

STRATEGIC ISSUES COMMITTEE

Monday, February 12, 2018 – 1:00 p.m. EST

West Veech

Meeting Agenda

Tim Eldridge, Chairman

- I. **Call to Order**
- II. **Roll Call**
- III. **Safety Moment – *JERRY PURVIS***
- IV. **Approval of Dec. 11, 2017 Committee Meeting Minutes – *CHAIRMAN TIM ELDRIDGE***
- V. **Board Action Requested**
Refer to “Committee Action Requested”
- VI. **Committee Action Requested**
 1. Approval of South Kentucky RECC Amendment # 3 Request – *DAVID CREWS*
(Request Committee AND Board approvals in February)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Board Agenda Item

FEBRUARY

TO: Strategic Issues Committee and EKPC Board of Directors

FROM: Anthony S. Campbell

DATE: February 2, 2018

SUBJECT: Request Approval of South Kentucky Rural Electric Cooperative Corporation to Utilize Amendment No. 3 of the Wholesale Power Contract to Purchase 58 MW from the PJM Market

Background

Pursuant to Amendment No. 3 (“Amendment 3”) of the Wholesale Power Contract (“WPC”) and the Memorandum of Understanding and Agreement regarding Alternate Power Sources (“MOU”), South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”), by letter dated November 28, 2017, has given East Kentucky Power Cooperative, Inc. (“EKPC”) notice that it intends to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58MW from an alternate source outside of and separate from the WPC.

This purchase will commence at midnight on June 1, 2019, and will be for all hours of each year for a term of twenty (20) years. The purchase will be from the PJM market with South Kentucky becoming a member of PJM and purchasing energy, capacity, transmission and services required by PJM policies from the PJM market with EKPC acting as South Kentucky’s agent. The energy will be delivered to EKPC’s transmission system.

Justification & Strategic Analysis

The 58 MW purchase does not exceed 15% of South Kentucky’s 3-year rolling peak demand, and the purchase and notice otherwise comply with Amendment 3 and the MOU.

Recommendation

South Kentucky requests that the EKPC Board of Directors approves South Kentucky’s utilization of Amendment 3 and the MOU for the purchase of 58 MW from the PJM market for a term of 20 years beginning June 1, 2019.

FEBRUARY

Resolution

REQUEST APPROVAL OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION TO UTILIZE AMENDMENT NO. 3 OF THE WHOLESALE POWER CONTRACT TO PURCHASE 58 MW FROM THE PJM MARKET

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") has received written notice from South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") pursuant to Amendment No. 3 ("Amendment 3") of the Wholesale Power Contract ("WPC") and the Memorandum of Understanding and Agreement regarding Alternate Power Sources ("MOU"), that South Kentucky intends to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58MW from an alternate source outside of and separate from the WPC; and

Whereas, This purchase will be from the PJM wholesale market and commence on June 1, 2019, and will be for all hours of each year for a term of twenty (20) years; and

Whereas, South Kentucky will become a member of PJM and will purchase energy, capacity, transmission and all services required by PJM policies from the PJM market with the energy being delivered to the EKPC transmission system; and

Whereas, EKPC will act as South Kentucky's agent to purchase energy, capacity, transmission and all other services required by PJM policies, as required by the MOU; and

Whereas, Both the notice and purchase conform to the requirements of Amendment 3 and the MOU; and

Whereas, South Kentucky requests that the EKPC Board of Directors ("Board") approves this transaction, now, therefore, be it;

Resolved, that the EKPC Board hereby approves South Kentucky's utilization of Amendment 3 of the WPC and the MOU to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58 MW from the PJM markets outside of and separate from the WPC as set forth above.

MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
FEBRUARY 12, 2018

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee ("SI") was held at EKPC's Headquarters on Monday, February 12, 2018, pursuant to proper notice. Committee Chairman Tim Eldridge called the Strategic Issues Committee meeting to order at 1:00 p.m. (EST).

The following members of the Committee were present:

Tim Eldridge (D) – Chairman	Fleming-Mason Energy
Chris Brewer (M)	Clark Energy
William (Bill) Shearer (D)	Clark Energy
Elbert Hampton (D)	Cumberland Valley Electric
Joni Hazelrigg (M)	Fleming-Mason EC
Ken Arrington (D)	Grayson RECC
Alan Ahrman (D)	Owen Electric
Mark Stallons (M)	Owen Electric
Tim Sharp (M)	Salt River Electric

Attended via remote access and/or by phone:

Carol Fraley (M)	Grayson RECC
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EKPC staff members present for either all or a portion of the meeting included: Anthony Campbell, President & CEO; Mike McNalley, EVP & CFO; David Crews, Senior Vice President, Power Supply; Craig Johnson, Senior Vice President, Power Production; Denver York, Senior Vice President, Power Delivery & System Operations; Barry Mayfield, Vice President, External Affairs & Strategic Planning; Ann Bridges, Vice President, External Affairs & Strategic Planning; Jerry Purvis, Vice President, Environmental Affairs; Tom Stachnik, Vice President, Finance & Treasurer; Mary Jane Warner, Director, Production Engineering & Construction; Julie Tucker, Director, Power Supply; Darrin Adams, Director, Power Delivery Planning, Design & Construction; Michelle Carpenter, Controller; Barry Lindeman, Director, Human Resources; Eddie McNutt, Director, Information Technology; Sherman Goodpaster, Corporate Counsel; Robin Hayes, Director, Financial Planning & Analysis; Brad Young, Manager, Production Capital & Construction; Mike Willoughby, Manager, Safety, Security & Facilities; Josh Young, Supervisor, Natural Resources & Environmental Compliance; Ryan Pearl, Supervisor, Treasury; and Patrick Bischoff, Sr. Engineer, Production. Paul

Strategic Issues Committee Minutes
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Hawkins, EKPC Board Director, attended as a guest. Kim Fyffe, Administrative Support, drafted the meeting minutes.

Safety Moment

A safety moment was provided by Jerry Purvis.

[REDACTED]

COMMITTEE ACTION ITEMS

Request Approval of South Kentucky RECC Amendment # 3 Request

Chairman Tim Eldridge, with no objection from the SI Committee members, deferred the approval of South Kentucky Rural Electric Cooperative Corporation's ("SKRECC") request to utilize Amendment # 3 of the Wholesale Power Contract to the EKPC Board of Directors ("Board"), to be considered during the Executive Session of the Board's February 13, 2018 meeting.

[REDACTED]

STRATEGIC ISSUES COMMITTEE

Monday, December 11, 2017 – 1:00 p.m. EST
West Veech
Meeting Agenda

Tim Eldridge, Chairman

- I. Call to Order
- II. Roll Call
- III. Safety Moment – *CRAIG JOHNSON*
- IV. Approval of Nov. 13, 2017 Committee Meeting Minutes – *CHAIRMAN TIM ELDRIDGE*
- V. Board Action Requested

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. South Kentucky RECC Amendment # 3 Request – *DAVID CREWS*
(For information in December / Request Committee AND Board approvals in February)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Board Agenda Item

DECEMBER

TO: Strategic Issues Committee and EKPC Board of Directors

FROM: Anthony S. Campbell

DATE: December 1, 2017

SUBJECT: Request Approval of South Kentucky Rural Electric Cooperative Corporation to Utilize Amendment No. 3 of the Wholesale Power Contract to Purchase 58 MW from the PJM Market

Background

Pursuant to Amendment No. 3 (“Amendment 3”) of the Wholesale Power Contract (“WPC”) and the Memorandum of Understanding and Agreement regarding Alternate Power Sources (“MOU”), South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”), by letter dated November 28, 2017, has given East Kentucky Power Cooperative, Inc. (“EKPC”) notice that it intends to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58MW from an alternate source outside of and separate from the WPC.

This purchase will commence at midnight on June 1, 2019, and will be for all hours of each year for a term of twenty (20) years. The purchase will be from the PJM market with South Kentucky becoming a member of PJM and purchasing energy, capacity, transmission and services required by PJM policies from the PJM market. The energy will be delivered to EKPC’s transmission system.

Justification & Strategic Analysis

The 58 MW purchase does not exceed 15% of South Kentucky’s 3-year rolling peak demand, and the purchase and notice otherwise comply with Amendment 3 and the MOU.

Recommendation

South Kentucky requests that the EKPC Strategic Issues Committee and the EKPC Board of Directors approve South Kentucky’s utilization of Amendment 3 and the MOU for the purchase of 58 MW from the PJM market for a term of 20 years beginning June 1, 2019.

DECEMBER

Resolution

REQUEST APPROVAL OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION TO UTILIZE AMENDMENT NO. 3 OF THE WHOLESALE POWER CONTRACT TO PURCHASE 58 MW FROM THE PJM MARKET

Whereas, East Kentucky Power Cooperative, Inc. (“EKPC”) has received written notice from South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) pursuant to Amendment No. 3 (“Amendment 3”) of the Wholesale Power Contract (“WPC”) and the Memorandum of Understanding and Agreement regarding Alternate Power Sources (“MOU”), that South Kentucky intends to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58MW from an alternate source outside of and separate from the WPC; and

Whereas, This purchase will be from the PJM wholesale market and commence on June 1, 2019, and will be for all hours of each year for a term of twenty (20) years; and

Whereas, South Kentucky will become a member of PJM and will purchase energy, capacity, transmission and all services required by PJM policies from the PJM market with the energy being delivered to the EKPC transmission system; and

Whereas, Both the notice and purchase conform to the requirements of Amendment 3 and the MOU; and

Whereas, pursuant to South Kentucky’s request, the EKPC Strategic Issues Committee recommends that the EKPC Board of Directors (“Board”) approve this transaction, now, therefore, be it;

Resolved, that the EKPC Board hereby approves South Kentucky’s utilization of Amendment 3 of the WPC and the MOU to reduce its purchases from EKPC under the WPC by 58 MW and purchase these 58 MW from the PJM markets outside of and separate from the WPC as set forth above.

**MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
DECEMBER 11, 2017**

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee ("SI") was held at EKPC's Headquarters on Monday, December 11, 2017, pursuant to proper notice. Committee Chairman Tim Eldridge called the Strategic Issues Committee meeting to order at 1:00 p.m. (EST).

The following members of the Committee were present:

Tim Eldridge (D) – Chairman	Fleming-Mason Energy
Chris Brewer (M)	Clark Energy
William (Bill) Shearer (D)	Clark Energy
Elbert Hampton (D)	Cumberland Valley Electric
Joni Hazelrigg (M)	Fleming-Mason EC
Ken Arrington (D)	Grayson RECC
Alan Ahrman (D)	Owen Electric

Attended via remote access and/or by phone:

Carol Fraley (M)	Grayson RECC
Tim Sharp (M)	Salt River Electric

EKPC staff members present for either all or a portion of the meeting included: Anthony Campbell, President & CEO; Don Mosier, EVP & COO; Mike McNalley, EVP & CFO; David Smart, General Counsel; David Crews, Senior Vice President, Power Supply; Craig Johnson, Senior Vice President, Power Production; Denver York, Senior Vice President, Power Delivery & System Operations; Barry Mayfield, Vice President, External Affairs & Strategic Planning; Jerry Purvis, Vice President, Environmental Affairs; Tom Stachnik, Vice President, Finance & Treasurer; Michelle Carpenter, Controller; Barry Lindeman, Director, Human Resources; Patrick Woods, Director, Regulatory & Compliance; Eddie McNutt, Director, Information Technology; Sherman Goodpaster, Corporate Counsel; Robin Hayes, Director, Financial Planning & Analysis; Scott Drake, Manager, Corporate Technical Services; Mark Horn, Manager, Fuels & Emissions; Brad Young, Manager, Production Capital & Construction; Rafael Fuentes, Manager, Planning & Engineering (Spurlock Station); Patrick Bischoff, Sr. Engineer, Production; and Logan Pickrell, Sr. Engineer, Production (Spurlock Station). Kim Fyffe, Administrative Support, drafted the meeting minutes.

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December 11, 2017
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South Kentucky RECC Amendment # 3 Request

David Crews advised the Committee that pursuant to Amendment # 3 (“Amendment 3”) of the Wholesale Power Contract (“WPC”) and the Memorandum of Understanding and Agreement regarding Alternate Power Sources (“MOU”), South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) has given EKPC notice that it intends to reduce its purchases from EKPC under the WPC by 58MW and purchase these 58MW from the PJM wholesale market, commencing on June 1, 2019, for a term of twenty years.

Mr. Crews provided an overview of the history of the MOU and reviewed the status of the 2.5% threshold. A question and answer period followed.

South Kentucky’s Amendment 3 request will be revisited in February 2018, requesting both Committee and Board approvals.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

AGENDA

EAST KENTUCKY POWER COOPERATIVE
BOARD
FEBRUARY BOARD MEETING
Tuesday, February 13, 2018, 9:30 am - 3:30 pm
BOARD ROOM



- I. Call To Order
- II. Invocation
- III. Roll Call
- IV. Safety Moment - Volunteer
- V. Adoption of Agenda
- VI. Approval of Previous Board Meeting Minutes

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 1. Board Action Items
 - a. Approval of South KY RECC's Amendment #3 (REQUEST WILL BE DISCUSSED/VOTED ON DURING DIRECTORS & OWNER-MEMBER CEO'S EXECUTIVE SESSION) (See Executive Session Agenda for the Executive Summary/Resolution)

[REDACTED]

EAST KENTUCKY POWER COOPERATIVE, INC.
BOARD MEETING MINUTES
February 13, 2018

A regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors ("Board") was held at EKPC's Headquarters on Tuesday, February 13, 2018, at 9:30 a.m., EST, pursuant to proper notice.

ROLL CALL,

Secretary Jody Hughes took the roll call and 14 of the 16 Member Systems were represented.

Bobby Sexton	Big Sandy RECC
Jody Hughes – Board Secretary	Blue Grass ECC
Mike Williams	Blue Grass ECC
William Shearer – AU Chairman	Clark EC
Chris Brewer	Clark EC
Elbert Hampton	Cumberland Valley Electric
Ted Hampton	Cumberland Valley Electric
Paul Hawkins – GC Chairman	Farmers RECC
Bill Prather	Farmers RECC
Tim Eldridge – SI Chairman	Fleming-Mason EC
Joni Hazelrigg	Fleming-Mason EC
Kenneth Arrington	Grayson RECC
Carol Fraley	Grayson RECC
Joe Spalding—Board Chairman	Inter-County EC
Jerry Carter	Inter-County EC
Landis Cornett – Board Treasurer	Jackson EC
Carol Wright	Jackson EC
Ted Holbrook	Licking Valley RECC
Kerry Howard	Licking Valley RECC
A. L. Rosenberger	Nolin RECC
Mickey Miller	Nolin RECC
Alan Ahrman—Board Vice Chairman	Owen EC
Jimmy Longmire	Salt River EC
Tim Sharp	Salt River EC
Boris Haynes	South Kentucky RECC
Dennis Holt	South Kentucky RECC
Raymond Rucker	Taylor County RECC
Barry Myers	Taylor County RECC

Mark Stallons of Owen Electric and Debbie Martin of Shelby Energy attended the meeting via conference call due to health issues.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRATEGIC ISSUES COMMITTEE (“SI”) ACTION ITEMS

Tim Eldridge reported the SI Committee met on February 12, 2018, and had one (1) Board action item this month:

1. Approval of South Kentucky RECC’s Amendment #3 (Request to be discussed/voted on during the Directors and Owner Member CEO’s Executive Session.)

[REDACTED]

AGENDA

EAST KENTUCKY POWER COOPERATIVE
BOARD
DECEMBER BOARD MEETING
Tuesday, December 12, 2017, 9:30 am - 2:30 pm
BOARD ROOM



EAST KENTUCKY POWER COOPERATIVE
A Teckstone Energy Cooperative

- I. Call To Order
- II. Invocation
- III. Roll Call
- IV. Safety Moment - Volunteer
- V. Adoption of Agenda
- VI. Approval of Previous Board Meeting Minutes

[REDACTED]

2. Information and Discussion Items

- a. Request for Approval of South KY RECC's Amendment #3 Notice (Information in December/Approval requested in February)

[REDACTED]

EAST KENTUCKY POWER COOPERATIVE, INC.
BOARD MEETING MINUTES
December 12, 2017

A regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors ("Board") was held at EKPC's Headquarters on Tuesday, December 12, 2017, at 9:30 a.m., EDT, pursuant to proper notice.

ROLL CALL,

Secretary Jody Hughes took the roll call and all 16 Member Systems were represented.

Bobby Sexton	Big Sandy RECC
Jody Hughes – Board Secretary	Blue Grass ECC
Mike Williams	Blue Grass ECC
William Shearer – AU Chairman	Clark EC
Chris Brewer	Clark EC
Elbert Hampton	Cumberland Valley Electric
Paul Hawkins – GC Chairman	Farmers RECC
Bill Prather	Farmers RECC
Tim Eldridge – SI Chairman	Fleming-Mason EC
Joni Hazelrigg	Fleming-Mason EC
Kenneth Arrington	Grayson RECC
Carol Fraley	Grayson RECC
Joe Spalding—Board Chairman	Inter-County EC
Jim Jacobus	Inter-County EC
Landis Cornett – Board Treasurer	Jackson EC
Carol Wright	Jackson EC
Ted Holbrook	Licking Valley RECC
Kerry Howard	Licking Valley RECC
A. L. Rosenberger	Nolin RECC
Alan Ahrman—Board Vice Chairman	Owen EC
Mark Stallons	Owen EC
Jimmy Longmire	Salt River EC
Tim Sharp	Salt River EC
Wayne Stratton—BROC Chairman	Shelby EC
Debbie Martin	Shelby EC
Boris Haynes	South Kentucky RECC
Dennis Holt	South Kentucky RECC
Raymond Rucker	Taylor County RECC

Also, those present for all or a portion of the meeting included: P&CEO Tony Campbell; EVP & COO Don Mosier; EVP & CFO Mike McNalley; General Counsel David Smart; Sr. VP of Power Delivery & System Operations Denver York; Sr. VP of Power Supply David Crews; Sr. VP of Power Production Craig Johnson; Director of Human Resources

2017, (5) Progress and Issues of 2017 Independent Audit, (6) Status of 2017 Independent Audit Internal Audit Assistance Work, (7) Review of Board Policy 116 Conflict of Interest, (8) Compliance Testing Reviews, (9) Information Technology Update & Training, (10) Education & Training, and (11) Board Policy 507 Employee Travel and Out-of-Pocket Expenses item II.D. Charter Flight reporting requirements. The next regular quarterly Audit Committee meeting is scheduled for February 22, 2018, at 9:30a.m.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The SI Committee also approved South KY RECC's Amendment #3 Notice. This item was brought to the Board as an information item this month and will require a vote at the February Board meeting.

[REDACTED]

AGENDA

EAST KENTUCKY POWER COOPERATIVE
 DIRECTOR AND OWNER-MEMBER CEO EXECUTIVE SESSION
 MARCH DIRECTORS AND OWNER-MEMBER CEO EXECUTIVE SESSION
 Tuesday, March 13, 2018, 2:00 pm - 2:30 pm
 BOARD ROOM



EAST KENTUCKY POWER COOPERATIVE
 A Touchstone Energy Cooperative

I. Executive Session

[REDACTED]

[REDACTED]

[REDACTED]

- 4. MOU Amendment 3 Discussion - CAMPBELL
- 5. Approval of South KY RECC's Amendment #3 Request from the Strategic Issues Committee (TABLED from February Executive Session)

II. Adjourn to Directors Only Executive Session


 Jody E. Hughes, Secretary
 East Kentucky Power Cooperative, Inc.

**EAST KENTUCKY POWER COOPERATIVE, INC.
DIRECTOR AND OWNER MEMBER CEO EXECUTIVE SESSION PORTION
OF THE MINUTES OF BOARD MEETING
March 13, 2018**

The Director and Owner Member CEO Executive Session portion of the regular meeting of East Kentucky Power Cooperative, Inc. (“EKPC”) Board of Directors was held at EKPC’s Headquarters on Tuesday, March 13, 2018, at 11:50 a.m., EDT, pursuant to proper notice.

DIRECTOR AND OWNER MEMBER CEO EXECUTIVE SESSION

At 11:50 a.m., Chairman Joe Spalding requested the Board go into the Director and Owner Member CEO Executive Session following lunch with a motion by Jody Hughes, seconded by Tim Eldridge, and passed by the Board. Those remaining included the following:

Danny Wallen	Big Sandy RECC
Bobby Sexton	Big Sandy RECC
Jody Hughes--Secretary	Blue Grass ECC
William Shearer	Clark EC
Chris Brewer	Clark EC
Elbert Hampton	Cumberland Valley EC
Paul Hawkins	Farmers RECC
Bill Prather	Farmers RECC
Carol Fraley	Grayson RECC
Joe Spalding—Chairman	Inter-County EC
Tim Eldridge	Fleming-Mason EC
Joni Hazelrigg	Fleming-Mason EC
Landis Cornett--Treasurer	Jackson EC
Ted Holbrook	Licking Valley RECC
Kerry Howard	Licking Valley RECC
Mickey Miller	Nolin RECC
Alan Ahrman—Vice Chairman	Owen EC
Mark Stallons	Owen EC
Jimmy Longmire	Salt River Electric
Tim Sharp	Salt River Electric
Boris Haynes	South Kentucky RECC
Dennis Holt	South Kentucky RECC
Raymond Rucker	Taylor County RECC

Also, those present for all or a portion of the meeting included: President & Chief Executive Officer Tony Campbell; Executive Vice President and Chief Operating Officer Don Mosier; Executive Vice President and Chief Financial Officer Mike McNalley; General Counsel David Smart; Director of HR & Support Services Barry Lindeman; Executive Assistant Terri Combs; Administrative Assistant—Executive Jeannie Jones, and Administrative Assistant—Executive Shanan Strange. Shanan Strange drafted the minutes. In addition, Manager of Human Resources Teri Lacy and Senior Compensation Analyst Courtney Goodpaster attended the meeting.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MOU AMENDMENT NO. 3 DISCUSSION

Boris Haynes and Dennis Holt of South Kentucky RECC commented on the MOU and exited the meeting. Tony Campbell then provided an MOU Amendment No. 3 update to the Board. The Board engaged with questions and discussions.


[REDACTED]

[REDACTED]

[REDACTED]

AGENDA

EAST KENTUCKY POWER COOPERATIVE
 DIRECTOR AND OWNER-MEMBER CEO EXECUTIVE SESSION
 FEBRUARY DIRECTOR AND OWNER-MEMBER CEO EXECUTIVE SESSION
 Tuesday, February 13, 2018, 2:00 pm - 3:00 pm
 BOARD ROOM



EAST KENTUCKY POWER COOPERATIVE
 A Touchstone Energy Cooperative

I. Executive Session

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. MOU Amendment 3 History - CAMPBELL
6. MOU Cost & Mitigation Plan - MCNALLEY/MOSIER
7. EKPC Proposal for Remainder of MOU - CAMPBELL/MOSIER/MCNALLEY
8. Approval of South KY RECC's Amendment #3 Request from the Strategic Issues Committee - ELDRIDGE

II. Adjourn to Directors Only Executive Session



 Jody E. Hughes, Secretary
 East Kentucky Power Cooperative, Inc.

**EAST KENTUCKY POWER COOPERATIVE, INC.
DIRECTOR AND OWNER MEMBER CEO EXECUTIVE SESSION PORTION
OF THE MINUTES OF BOARD MEETING
February 13, 2018**

The Director and Owner Member CEO Executive Session portion of the regular meeting of East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors was held at EKPC's Headquarters on Tuesday, February 13, 2018, at 12:35 p.m., EST, pursuant to proper notice.

DIRECTOR AND OWNER MEMBER CEO EXECUTIVE SESSION

Chairman Joe Spalding requested the Board go into the Director and Owner Member CEO Executive Session with a motion by Raymond Rucker, seconded by Paul Hawkins, and passed by the Board. Those remaining included the following:

Danny Wallen	Big Sandy RECC
Bobby Sexton	Big Sandy RECC
Jody Hughes--Secretary	Blue Grass ECC
Mike Williams	Blue Grass ECC
William Shearer	Clark EC
Chris Brewer	Clark EC
Elbert Hampton	Cumberland Valley EC
Ted Hampton	Cumberland Valley EC
Paul Hawkins	Farmers RECC
Bill Prather	Farmers RECC
Ken Arrington	Grayson RECC
Carol Fraley	Grayson RECC
Joe Spalding—Chairman	Inter-County EC
Jerry Carter	Inter-County EC
Tim Eldridge	Fleming-Mason EC
Joni Hazelrigg	Fleming-Mason EC
Landis Cornett--Treasurer	Jackson EC
Carol Wright	Jackson EC
Ted Holbrook	Licking Valley RECC
Kerry Howard	Licking Valley RECC
A.L. Rosenberger	Nolin RECC
Mickey Miller	Nolin RECC
Alan Ahrman—Vice Chairman	Owen EC
Jimmy Longmire	Salt River Electric
Tim Sharp	Salt River Electric
Boris Haynes	South Kentucky RECC
Dennis Holt	South Kentucky RECC
Raymond Rucker	Taylor County RECC
Barry Myers	Taylor County RECC

Mark Stallons of Owen EC and Debbie Martin of Shelby EC attended the meeting via conference call due to illness.

Also, those present for all or a portion of the meeting included: President & Chief Executive Officer Tony Campbell; Executive Vice President and Chief Operating Officer Don Mosier;

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Executive Vice President and Chief Financial Officer Mike McNalley; General Counsel David Smart; Senior Vice President of Power Supply David Crews; Senior Vice President of Power Delivery & System Operations Denver York; Director of HR & Support Services Barry Lindeman; Executive Assistant Terri Combs; and Administrative Assistant—Executive Shanan Strange. Shanan Strange drafted the minutes. In addition, Vice President of Fort Knox Operations Greg Lee of Nolin RECC attended the meeting.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] that the [REDACTED]

[REDACTED]

[REDACTED]

MOU AMENDMENT NO. 3 HISTORY AND MOU COST AND MITIGATION PLAN

Tony Campbell presented the history of Amendment No. 3 and the Memorandum of Understanding (“MOU”) to the Board. Originally, Amendment 3 resulted in difficulties in extending the wholesale power agreements, which was necessary to build needed capacity. Amendment 3 was unclear in different ways, so the Owner-Members and EKPC eventually agreed to the MOU to better define the process.

Mike McNalley explained the preliminary analysis of the financial impact and cost shifting results to the Board. The structure of Amendment 3 and the MOU allows Owner-Members to get a disproportionate share of EKPC’s available load; resulting in shifting EKPC’s fixed costs to the other Owner-Members, (the Environmental Surcharge is immediate). Mr. McNalley also

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reported that if all of the Owner-Members took 5%, there would be a cost increase. In effect, all Owner-Members are adding another hedge on top of the existing hedges.

Don Mosier stated that EKPC would evaluate all options for mitigating the lost load (capacity and energy) including sales of energy and capacity and reduction in costs. The remaining costs will be recovered in the next base rate case.

Dennis Holt of South Kentucky RECC discussed their MOU notice to EKPC, pursuant to the terms of the MOU intending to reduce and substitute 58 MW of its purchases from EKPC by using electric power and energy from an alternate source beginning in mid-2019. South Kentucky RECC also filed an Application with the Kentucky Public Service Commission to approve its power purchase agreement with their alternate source provider, Morgan Stanley Capital Group, Inc. An extensive Board discussion ensued.

David Smart read a proposed Resolution seeking Board approval for EKPC to enter into a Power Purchase Agreement. Its intent is to be fair to all 16 Owner-Members (including Members who did or did not have an opportunity due to the original Amendment 3/MOU notice) to purchase a proportionate 5% allocation of alternate source power from EKPC. There was a difference of opinion between the Board on whether to approve or table the proposed Resolution.

Jody Hughes made a motion to approve the proposed Resolution and Bill Shearer seconded. Paul Hawkins made a motion to table the proposed Resolution and Jimmy Longmire seconded. The Board requested to upload the proposed Resolution to BoardPaq in order to review the content. After a brief recess, the Board reconvened. Paul Hawkins made a motion to rescind his motion to table the proposed Resolution and Jimmy Longmire seconded. Mr. Hawkins added to his motion to form a committee and Tony Campbell will appoint the members.

Following discussion, the following language is be added to the last paragraph of the proposed Resolution:

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of EKPC hereby authorizes and empowers EKPC to take the most economical action within the Wholesale Power Contract to procure a power purchase agreement (“PPA”) for those Owner-Members who do or did not have an opportunity, due to the original Amendment No. 3/MOU notice, to purchase a proportionate 5% allocation of alternate power from EKPC as an alternate source in complete compliance with the Wholesale Power Contract and Amendment No. 3. Any action taken by EKPC Management will be reviewed and approved by the Board of Directors.

Jody Hughes made a motion to approve the Resolution as amended, Bill Shearer seconded, and the Board passed.

APPROVAL OF SOUTH KENTUCKY RECC’S AMENDMENT NO. 3 REQUEST FROM THE STRATEGIC ISSUES COMMITTEE

Bill Shearer made a motion to table South Kentucky RECC’s Amendment No. 3 Request, seconded by Elbert Hampton, and passed by the Board.

2-13-18

Resolution

FEBRUARY

APPROVAL TO ENTER INTO POWER PURCHASE AGREEMENT

WHEREAS, on or about October 1, 1964, East Kentucky Power Cooperative (“EKPC”) entered into separate Wholesale Power Contracts with each of its Owner-Members. Each of the Wholesale Power Contracts contain identical provisions and under those contracts, EKPC sells and delivers to each of the sixteen Owner-Members and each of the sixteen Owner-Members purchases and receives, all electric power for the operations of their respective retail electric system; and

WHEREAS, in 2003 each Wholesale Power Contract was amended to permit each of the sixteen Owner-Members the ability to obtain power and energy from non-EKPC sources subject to certain limitations and required procedures, this amendment also known as “Amendment No. 3;” and

WHEREAS, on or about July 23, 2015, EKPC and each of the sixteen Owner-Members entered into a Memorandum of Understanding and Agreement Regarding Alternate Power Sources (“MOU”), which provides the framework by which the sixteen Owner-Members may pursue and contract with parties other than EKPC (“Alternate Source”) to satisfy a defined portion of their future power needs and includes provisions relating to, among other matters, limitations on the quantities of alternate source power that can be acquired by each Owner-Member, the length of the terms for which the alternate source power can be acquired, and the advance notice that must be provided by an Owner-Member before acquiring alternate-source power; and

WHEREAS, South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) has provided notice to EKPC, pursuant to the terms of the MOU, that it intends to reduce and substitute 58 MW of its purchases from EKPC by using electric power and energy from an Alternate Source beginning in mid-2019, and, further, South Kentucky has filed an Application with the Kentucky Public Service Commission to approve its power purchase agreement with its Alternate Source provider, Morgan Stanley Capital Group; and

WHEREAS, the proposed power purchase contract South Kentucky has entered into has precipitated a concern from other Owner-Members of EKPC that South Kentucky and other potential distribution cooperatives exercising rights under the MOU will be unfairly subsidized by entering into power purchase contracts, to the detriment of those cooperatives not entering into those agreements; and

WHEREAS, it has always been the earnest resolve of EKPC to be prudent and fair with all of its Owner-Members in its business decisions and conduct; and

WHEREAS, an Owner-Member exercising its rights under the MOU may create a situation that is, or is perceived to be, a disproportionate or unfair allocation of

Resolution

FEBRUARY

alternate power from an alternate source.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of EKPC hereby authorizes and empowers EKPC to take the most economical action within the Wholesale Power Contract to procure a power purchase agreement (“PPA”) for those Owner-Members who do or did not have an opportunity, due to the original Amendment No. 3/MOU notice, to purchase a proportionate 5% allocation of alternate power from EKPC as an alternate source in complete compliance with the Wholesale Power Contract and Amendment No. 3. Any action taken by EKPC Management will be reviewed and approved by the Board of Directors.

East Kentucky Power Cooperative

Amendment No. 3 and MOU History and MOU Cost and Mitigation Plan


**Board of Directors Executive Session
February 13, 2017**

**Tony Campbell, CEO
Mike McNalley, CFO
Don Mosier, COO**

CONFIDENTIAL



EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy Cooperative 

Agenda

- Overview of Amendment No. 3 and MOU History
 - How we got here
 - 15% and 5% limits
- Financial Impacts and Cost Shifting
 - FAC
 - Environmental Surcharge
 - Base Rates
 - Margin Allocation (Future Capital Credits)
- Mitigation Options
- Summary and Next Steps



Overview of Amendment No. 3 and MOU History

1990's

- EKPC was enjoying cheap capacity market!!
(almost free)
- In Illinois the Nukes were paying us to take their power at night.
- This over capacity had been going on for quite some time.

Overview of Amendment No. 3 and MOU History

1998/1999

- Demand for energy finally surpassed supply
- Prices hit highs of \$7,000 - \$10,000 / MWh
- Many electric utilities were caught off guard and some were pushed into bankruptcy.

Overview of Amendment No. 3 and MOU History

Early 2000's

- EKPC found itself short capacity.
- EKPC load growth was 3 – 6% per year (75-150 MW per year)
- EKPC made an emergency decision to build coal generation (Spur #3, #4, and Smith #1)
- RUS contract expiration date needed extension.
(more years added to match financial life of new plants)

Overview of Amendment No. 3 and MOU History

Mid 2000's

- A few EKPC Owner-Members refuse to sign wholesale power contract extension.
- They wanted more flexibility
 - One Owner-Member wanted to take on a new municipal load
 - Two Owner-Members wanted the opportunity to serve new Economic Development loads outside the wholesale power contract
 - To reach agreement, Roy Palk agreed to Amendment No. 3.
 - Amendment No. 3 language was poorly written

Overview of Amendment No. 3 and MOU History

2009

- June 2009 new EKPC CEO hired.
- Jackson Energy CEO, Don Schaefer, requested to exercise his Amendment No. 3 rights:
 - 50 MW
 - 100% LF
- Your EKPC staff felt this was not fair and not true to the intent of Amendment No. 3
 - When asked who interpreted, we stated it was EKPC staff interpretation
 - Don Schaefer agreed to place Jackson's request in abeyance while we pursued a fix to the Amendment No. 3 language.

Overview of Amendment No. 3 and MOU History

Early 2013-2015

- EKPC staff developed an Amendment No. 3 amendment, which stated all Owner-Members received 5% only. However, if a Member wanted more than 5%, they only needed to negotiate with their neighbors for a portion of their 5% share.
- This suggested language was rejected by three Owner-Members
- After years of negotiations to reach resolution, the MOU was proposed.
- In the summer of 2015, the MOU was adopted by all Owner-Members Boards.

Overview of Amendment 3 and MOU

- Amendment 3 to the Wholesale Power Agreement and the MOU allow:
 - Each member may elect to use an alternate power source for up to 15% of their load
 - However all members making an election may not exceed 5% of EKPC's load
- Notice must be provided before the load leaves the EKPC system (or new generation source comes on-line)
 - This allows EKPC to plan for the load "loss" and begin to take actions to mitigate the loss
- Notice must be provided before a load returns to the EKPC system
 - This allows EKPC to plan for the load to return and begin to develop resources to serve the load

15% and 5% Limits

Summary Table

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		1.9
Blue Grass	55.9	18.6		9.0
Clark	20.4	6.8		3.3
Cumberland Valley	20.5	6.8		3.3
Farmers	19.6	6.5	6.5	0.0
Fleming Mason	28.3	9.4	1.4	3.9
Grayson	10.8	3.6		1.7
Inter-County	23.2	7.7		3.8
Jackson	42.7	14.2	14.1	0.1
Licking Valley	11.3	3.8	0.3	1.7
Nolin	32.3	10.8		5.2
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.7
South Kentucky	61.9	20.6	58.0	1.9
Taylor	22.8	7.6		3.7
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	116.3	42.2

As of February 8, 2018

- Although each member can elect up to 15% of their load, the total of all members cannot exceed 5% of EKPC's load.

- EKPC's limit is 158.5 MW

- Members have provided notice for 116.3 MW

- Each remaining member can take up to their 5% until the balance (42.2 MW) is gone

Financial Impact and Cost Shifting

- **Base Case:** Each Owner-Member exercises exactly 5%, resulting in 158.5 MW leaving EKPC. Assuming **100% load factor** the load loss is approximately 1.4 million MWh and up to \$90 million annual revenue
 - FAC: Dollars reduced by the avoided fuel and purchased power; \$/MWh unchanged
 - ES: No change in the total dollars being recovered or in the allocation to each system
 - Base Rates: Would increase by the amount of unmitigated fixed costs and margin embedded in the \$90 million lost revenue, estimated at up to \$45 million
 - EKPC Margin Allocation: Would change based on the mix of B, C, G and E load in each system

Financial Impact and Cost Shifting

- **SKRECC Notice:** SKRECC notices 58 MW at **100% load factor**, resulting in load loss of 508,000 MWh and about \$30 million lost revenue
 - FAC: Dollars reduced by the avoided fuel and purchased power; \$/MWh unchanged
 - ES: \$4.4 million reallocated, \$0.3 million to SKRECC and \$4.1 million to all other systems
 - Base Rates: Up to \$13 million fixed costs and margin shifted. Initially reduces EKPC margin; after mitigation, base rate case re-allocates remainder to all systems based on cost of service
 - EKPC Margin Allocation: If EKPC margin is unchanged, reduces SKRECC allocation by approximately \$2 million, and increases margin allocation to all other systems accordingly (2016 data)

Financial Impact and Cost Shifting

- **Other Notices:** Several other systems have given notice for varying amounts. If all 15 systems gave notice for their proportionate share of the 15%, then the net effect would be the equivalent of 37.4 MW (the amount of SKRECC's notice in excess of 5%):
 - ES: \$2.64 million shifted from SKRECC to all other systems
 - Base Rates: \$8.4 million potential increase in base rate case, reduced by any mitigation
 - EKPC Margin Allocation: Uncertain, depends on rate class mix (margin generated) by each system
- To the extent that some owner-members “notice” more than their proportionate share of the remainder, i.e., notice 5%, they will shift some cost to all other systems

Financial Impact: Big Picture

- EKPC's system marginal cost (dispatch cost) for high load factors is equivalent to Spurlock 1 - 4 at less than \$25/MWh
 - A power purchase above this price will increase costs somewhere in the system because
 - EKPC's fixed costs cannot be avoided
 - A purchase above our marginal cost is on its face more expensive than the generation or purchases it displaces
 - Amendment three may allow one or a few systems to benefit but only at the expense of all other systems which bear the shifted costs

MOU Cost Options Least to Highest

- All Owner-Members do nothing
- South Kentucky spreads its entire deal to all systems (perhaps through EKPC)
- South Kentucky does 5% and remaining South Kentucky contract is spread to the remaining Owner-Members
- South Kentucky does 15%, and a run on the bank takes remaining 80 MW, plus 40 MW done by EKPC to help those left out

Financial Impact: Big Picture

- EKPC's energy delivery can be thought of as:
 - provided by PJM market energy purchases
 - which are protected by physical hedges at
 - low prices (Spur 1, 2, 3, 4),
 - intermediate prices (Cooper 1, 2 and Smith 9, 10), and
 - high prices (remaining natural gas peakers at \$3.50 gas or above)
- These physical hedges are paid for in base rates and protect owner-members from significant market price "excursions"

Financial Impact: Big Picture

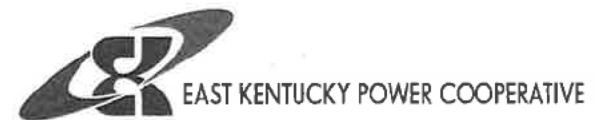
Although intuitively we want to think of SKRECC's 58MW transaction allowing EKPC to avoid high-priced production, in fact the 100% load factor suggests it would replace our lowest cost units (which run nearly all the time).

- But EKPC's generation will dispatch in PJM as it always has, based on economics, not EKPC's load, and still incur the fuel and emissions expenses
 - EKPC's purchases to serve load will decline overall, and become more "peaky" with the loss of 58MW base load
- The average PJM LMP price paid by EKPC will remain below the SKRECC purchase price until natural gas peakers in PJM return to being the marginal unit (CC is now)
 - When that happens, all Spurlock and Cooper units are running, providing a price cap to EKPC members
- The 100% load factor means EKPC has to mitigate 508,000 MWh, about double what is expected under A3



EKPC Mitigation Options – Key Initial Points

- Important to remember, or understand, that EKPC operates in PJM as essentially two business units
 - All owner-members’ load requirements (with exception of the noticed PPA purchases by owner-members) are purchased in the day ahead market, and balanced in real-time
 - All EKPC generation, regardless of A3/MOU, will continue to be bid in the day ahead and cleared based on PJM’s dispatch model, or in the case of Spurlock, on a “must run” basis to minimize cycling
- The importance of EKPC’s fleet does not change as a result of these discussions
 - Spurlock 1 – 4 are always “in the money” on a 24 hour basis, and much lower variable cost than any market transaction achievable
 - Cooper 1 – 2 primarily serve as a price hedge and receive PJM capacity payments, as well as vital for reliability during the Polar Vortices
 - Smith, Bluegrass can be viewed similarly as Cooper
 - Satisfy PSC precedent set in Polar Vortex 1.0 – must have steel on the ground to meet critical peak load needs



EKPC Mitigation Options

- First, we have no urgency to act and have time to develop strategy
 - Excess capacity will be sold in PJM auctions including upcoming BRA for 21/22 year
 - Energy will be procured in the day ahead market for all remaining load needs
- General mitigation approach is to maximize returns for both capacity and energy sales
 - Seek to “hedge” the locked in losses that result from the purchases and lower redistribution impacts
 - Adjusted for risk to budgeted margins
- Option 1: Do nothing, continue to bid or self-schedule generation as we do now and collect the hourly market price & auction’s capacity prices
 - Most flexible and guarantees higher of cost or market
 - Captures high value hours in winter & summer, otherwise foregone if sell bilaterally
 - Can grow margins as market oversupply catches up with demand, and it will
 - Most risk to budgeted margins

EKPC Mitigation Options

- **Option 2: Sell forward beginning June 1, 2019 the amount of A3/MOU purchases**
 - Locks in a substantial loss over any term to market which is \$30 for 100% load factor on average next several years
 - Least flexible, but locks in budgeted margins
 - Foregoes longer term rises in price of capacity and energy
- **Option 3: Adopt merchant power's approach to managing long positions**
 - Layer in hedges over time much like we do coal purchases, that way we lock in opportunistic sales that roll off over time in an orderly fashion (1 – 5 years)
 - Limit length of hedges using standard market products so as not to forego future price spikes
 - Authorize ACES to seek traditional load following products for munis and other cooperatives to capture higher market values – can selectively do over much longer terms

EKPC Mitigation Options - Continued

- Option 3a: Non-traditional approach – merchant power “plus”
 - Execute Option 3 strategy plus...
 - Create a new entity authorized to buy and sell from EKPC at wholesale “market-based rates”
 - Creates forward sales opportunities to PJM deregulated, retail choice states like Ohio at above average load factors (C&I mainly)
 - Staff have experience in establishing and managing this type of structure
- A combination of the above approaches will capture price movements while serving to hedge “margin” expectations
- As always, seek and implement wise cost reductions
 - Requires prudent evaluation of early asset retirements

Summary & Questions

- Amendment 3 resulted from difficulties in extending the wholesale power agreements, which was necessary to build needed capacity. A3 was poorly written, so we all eventually agreed to the MOU
- The structure of A3 and the MOU allows owner-members to get a disproportionate share of EKPC's available load, which results in shifting EKPC's fixed costs to the other owner-members (ES is immediate)
- Even if all owner-members took 5%, there would be a cost increase (in effect owner members are adding another hedge on top of the existing hedges)
- EKPC will evaluate all options for mitigating the lost load (capacity and energy) including sales of energy and capacity and reduction in costs
 - Remaining costs will be recovered in the next base rate case

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

At a Director and Owner-Member CEO Executive Session of a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, February 13, 2018, at 9:30 a.m., EST, the following business was transacted:

Approval to Enter Into Power Purchase Agreement

After review of the applicable information, a motion to Enter Into Power Purchase Agreement was made by Jody Hughes, seconded by Bill Shearer, and passed by the Board to approve the following:

WHEREAS, on or about October 1, 1964, East Kentucky Power Cooperative (“EKPC”) entered into separate Wholesale Power Contracts with each of its Owner-Members. Each of the Wholesale Power Contracts contain identical provisions and under those contracts, EKPC sells and delivers to each of the sixteen Owner-Members and each of the sixteen Owner-Members purchases and receives, all electric power for the operations of their respective retail electric system; and

WHEREAS, in 2003 each Wholesale Power Contract was amended to permit each of the sixteen Owner-Members the ability to obtain power and energy from non-EKPC sources subject to certain limitations and required procedures, this amendment also known as “Amendment No. 3;” and

WHEREAS, on or about July 23, 2015, EKPC and each of the sixteen Owner-Members entered into a Memorandum of Understanding and Agreement Regarding Alternate Power Sources (“MOU”), which provides the framework by which the sixteen Owner-Members may pursue and contract with parties other than EKPC (“Alternate Source”) to satisfy a defined portion of their future power needs and includes provisions relating to, among other matters, limitations on the quantities of alternate source power that can be acquired by each Owner-Member, the length of the terms for which the alternate source power can be acquired, and the advance notice that must be provided by an Owner-Member before acquiring alternate-source power; and

WHEREAS, South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) has provided notice to EKPC, pursuant to the terms of the MOU, that it intends to reduce and substitute 58 MW of its purchases from EKPC by using electric power and energy from an Alternate Source beginning in mid-2019, and,

further, South Kentucky has filed an Application with the Kentucky Public Service Commission to approve its power purchase agreement with its Alternate Source provider, Morgan Stanley Capital Group; and

WHEREAS, the proposed power purchase contract South Kentucky has entered into has precipitated a concern from other Owner-Members of EKPC that South Kentucky and other potential distribution cooperatives exercising rights under the MOU will be unfairly subsidized by entering into power purchase contracts, to the detriment of those cooperatives not entering into those agreements; and

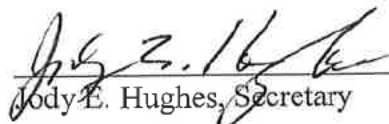
WHEREAS, it has always been the earnest resolve of EKPC to be prudent and fair with all of its Owner-Members in its business decisions and conduct; and

WHEREAS, an Owner-Member exercising its rights under the MOU may create a situation that is, or is perceived to be, a disproportionate or unfair allocation of alternate power from an alternate source.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of EKPC hereby authorizes and empowers EKPC to take the most economical action within the Wholesale Power Contract to procure a power purchase agreement ("PPA") for those Owner-Members who do or did not have an opportunity, due to the original Amendment No. 3/MOU notice, to purchase a proportionate 5% allocation of alternate power from EKPC as an alternate source in complete compliance with the Wholesale Power Contract and Amendment No. 3. Any action taken by EKPC Management will be reviewed and approved by the Board of Directors.

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

Witness my hand and seal this 13th day of February 2018.



Jody E. Hughes, Secretary

Corporate Seal

EAST KENTUCKY POWER COOPERATIVE, INC.

**EXECUTIVE SESSION PORTION OF THE
MINUTES OF BOARD MEETING
OCTOBER 9, 2012**

Following is the Executive Session portion of the regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, October 9, 2012, which began at 1:35 p.m. EDT, pursuant to proper notice.

EXECUTIVE SESSION

At 1:35 p.m., Chairman Paul Hawkins requested the Board go into Executive Session with a motion by Jimmy Longmire, seconded by Landis Cornett, and passed by the Board. Those remaining included the Directors, CEOs, P&CEO Campbell, General Counsel David Smart, EVP & CFO Mike McNalley, EVP & COO Don Mosier, Senior Vice President of Power Production Craig Johnson, Senior Vice President of Power Supply David Crews, Vice President of Power Delivery and System Operations Denver York, Controller Michelle Carpenter, Internal Auditor Brian Prendergast, Director of Human Resources and Support Services Steve McClure, and Kim Fyffe. Shanan Strange took the minutes.

[REDACTED]

[REDACTED] update [REDACTED]

[REDACTED]

Mr. Hawkins asked P&CEO Mark Stallons of Owen Electric for an update on the awaiting MOU from Linxweiler. Mr. Stallons reported that he had just received the document today.

EAST KENTUCKY POWER COOPERATIVE, INC.

**EXECUTIVE SESSION PORTION OF THE
MINUTES OF BOARD MEETING
SEPTEMBER 11, 2012**

Following is the Executive Session portion of the regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, September 11, 2012, which began at 2:50 p.m. EDT, pursuant to proper notice.

EXECUTIVE SESSION

At 2:50 p.m., Chairman Paul Hawkins requested the Board go into Executive Session with a motion by E. A. Gilbert, seconded by Alan Ahrman, and passed by the Board. Those remaining included the Directors, CEOs, P&CEO Campbell, General Counsel David Smart, EVP & CFO Mike McNalley, EVP & COO Don Mosier, Senior Vice President of Power Production Craig Johnson, Senior Vice President of Power Supply David Crews, Vice President of Power Delivery and System Operations Denver York, Controller Michelle Carpenter, Internal Auditor Brian Prendergast, and Terri Combs. Shanan Strange took the minutes.

[REDACTED]

[REDACTED]


[REDACTED]

Mr. Hawkins reported he attended a meeting at EKPC on August 29, 2012 to discuss the Amendment #3 MOU for the Wholesale Power Contract as presented by Linxweiler with Carol Fraley of Grayson RECC moderating. Discussion was held trying to reach a resolve

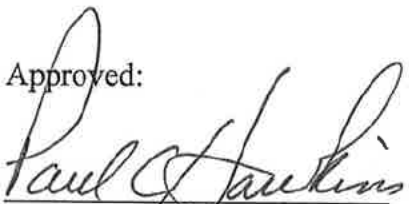
on the fairness issue as it pertains to Amendment #3. Thirteen of the 16 member systems' CEOs were in attendance in person or via teleconference at the meeting. The consensus reached was to establish an individual member limit of 5% and any request for more would require partnering among member systems.

[REDACTED]

At 3:20 p.m., a motion to come out of closed Executive Session was made by Jimmy Longmire, seconded by Joe Spalding, and passed by the full Board. A motion to adjourn the meeting was made by Alan Ahrman, seconded by Wade May, and passed by the full Board.


A. L. Rosenberger, Secretary

Approved:



Paul Hawkins
Chairman of the Board

Date: 10/9/2012

EAST KENTUCKY POWER COOPERATIVE, INC.

**EXECUTIVE SESSION PORTION OF THE
MINUTES OF BOARD MEETING
July 17, 2012**

Following is the Executive Session portion of the regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, July 17, 2012, which began at 9:00 a.m. EDT, pursuant to proper notice.

EXECUTIVE SESSION

[REDACTED]

[REDACTED]
ensure [REDACTED]

[REDACTED]

[REDACTED]

Chairman Hawkins provided an update regarding recent Executive Committee meetings, stating at the June 12 meeting the Committee discussed Amendment 3 and 5 to the Wholesale Power Contract with four member systems agreeing to begin work on an MOU, which will be presented to the Board.

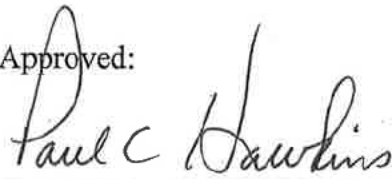
EKPC Executive Minutes
July 17, 2012
Page 2

[REDACTED]

At 2:40 p.m., a motion to adjourn the meeting was made by Don Shuffett, seconded by E. A. Gilbert, and passed by the full Board.



A. L. Rosenberger, Secretary

Approved:


Paul Hawkins
Chairman of the Board

Date: 9/11/2012

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
MARCH 13, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, March 13, 2012, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins asked for any prayer requests or concerns. Chairman Hawkins reported that President/CEO Debbie Martin of Shelby Energy and President/CEO Ted Hampton of Cumberland Valley Electric were unable to attend the meeting due to illness. General Manager/CEO Kerry Howard of Licking Valley RECC was not in attendance today due to the cleanup of the storms and Chairman Hawkins requested prayer for the people affected by the storms. President/CEO Jim Jacobus of Inter-County Energy requested prayer for his executive assistant who lost her husband in the fall due to cancer and lost her father and mother recently. Director Ken Arrington of Grayson RECC reported that a 13-year-old had lost his life during the storms. Don Shuffett of Taylor County RECC gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and all Member Systems were represented.

Michael Adams	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Tom Estes	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estepp	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Mr. Shuffett discussed the next steps to Amendments 3 and 5. Last year, 3 Member System managers wanted to acquire the services of Linxweiler to perform an analysis related to Amendments 3 and 5. More time has elapsed than originally granted for the Linxweiler Study. The GC had requested this item be brought to the Board this month as an informational item and vote on in April 2012. This item was not available for an update so the time frame may be pushed to June 2012.

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
APRIL 10, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, April 10, 2012, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins asked for any prayer requests or concerns. President/CEO Mike Williams of Blue Grass Energy reported that his Director Paul Tucker's father passed away over the weekend and services were held today. President/CEO Bill Prather of Farmers RECC reported that his Executive Assistant Linda Foushee's father had a stroke. Director Don Shuffett of Taylor County RECC stated that their Director Tommy Giles was diagnosed with lung cancer last fall, his condition has worsened and Hospice has been called in. President/CEO Allen Anderson of South Kentucky RECC stated that his Director Charles Gore is traveling to Nashville, Tennessee to have cancer treatments. President/CEO Jim Jacobus of Inter-County Energy gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and all Member Systems were represented.

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Tom Estes	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estepp	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Mr. Vice reported the SI Committee did not recommend any changes to its charter and the assessment was determined to be good at that time. The future agenda items will include a request from Jackson Energy regarding Amendment 3 of the Wholesale Power Contract. Jackson Energy would like to obtain a contract with a landfill project for 1.6 MW and 1 MW from the well head which is well within the limits of the Wholesale Power Agreement. Also,

EKPC Board Meeting Minutes
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April 10, 2012

Owen Electric would like to withdraw NuFranc from the Amendment 3 agreement. That is not a valid project, and therefore, something that Owen Electric does not want to be a part of their supply at this time.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

June 1, 2012

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the **Standing Committees of East Kentucky Power Cooperative, Inc.** will meet on Friday, June 8, 2012 and Monday, June 11, 2012 in their appropriate Meeting Rooms at their appropriate times (See Memo to Board on e-Source).

Notice is also hereby given that the Board of Directors meeting will convene on Monday, June 11, 2012 at 9:30 a.m. (E.D.T.) for the purposes of considering and taking action on those matters shown on the agenda, to-wit:

A G E N D A

I. CALL TO ORDER

II. INVOCATION

III. ROLL CALL

IV. ACTION ON PREVIOUS BOARD MINUTES

Approval of Minutes from Board Meeting on April 10, 2012

V. ADOPTION OF AGENDA

[REDACTED]

[REDACTED]

A. Board Action Requested

1. Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project – CREWS

[REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
JUNE 11, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Monday, June 11, 2012, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins asked for any prayer requests or concerns. Chairman Hawkins requested prayer for the families of former Directors Mr. Busey and Mr. Thomas who passed away recently. President/CEO Chris Perry of Fleming-Mason Energy reported that former Manager Tony Overbey is scheduled for bypass surgery. President/CEO Allen Anderson of South Kentucky RECC reported that his Director Charles Gore is battling cancer. Director Hope Kinman of Owen Electric reported that their Director Frank Jackson is still having some health problems. Chairman Hawkins announced that there will be a break at 10:30 a.m. President/CEO Chris Perry of Fleming-Mason Energy gave the invocation. Chairman Hawkins introduced the two guests at today's meeting: Jeff Jefferson of Frost, Brown Todd and John Piercy of Cooper Station.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and 15 of the 16 Member Systems were represented.

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Absent	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estep	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin

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At 1:30 p.m., Chairman Hawkins reconvened EKPC's meeting.

[REDACTED]

STRATEGIC ISSUES ("SI") COMMITTEE ACTION ITEMS

Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project

After review of the applicable information, a motion was made by Strategic Issues Committee Chairman Lonnie Vice and passed by the full Board to approve the following:

Whereas, Jackson Energy Cooperative (Jackson Energy) was approached by North American Natural Resources (NANR) regarding a landfill gas project in Jackson Energy's service territory;

Whereas, NANR has developed, constructed and operated landfill gas systems since 1995 and has proven experience in landfill gas operations;

Whereas, Jackson Energy will utilize a three phase distribution feeder from the Rice substation and the initial capacity of the 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;

Whereas, Jackson Energy would like to purchase power from the landfill gas generation unit owned and operated by NANR and utilize Amendment #3 of the Wholesale Power Contract;

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

Resolved, That the EKPC Board hereby approve the Jackson Energy's Board of

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Directors' request that the EKPC Board of Directors approve Jackson Energy's utilization of Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project of 1.6 MW.

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

After review of the applicable information, a motion was made by Strategic Issues Committee Chairman Lonnie Vice and passed by the full Board to approve the following:

Whereas, Jackson Energy Cooperative (Jackson Energy) was approached by Wellhead Energy Systems LLC regarding another distributed generation project in Jackson Energy's service territory;

Whereas, 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;

Whereas, This installation is considered Distribution Generation (DG) and Jackson Energy would like to purchase the power and utilize Amendment #3 of the Wholesale Power Contract;

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

Whereas, Jackson Energy will be completing contract negotiations, construction, and the operations at this site should commence by August 2012; and,

Whereas, 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;

Resolved, That the EKPC Board hereby approve Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for this Distributed Generation Project of 1.0 MW.

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
JULY 17, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, July 17, 2012, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins called the meeting to order. Chairman Hawkins introduced the two guests at today's meeting: Monica Schmidt with NRECA and Carol Wright, the newest appointed CEO of Jackson Energy effective January 2013. Chairman Hawkins asked for any prayer requests or concerns. President/CEO Jim Jacobus gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call with the following Directors and CEOs present:

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
John Pruitt	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Paul Hawkins	Farmers
Alan Ahrman	Owen
Mark Stallons	Owen
Wade May	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County
Wayne Stratton	Shelby
Debbie Martin	Shelby
Lonnie Vice	Fleming-Mason
Chris Perry	Fleming-Mason

GOVERNANCE COMMITTEE ("GC") INFORMATION ITEMS

[REDACTED]

[REDACTED]

With regard to the update on Linxweiler and Amendments 3 and 5 to the Wholesale Power Agreement, the GC revisited the issue on June 21 to determine if there were any new developments. On June 13 a meeting was held between EKPC management and the CEOs from Owen Electric, Salt River Electric and Jackson Energy to discuss the Linxweiler report. After further discussion of the results of the meeting, the GC agreed to allow 60 days for a proposal or memorandum of understanding on which all 16 member systems can agree. The GC voted to withdraw the motion to vote on Amendment 5 for today, as previously requested, and to allow the Owner-Members to reach agreement accordingly. Therefore no agenda item requested a vote today.

[REDACTED]

August 3, 2012

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the **Standing Committees** of **East Kentucky Power Cooperative, Inc.** will meet on Monday, August 13, 2012 in their appropriate Meeting Rooms at their appropriate times (See Memo to Board on e-Source).

Notice is also hereby given that the Board of Directors meeting will convene on Tuesday, August 14, 2012 at 9:30 a.m. (E.D.T.) for the purposes of considering and taking action on those matters shown on the agenda, to-wit:

AGENDA

I. CALL TO ORDER

II. INVOCATION

III. ROLL CALL

IV. ACTION ON PREVIOUS BOARD MINUTES

Approval of Minutes from Board Meeting on July 17, 2012

V. ADOPTION OF AGENDA

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

2. Guernsey Discussion – DAVID HEDRICK (GUEST)

█ [REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
AUGUST 14, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, August 14, 2012, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins asked for any prayer requests or concerns. Chairman Hawkins requested prayer for Terri Combs, Executive Assistant for P&CEO Campbell, who had surgery last week and recovering at home. Secretary-Treasurer A. L. Rosenberger requested prayer for his family following the death of the mother of his three grandchildren. Director Landis Cornett of Jackson Energy requested prayer for their director Dale Madden who is in the hospital. Director Ken Arrington of Grayson RECC requested prayer for their director William T. Rice whose mother passed away last week. President and CEO Bill Prather of Farmers RECC gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and 15 of the 16 Member Systems were represented.

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
John Pruitt	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Absent	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estep	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Guernsey Discussion: Mr. David Hedrick of C. H. Guernsey & Company (“Guernsey”) reported on the “Fresh Look”. The Kentucky Public Service Commission (“KPSC”) required the 16 cooperatives to conduct this Fresh Look independent of EKPC as part of the Management Audit process. The recommendations for change were in Power Supply, Financial Security, and Governance. A Fresh Look Survey was conducted in April 2011 by Guernsey. The survey was distributed to key stakeholders at each member cooperative. The surveys were returned directly to Guernsey and all identities were kept confidential.

The survey results were extremely positive compared to the results before these changes were implemented. In summary, Guernsey’s conclusions included that aggregate power purchase was a better option than individual power purchase; G&T organization governance model was sound and a better option than other forms of aggregate purchasing reviewed; EKPC was becoming a more effective G&T in regards to governance, power supply and transmission; and finance-including risk management was proceeding well.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRATEGIC ISSUES ("SI") COMMITTEE INFORMATION ITEMS

[REDACTED]

[REDACTED] The Grayson RECC Amendment #3 item was discussed and tabled indefinitely. Following discussion with the CEOs, a Memorandum of Understanding would be brought to the SI Committee in September 2012 for review and could be brought to the Board for consideration in October 2012.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
DECEMBER 11, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, December 11, 2012, at 9:30 a.m. EST, pursuant to proper notice.

ANNOUNCEMENTS

Chairman Paul Hawkins asked for any prayer requests or concerns. Director Joe Spalding of Inter-County Energy requested prayer for his father who had knee replacement surgery recently. President/CEO Mike Williams of Blue Grass Energy requested prayer for the family of former director Zeb Blankenship who passed away recently. Chairman Hawkins requested prayer for Farmers' RECC Human Resource Director and Executive Assistant, Linda Foushee, who is undergoing chemotherapy. Chairman Hawkins gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and 15 of the 16 Member Systems were represented.

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Alan Ahrman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estepp	Big Sandy
Ken Arrington	Grayson
Carol H. Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County

Whereas, [REDACTED]
[REDACTED]
[REDACTED]

Whereas, [REDACTED]
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ved, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Approval of Jackson Energy Utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW

After review of the applicable information, a motion was made by Strategic Issues Committee Chairman Lonnie Vice and passed by the full Board to approve the following:

Whereas, Jackson Energy Cooperative (“Jackson Energy”) was approached by Wellhead Energy Systems LLC regarding a Distributed Generation (“DG”) project in Jackson Energy’s service territory;

Whereas, the DG site selected is favorably located to an existing distribution line and substation;

Whereas, Jackson Energy provided notice to East Kentucky Power Cooperative (“EKPC”) on October 11, 2012 of its election pursuant to Amendment #3 of the Wholesale Power Contract for this 1.0 MW project and seeks approval from EKPC Board of Directors (“Board”);

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Whereas, Jackson Energy's total election from four Amendment #3 projects is 3.975 MWs; and

Whereas, the Jackson Energy Board of Directors has requested and the EKPC Strategic Issues Committee has recommended that the Board approve this transaction; now, therefore, be it

Resolved, that the EKPC Board hereby approves Jackson Energy's use of Amendment #3 of the Wholesale Power Contract for this 1.0 MW DG project.

STRATEGIC ISSUES ("SI") COMMITTEE INFORMATION ITEMS

The Committee approved the minutes of November 5, 2012. The Committee reviewed the KPI Scorecard, the RFP plans, and Grayson RECC's request to extend their request for Amendment #3 into the January meeting. At that time, the SI Committee will make a decision on the request for Amendment #3. There is an ongoing discussion on the MOU at this time. Mr. Vice reported there was an update on the Smith Station and Spurlock Station outages by Joe VonDerHaar of Spurlock Station. Manager of Economic Development Rodney Hitch gave a report to the Committee.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Chairman Hawkins, SI Committee Chairman Lonnie Vice, and GC Chairman Don Shuffett attended a meeting with 11 of the owner-member CEOs and discussed possible resolutions to the Amendment #3 situation. Mr. Campbell, Mr. McNalley, Mr. Mosier and Mr. Crews were also in attendance. P&CEO Mark Stallons of Owen Electric opened the discussion by handing out documents that showed the 5, 10, and 15% levels of demand for years 2009-2011 and 2010-2012 to review. It was easy to determine that if 3 or 4 systems were to sign up with projects at a 15% level, the cap of EKPC's 5% would soon be gone. Discussion ensued on how to bring fairness to this equation for the member systems that might bring a project to EKPC if the 5% cap has already occurred. Many scenarios were explored and discussion was given about variable situations. At the end of the discussion, it was mentioned to explore the option of allowing member systems that have viable projects now to use their allocation up to 15% of their demand until such a time that 50% of EKPC's 5% is met. At that point, the member systems who have participated under Amendment #3 guidelines would go back to the allotted 5% or partner with other members to continue utilizing more than their 5%. When the meeting concluded, 3 or 4 member systems were going to get together and write language to insert into the MOU that is in the works and will meet during lunch to revisit that language.

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
NOVEMBER 6, 2012**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, November 6, 2012, at 9:30 a.m. EST, pursuant to proper notice.

Chairman Paul Hawkins introduced the guests at today's meeting who included upcoming President and CEO Carol Wright of Jackson Energy, Lee Coffee of South Kentucky RECC who will be their new Director as well as EKPC's Director, and Counsel Mark David Goss of Goss Samford.

Chairman Paul Hawkins asked for any prayer requests or concerns. General Manager/CEO Kerry Howard of Licking Valley RECC requested prayer for Director Mike Adams who lost his father-in-law on Sunday, November 4, 2012. The visitation arrangements are on Thursday evening, November 8, 2012 at the First Baptist Church in Salyersville and on Friday evening, November 9, 2012 at the Masonic Lodge in Salyersville. The funeral will be held on Saturday, November 10, 2012 at the First Baptist Church in Salyersville at 11 a.m. President/CEO Ted Hampton of Cumberland Valley Electric reported that Director Elbert Hampton was absent at today's meeting due to a stomach virus. President/CEO Mark Stallons of Owen Electric updated the Board on Director Hope Kinman who is home from physical therapy and is doing well. Mr. Stallons also reported that he is a grandfather for the first time. President/CEO Paul Embs of Clark Energy requested prayer for one of his customer service representatives who lost her 10-year-old grandson from being hit by a car. Director Don Shuffett of Taylor County RECC requested prayer for his neighbor/cousin who got caught in a grain elevator and passed away seven days later. Director Alan Ahrman of Owen Electric requested prayer for the families of the two pre-school children who were killed in a bus accident. Director Don Shuffett of Taylor County RECC gave the invocation.

ROLL CALL

Secretary-Treasurer A. L. Rosenberger took the roll call and 13 of the 16 Member Systems were represented.

Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
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[REDACTED]

STRATEGIC ISSUES (“SI”) COMMITTEE INFORMATION ITEMS

Strategic Issues Committee Chairman Lonnie Vice reported there were two SI action items this month. The Committee had a safety moment and approved the minutes of October 8, 2012. Mr. Vice reported on an item that was not listed on the agenda and action in the Committee does not require Board action at all. In August 2012, the SI Committee tabled a request from Grayson RECC for 60 days regarding Amendment 3. That period was up this month and the Committee had to make a decision as to what to do with that request. An extension of that request was approved and will be in place until the December meeting. Mr. Vice reported there was a request from Jackson Energy regarding Amendment 3 that will be dealt with later on. There were transmission projects, 2013 budget proposal and work plan on the agenda that will be coming back to the Committee in December.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

A. Board Action Requested

1. Approval for Owen Electric Cooperative to Purchase 1Mw from NuFranc, Inc. as Per EKPC's Wholesale Contract Amendment #3 Under EKPC Board Policy No. 305 - MOSIER/CREWS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1. Wholesale Contract Amendment IV - Grayson Requested by Ken Arrington – CAMPBELL/SMART

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A. L. Rosenberger, Secretary



**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
MARCH 1, 2011**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, March 1, 2011, at 9:20 a.m. EST, pursuant to proper notice.

Chairman Wayne Stratton called the meeting to order. Kerry Howard requested prayer for his assistant, Suzanne Vance, who broke her shoulder recently. Jim Jacobus gave the invocation. Secretary-Treasurer A. L. Rosenberger took the roll call with the following directors and alternate directors present:

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Fred Brown	Jackson
Don Schaefer	Jackson
Danny Divine	Inter-County
Jim Jacobus	Inter-County
Tom Estes	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams, Alternate	Blue Grass
Elbert Hampton	Cumberland Valley
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Wade May	Big Sandy
David Estep	Big Sandy
Ken Arrington	Grayson
Carol Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County
Barry Myers	Taylor County
Wayne Stratton	Shelby
Debbie Martin	Shelby
Lonnie Vice	Fleming-Mason
Chris Perry	Fleming-Mason

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OPERATIONS, SERVICES AND SUPPORT (OSS) COMMITTEE ACTION ITEMS

Approval for Owen Electric to Purchase 1 MW from NuFranc Inc., as Per EKPC's Wholesale Contract Amendment #3 Under EKPC Board Policy No. 305

After review of the applicable information, a motion was made by Mike Adams and, there being no further discussion, passed by the full Board to approve the following:

Whereas, Owen Electric Cooperative ("Owen Electric") has previously presented East Kentucky Power Cooperative, Inc., ("EKPC") with a formal request to purchase 1 Mw over a 10-20 year term directly from NuFranc Energy's ("NuFranc") as proposed in a Purchase Power Agreement beginning in 2011 from the NuFranc solar project in Owen County which was approved;

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Whereas, Owen Electric has also presented EKPC with a second formal request to purchase 1 Mw over a 10-20 year term directly from NuFranc Energy's ("NuFranc") as proposed in a Purchase Power Agreement beginning in 2011 from the NuFranc solar project in Boone County;

Whereas, The NuFranc, Inc.'s solar project is located on 45 acres approximately 2 miles West of Bavarian Station in Boone County, Kentucky;

Whereas, Owen Electric's request to purchase 1 Mw of Solar Power does not require approval from EKPC's Allocation Committee and it allows for consistency of Amendment #3 of the Wholesale Power Contract with Board Policy 305 and 304. The Amendment calls for allocation of load(s) to any direct purchase;

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

Resolved, That the EKPC Board of Directors hereby approve the Owen Electric Board of Directors request that the EKPC Board of Directors ("Board") approve Owen Electric utilizing Amendment #3 of the Wholesale Power Contract for the purchase of 1 Mw from NuFranc, Inc.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

WHEREAS, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MEMBER SYSTEM NEEDS

Mr. Scott, Grayson RECC's attorney, had asked EKPC to rescind Amendment #4 of the Wholesale Power Agreement which extends the Agreement an extra 10 years to 2051, since Smith 1 has been cancelled. CFO McNalley and P&CEO Campbell stated that if the Amendment was rescinded, it would do damage to EKPC's credit rating and relationships with lenders. EKPC had responded in writing to Mr. Scott. It was decided that a second letter from EKPC explaining in detail all issues would be sent to Mr. Scott and each member system.

[REDACTED]

[REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
MAY 10, 2011**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, May 10, 2011, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Wayne Stratton called the meeting to order. Chairman Stratton read a card from Director Danny Divine thanking everyone for the flowers, cards, and prayers during his recent hospital stay. Director Hope Kinman reported that Mark Stallons had minor surgery. Paul Hawkins gave the invocation. Secretary-Treasurer A. L. Rosenberger took the roll call with the following directors and alternate directors present:

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Fred Brown	Jackson
Don Schaefer	Jackson
Jim Jacobus	Inter-County
Danny Divine	Inter-County
Tom Estes	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Becky Witt, Alternate	Owen
Jimmy Longmire	Salt River
Larry Hicks	Salt River
Wade May	Big Sandy
David Estep	Big Sandy
Ken Arrington	Grayson
Carol Fraley	Grayson
A. L. Rosenberger	Nolin
Mickey Miller	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County
Barry Myers	Taylor County
Wayne Stratton	Shelby
Debbie Martin	Shelby
Lonnie Vice	Fleming-Mason
Chris Perry	Fleming-Mason

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MEMBER SYSTEM NEEDS

CFO McNalley and General Counsel Smart gave an update on the Wholesale Power Contract Amendment #4. P&CEO Campbell, CFO McNalley, and General Counsel David Smart attended Grayson RECC's Board meeting to discuss the question that was posed by their Board attorney with regard to the need for Wholesale Power Contract Amendment #4, since the Smith plant had been cancelled. The Wholesale Power Contract Amendment #4 is an extension of the Wholesale Power Agreement. If any project took 25-35- years to finance, RUS would need the Wholesale Power Agreement to be in force the same amount of time. EKPC realized the 2031 and 2041 run time might need to be extended. CFO McNalley stated that if the Wholesale Power Contract Amendment #4 was withdrawn, our credit markets and RUS would be concerned. To protect EKPC's credit rating and to keep costs down, it is important that EKPC continues with the Wholesale Power Agreement until 2051

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as provided in Amendment #4. EKPC Director Ken Arrington and CEO Carol Fraley were pleased with the presentation.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]


A. L. Rosenberger, Secretary


R. Wayne Stratton
Chairman of the Board

Date: 6/6/2011

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
JULY 12, 2011**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, July 12, 2011, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins called the meeting to order. Allen Anderson of South Kentucky requested prayer for Glen Massengale who is having dialysis; Hope Kinman requested prayer for Wanda Gosney (wife of Stanley Gosney who is a board member of Owen); Jim Jacobus of Inter-County requested prayer for his assistant, Cynthia Lockhart, who recently lost her husband; and Debbie Martin expressed her appreciation for the flowers, cards and telephone calls. Kerry Howard gave the invocation. Secretary-Treasurer A. L. Rosenberger took the roll call with the following Directors and CEOs present:

Michael Adams (D)	Licking Valley
Kerry Howard (M)	Licking Valley
Landis Cornett (D)	Jackson
Don Schaefer (M)	Jackson
Joe Spalding (D)	Inter-County
Jim Jacobus (M)	Inter-County
Tom Estes (D)	South Kentucky
Allen Anderson (M)	South Kentucky
E. A. Gilbert (D)	Blue Grass
Mike Williams (M)	Blue Grass
Elbert Hampton (D)	Cumberland Valley
Ted Hampton (M)	Cumberland Valley
Paul Hawkins (D)	Farmers
Bill Prather (M)	Farmers
Hope Kinman (D)	Owen
Mike Cobb (Alternate)	Owen
Jimmy Longmire (D)	Salt River
Larry Hicks (M)	Salt River
Wade May (D)	Big Sandy
David Estep (M)	Big Sandy
Ken Arrington (D)	Grayson
A. L. Rosenberger (D)	Nolin
Mickey Miller (M)	Nolin
William Shearer (D)	Clark Energy
Paul Embs (M)	Clark Energy
Donald Shuffett (D)	Taylor County
Barry Myers (M)	Taylor County
Wayne Stratton (D)	Shelby
Debbie Martin (M)	Shelby
Lonnie Vice (D)	Fleming-Mason

[REDACTED]

The Committee approved revised Amendment #5 to Wholesale Power Contract. David Crews provided an overview stating the reason for the amendment is to correct and/or clarify language contained in current Amendment #3. P&CEO Campbell requested suggestions and input from the Board stating that additional time may be required for further review and consideration. The Committee determined it was appropriate to present it to the Board in July for consideration with a possible vote in August.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Audit Committee will convene
Tuesday, August 9, 2011 at
8:00 a.m. (E.D.T.)*

July 29, 2011

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the Standing Committees of **East Kentucky Power Cooperative, Inc.** will meet on *Monday, August 8, 2011* in their appropriate Meeting Rooms at their appropriate times.

Further, notice is hereby given that the Board of Directors meeting will convene on *Tuesday, August 9, 2011* at 9:30 a.m. (E.D.T.) for the purposes of considering and taking action on those matters shown on the agenda, to-wit:

AGENDA

I. CALL TO ORDER

II. INVOCATION

III. ROLL CALL

IV. ACTION ON PREVIOUS BOARD MINUTES

1. Approval of Minutes from Board Meeting on July 12, 2011

V. ADOPTION OF AGENDA

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A. Board Action Requested

[REDACTED]

2. Consideration to Approve Proposed Amendment #5 of the Wholesale Power Contract Agreement – SHUFFETT/CREWS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
AUGUST 9, 2011**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, August 9, 2011, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins called the meeting to order. Chairman Paul Hawkins requested the introduction of two guests attending today's Board meeting. Lonnie Vice of Fleming-Mason introduced Joni Hazelrigg, attending for Chris Perry; and Hope Kinman of Owen Electric introduced their Director, Alan Ahrman. Chairman Hawkins reported that Bill Prather's wife became ill and Bill was unable to attend today's meeting. Mark Stallons reported that his uncle is having triple bypass surgery and prayer was requested for both. Jim Jacobus gave the invocation. Secretary-Treasurer A. L. Rosenberger took the roll call with the following Directors and CEOs present:

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Tom Estes	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Paul Hawkins	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Larry Hicks	Salt River
Wade May	Big Sandy
David Estepp	Big Sandy
Ken Arrington	Grayson
Carol Fraley	Grayson
A. L. Rosenberger	Nolin
William Shearer	Clark Energy
Donald Shuffett	Taylor County
Barry Myers	Taylor County
Wayne Stratton	Shelby
Debbie Martin	Shelby
Lonnie Vice	Fleming-Mason
Joni Hazelrigg (Chris Perry)	Fleming-Mason

[REDACTED]

Amendment No. 5 of the Wholesale Power Contract Agreement was to be voted on by the Board today. However, due to three (3) Member Systems requesting to review the language and analysis being performed, the Committee has decided to delay the vote until November. In the Committee meeting on August 8, 2011 there were some requests for calculations from the EKPC staff. David Crews reported on the timeline for Amendment No. 5 and a copy will be sent to the Board. There are three (3) items that the Committee will send on August 19, 2011 and a member evaluation period to get feedback by October 6, 2011. The Amendment will go to the GC in October as an informational item and will be brought to the Board for a vote in November. The deliverables for August 19, 2011 are: example calculation of 5% for each Member, example calculation of Stranded Cost, example calculation of Capital Investment Credit, example calculation of Energy Market Credit, and answers to any Member's questions will be distributed to all Members.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

September 2, 2011

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

There will be no Standing Committee Meetings on September 8th, 2011.

Notice is hereby given that the Board of Directors meeting will convene on Monday, September 12, 2011 at 9:30 a.m. (E.D.T.) for the purposes of considering and taking action on those matters shown on the agenda, to-wit:

AGENDA

I. CALL TO ORDER

II. INVOCATION

III. ROLL CALL

IV. ACTION ON PREVIOUS BOARD MINUTES

1. Approval of Minutes from Board Meeting on August 9, 2011

V. ADOPTION OF AGENDA

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A. Board Action Requested

[REDACTED]

[REDACTED]

- 3. Consideration of the Data Request of Owen Electric, Jackson Energy and Salt River Electric Related to their Independent Consulting Firm's "Fresh Look" of Proposed Amendment #5 of the Wholesale Power Contract Agreement - SHUFFETT

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**EAST KENTUCKY POWER COOPERATIVE, INC.
MINUTES OF BOARD MEETING
SEPTEMBER 13, 2011**

A regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. ("EKPC") was held at the Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Tuesday, September 13, 2011, at 9:30 a.m. EDT, pursuant to proper notice.

Chairman Paul Hawkins asked for any prayer requests. Wayne Stratton of Shelby Energy requested prayer for their Director, George Busey, who had suffered a severe stroke. Don Shuffett of Taylor County RECC requested prayer for their Director, Tommy Giles, who had been diagnosed with lung cancer. Kerry Howard of Licking Valley RECC requested prayer for his Executive Assistant's husband, Sonny Vance, who was having a heart procedure today. Chris Perry of Fleming-Mason Energy gave the invocation. Secretary-Treasurer A. L. Rosenberger took the roll call with the following Directors and CEOs present.

Michael Adams	Licking Valley
Kerry Howard	Licking Valley
Landis Cornett	Jackson
Don Schaefer	Jackson
Joe Spalding	Inter-County
Jim Jacobus	Inter-County
Tom Estes	South Kentucky
Allen Anderson	South Kentucky
E. A. Gilbert	Blue Grass
Mike Williams	Blue Grass
Elbert Hampton	Cumberland Valley
Ted Hampton	Cumberland Valley
Paul Hawkins	Farmers
Bill Prather	Farmers
Hope Kinman	Owen
Mark Stallons	Owen
Jimmy Longmire	Salt River
Larry Hicks	Salt River
Wade May	Big Sandy
David Estepp	Big Sandy
Ken Arrington	Grayson
Carol Fraley	Grayson
A. L. Rosenberger	Nolin
William Shearer	Clark Energy
Paul Embs	Clark Energy
Donald Shuffett	Taylor County
Wayne Stratton	Shelby
Debbie Martin	Shelby
Lonnie Vice	Fleming-Mason
Chris Perry	Fleming-Mason

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Consideration of the Data Request of Owen Electric, Jackson Energy and Salt River Electric Related to their Independent Consulting Firm's "Fresh Look" of Proposed Amendment #5 of the Wholesale Power Contract Agreement

Governance Committee Chairman Don Shuffett reported the consideration of the data request of Owen Electric, Jackson Energy and Salt River Electric related to their independent consulting firm's "Fresh Look" of proposed Amendment #5 of the Wholesale Power Contract was reviewed by the Governance Committee. The Committee spoke with the CEOs of Owen Electric and Jackson Energy and decided the full Board needs to review and discuss this matter. The Governance Committee made no recommendation.

A data request from Linxwiler Consulting Services, Inc., on behalf of Owen Electric, Jackson Energy, and Salt River Electric was distributed to the Board. Chairman Hawkins reported Amendment No. 5 came up through Ted Hampton's Subcommittee. Mr. Hampton revisited Amendment No. 5 of the Wholesale Power Contract. He stated that on January 4, 2011, his Subcommittee reviewed Amendments 3, 4 and 5. On February 7, 2011, this item was discussed again and on March 1, 2011, this item was discussed focusing on stranded cost. On April 15, 2011 the 5% cap and stranded cost issues were discussed and also again on May 9, 2011. On June 6, 2011, this item went to a different committee. Mr. Hawkins noted that Amendment No. 5 was to look at the fairness among the 16 Member Systems as far as purchasing power from someone other than EKPC. Amendment No. 5 is a revision of Amendment No. 3. If Amendment No. 5 does not succeed, Amendment No. 3 will have to be followed. Three (3) Member Systems decided to take a "fresh look" at Amendment No. 5 to be sure they had a good understanding of it and what it meant to their system. Mr. Hawkins emphasized it is each Member System's prerogative whether they sign Amendment No. 5 or not. Amendment #3 has been signed by all 16 Member Systems.

Mark Stallons, President/CEO of Owen Electric, gave a PowerPoint presentation to discuss the fresh look process: why Linxwiler, who is Linxwiler, what is the scope, what is the data request, and what are the legal considerations? Fresh look is a candid, prompt reappraisal of governance, power supply, and transmission. Mr. Stallons stated Linxwiler brings an independent, more in-depth look at power supply issues as opposed to governance or any other issue. According to Mr. Stallons, Linxwiler brings a second set of eyes and they have never worked for EKPC nor will they in the future. Linxwiler has 25 years experience in

electric utility finance, planning, rates, economics, etc. Owen Electric learned of Linxwiler through R. W. Beck. The scope of work is narrow, but focused and in-depth on power supply issues. Mr. Stallons stated Guernsey's focus was broad. Power supply issues are complicated and there are different ways of looking at them. The data request is flexible and is necessary to develop a costing model, identify options, analyze future wholesale cost projections, analyze future load projections, and perform economic analysis of alternatives. KRS Chapter 279 does not specifically address what EKPC records and what Member Systems are entitled to inspect according to Mr. Stallons.

Chairman Hawkins summarized that Amendment No. 5 is being reviewed to replace Amendment No. 3. He said that when the Management Audit came down, it was recommended there be a fresh look by the Member Systems. The Member Systems met and agreed to go with Guernsey. The Board did not vote to withhold information, but wanted to cooperate with the consultant and made provisions for Guernsey to retrieve that data. All 16 Member Systems have signed and executed an agreement to buy power from EKPC through 2051 under the Wholesale Power Contract. There is an allowance or variance from that agreement for each Member System to go off within a cap to buy power up to 5% of EKPC's load. Several Member Systems reported their Boards were happy with Guernsey and did not wish to have their individual information shared. P&CEO Campbell read Management's recommendation regarding Linxwiler Consulting Services, Inc.'s data request regarding the proposed Amendment No. 5. A motion was made by Joe Spalding, seconded by Mike Adams, and passed by the full Board to adopt Management's recommendation addressing Linxwiler Consulting Services, Inc.'s first data request regarding proposed Amendment No. 5. The Linxwiler process will be virtually identical to the Guernsey process.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]