's response to AG 1-13. As originally requested, provide the general wage and salary increases in percentage form for Nolin employees for each year between 2007-2017.

**Response:**

The wage and salary increases in percentage form for all Nolin employees for each year between 2007 - 2017 have been provided as "Attachment 7B". To be clear, Nolin does not award general, across-the-board wage and salary increases to its employees; rather, consistent with its established compensation plan/policies, compensation adjustments are made based primarily on changes in position/duties and demonstrated merit at the individual level. Nolin's Board of Directors annually determines the increase in total payroll for the entire company to be allocated amongst Nolin's individual employees. This percentage increase for the years 2007-2016 is as follows:

<u>Year</u>	<u>Increase (%)</u>
2016	3.25%
2015	2.80%
2014	3.00%
2013	2.00%
2012	1.50%
2011	2.75%
2010	2.43%
2009	3.55%
2008	4.36%
2007	3.33%

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Initial Request for Information**

10. Reference Nolin's response to AG 1-14 to answer the following questions: This answer is inadequate and does not completely respond to the question originally posted.
- a. Provide a detailed narrative as to the criteria that Nolin relies upon when determining to provide a wage/salary increase to an employee, how the amount of wage/salary increase that is given to each employee is determined, and whether or not a performance evaluation is the basis for the increase.

**Response:**

With the assistance of its consultant, Intandem, LLC, Nolin has developed and implemented a Compensation Program (wage and salary plan) consistent with Nolin's Board Policy No. 708.0. In accordance with the plan/policy, Nolin adjusts its employees' wages and salaries based on experience (including completion of a probationary period), the reevaluation of current duties/position, achieved rank (promotional increases), and individual employee merit. The amount of a wage/salary increase that may be given to an employee is generally determined by: (1) performance in accomplishing the duties and responsibilities of the assigned position, (2) the time interval since employment or the last merit or promotional increase, (3) the position in the range of the employee's current salary, and (4) the needs of Nolin to employ a qualified workforce and maintain reasonable payroll expenses. Employee performance is the primary basis for wage/salary increases at Nolin, which performance is evaluated daily by Vice Presidents, managers, supervisors, superintendents and crew leaders. Please refer to Nolin's response to Commission Staff's First Request for Information, Item 53, and related attachments for additional information and documentation concerning Nolin's compensation practices and policies.

- b. Provide a detailed explanation as to whether Nolin conducts performance evaluations on wage and/or salary employees, frequency of reviews, and connection, if any, to an increase in wage/salary.

**Response:**

As explained in the previous response, Nolin conducts daily evaluations of employees' work performance that are taken into consideration for increases in wages/salaries. Determination of individual salaries are upon recommendation of the department Vice President in compliance with the Cooperative's Wage and Salary Plan. All newly hired employees will serve a ninety-day performance evaluation period. The period begins on the first day of the full-time assumption of duties. These employees are continuously reviewed by their supervisors and again at the end of the ninety days. At that time, a determination will be made as to employment status and salary adjustments, if appropriate. Merit increases are awarded based on the criteria detailed in the previous response, and the financial parameters approved by the Board of Directors (in consultation with the President & CEO, based on the recommendation of the Vice President Administration and Finance) will annually determine merit increase guidelines.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

11. Reference Nolin's response to AG 1-17. This answer is inadequate and does not completely respond to the question originally posed. Has Nolin raised premiums paid by its employees in order to assist in keeping the insurance costs as low as possible? Explain the answer in full detail.

**Response:**

Nolin has not raised health insurance premiums paid by its employees. However, as demonstrated in Nolin's response to AG 1-17, numerous measures have been undertaken by Nolin (through its participation with 15 other cooperatives in the self-funded plan) to reduce health insurance costs and keep those costs as low as possible. Importantly, Nolin regularly reviews its compensation practices and strategies to ensure the hiring and retention of quality employees at reasonable cost. Nolin considers health insurance as part of the complete employment package offered to attract and retain top quality, highly trained employees to aid Nolin in providing clean, safe, reliable and affordable electric service.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

12. Reference Nolin's response to AG 1-18. Provide the MDSC ratio, TIER, and OTIER for 2016 and thus far for 2017.

**Response:**

The MDSC ratio, TIER, and OTIER for 2016 and what is available thus far for 2017 are provided as follows:

YEAR		MDSC Ratio	TIER	OTIER
2016		.53	.69	-1.07
2017 thru Jan		.33 (estimated)	-.87	-1.43

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

13. Reference Nolin's response to AG 1-20(a), (b), (c), (d), (e), and (f). Confirm that Nolin's proposal to significantly increase the monthly customer charge violates the principle of gradualism. Explain the answer in full detail.

**Response:**

Nolin's proposal to increase the fixed monthly charge paid by customers is necessitated by the current financial state of the cooperative and supported by the COSS submitted in this matter. Nolin's existing rates, which have been unchanged for nearly a decade, do not adequately recover the expenses necessary to provide safe, reliable service. Nolin, like many other utilities, is attempting to better align recovery of its fixed costs with a fixed charge on the "cost causers," as illustrated by the COSS. By placing increased emphasis on a fixed charge, rather than a demand/fluctuating component of rates, Nolin is better able to plan for the future and ensure compliance with its lending requirements. While repeated, periodic rate increases could have been sought by Nolin, Nolin has attempted to keep rates as low as possible for as long as possible and avoid the expenses of such action. The total monthly cost for service an average residential customer will pay if Nolin's proposed rates are accepted is anticipated to increase by \$12.64, or 11.9% (see Exhibit I to Nolin's Application); while a more gradual increase could be beneficial in theory, the facts attendant to this case and Nolin's finances fully support the rate increase and rate design proposed by Nolin.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

14. Reference Nolin's response to AG 1-22, and provide a copy of the 2016 audit when available.

**Response:**

Nolin will provide a copy of the 2016 audit when it becomes available.



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

15. Reference Nolin's response to AG 1-23(a). Provide a detailed explanation of the United States Government's threatened litigation against Nolin regarding certain provisions of a contract, and specify which contract Nolin is referencing. If a copy of the referenced contract has not been provided already, then provide a copy of the same.

**Response:**

Refer to the attached Settlement Agreement "Attachment 16A" for a detailed explanation of the United States Government's threatened litigation against Nolin regarding contract provisions.

The contracts referenced are as follows and attached to this response:

- Attachment 15A - EUSC
- Attachment 15B - ECO 13
- Attachment 15C - ECO 53
- Attachment 15D - ECO 70
- Attachment 15E - ECO 72
- Attachment 15F - ECO 78
- Attachment 15G - ECO 79
- Attachment 15H - ECO 100
- Attachment 15I - ECO 102

*changed to Rate 4 as of June 1984 Billing*

RECEIVED Attachment ISA Page 1

UTILITY SERVICE CONTRACT

NOLIN RECC

Department of the Army, Contract Number DABT23-84-C-0089

<u>Premises to be Served</u>	<u>Current Acct #</u>	<u>Location</u>
Rolling Fork Range <i>Diana</i> (YANO)	0042801200	Military Reservation of Ft. Knox, KY
Cedar Creek Range —	0052401400	Military Reservation of Ft. Knox, KY
Dorretts Range (BAUM/ST.VITH)	0032103000	Military Reservation of Ft. Knox, KY

Contractor

Contractor's Address

Nolin RECC

612 East Dixie, Elizabethtown, KY 42701

~~premises are Government owned.~~

Estimated annual cost \$38,000.00. Bill will be rendered to Director of Engineering and Housing at Building 77, Fort Knox, Kentucky 40121.

Connection charge \$10,600.00 (one <1> metering point.)

Payments will be made by Finance and Accounting Office at Fort Knox, Kentucky.

Appropriation Chargeable:

2142020 57-1050 P810000-2572 815794.J3000 D197 S15014 (Connection Charge)

2142020 P810000-2330 815794.J3100 3D197 S15014 (Utility Service)

This contract is negotiated pursuant to 10 U.S.C. 2304(a)(3).

THIS CONTRACT is entered into as of 1 April 1984 by and between the UNITED STATES OF AMERICA, hereinafter called the Government, represented by the Contracting Officer executing this contract, and Nolin RECC, whose address is 612 East Dixie, Elizabethtown, Kentucky 42701, hereinafter called the Contractor.

I. SCOPE. Subject to the terms and conditions hereinafter set forth, the Contractor shall furnish, and the Government shall purchase and receive,

Electrical service (hereinafter called service) requested by the Government from the Contractor at the premises to be served hereunder in accordance with the General and Technical Provisions and the Electrical service specifications attached hereto and made a part hereof.

II. TERM. This contract shall continue in effect until terminated at the option of the Government or the Contractor by the giving of written notice not less than 30 days in advance of the effective date of termination.

~~IN WITNESS WHEREOF, the parties hereto have executed this contract as of~~  
the day and year first above written.

Nolin RECC  
Name of Contractor

UNITED STATES OF AMERICA

BY Robert C Wade  
Signature

BY Richard E. Goodin  
Signature of Contracting Officer & Date

Robert C. Wade  
Typed Name

RICHARD E. GOODIN  
Typed Name

TITLE President

NOTICE: This contract consists of pages 1 through 26 with Attachment No. 1 and Exhibit A and shall be subject to the written approval of the Army Power Procurement Officer or his duly authorized representative and shall not be binding until approved.

Approved Allen A. Bettcher  
Army Power Procurement  
Officer Representative 27 APR 1984

TECHNICAL AND GENERAL PROVISIONS FOR UTILITY SERVICE

I. TECHNICAL PROVISIONS

1. MEASUREMENT OF SERVICES.

(a) All services furnished by the Contractor shall be measured by metering equipment of standard manufacture, furnished, installed, maintained, calibrated and read by the Contractor at his expense at each metering point. In the event that any meter fails to register or registers incorrectly, the quantity of service delivered through it during that period shall be determined and an equitable adjustment based thereon shall be made in the Government's bills. (for this purpose any meter which registers not more than two (2) percent slow or fast shall be deemed correct). Failure to agree on any adjustment shall be a dispute concerning a question of facts within the meaning of the "Disputes" clause of this contract.

(b) The Contractor shall read all meters at periodic intervals of approximately thirty (30) days. All billings based on meter readings of less than twenty-seven (27) days or more than thirty-two (32) days shall be prorated accordingly.

2. METER TEST.

The Contractor, at his own expense, shall periodically inspect and test the meters intalled by him, at intervals of no longer than four (4) years. At the written request of the Contracting Officer, the Contractor, in the presence of Government representatives, shall make additional tests of any or all meters. The cost of such additional tests shall be borne by the Government if the

percentage of error is found to be not more than two (2) percent slow or fast. No meter shall be placed in service which on test registers in excess of one hundred (100) percent under normal operating conditions.

## II. GENERAL PROVISIONS

### 1. PAYMENT.

(a) The Contractor shall be paid by the designated disbursing officer for service furnished hereunder at the rates specified; provided, that the Government shall be liable for the minimum monthly charge, if any, specified in this contract commencing with the billing period in which service is initially furnished and continuing until this contract is terminated, except that the minimum monthly charge shall be equitably prorated for the billing period in which commencement and termination of this contract shall become effective.

(b) Payments hereunder shall be contingent upon the availability of appropriations therefor, and shall not be made in advance of the services rendered.

(c) All bills for service shall be paid according to tariffs approved by the Public Service Commission of Kentucky.

(d) Invoices for service rendered hereunder at each metering point shall contain statements of the meter readings at the beginning of the billing period, meter constants, consumption during the billing period, and such other pertinent data as shall be required by the Government.

(e) The Contractor hereby declares that rates are not in excess of the

lowest rates now available to any existing or prospective customer under like Page 5 conditions of service, or of the same classification, and agrees that during the life of this contract the Government shall continue to be billed at the lowest available rate for similar conditions of service.

2. RATES AND CHARGES.

(a) For all service furnished under this contract to the metering points, the Government shall pay the Contractor at the rates specified in the rate schedule 4 attached hereto as Attachment No. 1 and made a part of this contract.

(b) For purpose of charges under this paragraph 2; any demands due to faulty operation of, or to excessive or fluctuating pressure (voltage) on, the Contractor's system shall not be included as part of the Government's demand.

(c) The minimum monthly bill for each metering point shall be as follows:

Yano	\$177
Cedar Creek	\$ <u>5</u>
Baum/St. Vith	\$ <u>5</u>

3. PUBLIC REGULATION AND CHANGE OF RATES.

(a) Public Regulation. Service furnished under this contract shall be subject to regulation--in the manner and to the extent prescribed by law--by any Federal, state or local regulatory commission having jurisdiction. A copy of the Contractor's current existing rates (including changes) shall be furnished promptly to the Contracting Officer upon request.

(b) Change of Rates.

(i) If, during the term of this contract, the public regulatory commission having jurisdiction receives for filing in authorized manner any change in the rate schedule stipulated herein directly or by reference which result in higher or lower charges for service, the Contractor shall continue to furnish service as stipulated in this contract and the Government shall pay for service at the higher or lower charges from the effective date thereof, subject to judicial appeal.

(ii) In the event the Contractor, during the term of this contract, shall make effective any new or amended rate schedule, not incorporated herein directly or indirectly, applicable to any like condition of service furnished under this contract, which contains a lower rate or conditions more favorable to the Government, the Contractor shall forward to the Contracting Officer a copy of the new or amended rate schedule within fifteen (15) days after the effective date thereof, and upon receipt of written request from the Government shall substitute the new or amended rate schedule for the rate schedule then in effect under this contract, commencing with the billing period in which the written request is received.

(iii) In the event of a permanent change in the class of service furnished the Government under this contract, service shall, effective sixty (60) days after written request is made by either party or at such other time as may be agreed upon, be furnished at the lowest available rate schedule of the Contractor which is applicable to the class of service furnished following the permanent change.

(c) Additional Provisions

(i) The Contractor shall give the Contracting Officer written notice of the filing of an application for rate changes concurrently with the filing of an application. The notice shall fully describe the proposed rate change.

(ii) In the event that the regulatory body promulgates any regulation not concerning rates which materially affects this contract, the Contractor shall immediately notify the Contracting Officer.

4. CHANGE IN VOLUME OR CHARACTER OF SERVICE.

The Contracting Officer shall give ninety (90) days notice to the Contractor respecting any material changes anticipated in the volume or characteristics of the utility service required at each location.

5. CONTINUITY OF SERVICE AND CONSUMPTION.

(a) The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of service at the service location, but shall not be liable to the Government for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, or failure or breakdown of transmission or other facilities.

6. CONTRACTOR'S FACILITIES.

(a) The Contractor, at his expense (or as provided for elsewhere in this



contract), shall furnish, install, operate, and maintain all facilities required to furnish service hereunder to, and to measure the service at, the point of delivery specified in the Utility Service Specifications. Title to all of these facilities shall remain in the Contractor and he shall be responsible for all loss of or damage to those facilities except that arising out of the fault or negligence of the Government, its agents or its employees. All taxes and other charges in connection therewith, together with all liability arising out of the negligence of the Contractor in the construction, operation, or maintenance of these facilities, shall be assumed by the Contractor.

(b) The Government hereby grants to the Contractor, free of any rental or similar charge, but subject to the limitations specified in this contract, a revocable permit to enter the service location for any proper purpose under this contract, including use of the site or sites agreed upon by the parties hereto for the installation, operation, and maintenance of the facilities of the Contractor required to be located upon Government premises. Authorized representatives of the Contractor will be allowed access to the facilities of the Contractor at suitable times to perform the obligations of the Contractor with respect to these facilities. It is expressly understood that the Government may limit or restrict the right of access herein granted in any manner considered to be necessary for the national security.

(c) The facilities shall be removed and Government premises restored to their original condition, ordinary wear and tear excepted, by the Contractor at his expense within a reasonable time after the Government shall revoke the permit herein granted and in any event within a reasonable time after termination of this contract, provided, that in the event of termination due to fault of the Contractor these facilities may be retained in place at the option of the Government until service comparable to that provided for hereunder is

obtained elsewhere.

7. CONFLICTS.

To the extent of any inconsistency between the provisions of this contract, and the provisions of any schedule, rider, or exhibit incorporated in this contract by reference or otherwise, the provisions of this contract shall control.

8. DEFINITIONS. (1979 MAR) DAR 7-103.1

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) The term "Head of the Agency" or "Secretary" means the Secretary, the Under Secretary, any Assistant Secretary, or any other head or assistant head of the executive or military department or other Federal agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Head of the Agency or the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) Except as otherwise provided in this contract, the term "subcontract" includes but is not limited to purchase orders, changes and/or modifications thereto.

9. ASSIGNMENT OF CLAIMS (1962 FEB). DAR 7-103.8

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15), if this contract provides for payments aggregating \$1,000 or more, claims for monies due or to become due to the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing.

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," or "Secret" or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same. However, a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

10. DISPUTES (1983 FEB) DAR 7-103.12

(a) This contract is subject to the Contract Disputes Act of 1978 (P.L. 95-563).

(b) Except as provided in the act and elsewhere in this contract, all disputes arising under or relating to this contract shall be resolved in accordance with this clause.

(c) (1) As used herein, "claim" means a written demand or assertion by one of the parties seeking, as a matter of right, the payment of money, adjustment, or interpretation of contract terms, or other relief, arising under or relating to this contract. However, a written demand by the Contractor seeking the payment of money in excess of \$50,000 is not a claim until certified in accordance with (d) below.

(2) A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim for the purposes of the Act. However, where such submission is subsequently disputed either as to liability or amount or not acted upon in a reasonable time, it may be converted to a claim pursuant to the Act by complying with the submission and certification requirements of this clause.

(3) A claim by the Contractor shall be made in writing and submitted to the Contracting Officer for decision. A claim by the Government against the Contractor shall be subject to a decision by the Contracting Officer.

(d) For Contractor claims of more than \$50,000, the Contractor shall submit with the claim a certification that the claim is made in good faith; the supporting data are accurate and complete to the best of the Contractor's knowledge and belief; and the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable. The certification shall be executed by the Contractor if an individual. When the

Contractor is not an individual, the certification shall be executed by a seniorPage 12  
company official in charge at the Contractor's plant or location involved, or by  
an officer or general partner of the Contractor having overall responsibility  
for the conduct of the Contractor's affairs.

(e) For Contractor claims of \$50,000 or less, the Contracting Officer  
must, if requested in writing by the Contractor, render a decision within 60  
days of the request. For Contractor-certified claims in excess of \$50,000, the  
Contracting Officer must decide the claim within 60 days or notify the  
Contractor of the date when the decision will be made.

(f) The Contracting Officer's decision shall be final unless the  
Contractor appeals or files a suit as provided in the Act.

(g) Interest on the amount found due on a Contractor claim shall be paid  
from the date the Contracting Officer receives the claim (properly certified, if  
required, in accordance with (d) above), or from the date payment otherwise  
would be due, if such date is later, until the date of payment. Simple interest  
will be paid at the rate, established by the Secretary of the Treasury as  
provided in the Act, which is applicable to the period during which the  
Contracting Officer receives the claim and then at the rate applicable for each  
six-month period as fixed by the Secretary during the pendency of that claim.

(h) The Contractor shall proceed diligently with performance of this  
contract, pending final resolution of any request for relief, claim, appeal, or  
action arising under the contract, and comply with any decision of the  
Contracting Officer.

(i) The provision of (a) above shall not apply to disputes which are

subject to the jurisdiction of a Federal, State, or other appropriate regulatory body. The provision of (a) above shall also be subject to the requirements of the law with respect to the rendering of utility services and the collection of regulated rates. (1968 SEP)

11. OFFICIALS NOT TO BENEFIT (1949 JUL). DAR 7-103.19

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

12. COVENANT AGAINST CONTINGENT FEES (1958 JAN). DAR 7-103.20

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

13. RESERVED.

14. EXAMINATION OF RECORDS BY COMPTROLLER GENERAL (1975 JUNE). DAR 7-104.15

(a) This clause is applicable if the amount of this contract exceeds \$10,000 and was entered into by means of negotiation, including small business

restricted advertising, but is not applicable if this contract was entered into by means of formal advertising.

(b) The Contractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(c) The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under the subcontract or such lesser time specified in either Appendix M of the Armed Services Procurement Regulation or the Federal Procurement Regulations Part 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$10,000 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(d) The periods of access and examination described in (b) and (c) above for records which relate to (i) appeals under the "Disputes" clause of this contract, (ii) litigation or the settlement of claims arising out of the performance of this contract, or (iii) costs and expenses of this contract as to which exception has been taken by the Comptroller General or any of his duly

authorized representatives, shall continue until such appeals, litigation, claims or exceptions have been disposed of.

15. GRATUITIES (1952 MAR). DAR 7-104.16

(a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract; provided, that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies



provided by law or under this contract.

16. BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (1980 OCT). DAR 7-104.3

(a) This clause implements the Buy American Act (41 U.S.C. Section 10a-d) and the Department of Defense Balance of Payments Program by providing a preference to domestic end products over foreign end products except for certain foreign end products which meet the requirements for classification as qualifying country end products. For the purpose of this clause--

(i) "Components" means those articles, materials, supplies which are directly incorporated into end products.

(ii) "Qualifying country component" means (A) an item mined, produced, or manufactured in a participating country or in an FMS/Offset arrangement country when the applicable D&F has been made waiving the Buy American Act restrictions; or (B) any item listed in a defense cooperation country agreement.

(iii) "End products" means articles, materials, and supplies which are to be acquired for public use. As to a given contract, the end products are the items to be delivered to the Government, as specified in the contract, including supplies to be acquired by the Government for public use in connection with service contracts but excluding installation and other services to be performed after delivery.

(iv) "Domestic end product" means (A) an unmanufactured end product which has been mined or produced in the United States, or (B) an end product manufactured in the United States if the cost of its qualifying country components and its components which are mined, produced, or manufactured in the

United States exceeds 50 percent of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end product and U.S. duty (whether or not a duty-free entry certificate may be issued). A component shall also be considered to have been mined, produced or manufactured in the United States (regardless of its source in fact) if the end product in which it is incorporated is manufactured in the United States and the component is of a class or kind (A) determined by the Government to be not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or (B) as to which the Secretary concerned has determined that it would be inconsistent with the public interest to apply the restrictions of the Buy American Act (6-104.).

(v) "Foreign end product" means an end product other than a domestic end product.

(vi) "Qualifying country end product" means (A) a participating country end product; (B) an FMS/Offset arrangement country end product when the applicable Determination and Findings has been made waiving the Buy American Act restrictions; or (C) a defense cooperation country agreement listed item.

(vii) "Participating country end product" means (A) an unmanufactured end product mined or produced in a participating country, or (B) an end product manufactured in a participating country if the cost of its qualifying country components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end product and any duty whether or not duty is, in fact, paid.

(viii) "FMS/Offset arrangement country end product" means (A) an unmanufactured end product mined or produced in an FMS/Offset arrangement country or (B) an end product manufactured in an FMS/Offset arrangement country if the cost of its qualifying country components and its components which are mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end products and any duty whether or not duty is, in fact, paid. To obtain the waivers necessary to accord preferential treatment for an FMS/Offset arrangement country end product, see procedures at 6-1310.3(b)(1).

(ix) "Defense cooperation country end product" means an item listed in the defense cooperation country agreement and produced in that country.

(b) The Contractor agrees that there will be delivered under this contract only domestic end products unless, in its offer, it specified delivery of foreign end products in the clause entitled Buy American Act and Balance of Payments Program Certificate. An offer certifying that a qualifying country end product will be supplied requires the contractor to supply a qualifying country end product or, at the contractor's option, a domestic end product. An offer based on supplying a nonqualifying country end product, if accepted, will permit the Contractor to supply a product without regard to the requirements of this clause.

(c) Offers will be evaluated in accordance with the policies and procedures of Section VI.

17. CONVICT LABOR (1975 OCT) DAR 7-104.17

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11753, December 29, 1973.

18. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION DAR 7-103.16(a)

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations to the Secretary of Labor thereunder.

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of eight hours in any calendar day or in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is greater.

(b) Violation, liability for unpaid wages; liquidated damages. In the event of any violation of the provisions set forth in paragraph (a) of this clause, the Contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the provisions set forth in paragraph (a) of this clause, in the sum of \$10 for each calendar day for which such individual was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the provisions set forth in paragraph (a) of this clause.

(c) Withholding for unpaid wages and liquidated damages. The Contracting Officer shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same Prime Contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same Prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions set forth in paragraph (b) of this clause.

(d) Subcontracts. The Contractor or subcontractor shall insert in any subcontracts the provisions set forth in paragraphs (a) through (d) of this clause and also a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The Prime Contractors shall be responsible for compliance by any subcontractor or lower tier subcontractor with the provisions set forth in paragraphs (a) through (d) of this clause.

19. EQUAL OPPORTUNITY (1978 SEP) DAR 7-103.18

(If, during any twelve (12) month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded Federal contracts and/or subcontracts which have an aggregate value in excess of \$10,000, the Contractor shall comply with (1) through (7) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.)

During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, so that such provisions will be binding upon each

subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

20. ALTERATIONS IN CONTRACT.

RESERVED.

21. APPROVAL OF CONTRACT (1949 JUL) DAR 7-105.2

This contract shall be subject to the written approval of Army Power Procurement Officer or his duly authorized representative and shall not be binding until approved.

II. ELECTRIC SERVICE SPECIFICATIONS

1. SPECIFIC PREMISES TO BE SERVED are specified on page 1.

2. ESTIMATED SERVICE

Estimated maximum demand: 500 KW per month

Estimated annual consumption: 235,000 KWH

(The Government is in no way obligated to use nor is it restricted to the above estimate.)

3. POINTS OF DELIVERY. (METER POINTS)

- (a) The point of delivery of service shall be Yano (Rolling Fork) Range.
- (b) The point of delivery of service shall be Baum/St. Vith Range.
- (c) The point of delivery of service shall be Cedar Creek Range.

#### 4. DESCRIPTION OF ELECTRIC SERVICE.

(a) Contractor will supply 3 phase 4 wire, 60 hertz alternating current at 12,470/7,200 volts.

(b) Contractor will supply 1 phase 2 wire, 60 hertz alternating current at 7,200 volts.

(c) Contractor will supply 1 phase 2 wire, 60 hertz alternating current at 7,200 volts.

#### 5. CONNECTION CHARGE.

(a) Charge. In consideration of the furnishing and installation by the Contractor at his expense of the new facilities described in Exhibit "A", attached hereto and made a part hereof, the Government shall pay the Contractor, as a connection charge, after receipt of satisfactory evidence of completion of the facilities, the sum of \$10,600.00 dollars, representing the sum of \$15,900.<sup>00</sup> dollars less the agreed salvage value in the amount of \$ 5300.<sup>00</sup> as shown on Exhibit "A", or a sum equal to the work order value (actual cost), less salvage value, whichever is the lesser, provided that as a condition precedent to final payment, the Contractor, if required by the Contracting Officer, shall execute a release in terms acceptable to the Contracting Officer of claims against the Government arising under or by virtue of the installation.

(b) Ownership, Operation, and Maintenance of New Facilities.



Notwithstanding the payment by the Government of a connection charge, the facilities to be supplied by the Contractor under this contract shall remain the property of the Contractor and, at all times during the life of this contract or any renewals thereof, shall be operated and maintained by the Contractor at his expense.

(c) Credits.

(1) The Contractor shall credit the Government, on each monthly bill for service furnished under this contract to the metering point(s) covered by this connection charge, 10 percent of the amount of the bills as rendered until the accumulated credits equal the amount of the connection charge, provided that the Contractor may at any time credit up to 100 percent of the amount of each such bill.

(2) In the event the Contractor, prior to any termination of this contract but subsequent to completion of the facilities provided for in this clause, serves any customer other than the Government (whether the Government is being served simultaneously, intermittently, or not at all) by means of these facilities, the Contractor, unless otherwise agreed to by the parties in writing at that time, shall promptly accelerate the credits provided for under subparagraph (1) above, up to 100 percent of each of the Government's monthly bills until there is refunded that part of the unrefunded connection charge as the portion of the facilities utilized in serving that customer bears to the complete facilities described in Exhibit "A".

(3) In the event the Contractor terminates this contract, or defaults in performance, prior to full credit of any connection charge paid by the

Government, the Contractor shall pay to the Government an amount equal to the uncredited balance of the connection charge as of the date of termination or default.

(d) Termination Prior to Completion of Facilities. The Government reserves the right to terminate this contract at any time prior to completion of the facilities provided for herein with respect to which the Government is to pay a connection charge. In the event the Government exercises this right, the Contractor shall be paid the balance of the connection charge, exclusive of profit, with respect to those facilities.

(e) Termination Subsequent to Completion of Facilities. In the event the Government terminates this contract subsequent to completion of the facilities for which the government is to pay a connection charge, but prior to the crediting in full by the Contractor or any connection-charge in accordance with terms of this contract, the Contractor shall remove that part of such facilities on government property at his expense within two (2) months after the effective date of the termination by the Government; provided that the Government shall have the option of purchasing the facilities or any part thereof at the salvage value, at the time of removal, and the Contractor shall leave in place said facilities which the Government elects to purchase at the salvage value at time of removal.

#### 6. MULTIPLE SERVICE LOCATIONS.

(a) By written order, the Contracting Officer may at any time designate any metering points within the service area of the Contractor at which service shall be furnished or discontinued thereunder, and the contract shall be modified in writing accordingly by adding to or deleting from the service specifications the name and location of the appropriate metering points by

specifying a different rate, if applicable, the appropriate point of delivery, different service specifications if applicable, and any other appropriate terms and conditions.

(b) The minimum monthly charge specified in this contract shall be prorated for the billing period in which commencement or discontinuance of service at any service location designated under the service specifications shall become effective.

7. SUPERSEDED CONTRACT.

The Contractor and the Government mutually agree, upon commencement of services under this contract, that agreement executed without a formal contract covering Account Numbers 0042801200, 0052401400 and 0032103000, which has provided the Government similar services, is hereby superseded, and will be terminated effective 1 April, 1984 without penalty to either party. The Contractor further agrees to unconditionally waive any claim against the Government by reason of such termination, except for service billings due or to become due.

P.S.C. NO. 8

12th revision SHEET NO. 27

CANCELLING P.S.C. NO. 8

11th revision SHEET NO. 27

in RECC  
2 East Dixie  
Elizabethtown, KY 42701  
of Issuing Corporation

CLASSIFICATION OF SERVICE

SCHEDULE 4

INDUSTRIAL

APPLICABLE: Entire Service Area

AVAILABILITY OF SERVICE: Available to consumers located on or near cooperative's three phase lines who transformer capacity would be less than 1000 KVA and the kilowatt demand would be 100 KW or more. All subject to the established rules and regulations of the Cooperative.

TYPE OF SERVICE: Three phase, 60 cycle at available voltage, as agreed in the five (5) year contract for service.

RATES PER MONTH:

Demand Charge:

4.34 per kilowatt of billing demand per month

Energy Charge:

First	3,500 KWH per month	\$.06287 Net per KWH
Next	6,500 KWH per month	.04932 Net per KWH
Over	10,000 KWH per month	.04581 Net per KWH

MINIMUM CHARGE: The minimum monthly charge shall be as specified in the contract for service.

TERMINATION OF BILLING DEMAND: The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as follows:

RATE PER UNIT

(I)

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUN 01 1983

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

DATE OF ISSUE

6-17-83

DATE EFFECTIVE

6-1-83

APPROVED BY

*James H. Karpis*  
Name of Officer

TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 8610 dated 6-3-83

*ATTORNEY GENERAL*

in RECC  
12 East Dixie  
Elizabethtown, KY 42701

P.S.C. NO. 8

5th revision SHEET NO. 28

CANCELLING P.S.C. NO. 8

4th revision SHEET NO. 28

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

SCHEDULE 4 (Cont'd.)

RATE  
PER UNIT

POWER FACTOR ADJUSTMENT: The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of his maximum demand is less than 85%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 85% and divided by the percent power factor.

CONTRACT FOR SERVICE: The consumer must give satisfactory assurance by means of a written agreement as to the character, amount and duration of the business and complete a five (5) year contract.

FUEL ADJUSTMENT CLAUSE: The above rate may be increased or decreased by amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

(T)

SPECIAL CONDITIONS:

Delivery Point: If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the Consumer.

If service is furnished at Cooperative's primary line voltage, the delivery point shall be the point of attachment of Cooperative's primary line to consumer's transformer structure unless otherwise specified in the contract

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUN 01 1983

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

BY: [Signature]

DATE OF ISSUE 6-17-83

DATE EFFECTIVE 6-1-83

ISSUED BY Jack H. Karole  
Name of Officer

TITLE General Manager

## Exhibit A to DABT23-84-C-0089

The facilities involved consist of converting the existing facilities at Yano/Rolling Fork Range from single phase to three phase. Current facilities are those existing under Account Number 0042801200. The new facilities shall provide three (3) phase, 12,470/7,200 volt primary service and meter to the existing meter point at Yano/Rolling Fork Range. The primary service shall be capable of providing 417 amps at 480 volts at the secondary. No additional right of ways will be required.

**MODIFICATION**  
**TO**  
**FORT KNOX ELECTRIC SERVICE CONTRACT**  
**FOR**  
**DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY SERVICES**  
**WITH**  
**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

This Modification for Demand Side Management and Energy Efficiency Services to Contract No. DABT23-84C0089 is entered into this 22 day of JAN 1996, by and between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government), represented by the contracting officer executing this Modification. The signatories of this Modification will be sometimes collectively referred to as the "Parties" and individually as a "Party."

**WHEREAS**, Fort Knox is a Department of Defense installation located within Bullitt, Hardin and Meade Counties, Kentucky, and Nolin is a cooperatively-owned electric utility that provides electric utility service to portions of Fort Knox;

**WHEREAS**, Fort Knox has been mandated to reduce its energy consumption by 30 percent by year 2005, as compared to a year 1985 baseline;

**WHEREAS**, changing geopolitical conditions have constrained Defense budgets, thereby limiting funds available to fulfill assigned missions, have led to a series of base closure and realignment initiatives, that affect both the preservation of an installation's existing missions and an installation's ability to secure new missions, and have engendered increasing competition among Defense installations for new missions;

**WHEREAS**, Fort Knox's ability to effectively compete with other Defense installations will be based, in part, on the cost, availability and reliability of utility services and on progress in meeting its energy conservation goals, and Fort Knox's ability to remain competitive will directly affect the local economy in terms of the employment levels of military, civilian and contractor personnel, the purchase of goods and services and the related multiplier affect; and

**WHEREAS**, Fort Knox is desirous of establishing, under the authority of 10 U.S.C. 2865 and 42 U.S.C. 8256, a process through which Nolin will assist Fort Knox in implementing programs and mechanisms that will help Fort Knox meet its energy conservation goals and maintain its mission competitiveness by installing new and/or upgrading existing

facilities and systems with energy efficient equipment and systems and by paying for such activities on its energy bill. Page 31

Accordingly, the Parties agree to the following principles, concepts and procedures:

## I. SCOPE AND TERM

**1.1 Energy Efficiency Services.** Subject to the terms and conditions hereinafter set forth, Nolin shall furnish and the Government shall receive, demand side management and energy efficiency services (the Services) requested by the Government from Nolin for specific Fort Knox facilities (the Service Locations) and Energy Conservation Opportunities (ECOs). Services tasking for specific facilities and ECOs will be executed through subsequent task orders.

**1.2 Energy Conservation Opportunities (ECOs).** The purpose of an ECO is to directly or indirectly reduce the peak period demand for natural gas, electric power, water or waste water or to reduce total natural gas, electric power, water or waste water requirements. Indirect measures may include, but are not limited to, metering and other monitoring measures that facilitate in the identification, assessment and validation of ECOs. Examples of work that may be proposed as part of an ECO are as follows:

- (a) Interior and exterior lighting replacement;
- (b) Lighting control improvements;
- (c) Motor replacement with high efficient motors;
- (d) Boiler control improvements;
- (e) Packaged air conditioning unit in replacement;
- (f) Cooling tower retrofit;
- (g) Economizer installation;
- (h) Energy management control system installation, replacement or alteration;
- (i) Occupancy sensor and LED exit sign installation;
- (j) Infrared heating for work zones within large open bays or warehouses;
- (k) Fans and pump replacement or impeller trimming;
- (l) Chiller retrofit;
- (m) Upgrade of natural gas-fired boilers with new controls;
- (n) Steam trap maintenance and replacement;
- (o) Steam system leak identification and repair;
- (p) Insulation and daylighting control installation;
- (q) Programmable thermostat installation;
- (r) Variable speed drive utilization;
- (s) Reflective solar window treatment;
- (u) Replacement of air conditioning and heating units with heat pumps;
- (v) Addition of liquid refrigerant pumps to reciprocating air conditioning units;
- (w) Window air conditioning replacement with high efficiency units;



- (v) Installation of energy-efficient appliances;
- (x) Power factor correction;
- (y) Individual meter and automatic meter reading system installation; and
- (z) Periodic repair and maintenance of energy using and monitoring equipment as needed to maintain and/or improve equipment energy efficiency, such as cleaning fluorescent light ballasts, changing air handling filters, checking cooling system refrigerant levels, meter checks and compressed air system leak detection and repair.

1.3 Term. This Modification shall continue to be in force for the duration of the Contract unless sooner terminated by Nolin upon six months written notice to the Government.

## II. IDENTIFICATION, DEVELOPMENT AND IMPLEMENTATION OF TASKS

2.1 Identification, Development and Implementation of Tasks. The Parties agree to proceed with the identification, development and implementation of demand side management and energy efficiency service tasks as provided in this article. The Parties shall further meet as necessary to: obtain information on historical and projected energy requirements; coordinate Services tasking with related energy conservation or facility modification projects; identify and prioritize facilities that will be included in energy audits, design and implementation tasks; and establish metering requirements. Nolin personnel and contractors shall comply with all applicable security requirements, including but not limited to appropriate badging.

### 2.2 Energy Audit.

(a) Upon the Government's written request, Nolin shall submit to the Government an energy services audit proposal (Audit Proposal) to evaluate demand side management and energy conservation opportunities at specified Service Locations. The Audit Proposal shall include an audit scope, estimated cost and completion schedule.

(b) In the event the Parties mutually agree to conduct an energy conservation audit (Energy Audit), the Government shall provide written authorization for Nolin to proceed with such audit.

(c) After authorization to proceed with an Energy Audit, and consistent with the Audit Proposal completion schedule, Nolin shall submit an energy audit report (Audit Report) to the Government. Each Audit Report should, as appropriate, contain the following information:

1. Identification of Service locations;
2. Description of ECOs;

3. Prioritized list of ECOs recommended for further design study or implementation;
4. Description of existing equipment proposed for removal, replacement or alteration, including relevant ratings and a general condition assessment.
5. Estimated peak period and annual energy and/or fuel reduction for each ECO;
6. Estimated ECO installation cost; and
7. Preliminary investment analysis, including projected yearly purchased utility and/or fuel cost savings, contract rate of interest and simple payback period.

### 2.3 Engineering and Design.

(a) In the event the Parties mutually recommend the conduct of an engineering and design study (Design Study) for one or more ECOs recommended in an Audit Report or recommended by mutual agreement of the Parties, Nolin shall submit to the Government an energy design proposal (Design Proposal) for engineering and design services necessary for the implementation of agreed-upon ECOs. The Design Proposal shall include a study scope, estimated cost and completion schedule.

(b) In the event the Parties mutually agree to conduct a Design Study, the Government shall provide written authorization for Nolin to proceed with such study.

(c) It is agreed that ECO designs will be fully coordinated and a joint technical review will be performed by the Government, Nolin and pertinent contractor personnel when the design documents are approximately 35 percent and 95 percent complete. Designs will comply with all appropriate codes, standards and regulations to provide a safe, state-of-the-art, life cycle cost effective system that is efficient to operate and maintain.

(d) Nolin shall submit an energy design report (Design Report) to the Government upon the completion of the Design Study. Each Design Report will contain final designs for each ECO.

### 2.4 ECO Implementation.

(a) In the event the Parties mutually agree to implement one or more ECOs recommended in an Audit Report, in a Design Study or by mutual agreement of the Parties, Nolin shall submit to the Government an ECO implementation proposal (Implementation Proposal) for the installation of approved ECOs and for construction oversight to verify the designed and specific energy efficient equipment and/or system modifications are properly supplied and installed in a manner that will provide the intended long term peak period and annual energy and fuel reductions.

(b) Each Implementation Proposal shall include the following information:

1. General description of the ECO;

- and
2. Estimated peak period and annual energy and/or fuel reduction for each ECO;
  3. Updated investment analysis, to include the ECO implementation cost, estimated yearly purchased utility and/or fuel cost savings; current contract rate of interest and estimated monthly incremental ECO repayment charge. Nolin may include a management fee of up to 0 percent in its proposed ECO implementation cost.

(c) Each Implementation Proposal may further include the following information as shall be relevant to support the Government's determination whether to authorize the implementation of an ECO:

1. Existing equipment or components to be removed or replaced;
2. Specifications and/or catalog cuts for new equipment, including as appropriate, power rating, estimated energy consumption, input/output, power ratio, lighting level, estimated equipment life and/or maintenance requirements;
3. Electric and mechanical drawings for ECOs that involve changes to existing systems (drawings will not be required for ECOs involving only component replacement or minor equipment enhancements);
4. Government support required for ECO implementation, such as interruptions or temporary changes to operations and movement of equipment;
5. Utility interruptions required for ECO implementation including type, location and estimated duration;
6. Environmental compliance requirements; and
7. If a proposed ECO requires the installation of equipment outside of existing buildings or structures, a site plan showing recommended siting and any feasible alternatives.

(d) In the event the Parties mutually agree to proceed with an ECO Implementation, the Government shall provide written authorization for Nolin to proceed with such implementation. Such authorization shall include a not-to-exceed amount.

**2.5 Performance of Work.** Nolin hereby undertakes all work necessary to perform its obligations under this Modification. All or any portion of the work or any other obligations of Nolin hereunder may be provided by subcontractors; provided that in no event may any work be performed by subcontractors listed as Parties Excluded from Federal Procurement Programs maintained by the Government pursuant to FAR 9.404. If the estimated cost for a Design Study or ECO Implementation exceeds \$500,000, Nolin shall select its subcontractors on the basis of adequate competition, taking into account price, expertise, quality of work and other factors.

## **2.6 Limitation of Cost.**

(a) Each authorization for an Energy Audit, Design Study or ECO Implementation (which hereafter may be collectively referred to as "ECO Activities" or individually referred

to as an "ECO Activity") shall contain a mutually-agreed upon not-to-exceed cost amount. Page 35  
 Nolin shall notify the Contracting Officer in writing whenever it has reason to believe that:

1. The costs Nolin expects to incur in the next sixty (60) days, when added to all costs previously incurred, will cause the ceiling cost to be exceeded; or
2. The total cost for the performance of any ECO Activity may be greater or substantially less than the not-to-exceed amount.

(b) As part of the notification, Nolin shall provide a revised not-to-exceed estimate for the ECO Activity. The Government is not obligated to accept ECO Activity costs that are in excess of the applicable ceiling cost. Nolin is not obligated to continue performance under a task order or otherwise incur costs in exceed of the ceiling amount until the Contracting officer:

1. Notifies Nolin in writing that the not-to-exceed amount has been increased; and
2. Provides a revised not-to-exceed amount.

### III. SERVICE CHARGE PAYMENTS AND RELATED MATTERS

**3.1 Energy Conservation Surcharge.** Nolin shall be reimbursed for all costs incurred for the performance of an authorized ECO Activity by the Government's payment of a monthly energy conservation surcharge (Energy Conservation Surcharge) that shall be included in monthly electric service bills submitted by Nolin to the Government. Nolin may include the cost of an ECO Activity in an Energy Conservation Surcharge beginning with the first electric service bill following the month in which said activity is authorized. The cost of any ECO Activity shall initially be the Government's authorized not-to-exceed cost; provided that such cost shall be adjusted to reflect the actual cost incurred by Nolin upon the completion of an ECO Activity. The Energy Conservation Surcharge shall be calculated as follows and as illustrated in the example Energy Conservation Surcharge Worksheet provided as Attachment A to this Modification:

(a) Monthly Principal Payment, equal to one-one hundred and twentieth (1/120) of the Total ECO Activity Cost for all in-progress and completed task orders; plus

(b) Monthly Interest Payment, equal to the unpaid, Remaining ECO Activity Cost Balance times the current contract rate of interest, with said rate of interest equal to [REDACTED] times the monthly interest rate for variable rate long-term economic and business development loans issued by the National Rural Utilities Cooperative Financing Corporation (CFC) to members of the CFC. For reference purposes only, the November 1995 CFC variable interest rate was 6.40 percent. Nolin shall be entitled to the [REDACTED] percent surcharge regardless of the funding source used by Nolin.

**3.2 Operations and Maintenance, Manuals and Training.** Unless otherwise provided in a task order, the Government shall be responsible for the operation and maintenance of an implemented ECO following acceptance. At the time of acceptance of an implemented ECO, Nolin shall furnish to the Government all manuals and other material made available to Nolin for the effective operation and maintenance of such ECO. Any training of Government personnel necessary for the successful implementation of an ECO shall be undertaken by Nolin as may be agreed upon in a task order. A task order may require Nolin to measure and document ECO performance following acceptance of the ECO.

**3.3 Government Prepayment Option.** Notwithstanding any other provision of this Modification, the Government shall have the right to prepay, in whole or in part, the unpaid remaining ECO Activity cost balance of any or all pending or completed ECO Activities. Such prepayment shall include a prepayment penalty that is equal to the prepayment amount times the applicable fee that the CFC charges for prepayments of variable interest rate loans. For reference purposes only, the November 1995 CFC prepayment fee was 0.035 percent.

**3.4 Termination Payments.** Upon written notice to Nolin, the Government may terminate any ECO Activity or terminate this Modification at any time and for any reason. If a termination occurs, the Government shall reimburse Nolin for 100 percent of ECO Activity costs incurred up to the date of the termination notice, or reasonably incurred as a result of a termination. A surcharge shall be applied to all termination payments based on the CFC charge as identified in Section 3.3, above.

**3.5 Waiver of Patronage Capital.** The Government hereby waives all rights to any patronage capital allocated by the CFC to Nolin that is derived from CFC financing of any ECO Activity.

#### IV. OBLIGATIONS AND LIMITATIONS

##### 4.1 Environmental Matters.

(a) The Government understands and agrees that Nolin has not inspected and will not inspect any Service Locations or other task sites for the purpose of detecting the presence of hazardous materials or for the purpose of identifying or evaluating any environmental claims, environmental laws or Excluded Activity. Neither Nolin nor any of its representatives, agents or subcontractors will be responsible for the conduct of or compliance with any Excluded Activity, as defined below in Section 4.1(b).

(b) The Government may, for a particular ECO, conduct a study or other review of an Excluded Activity. Upon the completion of such study or review, the Government shall submit to Nolin a proposal describing the proposed Excluded Activity, including the cost thereof, and identifying the persons to perform the Excluded Activity on behalf of the Government. In the event that Nolin agrees that all or a portion of the cost of the Excluded

Activity may be paid by Nolin and repaid by the Government, as provided for in Article 3. Page 37  
an authorization for ECO Implementation shall explicitly state that:

1. The cost of the Excluded Activity is included in the estimated cost;
2. Nolin shall pay the cost of the Excluded Activity upon the presentation by the Government of appropriate invoices or other evidence that such costs have been properly incurred; and
3. Nolin shall not be required to enter into any agreement or incur any obligation to the Government or any other person conducting or providing an Excluded Activity.

(c) Excluded Activity means the containment, detection, disposal, discharge, handling, removal, storage, transportation, treatment or use of Hazardous Materials.

(d) The Parties shall cooperate in obtaining all required environmental permits necessary for compliance with applicable environmental laws prior to implementing any ECO.

(e) All emission credits attributable to reductions in emissions at Fort Knox incidental to an ECO Implementation shall be the property of the Government.

#### 4.2 Warranties.

(a) The Government and Nolin shall mutually agree on the cost and the extent of warranty protection for each implemented ECO. If a standard commercial warranty exists for an item of installed equipment, Nolin will assist in the enforcement of that warranty; provided that any litigation under such warranty shall be the responsibility of the Government.

(b) The Government acknowledges that: Nolin is not a manufacturer of ECOs; and neither the vendor(s) named in any schedule or invoice, or any representative of such vendor nor any manufacturer or subcontractor of any ECO is an agent of Nolin or is authorized to waive or alter any term or condition of the Modification.

(c) The Government acknowledges and agrees that any savings, estimated savings, load reduction or estimated load reduction does not constitute a warranty or guaranty of any such savings, estimated savings, load reduction or estimated load reduction by Nolin. Such savings, estimated savings, load reduction or estimated load reduction, whether or not provided to the Government by Nolin, are solely for the planning convenience of both Parties.

#### **4.3 Limitation of Liability of Nolin.**

(a) Except as provided in Section 4.3(b) below, Nolin shall not be responsible for any damages, claims, losses, costs or expenses including, without limitation, incidental, indirect or consequential damages, connection with or resulting from the performance or non-performance under this Modification or anything done in connection therewith.

(b) Unless otherwise agreed, Nolin's sole and exclusive liability under this Modification shall be for payments to any contractor for the purposes of identifying, analyzing, designing and implementing an ECO.

(c) Nolin shall have no responsibility for the proper functioning of an implemented ECO or for its proper operation or utilization. All maintenance and operating risks associated with an implemented ECO shall be borne by the Government.

**4.4 Access to Facility and Information.** Upon advance request, the Government shall provide Nolin, its agents and its contractors with reasonable access to Service Locations and other areas within Fort Knox to enable Nolin to prepare for and conduct ECO Activities. The Government shall further provide Nolin with any information and other assistance reasonably required by Nolin to comply with the terms of this Modification. The Government acknowledges and agrees that Nolin may disclose information obtained by Nolin or provided by the Government pursuant to this Modification to the state regulatory body or to other public authorities having jurisdiction.

**4.5 Insurance.** The Government represents that it is self-insured and is not required to obtain commercial insurance of any type. Nolin shall require all contractors, affiliates or subsidiaries it retains to fulfill its obligations under this Modification to carry insurance comparable to that required by Nolin when it hires contractors to perform similar work for Nolin.

**4.6 No Third-Party Beneficiaries.** This modification is for the benefit of the Parties hereto and the Parties, by execution of this Modification, do not intend to create any rights in, or to grant any remedies to, any third party.

**4.7 Nonwaiver.** The failure of either Party to require compliance with any term, condition or provisions of this Modification and subsequent task orders shall not affect that Party's right to later enforce the same. It is agreed that the waiver by either Party of performance of any of the terms of this Modification or any breach thereof shall not be held or deemed to be a waiver by that Party of any subsequent failure to perform the same or any other term or condition of this Modification or subsequent task order of any breach thereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Modification by and through their duly authorized representatives as of the date first above written.

UNITED STATES OF AMERICA  
TIVE

CORPORATION

By: Steven J. Fries

By: Michael L. Nulle

Title: STEVEN J. FRIES  
Contracting Officer






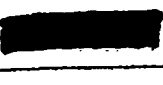


Title: General Manager

Date: JAN 29, 1996

Date: January 26, 1996



**ATTACHMENT A**  
**EXAMPLE CALCULATION OF ENERGY CONSERVATION SURCHARGE**

Line	ECO Activity	Task Order Not-to-exceed Amount	Actual ECO Activity Cost		Total
			In Progress	Completed	
1	Energy Audits:				
2	Audit 1	\$ 5,000	\$ 0	\$ 4,500	\$ 4,500
3	Audit 2	7,500	7,500	0	7,500
4	Audit 3	<u>7,500</u>	<u>0</u>	<u>8,500</u>	<u>8,500</u>
5	Subtotal	\$ 20,000	\$ 7,500	\$ 13,000	\$ 20,500
6	Design Studies:				
7	Study 1	\$ 10,000	\$ 0	\$ 8,000	\$ 8,000
8	Study 2	20,000	0	23,500	23,500
9	Study 3	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
10	Subtotal	\$ 55,000	\$ 25,000	\$ 31,500	\$ 56,500
11	ECO Implementation:				
12	ECO 1	\$150,000	\$ 0	\$150,000	\$150,000
13	ECO 2	400,000	0	325,000	325,000
14	ECO 3	<u>250,000</u>	<u>\$250,000</u>	<u>0</u>	<u>250,000</u>
15	Subtotal	\$800,000	\$250,000	\$475,000	\$725,000
16	Total ECO Activities	\$875,000	\$282,500	\$519,500	\$802,000
17	Cumulative Principal Payments				<u>62,000</u>
18	Remaining ECO Activity Cost Balance				\$740,000
19	Energy Conservation Surcharge:				
20	Current Month CTC Interest Rate (annual)				
21	Current Month CTC Interest Rate (monthly)				
22					
23	Net Monthly Contract Rate of Interest (line 21 x line 22)				
24	Monthly Interest Payment (line 18 x line 23)				
25	Monthly Principal Payment (line 16 ÷ 120)				
26	Total Energy Conservation Surcharge (line 24 + line 25)				

**MODIFICATION**  
**TO**  
**FORT KNOX ELECTRIC SERVICE CONTRACT**  
**FOR**  
**DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY SERVICES**  
**WITH**  
**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

This Modification for Demand Side Management and Energy Efficiency Services to Contract No. DABT23-84C0089 is entered into this 16th day of May, 2002, by and between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government), represented by the contracting officer executing this Modification. The signatories of this Modification will be sometimes collectively referred to as the "Parties" and individually as a "Party".

**WHEREAS**, Fort Knox is a Department of Defense installation within Bullitt, Hardin, and Meade Counties, Kentucky, and Nolin is a cooperatively-owned electric utility that provides electric utility service to portions of Fort Knox;

**WHEREAS**, Fort Knox has been mandated to reduce its energy consumption by 30 percent by year 2005, as compared to a year 1985 baseline;

**WHEREAS**, changing geopolitical conditions have constrained Defense budgets, thereby limiting funds available to fulfill assigned missions, have led to a series of base closure and realignment initiatives, that affect both the preservation of an installation's existing missions and an installation's ability to secure new missions, and have engendered increasing competition among Defense installations for new missions;

**WHEREAS**, Fort Knox's ability to effectively compete with other Defense installations will be based, in part, on the cost, availability, and reliability of utility services and on progress in meeting its energy conservation goals, and Fort Knox's ability to remain competitive will directly affect the local economy in terms of the employment levels of military, civilian, and contractor personnel, the purchase of goods and services and the related multiplier affect; and

**WHEREAS**, Fort Knox is desirous of establishing, under the authority of 10 U.S.C. 2865 and 42 U.S.C. 8256, a process through which Nolin will assist Fort Knox in implementing programs and mechanisms that will help Fort Knox meet its energy conservation goals and maintain its mission competitiveness by installing new and/or upgrading existing facilities and systems with energy efficient equipment and systems and by paying for such activities on its energy bill.

Accordingly, the Parties agree to the following principles, concepts, and procedures:

**I. SCOPE AND TERM**

**1.1 Energy Efficiency Services.** Subject to the terms and conditions hereinafter set forth, Nolin shall furnish and the Government shall receive, demand side management and energy efficiency services (the Services) requested by the Government from Nolin for specific Fort Knox facilities (the Service Locations) and Energy Conservation Opportunities (ECOs). Services tasking for specific facilities and ECOs will be executed through subsequent task orders.

**1.2 Energy Conservation Opportunities (ECOs).** The purpose of an ECO is to directly or indirectly reduce the peak period demand for natural gas, electric power, water or waste water or to reduce total natural gas, electric power, water or waste water requirements or energy related operations, maintenance and repair savings. Indirect measures may include, but are not limited to, metering and other monitoring measures that facilitate in the identification, assessment and validation of ECOs. Examples of work that may be proposed as part of an ECO are as follows:

- (a) Interior and exterior lighting replacement;
- (b) Lighting control improvements;
- (c) Motor replacement with high efficient motors;
- (d) Boiler control improvements;
- (e) Packaged air conditioning unit in replacement;
- (f) Cooling tower retrofit;
- (g) Economizer installation;
- (h) Energy management control system installation, replacement, or alteration;
- (i) Occupancy sensor and LED exit sign installation;
- (j) Infrared heating for work zones within large open bays or warehouses;
- (k) Fans and pump replacement or impeller trimming;
- (l) Chiller retrofit;
- (m) Upgrade of natural gas-fired boilers with new controls;
- (n) Steam trap maintenance and replacement;
- (o) Steam system leak identification and repair;
- (p) Insulation and daylighting control installation;
- (q) Programmable thermostat installation;
- (r) Variable speed drive utilization;
- (s) Reflective solar window treatment;
- (t) Replacement of air conditioning and heating units with heat pumps;
- (u) Addition of liquid refrigerant pumps to reciprocating air conditioning units;
- (v) Window air conditioning replacement with high efficiency units;
- (w) Installation of energy-efficient appliances;
- (x) Power factor correction;
- (y) Individual meter and automatic meter reading system installation; and
- (z) Periodic repair and maintenance and Operations of energy using and monitoring equipment as needed to maintain and/or improve equipment energy efficiency, such as cleaning fluorescent light ballasts, changing air handling filters, checking cooling system refrigerant levels, meter checks and compressed air system leak detection and repair.

**1.3 Term.** This Modification shall continue to be in force for the duration of the Contract unless sooner terminated by Nolin upon six months written notice to the Government.

## **II. IDENTIFICATION, DEVELOPMENT AND IMPLEMENTATION OF TASKS**

**2.1 Identification, Development and Implementation of Tasks.** The Parties agree to proceed with the identification, development, and implementation of demand side management and energy efficiency service tasks as provided in this article. The Parties shall further meet as necessary to: obtain information on historical and projected energy requirements; coordinate Services tasking with related energy conservation or facility modification projects; identify and prioritize facilities that will be included in energy audits, design, and implementation tasks; and establish metering requirements. Nolin personnel and contractors shall comply with all applicable security requirements, including but not limited to appropriate badging.

### **2.2 Energy Audit.**

(a) Upon the Government's written request, Nolin shall submit to the Government an energy services audit proposal (Audit Proposal) to evaluate demand side management and energy conservation opportunities at specified Service Locations. The Audit Proposal shall include an audit scope, estimated cost, and completion schedule.

(b) In the event the Parties mutually agree to conduct an energy conservation audit (Energy Audit), the Government shall provide written authorization for Nolin to proceed with such audit.

(c) After authorization to proceed with an Energy Audit, and consistent with the Audit Proposal completion schedule, Nolin shall submit an energy audit report (Audit Report) to the Government. Each Audit Report should, as appropriate, contain the following information:

1. Identification of Service locations;
2. Description of ECOs;
3. Prioritized list of ECOs recommended for further design study or implementation;
4. Description of existing equipment proposed for removal, replacement, or alteration, including relevant ratings and a general condition assessment;
5. Estimated peak period and annual energy and/or fuel reduction and energy related operations, maintenance and repair savings for each ECO;
6. Estimated ECO installation cost; and
7. Preliminary investment analysis, including projected yearly purchased utility and/or fuel cost savings, energy related operations, maintenance and repair savings, contract rate of interest, and simple payback period.

### 2.3 Engineering and Design.

(a) In the event the Parties mutually recommend the conduct of an engineering and design study (Design Study) for one or more ECOs recommended in an Audit Report or recommended by mutual agreement of the Parties, Nolin shall submit to the Government an energy design proposal (Design Proposal) for engineering and design services necessary for the implementation of agreed-upon ECOs. The Design Proposal shall include a study scope, estimated cost, and completion schedule.

(b) In the event the Parties mutually agree to conduct a Design Study, the Government shall provide written authorization for Nolin to proceed with such study.

(c) It is agreed that ECO designs will be fully coordinated and a joint technical review will be performed by the Government, Nolin, and pertinent contractor personnel when the design documents are approximately 35 percent and 95 percent complete. Designs will comply with all appropriate codes, standards, and regulations to provide a safe, state-of-the-art, life cycle cost effective system that is efficient to operate and maintain.

(d) Nolin shall submit an energy design report (Design Report) to the Government upon the completion of the Design Study. Each Design Report will contain final designs for each ECO.

### 2.4 ECO Implementation.

(a) In the event the Parties mutually agree to implement one or more ECOs recommended in an Audit Report, in a Design Study, or by mutual agreement of the Parties, Nolin shall submit to the Government an ECO implementation proposal (Implementation Proposal) for the installation of approved ECOs and for construction oversight to verify the designed and specific energy efficient equipment and/or system modifications are properly supplied and installed in a manner that will provide the intended long term peak period and annual energy and fuel reductions and energy related operations, maintenance and repair savings.

(b) Each Implementation Proposal shall include the following information:

1. General description of the ECO;
2. Estimated peak period and annual energy and/or fuel reduction and energy related operations, maintenance and repair savings for each ECO; and
3. Updated investment analysis, to include the ECO implementation cost, estimated yearly purchased utility and/or fuel cost savings; current contract rate of interest and estimated monthly incremental ECO repayment charge. Nolin may include a management fee of up to [REDACTED] in its proposed ECO implementation cost.

(c) Each Implementation Proposal may further include the following information as shall be relevant to support the Government's determination whether to authorize the Implementation of an ECO:

1. Existing equipment or components to be removed or replaced;
2. Specifications and/or catalog cuts for new equipment, including as appropriate, power rating, estimated energy consumption, input/output, power ratio, lighting level, estimated equipment life and/or maintenance requirements;
3. Electric and mechanical drawings for ECOs that involve changes to existing systems (drawings will not be required for ECOs involving only component replacement or minor equipment enhancements);
4. Government support required for ECO implementation, such as interruptions or temporary changes to operations and movement of equipment;
5. Utility interruptions required for ECO implementation including type, location, and estimated duration;
6. Environmental compliance requirements; and
7. If a proposed ECO requires the installation of equipment outside of existing buildings or structures, a site plan showing recommended siting and any feasible alternatives.

(d) In the event the Parties mutually agree to proceed with an ECO Implementation, the Government shall provide written authorization for Nolin to proceed with such Implementation. Such authorization shall include a not-to-exceed amount.

**2.5 Performance of Work.** Nolin hereby undertakes all work necessary to perform its obligations under this Modification. All or any portion of the work or any other obligations of Nolin hereunder may be provided by subcontractors; provided that in no event may any work be performed by subcontractors listed as Parties Excluded from Federal Procurement Programs maintained by the Government pursuant to FAR 9.404. If the estimated cost for a Design Study or ECO Implementation exceeds \$500,000, Nolin shall select its subcontractors on the basis of adequate competition, taking into account price, expertise, quality of work, and other factors.

#### **2.6 Limitation of Cost.**

(a) Each authorization for an Energy Audit, Design Study, or ECO Implementation (which hereafter may be collectively referred to as "ECO Activities" or individually referred to as an "ECO Activity") shall contain a mutually-agreed upon not-to-exceed cost amount. Nolin shall notify the Contracting Officer in writing whenever it has reason to believe that:

1. The costs Nolin expects to incur in the next sixty (60) days, when added to all costs previously incurred, will cause the ceiling cost to be exceeded; or
2. The total cost for the performance of any ECO Activity may be greater or substantially less than the not-to-exceed amount.

(b) As part of the notification, Nolin shall provide a revised not-to-exceed estimate for the

ECO Activity. The Government is not obligated to accept ECO Activity costs that are in excess of the applicable ceiling cost. Nolin is not obligated to continue performance under a task order or otherwise incur costs in excess of the ceiling amount until the Contracting officer:

1. Notifies Nolin in writing that the not-to-exceed amount has been increased; and
2. Provides a revised not-to-exceed amount.

### III. SERVICE CHARGE PAYMENTS AND RELATED MATTERS

**3.1 Energy Conservation Surcharge.** Nolin shall be reimbursed for all costs incurred for the performance of an authorized ECO Activity by the Government's payment of a monthly energy conservation surcharge (Energy Conservation Surcharge) that shall be included in monthly electric service bills submitted by Nolin to the Government. Nolin may include the cost of an ECO Activity in an Energy Conservation Surcharge beginning with the first electric service bill following the month in which said activity is authorized. The cost of any ECO Activity shall initially be the Government's authorized not-to-exceed cost; provided that such cost shall be adjusted to reflect the actual cost incurred by Nolin upon the completion of an ECO Activity. The Energy Conservation Surcharge shall be calculated as follows and as illustrated in the example Energy Conservation Surcharge Worksheet provided as Attachment A to this Modification:

(a) Monthly Principal Payment, dependent upon useful life of equipment and or systems provided, equal to no greater than one-one hundred and eightieth (1/180) and no less than one-one hundred and twentieth (1/120) of the Total ECO Activity Cost for all in-progress and completed task orders ; plus

(b) Monthly Interest Payment, equal to the unpaid, Remaining ECO Activity Cost Balance times the current contract rate of interest, with said interest equal to [REDACTED] times the monthly interest rate for variable rate long-term economic and business development loans issued by the National Rural Utilities Cooperative Financing Corporation (CFC) to members of the CFC. For reference purposes only, the November 1995 CFC variable interest rate was 6.40 percent. Nolin shall be entitled to the [REDACTED] percent surcharge regardless of the funding source used by Nolin.

**3.2 Operations and Maintenance, Manuals and Training.** Unless otherwise provided in a task order, the Government shall be responsible for the operation and maintenance of an implemented ECO following acceptance. At the time of acceptance of an implemented ECO, Nolin shall furnish to the Government all manuals and other material made available to Nolin for the effective operation and maintenance of such ECO. Any training of Government personnel necessary for the successful implementation of an ECO shall be undertaken by Nolin as may be agreed upon in a task order. A task order may require Nolin to measure and document ECO performance following acceptance of the ECO.

**3.3 Government Prepayment Option.** Notwithstanding any other provision of this Modification, the Government shall have the right to prepay, in whole or in part, the unpaid remaining ECO Activity cost balance, or any or all pending or completed ECO Activities. Such prepayment shall include a prepayment penalty that is equal to the prepayment amount times the applicable fee that the CFC charges for prepayments of variable interest rate loans. For reference purposes only, the November 1995 CFC prepayment fee was 0.035 percent.

**3.4 Termination Payments.** Upon written notice to Nolin, the Government may terminate any ECO activity or terminate this Modification at any time and for any reason. If a termination occurs, the Government shall reimburse Nolin for 100 percent of ECO Activity costs incurred up to the date of the termination notice, or reasonably incurred as a result of a termination. A surcharge shall be applied to all termination payments based on the CFC charge as identified in Section 3.3, above.

**3.5 Waiver of Patronage Capital.** The Government hereby waives all rights to any patronage capital allocated by the CFC to Nolin that is derived from CFC financing of an ECO Activity.

#### **IV. OBLIGATIONS AND LIMITATIONS**

##### **4.1 Environmental Matters.**

(a) The Government understands and agrees that Nolin has not inspected and will not inspect any Service Locations or other task sites for the purpose of detecting the presence of hazardous materials or for the purpose of identifying or evaluating any environmental claims, environmental laws, or Excluded Activity. Neither Nolin nor any of its representatives, agents, or subcontractors will be responsible for the conduct of or compliance with any Excluded Activity, as defined below in Section 4.1(b).

(b) The Government may, for a particular ECO, conduct a study or other review of an Excluded Activity. Upon the completion of such study or review, the Government shall submit to Nolin a proposal describing the proposed Excluded Activity, including the cost thereof, and identifying the persons to perform the Excluded Activity on behalf of the Government. In the event that Nolin agrees that all or a portion of the cost of the Excluded Activity may be paid by Nolin and repaid by the Government, as provided for in Article 3.1, an authorization for ECO Implementation shall explicitly state that:

1. The cost of the Excluded Activity is included in the estimated cost;
2. Nolin shall pay the cost of the Excluded Activity upon the presentation by the Government of appropriate invoices or other evidence that such costs have been properly incurred; and
3. Nolin shall not be required to enter into any agreement or incur any obligation to the Government or any other person conducting or providing an Excluded Activity.

(c) Excluded Activity means the containment, detection, disposal, discharge, handling, removal, storage, transportation, treatment, or use of Hazardous Materials.

(d) The Parties shall cooperate in obtaining all required environmental permits necessary for compliance with applicable environmental laws prior to implementing any ECO.

(e) All emission credits attributable to reductions in emissions at Fort Knox incidental to an ECO Implementation shall be the property of the Government.

##### **4.2 Warranties.**

(a) The Government and Nolin shall mutually agree on the cost and the extent of warranty protection for each implemented ECO. If a standard commercial warranty exists for an item of installed equipment, Nolin will assist in the enforcement of that warranty, provided that any litigation under such warranty shall be the responsibility of the Government.

(b) The Government acknowledges that: Nolin is not a manufacturer of ECOs; and neither the vendor(s) named in any schedule or invoice, or any representative of such vendor nor any manufacturer or subcontractor of any ECO is an agent of Nolin or is authorized to waive or alter any term or condition of the Modification.

(c) The Government acknowledges and agrees that any savings, estimated savings, load reduction, or estimated load reduction does not constitute a warranty or guaranty of any such savings, estimated savings, load reduction, or estimated load reduction by Nolin. Such

savings, estimated savings, load reduction, or estimated load reduction, whether or not provided to the Government by Nolin, are solely for the planning convenience of both Parties.

**4.3 Limitation of Liability of Nolin.**

(a) Except as provided in Section 4.3(b) below, Nolin shall not be responsible for any damages, claims, losses, costs, or expenses including, without limitation, incidental, indirect or consequential damages, connection with or resulting from the performance or non-performance under this Modification or anything done in connection therewith.

(b) Unless otherwise agreed, Nolin's sole and exclusive liability under this Modification shall be for payments to any contractor for the purposes of identifying, analyzing, designing, and implementing an ECO.

(c) Nolin shall have no responsibility for the proper functioning of an implemented ECO or for its proper operation or utilization. All maintenance and operating risks associated with an implemented ECO shall be borne by the Government.

**4.4 Access to Facility and Information.** Upon advance request, the Government shall provide Nolin, its agents, and its contractors with reasonable access to Service Locations and other areas within Fort Knox to enable Nolin to prepare for and conduct ECO Activities. The Government shall further provide Nolin with any information and other assistance reasonably required by Nolin to comply with the terms of this Modification. The Government acknowledges and agrees that Nolin may disclose information obtained by Nolin or provided by the Government pursuant to this Modification to the state regulatory body or to other public authorities having jurisdiction.

**4.5 Insurance.** The Government represents that it is self-insured and is not required to obtain commercial insurance of any type. Nolin shall require all contractors, affiliates, or subsidiaries it retains to fulfill its obligations under this Modification to carry insurance comparable to that required by Nolin when it hires contractors to perform similar work for Nolin.

**4.6 No Third-Party Beneficiaries.** This Modification is for the benefit of the Parties hereto and the Parties, by execution of this Modification, do not intend to create any rights in, or to grant any remedies to, any third party.

**4.7 Nonwaiver.** The failure of either Party to require compliance with any term, condition, or provisions of the Modification and subsequent task orders shall not affect that Party's right to later enforce the same. It is agreed that the waiver by either Party of performance of any of the terms of this Modification or any breach thereof shall not be held or deemed to be a waiver by that Party of any subsequent failure to perform the same or any other term or condition of this Modification or subsequent task order or any breach thereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Modification by and through their duly authorized representative as of the date first above written.

UNITED STATES OF AMERICA

By:

Steven J. Jones

Title:

Contracting Officer

Date:

10-21-02

NOLIN RURAL ELECTRIC COOPERATIVE  
COOPERATION

By:

Michael J. Miller

Title:

President / CEO

Date:

5-17-02



**MODIFICATION 3  
TO THE  
FORT KNOX ELECTRIC SERVICE CONTRACT  
WITH  
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION  
FOR  
DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY SERVICES**

This Modification for Demand Side Management and Energy Efficiency Services to Contract No. DABT23-84-C-0089 is entered into this 1st day of February, 2006 by and between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government), represented by the contracting officer executing this Modification. The signatories of this Modification will be sometimes collectively referred to as the "Parties" and individually as a "Party".

**WHEREAS**, Fort Knox is a Department of Defense installation within Bullitt, Hardin, and Meade Counties, Kentucky, and Nolin is a cooperatively-owned electric utility that provides electric utility service to portions of Fort Knox;

**WHEREAS**, Fort Knox has been mandated to reduce its energy consumption by 30 percent by year 2005, as compared to a year 1985 baseline;

**WHEREAS**, changing geopolitical conditions have constrained Defense budgets, thereby limiting funds available to fulfill assigned missions, have led to a series of base closure and realignment initiatives, that affect both the preservation of an installation's existing missions and an installation's ability to secure new missions, and have engendered increasing competition among Defense installations for new missions;

**WHEREAS**, Fort Knox's ability to effectively compete with other Defense installations will be based, in part, on the cost, availability, and reliability of utility services and on progress in meeting its energy conservation goals, and Fort Knox's ability to remain competitive will directly affect the local economy in terms of the employment levels of military, civilian, and contractor personnel, the purchase of goods and services and the related multiplier affect; and

**WHEREAS**, Fort Knox is desirous of establishing, under the authority of 10 U.S.C. 2865 and 42 U.S.C. 8256, a process through which Nolin will assist Fort Knox in implementing programs and mechanisms that will help Fort Knox meet its energy conservation goals and maintain its mission competitiveness by installing new and/or upgrading existing facilities and systems with energy efficient equipment and systems and by paying for such activities on its energy bill.

Accordingly, the Parties agree to the following principles, concepts and procedures:

**I. SCOPE AND TERM**

**1.1 Energy Efficiency Services.** Subject to the terms and conditions hereinafter set forth, Nolin shall furnish and the Government shall receive demand side management and energy efficiency services (the Services) requested by the Government from Nolin for specific Fort Knox facilities (the Service locations) and Energy Conservation Opportunities (ECOs).

Services tasking for specific facilities and ECOs will be executed through subsequent task orders.

**1.2 Energy Conservation Opportunities (ECOs).** The purpose of an ECO is to directly or indirectly reduce the peak period demand for natural gas, electric power, water or waste water or to reduce total natural gas, electric power, water or waste water requirements or provide energy related operations, maintenance and repair savings. Indirect measures may include, but are not limited to, metering and other monitoring measures that facilitate in the identification, assessment and validation of ECOs. Examples of work that may be proposed as part of an ECO are as follows:

- (a) Interior and exterior lighting replacement;
- (b) Lighting control improvements;
- (c) Motor replacement with high efficient motors;
- (d) Boiler control improvements;
- (e) Packaged air conditioning unit replacement;
- (f) Cooling tower retrofit;
- (g) Economizer installation;
- (h) Energy management control system installation, replacement or alteration;
- (i) Occupancy sensor and LED exit sign installation;
- (j) Infrared heating for work zones within large open bays or warehouses;
- (k) Fans and pump replacement or impeller trimming;
- (l) Chiller retrofit;
- (m) Upgrade of natural gas-fired boilers with new controls;
- (n) Steam trap maintenance and replacement;
- (o) Steam system leak identification and repair;
- (p) Insulation and daylighting control installation;
- (q) Programmable thermostat installation;
- (r) Variable speed drive utilization;
- (s) Reflective solar window treatment;
- (t) Replacement of air conditioning and heating units with heat pumps;
- (u) Addition of liquid refrigerant pumps to reciprocating air conditioning units;
- (v) Window air conditioning replacement with high efficiency units;
- (w) Installation of energy-efficient appliances;
- (x) Power factor correction;
- (y) Individual meter and automatic meter reading system installation; and
- (z) Periodic repair and maintenance and operations of energy using and monitoring equipment as needed to maintain and/or improve equipment energy efficiency, such as cleaning fluorescent light ballasts, changing air handling filters, checking cooling system refrigerant levels, meter checks and compressed air system leak detection and repair.

**1.3 Term.** This Modification shall continue to be in force for the duration of the Contract unless sooner terminated by Nolin upon six months written notice to the Government.

## **II. IDENTIFICATION, DEVELOPMENT AND IMPLEMENTATION OF TASKS**

**2.1 Identification, Development and Implementation of Tasks.** The Parties agree to proceed with the identification, development, and implementation of demand side management and energy efficiency service tasks as provided in this article. The Parties shall further meet as necessary to: obtain information on historical and projected energy requirements; coordinate Services tasking with related energy conservation or facility modification projects; identify and

prioritize facilities that will be included in energy audits, design, and implementation tasks; and establish metering requirements. Nolin personnel and contractors shall comply with applicable security requirements, including but not limited to appropriate badging.

## **2.2 Energy Audit.**

(a) Upon the Government's written request, Nolin shall submit to the Government an energy services audit proposal (Audit Proposal) to evaluate demand side management and energy conservation opportunities at specified Service Locations. The Audit Proposal shall include an audit scope, estimated cost, and completion schedule.

(b) In the event the Parties mutually agree to conduct an energy conservation audit (Energy Audit), the Government shall provide written authorization for Nolin to proceed with such audit.

(c) After authorization to proceed with an Energy Audit, and consistent with the Audit Proposal completion schedule, Nolin shall submit an energy audit report (Audit Report) to the Government. Each Audit Report should, as appropriate, contain the following information:

1. Identification of Service locations;
2. Description of ECOs;
3. Prioritized list of ECOs recommended for further design study or implementation;
4. Description of existing equipment proposed for removal, replacement, or alteration, including relevant ratings and a general condition assessment; Estimated peak period and annual energy and/or fuel reduction and energy related operations, maintenance and repair savings for each ECO; Estimated ECO installation cost; and Preliminary investment analysis, including projected yearly purchased utility and/or fuel cost savings, energy related operations, maintenance and repair savings, contract rate of interest, and simple payback period.

## **2.3 Engineering and Design.**

(a) In the event the Parties mutually recommend the conduct of an engineering and design study (Design Study) for one or more ECOs recommended in an Audit Report or recommended by mutual agreement of the Parties, Nolin shall submit to the Government an energy design proposal (Design Proposal) for engineering and design services necessary for the implementation of agreed-upon ECOs. The Design Proposal shall include a study scope, estimated cost, and completion schedule.

(b) In the event the Parties mutually agree to conduct a Design Study, the Government shall provide written authorization for Nolin to proceed with such study.

(c) It is agreed that ECO designs will be fully coordinated and a joint technical review will be performed by the Government, Nolin, and pertinent contractor personnel when the design documents are approximately 35 percent and 95 percent complete. Designs will comply with all appropriate codes, standards, and regulations to provide a safe, state-of-the-art, life cycle cost effective system that is efficient to operate and maintain.

(d) Nolin shall submit an energy design report (Design Report) to the Government upon completion of the Design Study. Each Design Report will contain final designs for each ECO.

## **2.4 ECO Implementation.**

(a) In the event the Parties mutually agree to implement one or more ECOs recommended in an Audit Report, in a Design Study, or by mutual agreement of the Parties, Nolin shall submit to the Government an ECO implementation proposal (Implementation Proposal) for the installation of approved ECOs and for construction oversight to verify the designed and specific energy efficient equipment and/or system modifications are properly supplied and installed in a manner that will provide the intended long term peak period and annual energy and fuel reductions and energy related operations, maintenance and repair savings.

(b) Each Implementation Proposal shall include the following information:

1. General description of the ECO;
2. Estimated peak period and annual energy and/or fuel reduction and energy related operations, maintenance and repair savings for each ECO; and
3. Updated investment analysis, to include the ECO implementation cost, estimated yearly purchased utility and/or fuel cost savings; current contract rate of interest and estimated monthly incremental ECO repayment charge. Nolin may include a management fee of up to 10 percent in its proposed ECO implementation cost.

(c) Each Implementation Proposal may further include the following information as shall be relevant to support the Government's determination whether to authorize the implementation of an ECO:

1. Existing equipment or components to be removed or replaced;
2. Specifications and/or catalog cuts for new equipment, including as appropriate, power rating, estimated energy consumption, input/output, power ratio, lighting level, estimated equipment life and/or maintenance requirements;
3. Electric and mechanical drawings for ECOs that involve changes to existing systems (drawings will not be required for ECOs involving only component replacement or minor equipment enhancements);
4. Government support required for ECO implementation, such as interruptions or temporary changes to operations and movement of equipment;
5. Utility interruptions required for ECO implementation including type, location, and estimated duration;
6. Environmental compliance requirements; and
7. If a proposed ECO requires the installation of equipment outside of existing buildings or structures, a site plan showing recommended siting and any feasible alternatives.

(d) In the event the Parties mutually agree to proceed with an ECO Implementation, the Government shall provide written authorization for Nolin to proceed with such implementation. Such authorization shall include a not-to-exceed amount.

**2.5 Performance of Work.** Nolin hereby undertakes all work necessary to perform its obligations under this Modification. All or any portion of the work or any other obligations of Nolin hereunder by be provided by subcontractors; provided that in no event may any work be performed by subcontractors listed as Parties Excluded from Federal Procurement Programs maintained by the Government pursuant to FAR 9.404. If the estimated cost for a Design Study or ECO Implementation exceeds \$500,000, Nolin shall select its subcontracts on the basis of adequate competition, taking into account price, expertise, quality of work, and other factors.

## 2.6 Limitation of Cost.

(a) Each authorization for an Energy Audit, Design Study, or ECO Implementation (which hereafter may be collectively referred to as "ECO Activities" or individually referred to as an "ECO Activity") shall contain a mutually-agreed upon not-to-exceed cost amount. Nolin shall notify the Contracting Officer in writing whenever it has reason to believe that:

1. The costs Nolin expects to incur in the next sixty (60) days, when added to all costs previously incurred, will cause the ceiling cost to be exceeded; or
2. The total cost for the performance of any ECO Activity may be greater or substantially less than the not-to-exceed amount.

(b) As part of the notification, Nolin shall provide a revised not-to-exceed estimate for the ECO Activity. The Government is not obligated to accept ECO Activity costs that are in excess of the applicable ceiling cost. Nolin is not obligated to continue performance under a task order or otherwise incur costs in excess of the ceiling amount until the Contracting Officer:

1. Notifies Nolin in writing that the not-to-exceed amount has been increased; and
2. Provides a revised not-to-exceed amount.

## III. SERVICE CHARGE PAYMENTS AND RELATED MATTERS

**3.1 Energy Conservation Surcharge.** Nolin shall be reimbursed for all costs incurred for the performance of an authorized ECO Activity by the Government's payment of a monthly energy conservation surcharge (Energy Conservation Surcharge) that shall be included in monthly electric service bills submitted by Nolin to the Government. Nolin may include the cost of an ECO Activity in an Energy Conservation Surcharge beginning with the first electric service bill following the month in which said activity is authorized. The cost of any ECO Activity shall initially be the Government's authorized not-to-exceed cost; provided that such cost shall be adjusted to reflect the actual cost incurred by Nolin upon the completion of an ECO Activity. The Energy Conservation Surcharge shall be calculated as follows and as illustrated in the example Energy Conservation Surcharge Worksheet provided as Attachment A to this Modification:

(a) Monthly Principal Payment, dependent upon useful life of equipment and or systems, equal to no greater than one-hundred and eightieth (1/180) and no less than one-hundred and twentieth (1/120) of the Total ECO Activity Cost for all in-progress and completed task orders; plus

(b) Monthly Interest Payment, equal to the unpaid, Remaining ECO Activity Cost Balance times the current contract rate of interest, with said interest equal to ~~1.5~~ times the monthly interest rate for variable rate long-term economic and business development loans issued by the National Rural Utilities Cooperative Financing Corporation (CFC) to members of the CFC. For reference purposes only, the November 1995 CFC variable interest rate was 6.40 percent. Nolin shall be entitled to the ~~1.5~~ percent surcharge regardless of the funding source used by Nolin.

**3.2 Operations and Maintenance, Manuals and Training.** Unless otherwise provided in a task order, the Government shall be responsible for the operation and maintenance of an implemented ECO following acceptance. At the time of acceptance of an implemented ECO,

Nolin shall furnish to the Government all manuals and other material made available to Nolin for the effective operation and maintenance of such ECO. Any training of Government personnel necessary for the successful implementation of an ECO shall be undertaken by Nolin as may be agreed upon in a task order. A task order may require Nolin to measure and document ECO performance following acceptance of the ECO.

**3.3 Government Prepayment Option.** Notwithstanding any other provision of this Modification, the Government shall have the right to prepay, in whole or in part, the unpaid remaining ECO Activity cost balance or any or all pending or completed ECO Activities. Such prepayment shall include a prepayment penalty that is equal to the prepayment amount times the applicable fee that the CFC charges for prepayments of variable interest rate loans. For reference purposes only, the November 1995 CFC prepayment fee was 0.035 percent.

**3.4 Termination Payments.** Upon written notice to Nolin, the Government may terminate any ECO activity or terminate this Modification at any time and for any reason. If a termination occurs, the Government shall reimburse Nolin for 100 percent of ECO Activity costs incurred up to the date of the termination notice, or reasonably incurred as a result of a termination. A surcharge shall be applied to all termination payments based on the CFC charge as identified in Section 3.3 above.

**3.5 Waiver of Patronage Capital.** The Government hereby waives all rights to any patronage capital allocated by the CFC to Nolin that is derived from CFC financing of an ECO Activity.

#### **IV. OBLIGATIONS AND LIMITATIONS**

##### **4.1 Labor Standards Requirements.**

(a) The labor standards requirements applicable to ECO Activities authorized under this Modification involving construction, alteration, or repair work in excess of \$2,000, as defined in Part 22 of the Federal Acquisition Regulation (FAR), are provided at Attachment B of this Modification.

(b) The labor standards requirements contained in Attachment B are effective for the 1st day of February, 2006. In November of each year, the Contracting Officer will update Attachment B of this Modification with any applicable changes to the labor standards requirements to be effective the following 1st day of February.

##### **4.2 Environmental Matters.**

(a) The Government understands and agrees that Nolin has not inspected and will not inspect any Service Locations or other task sites for the purpose of detecting the presence of hazardous materials or for the purpose of identifying or evaluating any environmental claims, environmental laws, or Excluded Activity. Neither Nolin nor any of its representatives, agents, or subcontractors will be responsible for the conduct of or compliance with any Excluded Activity, as defined below in Section 4.1(b).

(b) The Government may, for a particular ECO, conduct a study or other review of an Excluded Activity. Upon the completion of such study or review, the Government shall submit to Nolin a proposal describing the proposed Excluded Activity, including the cost thereof, and identifying the persons to perform the Excluded Activity on behalf of the Government. In the

event that Nolin agrees that all or a portion of the cost of the Excluded Activity may be paid by Nolin and repaid by the Government, as provided for in Article 3.1, an authorization for ECO Implementation shall explicitly state that:

1. The cost of the Excluded Activity is included in the estimated cost;
2. Nolin shall pay the cost of the Excluded Activity upon the presentation by the Government of appropriate invoices or other evidence that such costs have been properly incurred; and
3. Nolin shall not be required to enter into any agreement or incur any obligation to the Government or any other person conducting or providing an Excluded Activity.

(c) Excluded Activity means the containment, detection, disposal, discharge, handling, removal, storage, transportation, treatment, or use of Hazardous Materials.

(d) The Parties shall cooperate in obtaining all required environmental permits necessary for compliance with applicable environmental prior to implementing any ECO.

(e) All emission credits attributable to reductions in emissions at Fort Knox incidental to an ECO Implementation shall be the property of the Government.

#### **4.3 Warranties.**

(a) The Government and Nolin shall mutually agree on the cost and the extent of warranty protection for each implemented ECO. If a standard commercial warranty exists for an item of installed equipment, Nolin will assist in the enforcement of that warranty; provided that any litigation under such warranty shall be the responsibility of the Government.

(b) The Government acknowledges that: Nolin is not a manufacturer of ECOs; and neither the vendor(s) named in any schedule or invoice, or any representative of such vendor nor any manufacturer or subcontractor of any ECO is an agent of Nolin or is authorized to waive or alter any term or condition of the Modification.

(c) The Government acknowledges and agrees that any savings, estimated savings, load reduction, or estimated load reduction does not constitute a warranty or guaranty of any such savings, estimated savings, load reduction, or estimated load reduction by Nolin. Such savings, estimated savings, load reduction, or estimated load reduction, whether or not provided to the Government by Nolin, are solely for the planning convenience of both Parties.

#### **4.4 Limitation of Liability of Nolin.**

(a) Except as provided in Section 4.3(b) below, Nolin shall not be responsible for any damages, claims, losses, costs, or expenses including, without limitation, incidental, indirect or consequential damages, connection with or resulting from the performance or non-performance under this Modification or anything done in connection therewith.

(b) Unless otherwise agreed, Nolin's sole and exclusive liability under this Modification shall be for payments to any contactor for the purposes of identifying, analyzing, designing, and implementing an ECO.

(c) Nolin shall have no responsibility for the proper functioning of an implemented ECO or for its proper operation or utilization. All maintenance and operating risks associated with an implemented ECO shall be borne by the Government.

**4.5 Access to Facility and Information.** Upon advance request, the Government shall provide Nolin, its agents, and its contactors with reasonable access to Service Locations and other areas within Fort Knox to enable Nolin to prepare for and conduct ECO Activities. The Government shall further provide Nolin with any information and other assistance reasonably required by Nolin to comply with the terms of this Modification. The Government acknowledges and agrees that Nolin may disclose information obtained by Nolin or provided by the Government pursuant to this Modification to the state regulatory body or to other public authorities having jurisdiction.

**4.6 Insurance.** The Government represents that it is self-insured and is not required to obtain commercial insurance of any type. Nolin shall require all contractors, affiliates, or subsidiaries it retains to fulfill its obligations under this Modification to carry insurance comparable to that required by Nolin when it hires contractors to perform similar work for Nolin.

**4.7 No Third-Party Beneficiaries.** This Modification is for the benefit of the Parties hereto and the Parties, by execution of this Modification, do not intend to create any rights in, or to grant any remedies to, any third party.

**4.8 Nonwaiver.** The failure of either Party to require compliance with any term, condition, or provisions of the Modification and subsequent task orders shall not affect that Party's right to later enforce the same. It is agreed that the waiver by either Party of performance of any of the terms of this Modification or any breach thereof shall be held or deemed to be a waiver by the Party of any subsequent failure to perform the same or any other term or condition of this Modification or subsequent task order or any breach thereof.

**IN WITNESS WHEREOF,** the Parties hereto have executed this Modification by and through their duly authorized representative as of the date first above written.

UNITED STATES OF AMERICA

NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By: Steven J. Fries  
Steven J. Fries

By: Michael L. Miller  
Michael L. Miller

Title: Contracting Officer

Title: President & CEO

Date: 28 August 2006

Date: Aug. 1, 2006





DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY ARMOR CENTER AND FORT KNOX  
FORT KNOX, KENTUCKY 40121-5000

September 11, 1997

REPLY TO  
ATTENTION OF:

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
612 East Dixie Avenue  
Elizabethtown, Kentucky 42701-1094

OPTIONAL FORM 89 (7-80)

**FAX TRANSMITTAL** # of pages 7

To	VINCE HEUSER	From	M. MED. TA
Dept./Agency	NOLIN	Phone #	8358
Fax #	735-1668	Fax #	624-3679

NGM 7840-01-317-7809 5099-101 GENERAL SERVICES ADMINISTRATION

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #13, dtd Aug 19, 1997.  
**PROJECT TITLE: DECREASE ELECTRICAL DEMAND**  
 (2) DSM and Energy Efficiency Services Modification to Contract  
 DABT23-84-C-0089

A. Nolin RECC's proposed **ECO 0013** is accepted and assigned **ECO TASK ORDER 0013** at a price of \$603,855.57. The contractor shall perform work in accordance with contract DABT23-84-C-0089 and Scope of Work dtd 6Aug97.

B. The contractor shall coordinate all work with the Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries*  
 STEVEN J. FRIES  
 Contracting Officer  
 Directorate of Contracting

AL ELECTRIC COOPERATIVE CORPORATION  
ECO ACTIVITY PROPOSAL  
AUGUST 19 1997

[REDACTED]

[REDACTED]

Decrease Electrical Demand  
(ECO #13)

Fort Knox, KY

LG 00423-6J

ING PROPOSAL:

Nolin Rural Electric Coop. Corp.  
Elizabethtown, KY

PROJECT COST (INCLUDING INTEREST):

Audit 13	\$0.00
Study 13	\$0.00
ECO 13	[REDACTED]
Nolin RECC Mgt & Fee	[REDACTED]

Total ECO Activity Cost \$603,855.57

METHOD OF PAYMENT:

Payment shall be made according to  
Section 3.1 Energy Conservation  
Surcharge, Contract # DABT 23-84C0089

INITIAL PAYMENT PER MONTH:

\$8,334.47

MONTHLY ENERGY SAVINGS PER MONTH OVER TERM OF LOAN:

\$10,720.00

ANNUAL OPERATING COST SAVINGS:

\$128,640.00

DATE:

8-19-97

SIGNATURE:

[Signature]  
Operations & Engineering Manager



**DEPARTMENT OF THE ARMY**  
MISSION AND INSTALLATION CONTRACTING COMMAND CENTER - FORT KNOX  
199 6TH AVENUE, SUITE 250  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

May 12, 2009

MICC Center - Fort Knox

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0053 dtd March 31, 2004.  
**PROJECT TITLE: HVAC RENOVATION & CONTROLS RETROFIT  
IN USAREC FACILITIES at FT KNOX KY** awarded as ECO Task  
Order No. 0053
- (2) Nolin RECC's ECO Activity Proposal #49<sup>S3</sup> revised March 7, 2005  
(Modification 1)
  - (3) Nolin RECC's ECO Activity Proposal #49<sup>S3</sup> revised April 13, 2006  
(Modification 2)
  - (4) Nolin RECC's ECO Activity Proposal #49<sup>S3</sup> revised February 5, 2008
  - (5) Nolin RECC's ECO Activity Proposal #49 revised March 10, 2009
  - (6) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 4 to **ECO TASK ORDER NO. 0053** (reference 5 above) is accepted changing total ECO cost to \$7,187,541.32 per previous verbal award. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems, Fort Knox
- (3) Energy Design Standards for Fort Knox
- (4) DSM Scope of Work dated March 9, 2009

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN J. FRIES (2 MAY 2009)  
Contracting Officer

CF: Patrick Appelman, RJ Dyrdek, DPW / Gary Meredith

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO ACTIVITY PROPOSAL**  
**March 10, 2009**

**PROJECT NAME:** DSM # 53 -Perform HVAC Renovation and Controls Retrofit in USAREC Facilities. Includes Boiler & Chiller Reaplacement at Building 206 and Boiler Control at Buildings 6579 & 6580. Additional Cooling Systems Work in the Server Areas in Bldg. 1307. Additon work for expansion of IT systems for BRAC. Reduced preventitive maintenance service for 1307 and increased repair budget. Additional Cooling for two UPS areas.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:** LG00808-25

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surcharge, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

Project Maintenance Cost (10 YR)	[REDACTED]
Project Repair Budget (10 YR)	[REDACTED]
ECO 0053	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
<b>Total ECO Activity Cost</b>	<b>\$5,190,139.16</b>
Additional Planned Funding (Buydown)	\$0.00
<b>Total Estimated ECO Debt Obligation (10 YR)</b>	<b>\$7,187,541.32</b>
Total Estimated ECO Energy Savings (10 YR)	\$3,866,924.98
Total ECO Estimated O&M Savings (10 YR)	\$1,690,922.20
Total ECO Estimated Capital Expenditure Savings Savi	\$2,063,498.28
<b>Net ECO Savings (10 YR)</b>	<b>\$433,804.14</b>

**ATTACHMENTS:** ECO-53 Project Pro Forma(s)

DATE: 3-10-09

SIGNATURE: [Signature]  
Vice President, System Operations



DEPARTMENT OF THE ARMY  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

March 17, 2008

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0053 dtd March 31, 2004.  
**PROJECT TITLE: HVAC RENOVATION & CONTROLS RETROFIT  
IN USAREC FACILITIES at FT KNOX KY** awarded as ECO Task  
Order No. 0053
- (2) Nolin RECC's ECO Activity Proposal #49<sup>53</sup> revised March 7, 2005  
(Modification 1)
- (3) Nolin RECC's ECO Activity Proposal #49<sup>53</sup> revised April 13, 2006  
(Modification 2)
- (4) Nolin RECC's ECO Activity Proposal #49<sup>53</sup> revised February 5, 2008
- (5) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 3 to **ECO TASK ORDER NO. 0053** (reference 4 above) is accepted changing total ECO cost to \$5,097,447.12. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems, Fort Knox
- (3) Energy Design Standards for Fort Knox
- (4) DSM Scope of Work dated January 31, 2008

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries* 17 MAR 2008  
STEVEN J. FRIES  
Contracting Officer

CF: Patrick Appelman, DPW / Gary Meredith

DIRECTORATE OF CONTRACTING  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: steven.fries@us.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO ACTIVITY PROPOSAL**  
**February 5, 2008**

**PROJECT NAME:** DSM # 53 -Perform HVAC Renovation and Controls Retrofit in USAREC Facilities. Includes Boiler & Chiller Reaplacement at Building 206 and Boiler Control at Buildings 6579 & 6580. This Modifiacton Concerns the Additional of Cooling Systems Work in the Server Areas in Bldg. 1307. Additon scope of work for expansion of IT systems for BRAC. Reduced preventitive maintenance service for 1307 and increased repair budget.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:** LG00808-25

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Suircharge, Contract #DABT 23-84C0089

<b>PROJECT FINANCIAL SUMMARY:</b>	Project Maintenance Cost (10 YR)	[REDACTED]
	Project Repair Budget (10 YR)	[REDACTED]
	ECO 0053	[REDACTED]
	Nolin RECC Mgt & Fee	[REDACTED]
	Total ECO Activity Cost	\$5,097,447.12
	Additional Planned Funding (Buydown)	\$0.00
	Total Estimated ECO Debt Obligation (10 YR)	\$7,097,976.08
	Total Estimated ECO Energy Savings (10 YR)	\$3,866,924.98
	Total ECO Estimated O&M Savings (10 YR)	\$1,690,922.20
	Total ECO Estimated Capital Expenditure Savings Savings (10 YR)	\$2,063,498.28
	Net ECO Savings (10 YR)	\$523,369.37

**ATTACHMENTS:** ECO-53 Project Pro Forma(s)

DATE: 2-5-08

SIGNATURE: [Signature]  
Vice President, System Operations



DEPARTMENT OF THE ARMY  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5000

REPLY TO  
ATTENTION OF:

April 21, 2006

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0053 revised April 13, 2006
- (2) Nolin RECC's ECO Activity Proposal #0053 dtd March 31, 2004  
with revision dtd March 7, 2005

**PROJECT TITLE: HVAC RENOVATION & CONTROLS RETROFIT IN  
USAREC FACILITIES at FT KNOX KY** awarded as ECO Task Order  
No. 0053 dtd July 16, 2004 with modification dtd April 4, 2005

- (3) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

- A. Nolin RECC's proposed modification (ref 1) to ~~ECO TASK ORDER NO 0053 (ref 2)~~  
is accepted increasing total task order price to ~~\$5,354,938.94~~. The contractor shall  
perform work in accordance with the following:
  - (1) Contract DABT23-84-C-0089
  - (2) Scope of Work GCHP HVAC Systems, Fort Knox
  - (3) Energy Design Standards for Fort Knox
  - (4) DSM Scope of Work dated February 10, 2005 [para 5 is revised as follows:  
"Director of Engineering and Housing" is changed to read "Contracting  
Officer"]
- B. The contractor shall coordinate all work with the Energy Project Manager.
- C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries* 21 APR 2006  
STEVEN J. FRIES  
Contracting Officer

CF: Gary Meredith, DPW Energy

DIRECTORATE OF CONTRACTING  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@knox.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO ACTIVITY PROPOSAL**  
**April 13, 2006**

**PROJECT NAME:** DSM # 53 -Perform HVAC Renovation and Controls Retrofit in USAREC Facilities. Includes Boiler & Chiller Reaplacement at Building 206 and Boiler Control at Buildings 6579 & 6580. This Modifiacion Concerns the Additional of Cooling Systems Work in the Server Areas in Bldg. 1307. Additon scope of work for expansion of IT systems for BRAC.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:** LG00808-25

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Suircharge, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

Project Maintenance Cost (10 YR)	[REDACTED]
Project Repair Budget (10 YR)	[REDACTED]
ECO 0053	[REDACTED]
Nolin RECC Mgt & Fee	[REDACTED]
Total ECO Activity Cost	\$5,354,938.94
Additional Planned Funding (Buydown)	\$0.00
Total Estimated ECO Debt Obligation (10 YR)	\$7,362,686.84
Total Estimated ECO Energy Savings (10 YR)	\$3,866,924.98
Total ECO Estimated O&M Savings (10 YR)	\$1,690,922.20
Total ECO Estimated Capital Expenditure Savings Savings (10 YR)	\$2,063,498.28
<b>Net ECO Savings (10 YR)</b>	<b>\$258,658.61</b>

**ATTACHMENTS:** ECO-53 Project Pro Forma(s)

DATE: 4-13-06

SIGNATURE: [Signature]  
Vice President, System Operations





DEPARTMENT OF THE ARMY  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5000

Attachment 15C  
Page 7

REPLY TO  
ATTENTION OF:

April 4, 2005

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC ECO Activity Proposal (53A) dtd March 7, 2005  
(2) ~~Nolin RECC ECO Activity Proposal #0053~~ dtd March 31, 2004.  
PROJECT TITLE: HVAC RENOVATION & CONTROLS RETROFIT IN  
USAREC FACILITIES at FT KNOX KY awarded as ECO Task Order  
No. 0053  
(3) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

- A. Nolin RECC proposed modification to ~~ECO TASK ORDER NO. 0053~~ is accepted at  
a total price of ~~\$4,926,938.94~~. The contractor shall perform work in accordance with  
contract DABT23-84-C-0089; Revised Scope of Work dated February 10, 2005; and  
Energy Design Standards for Fort Knox previously provided.
- B. The contractor shall coordinate all work with the Project Manager.
- C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN J. FRIES 4 APR 2005  
Contracting Officer

CF: Gary Meredith, DBOS Energy

---

DIRECTORATE OF CONTRACTING  
BLDG 1109B RM 250, FORT KNOX KY 40121-5000  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@knox.army.mil

NOI 005874E

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO ACTIVITY PROPOSAL**  
March 7, 2005

**PROJECT NAME:** DSM # 53 -Perform HVAC Renovation and Controls Retrofit in USAREC Facilities. Includes Boiler & Chiller Reaplacement at Building 206 and Boiler Control at Buildings 6579 & 6580. This Modification Concerns the Additional of Cooling Systems Work in the Server Areas in Bldg. 1307.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:** LG00808-25

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

Project Maintenance Cost (10 YR)	[REDACTED]
Project Repair Budget (10 YR)	[REDACTED]
ECO 0053	[REDACTED]
Nolin RECC Mgt & Fee	[REDACTED]
Total ECO Activity Cost	\$4,926,938.94
Additional Planned Funding (Buydown)	\$0.00
Total Estimated ECO Debt Obligation (10 YR)	\$6,949,124.71
Total Estimated ECO Energy Savings (10 YR)	\$3,244,559.34
Total ECO Estimated O&M Savings (10 YR)	\$1,690,922.20
Total ECO Estimated Capital Expenditure Savings Savings (10 YR)	\$2,063,498.28
<b>Net ECO Savings (10 YR)</b>	<b>\$49,855.11</b>

**ATTACHMENTS:** ECO-53 Project Pro Forma(s)

DATE: 3-7-05

SIGNATURE:   
Vice President, System Operations

**ADDENDUM AGREEMENT  
TO ENERGY CONSERVATION OPPORTUNITY (ECO) #70  
NATURAL GAS SERVICES**

This Agreement is entered into this 7th day of August, 2007 between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government) as an addendum to the task order ECO #70 for Demand Side Management Services (DSM/UESC) relating to the extraction, compression and transportation of natural gas from deposits of Devonian Shale located on the Fort Knox installation (referred hereafter as ECO #70).

Notwithstanding any other provision contained in Contract DABT23-84-C-0089 and subsequent Modifications to such contract, including Modification 3 dated 1 February 2006, the terms and provisions contained in this Addendum Agreement shall control as regards to issues arising from ECO #70. The Labor Standards Requirements identified in Attachment B of Modification 3 are applicable to ECO #70. General Decision Number KY070027, dated 02/09/2007; Construction Type: Heavy and Highway, shall be applicable for this project.

**1. SCOPE AND TERM**

This Agreement concerns the rights and responsibilities of the parties to it as it concerns activities and issues arising from ECO #70. It shall be effective upon the signature of representatives of Nolin and the Government and shall continue for a period of ten years.

**2. NATURAL GAS SERVICES**

2.1 The parties agree that ECO #70 is for services relating to the extraction, compression, and transportation of natural gas for use by the Government on Fort Knox and other DoD activities. Neither Nolin nor any of its subcontractors shall have any right to title, ownership, or interest in the natural gas or other gas, oil, or minerals on Fort Knox by reason of ECO #70. Such natural gas, other gas, oil, or minerals shall remain the property of the Government.

2.2 Nothing contained in this Agreement or other documents relating to ECO #70 shall be construed as providing or giving a lease to any land or subsurface or entitlement to oil and mineral rights at Fort Knox.

2.3 Nolin agrees that it will not sell or attempt to sell services relating to ECO #70 to other parties without the express written consent of the Government.

2.4 Nolin agrees to conduct surveys, research, and testing to determine areas most conducive to drilling and production of natural gas.

2.5 Nolin shall use best efforts to identify productive well sites for natural gas, to drill for natural gas, to extract natural gas, to compress and odorize natural gas, and to transport such natural gas into the Fort Knox natural gas distribution system.

2.6 The Government acknowledges that, despite the best efforts of Nolin and its subcontractors, natural gas may not be found in sufficient quantities at Fort Knox to financially justify continued development or production from drill sites. In such case, the parties may agree to cease further operations in regards to ECO #70.

2.7 Depending upon the production of natural gas at Fort Knox, the Government may determine to provide natural gas to other DoD facilities or to generate electricity with natural gas. Upon such determination, Nolin agrees to provide the infrastructure necessary for the transmission of natural gas extracted at Fort Knox to an electrical generation facility on Fort Knox or to an interstate gas pipeline.

### **3. DRILLING, FACILITIES AND INFRASTRUCTURE**

3.1 No drilling, including for research purposes, or development of facilities and infrastructure shall take place without the express written permission of the Government. Nolin shall identify sites that it proposes to explore for natural gas extraction purposes and shall include the number of proposed wells for the site, the approximate location of the proposed wells, and proposed infrastructure necessary to extract, compress and transport the gas into the Fort Knox natural gas system.

3.1.1 The Government will approve or disapprove the proposed action by Nolin within 15 days except when the proposed action requires environmental assessments or other formal environmental evaluation documentation.

3.1.2 Nolin shall begin the process to drill within 5 work days after approval to proceed at a proposed well site is given by the Government.

3.2 Nolin agrees that the Government shall have exclusive and sole authority to approve or disapprove drill sites and that disapproval of a proposed drill site shall not give rise to any cause of action against the Government.

3.3 All drilling, facilities and infrastructure, including closing and capping of wells, shall be in accordance with Kentucky Division of Oil and Gas requirements, American Petroleum Institute (API) standards and Best Management Practices recognized in the natural gas industry.

3.3.1 Nolin will cause all wells to be drilled with air or mist. Water-based mud drilling is not permitted.

3.3.2 Nolin will ensure that fresh water zones are cased off and cemented and that only drilling methods that have entirely closed systems are utilized.

3.3.3 Nolin will ensure that steel or surface lined pits are used to circulate the well-bore and that proper care is used in the handling and use of perforations.

3.3.4 Nolin will dispose of brine or salt water by either pumping it into a disposal well or by hauling it off the installation at its own cost.

3.3.5 Nolin shall develop a contingency plan that addresses what action will be taken if hydrogen sulfide is discovered in the natural gas or other material extracted. Such contingency plan shall be submitted to the Government for approval.

3.4 Nolin shall erect adequate fencing around all surface areas containing drilling equipment, rigs, or other areas of potential hazard and shall post appropriate caution signs.

3.5 Upon the closure of a well bore, the parties agree that a geothermal pipe may be inserted for a future geothermal coupling well if otherwise feasible. Such geothermal pipe insertion will be completed pursuant to a modification of ECO #70, a future ECO task order or at Government expense.

3.6 Nolin will provide proper transmission piping and infrastructure for flow of natural gas to and from the Texas Gas interstate pipeline. Said infrastructure shall be constructed so as to allow the Fort Knox natural gas system to receive natural gas supply from the Texas Gas interstate pipeline without utilizing the Louisville Gas and Electric pipeline and so as to permit the transfer of excess natural gas into the interstate pipeline.

3.7 All well apparatus, facilities and infrastructure, including but not limited to wells, well bores, pumping equipment, compression equipment, transmission piping and metering, used on ECO #70 shall become the exclusive and sole property of the Government at the expiration of ten years from the date this agreement is signed regardless of when such apparatus, facilities or infrastructure was built, installed, or placed on Fort Knox.

#### 4. PRICE DETERMINATION



4.2 No other charges, such as a transportation fee, marketer fee, etc., shall be owed by the Government or paid.

4.3 Nolin agrees that no other payment except as set out in paragraph 4.1 will be charged to or made by the Government as a result of ECO #70. Nolin shall be responsible for any development, construction, maintenance, and/or operation of the facilities and infrastructure necessary to carry out ECO #70.

4.4 Nolin and its subcontractors shall provide open access to the Government of all records relating to its invoicing, including metering and results of well performance testing and metering calibration. The Government shall have the right to install parallel metering devices.

## 5. ENVIRONMENTAL COMPLIANCE

5.1 Nolin recognizes that environmental considerations are a top priority at Fort Knox. Nolin shall conduct all operations and activities under ECO #70 so as to be in compliance with all applicable state and federal environmental regulations and laws.

5.2 Nolin will coordinate activities under ECO #70 with the Fort Knox Environmental Management Division.

5.3 Nolin will fund and obtain all necessary federal and state permits relating to ECO #70.

5.4 An Environmental Assessment may be determined by the Government to be necessary before certain activities under ECO #70 may commence. In such instances, the Government may direct Nolin to produce such Environmental Assessment at its expense or may direct Nolin to provide necessary information needed for the Government's production of the Environmental Assessment.

5.5 Nolin will provide a plan for assessing and minimizing environmental impact for each proposed drilling area at the time it submits a request to drill which will be subject to approval by the Government.

5.6 Nolin will utilize certified water quality professionals to assist in oversight of operations under ECO #70 including in the preparation and submission of plans described in paragraph 5.5.

## 6. NON-TRANSFER

6.1 Nolin will not transfer or assign this agreement without the written approval of the Government.

## **7. SUBCONTRACTING**

7.1 Nolin may use a subcontractor to perform natural gas services under ECO #70. The Parties acknowledge that it is the intent of Nolin to utilize TRICO/Tiger Development to perform the majority of natural gas services.

7.2 Nolin will obtain the written approval of the Government before changing major subcontractors.

7.3 Although Nolin may utilize subcontractors for performance under ECO #70 and may require subcontractors to assume responsibilities and liability in connection with ECO #70, Nolin shall remain primarily responsible to the Government for all obligations and responsibilities under ECO #70.

7.4 Nolin will ensure that its contracts and agreements with subcontractors working on ECO #70 reflect provisions that adequately ensure compliance with the terms of ECO #70 and this Addendum Agreement.

7.5 Nolin will require that its major subcontractors are fully bonded and insured per Kentucky regulatory and statutory requirements and per industry standards for all work performed under ECO #70.

7.6 The term "subcontractor" shall include all contractors, affiliates, or subsidiaries that Nolin retains or arranges to fulfill its obligations under ECO #70.

## **8. TERMINATION, DAMAGE AND INDEMNIFICATION**

8.1 If the parties mutually agree to cease operations because of failure to extract sufficient natural gas to warrant continued activity, Nolin will cap and close all wells and remove all equipment and fixtures connected with ECO #70 at no cost to the Government.

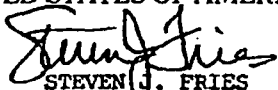
8.2 The Government may terminate ECO #70 for convenience. In such case, termination costs payable to Nolin will be negotiated between the parties and may include costs incurred by subcontractors. Nolin will be responsible for negotiating any settlements with its subcontractors as a result of the Government's termination for convenience. The Government may also negotiate with Nolin for capping or closing of any wells drilled in connection with ECO #70.

8.3 Nolin shall be responsible for any damage to Government property or land arising out of its actions or those of its subcontractors under ECO #70 and shall ensure that any damage is remedied to the condition of the property or land immediately prior to the damage.

8.4 Nolin shall indemnify and hold harmless the Government from any and all damages, claims, losses, costs, or expenses resulting from actions of Nolin or its subcontractors in performance or non-performance under ECO #70 or anything done in connection therewith.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum Agreement to ECO #70 by and through their duly authorized representatives as of the date first above written.

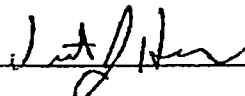
UNITED STATES OF AMERICA

BY:   
STEVEN J. FRIES

Title: Contracting Officer

Date: 7 AUG 2007

NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION

BY:  VINCENT J. HEUSER

Title: Vice President of Operations

Date: 7-27-07



**ADDENDUM AGREEMENT  
TO ENERGY CONSERVATION OPPORTUNITY (ECO) #72  
RESOURCE EFFICIENCY MANAGEMENT (REM) SERVICES**

This Agreement is entered into this 28th day of September, 2007 between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government) as an addendum to the task order ECO #72 for Demand Side Management Services (DSM/UESC) relating to the provision of Resource Efficiency Management (REM) Services on the Fort Knox installation (referred hereafter as ECO #72).

Notwithstanding any other provision contained in Contract DABT23-84-C-0089 and subsequent Modifications to such contract, including Modification 3, dated 1 February 2006, the terms and provisions contained in this Addendum Agreement shall control as regards to issues arising from ECO #72. The parties hereby expressly adopt the REM Performance Work Statement included as Attachment 1 and agree that all work performed under this Agreement shall be accomplished in accordance with Attachment 1.

**1. SCOPE AND TERM**

This Agreement concerns the rights and responsibilities of the parties as it concerns activities and issues arising from ECO #72. It shall be effective upon the signature of representatives of Nolin and the Government and shall continue for a period of ten years.

**2. RESOURCE EFFICIENCY MANAGEMENT (REM) SERVICES**

2.1 The Parties agree that the REM scope of work will emphasize Energy Program Support, analysis of base load profiles and peak use, low cost/no cost and economically beneficial project development, and alternative financing project development. Attachment 1 provides the contract requirements and deliverables for ECO #72. Nolin will accomplish Attachment 1 focusing on the overall program goals identified below.

2.2 The Performance Work Statement for tasking the REM services covers three areas for energy conservation support: Program, Projects, and Awareness. The tasks may include, but not be limited to, the following:

2.2.1 Provide support to update energy master plan.

2.2.2 Provide support to develop/establish metering/sub-metering program.

- 2.2.3 Perform utility billing audits.
- 2.2.4 Establish and maintain energy account database.
- 2.2.5 Develop/maintain energy program reports, metrics, and performance indicators.
- 2.2.6 Provide planning support for energy budgets.
- 2.2.7 Provide support for energy efficient design/procurement standards and codes.
- 2.2.8 Provide REM program status reports.
- 2.2.9 Identify and develop low cost/no cost and economically beneficial opportunities.
- 2.2.10 Provide support to operation of the Energy Management Control System, and scheduling of building control systems.
- 2.2.11 Develop/assist in project identification and justification (scope, LCC, auditing).
- 2.2.12 Assist in updating, maintaining and implementing Energy Conservation Awareness Programs.
- 2.2.13 Participate in activity level meetings and committees supporting the Energy Conservation Awareness Program.
- 2.2.14 Advise energy manager, other DPW personnel, and tenant activities on energy conservation and awareness matters.
- 2.2.15 Recommend to the Government the assignment of tasks to various activity organizations and monitor goals and task progress.
- 2.2.16 Assist in the management of on-going energy awareness program, which communicates the conservation message.
- 2.2.17 Prepare annual energy reports and recommend to the Government conservation awards submittals, including major claimant awards.
- 2.2.18 Assist in the development and support of an incentive and awards program recognizing outstanding energy conservation efforts.

### **3. PERFORMANCE MEASUREMENTS**

3.1 The Parties agree that the REM program will be deemed successful when the deliverables are met and the quantifiable savings exceed the cost for REM services. The basis for determining this success shall be the simple payback associated with the cost of

the REM program, project and resource cost reductions identified by the REM program, and incentives and grants obtained by the REM program.

3.2 The equation to determine overall simple payback is defined as the sum total of all identified project costs over the life of the project, upfront costs associated with resource cost reductions and the associated REM costs for the current REM contract period, subtracted by the estimated total annual savings of identified projects, measures and resource cost reductions (valued at current utility rates, solid waste rate, and labor rates appropriate for the facility). Cost savings will be based upon all verifiable low/no cost opportunities, conservation projects and utility initiatives identified, developed or implemented by the REM program. Cost avoidance shall be considered as a savings only when it is clearly shown that such costs would have been incurred but for the project identified, developed or implemented by the REM program.

3.3 Nolin agrees that it will not provide personnel to perform under ECO#72 whose performance would constitute a violation of DoD 5500.7-R, the Joint Ethics Regulation. Further, Nolin agrees that it will provide a copy of any ethics opinion on post-government employment obtained by former government personnel from an Agency Ethics Counselor if Nolin intends to have such person perform under this ECO. Nolin further agrees to require such letter from any of its Sub-Contractors concerning the Sub-Contractor's employees who perform services under this ECO.

#### **4. NON-TRANSFER**

4.1 Nolin will not transfer or assign this agreement without the written approval of the Government.

#### **5. SUBCONTRACTING**

5.1 Nolin may use a subcontractor to perform REM services under ECO #72.

5.2 Nolin will obtain the written approval of the Government before changing major subcontractors.

5.3 Although Nolin may utilize subcontractors for performance under ECO #72 and may require subcontractors to assume responsibilities and liability in connection with ECO #72, Nolin shall remain primarily responsible to the Government for all obligations and responsibilities under ECO #72.

5.4 Nolin will ensure that its contracts and agreements with subcontractors working on ECO #72 reflect provisions that adequately ensure compliance with the terms of ECO #72 and this Addendum Agreement.

5.5 The term "subcontractor" shall include all contractors, affiliates, or subsidiaries that Nolin retains or arranges to fulfill its obligations under ECO #72.

## 6. PERIODS OF PERFORMANCE

6.1 The initial period of performance shall be a base period of two years commencing upon the issuance of ECO #72.

6.2 Subsequent periods of performance shall be one-year periods and shall commence upon the expiration of the previous period of performance and only upon the written determination of the contracting officer that the Government is continuing ECO #72.

6.3 The Government shall provide 60 days notice of its intent to continue ECO #72 prior to the expiration of a period of performance.

## 7. PRICING AND PAYMENT

7.1 The Parties agree that pricing shall be in accordance with that reflected on Nolin's ECO #72 submission reflecting a price of \$179,473.00 for the first year and escalating to a final price of \$234,172.00 for the tenth year of the REM service.

7.2 Nolin will invoice monthly in accordance with procedures established for previously issued ECOs except that Nolin will clearly delineate in billing what portion of the invoice is for REM services.

## 8. TERMINATION, DAMAGE AND INDEMNIFICATION

8.1 If the Government determines not to continue ECO #72 past a current period of performance, Nolin will not be entitled to any additional payments under ECO #72, regardless of whether, the amount, or the degree REM program savings have exceeded its costs.

8.2 The Government may terminate ECO #72 for convenience prior to the expiration of a current period of performance. In such case, termination costs payable to Nolin will be negotiated between the parties and may include costs incurred by subcontractors. Nolin will be responsible for negotiating any settlements with its subcontractors as a result of the Government's termination for convenience.

8.3 The Government may terminate ECO #72 for cause prior to the expiration of a current period of performance if Nolin fails to meet the requirements of this Addendum Agreement or attached statement of work.

8.3 Nolin shall be responsible for any damage to Government property arising out of its actions or those of its subcontractors under ECO #72 and shall ensure that any damage is remedied to the condition of the property immediately prior to the damage.

8.2 Nolin shall indemnify and hold harmless the Government from any and all damages, claims, losses, costs, or expenses resulting from actions of Nolin or its subcontractors in

performance or non-performance under ECO #72 or anything done in connection therewith.

**IN WITNESS WHEREOF, the Parties hereto have executed this Addendum Agreement to ECO #72 by and through their duly authorized representatives as of the date first above written.**

UNITED STATES OF AMERICA

NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION

BY: *Steven J. Fries*  
Title: **STEVEN J. FRIES**  
Contracting Officer

BY: *John J. [Signature]*  
Title: Vice President of Operations

Date: 28 SEP 2007

Date: 9-27-07

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO ACTIVITY PROPOSAL**  
**February 13, 2007**

**PROJECT NAME: UESC/DSM #72** Provide Resource Efficiency Management services (REM) and lower the utility consumption and cost to Fort Knox Ky.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:** LG01359-5J

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.

**PAYMENT TERMS:** Duration 120

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation SurchARGE, Contract #DABT 23-84C0089

<b>PROJECT FINANCIAL SUMMARY:</b>	REM Total 10 Year Fee	(\$2,057,456.81)
	Total ECO Activity Cost	(\$2,057,456.81)
	Total Estimated ECO Debt Obligation (P & I 10 YR)	(\$2,057,456.81)
	Total Estimated ECO Energy Savings (10 YR)	\$2,154,796.08
	<b>Net ECO Savings (10 YR)</b>	<b>\$97,339.26</b>

**ATTACHMENTS:** ~~ECO #72 Project Pro Forma(s)~~  
Revised Total ECO Summary

DATE: 2-13-07

SIGNATURE:   
Vice President, System Operations



**DEPARTMENT OF THE ARMY**

MISSION AND INSTALLATION CONTRACTING COMMAND CENTER - FORT KNOX  
199 6TH AVENUE, SUITE 250  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

June 18, 2009

MICC Center - Fort Knox

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0078 dtd May 7, 2009  
PROJECT TITLE: GEOTHERMAL BLDGS 2389, 1307, WIT, 2300  
HAMMERHEADS, IBCT HQ ANNEX, BLDGS 1189, 1491 and 9309  
at FT KNOX KY  
(2) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

- A. Nolin RECC's proposed ECO 78 is accepted and assigned **ECO TASK ORDER NO. 0078** at a price of \$16,680,416.52. The contractor shall perform work in accordance with the following:  
(1) Contract DABT23-84-C-0089  
(2) DSM Scope of Work signed April 10, 2009
- B. The contractor shall coordinate all work with the Energy Project Manager.
- C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN J. FRIES 18 JUN 2009  
Contracting Officer

CF: Patrick Appelman, RJ Dyrdek, DPW / Gary Meredith

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 78 ACTIVITY PROPOSAL**  
**May 7, 2009**

**PROJECT DESCRIPTION:**

Convert building 2389 and 1307 to geothermal heat pump systems with VAV airside systems. Convert WIT, 50% of 2300 hammerheads, and IBCT HQ Annex to full geothermal. Convert 1189, 1491, and 9309 to geothermal heating and cooling. Fort Knox will not have to make any payments in the FY09 budgeting year; construction payments will begin October of FY10.

**LOCATION:**

Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:**

Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:**

Duration  
Finance Rate (Base Rate)

180 Months

**METHOD OF PAYMENT:**

Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

Project Maintenance & Repair Cost (10 YR)	[REDACTED]
ECO 78	[REDACTED]
Nolin RECC Mgt & Fee	[REDACTED]
<b>Total ECO Activity Cost</b>	<b>\$16,452,125.85</b>
Additional Planned Funding (Buydown)	\$0.00
<b>Total Estimated ECO Debt Obligation (10 YR)</b>	<b>\$16,680,416.52</b>
<b>Total Estimated ECO Energy Savings (10 YR)</b>	<b>\$7,923,446.51</b>
<b>Total ECO Estimated O&amp;M Savings (10 YR)</b>	<b>\$15,563,107.03</b>
<b>Net ECO Savings (10 YR)</b>	<b>\$6,806,137.01</b>

**ATTACHMENTS:**

ECO-78 Project Pro Forma(s)

DATE: 5-11-09

SIGNATURE: [Signature]  
Vice President, System Operations





DEPARTMENT OF THE ARMY

MICC - FORT KNOX  
199 6TH AVENUE, SUITE 250  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

October 31, 2012

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised Sep 10, 2012  
(2) Nolin RECC's ECO Activity Proposal #0079 revised Jan 19, 2009.  
(3) Nolin RECC's ECO Activity Proposal #0079 revised Sep 25, 2008.  
(4) Nolin RECC's ECO Activity Proposal #0079 revised October 3, 2007.  
(5) Nolin RECC's ECO Activity Proposal #0079 revised March 6, 2007.  
(6) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(7) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.

**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY awarded as ECO Task Order 0079 dtd Jun 27, 2006.**

- (8) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 6 (ref 1) to **ECO TASK ORDER NO. 0079** (ref 7) is accepted adding new Warrior Transition Unit complex Bldgs 500-503 and removing bldgs to be demolished. Net cost of this modification is zero. Task order amount remains \$33,922,715.50. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [July 2005]
- (4) DSM RFP/Scope of Work revised September 07, 2012

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN J. FRIES  
Contracting Officer

31 OCT 2012

CF: RJ Dyrdek, DPW

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 79 Scope Addition Five (WIT modification)**  
**September 10, 2012**

**PROJECT NAME:** ECO 79: This scope addition includes all of the work for the previous ECO 79 project and documents the scope changes that provide the financing for the WIT preventive maintenance.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surcharge, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079 Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Lighting	[REDACTED]
Additional Buydown (2368, 1378, 1224)	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
Construction Subtotal	\$14,604,414.89
Project Maintenance Cost (10 YR)	\$ 11,501,592.57
Project Repair Cost (10 YR)	\$5,731,939.66
Total ECO Activity Cost	\$31,837,947.12
Total Estimated ECO Debt Obligation (10yrs)	\$33,922,715.50
Total Estimated ECO Energy Savings (10 YR)	\$20,212,791.03
Total ECO Estimated O&M Savings (10 YR)	\$13,927,202.35
Net ECO Savings (10 YR)	\$217,277.88

**ATTACHMENTS:** ECO-79 Project Pro Forma(s)

DATE: 9-10-12

SIGNATURE: [Signature]  
Vice President, System Operations



**DEPARTMENT OF THE ARMY**

MICC CENTER - FORT KNOX  
199 6TH AVENUE, SUITE 250  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

March 6, 2009

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised Jan 19, 2009.  
(2) Nolin RECC's ECO Activity Proposal #0079 revised Sep 25, 2008.  
(3) Nolin RECC's ECO Activity Proposal #0079 revised October 3, 2007.  
(4) Nolin RECC's ECO Activity Proposal #0079 revised March 6, 2007.  
(5) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(6) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.

**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY awarded as ECO Task Order 0079 dtd Jun 27, 2006.**

- (7) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 5 (ref 1) to **ECO TASK ORDER NO. 0079** (ref 6) is accepted decreasing total task order amount to \$33,922,715.50. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [July 2005]
- (4) DSM RFP/Scope of Work revised December 31, 2008

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries* 6 MAR 2009  
STEVEN J. FRIES  
Contracting Officer

CF: Pat Appelman, DPW / Gary Meredith REM

---

**MISSION & INSTALLATION CONTRACTING COMMAND CENTER - FORT KNOX**

199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@conus.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 79 Scope Addition Five**  
**January 18, 2009**

**PROJECT NAME:** ECO 79: This scope addition includes all of the work for the previous ECO 79 project and installs geothermal heating and cooling in building 77. The scope addition also provides credits for the constructions that is not going to be proformed in buildings 2369.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

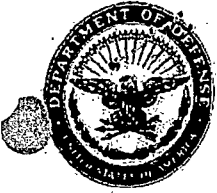
**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079 Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Lighting	[REDACTED]
Additional Buydown (2368, 1378, 1224)	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
Construction Subtotal	\$14,604,414.89
Project Maintenance Cost (10 YR)	\$ 11,501,592.57
Project Repair Cost (10 YR)	\$5,731,939.66
Total ECO Activity Cost	\$31,837,947.12
Total Estimated ECO Debt Obligation (10yrs)	\$33,922,715.50
Total Estimated ECO Energy Savings (10 YR)	\$20,212,791.03
Total ECO Estimated O&M Savings (10 YR)	\$13,927,202.35
Net ECO Savings (10 YR)	\$217,277.88

**ATTACHMENTS:** ECO-79 Project Pro Forma(s)

DATE: 2-18-09

SIGNATURE: [Signature]  
Vice President, System Operations



DEPARTMENT OF THE ARMY

MICC CENTER - FORT KNOX  
199 6TH AVENUE, SUITE 250  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

September 30, 2008

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised Sep 25, 2008.  
(2) Nolin RECC's ECO Activity Proposal #0079 revised October 3, 2007.  
(3) Nolin RECC's ECO Activity Proposal #0079 revised March 6, 2007.  
(4) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(5) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.

**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY awarded as ECO Task Order 0079 dtd Jun 27, 2006.**

- (6) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 4 (ref 1) to **ECO TASK ORDER NO. 0079** (ref 5) is accepted decreasing total task order amount to \$34,035,422.42. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [July 2005]
- (4) DSM Scope of Work revised September 23, 2008

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries*  
STEVEN J. FRIES 30 SEP 2008  
Contracting Officer

CF: Matt Biscan, DPW / Gary Meredith

MISSION & INSTALLATION CONTRACTING COMMAND CENTER - FORT KNOX

199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@conus.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO-79 Scope Addition Four**  
**September 25, 2008**

**PROJECT NAME:** ECO 79: This scope addition includes all of the work for the previous ECO 79 project and installs geothermal heating and cooling in 1224 and the annex for 1378. The scope addition also provides credits for the constructions that is not going to be performed in buildings 6573, 6574, and 6580.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surcharge, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079 Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Lighting	[REDACTED]
Additional Buydown (2368, 1378, 1224)	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
Construction Subtotal	\$14,831,607.99
Project Maintenance Cost (10 YR)	\$11,511,768.32
Project Repair Cost (10 YR)	\$5,731,939.66
<b>Total ECO Activity Cost</b>	<b>\$32,075,315.97</b>
Total Estimated ECO Debt Obligation (10yrs)	\$34,035,422.42
Total Estimated ECO Energy Savings (10 YR)	\$20,227,498.65
Total ECO Estimated O&M Savings (10 YR)	\$14,235,227.35
<b>Net ECO Savings (10 YR)</b>	<b>\$427,303.56</b>

**ATTACHMENTS:** ECO-79 Project Pro Forma(s)

DATE: 9-26-08

SIGNATURE: *[Signature]*  
Vice President, System Operations



DEPARTMENT OF THE ARMY  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

October 25, 2007

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised October 3, 2007.  
(2) Nolin RECC's ECO Activity Proposal #0079 revised March 6, 2007.  
(3) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(4) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.

**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY awarded as ECO Task Order 0079 dtd Jun 27, 2006.**

- (5) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification 3 (ref 1) to **ECO TASK ORDER NO. 0079** (ref 4) is accepted increasing total task order amount to \$34,898,625.01. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [July 2005]
- (4) DSM Scope of Work dated September 20, 2007

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN J. FRIES  
Contracting Officer

CF: Patrick Walsh, DPW / Gary Meredith

---

DIRECTORATE OF CONTRACTING  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@conus.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 79 Scope Addition Three**  
**October 3, 2007**

**PROJECT NAME:** ECO 79: This scope addition includes all of the work for the previous ECO 79 project and installs geothermal heating and cooling in 1378, 1609, 2000, 2000B, 2013, 7241, 7959. Building 7959 will have supplemental cooling from air-cool equipment for the kitchen load. Buildings 1378, 1609, 2000, and 7241 will have geothermal domestic hot water and buildings 2013 and 7959 will have instantaneous domestic hot water. This ECO will also include the addition of miscellaneous simple control buildings and additional preventative maintenance buildings included in the October 2 presentation.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079: Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Lighting	[REDACTED]
Additional Buydown (2368 and 1378)	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
Construction Subtotal	\$15,802,608.38
Project Maintenance Cost (10 YR)	\$ 11,493,601.32
Project Repair Cost (10 YR)	<u>\$5,731,939.66</u>
Total ECO Activity Cost	\$33,028,149.36
Total Estimated ECO Debt Obligation (10yrs)	\$34,898,625.01
Total Estimated ECO Energy Savings (10 YR)	\$20,722,838.65
Total ECO Estimated O&M Savings (10 YR)	\$14,913,002.35
<b>Net ECO Savings (10 YR)</b>	<b>\$737,216.00</b>

**ATTACHMENTS:** ECO-79 Project Pro Forma(s)

DATE: 10-3-07

SIGNATURE: [Signature]  
Vice President, System Operations





**DEPARTMENT OF THE ARMY**  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

March 29, 2007

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised March 6, 2007.  
(2) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(3) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.

**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY** awarded as ECO Task Order 0079 dtd Jun 27, 2006.

- (4) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed modification (ref 1) to **ECO TASK ORDER NO. 0079 (ref-3)** is accepted increasing total task order amount to \$32,763,013.44. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [Nov 2005]
- (4) DSM Scope of Work dated February 2, 2007

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries* 29 MAR 2007  
STEVEN J. FRIES  
Contracting Officer

CF: Gary Meredith, DPW Energy

---

**DIRECTORATE OF CONTRACTING**  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@conus.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 79 Scope Additions**  
**March 6, 2007**

**PROJECT NAME:** ECO 79: The boiler/tower system in Harris Hall was original going to be used as a hybrid system for 2368/2369 in the original ECO 79 contract. This scope addition will restructure and recapitalize on the investments previously made in 2368, restructuring the existing wshp installation in 2368 for the upcoming renovation to become a geothermal system. Also this scope addition will make provisions for new zoning for spaces that are being renovated. The building will then be a completely converted to geothermal heating, cooling, and domestic hotwater.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079 Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Planned Funding (ECIP Buydown)	[REDACTED]
Nolin RECC Mgt & Fee [REDACTED]	[REDACTED]
Construction Subtotal	\$14,833,819.81
Project Maintenance Cost (10 YR)	* \$ 12,197,253.97
Project Repair Cost (10 YR)	\$5,731,939.66
Total ECO Activity Cost	\$32,763,013.44
Total Estimated ECO Debt Obligation (10yrs)	\$32,406,143.04
Total Estimated ECO Energy Savings (10 YR)	\$21,526,755.50
Total ECO Estimated O&M Savings (10 YR)	\$11,582,516.35
Net ECO Savings (10 YR)	\$703,128.81

**ATTACHMENTS:** ECO-73 Project Pro Forma(s)

DATE: 3-6-07

SIGNATURE: [Signature]  
Vice President, System Operations



**DEPARTMENT OF THE ARMY**  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

October 17, 2006

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 revised Sep 6, 2006.  
(2) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.  
**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY awarded as ECO Task Order 0079 dtd Jun 27, 2006.**  
(2) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

- A. Nolin RECC's proposed modification (ref 1) to **ECO TASK ORDER NO. 0079** (ref 2) is accepted increasing total task order amount to: ~~\$32,014,725.92~~. The contractor shall perform work in accordance with the following:
- (1) Contract DABT23-84-C-0089
  - (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
  - (3) Energy Design Standards for Fort Knox [Nov 2005]
  - (4) DSM Scope of Work dated September 1, 2006
- B. The contractor shall coordinate all work with the Energy Project Manager.
- C. THIS IS YOUR NOTICE TO PROCEED.

*Steven J. Fries 17 Oct 2006*  
STEVEN J. FRIES  
Contracting Officer

CF: Gary Meredith, DPW Energy

---

**DIRECTORATE OF CONTRACTING**  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@knox.army.mil

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO 79 Scope Additions**  
**September 6, 2006**

**PROJECT NAME:** ECO 79: This scope addition will install a new geo thermal system for heating, cooling, and domestic hot water for Prichard Chapel. This scope is in addition to the original ECO 79 contract. There is also a reduction in the original contracted lighting scope and energy savings associated with the lighting. The maintenance contract was also reduced in this ECO because the maintenance for 296, 297, and 298 will be performed in ECO 76. Please see the attached notes for clarification.

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.  
Harshaw Trane

**PAYMENT TERMS:** Duration 180 Months  
Finance Rate (Base Rate) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surchage, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

ECO 0079 Phase 1	[REDACTED]
ECO 0079 Phase 2	[REDACTED]
ECO 0079 Phase 3	[REDACTED]
Additional Planned Funding (ECIP Buydown)	[REDACTED]
Nolin RECC Mgt & Fee	[REDACTED]
Construction Subtotal	\$13,805,803.40
Project Maintenance Cost (10 YR)	\$ 12,476,982.86
Project Repair Cost (10 YR)	\$5,731,939.66
Total ECO Activity Cost	\$32,014,725.92
Total Estimated ECO Debt Obligation (10yrs)	\$31,640,721.92
Total Estimated ECO Energy Savings (10 YR)	\$20,874,771.88
Total ECO Estimated O&M Savings (10 YR)	\$11,582,516.35
<b>Net ECO Savings (10 YR)</b>	<b>\$816,566.31</b>

**ATTACHMENTS:** ECO-79 Project Pro Forma(s)

DATE: 9-7-06

SIGNATURE: [Signature]  
Vice President, System Operations



**DEPARTMENT OF THE ARMY**  
US ARMY CONTRACTING AGENCY SOUTHERN REGION  
DIRECTORATE OF CONTRACTING  
FORT KNOX, KENTUCKY 40121-5720

REPLY TO  
ATTENTION OF:

June 27, 2006

Directorate of Contracting

Vince Heuser  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-8701

Dear Mr. Heuser:

- RE: (1) Nolin RECC's ECO Activity Proposal #0079 dtd May 6, 2006.  
**PROJECT TITLE: BASE WIDE ENERGY PROGRAM to include  
INSTALLATION OF GEO THERMAL HEATING & COOLING  
SYSTEMS & ENERGY MGMT CONTROLS IN VARIOUS BLDGS at  
FT KNOX KY**  
(2) DSM and Energy Efficiency Services Modification to Contract  
DABT23-84-C-0089

A. Nolin RECC's proposed ECO 0079 is accepted and assigned **ECO TASK ORDER  
NO. 0079** at a price of \$31,831,340.36 for 3 phases of construction and follow-on  
maintenance. The contractor shall perform work in accordance with the following:

- (1) Contract DABT23-84-C-0089
- (2) Scope of Work GCHP HVAC Systems dated February 10, 2005
- (3) Energy Design Standards for Fort Knox [Nov 2005]
- (4) DSM Scope of Work dated January 26, 2006

B. The contractor shall coordinate all work with the Energy Project Manager.

C. THIS IS YOUR NOTICE TO PROCEED.

  
STEVEN FRIES 27 JUN 2006  
Contracting Officer

CF: Gary Meredith, DPW Energy

---

**DIRECTORATE OF CONTRACTING**  
199 6TH AVE STE 250, FORT KNOX KY 40121-5720  
TELEPHONE: 502.624.8043 \*\*\* FAX: 502.624.7165/5869  
E-MAIL: Steven.Fries@knox.army.mil

**ADDENDUM AGREEMENT  
TO ENERGY CONSERVATION OPPORTUNITY (ECO) #100  
RESOURCE EFFICIENCY MANAGEMENT (REM) SERVICES**

This Agreement is entered into this 24<sup>th</sup> day of January, 2011 between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government) as an addendum to the task order ECO #100 for Demand Side Management Services (DSM/UJESC) relating to the provision of Resource Efficiency Management (REM) Services on the Fort Knox installation (referred hereafter as ECO #100).

Notwithstanding any other provision contained in Contract DABT23-84-C-0089 and subsequent Modifications to such contract, including Modification 3, dated 1 February 2006, the terms and provisions contained in this Addendum Agreement shall control as regards to issues arising from ECO #100. The parties hereby expressly adopt the REM Performance Work Statement included as Attachment 1 and agree that all work performed under this Agreement shall be accomplished in accordance with Attachment 1.

**1. SCOPE AND TERM**

This Agreement concerns the rights and responsibilities of the parties as it concerns activities and issues arising from ECO #100. It shall be effective upon the signature of representatives of Nolin and the Government and shall continue for a period of ten years.

**2. RESOURCE EFFICIENCY MANAGEMENT (REM) SERVICES**

2.1 The Parties agree that the REM scope of work will emphasize Energy Program Support, analysis of base load profiles and peak use, low cost/no cost and economically beneficial project development, and alternative financing project development. Attachment 1 provides the contract requirements and deliverables for ECO #100. Nolin will accomplish Attachment 1 focusing on the overall program goals identified below.

2.2 The Performance Work Statement for tasking the REM services covers three areas for energy conservation support: Program, Projects, and Awareness. The tasks may include, but not be limited to, the following:

- 2.2.1 Provide support to update energy master plan.
- 2.2.2 Provide support to develop/establish metering/sub-metering program.
- 2.2.3 Perform utility billing audits.
- 2.2.4 Establish and maintain energy account database.

- 2.2.5 Develop/maintain energy program reports, metrics, and performance indicators.
- 2.2.6 Provide planning support for energy budgets.
- 2.2.7 Provide support for energy efficient design/procurement standards and codes.
- 2.2.8 Provide REM program status reports.
- 2.2.9 Identify and develop low cost/no cost and economically beneficial opportunities.
- 2.2.10 Provide support to operation of the Energy Management Control System, and scheduling of building control systems.
- 2.2.11 Develop/assist in project identification and justification (scope, LCC, auditing).
- 2.2.12 Assist in updating, maintaining and implementing Energy Conservation Awareness Programs.
- 2.2.13 Participate in activity level meetings and committees supporting the Energy Conservation Awareness Program.
- 2.2.14 Advise energy manager, other DPW personnel, and tenant activities on energy conservation and awareness matters.
- 2.2.15 Recommend to the Government the assignment of tasks to various activity organizations and monitor goals and task progress.
- 2.2.16 Assist in the management of on-going energy awareness program, which communicates the conservation message.
- 2.2.17 Prepare annual energy reports and recommend to the Government conservation awards submittals, including major claimant awards.
- 2.2.18 Assist in the development and support of an incentive and awards program recognizing outstanding energy conservation efforts.

### **3. PERFORMANCE MEASUREMENTS**

3.1 The Parties agree that the REM program will be deemed successful when the deliverables are met and the quantifiable savings exceed the cost for REM services. The basis for determining this success shall be the simple payback associated with the cost of the REM program, project and resource cost reductions identified by the REM program, and incentives and grants obtained by the REM program.

3.2 The equation to determine overall simple payback is defined as the sum total of all identified project costs over the life of the project, upfront costs associated with resource cost reductions and the associated REM costs for the current REM contract period, subtracted by the estimated total annual savings of identified projects, measures and resource cost reductions (valued at current utility rates, solid waste rate, and labor rates appropriate for the facility). Cost savings will be based upon all verifiable low/no cost opportunities, conservation projects and utility initiatives identified, developed or implemented by the REM program. Cost avoidance shall be considered as a savings only when it is clearly shown that such costs would have been incurred but for the project identified, developed or implemented by the REM program.

3.3 Nolin agrees that it will not provide personnel to perform under ECO#100 whose performance would constitute a violation of DoD 5500.7-R, the Joint Ethics Regulation. Further, Nolin agrees that it will provide a copy of any ethics opinion on post-government employment obtained by former government personnel from an Agency Ethics Counselor if Nolin intends to have such person perform under this ECO. Nolin further agrees to require such letter from any of its Sub-Contractors concerning the Sub-Contractor's employees who perform services under this ECO.

#### **4. NON-TRANSFER**

4.1 Nolin will not transfer or assign this agreement without the written approval of the Government.

#### **5. SUBCONTRACTING**

5.1 Nolin may use a subcontractor to perform REM services under ECO #100.

5.2 Nolin will obtain the written approval of the Government before changing major subcontractors.

5.3 Although Nolin may utilize subcontractors for performance under ECO #100 and may require subcontractors to assume responsibilities and liability in connection with ECO #100, Nolin shall remain primarily responsible to the Government for all obligations and responsibilities under ECO #100.

5.4 Nolin will ensure that its contracts and agreements with subcontractors working on ECO #100 reflect provisions that adequately ensure compliance with the terms of ECO #100 and this Addendum Agreement.

5.5 The term "subcontractor" shall include all contractors, affiliates, or subsidiaries that Nolin retains or arranges to fulfill its obligations under ECO #100.

#### **6. PERIODS OF PERFORMANCE**



6.1 The initial period of performance shall be a base period of two years commencing upon the issuance of ECO #100.

6.2 Subsequent periods of performance shall be one-year periods and shall commence upon the expiration of the previous period of performance and only upon the written determination of the contracting officer that the Government is continuing ECO #100.

6.3 The Government shall provide 60 days notice of its intent to continue ECO #100 prior to the expiration of a period of performance.

## **7. PRICING AND PAYMENT**

7.1 The Parties agree that pricing shall be in accordance with that reflected on Nolin's ECO #100 submission reflecting a price of \$196,115 for the first year and escalating to a final price of \$255,286 for the tenth year of the REM service.

7.2 Nolin will invoice monthly in accordance with procedures established for previously issued ECOs except that Nolin will clearly delineate in billing what portion of the invoice is for REM services.

## **8. TERMINATION, DAMAGE AND INDEMNIFICATION**

8.1 If the Government determines not to continue ECO #100 past a current period of performance, Nolin will not be entitled to any additional payments under ECO #100, regardless of whether, the amount, or the degree REM program savings have exceeded its costs.

8.2 The Government may terminate ECO #100 for convenience prior to the expiration of a current period of performance. In such case, termination costs payable to Nolin will be negotiated between the parties and may include costs incurred by subcontractors. Nolin will be responsible for negotiating any settlements with its subcontractors as a result of the Government's termination for convenience.

8.3 The Government may terminate ECO #100 for cause prior to the expiration of a current period of performance if Nolin fails to meet the requirements of this Addendum Agreement or attached statement of work.

8.3 Nolin shall be responsible for any damage to Government property arising out of its actions or those of its subcontractors under ECO #100 and shall ensure that any damage is remedied to the condition of the property immediately prior to the damage.

8.2 Nolin shall indemnify and hold harmless the Government from any and all damages, claims, losses, costs, or expenses resulting from actions of Nolin or its subcontractors in performance or non-performance under ECO #100 or anything done in connection therewith.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum Agreement to ECO #100 by and through their duly authorized representatives as of the date first above written.

UNITED STATES OF AMERICA

NOLAN RURAL ELECTRIC  
COOPERATIVE CORPORATION

BY: *Steven J. Fries*  
STEVEN J. FRIES

BY: *Vince Huser*  
VINCE HUSER

Title: Contracting Officer

Title: Vice President, System Operations

Date: 24 JAN 2011

Date: 1-24-11

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**ECO100 ACTIVITY PROPOSAL**  
**November 3, 2010**

**PROJECT DESCRIPTION:** Provide Resource Energy management services for Fort Knox Ky as requested in a RFP dated Oct 21, 2010

**LOCATION:** Fort Knox, KY

**DOCUMENT NUMBER:**

**CONTRACTOR SUBMITTING PROPOSAL:** Nolin Rural Electric Coop. Corp.

**PAYMENT TERMS:** Duration 120 Months  
Finance Rate (Base Rate if applicable) [REDACTED]

**METHOD OF PAYMENT:** Payment Shall Be Made in Accordance to Section 3.1 Energy Conservation Surcharge, Contract #DABT 23-84C0089

**PROJECT FINANCIAL SUMMARY:**

Project Maintenance & Repair Cost (10 YR)	[REDACTED]
Includes Nolin RECC Mgt & Fee	[REDACTED]
Total ECO Activity Cost	\$2,248,238.69
Additional Planned Funding (Buydown)	\$0.00
Total Estimated ECO Debt Obligation (10 YR)	\$2,248,238.69
Total Estimated ECO Energy Savings (10 YR)	\$2,423,852.94
Total ECO Estimated O&M Savings (10 YR)	\$0.00
Total Annual Repair Savings	\$0.00
Net ECO Savings (10 YR)	\$175,614.25

**ATTACHMENTS:** ECO-100 Project Pro Forma(s)

DATE: 11-4-2010

SIGNATURE: [Signature]  
Vice President, System Operations

E-4

**ADDENDUM AGREEMENT  
TO ENERGY CONSERVATION OPPORTUNITY (ECO) #102  
NATURAL GAS SERVICES**

This Agreement is entered into this 10th day of June, 2011 between Nolin Rural Electric Cooperative Corporation (Nolin) and the United States of America (the Government) as an addendum to the task order ECO #102 for Demand Side Management Services (DSM/UESC) relating to the extraction, compression and transportation of natural gas from deposits of Devonian Shale located on the Fort Knox installation (referred hereafter as ECO #102).

Notwithstanding any other provision contained in Contract DAB123-84-C-0089 and subsequent Modifications to such contract, including Modification 3 dated 1 February 2006, the terms and provisions contained in this Addendum Agreement shall control as regards to issues arising from ECO #102. The Labor Standards Requirements identified in Attachment B of Modification 3 are applicable to ECO #102. General Decision Number KY100208, dated 10/15/2010; Construction Type: Heavy, shall be applicable for this project.

**1. SCOPE AND TERM**

This Agreement concerns the rights and responsibilities of the parties to it as it concerns activities and issues arising from ECO #102. It shall be effective upon the signature of representatives of Nolin and the Government and shall continue for a period of ten years. (The 10-year period shall start month #1 the month of first production of gas) from this ECO #102. This shall show on the Table "A" as month #1.

**2. NATURAL GAS SERVICES**

2.1 The parties agree that ECO #102 is for services relating to the extraction, compression, and transportation of natural gas for use by the Government on Fort Knox and other DoD activities. Neither Nolin nor any of its subcontractors shall have any right to title, ownership, or interest in the natural gas or other gas, oil, or minerals on Fort Knox by reason of ECO #102. Such natural gas, other gas, oil, or minerals shall remain the property of the Government.

2.2 Nothing contained in this Agreement or other documents relating to ECO #102 shall be construed as providing or giving a lease to any land or subsurface or entitlement to oil and mineral rights at Fort Knox.

2.3 Nolin agrees that it will not sell or attempt to sell services relating to ECO #102 to other parties without the express written consent of the Government.

2.4 Nolin agrees to conduct surveys, research, and testing to determine areas most conducive to drilling and production of natural gas.

2.5 Nolin shall use best efforts to identify productive well sites for natural gas, to drill for natural gas, to extract natural gas, to compress and odorize natural gas, and to transport such natural gas into the Fort Knox natural gas distribution system.

2.6 The Government acknowledges that, despite the best efforts of Nolin and its subcontractors, natural gas may not be found in sufficient quantities at Fort Knox to financially justify continued development or production from drill sites. In such case, the parties may agree to cease further operations in regards to ECO #102.

2.7 Depending upon the production of natural gas at Fort Knox, the Government may determine to provide natural gas to other DoD facilities or to generate electricity with natural gas. Upon such determination, Nolin agrees to provide the infrastructure necessary for the transmission of natural gas extracted at Fort Knox to an electrical generation facility on Fort Knox or to an interstate gas pipeline. A study is also requested to validate and/or facilitate a potential electrical generation requirement for a possible energy island at Fort Knox.

### **3. DRILLING, FACILITIES AND INFRASTRUCTURE**

3.1 No drilling, including for research purposes, or development of facilities and infrastructure shall take place without the express written permission of the Government. Nolin shall identify sites that it proposes to explore for natural gas extraction purposes and shall include the number of proposed wells for the site, the approximate location of the proposed wells, and proposed infrastructure necessary to extract, compress and transport the gas into the Fort Knox natural gas system.

3.1.1 The Government will approve or disapprove the proposed action by Nolin within 15 days except when the proposed action requires environmental assessments or other formal environmental evaluation documentation.

3.1.2 Nolin shall begin the process to drill within 5 work days after approval to proceed at a proposed well site is given by the Government.

3.2 Nolin agrees that the Government shall have exclusive and sole authority to approve or disapprove drill sites and that disapproval of a proposed drill site shall not give rise to any cause of action against the Government.

3.3 All drilling, facilities and infrastructure, including closing and capping of wells, shall be in accordance with Kentucky Division of Oil and Gas requirements, American

Petroleum Institute (API) standards and Best Management Practices recognized in the natural gas industry.

3.3.1 Nolin will cause all wells to be drilled with air or mist. Water-based mud drilling is not permitted.

3.3.2 Nolin will ensure that fresh water zones are cased off and cemented and that only drilling methods that have entirely closed systems are utilized.

3.3.3 Nolin will ensure that steel or surface lined pits are used to circulate the well-bore and that proper care is used in the handling and use of perforations.

3.3.4 Nolin will dispose of brine or salt water by either pumping it into a disposal well or by hauling it off the installation at its own cost.

3.3.5 Nolin shall develop a contingency plan that addresses what action will be taken if hydrogen sulfide is discovered in the natural gas or other material extracted. Such contingency plan shall be submitted to the Government for approval.

3.4 Nolin shall erect adequate fencing around all surface areas containing drilling equipment, rigs, or other areas of potential hazard and shall post appropriate caution signs.


3.5 Upon the closure of a well bore, the parties agree that a geothermal pipe may be inserted for a future geothermal coupling well if otherwise feasible. Such geothermal pipe insertion will be completed pursuant to a modification of ECO #102, a future ECO task order or at Government expense.

3.6 Nolin will provide proper transmission piping and infrastructure for flow of natural gas to and from the Texas Gas interstate pipeline. Said infrastructure shall be constructed so as to allow the Fort Knox natural gas system to receive natural gas supply from the Texas Gas interstate pipeline without utilizing the Louisville Gas and Electric pipeline and so as to permit the transfer of excess natural gas into the interstate pipeline.

3.7 All well apparatus, facilities and infrastructure, including but not limited to wells, well bores, pumping equipment, compression equipment, transmission piping and metering, used on ECO #102 shall become the exclusive and sole property of the Government at the expiration of ten years from the date this agreement (as detailed in paragraph 1 above) is signed regardless of when such apparatus, facilities or infrastructure was built, installed, or placed on Fort Knox.

#### 4. PRICE DETERMINATION





4.2 No other charges, such as a transportation fee, marketer fee, etc., shall be owed by the Government or paid.

4.3 Nolin agrees that no other payment except as set out in paragraph 4.1 will be charged to or made by the Government as a result of ECO #102. Nolin shall be responsible for any development, construction, maintenance, and/or operation of the facilities and infrastructure necessary to carry out ECO #102.

4.4 Nolin and its subcontractors shall provide open access to the Government of all records relating to its invoicing, including metering and results of well performance testing and metering calibration. The Government shall have the right to install parallel metering devices.

## **5. ENVIRONMENTAL COMPLIANCE**

5.1 Nolin recognizes that environmental considerations are a top priority at Fort Knox. Nolin shall conduct all operations and activities under ECO #102 so as to be in compliance with all applicable state and federal environmental regulations and laws.

5.2 Nolin will coordinate activities under ECO #102 with the Fort Knox Environmental Management Division.

5.3 Nolin will fund and obtain all necessary federal and state permits relating to ECO #102.

5.4 An Environmental Assessment may be determined by the Government to be necessary before certain activities under ECO #102 may commence. In such instances, the Government may direct Nolin to produce such Environmental Assessment at its expense or may direct Nolin to provide necessary information needed for the Government's production of the Environmental Assessment.

5.5 Nolin will provide a plan for assessing and minimizing environmental impact for each proposed drilling area at the time it submits a request to drill which will be subject to approval by the Government.

5.6 Nolin will utilize certified water quality professionals to assist in oversight of operations under ECO #102 including in the preparation and submission of plans described in paragraph 5.5.

## **6. NON-TRANSFER**

6.1 Nolin will not transfer or assign this agreement without the written approval of the Government.

## **7. SUBCONTRACTING**

7.1 Nolin may use a subcontractor to perform natural gas services under ECO #102. The Parties acknowledge that it is the intent of Nolin to utilize TRICO/Tiger Development to perform the majority of natural gas services.

7.2 Nolin will obtain the written approval of the Government before changing major subcontractors.

7.3 Although Nolin may utilize subcontractors for performance under ECO #102 and may require subcontractors to assume responsibilities and liability in connection with ECO #102, Nolin shall remain primarily responsible to the Government for all obligations and responsibilities under ECO #102.

7.4 Nolin will ensure that its contracts and agreements with subcontractors working on ECO #102 reflect provisions that adequately ensure compliance with the terms of ECO #102 and this Addendum Agreement.

7.5 Nolin will require that its major subcontractors are fully bonded and insured per Kentucky regulatory and statutory requirements and per industry standards for all work performed under ECO #102.

7.6 The term "subcontractor" shall include all contractors, affiliates, or subsidiaries that Nolin retains or arranges to fulfill its obligations under ECO #102.

## **8. TERMINATION, DAMAGE AND INDEMNIFICATION**

8.1 If the parties mutually agree to cease operations because of failure to extract sufficient natural gas to warrant continued activity, Nolin will cap and close all wells and remove all equipment and fixtures connected with ECO #102 at no cost to the Government.

8.2 The Government may terminate ECO #102 for convenience. In such case, termination costs payable to Nolin will be negotiated between the parties and may include costs incurred by subcontractors. Nolin will be responsible for negotiating any settlements with its subcontractors as a result of the Government's termination for convenience. The Government may also negotiate with Nolin for capping or closing of any wells drilled in connection with ECO #102.



8.3 Nolin shall be responsible for any damage to Government property or land arising out of its actions or those of its subcontractors under ECO #102 and shall ensure that any damage is remedied to the condition of the property or land immediately prior to the damage.

8.2 Nolin shall indemnify and hold harmless the Government from any and all damages, claims, losses, costs, or expenses resulting from actions of Nolin or its subcontractors in performance or non-performance under ECO #102 or anything done in connection therewith.

**IN WITNESS WHEREOF, the Parties hereto have executed this Addendum Agreement to ECO #102 by and through their duly authorized representatives as of the date first above written.**

UNITED STATES OF AMERICA

BY: Steven J Fries

Title: STEVEN J FRIES  
Contracting Officer

Date: 14 JUN 2011

NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION

BY: Vince Heuser

Title: VINCE HEUSER  
Vice President of Operations

Date: 6-14-2011

March 15, 2011

ECO 102

**PROJECT NAME:**

Nolin RECC proposes to provide Biogenic renewable methane gas/gas production opportunities and improvements to Ft. Knox & DOD per attached documents from Trico/Tiger Development. Upon approval from Ft. Knox, Nolin will enter into a contractual agreement with Trico/Tiger Developments. This contractual agreement will include all parameters as listed in Ft. Knox scope of work dated June 5, 2007, along with all stated conditions listed in attached Trico/Tiger documents. All previous contractual terms entered into under original ECO 70 will become a part of ECO 102.

**LOCATION:**

Fort Knox, KY

**DOCUMENT NUMBER:**

LG01308-5J

**CONTRACTOR SUBMITTING PROPOSAL:**

Nolin Rural Electric Coop. Corp.  
Trico/Tiger Development

**PAYMENT TERMS:**

Duration	120 Months
Finance Rate	N/A

**METHOD OF PAYMENT:**

Per Item 22 & 23 Trico Proposal dated June 28, 2007

**ATTACHMENTS:**

Trico/Tiger Proposal dated June 28, 2007

DATE: 3-15-11

SIGNATURE: 

Vice President, System Operations

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

16. Reference Nolin's response to AG 1-23(b). Provide a copy of the Settlement Agreement, and explain in detail why Nolin was required to hire a Corporate Ethics Monitor.

**Response:**

In regard to the "Settlement Agreement" between the United States of America and Nolin RECC, a copy of that document is included in this response as "Attachment 16A". As to the question as to why Nolin hired a "Corporate Ethics Monitor", Appendix B to the Settlement Agreement specifically mandated that this be done. The purpose for doing so was to have an outside party evaluate internal controls and corporate ethics and compliance programs at Nolin to make certain they complied with all laws and regulations relating to doing business with the U.S. government, since Nolin RECC has a federal contract with the U. S. government concerning the Fort Knox Military Base.

On March 10, 2015, Nolin's attorneys met with the staff of the Public Service Commission in Frankfort to make them aware that Nolin was in negotiations with the U.S. government and planning to enter into a "Non-Prosecution Agreement" with the government, and that such a settlement would include the hiring of a Corporate Ethics Monitor.



U.S. Department of Justice

*United States Attorney  
Western District of Kentucky  
717 West Broadway, 4<sup>th</sup> Floor  
Louisville, Kentucky 40202*

JEK/DW

T: (502) 625-7068  
F: (502) 582-5067  
[david.weiser@usdoj.gov](mailto:david.weiser@usdoj.gov)  
[www.usdoj.gov/usao.kyw](http://www.usdoj.gov/usao.kyw)

April 9, 2015

**VIA FIRST CLASS MAIL**

Mr. Guthrie True, Esq.  
True Guarnieri Ayer, LLP  
124 West Clinton Street  
Frankfort, KY 40601

**RE: Nolin RECC Non-Prosecution Agreement**

Dear Mr. True,

Based on the understandings specified below, the Office of the United States Attorney for the Western District of Kentucky ("this Office") will not criminally prosecute Nolin Rural Electric Cooperative Corporation ("Nolin RECC") for any conduct (except for criminal tax violations, if any, as to which this Office cannot make any agreement) related to questioned payments received by Nolin RECC from Ft. Knox, as detailed in Appendix A to this letter:

This Office enters into this Non-Prosecution Agreement, including all appendices hereto (collectively referred to as the "Agreement"), based in part on the following factors: a) Nolin RECC's past and continuing cooperation with this Office, the Defense Criminal Investigative Service (DCIS), and other federal investigative agencies; b) Nolin RECC's remedial efforts as described in Appendix B; c) the potential collateral consequences of a criminal conviction, and d) Nolin RECC's agreement to payment or credit of a total of \$7,619,333 (allocated between a civil forfeiture described in Appendix C hereto and a civil settlement described in a civil Settlement Agreement executed contemporaneously with this Agreement) to the United States as a result of the conduct described in Appendix A.

Nolin RECC agrees to pay the United States a net balance (after credits) of \$6,704,703 within twenty-one (21) calendar days of execution of this Agreement. The civil forfeiture of

Mr. Guthrie True  
Page 2  
April 9, 2015

\$5,000,000.00 (\$4,885,459.00 of which is a part of the net balance of \$6,704,703) is detailed in Appendix C.

This Agreement, at the request of Nolin RECC, is intended to resolve both potential criminal charges as well as potential civil claims the United States may have under the False Claims Act, 31 U.S.C. § 3729 *et seq.*; the Procurement Integrity Act, 41 U.S.C. § 423; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, or fraud (the "civil theories"). As part of the global resolution of disputed claims, \$2,619,333.00 of the \$7,619,333 will be paid to resolve claims the United States may have against Nolin RECC under the civil theories. The parties will enter a separate civil settlement agreement concerning the civil theories.

This Non-Prosecution Agreement is binding between Nolin RECC and this Office, insofar as it precludes future federal criminal prosecution of Nolin RECC relating to the questioned payments Nolin RECC received, as detailed in Appendix A. This Agreement does not provide protection for any crimes except for crimes directly related to the conduct detailed in Appendix A. Nolin RECC understands that this Agreement does not bind the Internal Revenue Service or any state or local prosecuting authorities. This Office, however, will bring Nolin RECC's cooperation to the attention of other prosecuting and investigative authorities upon Nolin RECC's request.

Nolin RECC acknowledges that if it were to be charged by indictment with the conduct described in Appendix A the United States may be able to prove the conduct as characterized by the government in Appendix A beyond a reasonable doubt at trial, and therefore, Nolin RECC agrees not to make any statement contradicting Appendix A. Notwithstanding the limitations of the foregoing sentence, this Agreement and the conduct characterized herein may be fully discussed by Nolin RECC with the Kentucky Public Service Commission (the "PSC") and nothing contained in this Agreement shall limit the rights or ability of Nolin RECC to fully disclose and describe to the PSC the totality of the conduct characterized in Appendix A, as well as any and all defenses which Nolin RECC would have asserted to the conduct characterized in Appendix A. In the event the PSC were to make inquiry (by means of an audit, hearing, or any other formal means or procedure) concerning this Agreement or the conduct described in Appendix A, Nolin RECC agrees to provide prompt notice of such inquiry to this Office.

This Agreement shall have a term of two (2) years from the date of this Agreement, except as specifically provided in the following paragraph. It is understood that for the two year term of the Agreement, Nolin RECC shall: a) commit no state or federal crimes; b) truthfully and completely disclose relevant information with respect to the activities of Nolin RECC, its officers, employees, agents, contractors, and others concerning all matters relating to the conduct described in

Mr. Guthrie True  
Page 3  
April 9, 2015

Appendix A, and any information provided can be used for any purpose; and c) bring to this Office's attention all criminal conduct by, or criminal investigations of, Nolin RECC or any of its officers, employees, agents, or contractors that comes to the attention of Nolin RECC or its senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud by or against Nolin RECC. The parties agree that there shall be no further or additional administrative proceedings or civil actions (except civil actions brought by the Internal Revenue Service as to which this Office cannot make any agreement) brought by the government against Nolin RECC related to the conduct described in Appendix A.

Until all investigations and prosecutions arising out of the conduct detailed in Appendix A are concluded, whether or not they are concluded within the two year term specified in the preceding paragraph, Nolin RECC shall: a) cooperate fully with this Office, DCIS, and any other law enforcement agency designated by this Office, in connection with any investigation related to the conduct detailed in Appendix A; b) assist this Office in any investigation or prosecution arising out of the conduct described in this Agreement by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; c) use its best effort to promptly secure the attendance and truthful statements or testimony of any officer, employee, agent or contractor at any meeting or interview or before the grand jury or at any trial or other court proceeding (although the United States agrees that Nolin RECC cannot require any employee or agent to waive constitutional rights, and Nolin RECC will not, absent independent evidence of discipline-worthy conduct, terminate or discipline employees solely for the exercise of constitutional rights); and d) provide this Office, upon request, all relevant information, documents, records, or other tangible evidence about which this Office or any designated law enforcement agency inquires.

For the two-year term of this Agreement, Nolin RECC shall continue to maintain and strengthen its internal controls, standards and procedures, consistent with Appendix B. Should this Office believe that Nolin RECC has failed to comply with or violated any provision of this Agreement; has provided deliberately false, incomplete or misleading information under this Agreement; or has engaged in the same or similar conduct described in Appendix A, Nolin RECC may, subject to the notice and presentation rights set forth below, be deemed to be in breach of this Agreement, and Nolin RECC may, thereafter, be subject to prosecution for any federal violation, including but not limited to perjury and obstruction of justice, and for any offense related to conduct described in Appendix A.

Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement that relates to the conduct described in Appendix A may be commenced against Nolin RECC, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the term of the Agreement plus one

Mr. Guthrie True

Page 4

April 9, 2015

year. Thus, by signing this Agreement, Nolin RECC agrees that the statute of limitations with respect to any prosecution that is not time barred on the date of this Agreement relating to the conduct described in Appendix A shall be tolled for the term of the Agreement plus one year.

In connection with any breach of this Agreement by Nolin RECC: a) all statements and admissions made by Nolin RECC to this Office or any designated law enforcement agents, including this Agreement, and any testimony given by Nolin RECC before a grand jury or other tribunal, whether prior or subsequent to the signing of this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Nolin RECC relating to the conduct described in Appendix A; and b) Nolin RECC shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom relating to the conduct described in Appendix A should be suppressed. Nolin RECC further agrees that it shall not contest the authenticity of other documents and materials provided to this Office by Nolin RECC in the course of the investigation so long as such documents and materials relate to the conduct described in Appendix A. By signing this Agreement, Nolin RECC waives all rights in the foregoing respects, but only as to conduct described in Appendix A. The United States and Nolin RECC specifically agree that the waiver contained in this paragraph does not apply to any conduct other than the conduct described in Appendix A.

Should this Office believe that Nolin RECC has breached any provision of this Agreement, this Office shall provide written notice to Nolin RECC of the alleged breach and provide Nolin RECC with a twenty-one (21) day period in which to make a presentation to this Office to demonstrate that no breach occurred, or, to the extent applicable, that the breach was not material or knowingly committed or has been cured. The parties understand and agree that should Nolin RECC fail to make a presentation to this Office within the twenty-one (21) day period after receiving written notice of an alleged breach, it shall be conclusively presumed that Nolin RECC is in breach of this Agreement.

Nolin RECC agrees that the determination whether Nolin RECC has breached this Agreement rests solely in the discretion of this Office, and the exercise of discretion by this Office under this paragraph is not subject to review in any court or tribunal outside the Department. In the event of a breach of this Agreement that results in a prosecution of Nolin RECC, such prosecution may be premised upon any information provided by or on behalf of Nolin RECC to this Office at any time unless otherwise agreed when the information was provided.

Nolin RECC understands and agrees that any assistance Nolin RECC may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators. Nolin RECC understands and agrees that this Office may disclose this Agreement to the public.

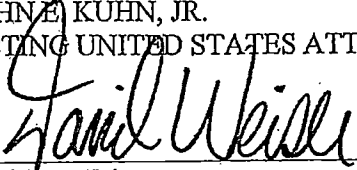
Mr. Guthrie True  
Page 5  
April 9, 2015

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes any and all prior understandings, promises and/or conditions between this Office and Nolin RECC. This Agreement does not confer or provide any benefits, privileges or rights to any individual or entity other than the parties to this Agreement, and nothing in this Agreement shall be construed as acknowledging that the Agreement, including Appendices A and B, shall be admissible in any proceeding other than a proceeding brought by the Department, or any component thereof, pursuant to the terms of this Agreement. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

This Agreement is deemed to have been executed and entered into by the United States and Nolin RECC on this 9th day of April, 2015.


Sincerely,

JOHN E. KUHN, JR.  
ACTING UNITED STATES ATTORNEY

  
\_\_\_\_\_  
David R. Weiser  
Assistant United States Attorney

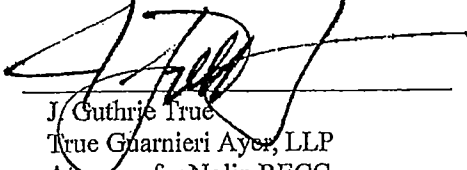
AGREED AND CONSENTED TO:

Nolin RECC

By:   
\_\_\_\_\_  
Michael L. Miller  
President and CEO  
Nolin RECC

Date: 4-9-2015

APPROVED:

By:   
\_\_\_\_\_  
J. Guthrie True  
True Garnieri Ayer, LLP  
Attorney for Nolin RECC

Date: 4/9/15



## Appendix A

This is Appendix A to Nolin RECC's Non-Prosecution Agreement. Nolin RECC and the United States agree to the following facts:

Nolin RECC and Ft. Knox entered into a Utility Energy Services Contract in January 1996. This contract was issued as a modification to Nolin's existing Utility Services Contract with Ft. Knox, which was originally issued in April 1984. The Utility Energy Services Contract was modified in May 2002 and February 2006. The contracts and modifications are referred to collectively as the Utility Energy Services Contract ("UESC").

The UESC authorized and enabled Ft. Knox and Nolin RECC to undertake energy saving projects that satisfied the Army's UESC requirements. Each individual UESC project was called an Energy Conservation Opportunity ("ECO"). The Army requires that all UESC ECOs pay for themselves within ten (10) years. In other words, each ECO project had to generate sufficient savings within ten (10) years to cover the total costs of the project, including all principal and interest payments. The UESC did not require Nolin RECC to guarantee any actual savings through any of the ECOs.

Nolin RECC acted much like a bank in financing the ECOs through private financing. Per the terms of the UESC, Nolin RECC provided the financing for the ECOs, and charged the Army interest at a rate received by Nolin RECC plus a [REDACTED] multiplier, plus an additional [REDACTED] management fee.

### ECOs 72 and 100

ECOs 72 and 100 authorized Nolin RECC to hire a Resource Energy Manager (REM) to work with the Ft. Knox Energy Program to identify and implement ECOs. In October 2007 Nolin RECC contracted with Gary Meredith and Associates ("Meredith") to fill the REM position. Meredith was the recently retired Ft. Knox Energy Manager and had worked closely with Nolin RECC for the previous 11 years. ECOs 72 and 100 both required Nolin RECC to ensure that the REM complied with the Joint Ethics Regulations (JER). Amongst other things, the JER incorporated Title 18, United States Code, Sections 208 and 207.

Meredith provided a final Post-Retirement Employment Ethics Memorandum dated July 17, 2007 (the "Ethics Memorandum"), to Nolin RECC. Nolin RECC failed to have the Ethics Memorandum reviewed by its General Counsel. Meredith was ineligible for the REM position because he had violated Title 18, United States Code, Section 208. While a government employee, Meredith participated personally and substantially in the creation of ECO 72,

including drafting Nolin RECC's proposal for ECO 72. Meredith also had a financial interest in the creation of the REM position while he was still an Army employee.

After Meredith became a Nolin RECC contractor, Meredith violated Title 18, United States Code, Section 207, because Meredith communicated with the Army, on behalf of Nolin RECC and with the intent to influence, on the same matters upon which Meredith participated personally and substantially while an Army employee. This resulted in \$704,405 in questioned payments to Nolin RECC related to Meredith's REM position.

### ECO 68

ECO 68 was a design study for a potential waste to energy project. Nolin RECC employees knew that ECO 68 was never approved for implementation by the Ft. Knox Contracting Officer, although planning work for its implementation was performed and expenses were incurred by Nolin RECC related to this planning work. Nolin RECC could not bill Ft. Knox for unapproved ECO expenses. Nonetheless, in early 2010, the Ft. Knox Energy Program Manager directed Nolin RECC to bill the ECO 68 expenses to ECO 79. Thereafter, Nolin RECC was directed by Gary Meredith, Nolin RECC's contractor, to bill ECO 68 expenses to Ft. Knox under ECO 78, an unrelated but previously authorized ECO. Nolin RECC's invoice for ECO 68 expenses in the amount of \$199,020 was paid under ECO 78.

### Sample Solar Panel Project

The Sample Solar Panel Project was another project that was never authorized or approved by the Ft. Knox Contracting Officer, although planning work for its implementation was performed and expenses were incurred by Nolin RECC related to this planning work. Nonetheless, at the direction of Gary Meredith, Nolin RECC's contractor, Nolin RECC billed the Sample Solar Panel Project costs under ECOs 13, 53 and 70, which were all unrelated but previously authorized ECOs. Meredith approved Nolin RECC's invoices for payment, resulting in \$94,178 in questioned payments to Nolin RECC.

### ECOs 70 and 102

ECOs 70 and 102 related to the extraction of natural gas from Ft. Knox. The contracts for ECOs 70 and 102 specified the amounts Nolin RECC was authorized to bill for natural gas. Nonetheless, at the direction of Gary Meredith, Nolin RECC's contractor, Nolin RECC billed Ft. Knox for an additional sum characterized as "Retained Savings." These "Retained Savings" billings were in addition to the cost of the provision of the natural gas to Ft. Knox and had not been approved by the Ft. Knox Contracting Officer. The additional billing for the "Retained Savings" resulted in \$800,089 in questioned payments to Nolin RECC.

**Improperly Authorized ECOs**

The UESC allows ECOs to be amortized for periods ranging from 10 to 15 years. Nolin RECC understood that the Army required that all ECOs pay for themselves within ten (10) years. Until May 2008, per directions from the Army, Nolin RECC amortized all UESC loans over ten (10) years. Beginning in May 2008, at the request of the Army, Nolin RECC began amortizing ECOs over 15 years. On twenty (20) occasions between 2002 and May 2008, Nolin RECC presented pro formas to the Army for numerous proposed ECOs which reflected a fifteen (15) year amortization period. By reflecting a fifteen (15) year amortization period, these pro formas gave the impression that these twenty (20) ECOs paid for themselves within ten (10) years, because on the pro formas the ten (10) year savings were only compared to approximately two-thirds (2/3) of the actual costs of the project. These pro formas could be read to reflect that the twenty (20) ECOs in question were projected to result in over \$7 million in savings in ten (10) years, when in fact these twenty (20) ECOs were actually projected to lose over \$15 million over ten (10) years. None of these twenty (20) ECOs paid for themselves within ten (10) years, and therefore, they should not have been authorized by the Army. These twenty (20) ECOs resulted in over \$8,000,000.00 in questioned payments to Nolin RECC.

## Appendix B

This is Appendix B to Nolin RECC's Non-Prosecution Agreement. Nolin RECC and this Office ("the Parties") agree to the following:

1. For the entirety of this Agreement, Nolin RECC will hire, at its own expense, a corporate ethics monitor (CEM).
2. The CEM's primary responsibility will be evaluating (and proposing, when appropriate) internal controls and corporate ethics and compliance programs as they relate to Nolin RECC's business with the United States.
3. The CEM will be independent of both Nolin RECC and the United States. Accordingly, Nolin RECC may not seek or obtain legal advice from the CEM.
4. The CEM must be qualified for the position so as to instill public confidence in his/her ability to perform his/her duties. The CEM must not have been affiliated with Nolin RECC in any way for at least three years prior to becoming Nolin RECC's CEM.
5. Nolin RECC will identify three potential CEMs, and will provide those names to this Office, and Nolin RECC will identify its preferred candidate. The United States, at its sole discretion, may accept or veto Nolin RECC's selection. If the United States vetoes Nolin RECC's candidate, Nolin RECC will choose another candidate from the pool of three, and the United States may again accept or veto Nolin RECC's selection, at its sole discretion. If all three candidates are vetoed, Nolin RECC shall identify additional candidates, and the process shall continue until the United States accepts a CEM. The CEM must be under contract with Nolin RECC within 120 days of the signing of this Agreement.
6. The responsibility for designing an ethics and compliance program that prevents future misconduct shall remain with Nolin RECC, subject to the CEM's input, evaluation and recommendations.
7. Nolin RECC shall provide the CEM with unfettered access to documents, records, recordings, and Nolin RECC's officers, directors, employees, contractors, and agents upon the CEM's request. As the CEM's duties only relate to Nolin RECC's business with the United States, Nolin RECC may reasonably restrict the CEM's access to information not reasonably related to Nolin RECC's business with the United States. Any dispute between Nolin RECC and the CEM as to whether information is reasonably

related to Nolin RECC's business with the United States will be addressed to this Office for resolution through consultation with Nolin RECC and the CEM.

8. Nolin RECC agrees that for a period of two years following the conclusion of this Agreement, Nolin RECC will not hire or be affiliated with the CEM.
9. The CEM shall submit bi-annual written reports to this Office and Nolin RECC regarding the CEM's activities, whether Nolin RECC is complying with the terms of this Agreement, and any changes that are necessary to foster Nolin RECC's compliance with the terms of this Agreement.
10. If the CEM makes a recommendation that Nolin RECC considers unduly burdensome, impractical, cost prohibitive, or otherwise inadvisable, Nolin RECC need not adopt that recommendation immediately. Nolin RECC and the CEM shall make reasonable effort to find some compromise that accomplishes the CEM's objective or purpose. If no compromise can be achieved, Nolin RECC may propose in writing and implement an alternative policy, procedure or system designed to achieve the same objective or purpose (the "Nolin Alternative"). As to any recommendation on which Nolin RECC and the CEM ultimately do not agree, the views of Nolin RECC and the CEM shall promptly be brought to the attention of this Office. This Office shall consider the CEM's recommendation and Nolin RECC's reasons for not adopting the recommendation in determining, at this Office's sole discretion, whether the Nolin Alternative fully complies with Nolin RECC's obligations under the Agreement.
11. If the CEM identifies previously undisclosed or new misconduct relating to Nolin RECC's business with the United States, the CEM shall immediately notify this Office, Nolin RECC's management, and Nolin RECC's board of directors. The CEM shall notify this Office, and shall not notify Nolin RECC's management or board of directors, if the misconduct 1) poses a risk to public health or safety or the environment; 2) involves Nolin RECC's senior management; 3) involves obstruction of justice; 4) involves potential criminal activity which the United States has the opportunity to investigate proactively and/or covertly; or 5) otherwise poses a substantial risk of harm.
12. For the term of this Agreement, Nolin RECC will exclude employees Vince Heuser and Mechonda O'Brien from working on any contracts involving the United States. To facilitate the transition of duties, however, Mechonda O'Brien shall be permitted to continue working on contracts involving the United States under the supervision of the CEM, or Nolin's senior management and corporate counsel if the CEM is not yet engaged, for a period not to exceed 120 days from the execution of this Agreement.

13. If during the term of this Agreement and in the opinion of the CEM, Nolin RECC has not successfully created and implemented internal controls, corporate ethics, and compliance programs sufficient to satisfy its obligations under this Agreement, this Office shall have the right, at its' sole discretion, to extend the term of the CEM up to an additional two years (the "extension"). No such extension shall occur without the written recommendation of the CEM. The CEM shall be obligated to make any such recommendation for extension at least ninety (90) days prior to the expiration of this Agreement (the "Notice"). Nolin RECC shall have thirty (30) days following the Notice to submit to this Office any information which Nolin RECC desires this Office to consider demonstrating that it has successfully created and implemented internal controls, corporate ethics, and compliance programs sufficient to satisfy its obligations under this Agreement and that no extension should occur. Any decision regarding extension must be made by this Office at least thirty (30) days prior to the expiration of this Agreement, otherwise this Agreement shall automatically terminate on its expiration date. However, if within ninety (90) days of the expiration of this Agreement the CEM first becomes aware of an issue that results in the CEM recommending an extension, the procedures above shall be followed, except that this Office may render a decision on the extension up to 60 days after the termination of this Agreement.

## Appendix C

This Office and Nolin RECC agree that the United States Department of Defense, Office of the Inspector General, Defense Criminal Investigative Services ("DCIS") properly seized the contents of account ending 7249 (approximately \$114,541.00) held by JP Morgan Chase, 1200 N. Dixie, Elizabethtown, KY 42701 pursuant to federal law. The Parties further agree that they will turn over \$4,885,459.00 to the United States, in the form of a certified check made payable to the United States Marshals Service, which will be forfeited in the civil forfeiture complaint. The United States alleges that the defendant property represents property traceable to violations of Title 18 U.S.C. § 1343, and as such, is subject to seizure and forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(C) and (b)(3) and 984, as set forth in the civil forfeiture complaint.

The Parties agree to forfeit the defendant property to the United States (plus interest earned on the total amount seized for forfeiture). The Parties agree and understand that the United States will file a civil forfeiture complaint, which, by agreement, will result in a default judgment.

The Parties agree not to contest, file a claim, appeal, or otherwise challenge the civil forfeiture proceedings in any way (including but not limited to any Civil Asset Forfeiture Reform Act defenses and any deadlines pursuant to 18 U.S.C. § 983).

The Parties swear under the penalty of perjury that no other person or entity has any right or interest, legal, equitable, or otherwise, to the defendant property.

The Parties shall release, forever discharge, and hold harmless the United States of America, its officers, agents, attorneys, servants and employees, from any and all actions, causes of action, suits, proceedings, debts, judgments, damages, claims or demands whatsoever in law or equity which the Parties, their heirs, successors or assignees ever had, now have or may have whether known or unknown, in the future in connection with the seizure and initiation of any forfeiture action against these funds, including but not limited to any claim filed under 28 U.S.C. § 2412.

The Parties state and agree that they knowingly and voluntarily made this agreement, and that this agreement is not a product of coercion or duress.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Supplemental Request for Information**

17. Reference Nolin's response to AG 1-24, Board Policy No. 720A to answer the following questions:
- a. Nolin pays the entire premium for Comprehensive Life Insurance and Accidental Death or Dismemberment for Directors and The Cooperative Attorney. Provide information on these policies such as the monthly premium amount borne by Nolin, the policy specifics such as the amount of coverage, etc.

**Response:**

Nolin RECC pays the entire premium for Comprehensive Life Insurance and Accidental Death or Dismemberment for Directors and the Cooperative Attorney. The Comprehensive Life Insurance benefit amount for Directors and the Cooperative Attorney is \$15,000 with a reduction in insurance at age 66 and beyond. The premium amount borne by Nolin in 2015 was \$1.6420 per \$1,000; in 2016 it was \$1.6650 per \$1,000. Accidental Death or Dismemberment benefit amount is \$100,000 with a reduction in insurance at age 66 and beyond. The premium amount borne by Nolin both in 2015 and 2016 was \$0.0270 per \$1,000. The annual cost for both Comprehensive Life Insurance and for Accidental Death or Dismemberment for six Directors and one Cooperative Attorney in 2015 was \$1,501.08; in 2016 for six Directors and one Cooperative Attorney the annual cost was \$1,520.88.

- b. According to the above referenced Board Policy, Nolin pays Directors and the Cooperative Attorney a stipend in lieu of health insurance costs in an amount determined from time to time by the Board of Directors, unless the Directors and Attorney choose to be grandfathered in under the current policy as permitted by that plan.
  - i. Has the Board ever discussed either not providing health insurance stipends to Directors that already have health insurance through retirement benefits, employer sponsored health insurance, etc., or reducing the stipend?



**Response:**

The Nolin Board has not revisited the health insurance stipend to Directors since the stipend was adopted on October 23, 2012, and the Board has not reviewed the amount since that time, but will be doing so in the future, with any change depending on what the cost of health insurance is at that time..

- ii. Provide specific details on how often the Board reviews what amount the stipend should be in lieu of health insurance costs.

**Response:**

The stipend was adopted on October 23, 2012, and the Board has not reviewed the amount since that time, but will be doing so in the future, with any change depending on what the cost of health insurance is at that time.

- iii. Provide the stipend that has been given to the Directors and the Cooperative Attorney each year for the past five (5) years.

**Response:**

Nolin's Board Policy 720A, which outlines the stipend for Directors and Cooperative Attorney was approved on October 23, 2012 and became effective January 1, 2013. Since that time, the Nolin Directors and Cooperative Attorney have each received a monthly stipend of \$1,000. The stipend amount has not changed since that time.

Prior to 2013, Directors and Cooperative Attorney were covered under the same self-insured medical plan as Nolin employees.

- iv. Provide a detailed explanation as to the other option that Directors and the Attorney have to be grandfathered in under a current policy.

**Response:**

Per Nolin's Board Policy 720A, any new director elected after October 23, 2012 is excluded from health insurance coverage on Nolin's medical insurance plan. Directors elected prior to 2012 are eligible to be grandfathered into Nolin's medical insurance plan until they reach age 65, at which time they are no longer eligible for coverage.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Attorney General's Supplemental Request for Information**

18. Reference Nolin's response to AG 1-25. Provide the number of customers Nolin services, and the number of customers that attended the annual meeting for the years 2011 - 2016. Additionally, provide the annual meeting cost for 2016.

**Response:**

The table below references Nolin's annual meeting member attendance and voting information for the years 2011-2016. Our annual meeting cost for 2016 was \$117,068.98.

<b>YEAR</b>	<b>Members Attending</b>	<b>Members Voting</b>	<b>Members Served</b>
2016	1,265	2,429	34,935
2015	1,015	1,722	34,703
2014	1,183	1,815	34,440
2013	1,293	2,557	34,147
2012	1,174	2,030	33,767
2011	1,363	1,698	33,160

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

19. Reference Nolin's response to AG 1-27, where Nolin states that the Vice President of Marketing and Member Services has a brother-in-law that is employed by Nolin. Provide the job title of the brother-in-law at Nolin. Also, provide each of the referenced employees hire dates and whether exceptions had to be made to the Anti-Nepotism Policy when the employees were hired. Explain the answer in full detail.

**Response:**

Nolin RECC's Vice President of Marketing and Member Services has a brother-in-law that is employed by Nolin. The job title of the brother-in-law is Senior Service Line Technician. The Vice President of Marketing and Member Services' hire date is 07/01/92; the brother-in-law's hire date is 07/16/90. No exceptions were made to the Anti-Nepotism Policy. Refer to the earlier version of Nolin's Nepotism Policy 729.0 included as "Attachment 19A", which was in force at the time employees became related. They were related prior to being hired and never worked in the same supervisory unit.

## NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

## BOARD POLICY NO. 729.0

SUBJECT: ANTI-NEPOTISM (PROHIBITION OF FAVORITISM TOWARD RELATIVES)

I. PURPOSE:

- A. To state the policy of the Cooperative with regard to the employment of "close relatives" of members of the Board of Directors and of existing employees of the Cooperative. "Close relatives" are defined in the Cooperative bylaws.
- B. To avoid the possible undesirable conflicting interests of family relationships.
- C. To make employment opportunities available to as many different families as possible in view of the public service nature of the Cooperative's business.
- D. To minimize absenteeism resulting from common activities of related personnel.

II. POLICY:

It shall be the policy of Nolin Rural Electric Cooperative Corporation that no person who is a "close relative" of an active member of the Board of Directors or of any full-time regular employee of the Cooperative shall be eligible for employment with the Cooperative. The term "close relative" means a person who is related to the principal person to the third degree or less; for example a spouse, child, step-child, grandchild, great-grandchild, parent, step-parent, grandparent, great-grandparent, brother, sister, aunt, uncle, nephew or niece related by blood of the principal.

III. PROVISIONS:

The following provisions apply to this policy:

- A. No person who is a "close relative" of an active member of the Board of Directors or of any full-time regular employee of the Cooperative shall be eligible for employment with the Cooperative. However, this policy shall not preclude the provisions of Article IV, Section 2, of the Cooperative Bylaws with respect to relatives of Directors.

Board Policy No. 729.0, page 2

- B. If two employees marry, both may continue to work for the Cooperative only if they are not in the same supervisory unit. If they are, one of the couple must resign. This "spousal" relationship also applies to persons living together in a conjugal or an unmarried/domestic partner relationship but not legally married.
- C. If two management employees become immediate family by marriage or otherwise, one of them will be required to terminate employment. If the affected employees cannot decide which of them will terminate, the employee with the least seniority at Nolin shall have employment terminated. Management employee is defined as any employee whose job responsibility includes complete supervisory responsibility of other employees(s).
- D. If two employees become immediate family by marriage or otherwise, only one of them can be or become a management employee. The two employees cannot work in the same supervisory unit. Management employee is defined as any employee whose job responsibility includes complete supervisory responsibility of other employees(s).
- E. Except under emergency conditions as provided in Article IV, Section 2, a "close relative" of a member of the Board of Directors may not be employed by the Cooperative. If a Director desires to allow a qualified relative to secure employment with the Cooperative, the Director must resign before the employment can be finalized.
- F. This policy shall not apply to, or be enforced against, two or more such "close relatives" who are presently employed by the Cooperative on the initially effective date of this policy or to the employment of temporary employees.

IV. RESPONSIBILITY:

The President/CEO.

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

Adopted: 05-08-1986

Revised: 05-15-1992

Revised: 02-15-2001

Revised: 01-01-2010

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

20. Reference Nolin's response to AG 1-30, where Nolin asserts that there are five pair of employees that are related in-laws by marriage. Provide a detailed list of each pair of employees that are related including job title, hire date, whether one relative has a supervisory position over the other relative, and whether exceptions were made to the Anti-Nepotism Policy when the employees were hired. Explain the answer in full detail.

**Response:**

Nolin RECC has five pair of employees that are related in-laws by marriage. Below is a detailed list of each pair of employees that are related with job title and hire date. None of the employees have ever had a supervisory position over the other relative. No exceptions were made to the Anti-Nepotism Policy. Refer to "Attachment 19A" for the earlier version of Nepotism Policy 729.0 used at the time employees became related.

<b><u>Employee</u></b>	<b><u>Job Title</u></b>	<b><u>Hire Date</u></b>
104	Senior Service Line Technician	04/08/97
136	Operations Line Technician	04/20/96
140	Cashier Manager	03/15/93
292	Maintenance Technician	04/14/14
119	Senior Service Line Technician	07/16/90
84	V.P. Marketing & Member Services	07/01/92
146	Admin Assistant Member Services	06/14/93
152	Admin Operations/Engineering	05/09/97
115	Energy Management Coordinator	08/28/89
130	Regulatory Accounting Manager	04/13/92

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

21. Reference Nolin's response to AG 1-33(b). Provide a detailed explanation for each depreciation rate that is above the RUS High Rate.

**Response:**

The requested explanation for each depreciation rate that is above the RUS High Rate is set forth below. Generally speaking, the RUS depreciation rates (established in the late 1970's) do not accurately reflect the actual lives of certain of Nolin's assets. Nolin's depreciation rates are based on its last depreciation study, and Nolin does not seek to adjust its depreciation rates as part of this case.

362, Station equipment – This category of assets includes metering equipment that is not typically considered station equipment (i.e., substations). Nolin's depreciation rate for station equipment is above the RUS High rate because metering equipment located at the substation has a much shorter lifespan than substation structures.

364, Poles, towers and fixtures – The actual lives of Nolin's assets in this category have been shorter than those in the suggested Low/High rates proposed by RUS. Nolin continually inspects its poles and related assets and replaces as necessary. Nolin's depreciation rate is based on the actuarial information obtained from Nolin's plant records.

365, Overhead conductor and devices - The actual lives of Nolin's assets in this category have been shorter than those in the suggested Low/High rates proposed by RUS. Nolin has been replacing older copper conductor with aluminum. Nolin's depreciation rate is based on the actuarial information obtained from Nolin's plant records.

367, Underground conductor and devices - The actual lives of Nolin's assets in this category have been shorter than those in the suggested Low/High rates proposed by RUS. The majority of underground conductor relates to subdivisions; in order to accommodate the expansion of these suburban areas, it is often necessary to increase

the capacity by replacing the existing underground. Nolin's depreciation rate is based on the actuarial information obtained from Nolin's plant records.

369, Services - This account includes the installed costs of overhead and underground conductors from the distribution line to the point of connection with customer's facilities. As Nolin has replaced old copper conductor with aluminum (see Account 365), assets in this account are often replaced as well to aid in the upgrade to Nolin's system.

370, Meters - The current rate was approved by this Commission in Case No. 2014-00436 as it relates to new metering technology.



**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

22. Reference Nolin's response to AG 1-35. Confirm that if the Commission grants Nolin's \$20 per month residential customer charge request, out of the thirty (30) Kentucky electric utilities listed on the chart, the Company will have a larger customer charge than twenty-seven (27) utilities.

**Response:**

Nolin confirms that if the Commission grants Nolin's \$20 per month residential Member Cost of Service Charge request, out of the **twenty-seven (27)** Kentucky electric utilities listed on the chart, Nolin will have a larger customer charge than **twenty-four (24)** utilities.

Nolin's present charge to have a meter on an account before any electricity is used is \$9.04. Nolin believes that the requested Member Cost of Service Charge of \$20.00 per month is reasonable when compared with the customer related costs of \$32.20 per month from the COSS. While the COSS supports a higher Member Cost of Service Charge for the residential rate class, the nature of the members/families served in the class and the Commission's determinations in other cooperative rate adjustment cases led Nolin to propose an adjustment that is both just and reasonable in light of relevant considerations.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

23. Reference Nolin's response to AG 1-36. Do Nolin's ratepayers have to pay for any of the costs that Nolin incurs from its arrangement with Fort Knox? Do Nolin's ratepayers receive any benefit from its arrangement with Fort Knox? Explain the answers in full detail.

**Response:**

Nolin ratepayers do not pay any of the Fort Knox expenses. During the most recent Fort Knox contract fiscal year (June 2015 Thru May 2016) Nolin received \$660,019 income from Fort Knox operations. Income from Fort Knox has declined over the last several years because of fewer income producing projects. During all the years Nolin has contracted with Fort Knox, all income has gone to subsidize the rates Nolin members pay for their electricity. Now that Fort Knox income has declined and is not off-setting rates, the difference must be made up. Nolin members have benefited tremendously from the Fort Knox contracts since 1996. Starting in 1996 and continuing through the end of Fort Knox fiscal year 2016, Nolin has realized net income of approximately \$16 million on the Fort Knox contracts. This has helped keep Nolin members bills lower and has delayed rate increases. All contracting formats that Nolin has participated in at Fort Knox have been "cost plus margin" arrangements, thus a net gain to Nolin members.

**Nolin Rural Electric Cooperative Corporation**  
**Case No. 2016-00367**  
**Response to Attorney General's Supplemental Data Request**

24. Reference Nolin's Application and Responses to the Commission and Attorney General's Requests for Information, and provide unredacted hard copies of all Confidential Information filed in the case thus far. The Attorney General reserves the right to file additional requests for information once Nolin has provided all Confidential Information to his office for review.

**Response:**

The requested hard copies of the confidential information previously filed by Nolin in this case have been provided to the Attorney General in conjunction with the filing of this Response. The documents provided include confidential versions of the following documents:

1. Exhibit 1 to Nolin's Application
2. Exhibit 2 to Nolin's Application
3. Exhibit 6 to Nolin's Application
4. Exhibit 8 to Nolin's Application
5. Attachment 8A to Nolin's Response to Staff's 1st DR, Item 8
6. Attachment 53B to Nolin's Response to Staff's 1st DR, Item 53
7. Attachment 53C to Nolin's Response to Staff's 1st DR, Item 53
8. Attachment 55A to Nolin's Response to Staff's 1st DR, Item 55

Nolin previously tendered to the Commission both redacted and confidential versions of each of these documents, as well as motions seeking confidential treatment of same. For this reason, Nolin has not again attached to this response redacted versions of the requested documents or resubmitted the confidential versions to the Commission, but instead references its previous filings.