

Goss & Samford PLLC



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

December 19, 2013

RECEIVED

DEC 19 2013

PUBLIC SERVICE
COMMISSION

VIA HAND-DELIVERY

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: In the Matter of: Petition and Complaint of Grayson RECC for an Order Authorizing Purchase of Electric Power at the Rate of Six Cents Per Kilowatts of Power vs. a Rate in Excess of Seven Cents Per Killowatt Hour Purchased From East Kentucky Power Cooperative Under a Wholesale Power Contract as Amended Between Grayson RECC and East Kentucky Power Cooperative, Inc.
PSC Case No. 2012-00503

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of East Kentucky Power Cooperative, Inc.'s Responses to Grayson Rural Electric Cooperative Corporation's Document Request to All Intervening Distribution Cooperative Respondents. Please return a file-stamped copy to me.

Do not hesitate to contact me if you have any questions.

Very truly yours,

Mark David Goss

Enclosures

M:\Clients\4000 - East Kentucky Power\1800 - Grayson Litigation\
Correspondence\Ltr. to Jeff Derouen (2012-00503) - 131218

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 19 2013

PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION AND COMPLAINT OF GRAYSON
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
AUTHORIZING PURCHASE OF ELECTRIC)
POWER AT THE RATE OF SIX CENTS PER)
KILOWATTS OF POWER VS A RATE IN) CASE NO. 2012-00503
EXCESS OF SEVEN CENTS PER KILOWATT)
HOUR PURCHASED FROM EAST KENTUCKY)
POWER COOPERATIVE UNDER A)
WHOLESALE POWER CONTRACT AS)
AMENDED BETWEEN GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION)
AND EAST KENTUCKY POWER COOPERATIVE INC.)

**EAST KENTUCKY POWER COOPERATIVE, INC.'S
RESPONSES TO GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION'S DOCUMENT REQUEST TO ALL
INTERVENING DISTRIBUTION COOPERATIVE RESPONDENTS**

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, and hereby provides responses to the Document Request propounded by the Petitioner, Grayson Rural Electric Cooperative Corporation ("Grayson"), to All Intervening Distribution Cooperative Respondents, as those document requests relate specifically to EKPC:

REQUEST NO. 1: Please set forth a copy of any and all documents or agreements between any of the distribution cooperatives and East Kentucky Power Cooperative concerning the use of common, legal representation in the within action.

RESPONSE: EKPC objects to this request because it seeks information which is subject to the attorney client privilege. Moreover, this request seeks information which is completely

irrelevant to the question of how Amendment 3 to the Wholesale Power Contract should be interpreted and implemented or whether Grayson's long-term power purchase agreement with a third-party should be approved, which are the only issues before the Commission.

REQUEST NO. 2: Please provide copies of any and all documents evidencing notice sent to or received by East Kentucky Power Cooperative, regarding a distribution cooperative's purchase or use of power from a source other than East Kentucky Power Cooperative, Inc., by any of the distribution cooperatives as well as any other.

RESPONSE: See attached containing "documents evidencing notice" from Salt River Electric, Jackson Energy Cooperative, Owen Electric and Farmer's RECC that are responsive to this Request (Attachment Tab 1). However, this response does not include any of the several attempted "notices" sent by Grayson to EKPC since Grayson is fully aware of and has copies of each of them. EKPC continues to take the position that these several attempted notices from Grayson are insufficient under the provisions of Amendment 3 to the Wholesale Power Contract and Board Policy 305.

REQUEST NO. 3: Please set forth any other document concerning the purchase or use of power by any distribution cooperative from a source other than East Kentucky Power either in utilization at the present time or contemplated in the future, that has been authorized by a distributions co-op's Board as a result of any board action authorizing same.

RESPONSE: Not applicable to EKPC.

REQUEST NO. 4: Please provide copies of any and all documents evidencing the extent of the electric power purchase or use from a source other than East Kentucky Power by any distribution cooperative.

RESPONSE: Not applicable to EKPC.

REQUEST NO. 5: Please provide a copy of any document which any distribution cooperative herein or East Kentucky Power Cooperative intends to use at the Final Hearing in the within action, as well as the name, address and title of the person intending to offer said document into evidence.

RESPONSE: EKPC has not yet made a determination in this regard. EKPC's opportunity to conduct discovery through data requests and depositions is ongoing.

REQUEST NO. 6: With respect to East Kentucky Power Cooperative only, please provide copies of any and all documents evidencing any internal audit, investigation, analysis, study, or any other undertaking evidencing the effect of Grayson Rural Electric Cooperative Corporation upon East Kentucky Power Cooperative's financial status should Grayson Rural Electric Cooperative Corporation purchase 9.3 megawatts of power from a source other than East Kentucky Power Cooperative.

RESPONSE: See attached report from ACES Power Marketing (Attachment Tab 2).

REQUEST NO. 7: Please set forth any and all documents evidencing the power purchased by East Kentucky Power from sources other than its own generating plants within the last eighteen months.

RESPONSE: EKPC objects to this request on the basis that it is irrelevant and overly broad, particularly in light of EKPC's involvement in PJM. EKPC will attempt to provide responsive documents if: (a) Grayson can demonstrate the manner in which the request is relevant to the questions of how Amendment 3 to the Wholesale Power Contract should be interpreted and implemented, or whether Grayson's long-term power purchase agreement with a third-party should be approved; and, (b) can appropriately narrow the request.

REQUEST NO. 8: Please provide copies of any and all documents evidencing East Kentucky Power's request for proposals for the sale of power to East Kentucky Power within the last eighteen months.

RESPONSE: See attached copy of the Request for Proposal ("RFP") package used by EKPC in the RFP solicitation (Attachment Tab 3).

REQUEST NO. 9: With respect to East Kentucky Power Cooperative, please set forth any and all documents evidencing the agreement, if any there be, between East Kentucky Power Cooperative and any distribution cooperative concerning the sale of power to any distribution cooperative for an amount of money less than that which is charged or exacted from any other distribution cooperative.

RESPONSE: None.

VERIFICATION

By signing below, the individual answering these Requests for Production of Documents, on behalf of East Kentucky Power Cooperative, Inc., hereby certifies that the foregoing responses are true and correct to the best of his knowledge and belief.

EAST KENTUCKY POWER COOPERATIVE, INC.
By: *David Crews*
David Crews
Senior Vice President, Power Supply

COMMONWEALTH OF KENTUCKY)
COUNTY OF CLARK)

Acknowledged, subscribed and sworn to before me by David Crews, Senior Vice President, Power Supply, on behalf of East Kentucky Power Cooperative, Inc., this 18th day of December, 2013.



Terri K. Combs
Notary Public, # 479010
My Commission Expires: 12/20/16

For the Objections,



Mark David Goss
David S. Samford
GOSS SAMFORD, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KY 40504
(859) 368-7740
mdgoss@gosssamfordlaw.com
david@gosssamfordlaw.com

Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served by depositing same into the custody and care of the U.S. Postal Service, postage pre-paid, on this the 19th day of December, 2013, addressed to the following individuals:

W. Jeffrey Scott, Esq.
W. Jeffrey Scott, P.S.C.
P. O. Box 608
Grayson, Kentucky 41143

Don Prather
Mathis, Riggs & Prather, P.S.C.
500 Main Street, Suite 5
Shelbyville, KY 40065

Clayton O. Oswald
Taylor, Keller & Oswald, PLLC
P.O. Box 3440
1306 West Fifth Street, Suite 100
London, KY 40743-003440

Taylor County RECC
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

James M. Crawford
Crawford & Baxter, PSC
523 Highland Avenue
P. O. Box 353
Carrollton, KY 41008

Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004-0609



Counsel for East Kentucky Power Cooperative, Inc.

SALT RIVER ELECTRIC



SALT RIVER ELECTRIC

111 West Brashear Avenue • Bardstown, Kentucky 40004
(502) 348-3931 • (502) 955-9732 • Fax (502) 348-1993

October 15, 2004

Roy Palk
East Kentucky Power Cooperative
P.O. Box 707
Winchester, KY 40392-0707

Dear Roy:

I would like to take this opportunity to inform East Kentucky Power Cooperative that Salt River Electric, along with partners, is in negotiations to acquire a 3-megawatt hydro plant from Kentucky Utilities.

I would like to set up a meeting with you and some of your staff to discuss what is necessary to be able to accomplish this venture. I plan on trying to bring Tim Sharp and Nicky Rapier from my staff to this meeting.

Please give me a call at your earliest convenience to set up this meeting.

Sincerely,

Larry Hicks
President and CEO



EAST KENTUCKY POWER COOPERATIVE

November 8, 2004

Mr. Larry Hicks
President and CEO
Salt River Electric
111 West Brashear Avenue
Bardonia, KY 40004

Re: Notice to Exercise Contract Rights for Third Party Power Supply

Dear Larry:

On behalf of EKPC, I acknowledge receipt of Salt River Electric's intent to exercise rights under Amendment No. 3 to the Wholesale Power Contract, and Board Policy No. 305.

The board policy requires that Salt River Electric submit a detailed, written Plan to the Allocation Committee regarding its intent to purchase or otherwise acquire power and energy from non-EKPC sources. These specifics of the written Plan are detailed in the board policy which I've enclosed with this letter.

Contract Amendment No. 3 also makes clear that EKPC will provide transmission, substation, ancillary services and any additional interconnections as may be reasonably required, with the cost of same paid by Salt River Electric.

EKPC stands ready to work with you and your staff to make this a successful opportunity. I am providing to the Allocation Committee copies of this letter, and your letter to me dated October 15, 2004.

Sincerely yours,


Roby M. Palk
President and Chief Executive Officer

mmp/ln
cc: Allocation Committee

4775 Lexington Road 40391
P.O. Box 707 Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax (859) 744-6008
<http://www.ekpc.coop>



SALT RIVER ELECTRIC

114 West Bashear Avenue • Bardstown, Kentucky 40004
(502) 348-3931 • (502) 955-9732 • Fax: (502) 348-1993

November 29, 2004

Roy M. Palk
President and CEO
EKPC
P.O. Box 707
Winchester, KY 40392-0707

Re: Notice to Exercise Contract Rights for Third Party Supply

Dear Roy:

As per your letter dated November 8, 2004 and in accordance with EKPC Board Policy No. 305 dated March 9, 2004, Salt River Electric would like to present the following Plan for intended use of Salt River Electric's 15 % Option:

- a. Salt River Electric does not plan to use any portion of its load ratio share of the 5 % Cap within 6 months of the date of submittal of the Plan.
- b. Salt River Electric plans to use 1 % of its load ratio share with this initial Project we are working on. Salt River Electric will continue to explore any other possibilities and will keep East Kentucky Power appraised at the appropriate time.
- c. Salt River Electric is planning on forming a LLC with Shaker Landing Hydros to acquire Kentucky Utilities Hydro Plant at Lock 7. This is a 2 MVA Plant that needs work before it can be operational again.
- d. Salt River Electric anticipates this Plant being operational in October or November of 2005.
- e. Salt River Electric is working with the law firm of Frost, Brown and Todd on preparing the necessary paperwork to proceed with this Project. Salt River Electric is arranging for an independent engineering analysis associated with the stability and operation of the dam.

If you have any questions, please feel free to contact either Nicky Rapier or myself.

Sincerely,

Larry Hicks
President and CEO



EAST KENTUCKY POWER COOPERATIVE

April 26, 2005

Mr. Larry Parks

President and CEO

Salt River Electric Cooperative Corporation

P. O. Box 699

Bardonia, KY 40004

Re: EKPC Board Policy No. 305

Dear Larry:

Salt River Electric's Notice dated November 29, 2004, is adequate for purposes of exercising contract rights for alternative power supply. Your proposed 2 MVA project is well within Salt River Electric's load name share of EKPC's 5 percent cap and, for that reason, need not be reviewed by members of the Allocation Committee.

As Ray pointed out in his letter dated November 8, 2004, Contract Amendment No. 3 makes clear that EKPC will provide transmission, substation, ancillary services and any additional interconnections which may be reasonably required, with the cost of same to be paid by Salt River Electric.

EKPC stands ready to work with you and your staff to make this a successful opportunity. As a courtesy, I am providing copies of this correspondence to members of the Allocation Committee, along with a copy of your letter dated November 29, 2004.

Sincerely yours,

Dale W. Henley

General Counsel

cc: Allocation Committee

4775 Lexington Road 40391
P.O. Box 707 Winchester
Kentucky 40392-0707

Tel: (859) 744-4812
Fax: (859) 744-6008
<http://www.ekpc.coop>

JACKSON ENERGY



JACKSON ENERGY COOPERATIVE

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

TO: Wayne Stratton, Chairman of the EKPC Board of Directors

FROM: Jackson Energy Cooperative Board of Directors

DATE: September 1, 2010

SUBJECT: Approval of Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for a Power Purchase Agreement of 40 MW.

Background

Jackson Energy Cooperative (Jackson Energy) has been in negotiations with Owensboro Municipal Utilities (OMU) beginning in December 2009 regarding a bulk power purchase of 40 MW of firm energy and capacity. OMU has presented two proposals for Jackson Energy's review and will be creating a third proposal for consideration in the next few weeks.

In addition to the proposal from OMU, Jackson Energy will be seeking proposals from the market with the assistance of ACES for 40 MW of firm energy and capacity to review and consider.

Justification and Strategic Analysis

Jackson Energy is seeking approval from the EKPC Board of Directors to utilize Amendment #3 of the Wholesale Power Contract for a Power Purchase Agreement of 40 MW. Amendment #3 states that the Member shall have the option to request up to 15% of their 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.

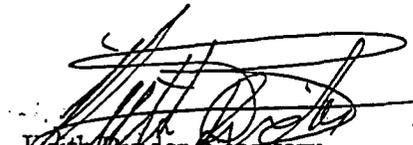
Jackson Energy's rolling average coincident peak demand for the previous 3 twelve month periods is 274.11 MW and 15% of this average is 41.11 MW which does not exceed five percent (5%) of Seller's rolling average coincident peak demand.

Recommendation

Jackson Energy Cooperative Board of Directors recommends that the EKPC Board of Directors approve Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for a Power Purchase Agreement of 40MW.



Fred Callahan, Chairman
Jackson Energy Cooperative Board of Directors


Keith Binder, Secretary

Jackson Energy Cooperative Board of Directors



JACKSON ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

TO: Paul Hawkins, Chairman of the EKPC Board of Directors

FROM: Jackson Energy Cooperative Board of Directors

DATE: March 15, 2012

SUBJECT: Approval of Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project of 1.6 MW

Background

Jackson Energy Cooperative (Jackson Energy) was approached by North American Natural Resources (NANR) regarding a landfill gas project in Jackson Energy's service territory. NANR has developed, constructed, and operated landfill gas systems since 1995 and has proven experience in landfill gas operations.

Justification and Strategic Analysis

Jackson Energy would like to purchase the power from the landfill gas generation unit owned and operated by NANR and utilize Amendment #3 of the Wholesale Power Contract. The Blue Ridge Landfill is located in Estill County and the flare is approximately 100 feet from Jackson Energy's three phase distribution line. The three phase distribution feeder is from the Rice substation. The initial capacity of this site will be 1.6 MW and could increase to 3.2 MW, depending on availability of methane gas and future expansion of the landfill.

Jackson Energy has obtained an engineering consultant to perform a voltage regulating study and perform a system protection coordination study.

Jackson Energy will be completing contract negotiations, construction, and the operation at this site should commence by the end of 2012.

Recommendation

Jackson Energy Cooperative Board of Directors recommends that the EKPC Board of Directors approve Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for this Landfill Gas Project of 1.6 MW.

Fred Callahan

Fred Callahan, Chairman

Kath Binder

Kath Binder, Secretary



JACKSON ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007

TO: Paul Hawkins, Chairman of the EKPC Board of Directors

FROM: Jackson Energy Cooperative Board of Directors

DATE: October 11, 2012

SUBJECT: Approval of Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW

Background

Jackson Energy Cooperative (Jackson Energy) was approached by Wellhead Energy Systems LLC regarding another distributed generation project in Jackson Energy's service territory. Wellhead converts the gas into electricity using a combustion engine that drives a generator and has developed a modular unit which is self-contained and mobile.

Justification and Strategic Analysis

This installation is considered Distributed Generation (DG) and Jackson Energy would like to purchase the power and utilize Amendment #3 of the Wholesale Power Contract. The site selected is in Laurel County and is less than 1000 feet from a Jackson Energy three phase distribution line. The site is also close to the Campground distribution substation. This unit would be installed on a feeder that is heavily loaded and would offset future capital investments to relieve loading issues. The total capacity of this site will be 1.0 MW.

Jackson Energy has obtained an engineering consultant to perform a voltage regulating study and perform a system protection coordination study.

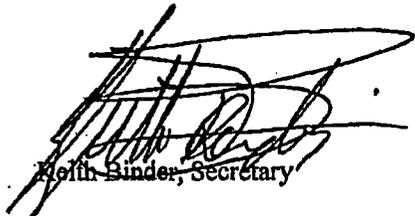
Jackson Energy will be completing contract negotiations, construction, and the operation at this site should commence the first quarter of 2013.

Recommendation

Jackson Energy Cooperative Board of Directors recommends that the EKPC Board of Directors approve Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for this Distributed Generation Project of 1.0 MW.

Fred Callahan

Fred Callahan, Chairman

A highly stylized, cursive handwritten signature in black ink, appearing to read 'Keith Binder'. The signature is composed of several overlapping, sweeping strokes.

Keith Binder, Secretary



JACKSON ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

115 Jackson Energy Lane
McKee, Kentucky 40447
Telephone (606) 364-1000 • Fax (606) 364-1007



TO: Paul Hawkins, Chairman of the EKPC Board of Directors

FROM: Jackson Energy Cooperative Board of Directors

DATE: August 7, 2013

SUBJECT: Withdrawal of Jackson Energy Cooperative Amendment #3 Elections
Wellhead Fall Rock and Campground Projects

Mr. Hawkins:

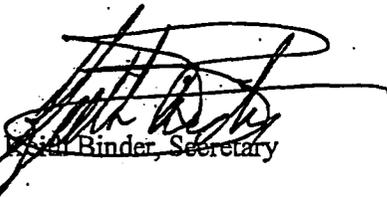
Jackson Energy Cooperative is withdrawing the two projects previously submitted for election under Amendment #3 in 2012. The Wellhead Fall Rock and Campground distributed generation projects have been delayed due to funding issues and are tentatively placed on hold by the third party purchaser. The Fall Rock and Campground projects were 1MW units each.

Jackson Energy Cooperative withdraws our request for these two units under the language in the MOU for Amendment #3 due to the lengthy delay in implementation. If these projects move forward in the future, Jackson Energy Cooperative will re-submit our notice of election under the terms of the MOU for Amendment #3.

Sincerely,



Phil Thompson, Chariman



Phil Binder, Secretary

OWEN ELECTRIC



A Touchstone Energy Cooperative 

January 27, 2011

Mr. Tony Campbell, President & CEO
East Kentucky Power Corporation
PO Box 707
Winchester, KY 40392-0707

Re: NuFranc 1MW PPA

Dear Tony,

Owen Electric Cooperative and NuFranc, Inc. are actively discussing and negotiating a proposed transaction pursuant to which NuFranc, Inc. and Owen Electric will develop multiple power purchase agreement(s) (PPA). The purpose of the PPA(s) will be for NuFranc, Inc. to provide a solar array with approximately 1MW of power to Owen Electric and shall allow Owen Electric to better meet the requirements of Owen Electric's customers, develop new products and market opportunities, and facilitate interoperability.

Last fall EKPC approved location of one such facility near our Bromley Substation. Today we are requesting approval of a second 1MW plant interconnected into our Bavarian Substation.

Please proceed in regards to the necessary approvals required at East Kentucky Power Cooperative for Owen Electric Cooperative to successfully pursue this opportunity.

Sincerely,
OWEN ELECTRIC COOPERATIVE, INC.



Mark A. Stallons
President & CEO

Cc: Wayne Stratton
James M. Crawford
James Bridges
Michael Cobb
Jim See
Rusty Williams
Rebecca Witt

MAS/sc

RECEIVED FEB 11 2011

FARMERS RECC



Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

April 30, 2013

Mr. Paul Hawkins
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

RE: Approval of Farmers RECC's utilization of the Wholesale Power Contract Amendment Three

Dear Mr. Hawkins,

Pursuant to the Amendment Three provisions of the East Kentucky Power Cooperative's ("EKPC") Wholesale Contract with Farmers Rural Electric Cooperative ("FRECC"), we are requesting the EKPC Board of Directors approve FRECC's utilization of the following distributed generation facilities:

- Two 1.8 mW diesel generators interconnected on our distribution system, being fed out of the Parkway Substation in Glasgow. These units are used to provide emergency backup service for an industrial member and for peak shaving conservation. The units are owned by FRECC and were installed in 2005.
- One 815 kW methane generator to be located at the municipal landfill in Glasgow. The unit will be interconnected on our distribution system, being fed out of the West Glasgow Substation. EKPC will own the unit and sell all output to FRECC. The unit is planned to come on-line in June 2015.

These projects have been previously approved by the FRECC Board of Directors. Should you have any further questions or concerns, please contact me.

Sincerely,
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

William T. Prather
President/CEO

www.farmersrecc.com

A Touchstone Energy® Cooperative



Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

May 2, 2013

Mr. Paul Hawkins
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

RE: Approval of Farmers RECC's utilization of the Wholesale Power Contract Amendment 3 for 2 - 1.8 MW Diesel Generators

Dear Mr. Hawkins,

Pursuant to the Amendment 3 provisions of the East Kentucky Power Cooperative's ("EKPC") Wholesale Contract with Farmers Rural Electric Cooperative ("FRECC"), FRECC is requesting the EKPC Board of Directors approve utilization of the following distributed generation facility:

- Two 1.8 MW (net) diesel generators interconnected on FRECC distribution system, being fed out of the Parkway Substation in Glasgow.
- These units are used to provide emergency backup service for an Industrial member and for peak shaving conservation. During peak shaving operation the units do not generate in excess of load at the EKPC Point of Delivery and, therefore, are Behind the Meter Sources.
- The units are owned by FRECC, were installed in 2005, are currently in operation, and are expected to be in operation for the next twenty years.

Should you have any further questions or concerns, please contact me.

Sincerely,
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

William T. Prather
President/CEO

www.farmersrecc.com

A Touchstone Energy Cooperative



Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

May 2, 2013

Mr. Paul Hawkins
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

RE: Approval of Farmers RECC's utilization of the Wholesale Power Contract Amendment 3 for the Proposed Glasgow Landfill Gas to Energy Project Generator

Dear Mr. Hawkins,

Pursuant to the Amendment 3 provisions of the East Kentucky Power Cooperative's ("EKPC") Wholesale Contract with Farmers Rural Electric Cooperative ("FRECC"), FRECC is requesting the EKPC Board of Directors approve utilization of the following generation facility:

- One 939 kW (gross) landfill gas engine generator interconnected on FRECC distribution system fed out of the West Glasgow Substation.
- This unit will be used to provide capacity and base load generation to serve FRECC members. During operation the unit will not generate in excess of load at the EKPC Point of Delivery and, therefore, is a "Behind the Meter Source".
- The proposed unit will be owned and operated by EKPC and is expected to be in operation June 2015.
- The unit will be contracted by FRECC for capacity and energy for a twenty year term.

Should you have any further questions or concerns, please contact me.

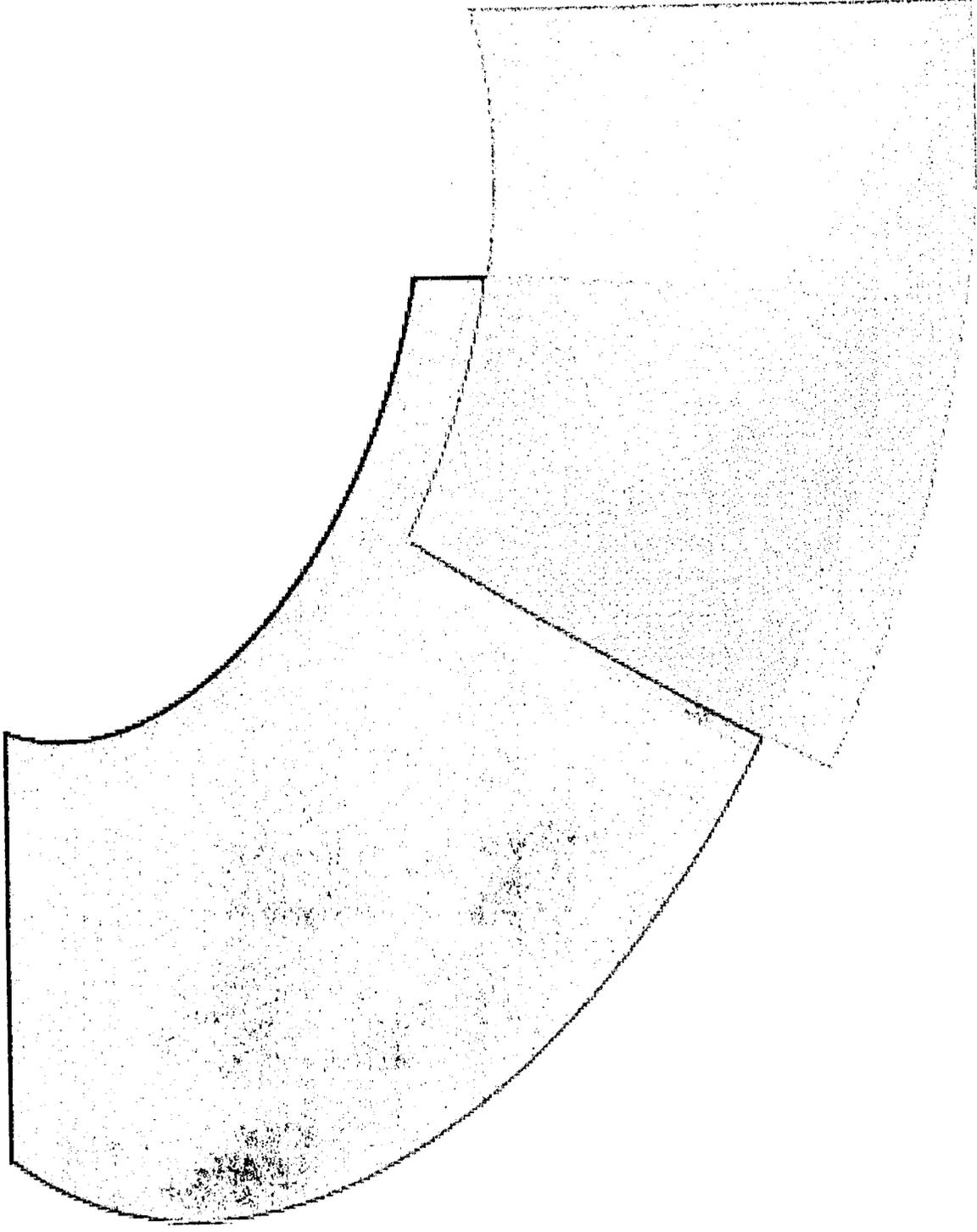
Sincerely,

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

William T. Prather
President/CEO

www.farmersrecc.com

A Touchstone Energy® Cooperative



Forecast of PJM Load Serving Entity Costs



ACES
excellence in energy

EKPC Request



- EKPC requested ACES to develop a forecast of the cost for full requirements service if their member, Grayson RECC, was to serve a 9.3 MW peak load (51% LF) directly with PJM. The forecast is inclusive of Grayson's 10 MW AD Hub 7x24 block bilateral purchase for energy from Duke from June 2014-May 2019, with a levelized cost of \$41.03/MWh.
- Grayson will pay all costs associated with a PJM Load Serving Entity (LSE) including Locational energy, Capacity, Transmission, Admin/Uplift, Ancillary Services and may need to develop operations infrastructure or acquire PJM market interaction services from a third party.
- EKPC requested ACES to identify risks and uncertainties within the forecast.
- It is ACES understanding that this presentation is for internal EKPC discussion purposes only at this time.

Forecasted LSE Charges (\$/MWh) to serve Grayson 9.3 MW Peak Load



Charge (\$/MWh)	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
Load Weighted Energy	\$45.58	\$45.72	\$45.86	\$46.00	\$46.15
Capacity	\$11.07	\$12.12	\$5.43	\$8.26	\$11.18
Transmission	\$5.11	\$5.27	\$5.42	\$5.59	\$5.75
Admin/Uplift	\$0.89	\$0.92	\$0.94	\$0.97	\$1.00
Ancillary Services	\$1.10	\$1.13	\$1.17	\$1.20	\$1.24
Operations	\$2.41	\$2.44	\$2.48	\$2.52	\$2.55
Total	\$66.16	\$67.60	\$61.30	\$64.54	\$67.88

Grayson's Risks



- Volumetric and Commodity Price Risk – Grayson, with a 10 MW 7x24 block energy purchase, owns 87,600 MWhs annually with forecasted energy needs of 41,549 MWhs in 2014 assuming a 9.3 MW peak load with a 51% load factor. The excess MWhs will be sold back into the PJM market at a gain or loss (likely loss since sales will be inverse of load shape)
- Capacity Price Risk – Grayson's energy purchase does not include capacity from PJM, Grayson will likely have to acquire bilaterally for the first few years the load is in the PJM market
- Locational Risk – Grayson's purchase is at AD Hub, load will be purchased at Grayson node that is not currently commercially defined, exposing Grayson to the LMP differential between AD Hub and the Grayson Load.
- Volatility of Transmission Enhancement charges (PJM High Voltage Transmission Expansion Plan)
- Operational Risk – Grayson will need to develop infrastructure and expertise to operate in the PJM market and meet various compliance standards (NERC, FERC, CFTC, etc.)

Forecasting Assumptions



- All Values Based on Historical PJM and EKPC Data and potential Grayson contract terms
- Escalated costs at 3% from 2013 actual data for each MWh of Load in 2014-2018 except block energy, used proposed contract terms
- Assumed \$1/MWh of congestion and losses between AD Hub and Grayson Node (Grayson higher LMP) – need to assess further with more time
- Grayson load growth assumed 1.5%
- Assumed 5% load forecast error
- Actual RTO BRA RPM Capacity Prices used through Planning Year 2016/17. 2017/18 forecasted at \$90/MW-Day and 2018/19 at \$120/MW-Day.
- Assumed \$100,000 annual cost for Grayson to be PJM market participant/acquire services, not verified by an independent source/offer, placeholder for now

Appendix



- LSE Cost Categories
 - Load Weighted Energy
 - Capacity
 - Transmission
 - Admin/Uplift
 - Ancillary Services
 - Operations Costs

Load Weighted Energy Costs



ACES
excellence in energy

- **RT Block Energy** – Price from Duke
- **Conversion to DA** – Avoids Exposure to Uplift Charges as bilateral contract is RT settled
- **Load Shape Premium** – Purchased block energy, selling back to PJM, purchasing load shape from PJM
- **Load Forecast Error** – assume 5% error
- **Locational Difference** – Block energy at AD Hub, load at yet to be defined Grayson Node, difference is transmission congestion and losses

Load Weighted Energy Cost



	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
RT Block Energy at AD Hub	\$41.03	\$41.03	\$41.03	\$41.03	\$41.03
Conversion to DA Product	\$1.00	\$1.03	\$1.06	\$1.09	\$1.13
Load Shape Premium	\$2.05	\$2.11	\$2.18	\$2.24	\$2.31
Load Forecast Error	\$0.50	\$0.52	\$0.53	\$0.55	\$0.56
LMP Differential	\$1.00	\$1.03	\$1.06	\$1.09	\$1.13
Total Load Weighted Energy at Grayson Node	\$45.58	\$45.72	\$45.86	\$46.00	\$46.15

Capacity Costs



- AD Hub Contract Does Not Provide for Capacity.
- As an LSE in PJM, Grayson will need to purchase/supply capacity for 9.3 MW + ~1 MW
- EKPC is FRR through PY 15/16
- Grayson will need to procure capacity bilaterally
- Challenging to start the transaction prior to June of 2014 (new planning year) due to timing requirements of RPM and need for PJM to update their network model to reflect Grayson as a separate load from EKPC

PJM Capacity Costs



RPM	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
Price (\$/MW-Day)	\$126.00	\$136.00	\$60.00	\$90.00	\$120.00
Obligation MW	10.00	10.30	10.61	10.93	11.26
Total RPM Cost	\$459,900	\$511,292	\$232,337	\$358,961	\$492,973
Total RPM Cost per MWh	\$11.07	\$12.12	\$5.43	\$8.26	\$11.18

Transmission Costs



- PJM Administers EKPC OATT, will collect from Grayson and pay to EKPC for wholesale loads on the EKPC system
- Network Integration Transmission Service (NITS)
 - Determined by EKPC Revenue Requirement
 - Scheduling, Dispatch, Reactive and Voltage Support
- Transmission Expansion
 - PJM Members pay pro-rata share of high voltage upgrades across PJM footprint

Transmission Costs



PJM Charge (\$/MWh)	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
NITS	\$4.49	\$4.62	\$4.76	\$4.91	\$5.05
Local TO Costs	\$0.19	\$0.20	\$0.20	\$0.21	\$0.22
Transmission Enhancement (High Voltage)	\$0.43	\$0.44	\$0.46	\$0.47	\$0.48
Total	\$5.11	\$5.27	\$5.42	\$5.59	\$5.75

Administrative and Uplift Costs



- Every MWh of Load/Generation/Schedule in the Market charged a PJM administrative fee
- All load and resource deviations from scheduled charged an uplift cost (Operating Reserves) and a PJM wide rate for uplift
- PJM also collects fees for NERC and SERC charges imposed upon them

Admin and Uplift Charges (\$/MWh)



PJM Charge (\$/MWh)	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
Operating Reserves (uplift)	\$0.53	\$0.55	\$0.56	\$0.58	\$0.60
PJM Admin Fees	\$0.34	\$0.35	\$0.36	\$0.37	\$0.38
NERC/SERC	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Total	\$0.89	\$0.92	\$0.94	\$0.97	\$1.00

Ancillary Services Market



- Grayson obligations for Ancillary Services will be determined by and billed from PJM:
 - Reactive
 - Regulation
 - Black Start
 - Synchronized Reserves
 - Non-Synchronized Reserves
 - Day Ahead Scheduling Reserve (DASR)

Ancillary Service Market Costs (\$/MWh)



ACES
excellence in energy

PJM Charge (\$/MWh)	2014/15 PY	2015/16 PY	2016/17 PY	2017/18 PY	2018/19 PY
Reactive	\$0.70	\$0.72	\$0.74	\$0.76	\$0.79
Regulation	\$0.30	\$0.31	\$0.32	\$0.33	\$0.34
Black Start	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Sync/Non-Sync Reserves	\$0.04	\$0.04	\$0.04	\$0.04	\$0.05
DASR	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Total	\$1.10	\$1.13	\$1.17	\$1.20	\$1.24

Operational Considerations



- 24 Hour Desk
- Market Submittal Software
- Data Capture/Risk System
- Controls Environment
- Credit Needs
- FERC Compliance
- Shadow Settlements/ Auditable Independent Invoice Verification
- ERO Compliance

Example PJM LSE Costs for 2012 and 2013



**Table 1-9 Total price per MWh by category and total revenues by category:
January through June, 2012 and 2013**

Category	Jan-Jun 2012 \$/MWh	Jan-Jun 2013 \$/MWh	Percent Change Totals	Jan-Jun 2012 Percent of Total	Jan-Jun 2013 Percent of Total
Load Weighted Energy	\$31.21	\$37.96	21.6%	68.4%	73.8%
Capacity	\$7.22	\$5.69	(21.3%)	15.8%	11.1%
Transmission Service Charges	\$4.89	\$4.97	1.5%	10.7%	9.7%
Operating Reserves (Uplift)	\$0.65	\$0.73	12.6%	1.4%	1.4%
Reactive	\$0.47	\$0.65	37.9%	1.0%	1.3%
PJM Administrative Fees	\$0.44	\$0.44	(0.8%)	1.0%	0.9%
Transmission Enhancement Cost Recovery	\$0.30	\$0.41	38.6%	0.7%	0.8%
Regulation	\$0.20	\$0.26	30.6%	0.4%	0.5%
Black Start	\$0.02	\$0.15	568.8%	0.1%	0.3%
Transmission Owner (Schedule 1A)	\$0.08	\$0.08	(6.7%)	0.2%	0.2%
Synchronized Reserves	\$0.03	\$0.03	1.3%	0.1%	0.1%
NERC/RFC	\$0.02	\$0.02	(0.5%)	0.0%	0.0%
RTO Startup and Expansion	\$0.01	\$0.01	(1.8%)	0.0%	0.0%
Load Response	\$0.01	\$0.01	(17.5%)	0.0%	0.0%
Day Ahead Scheduling Reserve (DASR)	\$0.03	\$0.00	(86.2%)	0.1%	0.0%
Transmission Facility Charges	\$0.00	\$0.00	(4.6%)	0.0%	0.0%
Non-Synchronized Reserves		\$0.00		0.0%	0.0%
Total	\$45.61	\$51.43	12.8%	100.0%	100.0%

Note: Average across PJM, not location/asset specific

Source: PJM Market Monitor



EAST KENTUCKY POWER COOPERATIVE

ALL SOURCE LONG-TERM REQUEST FOR PROPOSALS 2012

[JULY 5, 2012: TWO DATES REVISED; SEE ALSO THE FAQs ON WEBSITE FOR AMENDMENTS AND CLARIFICATIONS.]

RFP Issued: **June 8, 2012**

Supporting, Required Forms Issued: **June 15, 2012**

Notice of Intent to Submit Proposal Due: **July 10, 2012**

Required Forms with Revisions Issued: **July 13, 2012**

Proposal Submittal Deadline: **August 30, 2012**

RFP website: **www.ekpc-rfp2012.com**

RFP email: **ekpc-rfp@brattle.com**

TABLE OF CONTENTS

- 1. Introduction..... 1
 - 1.1 Overview..... 1
 - 1.2 Schedule..... 5
 - 1.3 Disclaimer for Rejecting Bids and/or Terminating this RFP..... 6
 - 1.4 Contact Information..... 6
- 2. EKPC Situation and the RFP Goals 7
 - 2.1 History..... 7
 - 2.2 System Map 8
 - 2.3 RFP Goals 8
 - 2.3.1 EKPC Resource Needs..... 8
 - 2.3.2 Resources 9
 - 2.3.3 Facility Ownership: Generation Characteristics 9
 - 2.3.4 Contract Options 10
- 3. Transmission and Delivery Information..... 13
 - 3.1. PJM Membership to be Assumed 13
- 4. Submission of Proposals and Eligibility Requirements 13
 - 4.1. Overview of Process 13
 - 4.2. Notice of Intent to Submit Proposal..... 13
 - 4.3. Deadline and Method Proposal Submission 14
- 5. Proposal Content 14
- 6. Proposal Evaluation..... 15
 - 6.1. Screening..... 15
 - 6.2. Evaluation 15
 - 6.3 Financial Stability and Performance Guarantees 15
 - 6.4. Confidentiality 16
 - 6.5. Acceptance of Proposals 16
 - 6.6. Short List Development 17

1. INTRODUCTION

1.1 OVERVIEW

East Kentucky Power Cooperative (EKPC) is issuing this All Source Long-Term Request for Proposals 2012 (RFP) to obtain new resources through a solicitation of interest from utilities, power marketers, project owners and project developers who desire to place a bid or bids and meet the minimum qualifications as described herein (Bidders or Participants). EKPC has formally applied to the Kentucky Public Service Commission for approval to transfer functional control of its system into the PJM Interconnection (PJM) and will systematically assume for purposes of this RFP that EKPC is a full member of PJM.¹ Thus, all Bidders should assume that they will deliver the capacity and/or energy resources to EKPC within PJM and under the PJM rules and procedures.

Subject to this and other conditions discussed below, EKPC will consider the following resources in this RFP:

- New construction of conventional generation technologies and all fuel types to include turnkey ownership, joint ownership or other alternatives;
- Existing conventional generation (a share of a plant could be accepted);
- New and existing renewable generation (as discussed below).

Pursuant to policies of the Kentucky Public Service Commission (PSC) and consistent with EKPC's Integrated Resource Plan (IRP) filed with the PSC on April 20, 2012,² EKPC seeks to acquire up to 300 megawatts (MW) of new resources, with an on-line date of October 2015. EKPC will consider resources that come on-line up to two years later, on or about October 2017, but will have to evaluate any additional costs it may incur under this later on-line date. As discussed in the IRP, one reason for the need for new resources is the impact of the EPA's Mercury and Air Toxics Standards (MATS) regulation. EKPC will evaluate the costs of retrofitting its older coal plants to comply with MATS. EKPC intends to offer a self-build option for this RFP.³ EKPC is not soliciting and will not accept capacity from PJM Demand Response resources. EKPC is developing its own demand side management resources.

¹ EKPC intends that during the full period of the contracts that come from this RFP it would be a signatory to the PJM OATT, the PJM Reliability Assurance Agreement, and the PJM Operating Agreement.

² EKPC, *2012 Integrated Resource Plan*, with Technical Appendices, all Redacted, April 20, 2012.

³ EKPC has established a wall to ensure that no cost information will be shared between its Power Production business unit, which will prepare the self-build proposal, and its Power Supply business unit, which will be involved in evaluating the bids that are received. The Brattle Group, as Independent Procurement Manager, also

For new conventional and/or renewable generation facilities, Participants may submit Bids in two forms. The first form is a Power Purchase Agreement (PPA) with EKPC, which is contained in the set of Required, Supporting Forms (Required Forms), which will be put on the RFP website on June 15, 2012. This is discussed below in Section 5. EKPC will consider PPAs for capacity in the EKPC Locational Deliverability Area (LDA) in PJM. EKPC will consider PPAs for energy delivered to:

- the EKPC load zone in PJM;
- the AEP-Dayton (AD) Hub;
- other delivery points that are fully described such that EKPC can determine the equivalent costs for delivery in comparing alternatives.

A PPA for bundled energy and capacity would need to specify both the energy delivery point and the LDA. EKPC would consider a bundled bid with the energy delivered to the AEP-Dayton Hub and the capacity delivered to the PJM LDA for AEP, and would evaluate any incremental costs or benefits from that arrangement. EKPC will consider energy and capacity from new or existing renewable generation resources.

One of the Required Forms is a signed draft PPA, which at the Bidder's discretion will contain terms, such as pricing terms, that are binding for 60 days from August 30, 2012. This signed form must be submitted for each PPA Bid. The conditions for the PPA Bids are discussed below in Section 2.3.4. Again, all Required Forms with their terms will be posted to the "ekpc-rfp2012" website on Friday, June 15, 2012. The final revisions to the Forms will be posted to the website by Tuesday, July 10, 2012.

The second form of the Bid is Facility Ownership by EKPC. For Facility Ownership, the sale would be conducted pursuant to a Purchase and Sale Agreement (PSA) and related documentation, which is found in Required Forms. This is the contract form under which a Participant would sell full or part ownership in an existing plant or would develop and cause to be constructed a fully permitted, operational generation facility, which would be sold in entirety or in part to EKPC at project completion. EKPC solicits both full and partial ownership shares, as long as the MWs of the project are within the minimum and maximum bounds for MW discussed below and other conditions are met. The Required Forms for Facility Ownership Bids would not need to be executable, but the conditions as discussed in the Required Forms would have to be met by any Bidder, or a Facility Ownership Bid may not be deemed acceptable to EKPC.

will have no contact with the Power Production business unit staff that are involved in the preparation of a self-build proposal.

EKPC has three sites in its service territory suitable for locating a gas-fired combined cycle combustion turbine facility (CCGT) or a gas-fired single cycle combustion turbine facility. A Participant could propose to build at any of these sites under the Facility Ownership and PSA arrangement. EKPC is not accepting a Bid for a PPA at any of these sites. For these three sites, EKPC will be responsible for building the fuel pipeline from the nearest natural gas pipeline interconnection to the input point of the generation plant. The three sites have different expected costs for this fuel pipeline connection, which the Bidders may wish to consider. EKPC will also secure the air and water permits. Additional information and the conditions for the use of the EKPC sites are described in a Required Form on development and siting status. EKPC may submit self-build proposals at one or more of its sites.

Additional general conditions are that Contracts for new resources should have a minimum of 50 MW for any conventional resource and 5 MW for any renewable resource, as further specified in Section 2.3.2 below. This is a long-term procurement, so the length of any PPA should be at least five years and can be longer at Bidder's discretion. EKPC's 2012 IRP showed a preference for dispatchable and operationally flexible resources, but EKPC will evaluate any reasonable and fully described resource that a Bidder offers.

East Kentucky Power Cooperative, Inc. is committed to environmental stewardship while safely providing affordable, reliable power to its members. Therefore, EKPC will also consider proposals for energy and capacity from renewable generation resources. The renewable resources' bids must be a minimum of 5 MW (single resource or an aggregate in one Bid that is greater than or equal to 5 MW). The duration of the renewable energy resource contract(s) should range from a minimum of 5 years to the life of the facility. The capacity and/or energy must be deliverable to EKPC's Delivery Points as described herein. Renewable energy resources may include, but are not limited to:

- Wind
- Biomass
- Solar (electric or thermal)
- Hydro
- Geothermal
- Recycled energy (waste heat, etc.)

This RFP is open to those parties who currently own, propose to develop, or have rights to a renewable energy generating facility 5 MW or larger. Preference will be given to renewable projects that are in the

state of Kentucky. Bidders may submit multiple proposals to fulfill the resource request. The proposal must be based upon a proven technology.

EKPC will retain all environmental attributes associated with Bidder's proposed bid energy, including but not limited to renewable energy credits, green tags, greenhouse gas or carbon credits, and any other emissions attributes. EKPC has engaged the services of The Brattle Group to act as an independent procurement manager and perform a comparative analysis and evaluation of proposals received under this solicitation. EKPC reserves the right to retain any other independent consulting service that it may deem necessary or advisable. The final decisions with regard to acceptance or rejection of any or all proposals are specifically reserved to EKPC, subject to the approval of the Kentucky PSC.

1.2 SCHEDULE

The schedule for this RFP process is set forth in Table 1. This schedule is subject to adjustment and any changes will be posted immediately on the website.

Table 1: Major Milestones for the RFP

No.	Major Milestones for the RFP	Dates
1	RFP document and Form 1 issue date	Friday, 6/8/2012
2	RFP Website live	Friday, 6/8/2012
3	Date to register at the Website to receive all further information with respect to the RFP. Potential bidders can continue to register up to Tuesday, 7/3/2012.	Wednesday, 6/13/2012
4	On the website, all Required Forms for a Bid will be posted, which will explain the information requirements for the Bids. An objective is to allow Bidders to fully explain their Bids, while systematically collecting as much information as possible in machine-readable format. Suggestions for improvements will be accepted by email through Tuesday, 7/3/2012, and the final Forms distributed on Tuesday, 7/10/2012	Friday, 6/15/2012
5	Webinar to answer questions of prospective bidders	Wednesday, 6/27/2012
6	Due date for Notice of Intent to Submit Proposal (Reset on July 2, 2012)	Tuesday, 7/10/2012
7	Final versions of Bidder Response Forms, including Excel Forms 10 - 13 that should include binding values for 60 days, except as explicitly indicated by bidder, as discussed in Draft Forms 10 - 13.	Friday, 7/13/2012
8	Proposals due in electronic form	Thursday, 8/30/2012
9	Proposals due with wet signed original in hardcopy	Wednesday, 9/5/2012
10	Date up to which the executable PPA Bids must be good, which is 60 days after the PPA Bids are submitted. EKPC may exercise the right to execute any such PPA Bid.	Sunday, 10/28/2012
11	Select Short Listed proposals, assuming that the RFP is going to continue.	Thursday, 11/1/2012
12	Execute Project Agreements, if not executed earlier.	1/1 - 1/15/2013

1.3 DISCLAIMER FOR REJECTING BIDS AND/OR TERMINATING THIS RFP

This RFP does not constitute an offer to buy and creates no obligation to execute any Agreement or to enter into a transaction under an Agreement as a consequence of the RFP. EKPC shall retain the right at any time, in its sole discretion, to reject any Bid on the grounds that it does not conform to the terms and conditions of this RFP and reserves the right to request information at any time during the solicitation process. EKPC also retains the discretion, in its sole judgment, to: (a) reject any Bid on the basis that it does not provide sufficient ratepayer benefit or that it would impose conditions that EKPC determines are impractical or inappropriate; (b) implement the appropriate criteria for the evaluation and selection of Bids; (c) negotiate with any Participant to maximize ratepayer benefits; (d) modify this RFP as it deems appropriate to implement the RFP and to comply with applicable law or other direction provided by the PSC; and (e) terminate the RFP should the PSC not authorize EKPC to execute Agreements of the type sought through this RFP. In addition, EKPC reserves the right to either suspend or terminate this RFP at any time for any reason whatsoever. EKPC will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to any Participant, whether submitting a Bid or not.

1.4 CONTACT INFORMATION

The Brattle Group (Brattle) is serving as the Independent Procurement Manager (IPM) for this RFP process. Proposals in response to this RFP are due at the IPM's offices no later than 4PM Pacific Daylight Time (PDT) on Thursday, August 30, 2012.

Proposals are to be submitted by mail, e-mail, fax, or hand delivery to the IPM. Faxed or e-mailed proposals must be followed up by a signed original that is delivered by mail or overnight courier no later than 4PM PDT on September 5, 2012.

All correspondence should be directed to the IPM at the following address:

EKPC All Source RFP c/o The Brattle Group
201 Mission St., Suite 2800
San Francisco, CA 94105
Phone: 415.217.1000
Fax: 415.217.1099
E-mail: ekpc-rfp@brattle.com
Web Site: www.ekpc-rfp2012.com

2. EKPC SITUATION AND THE RFP GOALS

2.1 HISTORY

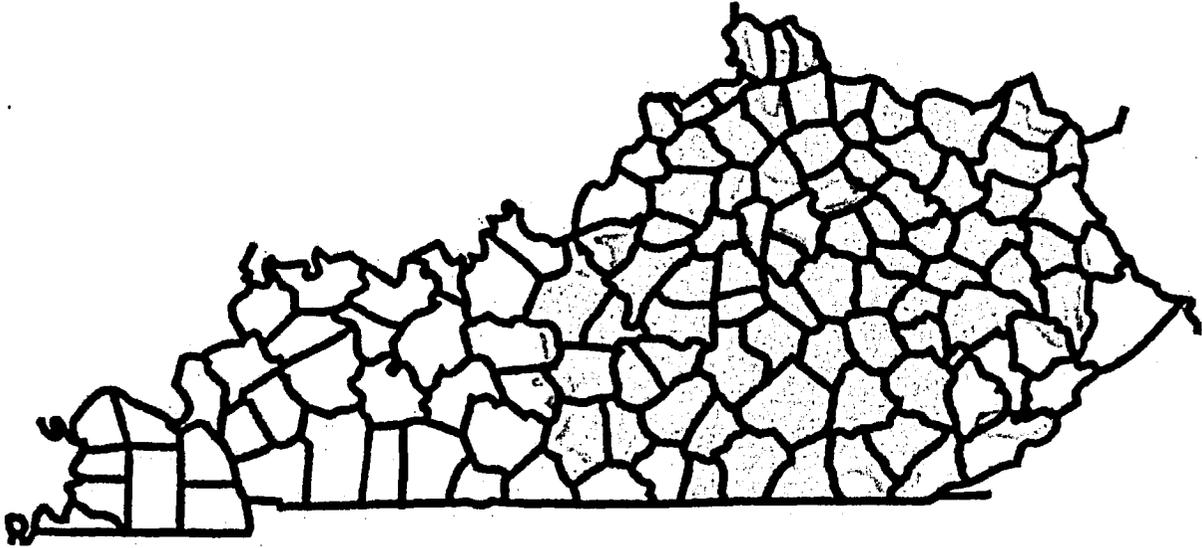
East Kentucky Power Cooperative, Inc. (EKPC) is headquartered in Winchester, KY and provides electric power and energy to 16 member distribution cooperatives serving approximately 511,000 meters in 87 Kentucky counties. EKPC is a member of the National Renewable Cooperative Organization. EKPC's existing resource portfolio consists of approximately 2,500 MW of coal and gas generating capacity, 15 MW of Landfill Gas generation, 170 MW of South East Power Administration (SEPA) hydro power, and various power purchase contracts. EKPC has applied for membership in PJM, and expects to be a member during the entire period of any contracts that result from this RFP. In addition to being a member of PJM, EKPC expects to maintain interconnections with the following other utilities/markets:

- KU/LG&E/PPL
- Tennessee Valley Authority (TVA)

Pursuant to policies of the Kentucky Public Service Commission (PSC) and consistent with EKPC's Integrated Resource Plan (IRP) filed with the PSC on April 20, 2012,⁴ EKPC seeks to acquire up to 300 megawatts (MW) of new resources, with on-line date on October 2015. EKPC will consider resources that come on-line up to two years later, on or about October 2017, but must evaluate any additional costs it may incur under this later on-line date. As discussed in the IRP, one reason for the need for new resources is the impact of the U.S. EPA's MATS policy. EKPC will evaluate the costs of retrofitting its older coal plants to comply with MATS. EKPC intends to offer a self-build option for this RFP. EKPC is not soliciting and will not accept bids for capacity from PJM Demand Response resources. EKPC has its own demand side management resources that it is developing.

⁴ EKPC, *2012 Integrated Resource Plan*, with Technical Appendices, all Redacted, April 20, 2012.

2.2 SYSTEM MAP



The above map shows the territory of EKPC and its member systems.

2.3 RFP GOALS

2.3.1 EKPC Resource Needs

EKPC submitted its Integrated Resource Plan (IRP) to the Kentucky Public Service Commission on April 20, 2012. Based on its IRP, EKPC projects it will need approximately 300 MWs of capacity by October 2015. As mentioned previously, EKPC will consider resources that come on-line up to two years later, that is, on or about October 2017, but must consider any additional costs it may incur under a later on-line date.

To meet this projected need, EKPC is seeking Bids from resources that meet the specifications set forth in Section 4 "Submission of Proposals and Eligibility Requirements." Attractive bids will be those that allow EKPC to produce energy and capacity products compatible with EKPC's requirements, and contribute to the other criteria specified in Section 6 "Proposal Evaluations."

In this solicitation, EKPC is willing to consider a wide range of intermediate and long-term resources that meet all or part of its requirements. EKPC will evaluate the benefits and costs of Bids in light of its existing portfolio of supply and demand-side resources.

EKPC must fully understand operational limitations of each Bid due to environmental constraints, such as air quality limitations. If applicable, Participants should specify all operational constraints the resource

will be required to meet, such as those needed to comply with local Air Board requirements as well as other permitting requirements.

In addition, EKPC intends to bid any resources selected as a result of this RFP into the PJM market. EKPC will rely on any selected Bidder's attestations as to expected commercial operations date (COD), delivery date, or other time sensitive information contained in the response. As such, it is expected that any negotiated agreement will contain terms including but not limited to liquidated damages and/or replacement capacity costs at the prevailing market price for capacity at the time of expected delivery and until such time as performance is satisfied under the terms of said agreement.

2.3.2 Resources

EKPC will consider proposals (1) to enter into power purchase agreements and (2) to purchase new or existing generation resources (full or partial). Also, EKPC will consider Bids from conventional and renewable generation resources. EKPC has a preference for physical resources or PPAs that are based on physical resources. EKPC is not willing to enter into purely financial contracts to satisfy this RFP.

Conventional Generation

For purposes of this solicitation, the term "conventional generation" includes combined cycle and simple cycle (combustion turbine) technologies fueled by natural gas or bio-fuels. It also includes existing coal, nuclear and hydro facilities. Minimum Bid size is 50 MW from each facility.

Renewable Resources

EKPC will consider energy and capacity from new or existing renewable generation resources, including facilities burning biodiesel, digester gas, landfill gas or municipal solid waste, fuel cells using renewable fuels, geothermal facilities, ocean wave, ocean thermal and tidal current facilities, solar photovoltaic and solar thermal facilities, small hydroelectric (30 megawatts or less) facilities and wind generators. The minimum Bid size is 5 MW from each facility.

2.3.3 Facility Ownership: Generation Characteristics

Each facility will be operated to provide products as needed to conform to the requirements of PJM. For some resources, this is expected to include multiple daily starts and stops, rapid turndown of and ramp up within the unit's capabilities and full compliance with environmental permit conditions. This is to be satisfied by fully and accurately completing the Required Forms.

Load Following Generation

Bids to develop and sell a shaping or load following facility to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form on combined cycle plants. The ability to meet these characteristics will be given additional weight in the evaluation process. Bids other than natural gas-fired technologies should respond to the appendices in a full and complete manner indicating where information is not applicable and provide additional information where appropriate in order to allow EKPC to fully evaluate its bids. Bids must meet all federal and state laws and be able to secure all permits.

Peaking Generation

Bids to develop and sell a peaking facility to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form on simple cycle combustion turbines. The ability to meet these characteristics will be given significant weight in the evaluation process. Bids other than gas-fired technologies should respond to the appendices in a full and complete manner indicating where information is not applicable and provide additional information where appropriate in order to allow EKPC to fully evaluate its Bid. Bids must meet all federal and state laws and be able to secure all permits.

Baseload Generation

Bids to develop and sell baseload generation to EKPC will be expected to have the Generation Operating Characteristics described in a Required Form. Bids must meet all federal and state laws and be able to secure all permits.

2.3.4 Contract Options

All PPA Bids should include a draft PPA as part of the bid. Unless clearly set forth in the draft PPA to the contrary, the terms of the PPA shall be binding upon the Participant for 60 days from the date of submission, August 30, 2012, which is until October 28, 2012. Any section(s) or terms of the draft PPA which the Participant intends to be non-binding on the Participant (and subject to further negotiation) shall be clearly designated in the draft PPA. At the end of that period on October 29, 2012, EKPC may ask the Bidder to refresh the Bid for another 60 days, and the Bidder can respond accordingly, including any updates as to the binding nature of the terms of the draft PPA, so as to continue to be considered in the Short List negotiation of this RFP. Failure of a Bidder to provide a draft Purchase Power Agreement as set forth herein may result in disqualification of the Participant's Bid.

All Facility Ownership/PSA Bids must fully meet the conditions that are imposed on that kind of bid. These conditions will be stated in the Forms on Facility Ownership/PSA Bids that will be issued on June

15, 2012. EKPC wants to be certain that Facility Ownership Bidders planning to use an EKPC site are providing accurate and complete cost numbers on which they are prepared to execute. However, EKPC recognizes that building on one of its sites is likely to require additional negotiations, so EKPC is not expecting a fully-executable Facility Ownership Bid. Failure of a Participant to fill the details of the Required Forms for Facility Ownership/PSA option may result in disqualification of the Participant's Bid.

PPAs

EKPC is seeking PPA Bids for new and existing renewables and new and existing conventional generation technologies, including technologies capable of running on multiple fuels. The Required Forms will contain all forms for the PPA Bids. EKPC will provide the Required Forms on the website on June 15, 2012 and update certain of the Required Forms by July 10, 2012. As discussed above, each PPA Bid at the Bidder's discretion can have terms, such as price terms, that are binding for 60 days from its submission on August 30, 2012, which is until October 28, 2012.

For PPA Bids from natural gas-fired facilities, EKPC's preferred contract structure is a fuel conversion (tolling) structure. The documentation requested in the Required Forms will be generally structured to accommodate gas-fired units and a fuel conversion agreement. Participants offering a PPA other than a fuel conversion agreement for a gas-fired facility should adapt the documentation by selecting or deleting the optional elements as appropriate or making such other adjustments as necessary and appropriate for the technology and fuel-type offered. See the Required Forms.

Regardless of the contract structure offered, Participants are requested to specify contract quantities, fixed O&M costs, variable O&M costs, contract heat rate(s) (where applicable), and other parameters to aid EKPC in comparing Bids, which will be requested on the Required Forms.

Participants can submit fixed-price PPA Bids. Participants can also submit PPA Bids that use indexed pricing, as described below.

- PPA's must meet all of PJM requirements for Capacity transactions, as contained in the PJM Business Manuals,
- PPA must meet all of the PJM requirements for Energy transaction, as contained in the PJM Business Manuals,
- Variable O&M, Fixed O&M, Variable Energy and Fired Hour Charge: A Participant shall indicate in its Bid an initial price for each of these components. If the Participant elects to use indexed pricing, the Participant should fully describe the indexation approach by filling out the appropriate Required Forms, which will be sent out on June 15, 2012,

- **Capacity Payment Rate:** A Participant shall indicate in its Bid an initial price for capacity. If the Participant elects to use indexed pricing, the Participant should fully describe the indexation approach by filling out the appropriate Required Forms, which will be sent out on June 15, 2012.

Purchase and Sale Agreements (PSAs)

EKPC is seeking PSA Bids for Facility Ownership of new conventional generation technologies, including technologies capable of running on multiple fuels, whereby the Participant would design, develop, permit, construct and commission the facility. EKPC has three existing sites for such a facility, as discussed in the Required Forms. EKPC would take ownership of the facility once it is constructed, tested and accepted. Bids must include milestone guarantees and performance guarantees for the completed facility. Participants must completely fill out, but will not have to provide any executable Required Forms for a PSA.

Participants can submit fixed-price PSA Bids, as will be described in the Required Forms.

The PSA term sheet will be provided in the Required Forms. Generation characteristics that EKPC is seeking are described in Section 2.3.3 “Facility Ownership.” EKPC plans to update the Required Form for the PSA Bids by July 10, 2012.

Purchase Price: A Participant shall indicate in its Bid a purchase price, as of the date the Agreement is executed by EKPC, for a Project offered in a PSA Bid.

The Delivery Points are:

- The EKPC load zone for energy and EKPC LDA for capacity,
- The AEP-Dayton (AD) Hub for energy and PJM LDA for AEP for capacity,
- other delivery points that are fully described such that EKPC can determine the equivalent costs for delivery in comparing alternatives.

As part of an individual Bid, a Participant may submit Bid variations, with each Bid variation indexing certain components. For example a Participant offering a PPA could offer one variation with a fixed capacity price and another variation may index the capacity price, while both Bid variations index the other pricing components. This information should be provided in the Required Forms.

3. TRANSMISSION AND DELIVERY INFORMATION

3.1. PJM MEMBERSHIP TO BE ASSUMED

EKPC considers transmission reliability to be of utmost importance, and the Bidder should specify what arrangements it intends to make to deliver the power reliably. EKPC has formally applied to the Kentucky Public Service Commission to join and is expecting to be a full member of PJM during the term of any contract resulting from this RFP. If the Bidder is also a member of PJM, then the transmission arrangements will be governed by the PJM protocols. If the Bidder is outside of PJM, the Bidder will have to explain the expected cost and reliability of transmission to the PJM system and to the EKPC Delivery Points.

Any modifications or additions to EKPC's system, including interconnection, transmission, or communications facilities, required by a Bidder for power delivery to EKPC's system, shall be subject to review and approval by EKPC. Expenses relating to any such modifications or additions will be included or inferred by EKPC in the price evaluation of the Bidder's proposal.

4. SUBMISSION OF PROPOSALS AND ELIGIBILITY REQUIREMENTS

4.1. OVERVIEW OF PROCESS

The bid process will include the events as indicated on the schedule in Section 1.2. June 8, 2012 is the release of the RFP and the opening of the website. On July 3, 2012, interested Bidders will be requested to submit a Notice of Intent to Submit Proposal form. Proposals will due August 30, 2012. The proposals will be screened and non-conforming offers will be rejected. Bidders for a short list can expect to be notified on or about November 1, 2012. There will begin negotiations of final offers. Final negotiation and the signing of offers will occur if the negotiations are successful.

4.2. NOTICE OF INTENT TO SUBMIT PROPOSAL

A Notice of Intent to Submit a Proposal is requested from all prospective Bidders. This notice includes a Confidentiality Agreement. This will be Form 1 in the Required Forms and should be returned to the IPM Official Contact as listed in Section 1.4. This form is due to the IPM at The Brattle Group offices by no later than by 4PM PDT on July 3, 2012. In addition to postal mail, fax, and email are sufficient as means to return the Notice of Intent to Submit Proposal. Potential Bidders should make their best effort to provide accurate information about their planned Proposal; however, Bidders will not be bound by the information provided in the completed Form 1, Notice of Intent to Submit Proposal.

4.3. DEADLINE AND METHOD PROPOSAL SUBMISSION

Proposals are due to the IPM no later than 4PM PDT on August 30, 2012. Proposals are to be submitted by mail, e-mail, fax, or hand delivery. Faxed or e-mailed proposals must be followed up by mail with a signed original which must be received no later than 4PM PDT on September 5, 2012. All correspondence should be directed to the IPM, as indicated in Section 1.4 of this RFP document.

5. PROPOSAL CONTENT

A proposal should contain responses on all of the Required Forms, which will be provided in the website on June 15, 2012. The Forms will encourage Bidders to provide additional information or other supporting documentation to provide a complete description of the proposal. The Brattle Group will receive suggestions on how the Forms can be enhanced to allow more complete descriptions of the Bids and, at the discretion of EKPC, use those suggestions to finalize the Forms on July 10, 2012. EKPC retains the right to combine any Bid with any other Bid to determine a mix of resources that will provide a total economical and reliable resource package.

The Required Forms will deal with the following issues:

- Conditions on the Firmness of the Offers
- General Project Characteristics
- Development Status and Site Description, which describes three EKPC sites that will be offered for Facility Ownership / Purchase and Sale Agreement
- Capacity and Energy Profile
- Technical Description and Data by Resource Type
- Description of Pricing Methodology
- Pricing Information
- Transmission and Interconnection
- Financing and Credit Arrangements
- References
- Project Team
- EEI Master Purchase Power and Sale Agreement
- Power Purchase Agreement for the RFP, and the relationship to the EEI Master Agreement
- Purchase and Sales Agreement for the Facility Ownership

EKPC will provide the Required Forms on the website on June 15, 2012. On July 10, 2012, EKPC will provide final updates to the Required Forms.

6. PROPOSAL EVALUATION

6.1. SCREENING

All proposals will be evaluated for completeness and technical viability as a part of initial screening. Non-competitive bids will be eliminated based on this preliminary analysis.

6.2. EVALUATION

EKPC and The Brattle Group will specifically take into account the price, type and location of project, reliability, dispatchability, transmission availability, financial stability, and any other factor which relates to the suitability of the proposed project for meeting EKPC's power supply needs. EKPC reserves the right to consider any and all aspects of any bid in its evaluation as well.

6.3 FINANCIAL STABILITY AND PERFORMANCE GUARANTEES

Financial stability of the Bidder, demonstrated ability to fulfill its contractual obligations and historical project and contract performance are of utmost importance to EKPC and will be an integral part of EKPC's evaluation process. EKPC requires secure and reliable physical delivery of the capacity and associated energy corresponding to all PPAs. A performance bond, or some other form of security acceptable to EKPC, will be required to ensure the consistency and reliability of the physical delivery of energy and capacity.

For equipment and/or erection contracts, successful Bidders shall secure, upon contract award, performance bond(s) to provide financial assurance that the project will meet schedule and proposed performance targets. EKPC reserves the right to determine, in its sole judgment, the sufficiency of any performance bond (or other form of security) proposed by Bidder.

The Bidder should discuss in detail the type and amount of proposed credit enhancements or other means proposed to guarantee performance under any contract that might result from this RFP. This discussion should identify the entity providing such performance security and provide all relevant terms of such security mechanism. Bidder must provide audited financial statements from the previous three years in order to demonstrate its financial viability. Such financial information shall also be provided for any entity which would provide a performance bond or other form of security.

Bidders proposing "greenfield" sites or new generation at one of EKPC's 3 suggested locations must provide a description of the Bidders' ability to execute such projects as demonstrated by previously

applicable experience and examples of operating facilities caused to be designed, permitted, constructed, tested and achieving successful commercial operation within a time frame typical for such type of project. Other means of satisfying EKPC's concerns regarding the Bidders expertise and experience may be considered but will be at EKPC's sole discretion in determining the Bidders qualifications and acceptance or rejection.

Failure by Bidders to not address the requirements herein may result in rejection of the Bid(s).

6.4. CONFIDENTIALITY

Form 1 Notice of Intent to Submit a Proposal is part of the Required Forms and will contain a Confidentiality Agreement. The Bidder must return a signed Required Form including the Confidentiality Agreement on July 3, 2012, as discussed above Section 4.2.

EKPC will not disclose any information contained in the Bidder's proposal that is marked "Confidential" to another party unless such disclosures are required by law or by a court or governmental or regulatory agency having appropriate jurisdiction. As a regulated utility and electric cooperative, EKPC may be required to release proposal information to various government agencies and/or others as part of a regulatory review or legal proceeding. EKPC also reserves the right to disclose proposals to any EKPC consultant(s) for the purpose of assisting in evaluating proposals. In the event EKPC is required to submit copies of proposals to the Kentucky Public Service Commission (PSC) or other governmental or regulatory agency, EKPC will attempt to file such information labeled as "Confidential" on a confidential basis. Designating specific information as confidential, rather than the entire proposal, may facilitate such efforts. However, EKPC cannot guarantee that such information will be deemed confidential by the agency or court the information is filed with.

By submitting a proposal to EKPC under this RFP, Bidder certifies that it has not divulged, discussed, or compared its proposal with other bidders and has not colluded whatsoever with any other bidder or parties with respect to this proposal.

6.5. ACCEPTANCE OF PROPOSALS

EKPC reserves the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. EKPC also reserves the right to request further information, as necessary, to complete its evaluation of the proposals received, and to negotiate with Bidders selected for the short list, prior to any selection of any winning proposals. Bidders who submit proposals do so without recourse against EKPC for either rejection by EKPC or failure to execute an agreement for purchase of capacity and/or energy for any reason. EKPC will not

reimburse any Bidders for any cost incurred in the preparation or submission of a proposal and/or any subsequent negotiations regarding a proposal. All hard copies of proposals once submitted will become the property of EKPC.

6.6. SHORT LIST DEVELOPMENT

EKPC will develop a short list of potential proposals based on the benefit to EKPC's members. EKPC will then refine its analyses and develop its final decision. Acceptance of final bids will most likely be subject to approval by the Kentucky Public Service Commission, permitting agencies and potentially the Rural Utilities Service or other lenders. All respondents to the PPA Bid options must keep the terms of their bids firm and in effect until October 28, 2012, after which the Bidders can refresh the Bids if EKPC wants to put the Bidder on the Short List.

ATTACHMENT I
EAST KENTUCKY POWER COOPERATIVE
REQUEST FOR PROPOSALS
ALL SOURCE, LONG-TERM RESOURCES RFP 2012

REQUIRED FORM 1

REQUIRED FORMS

ATTACHMENT I

FORM 1 IS DUE FOR EACH POTENTIAL BIDDER ON OR BEFORE JULY 3, 2012.

- 1: Intention to Submit Bid and Confidentiality Agreement

ATTACHMENT II

FORMS 2 – 13 ARE DUE WITH EACH BID ON AUGUST 30, 2012.

- 2: Executive Summary and Overview
- 3: Financing and Credit Arrangements
4. Project Team Information
5. References
6. Development and Siting Status
7. Transmission and Interconnection
8. Fuel Supply
9. Other Technical Information
10. PPA for Conventional Generation Source - Tolling (Excel)
11. PPA for Conventional Generation Source - Non-Tolling (Excel)
12. PPA for Renewable Resources (Excel)
13. Facility Ownership for Conventional Generation THROUGH PURCHASE and Sales Agreement (Excel)

ATTACHMENT III

FORM 14 IS REQUIRED FOR POTENTIAL BIDDERS ON FACILITY OWNERSHIP PROPOSALS BEFORE ACCESS TO CONFIDENTIAL SITE INFORMATION WILL BE GRANTED.

14. Information to Qualify as a Bidder on Facility Ownership/Purchase and Sales Agreement Proposal

FORM 1
NOTICE OF INTENT TO SUBMIT A PROPOSAL AND
CONFIDENTIALITY AGREEMENT

1.1 The undersigned intends to submit one or more Proposals to the East Kentucky Power Cooperative, Inc., in response to the All Source, Long-Term Resources RFP 2012.

NAME OF PROPOSING ORGANIZATION: _____

ADDRESS OF PROPOSING ORGANIZATION: _____

NAME/TITLE OF CONTACT: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

E-MAIL ADDRESS: _____

BY: _____ **DATE:** _____
(Authorized signature for proposing organization) (Month/Day/Year)

Print or type name: _____

Title: _____

1.2 Please provide a brief description of your proposal(s), which as available would include: whether it is Power Purchase Agreement (PPA) or Facility Ownership proposal, the technology of the resource, the size, the duration(s) if the PPA(s), location of plant, and date of resource availability.

**CONFIDENTIALITY
AND NON-DISCLOSURE AGREEMENT**

THIS AGREEMENT, made and entered into this ___ day of _____,

201____, by and between _____, (“_____”) and East Kentucky Power Cooperative (“EKPC”), 4775 Lexington Road, Winchester, Kentucky 40392 (each a “Party” and collectively, the “Parties”);

WITNESSETH:

WHEREAS, the Parties intend to have discussions in order to evaluate a possible business transaction or commercial relationship between the Parties related to a possible

_____ transaction
(the “Proposed Transaction”); and

WHEREAS, as a condition to each Party furnishing Proprietary Information (as defined below) to the other Party and its Representatives (as defined below) (each Party furnishing such information is hereinafter referred to, with respect to such information, as the “Disclosing Party,” and each Party receiving such information is hereinafter referred to, with respect to such information, as the “Receiving Party”), the Parties agree, as of the date set forth above (the “Effective Date”), to be bound by the terms and conditions of this confidentiality agreement (this “Agreement”); and

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. All information and material furnished by or on behalf of a Disclosing Party or its Representatives, or learned by the Receiving Party or its Representatives in connection with visits to properties owned, leased, or held by the Disclosing Party or its affiliates (as defined below), in connection with the Receiving Party’s consideration of the Proposed Transaction (including all confidential or proprietary documents; reports; memoranda; analyses; completions; summaries; Trade Secrets (as defined below); project descriptions; design drawings; studies; scientific, engineering, technical, commercial, financial, process or economic data or information; economic and other projections, statements, and results; information pertaining to project-related costs, expenses and operating and maintenance history; pricing proposals; cost analyses; test results; research and business strategies; confidential information of or concerning a third party; and contract proposals and contract terms), whether furnished or learned before or after the date hereof, and regardless of the manner or form in which it is furnished or learned, together with all notes, memoranda, summaries, analyses, compilations and other writings relating thereto or based thereon prepared by the Receiving Party or its Representatives (any such notes, memoranda, summaries, analyses, compilations and other writings, the “Evaluation Material”), is referred to herein as “Proprietary Information.” Proprietary Information also includes the substance of any and all negotiations or communications between the Parties relating to the Proposed Transaction (including the financial and other terms of any proposal made by any Party with respect to the Proposed Transaction); the fact that negotiations or discussions are taking or have taken place between the Parties relating to the Proposed Transaction; that the Parties are evaluating or have evaluated the Proposed Transaction; that either Party has received Proprietary Information; the existence of this Agreement; and the status and all other facts relating to the Proposed Transaction.

2. The Parties further agree that the term Proprietary Information shall not include, however, information which (a) is or becomes generally available to the public other than as a result of a

disclosure by the Receiving Party or any of its Representatives in breach of this Agreement, (b) was available to the Receiving Party or its Representatives on a nonconfidential basis prior to its disclosure by the Disclosing Party or its Representatives, (c) is developed independently by the Receiving Party or any of its Representatives, or (d) becomes available to the Receiving Party or its Representatives on a nonconfidential basis from a person other than the Disclosing Party or its Representatives, provided that in the case of (b) and (d) above, the source of such information was not known by the Receiving Party or its Representatives to be bound by a confidentiality agreement with or other legal obligation of confidentiality to the Disclosing Party or its Representatives with respect to such information.

3. As used herein: (a) “person” means any natural person, corporation, limited liability company, cooperative, partnership, trust, estate, joint venture or any other legal entity, including a governmental authority or agency; (b) “affiliate” means, with respect to any person, any person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such specified person (and the term “control” of a specified person, including, with correlative meanings, the terms “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise); (c) “Representative” means, as to any Party, such Party’s affiliates and the respective directors, managers, members, officers, employees, contractors, consultants, agents, advisors (including financial and technical advisors, legal counsel and accountants), and lenders or potential lenders or funding sources of such Party and its affiliates; and (d) “Trade Secrets” means that portion of the Proprietary Information that constitutes trade secrets, as defined by applicable law, including confidential computer programs, software, designs, processes, procedures, equipment, data, reports, product specifications, formulas, improvements, on-line terminal designs, software applications and specialized knowledge, whether copyrightable or not.

4. Subject to the immediately succeeding paragraph, unless otherwise agreed to in writing by the Disclosing Party, each Party agrees (a) except as required by law, rule, applicable regulation, interrogatories, subpoenas, civil investigative demands or other similar legal process, stock exchange rules or disclosure requirement of a governmental authority or agency, (collectively, “Law”), to keep all Proprietary Information confidential and not to disclose or reveal any Proprietary Information to any person other than those of its Representatives who are actively and directly participating in evaluation or consummation of the Proposed Transaction or who otherwise need to know the Proprietary Information for purposes of evaluating or financing the Proposed Transaction (it being understood that each Party shall inform its Representatives of the confidential nature of such information, shall instruct its Representatives to keep such information confidential in accordance with the terms hereof, and shall be responsible for any unauthorized disclosure or improper use thereof by its Representatives); and (b) not to use, and to ensure its Representatives do not use, Proprietary Information for any purpose other than in connection with the Proposed Transaction. Each Party shall be responsible for any violation of the terms of this Agreement resulting from the acts or omissions of its Representatives and shall take all commercially reasonable measures to restrain its Representatives from any unauthorized disclosure or improper use of the Proprietary Information. Each Party shall be bound by the obligations set forth in this Agreement for a period of two (2) years from the Effective Date, provided that such expiration shall not limit the Parties’ respective rights and obligations with respect to any breach that occurs prior to such expiration.

5. The Parties agree that in the event that the Receiving Party or any of its Representatives is required or requested by Law to disclose any Proprietary Information, the Receiving Party shall, to the extent practical and permitted by Law, provide the Disclosing Party with prompt written notice of such request or requirement in order to enable the Disclosing Party (a) to seek an appropriate protective order or other remedy, (b) to consult with the Receiving Party with respect to the Disclosing Party taking steps to resist or narrow the scope of such request or legal process, or (c) to waive compliance, in whole or in

part, with the terms of this Agreement. In any such event, the Receiving Party shall use commercially reasonable efforts to ensure that all Proprietary Information that is so disclosed shall be accorded confidential treatment and shall furnish only that portion of the Proprietary Information that is legally required to be disclosed.

6. The Parties further agree that the Receiving Party acknowledges that the Proprietary Information (excluding the Evaluation Material) is and at all times remains the sole and exclusive property of the Disclosing Party and that the Disclosing Party has the exclusive right, title, and interest to its Proprietary Information (excluding the Evaluation Material). No right or license, by implication or otherwise, is granted by the Disclosing Party as a result of disclosure of Proprietary Information hereunder. Each Party reserves the right at any time in its sole discretion, for any reason or no reason, to refuse to provide any further access to and, in accordance with the applicable provision below, to demand the destruction of any Proprietary Information furnished by or on behalf of such Party to the other Party or its Representatives.

7. The Receiving Party acknowledges that neither the Disclosing Party nor any of its Representatives make any express or implied representation or warranty as to the accuracy or completeness of any Proprietary Information, and each Receiving Party agrees that none of such persons shall have any liability to the Receiving Party or any of its Representatives relating to or arising from the use of any Proprietary Information by the Receiving Party or its Representatives or for any errors therein or omissions therefrom. The Receiving Party shall be entitled to rely solely on such representations and warranties regarding Proprietary Information (if any) as may be made to the Receiving Party in any definitive agreement relating to the Proposed Transaction, subject to the terms and conditions of such agreement.

8. This Agreement binds the Parties only with respect to the matters expressly set forth herein and nothing herein shall bind either of the Parties to specific terms or conditions relating to the Proposed Transaction. Without limitation of the foregoing, none of the Parties is bound or committed to engage in negotiations or discussions with respect to the Proposed Transaction nor, unless, if and until one or more definitive agreements with respect to the Proposed Transaction has been executed and delivered by the Parties or their applicable affiliates in their sole discretion, to seek to consummate the Proposed Transaction, subject to the terms and conditions of any such definitive agreement. Nothing herein shall constitute the creation of a partnership, joint venture or agency between or among the Parties.

9. At the written request of the Disclosing Party, the Receiving Party shall, at its election, promptly (but in any event within 10 business days following such request) (a) return all copies of Proprietary Information in the possession of the Receiving Party or its Representatives (excluding Evaluation Material, which shall be destroyed), or (b) destroy all copies of Proprietary Information (including Evaluation Material) in the possession of the Receiving Party or its Representatives; provided that (x) to the extent required by its internal records retention policies or applicable Law, a Party may retain one (1) copy of the Evaluation Material in a secure archive file, which shall be kept subject to the terms of this Agreement, and (y) no Party shall be required to destroy any Proprietary Information or to take any action pursuant to this paragraph to the extent otherwise required by Law. Upon written request of a Disclosing Party, an officer of the Receiving Party shall promptly (but in any event within 10 business days following such request) certify the Receiving Party's compliance with its obligations under this paragraph. Notwithstanding the return or destruction of the Proprietary Information, each Party shall continue to be bound by its confidentiality and other obligations hereunder for the term provided herein.

10. Each Party recognizes and acknowledges the competitive value of the Proprietary Information and the damage that could result to the Disclosing Party if the Proprietary Information were used or disclosed by the Receiving Party except as authorized hereunder. Accordingly, each Party agrees that money damages would not be a sufficient remedy for any breach by it of any provision hereof, and

that, in addition to any other rights and remedies otherwise available to the Disclosing Party at law or in equity, the Disclosing Party shall be entitled to equitable relief by way of specific performance, injunction, or otherwise if the Receiving Party or any of its Representatives breaches or threatens to breach any provision hereof. In the event of any legal proceedings to enforce or protect any rights hereunder, the prevailing Party shall be entitled to recover its costs (including reasonable attorneys' fees) incurred in connection therewith. Notwithstanding any provision herein to the contrary, neither Party shall be liable to the other Party for any punitive, exemplary, consequential or special damages arising out of or relating to this Agreement, regardless of whether such damages are based on tort, warranty, contract or any other legal theory.

11. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect. The Parties shall endeavor by good faith negotiations to replace any invalid, illegal or unenforceable provision with a valid, legal and enforceable provision, the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

12. This Agreement is solely for the benefit of the Parties, and shall not be deemed to confer upon or give to any other person any remedy, claim of liability or reimbursement, cause of action or other right. This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and permitted assigns. Any assignment of this Agreement, in whole or in part, by either Party without the other Party's prior written consent (in its sole discretion) shall be null and void.

13. Each Party represents and warrants to the other Party that (a) the execution, delivery and performance of this Agreement has been validly authorized by such Party, and no other corporate, limited partnership or limited liability company action, as applicable, of such Party is necessary to authorize the execution, delivery and performance of this Agreement; (b) this Agreement has been duly and validly executed and delivered by such Party; (c) this Agreement constitutes such Party's legal, valid and binding obligation, enforceable against it in accordance with its terms; and (d) neither the execution and delivery by such Party of, nor its performance under, this Agreement (including the furnishing or making available by such Party or its Representatives to the other Party and its Representatives of Proprietary Information) will conflict with, result in a breach of any provision of, constitute a default (with or without notice or lapse of time or both) under, or require a consent or waiver under, any agreement, instrument, lease, license, evidence of indebtedness, mortgage, indenture, security agreement or other contract, arrangement, understanding, or commitment, whether written or oral, to which such Party is a party or by which it or its assets are bound.

14. This Agreement constitutes the entire agreement between and among the Parties concerning the subject matter hereof and supersedes any other agreement or instrument, whether written or oral, that may have been made or entered into between the Parties concerning the subject matter hereof. Without limitation of the foregoing, there are no representations, warranties, agreements or commitments by or between the Parties concerning the subject matter hereof except as expressly set forth herein.

15. No amendment, supplement or other modification of this Agreement, or any waiver of the terms hereof, shall be binding upon the Parties unless (a) in the case of any such amendment, supplement or modification, approved in a writing signed by each of the Parties and (b) in the case of any waiver, evidenced by a writing executed by the Party purportedly granting the waiver (it being understood that no failure or delay by a Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder).

16. Any notice, consent or other formal communication required or permitted to be given by a Party pursuant to the terms of this Agreement shall be in writing and shall be deemed delivered (a) when

delivered personally or by verifiable facsimile transmission, unless such delivery is made (i) on a day that is not a business day in the place of receipt or (ii) after 5:00 p.m. local time on a business day in the place of receipt, in either of which cases such delivery will be deemed to be made on the next succeeding business day, (b) on the next business day after timely delivery to a reputable overnight courier and (c) on the business day actually received if deposited in the U.S. mail (postage prepaid), addressed as follows.

Notwithstanding the above, as part of the EKPC All Source RFP process, Form 1 including the Agreement must be submitted electronically on or before Tuesday, July 3, 2012, at 4 p.m. Pacific Time. The Form 1 can be delivered by electronic communication in portable document format (.pdf) or by facsimile to the E-mail address or Facsimile No. number below.

A hardcopy of Form 1 including this Agreement, with original signatures in the required places, is also required and should be sent by regular mail posted by July 3, 2012 to *The Brattle Group* at the mailing address below. This Agreement will be consigned by EKPC and a copy will be returned by mail.

If to *The Brattle Group*:

EKPC All Source RFP c/o *The Brattle Group*
Attention: Joseph B. Wharton
201 Mission St., Suite 2800
San Francisco, CA 94105
E-mail: EKPC ekpc-rfp@brattle.com
Facsimile No.: 415-217-1099

If to EKPC:

East Kentucky Power Cooperative
4775 Lexington Road
Winchester, KY 40391

Attention: _____
Facsimile No.: 859-744-7053

17. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky (without regard to principles of conflict of laws thereof).

18. Unless the context requires otherwise, the words "this Agreement," "hereof," "hereunder," "herein," "hereby" or words of similar import refer to this Agreement as a whole and not to a particular paragraph, clause or other provision hereof. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation."

19. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement. Any counterpart may be delivered by facsimile transmission or by electronic communication in portable document format (.pdf), and the Parties agree that their electronically transmitted signatures shall have the same effect as manually transmitted signatures.

Accepted and Agreed as of the Effective Date

By: _____

Name: _____

Title: _____

East Kentucky Power Cooperative, Inc.

By: _____

Name: _____

Title: _____

ATTACHMENT II
EAST KENTUCKY POWER COOPERATIVE
REQUEST FOR PROPOSALS
ALL SOURCE, LONG-TERM RESOURCES RFP 2012

REQUIRED FORMS 2 – 13

AUGUST 12, 2012

REQUIRED FORMS

ATTACHMENT I

FORM 1 IS DUE FOR EACH POTENTIAL BIDDER ON OR BEFORE JULY 3, 2012.

- 1: Intention to Submit Bid and Confidentiality Agreement

ATTACHMENT II

FORMS 2 – 13 ARE DUE WITH EACH BID ON AUGUST 30, 2012.

- 2: Executive Summary and Overview
- 3: Financing and Credit Arrangements
4. Project Team Information
5. References
6. Development and Siting Status
7. Transmission and Interconnection
8. Fuel Supply
9. Other Technical Information
10. PPA (Tolling Agreement) for Conventional Generation Resource (includes Excel Addendum)
11. PPA (Other than Tolling) for Conventional Generation Resource (includes Excel Addendum)
12. PPA for Renewable Generation Resource (includes Excel Addendum)
13. Facility Ownership / Purchase & Sale Agreement for Conventional Generation Resource (includes Excel Addendum)

ATTACHMENT III

FORM 14 IS REQUIRED FOR POTENTIAL BIDDERS ON FACILITY OWNERSHIP PROPOSALS BEFORE ACCESS TO CONFIDENTIAL SITE INFORMATION WILL BE GRANTED.

14. Information to Qualify as a Bidder on Facility Ownership/Purchase and Sales Agreement Proposal

FORM 2
EXECUTIVE SUMMARY AND OVERVIEW

2.1. NAME OF BIDDING COMPANY: _____

Developer

Electric Utility

Broker/Marketer

IPP

Other: _____

2.2 SELECT BID TYPE:

PPA (Tolling Agreement) for Conventional Generation Resource

PPA (Other than Tolling) for Conventional Generation Resource

PPA for Renewable Generation Resource

Facility Ownership / Purchase & Sale Agreement for Conventional Generation Resource

Other: _____

2.3 BIDDER RELATIONSHIP TO PJM

Bidding company is member of PJM?

Yes No

Bidding company is signatory of the PJM Open Access Transmission Tariff (OATT)?

Yes No

Bidding company is a signatory of the PJM Reliability Assurance Agreement?

Yes No

Bidding company is a signatory of the PJM Operating Agreement?

Yes No

If the answer to any of the preceding questions is "no", please explain how energy will be delivered to the EKPC load zone in PJM and how capacity will be delivered to the EKPC Locational Deliverability Area?

2.4 TERM OF AGREEMENT

Start Date: _____ End Date: _____

Termination Option?

Yes No

If Yes, please describe:

2.5 GENERATION RESOURCE TYPE

Combined Cycle

Simple Cycle Combustion Turbine

Other Conventional: _____

Wind

Solar*

Biomass

Geothermal

Small Hydro

Recycled Energy

Other Renewable: _____

2.6 PRODUCT TYPE

Baseload

Cycling

Peaking

As Available/Intermittent

Other: _____

2.7 PROJECT NAME AND SIZE

Unit Name: _____

Unit Location (street address, city, county, state): _____

Unit Nameplate Capacity (MW): _____

Unit Installed Capacity ("ICAP") (MW): _____

Projected Annual Energy (MWh): _____

Projected Capacity Factor (%): _____

Is the generation resource already in-service?

Yes No

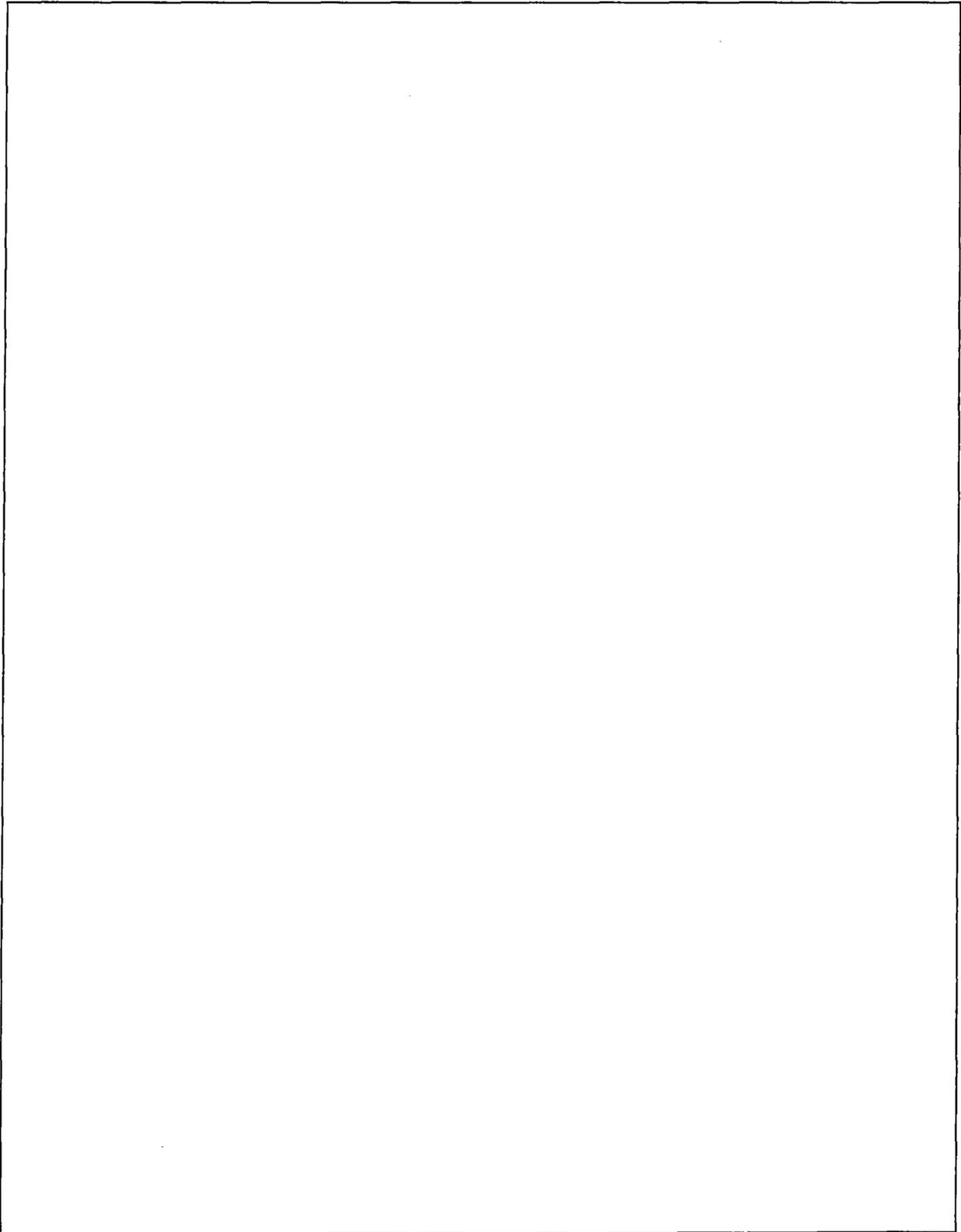
In no, is the generation resource under development?

Yes No

If the answer to both questions is "no", please explain the status of the generation resource and its expected location and in-service date?

--

2.8 Below please provide a one page summary of the proposal:

A large, empty rectangular box with a thin black border, intended for the user to provide a one-page summary of the proposal. The box occupies most of the page below the instruction.

FORM 3
FINANCING AND CREDIT ARRANGEMENTS

3.1 Please provide the following bidder financial/credit information:

If company is rated by S&P, Moody's, and/or Fitch, please provide latest credit report(s) from the rating agency(ies). If responding company is not rated, then please provide rating agency information for parent company and/or any other guarantor):

- S&P Moody's Fitch
- Most recent SEC Form 10K and most recent SEC Form 10Q Report
- Three most recent Annual Reports

3.2 Please provide the following project finance information:

Is new funding required for proposed generation and/or transmission facilities?

- Yes No

If the answer to the preceding question is "yes", have financing arrangements been made by bidder prior to submitting this proposal?

- Yes No

3.3 Describe proposed financing arrangements including potential sources of funding, contingencies, and interest during construction:

FORM 4
PROJECT TEAM INFORMATION

4.1 Company profile, including office location, age of company, average number of employees over the past 5 years, and all ownership interests.

4.2 Description of the Company's pertinent experience for all power projects, projects of similar technology, and projects located in the same state as the proposed project. The Respondent should indicate if the experience is in (1) development, (2) construction, (3) ownership and/or (4) operation and maintenance of the projects.

4.3 State whether there is any current litigation regarding any power supply matter involving the company and any of its subsidiaries or off balance sheet companies in which it has an interest. If there is any current litigation, provide a discussion of the current litigation.

4.4 Provide a company organization chart and identify qualifications of key staff. If needed, please attach this information separately and label as Form 4.4.

**FORM 5
REFERENCES**

Please list below client references who may be contacted and for whom services have been rendered in the last 24 months. Include the name, title, address, telephone number(s), and e-mail address for each reference.

A large, empty rectangular box with a thin black border, intended for listing client references. The box is currently blank.

**FORM 6
DEVELOPMENT AND SITING STATUS**

Bidders that are planning to submit a proposal for facility ownership / purchase and sale shall provide a thorough description of the development status of the generation facility below.

6.1 NAME AND ADDRESS OF PROJECT

6.2 As noted in the RFP, EKPC is offering three sites within its service territory. These sites are described below in Table 6.A. Additional information about the sites may be posted on www.ekpc-rfp2012.com. This information may be updated and supplemented as the RFP progresses. If the Bidder is planning to use any or all of EKPC's sites, please identify the site(s). Then provide the information on Questions 6.3 through 6.12 for each site.

6.3 SITE, ZONING AND CONSTRUCTION PERMITTING, INCLUDING THE SIZE OF PROJECT (ACRES) AND ANY ZONING RESTRICTIONS THAT WOULD IMPACT DEVELOPMENT OR USE OF FACILITY

6.4 ENVIRONMENTAL ASSESSMENTS AND STUDIES

6.5 EMISSIONS AND ENVIRONMENTAL PERMITTING

6.6 REGULATORY AND GOVERNMENTAL APPROVALS

6.7 CONTROL OF THE LAND

--

6.8 ENGINEERING AND DESIGN ACTIVITIES

--

6.9 RESOURCE ACQUISITIONS (I.E., LAND, EQUIPMENT SUCH AS WIND TURBINES OR SOLAR TROUGHS, FUEL SUPPLY, WASTE DISPOSAL ARRANGEMENTS, ETC.)

--

6.10 CONSTRUCTION STATUS

--

6.11 PROJECT SCHEDULE AND MILESTONES

--

6.12 CONSTRUCTION START THROUGH COMMERCIAL OPERATION DATE

--

Table 6.A Description of Three Sites Available for the EKPC Facility Ownership Options.

No.	Site		Nat Gas Pipeline Proximity (Investment cost is to be undertaken by EKPC but will affect overall Bid Cost)	Other Benefit and Cost Issue for the Site	Water Availability - Overview	Amount of Room on Site for New Plant (can be viewed thru Google Maps, see below)	Frequently Asked Questions and Info to be updated on the RFP Website
Row		Col	A	B	C	D	E
1A	J.K. Smith Power Station, 12145 Irvine Road, Winchester, KY 40391		On-site	NA	Some limits, Kentucky River	Considerable room	To be posted when available
2A	Dale Station, 1925 Ford Road, Winchester, KY 40391		7-10 Miles	NA	Some limits, Kentucky River	Minimal Room	To be posted when available
3A	Cooper Power Station, 7130 Highway 1247, Somerset, KY 42501		30 Miles	There may be some transmission savings	Lake Cumberland	Medium room	To be posted when available

NA = not available

1B	J.K. Smith Power Station, 12145 Irvine Road, Winchester, KY 40391	http://maps.google.com/maps?q=12145+Irvine+Road,+Winchester,+KY+40391&ll=37.876005,-84.06219&spn=0.012314,0.019333&client=safari&oe=UTF-8&hnear=12145+Irvine+Rd,+Winchester,+Kentucky+40391&gl=us&t=h&z=16
2B	Dale Station, 1925 Ford Road, Winchester, KY 40391	http://maps.google.com/maps?q=1925+Ford+Road,+Winchester,+KY+40391&hl=en&sl=36.998714,-84.582324&sspn=0.024266,0.038409&t=h&gl=us&hnear=Ford+St,+Winchester,+Kentucky+40391&z=16
3B	Cooper Power Station, 7130 Highway 1247, Somerset, KY 42501	http://maps.google.com/maps?q=7130+Highway+1247,+Somerset,+KY+42501&hl=en&sl=37.882695,-84.033694&sspn=0.011991,0.019205&t=h&gl=us&hnear=Kentucky+1247,+Somerset,+Pulaski,+Kentucky+42501&z=15

Note: you can look these sites up on google maps using the addresses above.

Assumptions

- ◆ EKPC will construct and pay for the lateral fuel pipeline from nearest natural gas pipeline to the location of the intake of the Generation Unit Station (GUS). This cost will be considered in comparing Facility Ownership bids to other bids.
- ◆ Bidder/Contractor is responsible for the actual connection of the lateral fuel pipeline to the GUS
- ◆ EKPC will secure the air and water permits.
- ◆ Bidder/Contractor is responsible for building the water intake system, in conformance with all regulators.
- ◆ Qualified Bidders for Facility Ownership Bids may arrange for a visit to the site, on a day to be arranged in July 2012.

**FORM 7
TRANSMISSION AND INTERCONNECTION**

All of the information that is provided in this Form 7 should be applicable to the delivery point that the Bidder has designated. Some questions may not be relevant, for example if either of the first two PJM or some other PJM delivery point is chosen.

7.1 WHICH OF THE FOLLOWING DELIVERY POINTS HAS THIS BID DESIGNATED?

- EKPC Load Zone in PJM
- AEP-Dayton (AD) Hub
- Other delivery point: _____

7.2 TRANSMISSION REQUIRED TO DELIVER POWER TO EKPC AT THE DESIGNATED DELIVERY POINT IS OWNED OR CONTROLLED BY:

- PJM
- EKPC
- Bidder
- Third Party: _____

Note: Third Party transmission provider is any provider other than PJM, EKPC and the Bidder.

Have application(s) for transmission service been submitted?

- Yes No

Please describe timing and status of the application and results:

Has/Have the Third Party(ies) or EKPC agreed to supply transmission service?

- Yes No

7.3 HAS THE COST OF TRANSMISSION SERVICE BEEN INCLUDED IN THE PRICING AND/OR COST TERMS SPECIFIED IN FORM 10, 11, 12 OR 13, AS APPROPRIATE?)

- Yes No

If the answer is “no”, please explain:

**FORM 8
FUEL SUPPLY**

8.1 FUEL (IF APPLICABLE)

(a) Please list primary and secondary fuel types of this resource

(b) Please describe fuel delivery logistics and storage

**FORM 9
OTHER TECHNICAL INFORMATION**

Bidder should answer the following questions if relevant to Bid.

9.1 SCHEDULING / FORECASTING

Please describe scheduling and forecasting arrangements for this resource. Include day ahead and hour ahead scheduling notifications (if applicable). Include forecasting capabilities of this resource and performance guarantees.

9.2 SUBSIDIES

Discuss subsidies, grants, special tax treatment or credits provided for development or operation of this resource and describe the extent to which these are included in bid pricing. Bidders must explicitly identify the impacts to the project if the subsidies are not received or expire.

9.3 GUARANTEES

Discuss guarantees (*i.e.*, for in-service dates, reliability and availability) and remedies for non-performance of such guarantees.

9.4 OPERATIONS AND MAINTENANCE (O&M)

Please describe the operations and maintenance plan of the project including planned outage schedules, plans to ensure availability of spare parts and equipment, and personnel responsible for key O&M activities.

9.5 ANCILLARY SERVICES

Can the generation resource associated with this bid (Form 2, Question 2.7) provide Ancillary Services of potential value in PJM?

Yes No

If the answer is "yes", please identify the Ancillary Services the proposed generation resource can provide.

Are metering, telemetering, and/or communications equipment necessary for the above services:

Yes No

The following equipment is needed:

Is the cost of metering, telemetering, and communications equipment included in capacity charge?

Yes No

If no, please provide the estimated cost of such equipment:

FORM 10
PPA (TOLLING AGREEMENT) FOR CONVENTIONAL GENERATION RESOURCE

10.1 PLEASE COMPLETE THE REQUIRED ADDENDUM FORM 10. Addendum Form 10 is the tab labeled "F10 Tolling Agreement Conv [entional] PPA" in the Excel workbook named "Required Forms 10-13_Excel RFP Input Templates".

10.2 Explain how bidder proposes to compensate EKPC in the event that the heat rate parameters included in the proposal are not realized:

10.3 Explain how bidder proposes to compensate EKPC in the event that the availability targets included in the proposal are not realized:

10.4 If bidder is unable to specify the proposal by answering the questions posed in this Form 10 and Addendum Form 10 (Excel RFP Input Template), then please explain and provide the relevant terms in the box below or in an attachment labeled "Response to Question 10.4":

10.5 This proposal will be binding upon the bidder for a period of 60 days, from August 30, 2012 through October 28, 2012, unless explicitly stated otherwise by the bidder. To the extent that any aspect of the proposal is not intended by the bidder to be binding upon it, the bidder shall expressly designate which provisions of the proposal will not be binding. EKPC will take into account the extent to which a proposal includes provisions that the bidder has designated as non-binding as part of its evaluation. If a bidder is selected for the short list and negotiations extend beyond October 28, 2012, the bidder will be given an opportunity to refresh the proposal.

Does the bidder agree to be bound by all of the terms of the bidder's proposal, including those specified in Addendum Form 10 as well as this Form 10, for a period of 60 days from August 30, 2012 through October 28, 2012?

Yes

No

If the answer is “no”, please specifically identify the terms of the proposal that are not intended to be binding upon the bidder through October 28, 2012.

--

FORM 11

PPA (OTHER THAN TOLLING) FOR CONVENTIONAL GENERATION RESOURCE

11.1 PLEASE COMPLETE THE REQUIRED ADDENDUM FORM 11. Addendum Form 11 is the Tab labeled “F11 Other Convent[ional] PPA” in the Excel Workbook named “Required Forms 10-13_Excel RFP Input Templates”.

11.2 If bidder is unable to specify the proposal by answering the questions posed in this Form 11 and Addendum Form 11 (Excel RFP Input Template), then please explain and provide the relevant terms in the box below or in an attachment labeled “Response to Question 11.2”:

11.3 This proposal will be binding upon the bidder for a period of 60 days, from August 30, 2012 through October 28, 2012, unless explicitly stated otherwise by the bidder. To the extent that any aspect of the proposal is not intended by the bidder to be binding upon it, the bidder shall expressly designate which provisions of the proposal will not be binding. EKPC will take into account the extent to which a proposal includes provisions that the bidder has designated as non-binding as part of its evaluation. If a bidder is selected for the short list and negotiations extend beyond October 28, 2012, the bidder will be given an opportunity to refresh the proposal.

Does the bidder agree to be bound by all of the terms of the bidder’s proposal, including those specified in Addendum Form 11 as well as this Form 11, for a period of 60 days from August 30, 2012 through October 28, 2012?

Yes No

If the answer is “no”, please specifically identify the terms of the proposal that are not intended to be binding upon the bidder through October 28, 2012.

FORM 12

PPA FOR RENEWABLE GENERATION RESOURCE

12.1 PLEASE COMPLETE THE REQUIRED ADDENDUM FORM 12. Addendum Form 12 is the Tab labeled “F12 Renewable PPA” in the Excel workbook named “Required Forms 10-13_Excel RFP Input Templates”.

For questions 12.2-12.7, please complete all sections below that are relevant to this bid. This will provide assurance to EKPC that the project will be able to meet its projected production estimates for the duration of the project life. Please provide responses on a separate page and label as Form 12 Renewable Resource Technical Description:

12.2 WIND ENERGY RESOURCES

For proposals that include wind energy resources, the bidder shall provide a correlation of the long term wind speed data in the region to the collected resource data at the proposed or existing project site.

Please include a general plot plan showing site location, turbine positions, International Electrotechnical Commission (IEC) wind class, annual wind production average capacity factor, minimum operating temperature, proposed wind turbine power curve data, nameplate ratings, and manufacturers of proposed turbine equipment.

Wind data provided should also include projections by month and hourly patterns to the extent the data is available. Forecasting information should include projections or guarantees of forecasting accuracy as a function of time to delivery.

Please include any turbine blade shadowing studies for light and radio wave impacts, any avian (bird or bat) impact studies performed for the project site and confirmation that the site does not conflict with any training area requirements of the US armed services. Bidder should also include any droop response for wind generation.

If firming is provided for the wind resource, similar information must be provided for the source of the firming generation.

12.3 SOLAR ENERGY RESOURCES

Please describe the proposed solar generation equipment specifications including brand, model, nameplate ratings, size, and capabilities, the performance history of turbines, generators, mirrors, lenses, thermal collectors, thermal storage, heat driven engines, modules, inverters, and tracking equipment (if used), and all UL and IEEE equipment compliance information.

Water consumption requirements should be included, as well as heat rate numbers for any thermal solar generation using a fueled system for generation firming.

All energy storage devices should be identified.

Provide a guaranteed minimum output performance level on an annual basis and detail the design of the specific proposed solar generation system including array configuration, overall system efficiency and total energy output.

Please also include a general plot plan showing site location, equipment positions, pertinent meteorological data, annual solar energy production, average capacity factor, proposed solar generator power curve data, and droop response for solar generation.

If firming is provided for the solar resource, similar information must be provided for the source of the firming generation.

12.4 BIOMASS OR BIOGAS RESOURCES

For proposals that include resources that use a combustion or digester process (such as biomass, biogas or other renewable waste product), the bidder shall provide information describing applicable gas quality, fuel types, fuel sources, fuel contracts, fuel procurement/transportation plans, fuel price risk and availability risk issues.

Proposals involving combustion type resources shall also include combustion process by-product emission rates, including SO_x, NO_x, CO₂, methane, nitrous oxide, CFCs, HCFCs, heavy metals, halides, unburned hydrocarbons and other emissions in gaseous or liquid form, dissolved in another liquid or mixed with a solid for offsite disposal.

Describe the quantity and type of all environmental permits for air and water compliance required to develop the project, and if such permits and approvals are not already in the bidder's possession, provide information regarding the plan to acquire such permits and associated approvals.

Proposals should also include gas production forecast for resources identified, including decay rate of gas production from landfill or digester processes for closed or active sources, and forecast for future sources planned.

12.5 GEOTHERMAL RESOURCES

Please provide a summary of all collected geothermal data for the proposed or existing site and characterize the geothermal resource quality, quantity and proposed production levels.

Describe land lease and rights issues and describe and test drilling performed (if applicable).

Provide a table or graph that illustrates the annual and monthly projection of geothermal resources.

12.6 SMALL HYDRO RESOURCES

If small hydro, provide a description and map of the project area and any information about the project's water rights and any ongoing or anticipated disputes, legal challenges or regulations affecting those water rights.

Identify if the project is run-of-river or has storage/pondage capability.

Identify the volume of the storage and any hourly, daily or seasonal restrictions to the use of the storage for power production. Provide an estimate of the average firm generation expected over the life of the project.

Identify anticipated generation by month during an average water year and a low water year.

Provide monthly flow duration curves based upon daily stream flow records.

12.7 RECYCLED ENERGY AND OTHER RENEWABLE RESOURCE

Provide a description of the fuel source and identify its thermal (heat content), delivery and storage characteristics.

Provide an estimate of the average generation expected from the fuel source over the life of the project.

Describe the methodology and the in house or consulting expertise used to arrive at the generation estimates.

12.8 If bidder is unable to specify the proposal by answering the questions posed in this Form 12 and in Addendum Form 12 (Excel RFP Input Template), then please explain and provide the relevant terms in the box below or in an attachment labeled "Response to Question 12.8":

12.9 This proposal will be binding upon the bidder for a period of 60 days, from August 30, 2012 through October 28, 2012, unless explicitly stated otherwise by the bidder. To the extent that any aspect of the proposal is not intended by the bidder to be binding upon it, the bidder shall expressly designate which provisions of the proposal will not be binding. EKPC will take into account the extent to which a proposal includes provisions that the bidder has designated as non-binding as part of its evaluation. If a bidder is selected for the short list and negotiations extend beyond October 28, 2012, the bidder will be given an opportunity to refresh the proposal.

Does the bidder agree to be bound by all of the terms of the bidder's proposal, including those specified in Addendum Form 12 as well as this Form 12, for a period of 60 days from August 30, 2012 through October 28, 2012?

Yes No

If the answer is "no", please specifically identify the terms of the proposal that are not intended to be binding upon the bidder through October 28, 2012.

FORM 13
FACILITY OWNERSHIP / PURCHASE & SALE AGREEMENT FOR
CONVENTIONAL GENERATION RESOURCE

13.1 PLEASE COMPLETE THE REQUIRED ADDENDUM FORM 13. Addendum Form 13 is the Tab labeled “F13 Facility Own[ership] P&SA” (Facility Ownership / Purchase and Sale Agreement) in the Excel workbook named “Required Forms 10-13_Excel RFP Input Templates”.

13.2 If bidder is unable to specify the proposal by answering the questions posed in this Form 13 and in Addendum Form 13 (Excel RFP Input Template), then please explain and provide the relevant terms in the box below or in an attachment labeled “Response to Question 13.2”:

13.3 This proposal will be binding upon the bidder for a period of 60 days, from August 30, 2012 through October 28, 2012, unless explicitly stated otherwise by the bidder. To the extent that any aspect of the proposal is not intended by the bidder to be binding upon it, the bidder shall expressly designate which provisions of the proposal will not be binding. EKPC will take into account the extent to which a proposal includes provisions that the bidder has designated as non-binding as part of its evaluation. If a bidder is selected for the short list and negotiations extend beyond October 28, 2012, the bidder will be given an opportunity to refresh the proposal.

Does the bidder agree to be bound by all of the terms of the bidder’s proposal, including those specified in Addendum Form 13 as well as this Form 13, for a period of 60 days from August 30, 2012 through October 28, 2012?

Yes No

If the answer is “no”, please specifically identify the terms of the proposal that are not intended to be binding upon the bidder through October 28, 2012.

ATTACHMENT III
EAST KENTUCKY POWER COOPERATIVE
REQUEST FOR PROPOSALS
ALL SOURCE, LONG-TERM RESOURCES RFP 2012

REQUIRED FORM 14

REQUIRED FORMS

ATTACHMENT I

FORM 1 IS DUE FOR EACH POTENTIAL BIDDER ON OR BEFORE JULY 3, 2012.

- 1: Intention to Submit Bid and Confidentiality Agreement

ATTACHMENT II

FORMS 2 – 13 ARE DUE WITH EACH BID ON AUGUST 30, 2012.

- 2: Executive Summary and Overview
- 3: Financing and Credit Arrangements
4. Project Team Information
5. References
6. Development and Siting Status
7. Transmission and Interconnection
8. Fuel Supply
9. Other Technical Information
10. PPA for Conventional Generation Source - Tolling (Excel)
11. PPA for Conventional Generation Source - Non-Tolling (Excel)
12. PPA for Renewable Resources (Excel)
13. Facility Ownership for Conventional Generation THROUGH PURCHASE and Sales Agreement (Excel)

ATTACHMENT III

FORM 14 IS REQUIRED FOR POTENTIAL BIDDERS ON FACILITY OWNERSHIP PROPOSALS BEFORE ACCESS TO CONFIDENTIAL SITE INFORMATION WILL BE GRANTED.

14. Information to Qualify as a Bidder on Facility Ownership/Purchase and Sales Agreement Proposal

FORM 14
INFORMATION TO QUALIFY FOR ACCESS TO CONFIDENTIAL INFORMATION
BY A POTENTIAL BIDDER FOR A FACILITY OWNERSHIP PROPOSAL

Form 14 can be submitted any time prior to August 30, 2012, but must be submitted and evaluated before the potential Facilities Ownership (FO) bidder may receive confidential information on EKPC's three sites, which EKPC considers proprietary and commercially sensitive. In addition, the potential bidder will not be allowed to receive confidential information until it has also submitted a completed Form 1, *Notice of Intention to Submit a Bid and Confidentiality Agreement*, and entered into the Confidentiality Agreement, including the exchange of signed hardcopies, that offers additional protection to EKPC.

Once the Form 14 is completed and submitted, EKPC will evaluate the potential FO bidder's qualifications as quickly as possible and notify the potential FO bidder whether they are eligible to review proprietary and confidential information on the sites. The potential FO bidder must demonstrate that it has expertise and experience in constructing conventional power plants. If EKPC identifies a deficiency in the demonstration of that expertise and experience, a description of the deficiency will be provided in writing to the applicant. Disqualification does not preclude a FO bid from being submitted.

Qualified Potential FO Bidders will be given a password for confidential site maps and other information to be placed on the website. Qualified Potential FO Bidders can arrange for an onsite visit to the EKPC site(s) in July. This will be done on a first-come, first-served basis. Qualified Potential FO Bidders that visit the EKPC site(s) must observe all applicable safety requirements while on EKPC's premises. Requests for a visit should be sent by email to ekpc-rfp@brattle.com.

All parts of this Form 14 should be filled out. Note that the questions on this Form 14 are largely duplicative of certain of the Required Forms for submitting a Bid on August 30. Due to the nature of a Facility Ownership (FO) Bid, providing this information earlier helps to facilitate EKPC's protection of its proprietary and confidential information.

[From Required Form 1, and will connect to the signed Confidentiality Agreement]

14.1 The undersigned intends to submit one or more Facility Ownership Proposals to the East Kentucky Power Cooperative, Inc., in response to the All Source, Long-Term Resources RFP 2012.

NAME OF PROPOSING ORGANIZATION: _____

ADDRESS OF PROPOSING ORGANIZATION:

NAME/TITLE OF CONTACT: _____

[From Form 2]

14.2 SELECT BID TYPE:

Facility Ownership by EKPC for Conventional generation plant through Purchase and Sales Agreement

Other (include explanation of why not in above category): _____

14.3 GENERATION RESOURCE TYPE

Combined Cycle

Simple Cycle Combustion Turbine

Other Conventional: _____

14.4 EKPC SITE BEING CONSIDERED - CHECK ALL THAT APPLY. (SEE TABLE 14.A, SAME AS REQUIRED FORM 6, TABLE 6.A.)

J. K. Smith Power Station

Dale Station

Cooper Power Station

Table 14.A Rev Description of Three EKPC Sites Available (Revision of RFP, Table 6.A)

No.	Site		Nat Gas Pipeline Proximity (Investment cost is to be undertaken by EKPC but will affect overall Bid Cost)	Other Benefit and Cost Issue for the Site	Water Availability - Overview	Amount of Room on Site for New Plant (can be viewed thru Google Maps, see below)	Frequently Asked Questions and Info to be updated on the RFP Website
Row		Col	A	B	C	D	E
1A	J.K. Smith Power Station, 12145 Irvine Road, Winchester, KY 40391		On-site	NA	Some limits, Kentucky River	Considerable room	To be posted when available
2A	Dale Station, 1925 Ford Road, Winchester, KY 40391		7-10 Miles	NA	Some limits, Kentucky River	Minimal Room	To be posted when available
3A	Cooper Power Station, 7130 Highway 1247, Somerset, KY 42501		30 Miles	There may be some transmission savings	Lake Cumberland	Medium room	To be posted when available

NA = not available

1B	J.K. Smith Power Station, 12145 Irvine Road, Winchester, KY 40391	http://maps.google.com/maps?q=12145+Irvine+Road,+Winchester,+KY+40391&ll=37.876005,-84.06219&spn=0.012314,0.019333&client=safari&oe=UTF-8&hnear=12145+Irvine+Rd,+Winchester,+Kentucky+40391&gl=us&t=h&z=16
2B	Dale Station, 1925 Ford Road, Winchester, KY 40391	http://maps.google.com/maps?q=1925+Ford+ROAD,+Winchester,+KY+40391&hl=en&ll=36.998714,-84.582324&sspn=0.024266,0.038409&t=h&gl=us&hnear=Ford+St,+Winchester,+Kentucky+40391&z=16
3B	Cooper Power Station, 7130 Highway 1247, Somerset, KY 42501	http://maps.google.com/maps?q=7130+Highway+1247,+Somerset,+KY+42501&hl=en&ll=37.882695,-84.033694&sspn=0.011991,0.011991,0.019205&t=h&gl=us&hnear=Kentucky+1247,+Somerset,+Pulaski,+Kentucky+42501&z=15

Note: you can look these sites up on google maps using the addresses above.

Assumptions

- ◆ EKPC will construct and pay for the lateral fuel pipeline from nearest natural gas pipeline to the location of the Intake of the Generation Unit Station (GUS). This cost will be considered in comparing Facility Ownership bids to other bids.
- ◆ Bidder/Contractor is responsible for the actual connection of the lateral fuel pipeline to the GUS.
- ◆ EKPC will secure the air and water permits.
- ◆ Bidder/Contractor is responsible for building the water intake system, in conformance with all regulators.
- ◆ Qualified Bidders for Facility Ownership Bids may arrange for a visit to the site, on a day to be arranged in July 2012.

[From Form 3]

14.5 Please provide the following bidder financial/credit information:

If company is rated by S&P, Moody's, and/or Fitch, please provide latest credit report from the rating agencies. If responding company is not rated, then please provide rating agency information for parent company and/or any other guarantor):

- S&P Moody's Fitch
- Most recent SEC Form 10K and most recent SEC Form 10Q Report
- Three most recent Annual Reports

[From Form 4]

14.6 Company profile, including office location, age of company, average number of employees over the past 5 years, and all ownership interests.

14.7 Description of the Company's pertinent experience for all power projects, projects of similar technology, and projects located in the same state as proposed for this project. The Respondent should designate if the experience is in (1) development, (2) construction, (3) ownership and/or (4) operation and maintenance of the projects.

14.8 State whether there is any current litigation regarding any power supply matter involving the company and any of its subsidiaries or off balance sheet companies in which it has an interest. If there is any current litigation, provide a discussion of the current litigation.

[From Form 5]

14.9 Please list below client references who may be contacted and for whom services have been rendered in the last 24 months. Include names, titles, address, phone numbers and e-mail addresses.

--