EAST KENTUCKY POWER COOPERATIVE

September 6, 2016

Nucor Steel Gallatin, LLC
Mr. Randy Spicer, Controller
4831 U.S. Hwy 42 West
Ghent, Kentucky 41045

Owen Electric Cooperative, Inc.
Mr. Mark Stallons, President and Chief Executive Officer
8205 Hwy 127 North
P.O. Box 400
Owenton, Kentucky 40359

Re: LETTER AMENDING INDUSTRIAL POWER AGREEMENT WITH INTERRUPTIBLE SERVICE (APRIL 30, 2013)

Messrs. Randy Spicer and Mark Stallons:

This letter is designed to reflect and memorialize the agreement of the parties, namely East Kentucky Power Cooperative, Inc. ("EKPC"), Owen Electric Cooperative, Inc. ("OEC"), and Nucor Steel Gallatin, LLC f/k/a Gallatin Steel Company ("Nucor") (collectively, the "Parties"), with respect to the provision of electric service to Nucor pursuant to the Industrial Power Agreement with Interruptible Service entered into by and between the Parties dated April 30, 2013 (the "Agreement").

The Parties agree that the Agreement remains in full force and effect and shall remain unmodified except as provided for herein.

Pursuant to the terms of the Agreement, EKPC has the right to require a physical interruption of Nucor's Interruptible Demand (as that term is defined in the Agreement) to participate in the PJM Limited Demand Response, Emergency—Capacity Only Program. As a result of the Polar Vortex during the 2013/2014 winter, PJM has put into effect a new program, namely the PJM Capacity Performance Program, in which EKPC became eligible to participate beginning with the 2016/17 PJM Delivery Year. PJM will be phasing out the Base Residual Auction such that all capacity will be part of the Capacity Performance Auction beginning in the 2020/2021 PJM Delivery Year. PJM will also be phasing out the Limited Demand Response, Emergency—Capacity Only Program. During the 2016/2017 and 2017/2018 PJM Delivery Years, PJM members have the option of leaving their Demand Response that was bid into the Base Residual Auction as Limited Demand Response or bidding their Demand Response into the Capacity Performance Incremental Auction as Annual Demand Response.

The Parties acknowledge that the PJM Annual Demand Response Program differs from the PJM Limited Demand Response, Emergency—Capacity Only Program in a number of ways, including the months of the calendar year that interruptions may occur and the length of time that any particular interruption may persist.

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PUBLIC SERVICE COMMISSION
Talina R. Mathews
EXECUTIVE DIRECTOR
EFFECTIVE
10/26/2016
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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The Parties agree that EKPC may participate in the PJM Annual Demand Response Program, thereby allowing it to participate in the Capacity Performance Incremental Auctions, consistent with the following terms:

During the 2016/17 PJM Delivery Year and 2017/18 PJM Delivery Year, the Parties agree that EKPC has the right to require a physical interruption of Nucor's Interruptible Demand, up to 84 megawatts as outlined in the Annual Demand Response Program, and to participate in PJM Capacity Performance Incremental Auctions. EKPC and Nucor have obtained an exception to PJM's notice requirements and the current notice to Nucor is One Hundred Twenty (120) Minutes and includes the number of hours which Nucor must physically interrupt. Should PJM suspend the exception and place EKPC and NUCOR in a position that they cannot meet the timeline to interrupt 84 MWs, EKPC and NUCOR will determine the amount of load that can meet the timeline. The calculations below will be amended to reflect the amount of load EKPC and NUCOR agree can be interrupted.

The Parties agree that any incremental revenue generated as a result of participation in the PJM Capacity Performance Incremental Auction for PJM Delivery Years 2016/2017 and 2017/2018 compared to the Base Residual Auction shall be shared and apportioned 75% to EKPC and 25% to Nucor. The following formula shall be utilized to calculate the amount due Nucor each PJM Delivery Year:

Nucor Credit = adrMWs x (CPIA– BRA) x 365 x .25, where

- adrMWs = the number in megawatts that EKPC and Nucor have agreed to sell into the Annual Demand Response market;
- CPIA = the Capacity Performance Incremental Auction closing price expressed in $/MW day;
- BRA = the Base Residual Auction closing price expressed in $/MW day;
- 365 = the number of days in the applicable year; and
- .25 = the allocator EKPC and Nucor have agreed upon to distribute the relevant incremental revenues.

Because each variable is now known, the Parties agree that Nucor is entitled to the following annual credits:

2016/17 PJM Delivery Year
84 MWs x ($134.00/MW Day - $59.37/MW Day) x 365 Days x .25 = $572,038.95

2017/18 PJM Delivery Year
84 MW x ($151.50/MW Day - $120.00/MW Day) x 365 Days x .25 = $241,447.50

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Each of the foregoing payments shall be made over a twelve (12) month period beginning when EKPC receives the relevant credits from PJM with respect to a given PJM Delivery Year. Thus, the following amounts will be credited against Nucor's monthly invoice from EKPC (retroactively as necessary):

2016/17 Monthly Credit: $572,038.95 ÷ 12 = $47,669.91
2017/18 Monthly Credit: $241,447.50 ÷ 12 = $20,120.63

EKPC looks forward to a continued, mutually-beneficial relationship with Nucor and OEC.

Having seen and agreed:

EAST KENTUCKY POWER COOPERATIVE, INC.

By: _____
Anthony S. Campbell, President and CEO

Date: 9/8/16

NUCOR GALLATIN STEEL, LLC

By: _____
Randy Spicer, Controller

Date: 9-23-16

OWEN ELECTRIC COOPERATIVE, INC.

By: _____
Mark A. Stallons, President and CEO

Date: 9/14/16

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