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June 26, 2015

RECEIVED

JUN 26 2015

PUBLIC SERVICE
COMMISSION

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

Case No. 2015-00213

RE: Application of Owen Electric Cooperative, Inc. ("Owen Electric") for a Certificate of Public Convenience and Necessity for the Construction of a Two Megawatt Distributed Generation Facility in Owen County, Kentucky

Dear Mr. Derouen:

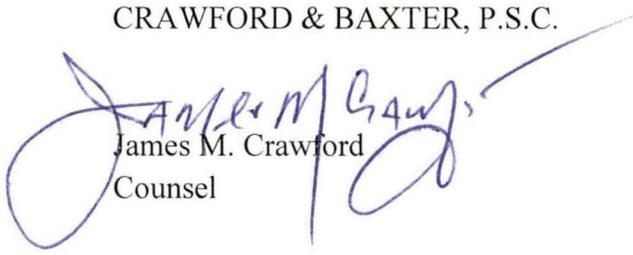
Please find enclosed for filing with the Commission an original and ten copies of an Application of Owen Electric Cooperative, Inc. for a Certificate of Public Convenience and Necessity ("CPCN") for the Construction of a Two Megawatt Distributed Generation Facility in Owen County, Kentucky.

As indicated in the enclosed Application, Owen Electric respectfully requests a Commission decision on this matter on or before October 30, 2015 so that Owen Electric can secure the contractual pricing.

If you have any questions, please contact me.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.


James M. Crawford
Counsel

Enclosures

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

RECEIVED

In the Matter of:

JUN 26 2015

**APPLICATION OF OWEN ELECTRIC)
COOPERATIVE, INC. FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
AND NECESSITY FOR THE)
CONSTRUCTION OF A TWO MEGAWATT)
DISTRIBUTED GENERATION FACILITY)
IN OWEN COUNTY, KENTUCKY)**

**CASE NO.
2015-00213**

PUBLIC SERVICE
COMMISSION

APPLICATION

Comes now the Applicant, Owen Electric Cooperative, Inc. (“Owen Electric” or “Applicant”) by and through counsel, pursuant to KRS 278.020(1) and 807 KAR 5:001, Sections 14, 15(2), and related sections, and for its Application requesting that the Kentucky Public Service Commission (“Commission”) enter an Order granting a Certificate of Public Convenience and Necessity (“CPCN”) to construct a two-megawatt distributed generation facility in Owen County, Kentucky, respectfully states as follows:

1. Pursuant to 807 KAR 5:001, Section 14(1), Applicant’s full name and mailing address is Owen Electric Cooperative, Inc., P.O. Box 400, 8205 Highway 127 North, Owenton, Kentucky 40359. The electronic mailing address of Applicant is psc@owenelectric.com.
2. Pursuant to 807 KAR 5:001, Section 14(2), Owen Electric states that it incorporated in the Commonwealth of Kentucky on June 8, 1937, and attests that it is currently in good standing.
3. Pursuant to 807 KAR 5:001, Section 15(2)(a), the facts relied upon to show that the proposed new construction is required for the public’s convenience or necessity are cost savings. The energy sourced from this project will displace two megawatts of energy purchased from East

Kentucky Power Cooperative, Inc. (“EKPC”), Owen Electric’s power supplier. The displacement of this purchase will save Owen Electric approximately \$9.4 million over the next twenty years. The proposed construction project is discussed in greater detail in the direct testimony of Mark A. Stallons, Owen Electric’s President and CEO, included in Application Exhibit A.

4. Pursuant to 807 KAR 5:001, Section 15(2)(b), Owen Electric states that it has submitted to the Kentucky Energy and Environment Cabinet Division for Air Quality (“KYDAQ”) an application for an air permit. Owen Electric will pursue the receipt of the air permit concurrently with this CPCN filing. No other permitting is required for this project.

5. Pursuant to 807 KAR 5:001, Section 15(2)(c), a full description of the proposed location, route, or routes of the proposed construction, including a description of the manner in which same will be constructed is provided in Application Exhibit B. There are no public utilities, corporations, or persons with whom the proposed construction is likely to compete.

6. Pursuant to 807 KAR 5:001, Section 15(2)(d)(1), one copy in portable document format on compact disk and two copies of maps in paper format to suitable scale showing the location of the proposed construction, as well as the location to scale of facilities owned by Carrollton Utilities and EKPC, with adequate identification as to the ownership of facilities, are provided in Application Exhibit C.

7. Pursuant to 807 KAR 5:001, Section 15(2)(d)(2), one copy in portable document format on compact disk and two copies of maps in paper format to suitable scale showing the plans, specifications, and drawings of the distributed generation project are provided in Application Exhibit D. These drawings are representative of the distributed generation unit; however, final drawings are contingent upon the receipt of a CPCN in this proceeding.

8. Pursuant to 807 KAR 5:001, Section 15(2)(e), Owen Electric plans to finance the proposed construction with general operating funds.
9. Pursuant to 807 KAR 5:001, Section 15(2)(f), the estimated annual cost of operation after the proposed facilities are placed into service is approximately \$648,200. The estimated capital cost of the project is approximately \$2.6 million. The financial justification for this project is provided in the direct testimony of Mark A. Stallons, provided in Application Exhibit A.
10. A copy of the resolutions from Applicant's Board of Directors approving the project and the filing of this Application is provided in Application Exhibit E.
11. Owen Electric states that the distributed generation project is necessary and will not result in wasteful duplication of facilities.
12. So that contractual pricing from the third party may be secured, Owen Electric respectfully requests the Commission's approval of this Application no later than October 30, 2015.

WHEREFORE, Owen Electric Cooperative, Inc. respectfully requests that the Commission enter an Order, no later than October 30, 2015, granting a Certificate of Public Convenience and Necessity ("CPCN") to construct a two-megawatt distributed generation facility in Owen County, Kentucky.

Dated at Owenton, Kentucky, this 26th of June 2015.

VERIFICATION

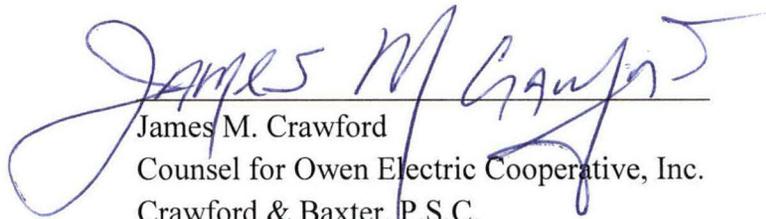
The undersigned, pursuant to KRS 278.020(1), 807 KAR 5:001, Sections 14 and 15, and related sections, hereby verifies that all of the information contained in the foregoing Application is true and correct to the best of my knowledge, opinion and belief.

Owen Electric Cooperative, Inc.

By: 

Its: PRESIDENT AND CEO

Respectfully submitted,



James M. Crawford
Counsel for Owen Electric Cooperative, Inc.
Crawford & Baxter, P.S.C.
P.O. Box 353
Carrollton, Kentucky 41008
Phone: (502) 732-6688
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CBJ523@aol.com

APPLICATION EXHIBIT A

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF)	
OWEN ELECTRIC COOPERATIVE, INC.)	CASE NO. 2015-
FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY FOR A)	
TWO MEGAWATT DISTRIBUTED)	
GENERATION FACILITY IN OWEN)	
COUNTY, KENTUCKY)	

PREPARED TESTIMONY OF MARK A. STALLONS

1. **Q. Would you please state your name and business address.**
2. A. My name is Mark A. Stallons. My business address is Owen Electric
3. Cooperative, Inc., 8205 Highway 127 North, Owenton, Kentucky 40359.
4. **Q. What is your occupation?**
5. A. I am the President and CEO of Owen Electric Cooperative, Inc. (“Owen
6. Electric”).
7. **Q. How long have you been employed at Owen Electric?**
8. A. I was employed on January 5, 2009.
9. **Q. What is your education and work experience?**
10. A. I graduated from Ohio Northern University in 1979 with a Bachelor of Science
11. degree in electrical engineering and from the University of Dayton in 1986 with a
12. Masters in Business Administration. I have worked in the electric industry for
13. over twenty five (25) years with two years at an investor-owned utility (“IOU”)
14. and over twenty three years at various electric cooperatives in Illinois, Michigan,
15. and most recently Kentucky. My utility experience includes operations,

1. engineering, marketing, customer service, and management areas. I am a
2. registered professional engineer in the State of Ohio.

3. **Q. Have you testified before the Kentucky Public Service Commission?**

4. A. Yes, I have.

5. **Q. What is the purpose of your testimony?**

6. A. The purpose of my testimony is to describe the need for constructing a two
7. megawatt distributed generation unit in Owen County, Kentucky, to describe the
8. project itself, to outline the permitting process, and to provide the total cost and
9. annual operating costs of the project.

10. **Q. Are you sponsoring any exhibits?**

11. A. Yes. I am sponsoring the following exhibits: MAS-1, MAS-2, and MAS-3.

12. **Q. What is Owen Electric's purpose?**

13. A. As stated in its Strategic Plan, approved by the Owen Electric Board of Directors
14. in November 2014, Owen Electric's purpose is to improve our members' lives by
15. providing safe, reliable and affordable electric service.

16. **Q. Why is Owen Electric proposing to construct a two megawatt distributed
17. generating facility?**

18. A. As reflected in its purpose statement, Owen Electric is committed to providing
19. safe, reliable, and *affordable* [emphasis added] electric service to its members.
20. Owen Electric's largest expense is its power supply cost; East Kentucky Power
21. Cooperative, Inc. ("EKPC") is Owen Electric's power supplier. In 2014, Owen
22. Electric's power supply cost represented 81% of its total cost of electric service.
23. The construction of this project will produce a power supply cost savings of

1. approximately \$9.4 Million over the next twenty years and a net present value of
2. approximately \$3.29 Million. The financial justification, along with the proposed
3. savings for this project, is provided as Exhibit MAS-1.

4. **Q. Is Owen Electric obligated to purchase all of its power from EKPC through**
5. **the all-requirements contract?**

6. A. No. Amendment 3 of the Wholesale Power Contract allows a member system to
7. serve up to 15% of the member system's load with a power supply other than that
8. supplied by EKPC. A copy of Amendment3 is provided as Exhibit MAS-2.

9. **Q. What approvals are needed for Owen Electric to invoke the provisions of**
10. **Amendment 3?**

11. A. For Amendment 3 power supply projects of five megawatts or less, a 90-day
12. notice to EKPC is required. Owen Electric gave notice to EKPC on March 31,
13. 2015. At its April 7, 2015 board meeting, EKPC's Management Team presented
14. Owen Electric's notice letter; the EKPC Board of Directors approved Owen
15. Electric's notice letter at its May 12, 2015 board meeting. Please also note that
16. the Board of Directors of Owen Electric approved this power supply project.
17. Copies of both the EKPC and Owen Electric board approvals are provided as
18. Application Exhibit E.

19. **Q. Could you please describe the distributed generation project?**

20. A. Yes. Owen Electric solicited a Request for Proposal to build the two megawatt
21. generator; Harshaw Trane was the successful bidder. Harshaw Trane, in
22. partnership with Wayne Supply, will design, construct, install and commission a
23. single enclosed Caterpillar Model G3516H natural gas-fueled 1988 KW generator

1. set. The project will deliver a complete turnkey system ready for Owen Electric
2. to connect to EKPC's Bromley substation. The distributed generation project will
3. be located on the south side of Owen Electric's headquarters in Owen County,
4. Kentucky. The estimated completion date of the project, subject to the receipt of
5. a favorable Order in this proceeding and the receipt of an air permit, is
6. approximately six months after receipt of the Commission's Order in this
7. proceeding.

8. **Q. Will EKPC have to make any modifications to the Bromley substation as a**
9. **result of this project?**

10. A. Owen Electric will work with EKPC to modify our existing supervisory control
11. and data acquisition (SCADA) interface at Bromley substation and at the Owen
12. Electric system operations center, to ensure safe and reliable operation of the
13. distributed generation system in concert with EKPC's power delivery system. A
14. new feeder bay and feeder overcurrent protection device (OCR) will be provided
15. by EKPC at Bromley substation.

16. **Q. Has a system impact study or coordination study among Owen Electric,**
17. **EKPC, and Harshaw Trane been completed?**

18. A. No. Owen Electric is presently working on the system impact study. With the
19. generator being located only one mile from the 11.2 MVA Bromley substation
20. and with the generator having advanced load ramping technology, normal
21. operation of the unit should not significantly impact the 12.5 kV substation bus or
22. surrounding members. The forthcoming study will fully determine the level of

1. system impact. Likewise, an electronic transfer trip scheme will be devised, with
2. EKPC and Harshaw Trane, that will prevent generator islanding and provide
3. optimal overcurrent protection and system coordination in the event of a fault.
4. We expect the study to confirm a de minimum impact on Bromley substation and
5. the associated distribution system.

6. **Q. What is the source of the natural gas?**

7. A. Owen Electric is partnering with Carrollton Utilities to provide the natural gas.
8. Carrollton Utilities has a long successful history of supplying reliable and
9. affordable natural gas to several industrial customers located along the Ohio River
10. corridor. Pending required air permits and regulatory approvals, Owen Electric
11. intends to receive supply under Carrollton Utilities' General Service Rate (I2)
12. Industrial (see Exhibit MAS-3). Carrollton Utilities receives its gas supply from
13. Texas Gas Transmission ("TGT") Pipeline. Currently there is more than enough
14. unsubscribed capacity to serve the Owen Electric distributed generation unit.
15. Carrollton Utilities has indicated from discussions with TGT that it no longer
16. plans to abandon the 26" mainline between Eunice, Louisiana to Hardinsburg,
17. Kentucky, which will increase capacity for Winter 2015/2016 and beyond by over
18. 200,000 MMBtu/day. In addition TGT has conducted four successful binding
19. open seasons that are expected to facilitate the flow of natural gas from the
20. northeast (shale gas) to south on the pipeline. TGT expects that the pipeline could
21. be flowing from north to south beginning in 2016, which is expected to further
22. enhance supply options.

1. Q. **In the event of a disruption in natural gas supply, what is the backup fuel**
2. **source?**

3. A. The distributed generation unit does not have a backup fuel source.

4. Q. **How will power be supplied to Owen Electric when the generator is down for**
5. **an outage, overhaul, or disruption in natural gas supply?**

6. A. When the generator is down for an outage, overhaul, or disruption in natural gas
7. supply, Owen Electric will purchase power from EKPC at our existing tariff rate
8. (EKPC's Section E rate).

9. Q. **What is the estimated timeline of receipt of the air permit?**

10. A. Owen Electric, along with representatives from Harshaw Trane, met with the
11. Kentucky Division for Air Quality ("DAQ") on April 30, 2015 to discuss the
12. project. In conjunction with their partner O'Brien & Gere, Harshaw Trane will
13. prepare the necessary permits for Owen Electric. The estimated cost of the
14. permitting process is \$15,000. We submitted the permit to the DAQ on June 16,
15. 2015 and anticipate approval within six (6) to eight (8) weeks of the permit
16. application being received at DAQ.

17. Q. **Does this natural gas generator fall within the Reciprocating Internal**
18. **Combustion Engines ("RICE") regulations or New Source Performance**
19. **Standards ("NSPS")?**

20. A. Yes, reciprocating natural gas generators fall under the EPA's RICE National
21. Emission Standards for Hazardous Air Pollutants (NESHAP) and/or NSPS

1. guidelines. For this reason, an emission control system consisting of an oxidation
2. catalyst will be used to reduce emissions of carbon monoxide and volatile organic
3. compounds (VOC's). It is expected that this system will reduce emissions of
4. these constituents by more than 90%. As a turnkey solution, Harshaw Trane will
5. source the emission control technology, apply for the air permit, commission the
6. installation, and setup the ongoing air permit program. Owen Electric will be
7. responsible for ongoing compliance.

8. **Q. With what additional environmental reporting (monthly, quarterly, or**
9. **annually) will Owen Electric be required to comply?**

10. A. The final air permit will define the requirements for compliance. However, based
11. upon experience, Harshaw Trane estimates that once the unit has been
12. commissioned, ongoing compliance will generally be limited to annually
13. reporting fuel consumption. Owen Electric will be required to perform a periodic
14. stack test to demonstrate that the unit complies with applicable emission
15. standards.

16. **Q. Will the building of additional transmission or distribution facilities be**
17. **required to serve this generator?**

18. A. Yes, approximately 750 feet of distribution primary underground cable and 1
19. mile of 12.5/7.2 kV overhead distribution will be required to interconnect the
20. distributed generation project to Owen Electric's distribution grid—
21. approximately one mile north of Bromley substation. An additional feeder bay
22. with an overcurrent protection device will be established by EKPC at Bromley
23. substation. A small, three-phase pad transformer will be furnished by 2.

1. Owen Electric to provide 480-277V three-phase, ancillary power to the
2. generator at the distributed generation site.
3. **Q. Does Owen Electric have staff qualified to operate/maintain this generator?**
4. A. Owen Electric will train and qualify existing operations and maintenance staff to
5. operate and perform routine maintenance of the distributed generation system.
6. All major maintenance services will be contracted to Wayne Power.
7. **Q. Will Owen Electric have to modify its Articles of Incorporation as a result of**
8. **owning a generation source?**
9. A. No. Owen Electric's Articles of Incorporation state: "The purpose for which the
10. Corporation is organized is to produce, transmit, distribute, furnish, supply or sell
11. electric energy to its members and non-members to the extent permitted by
12. Kentucky law, and to engage in the transaction of any and all lawful activities
13. authorized for Kentucky corporations pursuant to Kentucky law." The
14. production of electric energy is already stated in the Articles of Incorporation.
15. **Q. Does Owen Electric propose to form a subsidiary for this generation**
16. **venture?**
17. A. No. This generation venture is within Owen Electric's exempt purpose and falls
18. within the allowable definitions and applicability of electric cooperatives as
19. defined in KRS 279.
20. **Q. What are the estimated capital costs of this project?**
21. A. As indicated in Exhibit MAS-1, the estimated capital cost of this project is
22. approximately \$2.6 Million.
23. **Q. What are the estimated annual operating costs associated with this project?**

1. A. As indicated in Exhibit MAS-1, the estimated incremental annual operating costs
2. associated with this project are expected to be \$648,207 in 2016 dollars. The
3. annual maintenance costs are expected to be \$112,750, annual fuel costs of
4. \$527,835, and annual insurance costs of \$7,622.

5. **Q. How does Owen Electric plan to finance this project?**

6. A. Owen Electric plans to finance this project with general funds.

7. **Q. Does Owen Electric plan to file a separate fuel adjustment clause (“FAC”)**
8. **calculation to recover the gas costs from its members?**

9. A. No. Owen Electric will not file a separate FAC. The savings associated with this
10. project will allow Owen Electric to absorb the gas costs.

11. **Q. Does Owen Electric plan to refund the savings associated with this project to**
12. **its members?**

13. A. No. Owen Electric plans to use the associated savings to defer a future rate case.

14. **Q. Does this conclude your testimony in this case?**

15. A. Yes, it does.

Affiant, Mark A. Stallons, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Mark A. Stallons, President & CEO

Subscribed and sworn to before me by the affiant, Mark A. Stallons, this 25th day of June.

Notary Pamela R. McAdams

State-at-Large

My Commission expires 11/21/2018



Bromley Sub DG Project Financials

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Capital	\$ 2,632,872.00										
EKPC Savings		\$ 995,925.00	\$ 1,046,548.00	\$ 1,089,130.00	\$ 1,111,911.00	\$ 1,173,551.00	\$ 1,182,633.00	\$ 1,235,340.00	\$ 1,247,252.00	\$ 1,275,838.00	\$ 1,288,196.00
Annual Operating Costs		\$ 648,206.90	\$ 665,585.04	\$ 680,766.18	\$ 702,711.31	\$ 723,439.81	\$ 747,602.09	\$ 772,082.91	\$ 796,970.30	\$ 820,879.40	\$ 845,505.79
Net Cash Flow		\$ 347,718.10	\$ 380,962.96	\$ 408,363.82	\$ 409,199.69	\$ 450,111.19	\$ 435,030.91	\$ 463,257.09	\$ 450,281.70	\$ 454,958.60	\$ 442,690.21
		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
EKPC Savings		\$ 1,326,163.00	\$ 1,332,863.00	\$ 1,429,791.00	\$ 1,489,942.00	\$ 1,522,847.00	\$ 1,546,520.00	\$ 1,565,727.00	\$ 1,584,487.00	\$ 1,632,430.00	\$ 1,677,841.00
Annual Operating Costs		\$ 870,870.96	\$ 896,997.09	\$ 923,907.00	\$ 951,624.21	\$ 980,172.94	\$ 1,009,578.13	\$ 1,039,865.47	\$ 1,071,061.43	\$ 1,103,193.28	\$ 1,136,289.08
Net Cash Flow		\$ 455,292.04	\$ 435,865.91	\$ 505,884.00	\$ 538,317.79	\$ 542,674.06	\$ 536,941.87	\$ 525,861.53	\$ 513,425.57	\$ 529,236.72	\$ 541,551.92
Total Life Cycle Cash Flow (20 years)	\$ 9,367,625.69										
Net Present Value (20 years)	\$ 3,287,956.13										

**AMENDMENT NO. 3 TO WHOLESALE POWER CONTRACT
BETWEEN EAST KENTUCKY POWER COOPERATIVE, INC. AND
OWEN ELECTRIC COOPERATIVE, INC.**

This Agreement dated the 23rd day of October, 2003, amends the Wholesale Power Contract dated October 1, 1964 between East Kentucky Power Cooperative, Inc. (hereinafter "Seller") and Owen Electric Cooperative, Inc. (hereinafter "Member") as follows:

I. Numerical Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

1. General - The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which shall be required to serve the Member's load, including all electric power and energy required for the operation of the Member's system. Notwithstanding the foregoing, the Member shall have the option, from time to time, with notice to the Seller, to receive electric power and energy, from persons other than the Seller, or from facilities owned or leased by the Member, provided that the aggregate amount of all members' elections (measured in megawatts in 15-minute intervals) so obtained under this paragraph shall not exceed five percent (5%) of the rolling average of Seller's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein and further provided that no Member shall receive more than fifteen percent (15%) of the rolling average of its coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein.

For any election made or cancelled under this Section, the following provisions shall apply:

a. During any calendar year, the Member may make or cancel any such election or elections by giving at least 90 days' notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or less, in the annual aggregate.

b. During any calendar year, the Member may make or cancel any such election or elections by giving at least 18 months or greater notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or more, in the annual aggregate

Upon the effective date of the Member's cancellation of any such election under this Agreement, the load or loads shall be governed by the all requirements obligations of the Seller and the Member in this Section, and notice of same shall be provided to the Rural Utilities Service ("RUS") by the member. Such loads which are transferred to Seller's all-requirements obligations shall not thereafter be switched by Member to a different power supplier.

c. Should any such election by Member involve the acquisition of new service territory currently served by another power supplier or municipal utility, Member shall provide evidence to Seller and RUS in the new Load Purchase Agreement that the acquired territory must be served by the current power supplier as a condition of the acquisition of the new load.

Seller will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and Member will pay charges

therefore to Seller. Seller also agrees to allow, at Member's sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

Member will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 and Section 11 shall read in their entirety as follows:

10. Retail Competition - Seller and its subsidiaries, shall not, during the term of this contract, without the consent of the Member, (i) sell or offer to sell electric power or energy at retail within the Member's assigned or expanded geographic area, if any, established by applicable laws or regulations or (ii) provide or offer to provide retail electric service to any person which is a customer of the Member.

11. Term - This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Section 1 hereof, service hereunder and the obligation of the Member to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC.

BY: *David Zeman*

ITS: CHAIRMAN OF THE BOARD

Sam Perin
ATTEST, SECRETARY

OWEN ELECTRIC COOPERATIVE, INC.

BY: *Robert [unclear]*

ITS: PRESIDENT / CEO

Stanley Gorney
ATTEST, SECRETARY



ORDINANCE NO. 2013-14

AN ORDINANCE AMENDING THE RATES, TERMS AND CONDITONS FOR GAS CUSTOMERS OF CARROLLTON UTILITIES

WHEREAS, the City of Carrollton is the owner of a utility known as "Carrollton Utilities";
and

WHEREAS, Carrollton Utilities provides natural gas service to certain Residential, Commercial and Industrial customers; and

WHEREAS, Carrollton Utilities provides compressed natural gas service to certain consumers; and

WHEREAS, it is necessary that the Carrollton City Council establish rates for said Residential, Commercial and Industrial customers, so as to recover the costs for gas supply and interstate transportation costs and pay operating and maintenance costs of the Utility's distribution system; and

WHEREAS, the ten year Gas Supply contract dated Oct 1, 1998 is expiring making the Gas Supply Adjustment Component no longer applicable.

WHEREAS, the price of natural gas has increased so much that it is necessary for the Carrollton City Council to amend the terms and conditions for Industrial customers, to provide certain assurances of performance to Carrollton Utilities when Carrollton Utilities is not satisfied with Industrial customer's creditworthiness or ability to pay; and

WHEREAS, no customer of Carrollton Utilities is transporting its own gas such that the Transportation Service Rate (T1) schedule is unnecessary; and

WHEREAS, the Carrollton Utilities Commission has petitioned the City Council to enact an Ordinance establishing a revised rate schedule and terms and conditions.

NOW, THEREFORE, BE IT ORDAINED by the City of Carrollton that Carrollton Utilities hereby set the rates effective ~~January 1, 2009~~ November 1, 2013 (for bills rendered on or about ~~February 1, 2009~~ November 1, 2013) to be charged to customers for natural gas service as follows:

Handwritten vertical text on the right margin: "See ..."

General Service Rate (G1) Residential: Service for Residential customers within the city limits of Carrollton and all other areas served by Carrollton Utilities.

1. **Customer Charge:** A Customer Charge shall be assessed each month to all Residential customers receiving gas service at a rate of \$5.00 within the city limits of Carrollton and \$6.00 for all other areas served.
2. **Gas Supply Rate Component:** Gas supply costs shall be assessed each month to customers based on the cost of gas purchased by Carrollton Utilities during the month.
3. **Interstate Pipeline Rate Component:** Interstate pipeline charges shall be assessed at the actual cost to provide interstate transportation service required to serve Residential customers.
4. **Distribution Charge Component:** A Distribution Charge shall be assessed monthly at the rate of \$1.58 per Mcf for service within the city limits of Carrollton and \$1.89 per Mcf for all other areas served by Carrollton Utilities.

General Service Rate (C1) Commercial: Service for Commercial customers within the city limits of Carrollton and all other areas served by Carrollton Utilities.

1. **Customer Charge:** A Customer Charge shall be assessed each month to all Commercial customers receiving gas service at a rate of \$7.00 within the city limits of Carrollton and \$8.00 for all other areas served.
2. **Gas Supply Rate Component:** Gas supply costs shall be assessed each month to customers based on the cost of gas purchased by Carrollton Utilities during the month.
3. **Interstate Pipeline Rate Component:** Interstate pipeline charges shall be assessed at the actual cost to provide interstate transportation service required to serve Commercial customers.
4. **Distribution Charge Component:** A Distribution Charge shall be assessed monthly at the rate of \$1.80 per Mcf for service within the city limits of Carrollton and \$2.16 per Mcf for all other areas served by Carrollton Utilities.

General Service Rate (I1) Industrial: Service for Industrial customers with annual natural gas requirements of 15,000 Mcf per year or less within the city limits of Carrollton and all other areas served by Carrollton Utilities.

1. **Customer Charge:** A Customer Charge shall be assessed each month to all Industrial customers receiving gas service at a rate of \$25.00.

- 2. Gas Supply Rate Component: Gas supply costs shall be assessed each month to customers based on the cost of gas purchased by Carrollton Utilities during the month.
- 3. Interstate Pipeline Rate Component: Interstate pipeline charges shall be assessed at the actual cost to provide interstate transportation service required to serve Industrial customers.
- 4. Distribution Charge Component: A Distribution Charge shall be assessed monthly at the rate of \$1.25 per Mcf.

General Service Rate (I2) Industrial; Service for Industrial customers with annual natural gas requirements of in excess of 15,000 Mcf per year within the city limits of Carrollton and all other areas served by Carrollton Utilities.

- 1. Customer Charge Component: A Customer Charge shall be assessed each month to all Industrial customers receiving gas service at a rate of \$300.00 for customers with annual requirements in excess of 15,000 Mcf per year and less than 100,000 Mcf per year and \$400 for customers with annual requirements of 100,000 Mcf or more.
- 2. Gas Supply Rate Component: Gas supply costs shall be assessed each month to customers based on the cost of gas purchased by Carrollton Utilities during the month.
- 3. Interstate Pipeline Rate Component: Interstate pipeline charges shall be assessed at the actual cost to provide interstate transportation service required to serve Industrial customers.
- 4. Distribution Charge Component. A Distribution Charge shall be assessed monthly at the following rate:

First	10,000	Mcf	@	0.50	per Mcf
Next	5,000	Mcf	@	0.35	per Mcf
Next	5,000	Mcf	@	0.25	per Mcf
Next	20,000	Mcf	@	0.20	per Mcf
Next	60,000	Mcf	@	0.15	per Mcf
OVER	100,000	Mcf	@	0.10	per Mcf

Creditworthiness of Customer: Carrollton Utilities, at its discretion or whenever it is not reasonably satisfied with Industrial customer's creditworthiness or ability to pay based on

information available to Carrollton Utilities at that time, may apply credit evaluation practices to determine the acceptability of the Industrial customer's overall financial condition. Carrollton Utilities' standard objective financial criteria shall include all of the following:

- (a) Acceptable overall financial condition, working capital and profitability trends.
- (b) Acceptable bank and trade references.
- (c) If Industrial customer has an on-going business relationship with Carrollton Utilities, no delinquent balances should be outstanding for services provided previously by Carrollton Utilities, and Industrial customer must have paid its prior accounts according to the established terms and not have made deductions or withheld payment for claims not authorized by this Ordinance or any agreement for services between Carrollton Utilities and Industrial customer.

If Industrial customer fails to meet Carrollton Utilities' standard objective credit criteria (described above), Carrollton Utilities will require Industrial customer to provide security, in one of the forms described below, in order for service to commence or continue.

- (a) Prepayment in advance of an amount equal to Industrial customer's average monthly invoice for the prior six (6) month period; or
- (b) An irrevocable letter of credit drawn upon a financial institution acceptable to Carrollton Utilities with a term of one year and of an amount equal to Industrial customer's average monthly invoice for the prior six (6) month period; or
- (c) A financial guaranty, in form and substance satisfactory to Carrollton Utilities, executed by a person or another entity which does satisfy the credit appraisal criteria, of Industrial customer's performance of its financial obligations to Carrollton Utilities under the agreement with a term of one year and of an amount equal to Industrial customer's average monthly invoice for the prior six (6) month period; or

(d) Such other form of security as Industrial customer may agree to provide and as may be acceptable to Carrollton Utilities.

Should Industrial customer not provide required security within fifteen (15) days of request by Carrollton Utilities, Carrollton Utilities may deny or suspend the service being furnished.

Compressed Natural Gas (CNG) – Service at the Carrollton Utilities CNG station at 225 Sixth Street to the general public for purpose of filling vehicles powered by natural gas.

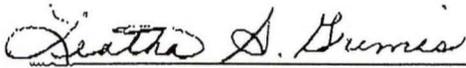
The rate per Mcf, gasoline gallon equivalent, mMBtu or other unit of measurement shall be set to recover gas supply costs, interstate pipeline charges, G1 local distribution charges, operational costs, capital recovery costs, maintenance costs and any such other costs associated with the compression and deliver of the natural gas.

After reading in full on the 14TH day of October 2013 followed by a second reading in full on the 28TH day of October 2013, and on motion by MR. LOUDEN Seconded by MR. ADAMS, the ordinance was adopted by a vote of 6 ayes and 0 nays.



GENE MCMURRY
MAYOR, CITY OF CARROLLTON

Attest:



LEATHA S. GRIMES
CITY CLERK-TREASURER

THURSDAY, NOVEMBER 7, 2013/THE NEWS-DEMOCRAT

Exhibit MAS-3
Page 6 of 6

SUMMARY ORDINANCE #2013-14:

AN ORDINANCE AMENDING THE RATES FOR GAS CUSTOMERS OF CARROLLTON UTILITIES

The Ordinance provides for an additional classification of gas service for the sale of compressed natural gas to the general public for filling vehicles powered by natural gas, and provides that the rate per mcf shall be the amount calculated to recover gas supply costs, interstate pipeline charges, local distribution charges, operational costs, capital recovery costs, maintenance costs, and such other costs associated with the compression and delivery of the natural gas.

The full text of this Ordinance is on file in the Office of the Clerk/Treasurer for the City of Carrollton where it may be inspected.

After a reading in full on the 14th day of October, 2013, followed by a second reading in full on the 28th day of October, 2013, and on motion made by Mr. Louden, seconded by Mr. Adams, the Ordinance was adopted by a vote of 8 ayes and 0 nays.

**GENE MCMURRY, MAYOR
CITY OF CARROLLTON**

**ATTEST:
LEATHA S. GRIMES
CITY CLERK/TREASURER**

APPLICATION EXHIBIT B

The location of the DG site (*See Blue Rectangle Exhibit C-Detail page 2 of 3*) is on Owen Electric property, just southeast of the headquarters building. The Generator Set (unit) - with its containment vessel and water-cooled radiator system - comprises a foot print of 70' X 14'. The unit will rest upon a concrete support pad that will be constructed with a slightly larger dimension to facilitate access. (*See Exhibit D*)

Approximately 660 feet of natural gas distribution pipe will originate from the Carrollton Utilities 6" Buried Steel Natural Gas Line (*See Yellow Line Exhibit C-Detail page 2 of 3*) on the east side of US Highway 127 - and will terminate at the unit.

Approximately 725 feet of three-phase, primary-metered, 12.5 kV underground cable will originate from east side of US Highway 127 – at the termination of the proposed 12.5 kV overhead circuit - and will terminate at the unit. (*See Green Line Exhibit C-Detail page 2 of 3*). A three-phase, 100 kVA, pad-mounted 12.5kV-480/277V, secondary-metered transformer will be located adjacent to the unit (Owen Electric to furnish and install).

Approximately 1 mile of 556 MCM Aerial Cable (Hendrix Type) will be installed, by Owen Electric, from the (EKPC N-45) Bromley Substation to termination of the 12kV feeder (*See Green Line Exhibit C page 1 of 3*).

The overhead feeder will be attached to the existing pole line and will require up to 4 additional structures within the 1 mile distance. EKPC will install a circuit protective device in Bromley Substation bay 0604 (10-11-12) (*See Exhibit C page 3 of 3*).

APPLICATION EXHIBIT C

PROPOSED DG CIRCUIT TO BROMLEY SUBSTATION

Proposed DG Site (See Exhibit C "DETAIL" 2 OF 3)

Existing 25kV 3PH OH Circuit

Termination of Proposed OH Circuit 0604

Stewart Ln

Stewart Ridge Rd

US Hwy 127

Proposed 3PH 12.5kV OH Circuit 0604 (Approx. 5680' Along Existing Structures)

Bromley Sub Substation (EKPC N-45)

BROMLEY

EXHIBIT C - 1 OF 3

Feeder 06-01

Feeder

Feeder 06-02

Feeder 06-03

KU

EAST KY

KU

PROPOSED DG SITE UTILITIES



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, US Community

Bromley
69KV/12.5KV

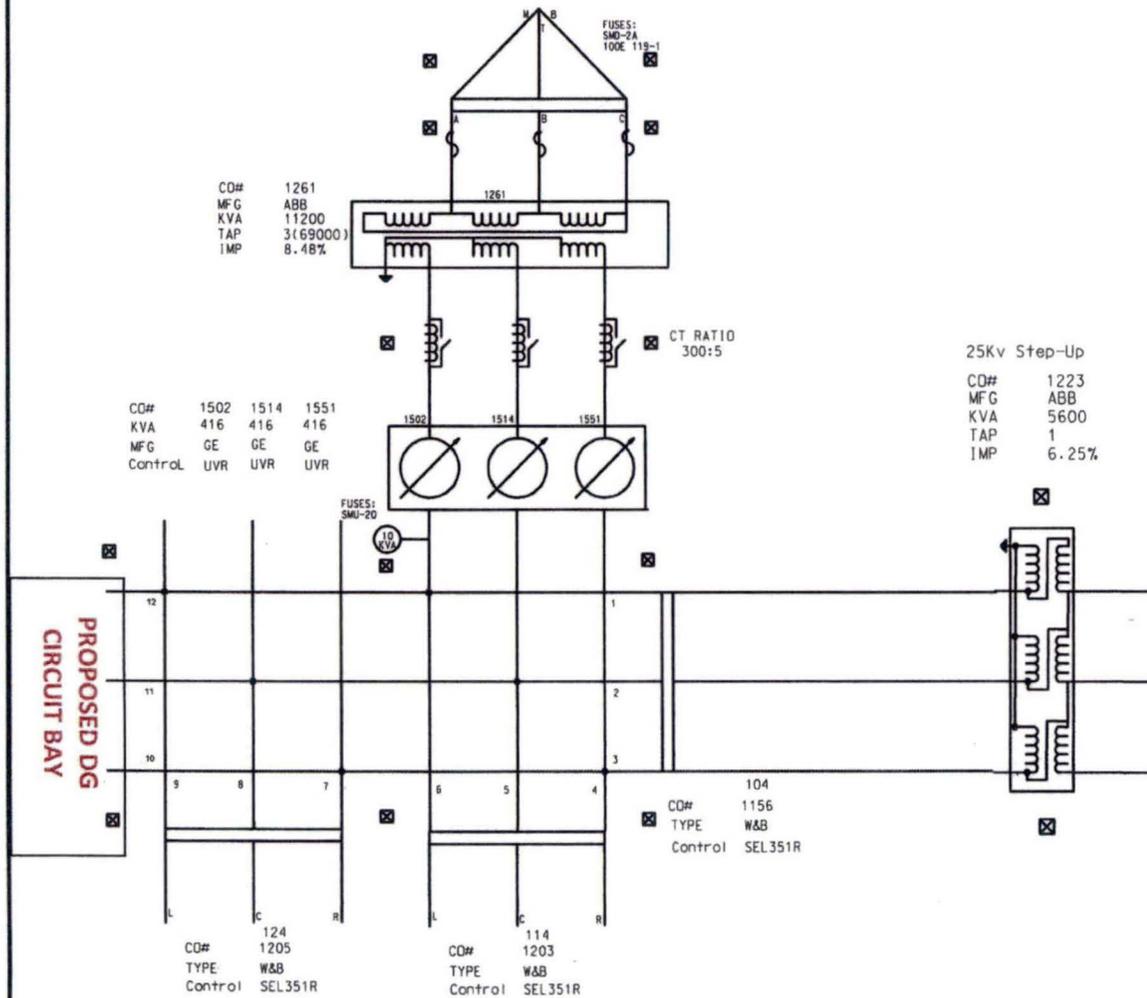


Exhibit C

Page 3 of 3

LATEST REVISION	
DATE	REV'D BY
7/27/2006	CB

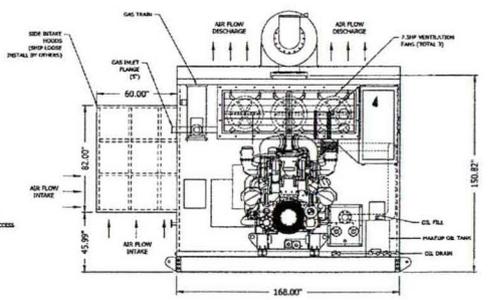
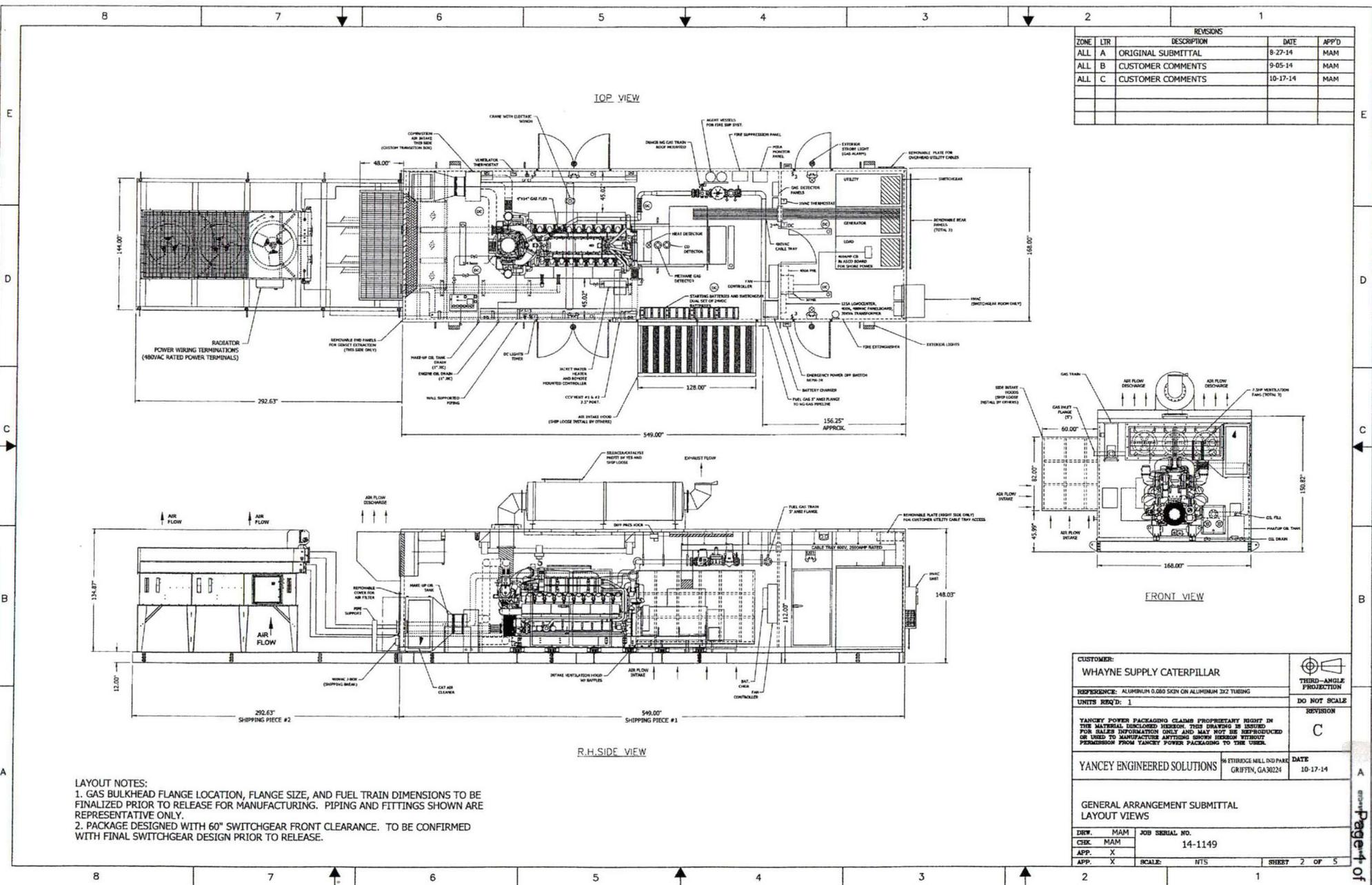
MEMBER SYSTEM
OWEN CO.

EAST KENTUCKY POWER COOPERATIVE
WINCHESTER, KENTUCKY 40392

DRAWN	Gris Barnes	4/6/2005
CHECKED		
APPROVED		
DRAWING NO.	SS- N45	

APPLICATION EXHIBIT D

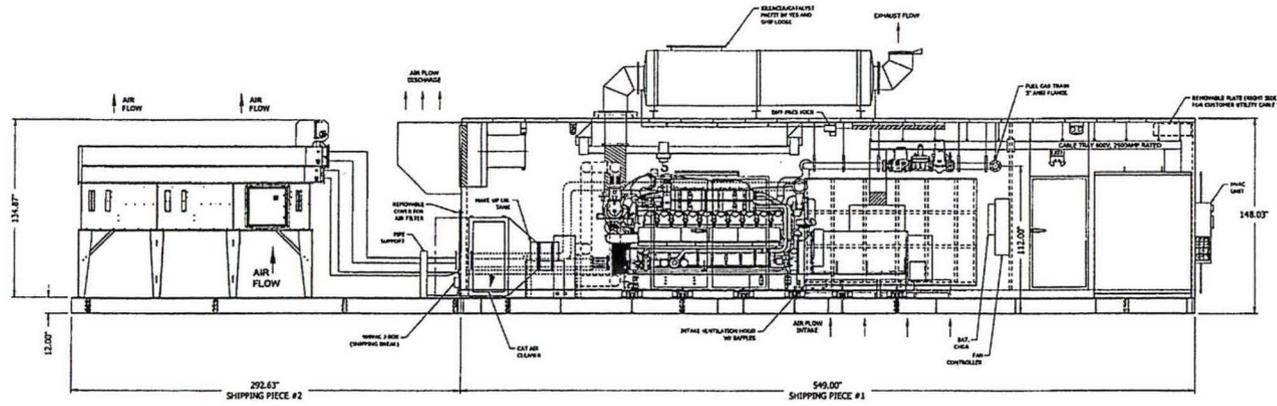
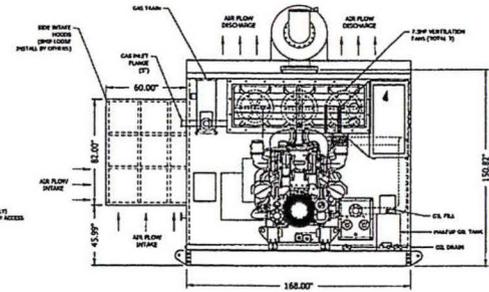
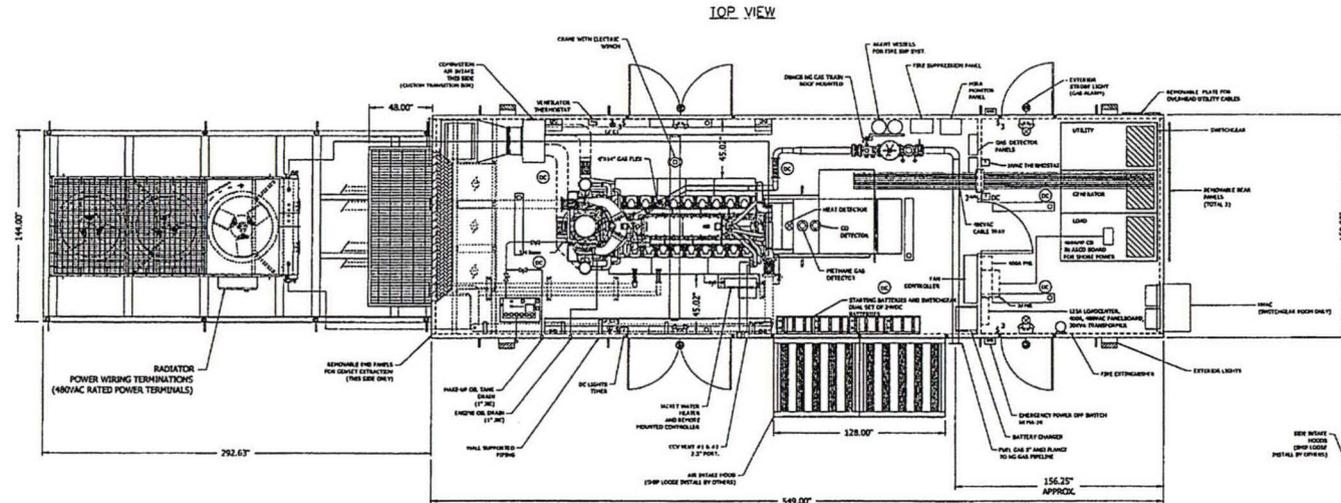
REVISIONS				
ZONE	LTR	DESCRIPTION	DATE	APP'D
ALL	A	ORIGINAL SUBMITTAL	9-27-14	MAM
ALL	B	CUSTOMER COMMENTS	9-05-14	MAM
ALL	C	CUSTOMER COMMENTS	10-17-14	MAM



LAYOUT NOTES:
 1. GAS BULKHEAD FLANGE LOCATION, FLANGE SIZE, AND FUEL TRAIN DIMENSIONS TO BE FINALIZED PRIOR TO RELEASE FOR MANUFACTURING. PIPING AND FITTINGS SHOWN ARE REPRESENTATIVE ONLY.
 2. PACKAGE DESIGNED WITH 60" SWITCHGEAR FRONT CLEARANCE. TO BE CONFIRMED WITH FINAL SWITCHGEAR DESIGN PRIOR TO RELEASE.

CUSTOMER: WHAYNE SUPPLY CATERPILLAR		 THIRD-ANGLE PROJECTION DO NOT SCALE
REFERENCE: ALUMINUM 0.000 SKIN ON ALUMINUM 3X2 TUBING		
UNITS REQ'D: 1		REVISION C
YANCEY ENGINEERED SOLUTIONS		DATE 10-17-14
GENERAL ARRANGEMENT SUBMITTAL LAYOUT VIEWS		
DRAWN: MAM	CHECK: MAM	JOB SERIAL NO. 14-1149
APP: X	APP: X	SCALE: NTS
		SHEET 2 OF 5

REVISIONS				
ZONE	LTR	DESCRIPTION	DATE	APP'D
ALL	A	ORIGINAL SUBMITTAL	8-27-14	MAM
ALL	B	CUSTOMER COMMENTS	9-05-14	MAM
ALL	C	CUSTOMER COMMENTS	10-17-14	MAM



R.H. SIDE VIEW

LAYOUT NOTES:
 1. GAS BULKHEAD FLANGE LOCATION, FLANGE SIZE, AND FUEL TRAIN DIMENSIONS TO BE FINALIZED PRIOR TO RELEASE FOR MANUFACTURING. PIPING AND FITTINGS SHOWN ARE REPRESENTATIVE ONLY.
 2. PACKAGE DESIGNED WITH 60" SWITCHGEAR FRONT CLEARANCE. TO BE CONFIRMED WITH FINAL SWITCHGEAR DESIGN PRIOR TO RELEASE.

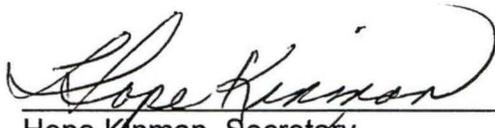
CUSTOMER: WHAYNE SUPPLY CATERPILLAR		THIRD-ANGLE PROJECTION
REFERENCE: ALUMINUM 6.000 SION ON ALUMINUM 312 TUBING		
UNITS REQ'D: 1		DO NOT SCALE
YANCEY ENGINEERED SOLUTIONS		REVISOR C
IN FUTURE: MILL DR. PAUL GRIFFIN, GA30224	DATE 10-17-14	
GENERAL ARRANGEMENT SUBMITTAL LAYOUT VIEWS		
DRW. MAM	JOB SERIAL NO. 14-1149	
CHK. MAM		
APP. X		
APP. X	SCALE: NTS	SHEET 2 OF 5

APPLICATION EXHIBIT E

EXCERPT FROM MEETING OF THE BOARD OF
OWEN ELECTRIC COOPERATIVE, INC.
Held March 26, 2015

At a meeting of the Board of Directors of Owen Electric Cooperative, Inc., on March 26, 2015, the Board voted unanimously to approve the following Resolution:

- A. Authorizing and approving the construction of a gas fuel electric generator of approximately 2 MWs to be located at the Bromley Substation at Owen's Headquarters at 8205 Highway 127 N, Owenton, Kentucky ("the project");
- B. Authorizing management to immediately take all actions necessary to obtain approval of the project by the Kentucky Public Service Commission;
- C. Contingent upon Kentucky Public Service Commission's approval, acceptance of the bid(s) of W. Frank Harshaw & Associates, Inc., d/b/a Harshaw Trane in partnership with Whayne Supply to design, construct, install, commission, and deliver a turnkey system ready for connection to the Bromley Substation of a single enclosed Model G3516H natural gas-fueled 1988 KW generator set for the contract sum of \$764,297 payable to Harshaw Trane and \$1,485,000 payable to Whayne Supply;
- D. Authoring Mark A. Stallons, President and CEO to execute any and all documentation necessary to provide East Kentucky Power Cooperative notice of the project in accordance with Amendment Three (3); and,
- E. Authoring Mark A. Stallons, President and CEO to execute on behalf of the Cooperative the "letter of intent", a copy of which is attached hereto and incorporated herein as Exhibit "A", together with any and all other documents and/or agreements necessary to complete the project.


Hope Kinman, Secretary

ATTEST:


John Grant, Chairman,
Board of Directors



A Touchstone Energy Cooperative

Letter of Intent
Between
Harshaw Trane, Owen Electric & Whyne Power

This Letter of Intent is made and entered this the 13th day of April 2015, by and between W. Frank Harshaw & Associates, Inc., d/b/a Harshaw Trane (herein referred to as "Harshaw Trane") and Owen Electric Cooperative, Inc. (herein referred to as "Owen Electric") and Whyne Power for the purpose of furnishing certain services and work to be located at the facility as more fully described in a Contract dated March 26, 2015 and a price quote dated October 16, 2014, copies of which are attached hereto and incorporated herein as Exhibit "A" ("the project").

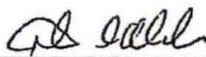
This letter of Intent is contingent upon the completion of the following:

1. Approval of the project by the Kentucky Public Service Commission;
2. Successful completion of the Amendment 3 election process required between Owen Electric Cooperative, Inc., and East Kentucky Power Cooperative;
3. Securing all required state environmental and air permit(s) required for the project; and,
4. A commitment and agreement to hold all pricing firm for a period of six (6) months from the signing of this document and if six months expires then Harshaw Trane and Whyne Power must provide 30 days written notice of pricing change to Owen Electric.

All parties agree to revise the payment schedule and the project completion date based upon finalizing the above contingencies. Once all of said contingencies have been satisfactorily resolved to enter into an agreement essentially in accordance with the terms of Exhibit "A" attached hereto and incorporated herein.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement, effective as of the date first above written.

Harshaw Trane



 Authorized Signature

Tom Asek

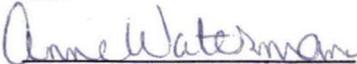
 Printed Name

VP

 Title

4-13-15

 Date



 Witness

Owen Electric



 Authorized Signature

Mark A. Stallons

 Printed Name

President & CEO

 Title

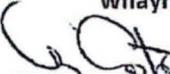
4-16-15

 Date



 Witness

Whyne Power



 Authorized Signature

Chris Coats

 Printed Name

VP

 Title

4/15/15

 Date



 Witness

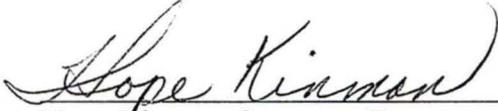
EXCERPT FROM MEETING OF THE BOARD OF
OWEN ELECTRIC COOPERATIVE, INC.
Held April 28, 2015

Distributed Generation Project - At a meeting of the Board of Directors of Owen Electric Cooperative, Inc., on April 28, 2015, Mr. Stallons discussed with the Board additional projected costs totaling about \$233,575.00 associated with building the gas fuel electric generator of approximately 2 MW's ("the project") approved at the regular board meeting of March 26, 2015. The Board asked several questions and after much discussion, and upon a motion by Rick Messingschlager, seconded by Alan Ahrman, the Board voted unanimously to approve the following resolution:

A. Authorizing and approving the addition of the following items totaling approximately \$233,575.00 to the project cost of \$2,249,297.00 approved at the March 26, 2015, board meeting:

- : Automatic Fire Suppression System Installed - \$28,750.00
- : Enclosure Sound Attenuation 75dBA at 23 feet - \$23,750.00
- : Methane, CO, Heat detection & strobe alarms - \$8,575.00
- : Two external emergency stop buttons - \$2,500.00
- : 3% adder on the above 4 items - \$2,000.00 to cover possible cost increase should the CPCN not be received with the 6 month time frame
- : Owen Interconnection and SCADA Costs - \$100,000.00
- : 3% adder on Harshaw Tranes' proposal of \$764,297.00 - \$23,000.00 to cover possible cost increase should the CPCN not be received with the 6 month time frame
- : 3% ADDER ON Whayne Supply's price quote of \$1,485,000.00 - \$45,000.00 to cover possible cost increase should the CPCN not be received with the 6 month time

B. Authorizing management to take all actions necessary to proceed with the project upon satisfactory approval by the PSC and all other state and federal authorities.


Hope Kinman, Secretary-Treasurer

ATTEST:


John Grant, Chairman
Board of Directors

EXCERPT FROM MEETING OF THE BOARD OF
OWEN ELECTRIC COOPERATIVE, INC.
Held June 25, 2015

Distributed Generation Project - At a meeting of the Board of Directors of Owen Electric Cooperative, Inc., on June 25, 2015, Mr. Stallons discussed with the Board additional projected costs totaling about \$150,000.00 associated with building the gas fuel electric generator of approximately 2 MW's ("the project") approved at the regular board meeting of March 26, 2015. The Board asked several questions and after much discussion, and upon a motion by Bob True, seconded by Rick Messingschlager, the Board voted unanimously to approve the following resolution:

A. Authorizing and approving the addition of the following items totaling approximately \$150,000.00 to the project cost of \$2,482,872.00 approved at the April 28, 2015, board meeting:

- : EKPC OCR at Bromley Substation - \$25,000.00
- : 1 mile 556 MCM Spacer - \$175,000.00
- : Less \$50,000.00 for two (2) 25 kV step transformers now not required

B. Authorizing management to take all actions necessary to proceed with the project upon satisfactory approval by the PSC and all other state and federal authorities.

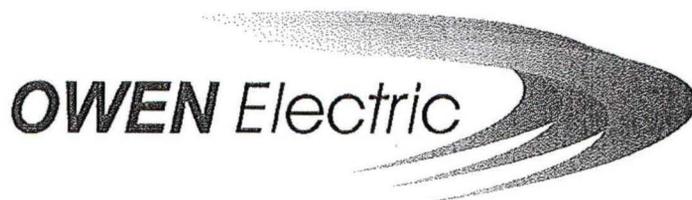

Hope Kinman, Secretary-Treasurer

ATTEST:



John Grant, Chairman
Board of Directors





A Touchstone Energy Cooperative 

Amendment #3 Election Notice

Between

Owen Electric & EKPC

In accordance with our Amendment 3 agreement dated November 23, 2003, Owen Electric respectfully submits ninety (90) day notice of its intent to own and construct a generating facility with a capacity of 5MW or less. The particulars of this election are as follows:

1. A natural gas fuel electric generator of approximately 2MW.
2. Located on Bromley Substation at Owen Electric facilities at 8205 Hwy 127N, Owenton, KY.
3. The unit is designed to operate in excess of 7500 hours per year, will not generate in excess of the load at Bromley Substation, and is considered a "Behind the Meter Source".
4. The proposed generator is planned to be in service on December 1, 2015.

As the project moves forward we will update the timeline well within the 90 day notice requirement. Owen Electric respectfully submits this notice of election.

Sincerely,

Mark A. Stallons
President & CEO
Owen Electric

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, May 12, 2015, at 9:30 a.m., EDT, the following business was transacted:

Approval of Owen Electric Utilizing Amendment #3 of the Wholesale Power Contract for a Two MW Gas Fired Generator

After review of the applicable information, a motion to approve Owen Electric Utilizing Amendment #3 of the Wholesale Power Contract for a Two MW Gas Fired Generator was made by Strategic Issues Committee Chairman Landis Cornett and passed by the full Board to approve the following:

Whereas, Owen Electric has submitted a conforming Amendment 3 Notice to the Wholesale Power Contract;

Whereas, Owen Electric plans to construct and own a two MW gas fired generator at its facilities located at 8275 Hwy 127N Owenton, Kentucky;

Whereas, Owen Electric would like to utilize Amendment #3 of the Wholesale Power Contract for the aforementioned distributed generation facility;

Whereas, The sum of Owen Electric's Amendment #3 resources do not exceed 5% of Owen Electric's load;

Whereas, The units are to be interconnected to the Owen Electric distribution system at the Bromley Substation and will not exceed the load at the Bromley substation when in operation. Therefore, the unit is considered "Behind the Meter Sources";

Whereas, The planned in service date for the unit is December 1, 2015; and

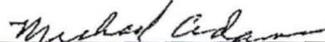
Whereas, Owen Electric's Board of Directors has requested and the EKPC Strategic Issues Committee has recommended that the EKPC Board of Directors approve this transaction; now, therefore, be it;

Resolved, That the EKPC Board hereby approves the Owen Electric's Board

of Directors' request that the EKPC Board of Directors approve Owen Electric's utilization of Amendment #3 of the Wholesale Power Contract for a two MW gas fired generator.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 12th day of May 2015.



Michael Adams, Secretary

Corporate Seal