

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Tuesday, February 6, 2018 12:44 PM
To: David Crews
Cc: Sally Witt
Subject: A3 Load Allocations
Attachments: Letter of Notice -Final draft.docx

David,

Attached please find a draft of the latest updated letter of notice. Please ask Sally Witt to forward the A3 Allotment spreadsheet supporting the 18.9MW number for my records.

Thanks,

Mark

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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February 2, 2018

Mr. Anthony S. Campbell
President and CEO
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Dear Mr. Campbell,

Pursuant to the provisions of the Amendment No. 3 to the Wholesale Power Contract between East Kentucky Power Cooperative, Inc. ("EKPC"), and Owen Electric Cooperative Inc. ("Owen Electric") dated October 23, 2003 ("Amendment 3"), and the Memorandum of Understanding and Agreement regarding Alternate Power Sources, between EKPC and the 16 Owner Members of EKPC including Owen Electric, dated July 16, 2015 ("MOU"), Owen Electric does hereby provide the following notice of its election to reduce its purchases of electric power from EKPC and replace same with electric power furnished from an Alternate Source.

According to the provisions of Section 4(A) of the MOU there are five (5) primary procedures and requirements for the content of this notice; in compliance with these provisions, Owen Electric provides the required information with respect to its Alternate Source election immediately following each listed item.

- (i) *the term during which the Alternate Source will be used to reduce the Owner Member's purchases from EKPC under the Wholesale Power Contract, including the date on which such use will begin, and the length of time during which such use will continue, which length may not exceed 20 years (including any renewal options for an Alternate Source that is a contract with a third party)*

The Alternate Source (which is further described below) will be used to supply 18.9 MW's of Owen Electric's power requirements outside of and separate from the Wholesale Power contract between Owen Electric and EKPC for a term of 5-20 years commencing at 12:00 a.m. (EST) on September 1, 2019.

- (ii) *the maximum electrical capacity, in kW, to be available from the Alternate Source and the corresponding amount of reduction in demands to be served by EKPC as a result of the Alternate Sources, appropriately taking into account expected losses, if any*

The maximum electrical capacity to be available from the Alternate Source, and the corresponding amount of reduction in demands to be served by EKPC as a result of the use of the Alternate Source, is 18,900 kW.

- (iii) *a general description of the nature of the Alternate Source and the primary generating facilities from which the subject electric power and energy will be produced*

The Alternate Source shall be in the form of Owen Electric becoming a PJM member and purchasing energy, capacity, transmission and services required by PJM policies from the PJM Market.

- (iv) *the approximate, expected pattern of use or dispatching of the Alternate Source and the corresponding pattern of the hourly reductions in energy to be purchased by the Owner Member from EKPC*

The Alternate Source will supply the 18,900 kW of energy all hours of each year of the 5-20 year term, by purchasing same from the PJM wholesale market.

- (v) *a designation of whether the Alternate Sources will be:*
- (a) *interconnected to the Owner Member's distribution system (and not to any transmission system) and will not produce energy in any hour in excess of the Owner Member's load at the Related EKPC Point of Delivery. Such Alternate Sources are referred to in in the MOU&A as "Behind the Meter Sources". The "Related EKPC Point of Delivery" with respect to any Alternate Sources is the point of delivery under the Owner Member's Wholesale Power Contract through which energy purchased from EKPC would be used to serve the load served by the Alternate Source if the Alternate Source did not exist;*
 - (b) *interconnected or delivered to EKPC's or another entity's transmission system; or*
 - (c) *interconnected to the Owner Member's distribution system and will produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery.*

The Alternate Source will be: (b) interconnected or delivered to EKPC's or another entity's transmission system.

Owen Electric will provide additional detail regarding the Alternate Source when it is available and looks forward to work with EKPC on implementation.

Please let me know if you have any questions regarding this Alternate Source.

Sincerely,

Mark A. Stallons
President and CEO
Owen Electric Cooperative

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, December 4, 2017 11:27 AM
To: David Crews
Cc: Tony Campbell; Don Mosier; Mike McNalley; Alan Ahrman
Subject: Amend 3 Rolling 36 month load data

David,

At Owen Electric's November 30, 2017 Board Meeting, my board asked me to investigate South Kentucky's amendment #3 notice and determine if similar opportunities exist for Owen Electric to pursue. Please provide the following data:

1. Owen Electric's current rolling average of Owen Electric's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods.
2. EKPC current rolling average of EKPC's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods including the 2.5% and 5.0% thresholds.
3. The current aggregate and individual amount of all owner member's Amendment 3 alternate source loads.

Should you have any questions, please contact me.

Sincerely,

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, December 11, 2017 3:34 PM
To: David Crews
Subject: Amendment 3 load calculations

David,

Thanks for the handout and presentation at Strategic Issues this afternoon. Hope you are feeling better soon.

As Owen moves forward with our due diligence, please forward Owen's detail load spreadsheet used to calculate the 61.7MW 15% threshold and the 16.9MW 5% load share shown in the handout distributed at the SI Committee Meeting this afternoon.

Thanks,

Mark

Mark Stallons
Sent from my iPhone

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Thursday, March 1, 2018 1:54 PM
To: David Crews
Subject: EKPC info request

David,

What does it mean for PJM to declare a performance assessment Hour or Hours per its capacity performance rules that impacts EKPC as a result of any EKPC owned-asset forced outages during the period as referenced at 8e. in EKPC's information requests to SK?

Thanks,

Mark

Sent from my iPad

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, April 2, 2018 9:45 AM
To: Tony Campbell
Cc: Don Mosier; David Crews; Mike McNalley; Bill Prather
Subject: FW: Article
Attachments: Trump Faces Test on Coal With FirstEnergy Appeal - WSJ.pdf

Tony,

Interesting article, any impact on SK case?

Mark

From: Jim Crawford
Sent: Monday, April 02, 2018 8:25 AM
To: Mark Stallons ; Rick Messingschlager ; Alan Ahrman ; John Grant ; Eddie McCord ; Hope Kinman ; Charlie Richardson ; Alan Ahrman ; Rusty Williams ; April Brown
Subject: Article

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Folks:

See the attached article from today's Wall Street Journal concerning First Energy Corp. bankruptcy filing. It's significant, in my opinion, in regard to SK case and has major implications potentially.

Hon. James M. Crawford/mns
Crawford & Baxter, P.S.C.
P.O. Box 353
Carrollton KY 41008-0353
Phone: (502) 732-6688
Fax: (502) 732-6920

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DOW JONES, A NEWS CORP COMPANY ▼

DJIA Futures **24023** -0.51% ▼

Stoxx 600 **370.87** 0.44% ▲

U.S. 10 Yr **-5/32** Yield 2.759% ▼

Crude Oil **65.17** 0.35% ▲

Euro **1.2342** 0.15% ▲

THE WALL STREET JOURNAL.

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<https://www.wsj.com/articles/trump-faces-test-on-coal-with-firstenergy-appeal-1522587601>

POLITICS

Trump Faces Test on Coal With FirstEnergy Appeal

Utility's plea for government help forces the president's team to choose between competing factions of energy industry



FirstEnergy's gambit has implications well beyond its Ohio base, and might affect dozens of nuclear and coal-burning plants owned by other companies across about a dozen states. PHOTO: MICHAEL F. MCELROY FOR THE WALL STREET JOURNAL

By *Timothy Puko*

Updated April 1, 2018 11:07 p.m. ET

The Trump administration's commitment to coal is under its stiffest test yet after an Ohio energy company made a plea to favor that power source over its many rivals, including oil and natural gas, in a clash that could end with higher costs for consumers.

FirstEnergy Corp.'s fleet of coal- and nuclear-power plants filed for bankruptcy over the weekend, just days after the company asked the federal government for an emergency declaration that would keep many of them open. That forces President Donald Trump's Energy Department into a decision on whether to intervene under a lightly used, 83-year-old law and compel the nation's largest electric-grid operator to dispatch power from FirstEnergy's coal and nuclear plants effectively before any other.

Mr. Trump has been one of the coal industry's biggest boosters, campaigning on reviving a downtrodden industry, and his administration has voiced support for nuclear, too. Both of those fuels are facing tough competition as alternatives—including natural gas, and wind and solar power—have become cheap and more plentiful.

Should the Ohio company's plea succeed, it could protect thousands of jobs at nuclear and coal plants, as well as their suppliers. But it would hurt rival energy businesses and could raise electricity prices for companies and consumers across the Midwest and mid-Atlantic states. That poses significant risk to Mr. Trump by antagonizing

supporters among electricity users and companies in the oil-and-gas industry that have become primary suppliers to power plants.

A broad alliance formed last year opposes a bailout for nuclear and coal plants. The group includes traditional Republican allies in oil, gas and manufacturing that have joined in an unusual pairing with wind and solar producers and environmentalists.

This alliance is a rising power in the energy industry. Steadily improving technology and the shale-drilling boom have made natural gas, wind and solar the growing sources of electricity.

Natural gas recently became the most common source of power, accounting for 32% of the nation's electricity generation in 2017, up from 17% around the turn of the century. Coal's share fell over the same period to 30% from 50%.

The result is that coal- and nuclear-power plant operators are struggling, creating political pressure for federal and state leaders to consider bailouts or tax incentives to slow that shift and to stop even more plants from closing.

"It's urgent," said Energy Secretary Rick Perry in an interview last year. "It is one of the highest priorities and one of the greatest concerns, to make sure we don't lose these plants."

RELATED

- Some of FirstEnergy's Power-Generation Businesses File for Bankruptcy

FirstEnergy's gambit has implications well beyond Ohio, and might affect dozens of nuclear and coal-burning plants

owned by other companies across about a dozen states. There has been no outpouring of support from rival power companies in the region that would be affected, and some outright oppose its request to the administration, advocating that governments avoid giving bailouts and disrupt the competitive markets that have led to cheaper, cleaner electricity. Government approval would set an important precedent.

FirstEnergy delivered its appeal to the Energy Department the morning after it announced plans Wednesday to close three struggling nuclear-power plants in Ohio and Pennsylvania by 2021 if it can't sell them.

One of FirstEnergy's big coal suppliers is Murray Energy Corp., which warned in personal letters to the White House last year that bankruptcy at an arm of FirstEnergy could also push its mines to their own financial brink. On Sunday Murray Energy chastised the federal government for failing to intervene sooner.

Murray Energy and its controlling owner, Robert Murray, have been generous donors to Mr. Trump's political groups, federal records show, and Mr. Murray's letters last year made the same request for emergency action that FirstEnergy did in its formal request Thursday.

Mr. Trump campaigned hard on promises to revive the coal industry in states like Ohio, Pennsylvania and West Virginia. He derided concerns about pollution and climate change caused by fossil fuels, promising to ease environmental regulations and help coal mines reopen.

FirstEnergy and Murray have warned financial troubles could lead to a national-security risk by leaving the grid too reliant on natural gas. While it may be cheap now, it is historically one of the most volatile commodities and, with fewer competitors, prices might be vulnerable to surges should supplies be disrupted, raising costs that

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would be passed on to energy consumers, whether households or factories, they say.

“Immediate action is needed,” wrote FirstEnergy lawyers in their appeal, to ensure that nuclear and coal receives “compensation commensurate with the value it provides to the Nation.” Research from Mr. Perry’s Energy Department has also stressed the need for nuclear or coal to assure a reliable and diverse mix of fuels for the power grid.

Those claims are disputed. Several states have surplus capacity, and the grid’s mix of fuels is one of its most diverse ever. Competitive markets have helped lower wholesale prices nationwide, and developers are building new capacity anyway, deploying newer, more efficient technology.

“For FirstEnergy to cry wolf on the issue of grid reliability is irresponsible and is the company’s latest attempt to force consumers to pay for a bailout,” said Todd Snitchler of the American Petroleum Institute, which represents the oil-and-gas industry and opposes the FirstEnergy request of the government.

The cost of emergency federal intervention would indeed fall to consumers. FirstEnergy’s request would force the market’s biggest grid operator, PJM Interconnection LLC, which helps transmit power to homes and businesses from Newark, N.J., to Chicago, to take supply from nuclear and coal-fired plants. It would have to set prices that guarantee profits for those plants, with retail and industrial electricity consumers ultimately picking up the tab.

Mr. Perry had made a similar proposal in September, ordering a review at the Federal Energy Regulatory Commission, which oversees interstate, wholesale power markets. FERC rejected the plan in a unanimous ruling, concluding the Trump administration hadn’t proved an imminent threat to the grid’s reliability.

FirstEnergy’s move sidesteps FERC with an appeal directly to Mr. Perry.

Critics questioned the legitimacy of FirstEnergy’s claims and their timing. The plant closings it announced Wednesday are at least two years away, and it said it would reconsider if it gets government help. If it does, rate increases could be huge, said John Hughes, chief executive of the Electricity Consumers Resource Council.

“It’s silly because there’s such a surplus of power out there,” Mr. Hughes said. “There’s no emergency, that’s clear.”

—Julie Bykowicz contributed to this article.

Write to Timothy Puko at tim.puko@wsj.com

Appeared in the April 2, 2018, print edition as ‘Trump’s Loyalty To Coal Is Tested.’

Kim Fyffe

From: Tony Campbell
Sent: Friday, February 2, 2018 9:03 PM
To: David Smart; Don Mosier; Mike McNalley; David Crews
Subject: Fwd: Amendment 3 Notice
Attachments: image001.jpg; ATT00001.htm; 2018 A3 Notice.pdf; ATT00002.htm

Guys,

Here is Owen's request. Don please help Mark get his request correct.

TC

Sent from my iPhone

Begin forwarded message:

From: Mark Stallons <mstallons@owenelectric.com>
Date: February 2, 2018 at 4:51:24 PM EST
To: "tony.campbell@ekpc.coop" <tony.campbell@ekpc.coop>
Cc: Jim Crawford <JCrawford@cbkylaw.com>
Subject: Amendment 3 Notice

Tony,

Attached please find Owen Electric's notice of its election to reduce its purchases of electric power from EKPC and replace same with power furnished from an alternate source. We will follow with a written letter in the mail this coming Monday, February 5, 2018. Should you have any questions, please do not hesitate to call.

Sincerely,

Mark A. Stallons

President & CEO

Owen Electric Cooperative

8205 Hwy 127N; PO Box 400

Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

✉ **Email:** mstallons@owenelectric.com



A Touchstone Energy Cooperative 

February 2, 2018

Mr. Anthony S. Campbell
President and CEO
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Dear Mr. Campbell,

Pursuant to the provisions of the Amendment No. 3 to the Wholesale Power Contract between East Kentucky Power Cooperative, Inc. ("EKPC"), and Owen Electric Cooperative Inc. ("Owen Electric") dated October 23, 2003 ("Amendment 3"), and the Memorandum of Understanding and Agreement regarding Alternate Power Sources, between EKPC and the 16 Owner Members of EKPC including Owen Electric, dated July 16, 2015 ("MOU"), Owen Electric does hereby provide the following notice of its election to reduce its purchases of electric power from EKPC and replace same with electric power furnished from an Alternate Source.

According to the provisions of Section 4(A) of the MOU there are five (5) primary procedures and requirements for the content of this notice; in compliance with these provisions, Owen Electric provides the required information with respect to its Alternate Source election immediately following each listed item.

- (i) *the term during which the Alternate Source will be used to reduce the Owner Member's purchases from EKPC under the Wholesale Power Contract, including the date on which such use will begin, and the length of time during which such use will continue, which length may not exceed 20 years (including any renewal options for an Alternate Source that is a contract with a third party)*

The Alternate Source (which is further described below) will be used to supply Owen Electric's power requirements outside of and separate from the Wholesale Power Contract between Owen Electric and EKPC for a term of 5-20 years commencing at 12:00 a.m. (EST) on September 1, 2019.

- (ii) *the maximum electrical capacity, in kW, to be available from the Alternate Source and the corresponding amount of reduction in demands to be served by EKPC as a result of the Alternate Sources, appropriately taking into account expected losses, if any*

The maximum electrical capacity to be available from the Alternate Source, and the corresponding amount of reduction in demands to be served by EKPC as a result of the use of the Alternate Source, is to be calculated at the level equal to five percent (5%) of the rolling average of Owen Electric's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding this notice, less previously-noticed 2MW Bromley DG Unit upon calculation of the five percent (5%)

level as defined by the A3 Allotment spreadsheet by EKPC which includes the month of January 2018 in the calculation.

- (iii) *a general description of the nature of the Alternate Source and the primary generating facilities from which the subject electric power and energy will be produced*

The Alternate Source shall be in the form of Owen Electric becoming a PJM member and purchasing energy, capacity, transmission and services required by PJM policies from the PJM Market.

- (iv) *the approximate, expected pattern of use or dispatching of the Alternate Source and the corresponding pattern of the hourly reductions in energy to be purchased by the Owner Member from EKPC*

The Alternate Source will provide for delivery of the capacity designated above in every hour of the term of the Alternate Source.

- (v) *a designation of whether the Alternate Sources will be:*

- (a) *interconnected to the Owner Member's distribution system (and not to any transmission system) and will not produce energy in any hour in excess of the Owner Member's load at the Related EKPC Point of Delivery. Such Alternate Sources are referred to in in the MOU&A as "Behind the Meter Sources". The "Related EKPC Point of Delivery" with respect to any Alternate Sources is the point of delivery under the Owner Member's Wholesale Power Contract through which energy purchased from EKPC would be used to serve the load served by the Alternate Source if the Alternate Source did not exist;*
- (b) *interconnected or delivered to EKPC's or another entity's transmission system; or*
- (c) *interconnected to the Owner Member's distribution system and will produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery.*

The Alternate Source will be: (b) interconnected or delivered to EKPC's or another entity's transmission system.

Owen Electric will provide additional detail regarding the Alternate Source when it is available and looks forward to work with EKPC on implementation.

Please let me know if you have any questions regarding this Alternate Source.

Sincerely,



Mark A. Stallons
President and CEO
Owen Electric Cooperative

Kim Fyffe

From: Missy Moore <mmoore@owenelectric.com>
Sent: Wednesday, February 28, 2018 9:39 AM
To: David Crews
Cc: Mark Stallons
Subject: Owen Electric Cooperative - A3 Letter of Notice
Attachments: Letter of Notice - Final 2.28.18.pdf

Good Morning David,

Please find the attached A3 Letter of Notice for your review, as discussed by you and Mark yesterday. If you have any questions or concerns, feel free to contact me.

Thank you,
Missy K. Moore
Executive Assistant

Owen Electric Cooperative
PO Box 400
Owenton, KY 40359
Direct: 502-563-3501
Email: mmoore@owenelectric.com

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OWEN Electric

A Touchstone Energy Cooperative 

February 27, 2018

Mr. Anthony S. Campbell
President and CEO
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

RE: Amended 2018 A3 Notice, dated February 2nd

Dear Mr. Campbell,

Pursuant to the provisions of the Amendment No. 3 to the Wholesale Power Contract between East Kentucky Power Cooperative, Inc. ("EKPC"), and Owen Electric Cooperative Inc. ("Owen Electric") dated October 23, 2003 ("Amendment 3"), and the Memorandum of Understanding and Agreement regarding Alternate Power Sources, between EKPC and the 16 Owner Members of EKPC including Owen Electric, dated July 28, 2015 ("MOU"), Owen Electric does hereby provide the following notice of its election to reduce its purchases of electric power from EKPC and replace same with electric power furnished from an Alternate Source.

According to the provisions of Section 4(A) of the MOU there are five (5) primary procedures and requirements for the content of this notice; in compliance with these provisions, Owen Electric provides the required information with respect to its Alternate Source election immediately following each listed item.

- (i) *the term during which the Alternate Source will be used to reduce the Owner Member's purchases from EKPC under the Wholesale Power Contract, including the date on which such use will begin, and the length of time during which such use will continue, which length may not exceed 20 years (including any renewal options for an Alternate Source that is a contract with a third party)*

The Alternate Source (which is further described below) will be used to supply 19.3 MW's of Owen Electric's power requirements outside of and separate from the Wholesale Power contract between Owen Electric and EKPC for a term of 20 years commencing at 12:00 a.m. (EST) on March 1, 2020.

- (ii) *the maximum electrical capacity, in kW, to be available from the Alternate Source and the corresponding amount of reduction in demands to be served by EKPC as a result of the Alternate Sources, appropriately taking into account expected losses, if any*

The maximum electrical capacity to be available from the Alternate Source, and the corresponding amount of reduction in demands to be served by EKPC as a result of the use of the Alternate Source, is 19,300 kW.

- (iii) *a general description of the nature of the Alternate Source and the primary generating facilities from which the subject electric power and energy will be produced*

The Alternate Source shall be in the form of Owen Electric becoming a PJM member and purchasing energy, capacity, transmission and services required by PJM policies from the PJM Market.

- (iv) *the approximate, expected pattern of use or dispatching of the Alternate Source and the corresponding pattern of the hourly reductions in energy to be purchased by the Owner Member from EKPC*

The Alternate Source will supply the 19,300 kW of energy all hours of each year of the 20 year term, by purchasing same from the PJM wholesale market.

- (v) *a designation of whether the Alternate Sources will be:*

- (a) *interconnected to the Owner Member's distribution system (and not to any transmission system) and will not produce energy in any hour in excess of the Owner Member's load at the Related EKPC Point of Delivery. Such Alternate Sources are referred to in in the MOU&A as "Behind the Meter Sources". The "Related EKPC Point of Delivery" with respect to any Alternate Sources is the point of delivery under the Owner Member's Wholesale Power Contract through which energy purchased from EKPC would be used to serve the load served by the Alternate Source if the Alternate Source did not exist;*
- (b) *interconnected or delivered to EKPC's or another entity's transmission system; or*
- (c) *interconnected to the Owner Member's distribution system and will produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery.*

The Alternate Source will be: (b) interconnected or delivered to EKPC's or another entity's transmission system.

Owen Electric will provide additional detail regarding the Alternate Source when it is available and looks forward to work with EKPC on implementation.

Please let me know if you have any questions regarding this Alternate Source.

Sincerely,



Mark A. Stallons
President and CEO
Owen Electric Cooperative

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Wednesday, February 21, 2018 5:06 PM
To: Mike McNalley
Cc: Don Mosier; Tony Campbell; David Smart; David Crews
Subject: RE: A3 impact model

Ok thx

From: Mike McNalley [mailto:Michael.McNalley@ekpc.coop]
Sent: Wednesday, February 21, 2018 5:05 PM
To: Mark Stallons
Cc: Don Mosier ; Tony Campbell ; David Smart ; David Crews
Subject: RE: A3 impact model

***** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email! *****

Mark,

Here is your spreadsheet with the actual billing data on the "Cost Shift" tab in green. I have not made any other changes. We can discuss tomorrow. I am OK with you sending this to the committee.

Mike McNalley
EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 O
859-595-3897 C
Michael.mcnalley@ekpc.coop

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Wednesday, February 21, 2018 4:47 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: A3 impact model

Mike,

This is my latest version. Feel free to call as needed. I emailed this to all CEO's and asked them to input their own numbers in lieu of the capital credit assumptions I made on the last sheet. Yes, I have the word "draft" all over this to indicate a work in progress not perfection...

Thanks,

Mark

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Tuesday, February 6, 2018 5:06 PM
To: David Crews
Subject: RE: A3 Load Allocations

David,

Talked with Sally this afternoon. Good thing this is still a draft, once I receive Sally's rolling 36 month numbers for Owen I will review and adjust Owen's notice to reflect the final number as 19.3MW

Thanks,

Mark

From: Mark Stallons
Sent: Tuesday, February 06, 2018 12:44 PM
To: david.crews@ekpc.coop
Cc: 'Sally Witt'
Subject: A3 Load Allocations

David,

Attached please find a draft of the latest updated letter of notice. Please ask Sally Witt to forward the A3 Allotment spreadsheet supporting the 18.9MW number for my records.

Thanks,

Mark

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500
☎ **Mobile:** 502-514-1650
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"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Tuesday, December 5, 2017 3:57 PM
To: David Crews
Cc: Tony Campbell; Don Mosier; Mike McNalley; Alan Ahrman
Subject: RE: Amend 3 Rolling 36 month load data

David,

Please provide the excel spreadsheet details of the 36 rolling month load data supporting the threshold limits and Owen's Amendment #3 limits. Much appreciated.

Thanks,

Mark

From: David Crews [mailto:David.Crews@ekpc.coop]
Sent: Tuesday, December 05, 2017 11:36 AM
To: Mark Stallons
Cc: Tony Campbell ; Don Mosier ; Mike McNalley ; Alan Ahrman
Subject: RE: Amend 3 Rolling 36 month load data

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This is to back up the data I provided you yesterday verbally. The 2.5% threshold is 74.9 MWs and the aggregate notices are 69.2 MWs.

I will also dig up a copy of the MOU that Owen executed as you requested.

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, December 4, 2017 11:27 AM
To: David Crews <David.Crews@ekpc.coop>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; Alan Ahrman <alanahrman@gmail.com>
Subject: Amend 3 Rolling 36 month load data

David,

At Owen Electric's November 30, 2017 Board Meeting, my board asked me to investigate South Kentucky's amendment #3 notice and determine if similar opportunities exist for Owen Electric to pursue. Please provide the following data:

1. Owen Electric's current rolling average of Owen Electric's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods.

2015 – 347.4 MWs
2016 – 313.0 MWs
2017 – 350.7 MWs

3 year rolling average – 337 MWs

5% = 16.9 MWs

15% = 50.6 MWs

2. EKPC current rolling average of EKPC's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods including the 2.5% and 5.0% thresholds.

2015 – 3428.1

2016 – 2739.5

2017 - 2771.8

3 year rolling average – 2979.8

5% = 149

2.5% = 74.5

3. The current aggregate and individual amount of all owner member's Amendment 3 alternate source loads. The current aggregate noticed A3 is 69.2 MWs. Owen has noticed 2.0 MWs of A3 resources.

Should you have any questions, please contact me.

Sincerely,

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Thursday, December 7, 2017 3:36 PM
To: Sally Witt
Cc: David Crews
Subject: RE: Amendment 3 load Calculations

Sally,

Is there any billing correspondence that Owen receives each month that shows us our actual demand numbers for the month? Mike Stafford receives a Schedule B Statistics Report that shows Billing demand and CP TOD Demand for each contract schedule B load. It appears that the CP TOD demand may be the actual demand you use in the Amendment 3 calculations. In regards to Nucor, I do not find any reference on the bill to actual demand for the month. Please clarify?

Thanks,

Mark

-----Original Message-----

From: David Crews [mailto:David.Crews@ekpc.coop]
Sent: Wednesday, December 06, 2017 5:39 PM
To: Mark Stallons <mstallons@owenelectric.com>
Subject: Fwd: Amendment 3 load Calculations

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See the explanation below. Sally included the correspondence from the previous discussion as well.

Sent from my iPad

Begin forwarded message:

From: Sally Witt <sally.witt@ekpc.coop<mailto:sally.witt@ekpc.coop>>
Date: December 6, 2017 at 3:34:29 PM EST
To: David Crews <David.Crews@ekpc.coop<mailto:David.Crews@ekpc.coop>>
Cc: Julie Tucker <julie.tucker@ekpc.coop<mailto:julie.tucker@ekpc.coop>>
Subject: RE: Amendment 3 load Calculations

Hi!

The difference is billed demand, which includes demand based on contract, versus actual demand at the time of the peak. Mark is using billed demand (see labels in his spreadsheet) and we are using actual demand. For example, see the attached 2 pages from January 2017 Billing Statement to Owen. The 2 orangish highlights equal what Mark has:

Page 1: Grand Total Billing Demand = 249,016
Page 2: Gallatin Billing Demand = 148,667

Total: = 397,883 = Mark's sheet

The Updated Allotment spreadsheet has:

Owen CP = 236,321
Gallatin Actual Demand = 114,362
Total: = 350,683

Owen has other customers on special rates that have contract demands also. All of the contract demand compared to actual demand accounts for the deviation from Mark's calculation to EKPC's values.

This issue was discussed in August 2015 too. See email excerpts below, read from the bottom up.
Let me know if you need anything else.

Sally

From: David Crews
Sent: Wednesday, December 06, 2017 10:56 AM
To: Sally Witt <sally.witt@ekpc.coop<mailto:sally.witt@ekpc.coop>>
Subject: FW: Amendment 3 load Calculations

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Wednesday, December 6, 2017 10:43 AM
To: David Crews <David.Crews@ekpc.coop<mailto:David.Crews@ekpc.coop>>
Cc: Mike Cobb <mcobb@owenelectric.com<mailto:mcobb@owenelectric.com>>; April Brown <abrown@owenelectric.com<mailto:abrown@owenelectric.com>>
Subject: Amendment 3 load Calculations

David,

Attached please find our support for our Amendment #3 load calculations. Please have Sally review and let's discuss.

Thanks,

Mark

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

* Direct Line: 502-563-3500
* Mobile: 502-514-1650
* Email: mstallons@owenelectric.com<mailto:mstallons@owenelectric.com>

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Saturday, February 24, 2018 7:38 AM
To: Mike McNalley
Cc: Bill Prather (bprather@farmersrecc.net); Bill Shearer; Chris Brewer (cbrewer@clarkenergy.com); Mike Williams (mikew@bgenergy.com); Tim Sharp (tjsharp@srelectric.com); Joe Spalding (spaldingfarm@windstream.net); Landis Cornett; Tony Campbell; Don Mosier; David Smart; David Crews
Subject: Re: Analyses of SK Scenarios

Mike,

Thank you and well done. A few thoughts. For negotiation purposes are the positions between SK at 10% and SK at 5%, such as 9%, 8% and so on easily developed? Having those intermediate positions would be helpful as well as adding SKY's net savings after purchasing their replacement power supply from Morgan Stanley at an assumed price point.

I believe the above would help us develop our negotiation strategy. Your thoughts?

Mark

Mark Stallons
Sent from my iPhone

On Feb 22, 2018, at 12:41 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

***** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email! *****

Special Committee Members:

Please treat this email and attachment as **confidential**.

Attached is a summary of the preliminary analyses Isaac and I prepared on SK's Amendment 3 election. This summarizes several large, complex analyses in several spreadsheets – it is not the output of a dynamic model where we can modify selected inputs to generate different scenarios. This is because of the complexity of our billing mechanisms and cost structures.

There are three scenarios summarized on the first tab, and each is detailed a bit on the subsequent tabs. The Base Case Scenario is South Kentucky takes 58MW (We have been calling this 15% but it is actually a bit shy of that). This sets the impacts on FAC, ES and Base Rates after a rate case, using current ratemaking (before we do a cost of service study and try to reallocate some of this)

Case 1 is South Kentucky takes 10% which is 41.2 MW and the remaining 16.8 MW are spread to the other 15 owner-members using their share of the A3 allotments proportionately.

Case 2 is South Kentucky takes 5% which is 20.6 MW and the remaining 37.4 MW are spread to the other 15 owner-members using their share of the A3 allotments proportionately.

For Cases 2 and 3 I had to assume a cost of the Morgan Stanley purchase. I assumed \$40/MWh for energy plus \$5/MWh for capacity (68 MW * \$100/MW-Day *365), for a total of \$45/MWh. Our average cost of energy (BROC report) is \$25/MWh so the net cost of the Morgan Stanley deal is assumed to be \$20/MWh. There are several other assumptions that were necessary to prepare these analyses, which are subject to correction, so it must be viewed as probably directionally correct but not precise. Some of the key assumptions are noted on the first tab (page) of the attachment, but there are several others embedded in the thinking.

Note that I have made no effort to estimate what SK is saving in their “deal”; the attached is from the EKPC perspective only. There are several other scenarios we can create, but they are increasingly difficult to model or require assumptions which are much more likely to lead to incorrect conclusions. Feel free to call to discuss this.

Best,

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

859-745-9209 O

859-595-3897 C

Michael.mcnalley@ekpc.coop

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Friday, February 9, 2018 1:44 PM
To: Bill Prather; Tim Sharp
Cc: bsexton@bigsandyrecc.com; Mike Williams (mikew@bgenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; 'Dennis Holt' (dholt@skrecc.com); debbiem@shelbyenergy.com; bmyers@tcrecc.com; Tony Campbell; Don Mosier; Mike McNalley; David Crews
Subject: RE: EKPC Amendment Three Notification
Attachments: A3 Cost Shift 020818.xlsx

Fellow Manager's,

Owen has likewise given EKPC notification on the remaining balance of our Amendment 3 rights. As Tim and Bill have expressed, Owen is also hopeful that we can work together to find common ground and determine a pathway that meets all of our 500,000 plus members desire for affordable and reliable energy. As developed in 2003, Amendment 3's differential between an individual coops ability to go to market for 15% while EKPC's allotment is simply 5%, has always been recognized and is a serious problem that creates major inequities. When we negotiated the MOU, unfortunately we were unable to mitigate this risk and agree on a common percentage that applied to both EKPC and the Member Owners.

In Owen's board room discussions, we used the attached excel spreadsheet to understand the Amendment 3 impacts to EKPC and all 16 member owners. You are welcome to modify and use this model to see what your Cooperative's impacts are under a variety of scenarios. Please understand that some data is not readily available and as a result I have made assumptions that affect the outcome. For example in the last tab entitled "Cost shift", I used the 2017 capital credit allocations to estimate each cooperatives power bill. To receive a more accurate estimated impact, please input your actual 2017 Environmental Surcharge power expense in column D (highlighted green) and your Base Rate power bill in column F also highlighted green.

The first tab, tiled "Jan 2018 Allotment", is a historical summary of Amendment 3 notices and the balances by cooperative as of February 8, 2018. I have included Farmer's recent notice, however, I simply applied the notice to the remaining balance. If a prior notice has been rescinded then my assumption is not accurate. If you want to see the impact of your Cooperative's decision to give notice or to not give notice please update column X and Y highlighted in green and entitled 2018 PJM Notices with either your remaining balance in column Z, the pro-rata share in column AA, or leave as zero. Please note that column AE, titled "Net Member Savings(Loss)" identifies the resulting cost impact. As you change your notice and as others change their notice the impacts shift.

The second tab, titled "A3 Savings" takes the noticed amount from tab 1 "Jan 2018 Allotment" and calculates the annual savings that your individual cooperative could expect in year 1 if the price spread was \$20. You can change the price spread highlighted in green to any number you choose.

The third tab, titled "EKPC Impact" shows the impact on the Environmental Surcharge and on the Base Rates charged to each member owner based upon the number of cooperatives who have given notice. Please note that the cost shifts are proportional to the cost shifts identified in EKPC's letter dated December 27, 2017 which

discusses said cost shifts and mitigation. Please also note that the notices provided since November 2017 are estimated to result in roughly a \$7 Million dollar reduction (6.44%) in EKPC's environmental surcharge revenue and roughly a \$22 Million reduction (2.88%) in base rate revenue. As you change your notice choice on tab 1, the impact is updated.

The fourth tab, entitled "Cost Shift", displays the savings if you exercise Amendment 3, the resulting cost shifts, and the net impact on all 16 cooperatives. Unfortunately, the bottom line is that exercising your Amendment 3 option will not completely mitigate the negative cost impacts or totally reduce the cost shifts. The only successful way forward is for all of us is to sit down and develop a new path that is beneficial to all concerned.

I do not claim the attached spreadsheet to be perfect, however, I do believe it is directionally correct and a good start. I am also very willing to work with interested parties to modify and improve the model. Should you have any questions, please do not hesitate to call.

Sincerely,

Mark

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 08, 2018 3:53 PM
To: Tim Sharp
Cc: bsexton@bigsandyrecc.com; Mike Williams (mikew@bgenergy.com) ; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) ; ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons ; 'Dennis Holt' (dholt@skrecc.com) ; debbiem@shelbyenergy.com; bmyers@tcreec.com; tony.campbell@ekpc.coop
Subject: Re: EKPC Amendment Three Notification

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Folks,

Like Tim at Salt River, I wanted to give you a heads up that Farmers has likewise given EKPC notification on the remaining balance of our Amendment 3 rights. Farmers too, is hopeful that we can all determine a path forward that will be beneficial to all sixteen member-owners. We look forward to working together to find common ground that is fair to all. We do not philosophically support where Amendment 3 is currently taking us all, and hope we can find a better way for our sixteen members.

Bill Prather
Farmers RECC

On Fri, Feb 2, 2018 at 7:11 AM, Tim Sharp <tjsharp@srelectric.com> wrote:

As a courtesy, we want to make you aware that Salt River Electric has given East Kentucky Power notification yesterday of our intention to exercise our Amendment Three rights.

Salt River Electric has given East Kentucky Power notice of our intent to acquire the remaining amount up to 5% of our rolling three year average peak from an alternate source. This alternate source is scheduled to begin on September 1, 2019.

Per Tony Campbell's memo of 1/30/18, Salt River is more than willing to work toward a strategy is more beneficial to all of EKPC's members.

Please feel free to contact me if you have any questions or concerns.

Tim Sharp

Salt River Electric

--

William T. Prather

President/CEO

Farmers Rural Electric Cooperative Corporation


504 South Broadway

Glasgow, Kentucky 42141

270-651-2191, ext. 8300

bprather@farmersrecc.com



A Touchstone Energy® Cooperative 

EKPC 5% Limit						A3 Allotments, Based on Data Through January 2018						A3 Balances as of January 2018												
Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	5% Limit	Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election	Owner-Member Cooperative	Allocation		Notice Before 2018 & 2018 Non PJM Notices	PJM Notice For N	Please choose your 2018 PJM Notice	5% Balance	Live Pro-rata Share of Balance	Feb 8 2018 Pro-Rata Share of Balance			
	Feb 2015-	Feb 2016-	Feb 2017-				Feb 2015-	Feb 2016-	Feb 2017-					%	MW							MW	MW	MW
	Jan 2016	Jan 2017	Jan 2018				Jan 2016	Jan 2017	Jan 2018															
Big Sandy	89.5	56.9	74.3	73.6	3.7	Big Sandy	89.5	58.8	74.3	74.2	3,710	11.1	Big Sandy	5%	3.7	0.0	N	0.0	3.7	1.9	1.9			
Blue Grass	410.9	324.4	382.2	372.5	18.6	Blue Grass	410.9	324.4	383.2	372.8	18,642	55.9	Blue Grass	5%	18.6	0.0	N	0.0	18.6	9.5	9.5			
Clark	154.0	113.6	139.4	135.7	6.8	Clark	154.0	113.6	140.1	135.9	6,796	20.4	Clark	5%	6.8	0.0	N	0.0	6.8	3.5	3.5			
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	Cumberland Valley	158.3	110.0	141.3	136.5	6,826	20.5	Cumberland Valley	5%	6.8	0.0	N	0.0	6.8	3.5	3.5			
Farmers	136.4	115.9	138.4	130.2	6.5	Farmers	136.8	115.9	138.4	130.3	6,517	19.6	Farmers*	5%	6.5	4.6	Y	1.9	0.0	0.0	0.0			
Fleming Mason	196.9	166.9	189.1	184.3	9.2	Fleming Mason	198.0	179.7	189.1	188.9	9,445	28.3	Fleming Mason*	5%	9.4	1.4	N	0.0	8.0	4.1	4.1			
Grayson	85.2	57.6	72.7	71.9	3.6	Grayson	85.2	58.3	72.7	72.1	3,603	10.8	Grayson	5%	3.6	0.0	N	0.0	3.6	1.8	1.8			
Inter-County	171.1	134.1	158.6	154.6	7.7	Inter-County	171.1	134.4	158.6	154.7	7,736	23.2	Inter-County	5%	7.7	0.0	N	0.0	7.7	4.0	4.0			
Jackson	325.6	230.2	293.6	283.2	14.2	Jackson	327.7	232.2	293.6	284.5	14,226	42.7	Jackson*	5%	14.2	6.0	Y	8.0	0.0	0.0	0.0			
Licking Valley	88.6	58.7	75.0	74.1	3.7	Licking Valley	88.6	60.6	76.6	75.3	3,763	11.3	Licking Valley	5%	3.8	0.0	N	0.0	3.8	1.9	1.9			
Nolin	211.1	199.1	215.5	208.6	10.4	Nolin	230.4	199.1	216.1	215.2	10,760	32.3	Nolin	5%	10.8	0.0	N	0.0	10.8	5.5	5.5			
Owen	347.4	350.7	423.8	374.0	18.7	Owen	430.9	401.5	447.5	426.6	21,330	64.0	Owen*	5%	21.3	2.0	Y	19.3	0.0	0.0	0.0			
Salt River	314.4	262.0	306.4	294.3	14.7	Salt River	316.1	262.0	306.4	294.8	14,742	44.2	Salt River*	5%	14.7	2.0	Y	12.7	0.0	0.0	0.0			
Shelby	120.5	99.6	113.9	111.3	5.6	Shelby	120.5	101.6	113.9	112.0	5,599	16.8	Shelby	5%	5.6	0.0	N	0.0	5.6	2.9	2.9			
South Kentucky	458.9	353.4	426.2	412.9	20.6	South Kentucky	458.9	353.4	426.2	412.9	20,643	61.9	South Kentucky*	15%	61.9	58.0	N	0.0	0.0	0.0	0.0			
Taylor	159.4	139.1	157.0	151.8	7.6	Taylor	160.2	139.1	157.0	152.1	7,504	22.8	Taylor	5%	7.6	0.0	N	0.0	7.6	3.9	3.9			
Total	3,428.1	2,771.8	3,307.4	3,169.1	158.5	Total	3,537.0	2,844.5	3,335.0	3,238.8	161.9		Total		203.2	74.0		41.9	83.2	42.6	42.5			

Total projects MW cannot exceed 5% of the 3 year average of EKPC CP, which is currently 158.5 MW.

Feb 2015-Jan 2016 Peak Occurred Feb 2015
Feb 2016-Jan 2017 Peak Occurred Jan 2017
Feb 2017-Jan 2018 Peak Occurred Jan 2018

Noticed Projects						
Owner-Member	Project	Notice Given			MW	Delivery Date
Jackson	Irvine LFGTE				1.6	10/2013
Jackson	Dupree Energy Sys				1.0	3/2015
Farmers	Federal Mogul DG				3.6	2005
Farmers	Glasgow LFGTE				1.0	11/2015
Salt River	Lock 7				2.0	2013
Owen	Owen Office				2.0	2016
South Kentucky	PJM/Market	12/2018			58.0	6/2019
Salt River	PJM/Market	2/2018			12.7	9/2019
Owen	PJM/Market	2/2018			19.3	9/2019
Fleming-Mason	LFG PPA	2/2018			1.4	10/2018
Jackson	PJM Market	2/2019			8.0	
Jackson	Hydro	2/2020			3.4	
Total Projects					114.0	
Not to Exceed 158.5 MW						
Remaining Balance of 5% Amendment 3 Pool Feb 8, 2018					44.46	
Noticed February 8, 2019 not in above					1.9	

Kim Fyffe

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, February 19, 2018 9:22 AM
To: Terri Combs; Joe Spalding, Inter-County Energy; Bill Shearer; Landis Cornett (ekpc@landiscornett.com); Mike Williams (mikew@bgenergy.com); Tim Sharp; Chris Brewer
Cc: Tony Campbell; Don Mosier; David Smart; David Crews; Mike McNalley
Subject: RE: MOU Committee discussion

All,

Tomorrow at 3pm works for me.

Mark

-----Original Message-----

From: Terri Combs [mailto:terri.combs@ekpc.coop]
Sent: Monday, February 19, 2018 9:15 AM
To: Joe Spalding, Inter-County Energy <spaldingfarm@windstream.net>; Bill Shearer <wpshearer@bellsouth.net>; Landis Cornett (ekpc@landiscornett.com) <ekpc@landiscornett.com>; Mike Williams (mikew@bgenergy.com) <mikew@bgenergy.com>; Tim Sharp <tjsharp@srelectric.com>; Chris Brewer <cbrewer@clarkenergy.com>; Mark Stallons <mstallons@owenelectric.com>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; David Smart <david.smart@ekpc.coop>; David Crews <David.Crews@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: MOU Committee discussion

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email! ***

Good morning,

Tony asked that I set up a conference call for the MOU Committee tomorrow (Tuesday, 2/20) at 3:00 p.m. (eastern time). Does this time work for all of you?

Once the date/time is established, I will send out a calendar invitation. Please let me know at your earliest convenience.

Thanks so much,

Terri K. Combs
Executive Assistant/Paralegal
Office of the President & CEO
East Kentucky Power Cooperative, Inc.
PO Box 707
Winchester, KY 40392-0707
859-745-9314
Terri.combs@ekpc.coop

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Kim Fyffe

From: David Crews
Sent: Wednesday, February 7, 2018 4:05 PM
To: Barry Myers; Bill Prather; Bobby Sexton; Carol Fraley; Carol Wright - Jackson Energy; Chris Brewer - Clark Energy; Debbie Martin; Dennis Holt; Jerry Carter; Joni Hazelrigg; Kerry Howard; Mark Stallons; Mickey Miller; Mike Williams; Ted Hampton; Tim Sharp - Salt River Electric
Subject: Amendment 3 Allotment Jan 2018 for distribution.xlsx
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx

This is the spreadsheet updated with notices received today.

A3 Allotments, Based on Data Through January 2018

Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election
	Feb 2015-	Feb 2016-	Feb 2017-			
	Jan 2016	Jan 2017	Jan 2018			
Big Sandy	89.5	58.8	74.3	74.2	3.7	11.1
Blue Grass	410.9	324.4	383.2	372.8	18.6	55.9
Clark	154.0	113.6	140.1	135.9	6.8	20.4
Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5
Farmers	136.8	115.9	138.4	130.3	6.5	19.6
Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3
Grayson	85.2	58.3	72.7	72.1	3.6	10.8
Inter-County	171.1	134.4	158.6	154.7	7.7	23.2
Jackson	327.7	232.2	293.6	284.5	14.2	42.7
Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3
Nolin	230.4	199.1	216.1	215.2	10.8	32.3
Owen	430.9	401.5	447.5	426.6	21.3	64.0
Salt River	316.1	262.0	306.4	294.8	14.7	44.2
Shelby	120.5	101.6	113.9	112.0	5.6	16.8
South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9
Taylor	160.2	139.1	157.0	152.1	7.6	22.8
Total	3,537.0	2,844.5	3,335.0	3,238.8	161.9	

Kim Fyffe

From: David Crews
Sent: Wednesday, February 7, 2018 4:05 PM
To: Don Mosier; Mike McNalley; Tony Campbell; David Smart
Subject: FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx

FYI

From: David Crews
Sent: Wednesday, February 7, 2018 4:05 PM
To: Barry Myers ; Bill Prather ; Bobby Sexton ; Carol Fraley ; Carol Wright - Jackson Energy ; Chris Brewer - Clark Energy ; Debbie Martin ; Dennis Holt ; Jerry Carter ; Joni Hazelrigg ; Kerry Howard ; Mark Stallons ; Mickey Miller ; Mike Williams ; Ted Hampton ; Tim Sharp - Salt River Electric
Subject: Amendment 3 Allotment Jan 2018 for distribution.xlsx

This is the spreadsheet updated with notices received today.

A3 Allotments, Based on Data Through January 2018

Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election
	Feb 2015-	Feb 2016-	Feb 2017-			
	Jan 2016	Jan 2017	Jan 2018			
Big Sandy	89.5	58.8	74.3	74.2	3.7	11.1
Blue Grass	410.9	324.4	383.2	372.8	18.6	55.9
Clark	154.0	113.6	140.1	135.9	6.8	20.4
Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5
Farmers	136.8	115.9	138.4	130.3	6.5	19.6
Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3
Grayson	85.2	58.3	72.7	72.1	3.6	10.8
Inter-County	171.1	134.4	158.6	154.7	7.7	23.2
Jackson	327.7	232.2	293.6	284.5	14.2	42.7
Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3
Nolin	230.4	199.1	216.1	215.2	10.8	32.3
Owen	430.9	401.5	447.5	426.6	21.3	64.0
Salt River	316.1	262.0	306.4	294.8	14.7	44.2
Shelby	120.5	101.6	113.9	112.0	5.6	16.8
South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9
Taylor	160.2	139.1	157.0	152.1	7.6	22.8
Total	3,537.0	2,844.5	3,335.0	3,238.8	161.9	

Kim Fyffe

From: David Crews
Sent: Wednesday, December 6, 2017 10:56 AM
To: Sally Witt
Subject: FW: Amendment 3 load Calculations
Attachments: Amendment 3 Limits Nov 2017 Owen.xlsx

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Wednesday, December 6, 2017 10:43 AM
To: David Crews
Cc: Mike Cobb ; April Brown
Subject: Amendment 3 load Calculations

David,

Attached please find our support for our Amendment #3 load calculations. Please have Sally review and let's discuss.

Thanks,

Mark

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500
☎ **Mobile:** 502-514-1650
✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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Billing Demand (KW)

		Owen Reg.	Nucor	Total	12 Month Rolling KW Average	Month of Max Coincident Peak	3-12 Month KW Average	15% KW Threshold	5% KW Threshold
2012	January	232,505	159,375	391,880					
	February	215,389	159,901	375,290					
	March	194,175	160,132	354,307					
	April	155,245	159,908	315,153					
	May	228,595	159,964	388,559					
	June	264,696	159,413	424,109					
	July	261,923	159,691	421,614					
	August	252,603	159,888	412,491					
	September	223,878	159,564	383,442					
	October	180,007	159,194	339,201					
	November	198,823	159,845	358,668					
	December	205,226	159,562	364,788					
2013	January	249,698	159,686	409,384					
	February	243,929	159,664	403,593					
	March	222,488	160,926	383,414					
	April	189,281	159,132	348,413					
	May	207,091	161,620	368,711					
	June	223,156	159,724	382,880					
	July	250,177	160,253	410,430					
	August	250,417	159,849	410,266					
	September	244,730	159,852	404,582					
	October	175,850	159,829	335,679	410,430	Jul-13			
	November	207,330	159,816	367,146					
	December	235,890	159,230	395,120					
2014	January	299,272	155,032	454,304					
	February	271,878	152,908	424,786					
	March	250,041	152,817	402,858					
	April	193,611	151,957	345,568					
	May	197,593	152,167	349,760					
	June	238,433	152,084	390,517					

	July	248,466	152,242	400,708					
	August	243,836	151,893	395,729					
	September	242,108	151,800	393,908					
	October	186,583	151,837	338,420	454,304	Jan-14			
	November	232,780	151,915	384,695					
	December	212,448	151,804	364,252					
2015	January	293,469	151,797	445,266					
	February	307,796	130,125	437,921					
	March	268,480	130,020	398,500					
	April	159,797	130,454	290,251					
	May	197,795	134,781	332,576					
	June	239,470	134,798	374,268					
	July	237,169	134,968	372,137					
	August	233,640	137,989	371,629					
	September	247,226	137,975	385,201					
	October	159,949	137,979	297,928	445,266	Jan-15	436,667	65,500.00	21,833.33
	November	194,023	138,183	332,206					
	December	204,721	138,004	342,725					
2016	January	261,223	138,084	399,307					
	February	234,026	138,116	372,142					
	March	205,472	138,063	343,535					
	April	174,688	139,883	314,571					
	May	219,030	144,718	363,748					
	June	227,626	144,534	372,160					
	July	261,582	142,323	403,905					
	August	255,401	142,613	398,014					
	September	251,771	143,374	395,145					
	October	180,763	141,923	322,686	403,905	Jul-16	434,492	65,173.75	21,724.58
	November	188,211	146,759	334,970					
	December	249,269	147,870	397,139					
2017	January	249,016	148,867	397,883					
	February	231,939	148,382	380,321					
	March	225,489	149,829	375,318					

April	180,160	149,086	329,246					
May	209,137	149,611	358,748					
June	229,259	149,344	378,603					
July	248,706	149,276	397,982					
August	245,405	150,023	395,428					
September	232,373	149,611	381,984					
October	183,206	149,978	333,184	397,982	Jul-17	415,718	62,357.65	20,785.88

Kim Fyffe

From: David Crews
Sent: Wednesday, December 6, 2017 5:39 PM
To: Mark Stallons
Subject: Fwd: Amendment 3 load Calculations
Attachments: image001.jpg; ATT00001.htm; image003.png; ATT00002.htm; 2017 01 Owen Billing.pdf; ATT00003.htm

See the explanation below. Sally included the correspondence from the previous discussion as well.

Sent from my iPad

Begin forwarded message:

From: Sally Witt <sally.witt@ekpc.coop>
Date: December 6, 2017 at 3:34:29 PM EST
To: David Crews <David.Crews@ekpc.coop>
Cc: Julie Tucker <julie.tucker@ekpc.coop>
Subject: RE: Amendment 3 load Calculations

Hi!

The difference is billed demand, which includes demand based on contract, versus actual demand at the time of the peak. Mark is using billed demand (see labels in his spreadsheet) and we are using actual demand. For example, see the attached 2 pages from January 2017 Billing Statement to Owen. The 2 orangish highlights equal what Mark has:

Page 1: Grand Total Billing Demand = 249,016

Page 2: Gallatin Billing Demand = 148,667

Total: = 397,883 = Mark's sheet

The Updated Allotment spreadsheet has:

Owen CP = 236,321

Gallatin Actual Demand = 114,362

Total: = 350,683

Owen has other customers on special rates that have contract demands also. All of the contract demand compared to actual demand accounts for the deviation from Mark's calculation to EKPC's values.

This issue was discussed in August 2015 too. See email excerpts below, read from the bottom up.

Let me know if you need anything else.

Sally

From: David Crews

Sent: Wednesday, December 06, 2017 10:56 AM

To: Sally Witt <sally.witt@ekpc.coop>

Subject: FW: Amendment 3 load Calculations

From: Mark Stallons [<mailto:mstallons@owenelectric.com>]

Sent: Wednesday, December 6, 2017 10:43 AM

To: David Crews <David.Crews@ekpc.coop>

Cc: Mike Cobb <mcoobb@owenelectric.com>; April Brown <abrown@owenelectric.com>

Subject: Amendment 3 load Calculations

David,

Attached please find our support for our Amendment #3 load calculations. Please have Sally review and let's discuss.

Thanks,

Mark


Mark A. Stallons

President & CEO


Owen Electric Cooperative

8205 Hwy 127N; PO Box 400

Owenton, KY 40359

 **Direct Line:** 502-563-3500

 **Mobile:** 502-514-1650

 **Email:** mstallons@owenelectric.com

EAST KENTUCKY POWER COOPERATIVE INC.
P.O. Box 707 Winchester, Kentucky 40391
Statistics For Month of January 2017

KWH-Sch. B	342882
KWH-Sch. E On-Peak	.045132
KWH-Sch. E Off-Peak	.044554
KWH-Sch. E2 On-Peak	.053279
KWH-Sch. E2 Off-Peak	.044554
Fuel Rate	-.003230
Surcharge Rate	.169200

OWEN EC

KW-Sch. B Contract	7.17
Excess B Contract	9.98
KW-Sch. C	7.17
KW-Sch. DB	3.59
Excess DB	4.99
KW-Sch. E	7.99
KW-Sch. E2	6.02
KW-Sch. GM	6.98
KVA 1000- 2999	1088.00
KVA 3000- 7499	2737.00
KVA 7500- 14999	3292.00
KVA 15000- 99999	5310.00

Substation	KVA Rating	Constant KW/KWH	Rate Sch	NON-CP P.F.	KW				KWH			
					Billing Demand	CP TOD Demand	NON-CP Demand	Contract Demand	Billing KWH	Actual KWH	Minimum KWH	
--Substation Share	12000	3600	E2		3,288	3,288	4,135	0	1,827,724	1,827,724	0	
Total Substation				.92	5,072	5,072	6,084	1,450	3,111,404	3,111,404	580,000	
Turkey Foot												
--Mubea		2400	B		1,800	1,711	2,612	1,800	1,258,728	1,258,728	720,000	
--Substation Share	14000	7200	E2		11,578	11,578	11,719	0	4,711,436	4,711,436	0	
Total Substation				.98	13,378	13,289	14,331	1,800	5,970,164	5,970,164	720,000	
Williamstown	14000	4800	E2	1.00	12,007	12,007	12,388	0	5,373,406	5,373,406	0	
WM Smith												
--Toyota Motor Office		300	B		800	659	747	800	521,770	521,770	320,000	
--Toyota Lab		0	B		550	502	666	550	379,900	379,900	220,000	
--U S Playing Card		2400	B		1,500	464	1,735	1,500	781,777	781,777	600,000	
--Mauer USA		1440	B		1,200	864	930	1,200	692,581	692,581	480,000	
--Substation Share	25200	10800	E2		6,639	6,639	8,806	0	4,666,600	4,666,600	0	
Total Substation				.99	10,689	9,128	12,884	4,050	7,042,628	7,042,628	1,620,000	
W R Smoot	28000	10800	E2	1.00	13,486	13,486	14,293	0	5,810,263	5,810,263	0	
Schedule A Statistic Totals												
Schedule B Statistic Totals						34,865	29,246	37,986	24,000	23,814,654	23,814,654	9,600,000
Schedule C Statistic Totals												
Schedule DB Statistic Totals												
Schedule E Statistic Totals ON PEAK						214,151	214,151	233,880		45,215,676	45,215,676	
Schedule E Statistic Totals OFF PEAK										54,745,476	54,745,476	
Schedule G Statistic Totals												
Schedule X Statistic Totals												
Grand Totals						249,016	243,397	271,866	24,000	123,775,806	123,775,806	9,600,000

CP T-O-D Occurred 01/08/17 at 08:30

Questions Regarding this invoice should be directed to Laura Wilson (859) 744-4812 ext 752.

OWEN-GALLATIN
 P O BOX 402
 8205 HWY 127N
 OWENTON, KY 40359

EAST KENTUCKY POWER COOPERATIVE INC.
 P.O. Box 707 Winchester, Kentucky 40391

Wholesale Power Invoice
 Substation Detail Charges

EKPC Interrupt Hours: 0

January 2017

FAC : -.003230

Surcharge : .169200

	On-Peak Kw	Off-Peak Kw	Energy Kwh
M1 - 345 kV	132,923	137,259	71,836,241
M2 - 345 kV	104,689	108,334	55,920,264
M4 - 138 kV	22,991	22,402	16,484,477

Air Liquide		
On Peak KW	Off Peak KW	Energy KWH
7,047	7,426	5,288,958

CPS1: 0

12 Mo : 0

Substation	Rate Sch	Billing Demand	KWH	Demand Charge	Energy Charge	Load Forecast True-Up	Fuel Adjustment	Surcharge	Total Charges
Gallatin	GA								
On-Peak .042805		148,867	22,273,467		953,416	4,186	-268,193	559,613	3,867,019
Off-Peak .039377			60,758,293		2,392,479				
Interruptible:									
Firm: 15,000 kw @ \$6.920				103,800					
10 Minute Int : 120,000 kw @ \$.700				84,000					
90 Minute Int : 13,867 kw @ \$2.720				37,718					
CO-OP Sub Totals		148,867	83,031,760	225,518	3,345,895	4,186	-268,193	559,613	3,867,019
PJM Capacity Performance Auction Credit				-47,670					-47,670
Case No. 2015-00358 Credit -Smith Solution				-24,839					-24,839

CO-OP Amount Due \$3,794,510

Normally due in usable funds by the 21st of the month, subject to the provisions in EKPC Board Policy No. 204, related to weekends and holidays. Questions Regarding this invoice should be directed to Laura Wilson (859) 745-9752 or ext 752.

Kim Fyffe

From: David Crews
Sent: Tuesday, February 6, 2018 5:11 PM
To: 'Mark Stallons'
Subject: Letter of Notice -Final draft
Attachments: Letter of Notice -Final draft.docx

A few minor comments. Call me at your convenience.

February 2, 2018

Mr. Anthony S. Campbell
President and CEO
East Kentucky Power Cooperative
4775 Lexington Road
P.O. Box 707
Winchester, KY 40392-0707

Dear Mr. Campbell,

Pursuant to the provisions of the Amendment No. 3 to the Wholesale Power Contract between East Kentucky Power Cooperative, Inc. ("EKPC"), and Owen Electric Cooperative Inc. ("Owen Electric") dated October 23, 2003 ("Amendment 3"), and the Memorandum of Understanding and Agreement regarding Alternate Power Sources, between EKPC and the 16 Owner Members of EKPC including Owen Electric, dated July 16, 2015 ("MOU"), Owen Electric does hereby provide the following notice of its election to reduce its purchases of electric power from EKPC and replace same with electric power furnished from an Alternate Source.

According to the provisions of Section 4(A) of the MOU there are five (5) primary procedures and requirements for the content of this notice; in compliance with these provisions, Owen Electric provides the required information with respect to its Alternate Source election immediately following each listed item.

- (i) *the term during which the Alternate Source will be used to reduce the Owner Member's purchases from EKPC under the Wholesale Power Contract, including the date on which such use will begin, and the length of time during which such use will continue, which length may not exceed 20 years (including any renewal options for an Alternate Source that is a contract with a third party)*

The Alternate Source (which is further described below) will be used to supply 18.9 MW's of Owen Electric's power requirements outside of and separate from the Wholesale Power contract between Owen Electric and EKPC for a term of 5-20 years commencing at 12:00 a.m. (EST) on September 1, 2019.

Commented [DC1]: If I were going to do this I would give notice for 20 years. The notice requirement to come back under the Wholesale Power Contract would be 18 months.

- (ii) *the maximum electrical capacity, in kW, to be available from the Alternate Source and the corresponding amount of reduction in demands to be served by EKPC as a result of the Alternate Sources, appropriately taking into account expected losses, if any*

The maximum electrical capacity to be available from the Alternate Source, and the corresponding amount of reduction in demands to be served by EKPC as a result of the use of the Alternate Source, is 18,900 kW.

Commented [DC2]: New number from Sally.

- (iii) *a general description of the nature of the Alternate Source and the primary generating facilities from which the subject electric power and energy will be produced*

The Alternate Source shall be in the form of Owen Electric becoming a PJM member and purchasing energy, capacity, transmission and services required by PJM policies from the PJM Market.

- (iv) *the approximate, expected pattern of use or dispatching of the Alternate Source and the corresponding pattern of the hourly reductions in energy to be purchased by the Owner Member from EKPC*

The Alternate Source will supply the 18,900 kW of energy all hours of each year of the 5-20 year term, by purchasing same from the PJM wholesale market.

Commented [DC3]: Same comment as above.

- (v) *a designation of whether the Alternate Sources will be:*
- (a) *interconnected to the Owner Member's distribution system (and not to any transmission system) and will not produce energy in any hour in excess of the Owner Member's load at the Related EKPC Point of Delivery. Such Alternate Sources are referred to in in the MOU&A as "Behind the Meter Sources". The "Related EKPC Point of Delivery" with respect to any Alternate Sources is the point of delivery under the Owner Member's Wholesale Power Contract through which energy purchased from EKPC would be used to serve the load served by the Alternate Source if the Alternate Source did not exist;*
 - (b) *interconnected or delivered to EKPC's or another entity's transmission system; or*
 - (c) *interconnected to the Owner Member's distribution system and will produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery.*

The Alternate Source will be: (b) interconnected or delivered to EKPC's or another entity's transmission system.

Owen Electric will provide additional detail regarding the Alternate Source when it is available and looks forward to work with EKPC on implementation.

Please let me know if you have any questions regarding this Alternate Source.

Sincerely,

Mark A. Stallons
President and CEO
Owen Electric Cooperative

Kim Fyffe

From: David Crews
Sent: Tuesday, December 5, 2017 5:07 PM
To: 'Mark Stallons'
Cc: Tony Campbell; Don Mosier; Mike McNalley; Alan Ahrman
Subject: RE: Amend 3 Rolling 36 month load data
Attachments: Amendment 3 Updated Limits thru Nov 2017.xlsx

File Attached. Call if you have questions.

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Tuesday, December 5, 2017 3:57 PM
To: David Crews
Cc: Tony Campbell ; Don Mosier ; Mike McNalley ; Alan Ahrman
Subject: RE: Amend 3 Rolling 36 month load data

David,

Please provide the excel spreadsheet details of the 36 rolling month load data supporting the threshold limits and Owen's Amendment #3 limits. Much appreciated.

Thanks,

Mark

From: David Crews [mailto:David.Crews@ekpc.coop]
Sent: Tuesday, December 05, 2017 11:36 AM
To: Mark Stallons <mstallons@owenelectric.com>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; Alan Ahrman <alanahrman@gmail.com>
Subject: RE: Amend 3 Rolling 36 month load data

***** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email! *****

This is to back up the data I provided you yesterday verbally. The 2.5% threshold is 74.9 MWs and the aggregate notices are 69.2 MWs.

I will also dig up a copy of the MOU that Owen executed as you requested.

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, December 4, 2017 11:27 AM
To: David Crews <David.Crews@ekpc.coop>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; Alan Ahrman <alanahrman@gmail.com>
Subject: Amend 3 Rolling 36 month load data

David,

At Owen Electric's November 30, 2017 Board Meeting, my board asked me to investigate South Kentucky's amendment #3 notice and determine if similar opportunities exist for Owen Electric to pursue. Please provide the following data:

1. Owen Electric's current rolling average of Owen Electric's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods.

2015 – 347.4 MWs
2016 – 313.0 MWs
2017 – 350.7 MWs
3 year rolling average – 337 MWs

5% = 16.9 MWs
15% = 50.6 MWs

2. EKPC current rolling average of EKPC's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the proceeding three (3) twelve month periods including the 2.5% and 5.0% thresholds.

2015 – 3428.1
2016 – 2739.5
2017 - 2771.8
3 year rolling average – 2979.8

5% = 149
2.5% = 74.5

3. The current aggregate and individual amount of all owner member's Amendment 3 alternate source loads. The current aggregate noticed A3 is 69.2 MWs. Owen has noticed 2.0 MWs of A3 resources.

Should you have any questions, please contact me.

Sincerely,

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line:** 502-563-3500
☎ **Mobile:** 502-514-1650
✉ **Email:** mstallons@owenelectric.com



"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."

Source: The One Minute Manager, Page 30.

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A3 Allotments, Based on Data Through October 2017

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Load Ratio Share	15% Election
	Feb. 2015	Jan. 2016	Jan. 2017			
Big Sandy	89.5	64.8	56.9	70.4	3.5	10.6
Blue Grass	410.9	315.9	324.4	350.4	17.5	53.4
Clark	154.0	114.8	113.6	127.5	6.4	19.1
Cumberland Valley	158.3	120.7	109.6	129.6	6.5	19.5
Farmers	136.4	120.5	115.9	124.2	6.2	18.8
Fleming Mason	196.9	179.2	166.9	181.0	9.0	27.4
Grayson	85.2	62.8	57.6	68.5	3.4	10.3
Inter-County	171.1	126.1	134.1	143.8	7.2	21.8
Jackson	325.6	241.4	230.2	265.7	13.3	40.1
Licking Valley	88.6	62.7	58.7	70.0	3.5	10.6
Nolin	211.1	188.1	199.1	199.4	10.0	31.1
Owen	347.4	313.0	350.7	337.0	16.9	61.7
Salt River	314.4	248.7	262.0	275.0	13.8	41.8
Shelby	120.5	102.0	99.6	107.4	5.4	16.3
South Kentucky	458.9	352.2	353.4	388.2	19.4	58.5
Taylor	159.4	126.6	139.1	141.7	7.1	21.4
Total	3,428.1	2,739.5	2,771.8	2,979.8	149.0	462.3

Noticed Projects

Owner-Member	Project	MW	Delivery Date
Jackson	Irvine LFGTE	1.6	10/2013
Jackson	Dupree Energy Sys	1.0	3/2015
Farmers	Federal Mogul DG	3.6	2005
Farmers	Glasgow LFGTE	1.0	11/2015
Salt River	Lock 7	2.0	2013
Owen	Owen Office	2.0	2016
South Kentucky	PPA	58.0	6/2019
<i>Jackson</i>	<i>Hydro</i>	<i>2.64</i>	<i>1/2019 Not yet Noticed</i>
Total Projects		71.8	

Kim Fyffe

From: David Crews
Sent: Monday, December 11, 2017 5:43 PM
To: Mark Stallons
Subject: Re: Amendment 3 load calculations

Thanks.

Will do.

Sent from my iPhone

On Dec 11, 2017, at 3:33 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

David,

Thanks for the handout and presentation at Strategic Issues this afternoon. Hope you are feeling better soon.

As Owen moves forward with our due diligence, please forward Owen's detail load spreadsheet used to calculate the 61.7MW 15% threshold and the 16.9MW 5% load share shown in the handout distributed at the SI Committee Meeting this afternoon.

Thanks,

Mark

Mark Stallons
Sent from my iPhone

Kim Fyffe

From: David Crews
Sent: Thursday, March 1, 2018 2:04 PM
To: Mark Stallons
Subject: Re: EKPC info request

I would need to look at the question. That was not one of the questions I was responsible for.

Sent from my iPhone

On Mar 1, 2018, at 1:54 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

David,

What does it mean for PJM to declare a performance assessment Hour or Hours per its capacity performance rules that impacts EKPC as a result of any EKPC owned-asset forced outages during the period as referenced at 8e. in EKPC's information requests to SK?

Thanks,

Mark

Sent from my iPad

Kim Fyffe

From: David Crews
Sent: Wednesday, February 28, 2018 1:30 PM
To: 'Missy Moore'
Cc: Mark Stallons
Subject: RE: Owen Electric Cooperative - A3 Letter of Notice

We have received your notice.

From: Missy Moore [mailto:mmoore@owenelectric.com]
Sent: Wednesday, February 28, 2018 9:39 AM
To: David Crews
Cc: Mark Stallons
Subject: Owen Electric Cooperative - A3 Letter of Notice

Good Morning David,

Please find the attached A3 Letter of Notice for your review, as discussed by you and Mark yesterday. If you have any questions or concerns, feel free to contact me.

Thank you.
Missy K. Moore
Executive Assistant

Owen Electric Cooperative
PO Box 400
Owenton, KY 40359
Direct: 502-563-3501
Email: mmoore@owenelectric.com

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