

March 4, 2016

HAND DELIVERED

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

RECEIVED

MAR 4 2016

PUBLIC SERVICE
COMMISSION

Re: Case No. 2015-00422

Dear Executive Director:


Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of a corrected Industrial Power Agreement with Interruptible Service (“corrected 2015 IPA”) between East Kentucky Power Cooperative, Inc. (“EKPC”), Nolin Rural Electric Cooperative Corporation (“Nolin”), and AGC Automotive Americas (“AGC”). The parties request that this corrected 2015 IPA replace the version originally submitted with the Application filed on December 18, 2015.

As noted in the response to Request No. 2 of the Commission Staff’s Initial Request for Information dated January 14, 2016 (“Staff Initial Request”), because of a clerical error made during the drafting process for the original 2015 Industrial Power Agreement with Interruptible Service, the demand charge, energy rate, and customer charge were incorrect. There was no intention on the part of the parties to change the tariff rates approved by the Commission effective June 1, 2011, and those rates currently are being charged by Nolin to AGC. EKPC noted in this response that the parties were in the process of executing a corrected 2015 IPA with the appropriate rates and would file the corrected 2015 IPA for approval as soon as it was available. The corrected 2015 IPA is enclosed with this letter.

In addition, as stated in the response to Request No. 1 of the Staff Initial Request, EKPC, Nolin, and AGC consider the first year of the corrected 2015 IPA to begin with the date the Commission approves the contract.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Mark David Goss

Enclosures

**INDUSTRIAL POWER AGREEMENT
WITH INTERRUPTIBLE SERVICE**

THIS AGREEMENT, made and entered into this 19th day of October, 2015, by and between **East Kentucky Power Cooperative, Inc.**, a Kentucky corporation with its principal offices at 4775 Lexington Road, Winchester, Kentucky 40391 (“EKPC”), **Nolin Rural Electric Cooperative Corporation**, a Kentucky corporation with its principal offices at 411 Ring Road, Elizabethtown, Kentucky 42701 (“Cooperative”); and **AGC Automotive Americas**, with its principal offices at 1 Auto Glass Drive, Elizabethtown, Kentucky 42702 (“Customer”).

WITNESSETH:

WHEREAS, Cooperative is a rural electric cooperative corporation providing retail electric service in Hardin County, Kentucky; and

WHEREAS, Cooperative is a member of EKPC and purchases all of its wholesale electric power and energy requirements from EKPC pursuant to a Wholesale Power Contract dated October 1, 1964; and

WHEREAS, Customer has been, and is, a member of Cooperative and purchases, or desires to purchase, retail electric power and energy needs from Cooperative, under the terms and conditions contained herein, to serve its Hardin County, Kentucky plant (hereinafter referred to as its “Plant”); and

WHEREAS, EKPC has fully integrated into the PJM Interconnection, LLC regional transmission system, on June 1, 2013;

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein, the parties agree as follows:

1. **Term.** This Agreement shall become effective as of November 1, 2015, subject to the provisions of Paragraph 21 below. This Agreement shall continue in effect for a term of one year from said date and shall continue thereafter for additional one-year terms thereafter; provided, however, that the Agreement may be cancelled after the initial one-year term by any party upon giving written notice of such termination at least sixty (60) days prior to the desired termination date.
2. **Rates and Charges.** Customer shall pay Cooperative monthly for power and energy made available under this Agreement in accordance with the rates, charges, and provisions defined herein and Cooperative's Schedule 15 – Interruptible, as approved by the Kentucky Public Service Commission ("PSC") and as modified, replaced, or adjusted from time to time and approved by the PSC. After one year the customer may choose any existing tariff that corresponds to this agreement and where they qualify. Such change will require three-month's notice to Cooperative. The customer agrees that if they choose to change to an existing tariff they will remain on that tariff for one year.
 - a. **Demand Amount.** For billing from EKPC to Cooperative, EKPC will provide wholesale electricity to Nolin for Customer pursuant to the terms and conditions of EKPC's Rate Section G and shall be the greater of the contract demand or Customer's highest demand during the current month or preceding eleven months coincident with EKPC's system peak demand as defined in EKPC's Rate Section G. For billing from Cooperative to Customer, demand shall be measured as the average kW demand occurring at Customer's plant during any fifteen-minute period beginning at any standard clock hour or 15, 30 or 45 minutes after the standard clock hour. The billing demand shall be the greater of the contract demand or Customer's highest demand

during the current month or preceding eleven months coincident with EKPC's system peak demand.

- b. **Demand Charge.** Customer will be charged by Nolin \$6.83 per kW for billing demand. On peak hours are defined as follows:
 - a. **October through April:** Every day from 7:00 a.m. to 12:00 noon Eastern Prevailing Time (EPT) and 5:00 p.m. to 10:00 p.m. EPT. All other hours are off-peak.
 - b. **May through September:** Every day from 10:00 a.m. to 10:00 p.m. EPT. All other hours are off-peak.
- c. **Energy Charge.** The energy rate will be \$0.04342 per kWh.
- d. **Customer Charge.** A monthly customer charge of \$1,188.66 will apply.
- e. **Power Factor Adjustment.** Customer will be subject to a Power Factor Adjustment when the power factor is determined to be less than 90%. This adjustment is based on multiplying the actual monthly billing demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.
- f. **Fuel Adjustment Clause.** Customer will be charged Nolin's fuel adjustment clause (FAC) rate in conformity with 807 KAR 5:056.
- g. **Environmental Surcharge.** Customer will be charged Nolin's environmental surcharge rate in conformity with KRS 278.183 and as described in Nolin's Rate Schedule ES.
- h. **Minimum Bill.** The minimum bill is the sum of the components as defined below. Each minimum bill component shall be compared to the billing calculation based on

actual consumption. In each case, the actual bill shall not be less than the minimum calculation described in a, b, and c below:

- a. The customer charge;
- b. The product of the contract demand multiplied by the demand charge; and
- c. The minimum kWh is the product of the contract demand times 425 hours times the energy rate. If the metered kWh is less than the minimum kWh, the difference in the actual and the minimum will be billed at the energy rate less Nolin's base fuel component in the energy rate.

3. **Availability of Power.** Subject to the other provisions of this Agreement, Cooperative shall make available to Customer, and Customer shall take and purchase from Cooperative, all of Customer's requirements for electric power and energy and related services for the operation of Customer's Plant. The Point of Delivery for firm power and energy made available hereunder shall be the point at which Customer's Plant facilities connect to Cooperative's facilities. The power and energy made available hereunder shall be in the form of 3-phase alternating current at a frequency of approximately sixty (60) hertz and at a nominal voltage of 12,470 kV at the metering point. The "Contract Demand" for firm service under this Agreement shall be 10,000 kW. Customer shall have the right to increase or decrease said levels of firm and interruptible demands by giving written notice sixty (60) days prior to the date of the desired change. No more than two (2) changes in the levels of firm and interruptible demands within a twelve (12)-month period are allowable. The power and energy made available to Customer hereunder shall be delivered, taken and paid for subject to the provisions of Paragraph 2 of this Agreement with the provisions of the Cooperative's Schedule 15 - Interruptible,

applicable to demands in excess of the Contract Demand, as approved by the PSC, and as modified from time to time by appropriate authority, copies of which are attached hereto and made a part hereof. Customer shall comply with all requirements of such tariffs relating to eligibility for interruptible rates. In the event of any conflict between the provisions of this Agreement and said tariffs, the latter shall control.

4. **Interruptible Service.** In accordance with Cooperative's Schedule 15 – Interruptible, service to Customer may be interrupted by an approved communication medium from EKPC's Market Operations Center ("MOC"). Customer chooses 10,000 kW of Firm Load with the balance being Interruptible Demand. Customer has demonstrated the ability to lower its load to 10,000 kW within the notice period provided herein.

a. **EKPC Economic Interruptions.** EKPC may interrupt Customer to avoid purchasing energy from the PJM Market (an "Economic Interruption"). EKPC shall notify Customer that it is calling for an interruption and the notice shall be defined as an Economic Interruption and include the number of hours of such interruption. EKPC will endeavor to provide as much advance notice of interruptions as practicable, but customer will have 30 minutes to reduce its electric power load to Contract Demand Level. Customer shall have the opportunity to buy-through any Economic Interruption and will pay for such buy-through energy. The rate shall be EKPC's out of pocket cost at the EKPC Zone during the interruption hours. The amount of buy-through energy billed by Cooperative to the Customer will be the actual energy consumed by the customer above the Contract Demand each hour of the Economic Interruption. Interruptible

buy-through energy shall not include the base energy charge, a fuel adjustment charge or environmental surcharge.

- b. **EKPC Reliability Interruption.** EKPC has the right to call upon a physical interruption of Customer's Interruptible Demand (a "Reliability Interruption") to participate in the PJM Demand Response Programs. EKPC shall notify Customer that it is calling for an interruption and the notice shall be defined as a Reliability Interruption and include the number of hours of such interruption. Customer must interrupt its Interruptible Demand, and buy-through energy provisions as described above are not available for Reliability Interruptions. For Reliability Interruptions, the terms and conditions of PJM's Capacity Program then in place shall apply. Under that Program, PJM shall notify EKPC of a Reliability Interruption 30 minutes prior to the start of the interruption per the Cooperative's Schedule 15 – Interruptible tariff. Due to a PJM approved exception to their 30 minute notice and compliance requirement for Reliability Interruptions, AGC will be subject to penalty for non-compliance after 60 minutes instead of 30 minutes for a PJM Reliability Interruption. EKPC shall notify Customer of such interruption immediately and Customer shall reduce its electric power load to the Firm Load level defined above. EKPC will immediately notify AGC for any PJM changes to the 30 minute notification exception.
- c. **Interruption Hours and Notice.** Customer is contracting for interruptible service for all demand over the Firm Demand as set forth above, with a total maximum annual interruption of up to 200 hours. The sum of Economic Interruptions and Reliability Interruptions shall not exceed 200 hours annually.

The annual period shall start on June 1 and end on May 31 of the following year. However, during the initial term of this Agreement, the annual period shall begin with the effective date of the Agreement and end on May 31, 2016. The total interrupted hours during this initial term shall be prorated based on actual start date but shall not exceed 200.

Interruptions may occur between 6:00 a.m. to 9:00 p.m. EPT during the months of November through April and between 10:00 a.m. to 10:00 p.m. EPT during the months of May through October. No interruption shall last more than 12 hours.

Notification of an interruption will be provided by EKPC to the Customer by a communication medium approved by all parties from EKPC's MOC to the Customer. The Customer's Point of Contact ("POC") for all notices of interruption from EKPC is as follows:

Primary POC	Position	Barry Borders
	Address	1 Auto Glass Drive Elizabethtown, KY 42701
	Phone	(270)268-1043
	E-mail	Barry.Borders@us.agc.com
	Text	(270)268-1043

Secondary POC	Position	AGC Security
	Address	1 Auto Glass Drive Elizabethtown, KY 42701

Phone (270)769-1221
E-mail Barry.Borders@us.agc.com
Text (270)769-1221

EKPC's POC is the MOC system operator on duty at the time of communication. The phone number for EKPC's POC is (859) 745-9210, and e-mail is generation.operations@ekpc.coop.

5. **Responsibilities of Customer.** It is the responsibility of Customer to ensure its communication systems are working and that someone is available 24 hours per day, 365 days per year to promptly respond to the EKPC communication. Customer shall acknowledge to EKPC that they have received notice of an interruption. If Customer does not acknowledge the notice of interruption from EKPC for whatever reason, Customer will be considered as failing to interrupt and the failure to interrupt provisions of Cooperative's Schedule 15 – Interruptible will be invoked.
6. **Continuing Jurisdiction of the PSC.** The rates, terms and conditions of this Agreement for electric service shall be subject to modification or change by Order of the PSC, during the initial one-year term and thereafter. The rates provided hereinabove shall be adjusted to reflect any PSC-approved changes in applicable tariff rates, including any FAC, Environmental Surcharge or changes in the base rates approved for EKPC and/or Cooperative on or after the effective date of this Agreement.
7. **Voltage Fluctuations.** Customer and Cooperative shall cooperate to see that Customer's load is operated in accordance with prudent utility practices, as defined in Paragraph 11 below. Customer agrees to operate its Plant and facilities to reduce voltage fluctuations

or harmonic distortions. Cooperative will notify Customer if its operations cause voltage fluctuations or harmonic distortions that result in interference with Cooperative's supply of service to other customers, and will attempt to identify and help Customer correct such problems. Any substantial deviation from past practices that would cause additional voltage fluctuations or harmonic distortions requires approval from Cooperative. If Customer fails to install and/or to operate the necessary facilities on its premises to correct the voltage fluctuations or harmonic distortions of its load, or to prevent such voltage fluctuations or harmonic distortions from interfering with Cooperative's supply of services to other customers, Cooperative shall have the right to deny service to Customer. Any voltage fluctuations or harmonic distortions shall be corrected within twenty-four (24) hours after written notice from Cooperative to Customer stating the voltage fluctuation or harmonic distortion problems.

8. **Right of Access.** The duly authorized agents and employees of EKPC and/or Cooperative shall have access at all reasonable hours to the premises of Customer where equipment is owned by Cooperative or EKPC for the purpose of installing, repairing, inspecting, testing, operating, maintaining, renewing or exchanging any or all of their equipment which may be located on the premises of Customer for reading or testing meters, or for performing any other work incident to the performance of this Agreement. Customer shall not unreasonably withhold access from Cooperative and/or EKPC to access equipment or machinery owned by Cooperative or EKPC. The parties agree to take reasonable steps to protect the property of each other party located on its premises, and to permit no one to inspect or tamper with the wiring and apparatus of the other party except such other party's agents or employees, or persons authorized by law. It is agreed,

however, that no party assumes the duty of inspecting the wiring or apparatus of any other party and shall not be responsible therefor.

9. **Right of Removal.** Any and all equipment, apparatus, devices, or facilities placed or installed, or caused to be placed or installed, by any of the parties hereto on or in the premises of another party shall be and remain the property of the party owning and installing such equipment, apparatus, devices, or facilities regardless of the mode or manner of annexation or attachment of real property of the other. Upon the termination of this Agreement, or any extension thereof, the owner thereof shall have the right to enter upon the premises of the other upon notice and approval of the other party and shall within a reasonable time remove all or any portion of such equipment, apparatus, devices, or facilities, unless otherwise agreed by the parties at the time of such termination. As a part of any such removal, the owner shall perform restoration as required for any damage caused by said removal.
10. **Prudent Utility Practice.** Each party shall design, construct and operate its facilities in accordance with prudent electric utility practice in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electric Safety Code.
11. **Maintenance of Equipment.** Each party agrees that it will at all times maintain its lines, equipment and other facilities in a safe operating condition in conformity with generally accepted standards for electric utilities in the State of Kentucky, including the National Electrical Safety Code.
12. **Billing and Payment.**

- a. **Regular Monthly Billing.** Cooperative will bill Customer each month for the cost of electric power and energy delivered to Customer during the preceding month.
- b. **Due Date.** Payment for electric power and energy furnished hereunder, including any amounts payable for replacement power or options pursuant to Paragraph 4 hereinabove, shall be due and payable at the office of Cooperative monthly in accordance with the provisions of Paragraph 2 and the Cooperative's Schedule 15 – Interruptible. If Customer shall fail to pay any such bill as provided in said Schedules, Cooperative may discontinue delivery of electric power and energy hereunder ten (10) days following written notice to Customer of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligations of Customer to pay the minimum monthly charge provided in the attached Rate Schedules. All amounts unpaid when due shall be subject to a charge for late payment, as provided in the attached Rate Schedules, as applicable.
- c. **Security.** Should Customer have two late payments within a 12-month period, Customer agrees to provide a form and amount of bill payment security acceptable to Cooperative, and payable to Cooperative, for the duration of the Agreement. The amount of payment security may be changed at the request of Cooperative to match any changes in load by Customer. Such payment security may be equal to, but shall not exceed one and one-half times the amount of Customer's average monthly bill. The payment security shall be promptly

payable to Cooperative, upon demand, due to non-payment by Customer and in accordance with the conditions set forth in subsections (a) and (b) above.

13. **Meter Testing and Billing Adjustment.** Cooperative shall test and calibrate meters, or cause them to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. Cooperative shall also make, or cause to be made, special meter tests at any time during normal business hours at Customer's request. The costs of all tests shall be borne or provided for by Cooperative, provided, however, that if any special meter test made by Customer's request shall disclose that the meters are recording accurately Customer shall reimburse Cooperative for the cost of such test. Meters registering not more than one (1) percent above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the period during which meter error is known to have existed, or if not known, for one-half the elapsed time since the last such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the parties shall agree as to the amount of kW Demand and energy furnished during such period. Such estimates shall be based on Customer's operating records for the period in question, historical load records and other pertinent data and records, and Cooperative shall render a bill to Customer therefore.
14. **Membership/Capital Credits.** Cooperative is a non-profit Kentucky corporation and Customer will benefit from any savings or reductions in cost of service in the same manner as any comparable customer as authorized by the Kentucky Revised Statutes, and by Cooperative's Articles of Incorporation and Bylaws; provided, however, Cooperative's Board of Directors may defer retirement of so much of the capital credited

to patrons for any year which reflects capital credited to Cooperative by EKPC until EKPC shall have retired such capital credited to Cooperative. Customer shall participate in capital credits of Cooperative in accordance with the Kentucky Revised Statutes and Cooperative's Articles of Incorporation and Bylaws.

15. Notices. Any written notice, demand or request required or authorized under this Agreement shall be deemed properly given to or served on Cooperative if mailed to:

VP of Operations
Nolin RECC
411 Ring Road
Elizabethtown, KY 42701

Any such notice, demand or request shall be deemed properly given or served on Customer if mailed to:

Barry Borders
AGC Automotive Americas
1 Auto Glass Drive
Elizabethtown, KY 42701

Any such notice, demand or request shall be deemed properly given or served on Customer if mailed to:

Senior VP Power Supply
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, KY 40391

Each party shall have the right to change the name of the person to whom, or the location where the notices are to be given or served by notifying the other party, in writing, of such change.

16. **Responsibility for Damages or Loss.** The electric power and energy supplied under this Agreement is supplied upon the express condition that after it passes the Point of Delivery it becomes the responsibility of Customer. Neither Cooperative nor EKPC shall be liable for loss or damage to any person or property whatsoever, and Customer agrees to indemnify and hold EKPC and/or Cooperative harmless for damages suffered by any individual or business entity resulting directly or indirectly from the use, misuse or presence of the said electric power and energy on Customer's premises, or elsewhere, after it passes the Point of Delivery, except where such loss or damage shall be shown to have been occasioned by the gross negligence of EKPC or Cooperative, their agents or employees.
17. **Continuity of Service.** Cooperative shall use reasonable diligence required of a public utility in Kentucky to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail, or become defective through acts of God, Governmental authority, action of the elements, public enemy, accident, strikes, labor trouble, or any other cause beyond the reasonable control of Cooperative, it shall not be liable therefor or for damages caused thereby. From time to time, electric supply interruption may be required to perform maintenance on equipment or machinery that can't be maintained while energized. Cooperative and/or EKPC will endeavor to coordinate with Customer to minimize the impact for such an event.
18. **Successors in Interest – Assignment.** The terms and conditions of this Agreement shall inure to and be binding upon the parties, together with their respective successors in interest. No party to this Agreement may assign its rights hereunder without the consent

of the other, which shall not be unreasonably withheld; except that Cooperative may assign this Agreement to the Rural Utilities Service ("RUS") and/or any other lenders to Cooperative without such consent.

19. **Force Majeure.** The obligations of either party to this Agreement shall be suspended during the continuance of any occurrence, beyond the affected party's control (a "force majeure"), which wholly or partially prevents the affected party from fulfilling such obligations, provided that the affected party gives notice to the other party of the reasons for its inability to perform within a reasonable time from such occurrence, is diligently seeking to cure said force majeure, and gives notice to the other party within a reasonable time of such cure. As used in this Section, the term force majeure shall include, but is not limited to: acts of God; strikes, wars, acts of public enemy; riots; storms; floods; civil disturbances; explosions; failures of machinery or equipment; unavoidable disruptions in power deliveries from EKPC; or actions of federal, state or local governmental authorities, which are not reasonably within the control of the party claiming relief.

Notwithstanding the above provision, no event of force majeure shall relieve Customer of the obligation to pay the minimum monthly charge provided herein or in the attached rate schedule.

20. **Approvals.** The rates and charges for electrical service established hereunder are subject to approval by the PSC pursuant to Kentucky Revised Statutes, Chapter 278, and any necessary approvals by the Rural Utilities Service ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC"). The parties covenant to use their best efforts to forthwith seek and support such approvals for this Agreement by filing

such papers, presenting such testimony and taking such other action as may be necessary or appropriate to secure the same.

21. **Modifications.** Any future revisions or modifications of this Agreement, except as provided in Paragraph 6, hereinabove, shall require the unanimous written approval of EKPC, Cooperative and Customer, and any necessary approvals by RUS, any other lenders to Cooperative, and the PSC.

22. **Miscellaneous.**

a. **Headlines of Articles.** Headings of articles of this Agreement have been inserted for convenience only and shall in no way affect the interpretation of any term or provision hereof.

b. **Severability.** Except where expressly stated otherwise the duties, obligations and liabilities of the parties are intended to be several and not joint or collective.

c. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

d. **Waivers.** Any waiver at any time by a party of its rights with respect to a default or with respect to any other matters arising on connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

e. **Prior Agreements.** The parties hereby acknowledge that this Agreement contains the entire agreement among the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

f. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, as of the day and year first above written.

ATTEST:

Feb. 25, 2016

BY Terrie Cooper
Lorrie Q. Cooper
AGC Director of Procurement

ATTEST:

P.V. Apner
FEB. 29, 2016

BY Michael L. Miller
PRESIDENT & CEO
NOLIN RECC

ATTEST:

Michael L. Miller
March 3, 2016

BY Anthony J. Slaughter

Special Contract Rates – AGC Automotive

Effective for Service Rendered on and after June 1, 2011,
Pursuant to KPSC Order dated May 31, 2011 in Case No. 2010-00506

Rates

<u>Description</u>	<u>Initial Contract Rate</u>	<u>Current Approved Rate</u>
Customer Charge [Paragraph 4(f)]	\$1,143.23/month	\$1,188.66/month
Demand Charge [Paragraph 4(d)]	\$ 6.48/kW/month	\$6.83/kW/month
Energy Charge [Paragraph 4(e)]	\$0.04741/kWh/month	\$0.04342/kWh/month

S
2/25/16

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kinley</i>
EFFECTIVE 6/1/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)