

Gwyn Willoughby

From: Tony Campbell
Sent: Friday, February 23, 2018 3:22 PM
To: Mike McNalley
Subject: Re: Analyses of SK Scenarios

I'm okay with you sharing.

TC

Sent from my iPhone

On Feb 23, 2018, at 12:29 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

Tony,

Your call...

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

Begin forwarded message:

From: Mark Stallons <mstallons@owenelectric.com>
Date: February 23, 2018 at 12:23:17 PM EST
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Joe Spalding <spaldingfarm@windstream.net>, Jim Crawford <JCrawford@cbkylaw.com>
Subject: Re: Analyses of SK Scenarios

Mike,

Can I share this with attorneys Jim Miller & Jim Crawford who are working with the member owner intervenors?

Thanks,

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

Lwyn Willoughby

From: Mike McNalley
Sent: Friday, February 23, 2018 6:13 PM
To: Robin Hayes
Cc: Ryan Pearl
Subject: Re: Presentation Update - "V3"

Oh yeah, still need this!

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

> On Feb 23, 2018, at 5:16 PM, Robin Hayes <robin.hayes@ekpc.coop> wrote:

>

> Mike,

>

> Just in case you have an interest on the rating agency presentation effort. Ryan is back, and as always, did some wonderful work with the presentation. (Ryan, I have responded to your questions below in red.)

>

> I have Mike Brann working on some of my questions regarding the Budget to LRFF transition (within the Forecast) so the forecast is still in process. In the current long range the FAC recovery goes up 30M in 2020 and I need to why.

>

> Thanks and hope you both have a good weekend.

> Robin

>

>

>

>

> Here are the changes from Ryan:

>

>

> Updated Agenda page

>

>

>

> Trimmed down the Member System Update section to just 3 slides. I left slides that explained Amendment 3 & the MOU, our current issue with SKRECC and the overall financial impact. All extra slides were moved to the appendix.

>

>

>

> Changed some verbiage on the "Overview of Amendment 3" and MOU slide

>

>

>

- > · Changed some verbiage on the “Financial Big Picture Slide”
 - >
 - >
 - >
- > · Trimmed down the Private Placement section, moved the extra slides to our appendix.
 - >
 - >
 - >
- > · Changed some verbiage on the “Private Placement Recommendation” slide
 - >
 - >
 - >
- > · Moved one of the waterfall charts (2016 to 2017) to the appendix. I think the one that reconciles budget (how we thought we were going to perform) to actuals was good to leave in. The other one seemed to take a similar approach but starting with 2016 margins.
 - >
 - >
 - >
- > · Added a brief CCR / ELG update in the Environmental section. I repeated some verbiage from the Fall report to give Mike some background/talking points as well as added in some new details. I threw it right before the Private Placement section, I think it will tee that part up nicely (justification for additional financing).
 - >
 - >
 - >
 - >
- > Also, I had a couple of questions:
 - >
 - >
 - >
- > · Question – The chart that trends out TIER and DSC shows the hit we took in 2017 and kind of leaves it there – can we use the same chart in the financial projections section and add what we “expect” to do in 2018 - 2019? I think it would be nice to demonstrate that we don’t expect to stay down in the near term.
 - > I think this is a very good suggestion. The issue will be the ratios will not rebound until we have a rate increase. So perhaps we move up the financial forecast section up to follow this and launch into the rate case. Think about that and we can draw up some straw man slides.
 - >
 - >
 - >
- > · Question – Are there any other “positive” financial trends that we can illustrate with a chart for the 2017 actuals section? Maybe your year-end metrics slide that’s prepared for the Board? Or even January 2018?
 - > Good challenge. I think the Cost to Member slide is the best financial news we have for 2017. Perhaps in the forecast section we can add a slide on the budgeted 2018 cost to members. Because 18 CMS is even lower and gives us room for a small rate increase and still be competitive .
- > <March 2018 Rating Agency Presentation v3.pptx>

Gwyn Willoughby

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Friday, February 23, 2018 12:49 PM
To: Mike McNalley
Cc: Joe Spalding; Jim Crawford
Subject: Re: A3 impact model

Thanks

Mark Stallons
Sent from my iPhone

> On Feb 23, 2018, at 11:43 AM, 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!

> ***

>

> Just got clearance on that one too. Go ahead.

>

> Mike McNalley

> EVP and CFO

> East Kentucky Power Cooperative

>

>

>> On Feb 23, 2018, at 12:37 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

>>

>> Mike,

>>

>> I understand. Just wanted to be sure. What about the scenario spreadsheet which is definitely EKPC developed?

>>

>> Thanks,

>>

>> Mark

>>

>> Mark Stallons

>> Sent from my iPhone

>>

>>> On Feb 23, 2018, at 11:30 AM, 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!

>>> ***

>>>

>>> This one is yours. I don't think the billing data is confidential since it can be derived from PSC and RUS filings. But it really is your data - we don't have a concern.

>>>

>>> Mike McNalley

>>> EVP and CFO

>>> East Kentucky Power Cooperative

>>>

>>>

>>> On Feb 23, 2018, at 12:26 PM, Mark Stallons <mstallons@owenelectric.com<mailto:mstallons@owenelectric.com>> wrote:

>>>

>>> Mike,

>>>

>>> I would also like to share this revised spreadsheet with attorneys Miller and Crawford. Do you concur?

>>>

>>> Thanks,

>>>

>>> Mark

>>>

>>> Mark Stallons

>>> Sent from my iPhone

>>>

>>> On Feb 21, 2018, at 4:05 PM, Mike McNalley

<Michael.McNalley@ekpc.coop<mailto: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!

>>> *** 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<mailto: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<mailto: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<mailto:mstallons@owenelectric.com>

>>> <image001.jpg>

>>>

>>> "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.

>>>

>>> PRIVILEGED OR CONFIDENTIAL NOTICE: This e-mail message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

>>>

>>>

>>> <Copy of A3 Cost Shift 020818 022118 EK Data.xlsx>

Gwyn Willoughby

From: Bill Prather <bprather@farmersrecc.net>
Sent: Thursday, February 22, 2018 4:01 PM
To: Mike McNalley
Subject: Re: Analyses of SK Scenarios

Yup. He's right.

I see that Nucor and the AG have intervened. I think that is good. Now we need the Community Action Agency(s) to do the same.

On Thu, Feb 22, 2018 at 2:40 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

David Bodek at S&P commented once, referring to the entire industry, "You all call yourselves cooperatives, but you often don't act like it!"

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

[859-595-3897](tel:859-595-3897) C

Michael.mcnalley@ekpc.coop

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 22, 2018 3:05 PM

To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: Re: Analyses of SK Scenarios

The second was just an observation about us.

On Thu, Feb 22, 2018 at 2:03 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

That looks like two responses!

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

859-595-3897 C

Michael.mcnalley@ekpc.coop

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 22, 2018 2:52 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: Re: Analyses of SK Scenarios

I got one response....."kill it at the Commission"

"We have met the enemy, and it is us"

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

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Feel free to call to discuss this.

Best,

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

[859-595-3897](tel:859-595-3897) C

Michael.mcnalley@ekpc.coop

--

William T. Prather

President/CEO

Farmers Rural Electric Cooperative Corporation

[504 South Broadway](#)

[Glasgow, Kentucky 42141](#)

[270-651-2191](tel:270-651-2191), ext. 8300

bprather@farmersrecc.com



--

William T. Prather

President/CEO

Farmers Rural Electric Cooperative Corporation

[504 South Broadway](#)

[Glasgow, Kentucky 42141](#)

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bprather@farmersrecc.com



--
William T. Prather
President/CEO
Farmers Rural Electric Cooperative Corporation
504 South Broadway
Glasgow, Kentucky 42141
270-651-2191, ext. 8300
bprather@farmersrecc.com



Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 22, 2018 1:42 PM
To: Bill Prather (bprather@farmersrecc.net); Bill Shearer; Chris Brewer (cbrewer@clarkenergy.com); Mike Williams (mikew@bgenergy.com); Mark Stallons (mstallons@owenelectric.com); Tim Sharp (tjsharp@srelectric.com); Joe Spalding (spaldingfarm@windstream.net); Landis Cornett
Cc: Tony Campbell; Don Mosier; David Smart; David Crews
Subject: Analyses of SK Scenarios
Attachments: A3 Summary Analyses Draft.xlsx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

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

East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses
CONFIDENTIAL WORKING DRAFT

Summary of Cases: Total Unmitigated Impact on Owner-Member Billing

Member	Base Case	Case 1: SK 10%, Spread	Case 2: SK 5% Spread
Big Sandy	\$547,480	\$463,300	\$368,443
Blue Grass	\$2,717,694	\$2,300,466	\$1,832,718
Clark	\$1,080,330	\$900,583	\$696,829
Cumberland Valley	\$1,096,898	\$912,774	\$704,033
Farmers	\$1,121,296	\$895,388	\$636,642
Fleming-Mason	\$1,668,807	\$1,481,056	\$1,274,535
Grayson	\$562,259	\$469,935	\$365,633
Inter-County	\$1,033,482	\$888,303	\$726,589
Jackson	\$2,047,297	\$1,678,639	\$1,258,728
Licking Valley	\$620,564	\$514,221	\$393,456
Nolin	\$1,573,025	\$1,329,463	\$1,056,202
Owen	\$2,840,200	\$2,357,485	\$1,821,391
Salt River	\$2,660,762	\$2,129,054	\$1,519,617
Shelby	\$873,845	\$729,746	\$567,811
Taylor County	\$1,370,679	\$1,194,770	\$996,344
Totals	<u>\$21,814,618</u>	<u>\$18,245,182</u>	<u>\$14,218,973</u>
South Kentucky: Initial Bill Reduction Share of Base Rates, FAC, and Surcharge Net Effect on SK	<u>\$30,422,032</u> <u>\$1,495,520</u> <u>\$29,242,756</u>	<u>\$21,610,131</u> <u>\$1,268,457</u> <u>\$20,609,904</u>	<u>\$10,805,069</u> <u>\$764,887</u> <u>\$10,227,260</u>
Net Savings All Owner Members	\$7,428,138	\$2,364,722	(\$3,991,713)

Key assumptions:

1. Unmitigated loss of load and demand
2. Uses Rate E for SK revenue calculations for simplification.
3. Based on monthly actual billing, etc., for 12/2016-11/2017
4. Very preliminary analyses subject to substantial revision

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Base Case: SK 58 MW impact, after base rate case; no other new elections effective

A3 Allocations and Elections

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$102,397	\$303,254	\$405,651	\$46,082	\$95,747	\$547,480
Blue Grass	\$503,216	\$1,452,593	\$1,955,809	\$280,831	\$481,054	\$2,717,694
Clark	\$203,808	\$604,168	\$807,976	\$89,274	\$183,080	\$1,080,330
Cumberland Valley	\$200,194	\$620,009	\$820,203	\$91,450	\$185,245	\$1,096,898
Farmers	\$202,271	\$632,462	\$834,733	\$102,369	\$184,194	\$1,121,296
Fleming-Mason	\$197,139	\$611,671	\$808,810	\$224,498	\$635,499	\$1,668,807
Grayson	\$102,063	\$310,829	\$412,892	\$52,700	\$96,667	\$562,259
Inter-County	\$199,862	\$558,331	\$758,193	\$96,872	\$178,417	\$1,033,482
Jackson	\$386,077	\$1,129,652	\$1,515,729	\$181,868	\$349,700	\$2,047,297
Licking Valley	\$113,283	\$350,637	\$463,920	\$51,735	\$104,909	\$620,564
Nolin	\$292,006	\$846,640	\$1,138,646	\$160,769	\$273,610	\$1,573,025
Owen	\$457,379	\$1,471,008	\$1,928,387	\$487,471	\$424,342	\$2,840,200
Salt River	\$476,948	\$1,478,472	\$1,955,420	\$249,030	\$456,312	\$2,660,762
Shelby	\$149,360	\$461,854	\$611,214	\$106,192	\$156,439	\$873,845
Taylor County	\$207,758	\$623,166	\$830,924	\$97,621	\$442,134	\$1,370,679
Totals	\$3,793,761	\$11,454,746	\$15,248,507	\$2,318,762	\$4,247,349	\$21,814,618
South Kentucky: Initial Bill Reduction Share of Base Rates, FAC, and Surcharge Net Effect on SK	\$4,189,920 \$396,167 \$3,793,753	\$24,337,536 \$810,830 \$23,526,706	\$28,527,456 \$1,206,997 \$27,320,459	(\$2,482,633) \$158,122 (\$2,324,511)	\$4,377,209 \$130,401 \$4,246,808	\$30,422,032 \$1,495,520 \$29,242,756

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		1.6
Blue Grass	55.9	18.6		8.1
Clark	20.4	6.8		3.0
Cumberland Valley	20.5	6.8		3.0
Farmers	19.6	6.5	6.5	0.0
Fleming Mason	28.3	9.4	1.4	3.5
Grayson	10.8	3.6		1.6
Inter-County	23.2	7.7	7.7	0.0
Jackson	42.7	14.2	14.1	0.1
Licking Valley	11.3	3.8	0.3	1.5
Nolin	32.3	10.8		4.7
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.4
South Kentucky	61.9	20.6	58.0	1.7
Taylor	22.8	7.6		3.3
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	124.0	34.5
<i>As of February 12, 2018</i>				

See Key Assumptions on Page 1

Case East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Case 1: SK 10% (41.2MW), deal spread to others

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surcharge	Total	Deal Impact/MWh	
	Demand	Energy	Total				\$ 175,200	Total
Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	\$381,639	\$81,661	\$463,300
Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	\$1,890,067	\$410,399	\$2,300,466
Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	\$750,981	\$149,602	\$900,583
Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	\$762,508	\$150,266	\$912,774
Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	\$773,935	\$121,453	\$895,388
Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	\$1,273,118	\$207,938	\$1,481,056
Grayson	\$71,779	\$216,966	\$288,745	\$37,180	\$64,687	\$390,612	\$79,323	\$469,935
Inter-County	\$140,588	\$389,766	\$530,354	\$68,300	\$119,334	\$717,988	\$170,315	\$888,303
Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	\$1,422,704	\$255,935	\$1,678,639
Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	\$431,386	\$82,835	\$514,221
Nolin	\$205,395	\$590,994	\$796,389	\$113,368	\$182,826	\$1,092,583	\$236,880	\$1,329,463
Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	\$1,931,915	\$425,570	\$2,357,485
Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	\$1,848,540	\$280,514	\$2,129,054
Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	\$606,485	\$123,261	\$729,746
Taylor County	\$146,129	\$435,001	\$581,130	\$68,726	\$377,505	\$1,027,361	\$167,409	\$1,194,770
Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	\$15,301,822	\$2,943,360	\$18,245,182

South Kentucky:

Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326	\$21,610,131
Share of Base Rates, FAC, and Surcharge	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236	\$1,268,457
Net Effect on SK	\$2,668,262	\$16,570,963	\$19,239,225	(\$1,629,411)	\$3,000,090	\$20,609,904

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.0	0.47
Blue Grass	55.9	18.6		15.3	2.34
Clark	20.4	6.8		5.6	0.85
Cumberland Valley	20.5	6.8		5.6	0.86
Farmers	19.6	6.5	1.0	4.5	0.69
Fleming Mason	28.3	9.4		7.7	1.19
Grayson	10.8	3.6		3.0	0.45
Inter-County	23.2	7.7		6.3	0.97
Jackson	42.7	14.2	2.6	9.5	1.46
Licking Valley	11.3	3.8		3.1	0.47
Nolin	32.3	10.8		8.8	1.35
Owen	64.0	21.3	2.0	15.9	2.43
Salt River	44.2	14.7	2.0	10.5	1.60
Shelby	16.8	5.6		4.6	0.70
South Kentucky	61.9	20.6	41.2	0.0	0.00
Taylor	22.8	7.6		6.2	0.96
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	109.7	16.80
<i>As of February 12, 2018</i>					

See Key Assumptions on Page 1

East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Case 1: SK 5% (20.6MW) MW impact, after base rate case, all others get balance of MS deal

A3 Allocations and Elections

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh	
	Demand	Energy	Total				\$ 175,200	Total
Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	\$186,714	\$181,729	\$368,443
Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	\$919,407	\$913,311	\$1,832,718
Clark	\$70,818	\$206,489	\$277,307	\$36,288	\$50,306	\$363,901	\$332,928	\$696,829
Cumberland Valley	\$69,560	\$211,876	\$281,436	\$37,173	\$51,018	\$369,627	\$334,406	\$704,033
Farmers	\$70,279	\$216,128	\$286,407	\$38,337	\$41,615	\$366,359	\$270,283	\$636,642
Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	\$811,785	\$462,750	\$1,274,535
Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	\$189,105	\$176,528	\$365,633
Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,864	\$347,567	\$379,022	\$726,589
Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,946	\$689,164	\$569,564	\$1,258,728
Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,884	\$209,114	\$184,342	\$393,456
Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	\$529,043	\$527,159	\$1,056,202
Owen	\$158,871	\$502,658	\$661,529	\$197,564	\$15,225	\$874,318	\$947,073	\$1,821,391
Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	\$895,355	\$624,262	\$1,519,617
Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	\$293,502	\$274,309	\$567,811
Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	\$623,789	\$372,555	\$996,344
Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	\$7,668,750	\$6,550,223	\$14,218,973

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.6	1.04
Blue Grass	55.9	18.6		18.2	5.21
Clark	20.4	6.8		6.6	1.90
Cumberland Valley	20.5	6.8		6.6	1.91
Farmers	19.6	6.5	1	5.4	1.54
Fleming Mason	28.3	9.4		9.2	2.64
Grayson	10.8	3.6		3.5	1.01
Inter-County	23.2	7.7		7.5	2.16
Jackson	42.7	14.2	2.6	11.3	3.25
Licking Valley	11.3	3.8		3.7	1.05
Nolin	32.3	10.8		10.5	3.01
Owen	64.0	21.3	2	18.8	5.41
Salt River	44.2	14.7	2	12.4	3.56
Shelby	16.8	5.6		5.5	1.57
South Kentucky	61.9	20.6	20.6	0.0	0.00
Taylor	22.8	7.6		7.4	2.13
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	130.3	37.39
<i>As of February 12, 2018</i>					

See Key Assumptions on Page 1

South Kentucky:								
Initial Bill Reduction	\$1,488,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663	\$10,805,069		
Share of Base Rates,								
FAC, and Surcharge	\$169,962	\$441,726	\$611,688	\$93,539	\$59,660	\$764,887		
Net Effect on SK	\$1,318,182	\$8,202,297	\$9,520,479	(\$788,222)	\$1,495,003	\$10,227,260		

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 22, 2018 10:05 AM
To: Isaac Scott
Subject: A3
Attachments: A3 Summary Analyses.xlsx

Summary

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

**East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses**

Summary of Cases: Total Unmitigated Impact on Owner-Member Billing

Member	Base Case	Case 1: SK 10%, Spread	Case 2: SK 5% Spread
Big Sandy	\$547,480	\$463,300	\$368,443
Blue Grass	\$2,717,694	\$2,300,466	\$1,832,718
Clark	\$1,080,330	\$900,583	\$696,829
Cumberland Valley	\$1,096,898	\$912,774	\$704,033
Farmers	\$1,121,296	\$895,388	\$636,642
Fleming-Mason	\$1,668,807	\$1,481,056	\$1,274,535
Grayson	\$562,259	\$469,935	\$365,633
Inter-County	\$1,033,482	\$888,303	\$726,589
Jackson	\$2,047,297	\$1,678,639	\$1,258,728
Licking Valley	\$620,564	\$514,221	\$393,456
Nolin	\$1,573,025	\$1,329,463	\$1,056,202
Owen	\$2,840,200	\$2,357,485	\$1,821,391
Salt River	\$2,660,762	\$2,129,054	\$1,519,617
Shelby	\$873,845	\$729,746	\$567,811
Taylor County	\$1,370,679	\$1,194,770	\$996,344
Totals	\$21,814,618	\$18,245,182	\$14,218,973
South Kentucky:			
Initial Bill Reduction	\$30,422,032	\$21,610,131	\$10,805,069
Share of Base Rates, FAC, and Surcharge	\$1,495,520	\$1,268,457	\$764,887
Net Effect on SK	<u>\$29,242,756</u>	<u>\$20,609,904</u>	<u>\$10,227,260</u>
Net Savings All Owner Members	\$7,428,138	\$2,364,722	(\$3,991,713)

**East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses**

Base Case: SK 58 MW impact, after base rate case; no other new elections effective

A3 Allocations and Elections

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$102,397	\$303,254	\$405,651	\$46,082	\$95,747	\$547,480
Blue Grass	\$503,216	\$1,452,593	\$1,955,809	\$280,831	\$481,054	\$2,717,694
Clark	\$203,808	\$604,168	\$807,976	\$89,274	\$183,080	\$1,080,330
Cumberland Valley	\$200,194	\$620,009	\$820,203	\$91,450	\$185,245	\$1,096,898
Farmers	\$202,271	\$632,462	\$834,733	\$102,369	\$184,194	\$1,121,296
Fleming-Mason	\$197,139	\$611,671	\$808,810	\$224,498	\$635,499	\$1,668,807
Grayson	\$102,063	\$310,829	\$412,892	\$52,700	\$96,667	\$562,259
Inter-County	\$199,862	\$558,331	\$758,193	\$96,872	\$178,417	\$1,033,482
Jackson	\$386,077	\$1,129,652	\$1,515,729	\$181,868	\$349,700	\$2,047,297
Licking Valley	\$113,283	\$350,637	\$463,920	\$51,735	\$104,909	\$620,564
Nolin	\$292,006	\$846,640	\$1,138,646	\$160,769	\$273,610	\$1,573,025
Owen	\$457,379	\$1,471,008	\$1,928,387	\$487,471	\$424,342	\$2,840,200
Salt River	\$476,948	\$1,478,472	\$1,955,420	\$249,030	\$456,312	\$2,660,762
Shelby	\$149,360	\$461,854	\$611,214	\$106,192	\$156,439	\$873,845
Taylor County	\$207,758	\$623,166	\$830,924	\$97,621	\$442,134	\$1,370,679
Totals	\$3,793,761	\$11,454,746	\$15,248,507	\$2,318,762	\$4,247,349	\$21,814,618
South Kentucky: Initial Bill Reduction Share of Base Rates, FAC, and Surcharge Net Effect on SK	\$4,189,920 \$396,167 \$3,793,753	\$24,337,536 \$810,830 \$23,526,706	\$28,527,456 \$1,206,997 \$27,320,459	(\$2,482,633) \$158,122 (\$2,324,511)	\$4,377,209 \$130,401 \$4,246,808	\$30,422,032 \$1,495,520 \$29,242,756

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		1.6
Blue Grass	55.9	18.6		8.1
Clark	20.4	6.8		3.0
Cumberland Valley	20.5	6.8		3.0
Farmers	19.6	6.5	6.5	0.0
Fleming Mason	28.3	9.4	1.4	3.5
Grayson	10.8	3.6		1.6
Inter-County	23.2	7.7	7.7	0.0
Jackson	42.7	14.2	14.1	0.1
Licking Valley	11.3	3.8	0.3	1.5
Nolin	32.3	10.8		4.7
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.4
South Kentucky	61.9	20.6	58.0	1.7
Taylor	22.8	7.6		3.3
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	124.0	34.5
		<i>As of February 12, 2018</i>		

Case **East Kentucky Power Cooperative, Inc.**
Amendment 3 Summary of Preliminary Analyses

Case 1: SK 10% (41.2MW), deal spread to others

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh	
	Demand	Energy	Total				\$ 175,200	Total
Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	\$381,639	\$81,661	\$463,300
Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	\$1,890,067	\$410,399	\$2,300,466
Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	\$750,981	\$149,602	\$900,583
Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	\$762,508	\$150,266	\$912,774
Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	\$773,935	\$121,453	\$895,388
Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	\$1,273,118	\$207,938	\$1,481,056
Grayson	\$71,779	\$216,966	\$288,745	\$37,180	\$64,687	\$390,612	\$79,323	\$469,935
Inter-County	\$140,588	\$389,766	\$530,354	\$68,300	\$119,334	\$717,988	\$170,315	\$888,303
Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	\$1,422,704	\$255,935	\$1,678,639
Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	\$431,386	\$82,835	\$514,221
Nolin	\$205,395	\$590,994	\$796,389	\$113,368	\$182,826	\$1,092,583	\$236,880	\$1,329,463
Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	\$1,931,915	\$425,570	\$2,357,485
Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	\$1,848,540	\$280,514	\$2,129,054
Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	\$606,485	\$123,261	\$729,746
Taylor County	\$146,129	\$435,001	\$581,130	\$68,726	\$377,505	\$1,027,361	\$167,409	\$1,194,770
Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	\$15,301,822	\$2,943,360	\$18,245,182

South Kentucky: Initial Bill Reduction Share of Base Rates, FAC, and Surcharge Net Effect on SK	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326	\$21,610,131
	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236	\$1,268,457
	<u>\$2,668,262</u>	<u>\$16,570,963</u>	<u>\$19,239,225</u>	<u>(\$1,629,411)</u>	<u>\$3,000,090</u>	<u>\$20,609,904</u>

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	Member 5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.0	0.47
Blue Grass	55.9	18.6		15.3	2.34
Clark	20.4	6.8		5.6	0.85
Cumberland Valley	20.5	6.8		5.6	0.86
Farmers	19.6	6.5	1.0	4.5	0.69
Fleming Mason	28.3	9.4		7.7	1.19
Grayson	10.8	3.6		3.0	0.45
Inter-County	23.2	7.7		6.3	0.97
Jackson	42.7	14.2	2.6	9.5	1.46
Licking Valley	11.3	3.8		3.1	0.47
Nolin	32.3	10.8		8.8	1.35
Owen	64.0	21.3	2.0	15.9	2.43
Salt River	44.2	14.7	2.0	10.5	1.60
Shelby	16.8	5.6		4.6	0.70
South Kentucky	61.9	20.6	41.2	0.0	0.00
Taylor	22.8	7.6		6.2	0.96
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	109.7	16.80
<i>As of February 12, 2018</i>					

East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

Case 1: SK 5% (20.6MW) MW impact, after base rate case, all others get balance of MS deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh		
	Demand	Energy	Total				\$	175,200	Total
Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	\$186,714	\$181,729	\$368,443	
Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	\$919,407	\$913,311	\$1,832,718	
Clark	\$70,818	\$206,489	\$277,307	\$36,288	\$50,306	\$363,901	\$332,928	\$696,829	
Cumberland Valley	\$69,560	\$211,876	\$281,436	\$37,173	\$51,018	\$369,627	\$334,406	\$704,033	
Farmers	\$70,279	\$216,128	\$286,407	\$38,337	\$41,615	\$366,359	\$270,283	\$636,642	
Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	\$811,785	\$462,750	\$1,274,535	
Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	\$189,105	\$176,528	\$365,633	
Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,864	\$347,567	\$379,022	\$726,589	
Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,946	\$689,164	\$569,564	\$1,258,728	
Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,884	\$209,114	\$184,342	\$393,456	
Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	\$529,043	\$527,159	\$1,056,202	
Owen	\$158,871	\$502,658	\$661,529	\$197,564	\$15,225	\$874,318	\$947,073	\$1,821,391	
Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	\$895,355	\$624,262	\$1,519,617	
Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	\$293,502	\$274,309	\$567,811	
Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	\$623,789	\$372,555	\$996,344	
Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	\$7,668,750	\$6,550,223	\$14,218,973	
South Kentucky:									
Initial Bill Reduction	\$1,488,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663	\$10,805,069			
Share of Base Rates,									
FAC, and Surcharge	\$169,962	\$441,726	\$611,688	\$93,539	\$59,660	\$764,887			
Net Effect on SK	<u>\$1,318,182</u>	<u>\$8,202,297</u>	<u>\$9,520,479</u>	<u>(\$788,222)</u>	<u>\$1,495,003</u>	<u>\$10,227,260</u>			

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.6	1.04
Blue Grass	55.9	18.6		18.2	5.21
Clark	20.4	6.8		6.6	1.90
Cumberland Valley	20.5	6.8		6.6	1.91
Farmers	19.6	6.5	1	5.4	1.54
Fleming Mason	28.3	9.4		9.2	2.64
Grayson	10.8	3.6		3.5	1.01
Inter-County	23.2	7.7		7.5	2.16
Jackson	42.7	14.2	2.6	11.3	3.25
Licking Valley	11.3	3.8		3.7	1.05
Nolin	32.3	10.8		10.5	3.01
Owen	64.0	21.3	2	18.8	5.41
Salt River	44.2	14.7	2	12.4	3.56
Shelby	16.8	5.6		5.5	1.57
South Kentucky	61.9	20.6	20.6	0.0	0.00
Taylor	22.8	7.6		7.4	2.13
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	130.3	37.39
<i>As of February 12, 2018</i>					

Case **East Kentucky Power Cooperative, Inc.**
Amendment 3 Summary of Preliminary Analyses

INCOMPLETE

Case 3: SK 10% (41.2MW) MW impact, after base rate case, All others get balance of 5% incl MS Deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	\$381,639
Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	\$1,890,067
Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	\$750,981
Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	\$762,508
Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	\$773,935
Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	\$1,273,118
Grayson	\$71,779	\$216,966	\$288,745	\$37,180	\$64,687	\$390,612
Inter-County	\$140,588	\$389,766	\$530,354	\$68,300	\$119,334	\$717,988
Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	\$1,422,704
Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	\$431,386
Nolin	\$205,395	\$590,994	\$796,389	\$113,368	\$182,826	\$1,092,583
Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	\$1,931,915
Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	\$1,848,540
Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	\$606,485
Taylor County	\$146,129	\$435,001	\$581,130	\$68,726	\$377,505	\$1,027,361
Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	\$15,301,822
South Kentucky:						
Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326	\$21,610,131
Share of Base Rates, FAC, and Surcharge	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236	\$1,268,457
Net Effect on SK	\$2,668,262	\$16,570,963	\$19,239,225	(\$1,629,411)	\$3,000,090	\$20,609,904

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		3.0
Blue Grass	55.9	18.6		15.3
Clark	20.4	6.8		5.6
Cumberland Valley	20.5	6.8		5.6
Farmers	19.6	6.5	1	4.5
Fleming Mason	28.3	9.4		7.7
Grayson	10.8	3.6		3.0
Inter-County	23.2	7.7		6.3
Jackson	42.7	14.2	2.6	9.5
Licking Valley	11.3	3.8		3.1
Nolin	32.3	10.8		8.8
Owen	64.0	21.3	2	15.9
Salt River	44.2	14.7	2	10.5
Shelby	16.8	5.6		4.6
South Kentucky	61.9	20.6	41.2	0.0
Taylor	22.8	7.6		6.2
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	48.8	109.7

As of February 12, 2018

Case 4 SK **East Kentucky Power Cooperative, Inc.**
Amendment 3 Summary of Preliminary Analyses

INCOMPLETE

A3 Allocations and Elections

Case 4: SK 5% (20.6MW) MW impact, after base rate case, All others get balance of MS deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	\$186,714
Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	\$919,407
Clark	\$70,818	\$206,489	\$277,307	\$36,288	\$50,306	\$363,901
Cumberland Valley	\$69,560	\$211,876	\$281,436	\$37,173	\$51,018	\$369,627
Farmers	\$70,279	\$216,128	\$286,407	\$38,337	\$41,615	\$366,359
Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	\$811,785
Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	\$189,105
Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,864	\$347,567
Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,946	\$689,164
Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,884	\$209,114
Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	\$529,043
Owen	\$158,871	\$502,658	\$661,529	\$197,564	\$15,225	\$874,318
Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	\$895,355
Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	\$293,502
Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	\$623,789
Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	\$7,668,750
South Kentucky:						
Initial Bill Reduction	\$1,488,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663	\$10,805,069
Share of Base Rates, FAC, and Surcharge	\$169,962	\$441,726	\$611,688	\$93,539	\$59,660	\$764,887
Net Effect on SK	\$1,318,182	\$8,202,297	\$9,520,479	(\$788,222)	\$1,495,003	\$10,227,260

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		3.6
Blue Grass	55.9	18.6		18.2
Clark	20.4	6.8		6.6
Cumberland Valley	20.5	6.8		6.6
Farmers	19.6	6.5	1	5.4
Fleming Mason	28.3	9.4		9.2
Grayson	10.8	3.6		3.5
Inter-County	23.2	7.7		7.5
Jackson	42.7	14.2	2.6	11.3
Licking Valley	11.3	3.8		3.7
Nolin	32.3	10.8		10.5
Owen	64.0	21.3	2	18.8
Salt River	44.2	14.7	2	12.4
Shelby	16.8	5.6		5.5
South Kentucky	61.9	20.6	20.6	0.0
Taylor	22.8	7.6		7.4
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	48.8	130.3
		<i>As of February 12, 2018</i>		

Gwyn Willoughby

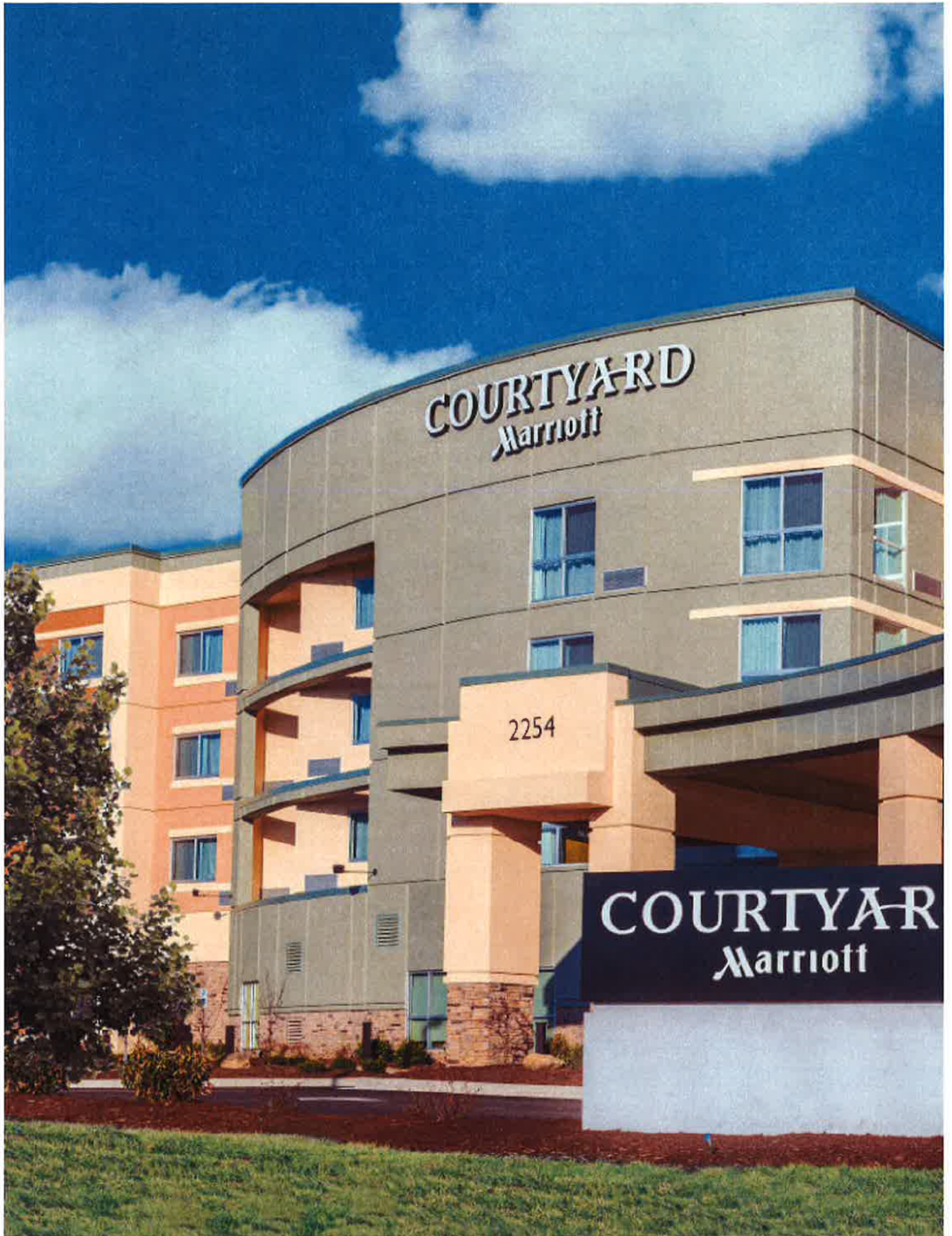
From: Amy Acton <amya@skrecc.com>
Sent: Thursday, February 22, 2018 9:14 AM
To: Terri Combs
Cc: Tony Campbell; Dennis Holt
Subject: Courtyard by Marriott - Somerset Information

Terri,

Please see below contact information and web link for the Courtyard by Marriott – Somerset, KY. If you need any additional information, please let me know. Thank you

Courtyard by Marriott (located adjacent to The Center for Rural Development)
2254 South Highway 27
Somerset, KY 42501
606-676-0090

<http://www.marriott.com/hotels/travel/smecy-courtyard-somerset/?scid=bb1a189a-fec3-4d19-a255-54ba596febe2>



Amy A. Acton

Executive Assistant to the President/CEO

South Kentucky RECC

P.O. Box 910

Somerset, KY 42502-0910

PH: 606-678-4121 Ext. 4120

Fax: 606-451-4320

Visit Our Website www.skrecc.com

Coal - keeps the lights on.....



Gwyn Willoughby

From: Isaac Scott
Sent: Thursday, February 22, 2018 8:32 AM
To: Mike McNalley
Cc: Patrick Woods
Subject: Additional South Kentucky Analyses
Attachments: SoKentuckyAmend3-2017 41.2MW Var Adj.xlsx; SoKentuckyAmend3-2017 20.6MW Var Adj.xlsx

Mike,
I think I've got what we were talking about. Please see the attached spreadsheets. As we both acknowledged, a lot of assumptions but trying to reasonably reflect good theory.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
[*isaac.scott@ekpc.coop*](mailto:isaac.scott@ekpc.coop)

East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

Summary of Cases: Total Unmitigated Impact on Owner-Member Billing

Member	Base Case	Case 1: SK 10%, Spread	Case 2: SK 5% Spread
Big Sandy	\$547,480	\$463,300	\$368,443
Blue Grass	\$2,717,694	\$2,300,466	\$1,832,718
Clark	\$1,080,330	\$900,583	\$696,829
Cumberland Valley	\$1,096,898	\$912,774	\$704,033
Farmers	\$1,121,296	\$895,388	\$636,642
Fleming-Mason	\$1,668,807	\$1,481,056	\$1,274,535
Grayson	\$562,259	\$469,935	\$365,633
Inter-County	\$1,033,482	\$888,303	\$726,589
Jackson	\$2,047,297	\$1,678,639	\$1,258,728
Licking Valley	\$620,564	\$514,221	\$393,456
Nolin	\$1,573,025	\$1,329,463	\$1,056,202
Owen	\$2,840,200	\$2,357,485	\$1,821,391
Salt River	\$2,660,762	\$2,129,054	\$1,519,617
Shelby	\$873,845	\$729,746	\$567,811
Taylor County	\$1,370,679	\$1,194,770	\$996,344
Totals	\$21,814,618	\$18,245,182	\$14,218,973
South Kentucky:			
Initial Bill Reduction	\$30,422,032	\$21,610,131	\$10,805,069
Share of Base Rates, FAC, and Surcharge	\$1,495,520	\$1,268,457	\$764,887
Net Effect on SK	\$29,242,756	\$20,609,904	\$10,227,260
Net Savings All Owner Members	\$7,428,138	\$2,364,722	(\$3,991,713)

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses

Base Case: SK 58 MW impact, after base rate case; no other new elections effective

A3 Allocations and Elections

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$102,397	\$303,254	\$405,651	\$46,082	\$95,747	\$547,480
Blue Grass	\$503,216	\$1,452,593	\$1,955,809	\$280,831	\$481,054	\$2,717,694
Clark	\$203,808	\$604,168	\$807,976	\$89,274	\$183,080	\$1,080,330
Cumberland Valley	\$200,194	\$620,009	\$820,203	\$91,450	\$185,245	\$1,096,898
Farmers	\$202,271	\$632,462	\$834,733	\$102,369	\$184,194	\$1,121,296
Fleming-Mason	\$197,139	\$611,671	\$808,810	\$224,498	\$635,499	\$1,668,807
Grayson	\$102,063	\$310,829	\$412,892	\$52,700	\$96,667	\$562,259
Inter-County	\$199,862	\$558,331	\$758,193	\$96,872	\$178,417	\$1,033,482
Jackson	\$386,077	\$1,129,652	\$1,515,729	\$181,868	\$349,700	\$2,047,297
Licking Valley	\$113,283	\$350,637	\$463,920	\$51,735	\$104,909	\$620,564
Nolin	\$292,006	\$846,640	\$1,138,646	\$160,769	\$273,610	\$1,573,025
Owen	\$457,379	\$1,471,008	\$1,928,387	\$487,471	\$424,342	\$2,840,200
Salt River	\$476,948	\$1,478,472	\$1,955,420	\$249,030	\$456,312	\$2,660,762
Shelby	\$149,360	\$461,854	\$611,214	\$106,192	\$156,439	\$873,845
Taylor County	\$207,758	\$623,166	\$830,924	\$97,621	\$442,134	\$1,370,679
Totals	\$3,793,761	\$11,454,746	\$15,248,507	\$2,318,762	\$4,247,349	\$21,814,618
South Kentucky:						
Initial Bill Reduction	\$4,189,920	\$24,337,536	\$28,527,456	(\$2,482,633)	\$4,377,209	\$30,422,032
Share of Base Rates,						
FAC, and Surcharge	\$396,167	\$810,830	\$1,206,997	\$158,122	\$130,401	\$1,495,520
Net Effect on SK	\$3,793,753	\$23,526,706	\$27,320,459	(\$2,324,511)	\$4,246,808	\$29,242,756

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		1.6
Blue Grass	55.9	18.6		8.1
Clark	20.4	6.8		3.0
Cumberland Valley	20.5	6.8		3.0
Farmers	19.6	6.5	6.5	0.0
Fleming Mason	28.3	9.4	1.4	3.5
Grayson	10.8	3.6		1.6
Inter-County	23.2	7.7	7.7	0.0
Jackson	42.7	14.2	14.1	0.1
Licking Valley	11.3	3.8	0.3	1.5
Nolin	32.3	10.8		4.7
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.4
South Kentucky	61.9	20.6	58.0	1.7
Taylor	22.8	7.6		3.3
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	124.0	34.5
		<i>As of February 12, 2018</i>		

Case **East Kentucky Power Cooperative, Inc.**
Amendment 3 Summary of Preliminary Analyses

Case 1: SK 10% (41.2MW), deal spread to others

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh	
	Demand	Energy	Total				\$ 175,200	Total
Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	\$381,639	\$81,661	\$463,300
Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	\$1,890,067	\$410,399	\$2,300,466
Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	\$750,981	\$149,602	\$900,583
Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	\$762,508	\$150,266	\$912,774
Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	\$773,935	\$121,453	\$895,388
Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	\$1,273,118	\$207,938	\$1,481,056
Grayson	\$71,779	\$216,966	\$288,745	\$37,180	\$64,687	\$390,612	\$79,323	\$469,935
Inter-County	\$140,588	\$389,766	\$530,354	\$68,300	\$119,334	\$717,988	\$170,315	\$888,303
Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	\$1,422,704	\$255,935	\$1,678,639
Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	\$431,386	\$82,835	\$514,221
Nolin	\$205,395	\$590,994	\$796,389	\$113,368	\$182,826	\$1,092,583	\$236,880	\$1,329,463
Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	\$1,931,915	\$425,570	\$2,357,485
Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	\$1,848,540	\$280,514	\$2,129,054
Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	\$606,485	\$123,261	\$729,746
Taylor County	\$146,129	\$435,001	\$581,130	\$68,726	\$377,505	\$1,027,361	\$167,409	\$1,194,770
Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	\$15,301,822	\$2,943,360	\$18,245,182
South Kentucky:								
Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326	\$21,610,131		
Share of Base Rates, FAC, and Surcharge	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236	\$1,268,457		
Net Effect on SK	<u>\$2,668,262</u>	<u>\$16,570,963</u>	<u>\$19,239,225</u>	<u>(\$1,629,411)</u>	<u>\$3,000,090</u>	<u>\$20,609,904</u>		

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	Member 5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.0	0.47
Blue Grass	55.9	18.6		15.3	2.34
Clark	20.4	6.8		5.6	0.85
Cumberland Valley	20.5	6.8		5.6	0.86
Farmers	19.6	6.5	1.0	4.5	0.69
Fleming Mason	28.3	9.4		7.7	1.19
Grayson	10.8	3.6		3.0	0.45
Inter-County	23.2	7.7		6.3	0.97
Jackson	42.7	14.2	2.6	9.5	1.46
Licking Valley	11.3	3.8		3.1	0.47
Nolin	32.3	10.8		8.8	1.35
Owen	64.0	21.3	2.0	15.9	2.43
Salt River	44.2	14.7	2.0	10.5	1.60
Shelby	16.8	5.6		4.6	0.70
South Kentucky	61.9	20.6	41.2	0.0	0.00
Taylor	22.8	7.6		6.2	0.96
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	109.7	16.80
<i>As of February 12, 2018</i>					

East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

Case 1: SK 5% (20.6MW) MW impact, after base rate case, all others get balance of MS deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh		
	Demand	Energy	Total				\$	175,200	Total
Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	\$186,714	\$181,729	\$368,443	
Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	\$919,407	\$913,311	\$1,832,718	
Clark	\$70,818	\$206,489	\$277,307	\$36,288	\$50,306	\$363,901	\$332,928	\$696,829	
Cumberland Valley	\$69,560	\$211,876	\$281,436	\$37,173	\$51,018	\$369,627	\$334,406	\$704,033	
Farmers	\$70,279	\$216,128	\$286,407	\$38,337	\$41,615	\$366,359	\$270,283	\$636,642	
Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	\$811,785	\$462,750	\$1,274,535	
Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	\$189,105	\$176,528	\$365,633	
Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,864	\$347,567	\$379,022	\$726,589	
Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,946	\$689,164	\$569,564	\$1,258,728	
Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,884	\$209,114	\$184,342	\$393,456	
Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	\$529,043	\$527,159	\$1,056,202	
Owen	\$158,871	\$502,658	\$661,529	\$197,564	\$15,225	\$874,318	\$947,073	\$1,821,391	
Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	\$895,355	\$624,262	\$1,519,617	
Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	\$293,502	\$274,309	\$567,811	
Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	\$623,789	\$372,555	\$996,344	
Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	\$7,668,750	\$6,550,223	\$14,218,973	
South Kentucky:									
Initial Bill Reduction	\$1,488,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663	\$10,805,069			
Share of Base Rates, FAC, and Surcharge	\$169,962	\$441,726	\$611,688	\$93,539	\$59,660	\$764,887			
Net Effect on SK	\$1,318,182	\$8,202,297	\$9,520,479	(\$788,222)	\$1,495,003	\$10,227,260			

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.6	1.04
Blue Grass	55.9	18.6		18.2	5.21
Clark	20.4	6.8		6.6	1.90
Cumberland Valley	20.5	6.8		6.6	1.91
Farmers	19.6	6.5	1	5.4	1.54
Fleming Mason	28.3	9.4		9.2	2.64
Grayson	10.8	3.6		3.5	1.01
Inter-County	23.2	7.7		7.5	2.16
Jackson	42.7	14.2	2.6	11.3	3.25
Licking Valley	11.3	3.8		3.7	1.05
Nolin	32.3	10.8		10.5	3.01
Owen	64.0	21.3	2	18.8	5.41
Salt River	44.2	14.7	2	12.4	3.56
Shelby	16.8	5.6		5.5	1.57
South Kentucky	61.9	20.6	20.6	0.0	0.00
Taylor	22.8	7.6		7.4	2.13
<i>Systems' total</i>		161.9			
<i>EKPC Limit</i>		158.5	48.8	130.3	37.39
<i>As of February 12, 2018</i>					

Case **East Kentucky Power Cooperative, Inc.**
Ammendment 3 Summary of Preliminary Analyses

INCOMPLETE

Case 3: SK 10% (41.2MW) MW impact, after base rate case, All others get balance of 5% incl MS Deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	\$381,639
Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	\$1,890,067
Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	\$750,981
Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	\$762,508
Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	\$773,935
Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	\$1,273,118
Grayson	\$71,779	\$216,966	\$288,745	\$37,180	\$64,687	\$390,612
Inter-County	\$140,588	\$389,766	\$530,354	\$68,300	\$119,334	\$717,988
Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	\$1,422,704
Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	\$431,386
Nolin	\$205,395	\$590,994	\$796,389	\$113,368	\$182,826	\$1,092,583
Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	\$1,931,915
Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	\$1,848,540
Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	\$606,485
Taylor County	\$146,129	\$435,001	\$581,130	\$68,726	\$377,505	\$1,027,361
Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	\$15,301,822
South Kentucky:						
Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326	\$21,610,131
Share of Base Rates, FAC, and Surcharge	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236	\$1,268,457
Net Effect on SK	\$2,668,262	\$16,570,963	\$19,239,225	(\$1,629,411)	\$3,000,090	\$20,609,904

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		3.0
Blue Grass	55.9	18.6		15.3
Clark	20.4	6.8		5.6
Cumberland Valley	20.5	6.8		5.6
Farmers	19.6	6.5	1	4.5
Fleming Mason	28.3	9.4		7.7
Grayson	10.8	3.6		3.0
Inter-County	23.2	7.7		6.3
Jackson	42.7	14.2	2.6	9.5
Licking Valley	11.3	3.8		3.1
Nolin	32.3	10.8		8.8
Owen	64.0	21.3	2	15.9
Salt River	44.2	14.7	2	10.5
Shelby	16.8	5.6		4.6
South Kentucky	61.9	20.6	41.2	0.0
Taylor	22.8	7.6		6.2
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	48.8	109.7

As of February 12, 2018

Case 4 SK East Kentucky Power Cooperative, Inc.
Amendment 3 Summary of Preliminary Analyses

INCOMPLETE

A3 Allocations and Elections

Case 4: SK 5% (20.6MW) MW impact, after base rate case, All others get balance of MS deal

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	\$186,714
Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	\$919,407
Clark	\$70,818	\$206,489	\$277,307	\$36,288	\$50,306	\$363,901
Cumberland Valley	\$69,560	\$211,876	\$281,436	\$37,173	\$51,018	\$369,627
Farmers	\$70,279	\$216,128	\$286,407	\$38,337	\$41,615	\$366,359
Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	\$811,785
Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	\$189,105
Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,864	\$347,567
Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,946	\$689,164
Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,884	\$209,114
Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	\$529,043
Owen	\$158,871	\$502,658	\$661,529	\$197,564	\$15,225	\$874,318
Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	\$895,355
Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	\$293,502
Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	\$623,789
Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	\$7,668,750
South Kentucky:						
Initial Bill Reduction	\$1,488,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663	\$10,805,069
Share of Base Rates, FAC, and Surcharge	\$169,962	\$441,726	\$611,688	\$93,539	\$59,660	\$764,887
Net Effect on SK	\$1,318,182	\$8,202,297	\$9,520,479	(\$788,222)	\$1,495,003	\$10,227,260

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		3.6
Blue Grass	55.9	18.6		18.2
Clark	20.4	6.8		6.6
Cumberland Valley	20.5	6.8		6.6
Farmers	19.6	6.5	1	5.4
Fleming Mason	28.3	9.4		9.2
Grayson	10.8	3.6		3.5
Inter-County	23.2	7.7		7.5
Jackson	42.7	14.2	2.6	11.3
Licking Valley	11.3	3.8		3.7
Nolin	32.3	10.8		10.5
Owen	64.0	21.3	2	18.8
Salt River	44.2	14.7	2	12.4
Shelby	16.8	5.6		5.5
South Kentucky	61.9	20.6	20.6	0.0
Taylor	22.8	7.6		7.4
Systems' total		161.9		
EKPC Limit		158.5	48.8	130.3

As of February 12, 2018

1 SoKentuckyAmend3-2017 41.2MW Var Adj.xlsx
2 Estimated Effect of Amendment 3 Election using 2017 Actual Billings

3
4 Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.

5
6 Actual Billing Information - December 2016 to November 2017

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh				Days in Month	Calculated Overall Load Factor	
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge			Total Billing
December 2016	318,654	136,642,060	\$8,625,709	(\$534,275)	\$1,614,239	\$9,705,673	\$63.13	(\$3.91)	\$59.22	\$11.81	\$71.03	31	57.64%
January	369,429	128,653,435	\$8,543,212	(\$414,935)	\$1,375,301	\$9,503,578	\$66.40	(\$3.23)	\$63.17	\$10.69	\$73.86	31	46.81%
February	299,188	102,221,559	\$6,839,011	(\$405,227)	\$721,225	\$7,155,009	\$66.90	(\$3.96)	\$62.94	\$7.06	\$70.00	28	50.84%
March	307,956	108,841,661	\$7,214,288	(\$802,352)	\$786,104	\$7,198,040	\$66.28	(\$7.37)	\$58.91	\$7.22	\$66.13	31	47.50%
April	182,567	85,645,592	\$5,345,732	(\$415,147)	\$775,585	\$5,706,170	\$62.42	(\$4.85)	\$57.57	\$9.06	\$66.63	30	65.16%
May	193,943	91,076,403	\$5,759,714	(\$484,072)	\$812,453	\$6,088,095	\$63.24	(\$5.32)	\$57.92	\$8.92	\$66.84	31	63.12%
June	223,253	99,979,261	\$6,389,751	(\$503,627)	\$1,168,985	\$7,055,109	\$63.91	(\$5.04)	\$58.87	\$11.69	\$70.56	30	62.20%
July	248,069	118,121,139	\$7,445,705	(\$769,674)	\$1,210,364	\$7,886,395	\$63.03	(\$6.52)	\$56.51	\$10.25	\$66.76	31	64.00%
August	229,842	108,841,725	\$6,857,145	(\$574,720)	\$1,115,132	\$7,397,557	\$63.12	(\$5.29)	\$57.83	\$10.26	\$68.09	31	63.53%
September	196,183	90,491,676	\$5,528,857	(\$633,995)	\$777,795	\$5,672,657	\$61.10	(\$7.01)	\$54.09	\$8.60	\$62.69	30	64.06%
October	242,393	92,870,513	\$5,824,776	(\$246,721)	\$977,832	\$6,555,867	\$62.72	(\$2.66)	\$60.06	\$10.53	\$70.59	31	51.50%
November	275,950	105,154,553	\$6,587,296	(\$342,493)	\$1,280,809	\$7,525,612	\$62.64	(\$3.26)	\$59.38	\$12.18	\$71.56	30	52.93%
Totals to Date	3,087,427	1,266,339,577	\$80,961,196	(\$6,127,238)	\$12,615,824	\$87,449,782	\$63.83	(\$4.83)	\$59.00	\$9.95	\$68.95	30.42	56.27%

39 Recalculated 2016-2017 Billing - Excluding 58 MW from Amendment 3

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh				Days in Month	Calculated Overall Load Factor	
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge			Total Billing
December 2016	277,454	105,989,260	\$6,900,535	(\$414,116)	\$1,294,039	\$7,780,458	\$65.11	(\$3.91)	\$61.20	\$12.21	\$73.41	31	51.34%
January	328,229	98,000,635	\$6,818,038	(\$315,926)	\$1,100,154	\$7,602,266	\$69.57	(\$3.22)	\$66.35	\$11.23	\$77.58	31	40.13%
February	257,988	74,535,159	\$5,256,787	(\$295,035)	\$556,210	\$5,517,962	\$70.53	(\$3.96)	\$66.57	\$7.46	\$74.03	28	42.99%
March	266,756	78,188,861	\$5,489,114	(\$575,828)	\$602,370	\$5,515,656	\$70.20	(\$7.36)	\$62.84	\$7.70	\$70.54	31	39.40%
April	141,367	55,981,592	\$3,668,209	(\$270,980)	\$534,388	\$3,931,617	\$65.53	(\$4.84)	\$60.69	\$9.55	\$70.24	30	55.00%
May	152,743	60,423,603	\$4,012,263	(\$320,999)	\$568,459	\$4,259,723	\$66.40	(\$5.31)	\$61.09	\$9.41	\$70.50	31	53.17%
June	182,053	70,315,261	\$4,690,668	(\$353,824)	\$861,298	\$5,198,142	\$66.71	(\$5.03)	\$61.68	\$12.25	\$73.93	30	53.64%
July	206,869	87,468,339	\$5,698,254	(\$569,511)	\$929,841	\$6,058,584	\$65.15	(\$6.51)	\$58.64	\$10.63	\$69.27	31	56.83%
August	188,842	77,988,925	\$5,109,694	(\$412,260)	\$833,796	\$5,531,230	\$65.52	(\$5.29)	\$60.23	\$10.69	\$70.92	31	55.57%
September	154,983	60,827,676	\$3,900,374	(\$425,160)	\$552,213	\$4,027,427	\$64.12	(\$6.99)	\$57.13	\$9.08	\$66.21	30	54.51%
October	201,193	62,217,713	\$4,172,556	(\$164,678)	\$702,545	\$4,710,223	\$67.06	(\$2.65)	\$64.41	\$11.29	\$75.70	31	41.57%
November	234,750	75,490,553	\$4,980,373	(\$245,195)	\$971,185	\$5,706,363	\$65.97	(\$3.25)	\$62.72	\$12.86	\$75.58	30	44.66%
Totals to Date	2,593,027	907,427,577	\$60,696,865	(\$4,363,712)	\$9,506,498	\$68,839,651	\$66.89	(\$4.81)	\$62.08	\$10.48	\$72.56	30.42	47.93%

72 Units/Dollar and Percentage Change - Recalculated versus Actual

74 75 76	Month	Billed Revenues from					Mills per kWh					Calculated Over- all Load Factor	
		Total kW	Total kWh	Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge		Total Billing
77	December 2016	(41,200)	(30,652,800)	(\$1,725,174)	\$120,159	(\$320,200)	(\$1,925,215)	\$1.98	\$0.00	\$1.98	\$0.40	\$2.38	-6.30%
78		-12.9294%	-22.4329%	-20.0004%	-22.4901%	-19.8360%	-19.8360%	3.1364%	0.0000%	3.3435%	3.3870%	3.3507%	-10.9299%
79													
80	January	(41,200)	(30,652,800)	(\$1,725,174)	\$99,009	(\$275,147)	(\$1,901,312)	\$3.17	\$0.01	\$3.18	\$0.54	\$3.72	-6.68%
81		-11.1523%	-23.8259%	-20.1935%	-23.8613%	-20.0063%	-20.0063%	4.7741%	-0.3096%	5.0340%	5.0514%	5.0366%	-14.2705%
82													
83	February	(41,200)	(27,686,400)	(\$1,562,224)	\$110,192	(\$165,015)	(\$1,637,047)	\$3.63	\$0.00	\$3.63	\$0.40	\$4.03	-7.85%
84		-13.7706%	-27.0847%	-23.1353%	-27.1927%	-22.8798%	-22.8797%	5.4260%	0.0000%	5.7674%	5.6657%	5.7571%	-15.4406%
85													
86	March	(41,200)	(30,652,800)	(\$1,725,174)	\$226,524	(\$183,734)	(\$1,682,384)	\$3.92	\$0.01	\$3.93	\$0.48	\$4.41	-8.10%
87		-13.3785%	-28.1627%	-23.9133%	-28.2325%	-23.3727%	-23.3728%	5.9143%	-0.1357%	6.6712%	6.6482%	6.6687%	-17.0526%
88													
89	April	(41,200)	(29,664,000)	(\$1,677,523)	\$144,167	(\$241,197)	(\$1,774,553)	\$3.11	\$0.01	\$3.12	\$0.49	\$3.61	-10.16%
90		-22.5671%	-34.6358%	-31.3806%	-34.7267%	-31.0987%	-31.0988%	4.9824%	-0.2062%	5.4195%	5.4084%	5.4180%	-15.5924%
91													
92	May	(41,200)	(30,652,800)	(\$1,747,451)	\$163,073	(\$243,994)	(\$1,828,372)	\$3.16	\$0.01	\$3.17	\$0.49	\$3.66	-9.95%
93		-21.2434%	-33.6561%	-30.3392%	-33.6878%	-30.0318%	-30.0319%	4.9968%	-0.1880%	5.4731%	5.4933%	5.4758%	-15.7636%
94													
95	June	(41,200)	(29,664,000)	(\$1,699,083)	\$149,803	(\$307,687)	(\$1,856,967)	\$2.80	\$0.01	\$2.81	\$0.56	\$3.37	-8.56%
96		-18.4544%	-29.6702%	-26.5908%	-29.7448%	-26.3209%	-26.3209%	4.3812%	-0.1984%	4.7732%	4.7904%	4.7761%	-13.7621%
97													
98	July	(41,200)	(30,652,800)	(\$1,747,451)	\$200,163	(\$280,523)	(\$1,827,811)	\$2.12	\$0.01	\$2.13	\$0.38	\$2.51	-7.17%
99		-16.6083%	-25.9503%	-23.4692%	-26.0062%	-23.1767%	-23.1768%	3.3635%	-0.1534%	3.7692%	3.7073%	3.7597%	-11.2031%
100													
101	August	(41,200)	(30,652,800)	(\$1,747,451)	\$162,480	(\$281,336)	(\$1,866,327)	\$2.40	\$0.00	\$2.40	\$0.43	\$2.83	-7.96%
102		-17.9254%	-28.2146%	-25.4837%	-28.2677%	-25.2289%	-25.2290%	3.8023%	0.0000%	4.1501%	4.1910%	4.1563%	-12.5295%
103													
104	September	(41,200)	(29,664,000)	(\$1,628,483)	\$208,835	(\$225,582)	(\$1,645,230)	\$3.02	\$0.02	\$3.04	\$0.48	\$3.52	-9.55%
105		-21.0008%	-32.7809%	-29.4542%	-32.9395%	-29.0028%	-29.0028%	4.9427%	-0.2853%	5.6203%	5.5814%	5.6149%	-14.9079%
106													
107	October	(41,200)	(30,652,800)	(\$1,652,220)	\$81,843	(\$275,287)	(\$1,845,664)	\$4.34	\$0.01	\$4.35	\$0.76	\$5.11	-9.93%
108		-16.9972%	-33.0060%	-28.3654%	-33.1723%	-28.1528%	-28.1528%	6.9196%	-0.3759%	7.2428%	7.2175%	7.2390%	-19.2816%
109													
110	November	(41,200)	(29,664,000)	(\$1,606,923)	\$97,298	(\$309,624)	(\$1,819,249)	\$3.33	\$0.01	\$3.34	\$0.68	\$4.02	-8.27%
111		-14.9302%	-28.2099%	-24.3943%	-28.4088%	-24.1741%	-24.1741%	5.3161%	-0.3067%	5.6248%	5.5829%	5.6177%	-15.6244%
112													
113	Totals to Date	(494,400)	(360,912,000)	(\$20,264,331)	\$1,763,526	(\$3,109,326)	(\$21,610,131)	\$3.06	\$0.02	\$3.08	\$0.53	\$3.61	-8.34%
114		-16.0133%	-28.4555%	-25.0297%	-28.7817%	-24.6462%	-24.7115%	4.7940%	-0.4141%	5.2203%	5.3266%	5.2357%	-14.8214%
115													
116													

Rounding

1 SoKentuckyAmend3-2017 41 2MW Var Adj.xlsx
2 Calculation of Bill Impact of 36.6 MW under Amendment 3

4 **Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.**

6 Assumptions: 100% load factor for purchase
7 Amendment 3 purchase offsets Rate E load only
8 On-Peak/OFF-Peak Mix:
9 Oct - Apr
10 On-Peak 41.67%
11 Off-Peak 58.33%
12 May - Sep
13 On-Peak 50.00%
14 Off-Peak 50.00%

Month	Days in Month	Demand (kW)	Energy			Rates and Factors				Pricing of Billing Components								
			Total (kWh)	On-Peak (kWh)	Off-Peak (kWh)	Demand	On-Peak Energy	Off-Peak Energy	FAC	Surcharge	Demand	On-Peak Energy	Off-Peak Energy	Total Base Rate	FAC	Subtotal	Surcharge	Total Billing
December 2016	31	41,200	30,652,800	12,773,022	17,879,776	\$6.02	\$0.053279	\$0.044554	(\$0.003920)	19.95%	\$248,024	\$680,534	\$796,616	\$1,725,174	(\$120,159)	\$1,605,015	\$320,200	\$1,925,215
January	31	41,200	30,652,800	12,773,022	17,879,776	\$6.02	\$0.053279	\$0.044554	(\$0.003230)	16.92%	\$248,024	\$680,534	\$796,616	\$1,725,174	(\$99,009)	\$1,626,165	\$275,147	\$1,901,312
February	28	41,200	27,888,400	11,536,923	16,149,477	\$6.02	\$0.053279	\$0.044554	(\$0.003980)	11.21%	\$248,024	\$614,676	\$719,524	\$1,582,224	(\$110,192)	\$1,472,032	\$165,015	\$1,637,047
March	31	41,200	30,652,800	12,773,022	17,879,776	\$6.02	\$0.053279	\$0.044554	(\$0.007390)	12.26%	\$248,024	\$680,534	\$796,616	\$1,725,174	(\$226,524)	\$1,498,650	\$183,734	\$1,682,384
April	30	41,200	29,664,000	12,360,989	17,303,011	\$6.02	\$0.053279	\$0.044554	(\$0.004960)	15.73%	\$248,024	\$658,581	\$770,916	\$1,677,523	(\$144,167)	\$1,533,356	\$241,197	\$1,774,553
May	31	41,200	30,652,800	15,326,400	15,326,400	\$6.02	\$0.053279	\$0.044554	(\$0.005320)	15.40%	\$248,024	\$816,575	\$682,852	\$1,747,451	(\$163,073)	\$1,584,378	\$243,994	\$1,828,372
June	30	41,200	29,664,000	14,832,000	14,832,000	\$6.02	\$0.053279	\$0.044554	(\$0.005050)	19.86%	\$248,024	\$790,234	\$680,825	\$1,699,083	(\$149,803)	\$1,549,280	\$307,687	\$1,856,967
July	31	41,200	30,652,800	15,326,400	15,326,400	\$6.02	\$0.053279	\$0.044554	(\$0.006530)	18.13%	\$248,024	\$816,575	\$682,852	\$1,747,451	(\$200,163)	\$1,547,288	\$280,523	\$1,827,811
August	31	41,200	30,652,800	15,326,400	15,326,400	\$6.02	\$0.053279	\$0.044554	(\$0.005300)	17.75%	\$248,024	\$816,575	\$682,852	\$1,747,451	(\$162,460)	\$1,584,991	\$281,336	\$1,866,327
September	30	41,200	29,664,000	14,832,000	14,832,000	\$6.02	\$0.050899	\$0.042174	(\$0.007040)	15.89%	\$248,024	\$754,934	\$625,525	\$1,628,483	(\$208,836)	\$1,419,648	\$225,582	\$1,645,230
October	31	41,200	30,652,800	12,773,022	17,879,776	\$6.02	\$0.050899	\$0.042174	(\$0.002670)	17.53%	\$248,024	\$650,134	\$754,062	\$1,652,220	(\$81,843)	\$1,570,377	\$275,287	\$1,845,664
November	30	41,200	29,664,000	12,360,989	17,303,011	\$6.02	\$0.050899	\$0.042174	(\$0.003280)	20.51%	\$248,024	\$629,162	\$729,737	\$1,606,523	(\$97,298)	\$1,509,225	\$309,624	\$1,818,849
Totals to Date		494,400	360,912,000	162,094,189	197,917,811						\$2,076,268	\$6,589,048	\$8,698,996	\$20,264,331	(\$1,763,526)	\$18,500,805	\$3,109,326	\$21,610,131

1 ScheduleAmounts2017 41 2m
2 Recalculation of FAC Factor to 4
3
4 Note: This calculation reflects
5
6 Recalculated FAC Factors
7
8 Expense
9 Month
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11 November 2016
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13 December
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15 January
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17 February
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19 March
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21 April
22
23 May
24
25 June
26
27 July
28
29 August
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31 December
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33 October
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35 Total
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37 Note: South Kentucky Coal Trust
38
39
40

Month	2016	2017	Total	Change	South Kentucky, impacts from FAC
41					
42	December 2016				
43	Blind FAC	17,107,870	17,107,870	0	Adjusted With Scales
44	Blind With Scales	45,547,913	45,547,913	0	FAC at Actual Billing Rate
45	Recalculated FAC Factor	68,655,783	68,655,783	0	FAC at Recalculated Rate
46	Recalculated FAC Amount	67,842,819	67,842,819	812,964	Change due to Recalculation
47	Change in FAC	812,964	812,964	0	
48	January				
49	Blind FAC	17,149,328	17,149,328	0	Adjusted With Scales
50	Blind With Scales	48,277,038	48,277,038	0	FAC at Actual Billing Rate
51	Recalculated FAC Factor	68,426,366	68,426,366	0	FAC at Recalculated Rate
52	Recalculated FAC Amount	67,436,819	67,436,819	989,547	Change due to Recalculation
53	Change in FAC	989,547	989,547	0	
54	February				
55	Blind FAC	17,165,854	17,165,854	0	Adjusted With Scales
56	Blind With Scales	26,455,710	26,455,710	0	FAC at Actual Billing Rate
57	Recalculated FAC Factor	68,142,279	68,142,279	0	FAC at Recalculated Rate
58	Recalculated FAC Amount	67,142,279	67,142,279	1,000,000	Change due to Recalculation
59	Change in FAC	1,000,000	1,000,000	0	
60	March				
61	Blind FAC	17,225,427	17,225,427	0	Adjusted With Scales
62	Blind With Scales	26,264,181	26,264,181	0	FAC at Actual Billing Rate
63	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
64	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
65	Change in FAC	1,000,000	1,000,000	0	
66	April				
67	Blind FAC	17,287,427	17,287,427	0	Adjusted With Scales
68	Blind With Scales	26,264,181	26,264,181	0	FAC at Actual Billing Rate
69	Recalculated FAC Factor	68,142,279	68,142,279	0	FAC at Recalculated Rate
70	Recalculated FAC Amount	67,142,279	67,142,279	1,000,000	Change due to Recalculation
71	Change in FAC	1,000,000	1,000,000	0	
72	May				
73	Blind FAC	17,349,209	17,349,209	0	Adjusted With Scales
74	Blind With Scales	30,192,819	30,192,819	0	FAC at Actual Billing Rate
75	Recalculated FAC Factor	68,142,279	68,142,279	0	FAC at Recalculated Rate
76	Recalculated FAC Amount	67,142,279	67,142,279	1,000,000	Change due to Recalculation
77	Change in FAC	1,000,000	1,000,000	0	
78	June				
79	Blind FAC	17,412,879	17,412,879	0	Adjusted With Scales
80	Blind With Scales	32,284,523	32,284,523	0	FAC at Actual Billing Rate
81	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
82	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
83	Change in FAC	1,000,000	1,000,000	0	
84	July				
85	Blind FAC	17,479,723	17,479,723	0	Adjusted With Scales
86	Blind With Scales	33,322,526	33,322,526	0	FAC at Actual Billing Rate
87	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
88	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
89	Change in FAC	1,000,000	1,000,000	0	
90	August				
91	Blind FAC	17,542,723	17,542,723	0	Adjusted With Scales
92	Blind With Scales	33,322,526	33,322,526	0	FAC at Actual Billing Rate
93	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
94	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
95	Change in FAC	1,000,000	1,000,000	0	
96	September				
97	Blind FAC	17,607,194	17,607,194	0	Adjusted With Scales
98	Blind With Scales	41,391,824	41,391,824	0	FAC at Actual Billing Rate
99	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
100	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
101	Change in FAC	1,000,000	1,000,000	0	
102	October				
103	Blind FAC	17,672,194	17,672,194	0	Adjusted With Scales
104	Blind With Scales	41,391,824	41,391,824	0	FAC at Actual Billing Rate
105	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
106	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
107	Change in FAC	1,000,000	1,000,000	0	
108	November 2017				
109	Blind FAC	17,737,194	17,737,194	0	Adjusted With Scales
110	Blind With Scales	38,458,726	38,458,726	0	FAC at Actual Billing Rate
111	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
112	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
113	Change in FAC	1,000,000	1,000,000	0	
114	December				
115	Blind FAC	17,802,194	17,802,194	0	Adjusted With Scales
116	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
117	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
118	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
119	Change in FAC	1,000,000	1,000,000	0	
120	January				
121	Blind FAC	17,867,194	17,867,194	0	Adjusted With Scales
122	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
123	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
124	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
125	Change in FAC	1,000,000	1,000,000	0	
126	February				
127	Blind FAC	17,932,194	17,932,194	0	Adjusted With Scales
128	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
129	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
130	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
131	Change in FAC	1,000,000	1,000,000	0	
132	March				
133	Blind FAC	17,997,194	17,997,194	0	Adjusted With Scales
134	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
135	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
136	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
137	Change in FAC	1,000,000	1,000,000	0	
138	April				
139	Blind FAC	18,062,194	18,062,194	0	Adjusted With Scales
140	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
141	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
142	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
143	Change in FAC	1,000,000	1,000,000	0	
144	May				
145	Blind FAC	18,127,194	18,127,194	0	Adjusted With Scales
146	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
147	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
148	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
149	Change in FAC	1,000,000	1,000,000	0	
150	June				
151	Blind FAC	18,192,194	18,192,194	0	Adjusted With Scales
152	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
153	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
154	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
155	Change in FAC	1,000,000	1,000,000	0	
156	July				
157	Blind FAC	18,257,194	18,257,194	0	Adjusted With Scales
158	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
159	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
160	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
161	Change in FAC	1,000,000	1,000,000	0	
162	August				
163	Blind FAC	18,322,194	18,322,194	0	Adjusted With Scales
164	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
165	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
166	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
167	Change in FAC	1,000,000	1,000,000	0	
168	September				
169	Blind FAC	18,387,194	18,387,194	0	Adjusted With Scales
170	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
171	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
172	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
173	Change in FAC	1,000,000	1,000,000	0	
174	October				
175	Blind FAC	18,452,194	18,452,194	0	Adjusted With Scales
176	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
177	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
178	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
179	Change in FAC	1,000,000	1,000,000	0	
180	November				
181	Blind FAC	18,517,194	18,517,194	0	Adjusted With Scales
182	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
183	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
184	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
185	Change in FAC	1,000,000	1,000,000	0	
186	December				
187	Blind FAC	18,582,194	18,582,194	0	Adjusted With Scales
188	Blind With Scales	37,322,448	37,322,448	0	FAC at Actual Billing Rate
189	Recalculated FAC Factor	68,079,216	68,079,216	0	FAC at Recalculated Rate
190	Recalculated FAC Amount	67,079,216	67,079,216	1,000,000	Change due to Recalculation
191	Change in FAC	1,000,000	1,000,000	0	
192	Total Blind FAC	1,702,500	1,702,500	0	Total FAC at Actual Billing Rate
193	Total Recalculated FAC	1,702,500	1,702,500	0	Total FAC at Recalculated Rate
194	Percentage Change	-1.00%	-1.00%	0	Percentage Change
195	Net change to reflect reduction	\$1,702,500	\$1,702,500	0	
196	Net change to reflect reduction	\$1,702,500	\$1,702,500	0	
197	Net change to reflect reduction	\$1,702,500	\$1,702,500	0	

1 SoKentuckyAmend3-2017 41 2MW Var Adj.xlsx
 2 Allocation of Demand and Energy Revenues from South Kentucky Purchase
 3
 4 Allocation will be based on Rate E Demand (in kW) and Energy (in kWh); Salt River totals adjusted for generator credit.
 5
 6 "Before Rate Case" Scenario
 7
 8

9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
117	Month	South Kentucky Allocation	Big Sandy	Blue Grass	Clark	Cumberland Valley	Farmers	Fleming-Mason	Grantson	Madison County	Jackson	Licking Valley	Nolin	Owen	Salt River	Shelby	Taylor County	Totals	
117	Allocated Demand \$	\$245,024	\$7,106	\$33,152	\$13,788	\$14,109	\$12,056	\$13,331	\$4,493	\$13,428	\$27,585	\$7,515	\$18,961	\$26,754	\$28,163	\$5,372	\$14,212	\$248,026	
118	Allocated Energy \$	\$765,701	\$22,593	\$96,684	\$42,309	\$43,641	\$42,033	\$43,388	\$22,194	\$29,999	\$50,397	\$24,943	\$59,413	\$59,313	\$59,102	\$31,979	\$42,291	\$1,700,109	
119																			
120	Totals:																		
121	Allocated Demand \$	\$2,976,288	\$80,406	\$364,925	\$169,982	\$167,181	\$169,633	\$154,087	\$80,074	\$196,981	\$303,217	\$88,896	\$226,471	\$358,198	\$373,760	\$117,124	\$160,078	\$2,976,291	
122																			
123	Allocated Energy \$	\$8,712,789	\$230,718	\$1,106,040	\$458,637	\$471,890	\$480,976	\$469,311	\$236,441	\$424,876	\$859,483	\$268,726	\$643,977	\$1,116,594	\$1,124,116	\$351,313	\$473,894	\$8,712,791	
124																			
125																			
																		Total	\$11,689,082
																		Change in South Kentucky Billing:	\$20,284,331

Percentage Adjustment to Energy	
Percentage Adjustment:	57.451%

1 SoKentuckyAmend3-2017 41 2MW Var Adj.xlsx
 2 Estimated Shift in Surcharge to Other Members
 3 Surcharge Factor Adjustment: 0.33%
 4
 5 "Before Rate Case" Scenario
 6
 7

Month	Big Sandy		Blue Grass		Clark		Cumberland Valley		Farmers		Flaming-Mason (includes Steam)		Grayson		Inter-County	
	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact
December 2016																
11 Total Revenues	\$1,720,577		\$9,517,776		\$3,389,910		\$3,273,803		\$3,556,486		\$7,165,840		\$1,843,235		\$3,684,039	
12 Actual Surcharge Revenues	\$286,164		\$1,582,867		\$563,807		\$544,496		\$691,515		\$1,155,272		\$306,588		\$812,728	
13 Revenues subject to Surcharge	\$1,434,413		\$7,934,909		\$2,826,103		\$2,729,307		\$2,864,973		\$6,010,568		\$1,536,667		\$3,071,311	
14 Reduction in FAC Revenues	\$4,646		\$26,124		\$9,042		\$8,965		\$30,675		\$19,849		\$9,005		\$9,895	
15 Adjusted Revenues	\$1,439,059		\$7,961,033		\$2,835,145		\$2,738,272		\$2,874,648		\$6,030,417		\$1,541,676		\$3,081,676	
16 Adjusted Surcharge Factor	20.28%		20.28%		20.28%		20.28%		20.28%		20.28%		20.28%		20.28%	
17 Adj. Surcharge Revenues	\$291,841		\$1,614,497		\$574,967		\$555,322		\$693,259		\$1,222,969		\$312,652		\$624,862	
18 Increase for Month		\$5,677		\$31,630		\$11,160		\$10,826		\$11,744		\$67,697		\$6,084		\$12,134
19																
20 January																
21 Total Revenues	\$1,628,635		\$9,364,083		\$3,207,623		\$3,158,097		\$3,447,937		\$6,825,515		\$1,753,741		\$3,626,798	
22 Actual Surcharge Revenues	\$235,715		\$1,365,117		\$468,559		\$457,021		\$498,967		\$960,722		\$253,791		\$524,846	
23 Revenues subject to Surcharge	\$1,393,120		\$8,008,966		\$2,769,264		\$2,701,076		\$2,948,970		\$5,864,793		\$1,499,950		\$3,101,922	
24 Reduction in FAC Revenues	\$227		\$1,328		\$444		\$439		\$487		\$994		\$245		\$492	
25 Adjusted Revenues	\$1,393,347		\$8,010,234		\$2,769,708		\$2,701,515		\$2,949,457		\$5,865,787		\$1,500,195		\$3,102,414	
26 Adjusted Surcharge Factor	17.25%		17.25%		17.25%		17.25%		17.25%		17.25%		17.25%		17.25%	
27 Adj. Surcharge Revenues	\$240,352		\$1,381,776		\$477,775		\$466,011		\$508,781		\$1,011,848		\$258,784		\$536,166	
28 Increase for Month		\$4,637		\$26,659		\$9,216		\$8,990		\$9,814		\$51,126		\$4,993		\$10,320
29																
30 February																
31 Total Revenues	\$1,316,971		\$7,245,458		\$2,497,617		\$2,547,641		\$2,802,265		\$5,467,769		\$1,413,727		\$2,690,136	
32 Actual Surcharge Revenues	\$132,751		\$730,343		\$256,782		\$256,803		\$262,307		\$539,608		\$142,507		\$271,157	
33 Revenues subject to Surcharge	\$1,184,220		\$6,515,115		\$2,240,835		\$2,290,838		\$2,539,958		\$4,927,961		\$1,271,220		\$2,418,969	
34 Reduction in FAC Revenues	\$922		\$5,334		\$1,730		\$1,817		\$1,945		\$4,209		\$1,000		\$1,885	
35 Adjusted Revenues	\$1,185,142		\$6,520,449		\$2,242,585		\$2,292,655		\$2,541,903		\$4,932,170		\$1,272,220		\$2,420,854	
36 Adjusted Surcharge Factor	11.54%		11.54%		11.54%		11.54%		11.54%		11.54%		11.54%		11.54%	
37 Adj. Surcharge Revenues	\$136,765		\$752,460		\$259,571		\$264,572		\$270,256		\$559,172		\$146,815		\$279,357	
38 Increase for Month		\$4,014		\$22,117		\$7,609		\$7,769		\$7,949		\$29,364		\$4,308		\$8,200
39																
40 March																
41 Total Revenues	\$1,332,909		\$7,145,626		\$2,491,631		\$2,564,835		\$2,632,013		\$5,850,960		\$1,421,783		\$2,632,154	
42 Actual Surcharge Revenues	\$145,366		\$730,378		\$272,112		\$280,107		\$287,444		\$614,589		\$155,277		\$287,460	
43 Revenues subject to Surcharge	\$1,187,341		\$6,365,248		\$2,219,519		\$2,284,728		\$2,344,569		\$5,236,371		\$1,266,506		\$2,344,694	
44 Reduction in FAC Revenues	\$2164		\$4,119		\$419		\$424		\$474		\$10,543		\$2,434		\$4,417	
45 Adjusted Revenues	\$1,189,525		\$6,377,769		\$2,223,638		\$2,288,943		\$2,349,143		\$5,246,814		\$1,268,940		\$2,349,111	
46 Adjusted Surcharge Factor	12.59%		12.59%		12.59%		12.59%		12.59%		12.59%		12.59%		12.59%	
47 Adj. Surcharge Revenues	\$149,761		\$802,964		\$279,956		\$288,178		\$296,757		\$660,586		\$159,760		\$295,753	
48 Increase for Month		\$4,193		\$22,586		\$7,944		\$8,071		\$8,313		\$45,997		\$4,463		\$8,293
49																
50 April																
51 Total Revenues	\$976,161		\$5,688,917		\$1,938,214		\$1,961,952		\$2,235,716		\$5,357,662		\$1,140,648		\$2,036,238	
52 Actual Surcharge Revenues	\$132,679		\$800,417		\$263,441		\$266,669		\$333,878		\$699,534		\$155,025		\$278,756	
53 Revenues subject to Surcharge	\$843,482		\$5,088,500		\$1,674,773		\$1,695,283		\$1,901,838		\$4,658,128		\$985,623		\$1,757,470	
54 Reduction in FAC Revenues	\$2,033		\$12,721		\$3,930		\$4,068		\$4,793		\$11,220		\$2,366		\$4,227	
55 Adjusted Revenues	\$945,515		\$5,101,221		\$1,678,708		\$1,699,351		\$1,936,631		\$4,669,348		\$987,979		\$1,763,697	
56 Adjusted Surcharge Factor	16.06%		16.06%		16.06%		16.06%		16.06%		16.06%		16.06%		16.06%	
57 Adj. Surcharge Revenues	\$135,790		\$819,256		\$269,601		\$272,916		\$331,023		\$749,897		\$158,669		\$283,250	
58 Increase for Month		\$3,111		\$19,839		\$6,160		\$6,247		\$7,145		\$50,363		\$3,634		\$6,482
59																
60 May																
61 Total Revenues	\$1,036,939		\$6,411,563		\$2,055,030		\$2,106,915		\$2,488,416		\$5,510,345		\$1,205,219		\$2,189,108	
62 Actual Surcharge Revenues	\$135,646		\$655,614		\$274,243		\$281,165		\$332,209		\$702,563		\$160,836		\$292,001	
63 Revenues subject to Surcharge	\$903,293		\$5,555,949		\$1,780,787		\$1,825,750		\$2,157,207		\$4,807,782		\$1,044,383		\$1,896,107	
64 Reduction in FAC Revenues	\$4,045		\$26,439		\$8,005		\$8,345		\$10,189		\$22,809		\$4,749		\$9,779	
65 Adjusted Revenues	\$907,338		\$5,562,388		\$1,788,792		\$1,834,096		\$2,167,378		\$4,830,591		\$1,049,132		\$1,904,885	
66 Adjusted Surcharge Factor	15.73%		15.73%		15.73%		15.73%		15.73%		15.73%		15.73%		15.73%	
67 Adj. Surcharge Revenues	\$142,724		\$878,110		\$281,377		\$289,503		\$340,929		\$759,652		\$165,028		\$299,636	
68 Increase for Month		\$7,078		\$22,496		\$7,134		\$7,338		\$8,720		\$57,289		\$4,192		\$7,637
69																
70 June																
71 Total Revenues	\$1,197,203		\$7,540,857		\$2,423,444		\$2,299,714		\$2,943,050		\$5,751,030		\$1,412,925		\$2,549,923	
72 Actual Surcharge Revenues	\$196,366		\$1,249,472		\$401,548		\$381,046		\$489,190		\$928,247		\$224,112		\$422,505	
73 Revenues subject to Surcharge	\$998,835		\$6,291,385		\$2,021,896		\$1,918,668		\$2,453,860		\$4,822,783		\$1,178,813		\$2,127,418	
74 Reduction in FAC Revenues	\$4,017		\$26,477		\$8,007		\$8,007		\$10,121		\$20,549		\$4,719		\$6,536	
75 Adjusted Revenues	\$1,002,852		\$6,317,862		\$2,029,903		\$1,926,598		\$2,463,761		\$4,843,332		\$1,183,524		\$2,135,954	
76 Adjusted Surcharge Factor	20.19%		20.19%		20.19%		20.19%		20.19%		20.19%		20.19%		20.19%	
77 Adj. Surcharge Revenues	\$202,476		\$1,275,570		\$409,837		\$386,860		\$497,476		\$977,869		\$238,953		\$431,249	
78 Increase for Month		\$4,108		\$26,104		\$8,269		\$7,834		\$8,268		\$49,622		\$4,841		\$8,744
79																
80 July																
81 Total Revenues	\$1,374,164		\$8,229,716		\$2,738,018		\$2,670,196		\$3,262,894		\$6,062,226		\$1,565,059		\$2,855,307	
82 Actual Surcharge Revenues	\$210,300		\$1,255,625		\$420,217		\$409,807		\$502,221		\$956,613		\$240,196		\$438,216	
83 Revenues subject to Surcharge	\$1,163,264		\$6,974,091		\$2,317,801		\$2,260,389		\$2,760,673		\$5,105,613		\$1,324,857		\$2,417,091	
84 Reduction in FAC Revenues	\$2,817		\$17,459		\$5,571		\$5,499		\$6,851		\$12,861		\$3,273		\$5,908	
85 Adjusted Revenues	\$1,166,081		\$6,991,549		\$2,323,372		\$2,265,888		\$2,767,324		\$5,100,274		\$1,328,130		\$2,422,998	
86 Adjusted Surcharge Factor	18.46%		18.46%		18.46%		18.46%		18.46%		18.46%		18.46%		18.46%	
87 Adj. Surcharge Revenues	\$215,259		\$1,290,640		\$428,984		\$418,283		\$510,846		\$954,248		\$245,173		\$447,286	
88 Increase for Month		\$4,359		\$35,015		\$8,677		\$8,476		\$8,627		\$58,435		\$4,977		\$9,070
89																
90 August																
91 Total Revenues	\$1,252,613		\$7,666,846		\$2,500											

1 SoKentuckyAmend3-2017 41 2MW Var Adj.xlsx
2 Estimated Shift in Surcharge to Other Members
3 Surcharge Factor Adjustment: 0.33%

4
5 "Before Rate Case" Scenario

Month	Big Sandy		Blue Grass		Clark		Cumberland Valley		Farmers		Fleming-Mason (includes Steam)		Grayson		Inter-County	
	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact
Increase for Month		\$3,737		\$22,929		\$7,453		\$7,495		\$7,442		\$47,394		\$4,368		\$7,950
September																
Total Revenues	\$956,478		\$6,070,114		\$1,897,983		\$1,935,990		\$2,370,741		\$4,703,890		\$1,138,783		\$2,068,500	
Actual Surcharge Revenues	\$131,008		\$832,292		\$256,867		\$265,448		\$328,337		\$618,485		\$156,138		\$283,873	
Revenues subject to Surcharge	\$824,468		\$5,237,822		\$1,629,116		\$1,670,542		\$2,044,404		\$4,085,405		\$982,625		\$1,785,227	
Reduction in FAC Revenues	\$1,788		\$11,824		\$3,423		\$3,604		\$4,494		\$8,772		\$2,112		\$3,836	
Adjusted Revenues	\$826,236		\$5,249,546		\$1,632,539		\$1,674,146		\$2,048,898		\$4,094,177		\$984,737		\$1,789,063	
Adjusted Surcharge Factor	18.22%		18.22%		18.22%		18.22%		18.22%		18.22%		18.22%		18.22%	
Adj. Surcharge Revenues	\$134,015		\$851,463		\$264,798		\$271,546		\$332,331		\$664,076		\$158,724		\$290,196	
Increase for Month		\$3,007		\$19,201		\$5,931		\$6,098		\$5,994		\$45,591		\$3,586		\$6,513
October																
Total Revenues	\$1,098,551		\$6,372,910		\$2,103,187		\$2,261,217		\$2,518,762		\$5,391,600		\$1,266,345		\$2,283,711	
Actual Surcharge Revenues	\$163,853		\$950,542		\$313,696		\$337,268		\$377,121		\$771,440		\$188,681		\$340,622	
Revenues subject to Surcharge	\$934,698		\$5,422,368		\$1,789,491		\$1,923,949		\$2,141,641		\$4,620,160		\$1,077,664		\$1,943,089	
Reduction in FAC Revenues	\$3,667		\$21,878		\$6,730		\$7,361		\$8,706		\$18,052		\$4,205		\$7,465	
Adjusted Revenues	\$938,265		\$5,444,246		\$1,796,221		\$1,931,310		\$2,145,347		\$4,638,212		\$1,081,689		\$1,950,554	
Adjusted Surcharge Factor	17.86%		17.86%		17.86%		17.86%		17.86%		17.86%		17.86%		17.86%	
Adj. Surcharge Revenues	\$167,574		\$972,342		\$320,805		\$344,932		\$383,159		\$828,385		\$193,186		\$348,369	
Increase for Month		\$3,721		\$21,800		\$7,109		\$7,664		\$6,038		\$56,945		\$4,305		\$7,747
November 2017																
Total Revenues	\$1,368,525		\$7,390,710		\$2,602,704		\$2,649,502		\$2,813,399		\$5,808,684		\$1,487,263		\$2,784,633	
Actual Surcharge Revenues	\$232,574		\$1,257,847		\$442,952		\$450,928		\$480,410		\$961,448		\$253,121		\$470,525	
Revenues subject to Surcharge	\$1,133,951		\$6,132,863		\$2,159,752		\$2,198,574		\$2,332,989		\$4,847,236		\$1,234,142		\$2,294,128	
Reduction in FAC Revenues	\$3,033		\$27,957		\$9,478		\$9,728		\$10,632		\$22,360		\$5,604		\$10,197	
Adjusted Revenues	\$1,138,984		\$6,160,820		\$2,169,220		\$2,208,302		\$2,343,621		\$4,869,576		\$1,239,749		\$2,304,325	
Adjusted Surcharge Factor	20.84%		20.84%		20.84%		20.84%		20.84%		20.84%		20.84%		20.84%	
Adj. Surcharge Revenues	\$237,364		\$1,283,915		\$452,065		\$460,210		\$488,411		\$1,014,820		\$258,363		\$480,221	
Increase for Month		\$4,750		\$26,068		\$9,103		\$9,282		\$8,001		\$53,372		\$5,242		\$9,696
Total Impact to Member		\$52,432		\$295,444		\$95,685		\$96,190		\$98,075		\$613,195		\$55,013		\$102,786
Average Monthly Impact		\$4,368		\$24,620		\$7,974		\$8,016		\$8,173		\$51,100		\$4,584		\$8,566
Before Adjustment -																
Revenues subject to Surcharge	\$13,064,875		\$76,038,336		\$25,557,549		\$25,630,914		\$29,021,488		\$60,059,026		\$14,845,794		\$27,421,220	
Change in Surcharge -																
Actual Surcharge Revenues	\$2,194,049		\$12,806,240		\$4,308,083		\$4,309,154		\$4,914,918		\$9,709,529		\$2,467,193		\$4,621,980	
Percentage Increase	2.390%		2.307%		2.221%		2.232%		1.995%		6.315%		2.230%		2.224%	
Calculation of Surcharge Effect:																
(Based on Surcharge factor applied to November 2017 bills)																
12 Month total reduction in Base Rates and FAC for South Kentucky			(\$18,500,805)													
Divide by 12 - impact to average Member revenues			(\$1,541,734)													
Line 15 from October Surcharge filing			\$56,844,697													
Adjusted average Member revenues			\$55,302,963													
Total FAC revenue reduction to Members - 12 month			\$1,633,910													
Divide by 12 - impact to average Member revenues			\$136,159													
Final Adjusted average Member revenues			\$55,439,122													
Line 14 from October Surcharge filing			\$11,658,307													
Adjusted Surcharge Factor			21.03%													
Originally billed Surcharge Factor			20.51%													
Incremental Change in Surcharge Factor			0.52%													
South Kentucky revised Base Rates and FAC revenues - 12 month			\$56,333,153													
Add South Kentucky Reduction in FAC revenues - 12 month			\$134,115													
Adjusted Revenues subject to Surcharge - 12 month			\$56,467,268													
Additional South Kentucky Surcharge based on incremental			\$290,630													
Initial South Kentucky Surcharge savings			\$3,108,326													
Net Savings to be spread to other Members			\$2,815,696													

1 SoKentuckyAmend3-2017 41 2MW Va
2 Estimated Shift in Surcharge to Other M
3 Surcharge Factor Adjustment
4
5 "Before Rate Case" Scenario
6
7

8	9	Jackson		Licking Valley		Nolin		Owen		Salt River		Shelby		Taylor County		15	16	17	
		Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact				
98	Increase for Month		\$14,747		\$4,217		\$13,153		\$25,174		\$21,874		\$8,668		\$29,319	\$225,620	\$261,336		
100	September																		
101	Total Revenues	\$3,833,677		\$1,071,770		\$3,529,149		\$9,448,221		\$5,789,297		\$2,337,037		\$2,433,298					
102	Actual Surcharge Revenues	\$525,645		\$147,777		\$483,754		\$1,303,029		\$791,047		\$320,130		\$315,946					
103	Revenues subject to Surcharge	\$3,308,032		\$923,993		\$3,045,395		\$8,145,192		\$4,998,250		\$2,016,907		\$2,117,352					
104	Reduction in FAC Revenues	\$7,165		\$1,995		\$6,793		\$21,964		\$10,779		\$4,567		\$3,999					
105	Adjusted Revenues	\$3,315,197		\$931,998		\$3,051,178		\$8,167,156		\$4,989,029		\$2,021,474		\$2,121,351					
106	Adjusted Surcharge Factor	16.22%		16.22%		16.22%		16.22%		16.22%		16.22%		16.22%					
107	Adj. Surcharge Revenues	\$537,725		\$151,168		\$494,501		\$1,324,713		\$809,221		\$327,663		\$344,063					
108	Increase for Month		\$12,060		\$3,391		\$11,147		\$21,684		\$16,174		\$7,753		\$26,137	\$198,287	\$225,562		
110	October																		
111	Total Revenues	\$4,436,087		\$1,243,744		\$3,689,412		\$9,846,852		\$5,673,510		\$2,441,228		\$2,573,055					
112	Actual Surcharge Revenues	\$951,957		\$195,508		\$547,305		\$1,476,552		\$846,226		\$363,934		\$368,891					
113	Revenues subject to Surcharge	\$3,778,130		\$1,058,235		\$3,122,107		\$9,370,300		\$4,827,283		\$2,077,294		\$2,204,164					
114	Reduction in FAC Revenues	\$14,367		\$4,096		\$12,657		\$41,254		\$19,691		\$9,607		\$7,704					
115	Adjusted Revenues	\$3,790,497		\$1,062,331		\$3,134,954		\$9,411,354		\$4,848,984		\$2,065,561		\$2,211,868					
116	Adjusted Surcharge Factor	17.86%		17.86%		17.86%		17.86%		17.86%		17.86%		17.86%					
117	Adj. Surcharge Revenues	\$676,983		\$169,732		\$509,905		\$1,502,268		\$865,671		\$372,553		\$395,040					
118	Increase for Month		\$15,026		\$4,223		\$12,600		\$25,716		\$19,445		\$8,619		\$26,149	\$227,107	\$275,287		
120	November 2017																		
121	Total Revenues	\$5,308,357		\$1,489,416		\$4,169,540		\$10,053,059		\$6,323,020		\$2,667,278		\$3,026,553					
122	Actual Surcharge Revenues	\$903,448		\$253,466		\$709,628		\$1,720,345		\$1,076,138		\$459,983		\$462,735					
123	Revenues subject to Surcharge	\$4,404,909		\$1,235,928		\$3,459,912		\$8,332,714		\$5,246,882		\$2,207,296		\$2,536,758					
124	Reduction in FAC Revenues	\$19,358		\$5,569		\$15,872		\$45,575		\$24,002		\$10,627		\$9,999					
125	Adjusted Revenues	\$4,424,267		\$1,241,467		\$3,475,784		\$8,378,289		\$5,270,884		\$2,248,923		\$2,545,757					
126	Adjusted Surcharge Factor	20.84%		20.84%		20.84%		20.84%		20.84%		20.84%		20.84%					
127	Adj. Surcharge Revenues	\$922,017		\$258,726		\$724,353		\$1,746,035		\$1,096,452		\$468,676		\$530,536					
128	Increase for Month		\$18,569		\$5,238		\$14,725		\$25,690		\$22,314		\$9,693		\$37,741	\$259,524	\$309,624		
130	Total Impact to Member		\$192,399		\$54,490		\$163,123		\$300,742		\$252,972		\$105,942		\$360,265	\$2,838,752	\$3,109,326		
131	Average Monthly Impact		\$16,033		\$4,541		\$13,694		\$25,062		\$21,081		\$8,829		\$30,022		\$2,815,698		
134	Before Adjustment -																		
136	Revenues subject to Surcharge	\$51,306,719		\$14,523,367		\$43,222,864		\$108,792,867		\$67,199,144		\$27,629,355		\$30,480,542					
138	Change in Surcharge =																		
139	Actual Surcharge Revenues	\$6,035,160		\$2,445,351		\$7,296,612		\$18,435,517		\$11,367,522		\$4,689,490		\$4,897,811					
140	Percentage Increase		2.228%		2.228%		2.236%		1.630%		2.225%		2.259%		7.356%	\$103,118,909	2.753%		
141	Calculation of Surcharge Effect:																		
142	Based on Surcharge Factor applied to I																		
144	12 Month total reduction in Base Rate																		
145	Divide by 12 - impact to average Mem																		
146	Line '15 from October Surcharge filing																		
147	Adjusted average Member revenues																		
148	Total FAC revenue reduction to Mem																		
149	Divide by 12 - impact to average Mem																		
150	Final Adjusted average Member revar																		
151	Line '14 from October Surcharge filing																		
152	Adjusted Surcharge Factor																		
153	Originally billed Surcharge Factor																		
154	Incremental Change in Surcharge Fac																		
155	South Kentucky revised Base Rates a																		
156	Add South Kentucky Reduction in FA																		
157	Adjusted Revenues subject to Surcha																		
158	Additional South Kentucky Surcharge																		
159	Initial South Kentucky Surcharge sav																		
160	Net Savings to be spread to other Mem																		
161																			
162																			

1 SoKentuckyAmend3-2017-41 2MW Var Adj.xlsx
2 Estimated Shift in Surcharge to Other Members
3 Surcharge Factor Adjustment 0.0560%

4
5 **"After Rate Case" Scenario**

Month	Big Sandy		Blue Grass		Clark		Cumberland Valley		Farmers		Fleming/Mason (includes Steam)		Grayson		Inter-County		Jesse
	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	
December 2016																	
11 Total Revenues	\$1,720,577		\$9,517,776		\$3,389,910		\$3,273,803		\$3,556,486		\$7,165,840		\$1,843,235		\$3,694,039		\$5,740,519
12 Actual Surcharge Revenues	\$286,164		\$1,982,867		\$563,807		\$544,496		\$539,516		\$1,155,272		\$336,569		\$612,728		\$1,121,078
13 Revenues subject to Surcharge	\$1,434,413		\$7,534,909		\$2,826,103		\$2,729,307		\$2,964,973		\$6,010,568		\$1,536,667		\$3,071,311		\$5,619,441
14 Reduction in FAC revenues	\$4,646		\$26,124		\$9,042		\$9,042		\$9,675		\$19,649		\$5,009		\$9,865		\$18,324
15 Base Rate Increase - Demand	\$5,982		\$29,966		\$12,168		\$10,243		\$11,670		\$11,670		\$5,841		\$12,374		\$22,200
16 Base Rate Increase - Energy	\$16,023		\$75,979		\$31,827		\$31,556		\$31,072		\$31,330		\$15,914		\$13,311		\$60,892
17 Adjusted Revenues - Energy	\$1,481,064		\$8,006,978		\$2,879,140		\$2,760,771		\$3,017,345		\$6,073,417		\$1,563,431		\$3,124,861		\$5,720,917
18 Adjusted Surcharge Factor	20.02%		20.02%		20.02%		20.02%		20.02%		20.02%		20.02%		20.02%		20.02%
19 Adj. Surcharge Revenues	\$282,447		\$1,614,686		\$578,289		\$556,599		\$603,952		\$1,215,655		\$312,936		\$625,472		\$1,145,099
20 Increase for Month		\$6,293		\$31,619		\$12,482		\$12,103		\$12,437		\$60,363		\$6,368		\$12,744	
21																	
22 January																	
23 Total Revenues	\$1,628,835		\$9,354,083		\$3,237,823		\$3,156,097		\$3,447,937		\$6,825,515		\$1,753,741		\$3,626,768		\$5,531,805
24 Actual Surcharge Revenues	\$235,715		\$1,355,117		\$466,559		\$457,021		\$468,967		\$960,722		\$263,791		\$524,846		\$948,215
25 Revenues subject to Surcharge	\$1,393,120		\$8,008,966		\$2,769,264		\$2,701,076		\$2,948,970		\$5,864,793		\$1,489,950		\$3,101,922		\$5,586,300
26 Reduction in FAC revenues	\$327		\$1,328		\$439		\$444		\$497		\$994		\$245		\$499		\$899
27 Base Rate Increase - Demand	\$5,826		\$30,298		\$11,766		\$11,357		\$11,424		\$10,687		\$5,623		\$13,403		\$23,270
28 Base Rate Increase - Energy	\$16,914		\$82,445		\$34,197		\$33,698		\$33,262		\$34,377		\$17,085		\$33,435		\$64,889
29 Adjusted Revenues - Energy	\$1,416,147		\$8,123,025		\$2,815,871		\$2,746,570		\$2,894,143		\$5,910,851		\$1,522,923		\$3,149,252		\$5,675,446
30 Adjusted Surcharge Factor	16.99%		16.99%		16.99%		16.99%		16.99%		16.99%		16.99%		16.99%		16.99%
31 Adj. Surcharge Revenues	\$240,247		\$1,379,777		\$478,270		\$466,532		\$508,565		\$1,004,017		\$258,690		\$534,932		\$964,032
32 Increase for Month		\$4,632		\$24,600		\$9,711		\$9,511		\$8,818		\$43,295		\$4,869		\$10,086	
33																	
34 February																	
35 Total Revenues	\$1,316,971		\$7,245,458		\$2,497,617		\$2,547,841		\$2,602,265		\$5,467,769		\$1,419,727		\$2,690,136		\$5,107,164
36 Actual Surcharge Revenues	\$132,751		\$730,343		\$251,762		\$258,803		\$262,307		\$539,606		\$142,507		\$271,167		\$514,804
37 Revenues subject to Surcharge	\$1,184,220		\$6,515,115		\$2,245,855		\$2,290,838		\$2,339,958		\$4,927,951		\$1,271,220		\$2,418,969		\$4,592,360
38 Reduction in FAC revenues	\$922		\$5,334		\$1,730		\$1,617		\$1,646		\$4,209		\$1,010		\$1,805		\$3,590
39 Base Rate Increase - Demand	\$6,012		\$30,884		\$12,648		\$12,354		\$12,352		\$11,501		\$6,268		\$12,769		\$24,806
40 Base Rate Increase - Energy	\$16,629		\$83,367		\$37,378		\$37,372		\$37,743		\$33,251		\$16,770		\$30,346		\$62,456
41 Adjusted Revenues - Energy	\$1,209,583		\$6,627,420		\$2,222,613		\$2,336,981		\$2,364,038		\$4,826,293		\$1,255,953		\$2,463,020		\$4,683,020
42 Adjusted Surcharge Factor	11.28%		11.28%		11.28%		11.28%		11.28%		11.28%		11.28%		11.28%		11.28%
43 Adj. Surcharge Revenues	\$136,260		\$747,308		\$258,515		\$263,743		\$268,624		\$561,196		\$146,054		\$277,640		\$528,057
44 Increase for Month		\$3,529		\$16,065		\$6,753		\$6,940		\$6,617		\$21,390		\$3,547		\$6,073	
45																	
46 March																	
47 Total Revenues	\$1,332,909		\$7,145,826		\$2,491,631		\$2,664,835		\$2,632,013		\$5,650,960		\$1,421,783		\$2,832,154		\$5,055,934
48 Actual Surcharge Revenues	\$145,968		\$780,378		\$272,112		\$270,107		\$287,444		\$614,589		\$155,277		\$287,460		\$552,163
49 Revenues subject to Surcharge	\$1,187,341		\$6,365,248		\$2,219,519		\$2,394,728		\$2,344,569		\$5,036,371		\$1,266,506		\$2,544,694		\$4,503,771
50 Reduction in FAC revenues	\$2,184		\$12,541		\$4,119		\$4,215		\$4,574		\$10,543		\$2,434		\$4,417		\$6,339
51 Base Rate Increase - Demand	\$6,500		\$32,247		\$13,200		\$13,235		\$13,068		\$12,004		\$6,099		\$11,661		\$24,776
52 Base Rate Increase - Energy	\$19,983		\$99,929		\$43,952		\$43,527		\$43,469		\$39,620		\$20,152		\$35,234		\$72,358
53 Adjusted Revenues - Energy	\$1,216,356		\$6,486,365		\$2,274,705		\$2,347,705		\$2,397,701		\$5,096,536		\$1,256,161		\$4,608,246		\$4,608,246
54 Adjusted Surcharge Factor	12.33%		12.33%		12.33%		12.33%		12.33%		12.33%		12.33%		12.33%		12.33%
55 Adj. Surcharge Revenues	\$149,928		\$800,816		\$280,366		\$286,639		\$295,541		\$653,096		\$159,642		\$295,356		\$596,136
56 Increase for Month		\$4,360		\$20,438		\$8,254		\$8,532		\$8,097		\$38,500		\$4,365		\$7,896	
57																	
58 April																	
59 Total Revenues	\$976,161		\$5,886,917		\$1,938,214		\$1,961,952		\$2,235,715		\$5,357,662		\$1,140,648		\$2,036,238		\$3,904,343
60 Actual Surcharge Revenues	\$132,679		\$600,417		\$263,441		\$266,569		\$303,876		\$699,534		\$155,035		\$276,768		\$530,675
61 Revenues subject to Surcharge	\$843,482		\$5,086,500		\$1,674,773		\$1,695,283		\$1,931,839		\$4,658,128		\$985,613		\$1,759,470		\$3,373,666
62 Reduction in FAC revenues	\$2,033		\$12,721		\$4,068		\$4,068		\$4,793		\$11,220		\$2,366		\$4,227		\$8,064
63 Base Rate Increase - Demand	\$6,823		\$34,439		\$12,595		\$12,395		\$11,580		\$12,996		\$6,292		\$11,543		\$23,505
64 Base Rate Increase - Energy	\$20,552		\$97,237		\$41,204		\$40,647		\$40,017		\$42,102		\$21,315		\$36,429		\$78,249
65 Adjusted Revenues - Energy	\$872,000		\$5,227,822		\$1,732,507		\$1,754,304		\$1,991,228		\$4,724,446		\$1,015,586		\$1,811,669		\$3,461,486
66 Adjusted Surcharge Factor	15.80%		15.80%		15.80%		15.80%		15.80%		15.80%		15.80%		15.80%		15.80%
67 Adj. Surcharge Revenues	\$137,741		\$825,787		\$273,667		\$277,124		\$314,534		\$746,273		\$160,422		\$280,171		\$549,630
68 Increase for Month		\$5,062		\$25,370		\$10,226		\$10,455		\$10,858		\$46,739		\$5,367		\$9,403	
69																	
70 May																	
71 Total Revenues	\$1,038,939		\$6,411,563		\$2,055,030		\$2,106,915		\$2,489,418		\$5,510,345		\$1,205,219		\$2,188,108		\$4,115,037
72 Actual Surcharge Revenues	\$135,646		\$855,614		\$274,243		\$271,105		\$332,209		\$702,560		\$160,836		\$292,001		\$549,271
73 Revenues subject to Surcharge	\$903,293		\$5,556,949		\$1,780,787		\$1,829,750		\$2,157,209		\$4,807,785		\$1,044,383		\$1,896,107		\$3,565,666
74 Reduction in FAC revenues	\$4,045		\$26,439		\$9,345		\$9,345		\$10,169		\$22,809		\$4,711		\$8,378		\$16,377
75 Base Rate Increase - Demand	\$6,015		\$30,615		\$11,845		\$11,821		\$11,922		\$11,134		\$5,139		\$10,648		\$21,546
76 Base Rate Increase - Energy	\$17,895		\$89,484		\$36,727		\$36,277		\$40,103		\$37,417		\$18,647		\$33,086		\$67,545
77 Adjusted Revenues - Energy	\$831,240		\$5,701,203		\$1,837,164		\$1,884,193		\$2,219,463		\$4,679,142		\$1,073,918		\$1,949,599		\$3,672,134
78 Adjusted Surcharge Factor	15.47%		15.47%		15.47%		15.47%		15.47%		15.47%		15.47%		15.47%		15.47%
79 Adj. Surcharge Revenues	\$144,027		\$881,748		\$284,136		\$291,409		\$343,262		\$754,608		\$166,092		\$301,370		\$567,832
80 Increase for Month		\$6,381		\$26,134		\$9,693		\$10,244		\$11,053		\$62,045		\$6,266		\$9,369	
81																	
82 June																	
83 Total Revenues	\$1,197,203		\$7,540,857		\$2,423,444		\$2,299,714		\$2,943,050								

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2 Estimated Shift in Surcharge to Other A
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6 **"Alter Rate Case" Scenario**

Month	Linking Valley		Madin		Owen		Salt River		Shelby		Taylor County		Total Impact	Check South Kentucky Reduction	
	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact			
December 2016															
10 Total Revenues	\$1,805,742		\$5,439,959		\$12,281,730		\$7,994,518		\$3,333,411		\$3,806,666				
12 Actual Surcharge Revenues	\$315,962		\$904,679		\$1,329,852		\$1,329,839		\$554,410		\$614,783				
13 Revenues subject to Surcharge	\$1,589,780		\$4,535,280		\$10,951,878		\$6,664,679		\$2,779,001		\$3,191,883				
14 Reduction in FAC revenues	\$5,159		\$14,773		\$39,000		\$21,059		\$9,352		\$9,056				
15 Base Rate Increase - Demand	\$6,640		\$18,140		\$24,507		\$26,209		\$6,671		\$12,513				
16 Base Rate Increase - Energy	\$18,160		\$43,700		\$70,944		\$69,627		\$23,596		\$31,614				
17 Adjusted Revenues	\$1,618,739		\$4,611,903		\$10,346,529		\$6,782,774		\$2,820,620		\$3,245,066				
18 Adjusted Surcharge Factor	20.02%		20.02%		20.02%		20.02%		20.02%		20.02%				
19 Adj. Surcharge Revenues	\$324,007		\$823,119		\$2,070,961		\$1,357,640		\$564,575		\$648,532				
20 Increase for Month	\$24,021		\$7,045		\$18,440		\$31,309		\$28,001		\$10,165		\$34,749	\$308,349	\$320,200
21															
22 January															
23 Total Revenues	\$1,783,565		\$5,348,536		\$12,062,285		\$7,730,798		\$3,272,559		\$3,729,074				
24 Actual Surcharge Revenues	\$258,111		\$774,009		\$1,158,076		\$1,118,758		\$473,568		\$520,005				
25 Revenues subject to Surcharge	\$1,525,474		\$4,574,527		\$10,904,209		\$6,612,040		\$2,798,991		\$3,209,069				
26 Reduction in FAC revenues	\$253		\$748		\$2,068		\$1,098		\$462		\$462				
27 Base Rate Increase - Demand	\$8,074		\$18,458		\$22,176		\$25,497		\$6,361		\$12,788				
28 Base Rate Increase - Energy	\$19,350		\$46,903		\$76,791		\$75,447		\$26,641		\$33,780				
29 Adjusted Revenues	\$1,551,151		\$4,640,639		\$10,407,242		\$6,714,052		\$2,833,455		\$3,255,549				
30 Adjusted Surcharge Factor	16.99%		16.99%		16.99%		16.99%		16.99%		16.99%				
31 Adj. Surcharge Revenues	\$263,479		\$788,258		\$1,767,774		\$1,140,454		\$481,291		\$552,999				
32 Increase for Month	\$18,817		\$5,368		\$14,249		\$11,696		\$21,666		\$7,703		\$32,425	\$228,558	\$275,147
33															
34 February															
35 Total Revenues	\$1,435,351		\$3,969,510		\$9,640,478		\$6,695,093		\$2,575,897		\$2,787,296				
36 Actual Surcharge Revenues	\$144,685		\$403,052		\$602,089		\$564,225		\$239,631		\$270,005				
37 Revenues subject to Surcharge	\$1,290,666		\$3,566,458		\$9,038,389		\$6,130,868		\$2,336,266		\$2,517,291				
38 Reduction in FAC revenues	\$1,021		\$2,961		\$6,343		\$4,343		\$1,973		\$1,623				
39 Base Rate Increase - Demand	\$6,955		\$16,749		\$23,771		\$25,209		\$6,616		\$11,377				
40 Base Rate Increase - Energy	\$19,123		\$43,438		\$73,706		\$71,484		\$24,066		\$32,228				
41 Adjusted Revenues	\$1,317,785		\$3,658,638		\$8,964,618		\$6,106,492		\$2,309,741		\$2,562,709				
42 Adjusted Surcharge Factor	11.28%		11.28%		11.28%		11.28%		11.28%		11.28%				
43 Adj. Surcharge Revenues	\$148,591		\$412,544		\$968,510		\$609,116		\$265,070		\$288,671				
44 Increase for Month	\$13,283		\$3,900		\$9,492		\$8,421		\$14,891		\$8,439		\$18,966	\$146,692	\$165,015
45															
46 March															
47 Total Revenues	\$1,428,557		\$3,935,591		\$9,730,281		\$6,837,409		\$2,554,625		\$2,767,676				
48 Actual Surcharge Revenues	\$156,015		\$428,842		\$1,071,677		\$937,909		\$378,661		\$390,591				
49 Revenues subject to Surcharge	\$1,272,542		\$3,506,749		\$8,658,604		\$5,900,000		\$2,275,964		\$2,477,085				
50 Reduction in FAC revenues	\$2,412		\$6,892		\$21,007		\$10,186		\$4,647		\$4,219				
51 Base Rate Increase - Demand	\$6,963		\$16,598		\$23,143		\$24,775		\$6,207		\$12,238				
52 Base Rate Increase - Energy	\$22,659		\$50,010		\$87,126		\$84,119		\$28,184		\$37,346				
53 Adjusted Revenues	\$1,304,426		\$3,579,539		\$8,789,860		\$6,118,977		\$2,316,672		\$2,531,168				
54 Adjusted Surcharge Factor	12.33%		12.33%		12.33%		12.33%		12.33%		12.33%				
55 Adj. Surcharge Revenues	\$160,784		\$441,214		\$1,083,436		\$695,617		\$285,553		\$311,964				
56 Increase for Month	\$15,673		\$4,760		\$11,372		\$11,761		\$18,108		\$6,562		\$21,403	\$190,399	\$183,734
57															
58 April															
59 Total Revenues	\$1,125,512		\$3,300,374		\$9,357,810		\$5,161,932		\$2,261,319		\$2,324,979				
60 Actual Surcharge Revenues	\$152,978		\$448,556		\$1,283,146		\$701,608		\$307,357		\$299,765				
61 Revenues subject to Surcharge	\$972,533		\$2,851,798		\$8,074,664		\$4,460,323		\$1,953,962		\$2,025,214				
62 Reduction in FAC revenues	\$2,328		\$7,315		\$24,167		\$11,237		\$4,078		\$4,287				
63 Base Rate Increase - Demand	\$7,165		\$15,318		\$29,592		\$26,194		\$9,016		\$11,789				
64 Base Rate Increase - Energy	\$24,395		\$55,293		\$100,677		\$101,693		\$31,159		\$42,119				
65 Adjusted Revenues	\$1,006,422		\$2,930,714		\$8,229,097		\$4,589,447		\$1,999,113		\$2,063,419				
66 Adjusted Surcharge Factor	15.80%		15.80%		15.80%		15.80%		15.80%		15.80%				
67 Adj. Surcharge Revenues	\$160,974		\$462,936		\$1,298,096		\$726,529		\$315,790		\$329,097				
68 Increase for Month	\$19,261		\$5,695		\$14,350		\$16,719		\$24,620		\$8,423		\$29,332	\$242,290	\$241,197
69															
70 May															
71 Total Revenues	\$1,174,505		\$3,685,724		\$10,134,589		\$5,990,706		\$2,452,872		\$2,563,496				
72 Actual Surcharge Revenues	\$156,750		\$491,856		\$1,363,482		\$799,454		\$327,334		\$321,873				
73 Revenues subject to Surcharge	\$1,017,856		\$3,193,868		\$8,771,107		\$5,191,252		\$2,125,538		\$2,241,623				
74 Reduction in FAC revenues	\$4,817		\$15,389		\$50,031		\$24,154		\$10,209		\$9,017				
75 Base Rate Increase - Demand	\$6,709		\$19,885		\$30,247		\$31,360		\$9,162		\$11,622				
76 Base Rate Increase - Energy	\$21,180		\$47,802		\$92,868		\$96,028		\$36,758		\$48,759				
77 Adjusted Revenues	\$1,050,361		\$3,279,122		\$8,944,253		\$5,343,596		\$2,173,737		\$2,301,022				
78 Adjusted Surcharge Factor	15.47%		15.47%		15.47%		15.47%		15.47%		15.47%				
79 Adj. Surcharge Revenues	\$162,449		\$507,149		\$1,383,316		\$826,441		\$336,190		\$355,876				
80 Increase for Month	\$18,661		\$5,699		\$15,293		\$19,836		\$26,987		\$8,858		\$34,003	\$261,710	\$243,994
81															
82 June															
83 Total Revenues	\$1,334,951		\$4,312,227		\$11,257,367		\$7,101,246		\$2,796,140		\$2,982,714				
84 Actual Surcharge Revenues	\$221,193		\$714,506		\$1,881,028		\$1,176,627		\$463,302		\$467,631				
85 Revenues subject to Surcharge	\$1,113,758		\$3,597,721		\$9,416,339		\$5,924,619		\$2,332,838		\$2,484,663				
86 Reduction in FAC revenues	\$4,464		\$15,038		\$46,465		\$24,245		\$9,891		\$8,970				
87 Base Rate Increase - Demand	\$6,226		\$17,870		\$29,862		\$31,668		\$9,117		\$12,359				
88 Base Rate Increase - Energy	\$17,957		\$46,535		\$83,579		\$85,591		\$28,183		\$33,952				
89 Adjusted Revenues	\$1,142,327		\$3,677,266		\$9,576,317		\$6,065,123		\$2,377,009		\$2,539,694				
90 Adjusted Surcharge Factor	19.93%		19.93%		19.93%		19.93%		19.93%		19.93%				
91 Adj. Surcharge Revenues	\$227,620		\$732,732		\$1,906,177		\$1,206,736		\$473,643		\$506,099				
92 Increase for Month	\$20,992		\$6,427		\$16,228		\$27,148		\$32,109		\$10,341		\$38,268	\$286,615	\$307,687
93															
94 July															
95 Total Revenues	\$1,555,199		\$4,738,596		\$11,855,723		\$7,835,499		\$2,935,836		\$3,360,913				
96 Actual Surcharge Revenues	\$238,695		\$726,866		\$1,826,018		\$1,202,856		\$450,577		\$465,170				
97 Revenues subject to Surcharge	\$1,316,514		\$4,009,190		\$10,027,705		\$6,632,643		\$2,485,259		\$2,895,743				
98 Reduction in FAC revenues	\$3,158		\$9,130		\$29,662		\$19,547		\$6,305		\$6,355				
99 Base Rate Increase - Demand	\$6,784		\$17,485		\$28,536		\$30,420		\$9,698		\$12,247				
100 Base Rate Increase - Energy	\$19,487		\$50,469		\$88,776		\$91,697		\$26,482		\$37,146				
101 Adjusted Revenues	\$1														

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2 Estimated Shift in Surcharge to Other A
3 Surcharge Factor Adjustment:
4
5 *After Rate Case* Scenario
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Month	Linking Valley		Nolin			Owen		Salt River		Shelby		Taylor County		Total Impact	Check South Kentucky Reduction
	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact	Revenues	Impact		
102		18.20%		18.20%		18.20%		18.20%		18.20%		18.20%			
103															
104															
105	\$20,189		\$6,221		\$16,869		\$23,361		\$29,251		\$9,204		\$36,425	\$285,274	\$280,623
106															
107		\$1,414,306		\$4,395,086		\$11,570,061		\$7,253,630		\$2,880,842		\$3,030,343			
108		\$213,197		\$662,529		\$1,752,417		\$1,093,436		\$431,253		\$439,598			
109		\$1,201,109		\$3,732,559		\$9,817,644		\$6,160,194		\$2,449,589		\$2,590,745			
110		\$1,404		\$4,619		\$14,164		\$7,469		\$3,052		\$2,825			
111		\$6,617		\$17,064		\$30,147		\$6,852		\$6,852		\$11,915			
112		\$17,678		\$45,870		\$92,431		\$84,192		\$24,488		\$33,850			
113		\$1,227,009		\$3,800,132		\$9,944,395		\$6,282,406		\$2,465,981		\$2,639,335			
114		17.82%		17.82%		17.82%		17.82%		17.82%		17.82%			
115															
116	\$17,860		\$5,407		\$14,503		\$19,275		\$25,837		\$6,086		\$30,626	\$234,869	\$281,336
117															
118															
119		\$1,077,770		\$3,526,149		\$9,448,221		\$5,769,297		\$2,337,037		\$2,433,298			
120		\$147,777		\$483,754		\$1,303,029		\$791,047		\$320,130		\$315,846			
121		\$929,993		\$3,044,395		\$8,145,192		\$4,978,250		\$2,016,907		\$2,117,352			
122		\$1,995		\$6,793		\$21,964		\$10,779		\$4,567		\$3,969			
123		\$6,158		\$16,123		\$31,921		\$32,355		\$6,646		\$11,905			
124		\$19,297		\$50,045		\$99,433		\$90,955		\$26,952		\$36,136			
125		\$957,443		\$3,119,346		\$8,266,510		\$5,112,339		\$2,058,072		\$2,169,392			
126		15.96%		15.96%		15.96%		15.96%		15.96%		15.96%			
127															
128	\$16,513		\$4,993		\$13,969		\$19,486		\$24,878		\$8,256		\$30,202	\$226,925	\$225,582
129															
130															
131		\$1,243,744		\$3,699,412		\$9,846,852		\$5,873,519		\$2,441,228		\$2,573,055			
132		\$185,509		\$547,305		\$1,476,552		\$846,220		\$363,834		\$368,891			
133		\$1,058,235		\$3,152,107		\$8,370,300		\$4,827,293		\$2,077,294		\$2,204,164			
134		\$4,096		\$12,657		\$41,054		\$19,691		\$8,957		\$7,704			
135		\$3,846		\$10,089		\$32,083		\$25,355		\$8,403		\$12,796			
136		\$22,595		\$53,002		\$92,646		\$93,041		\$28,995		\$39,633			
137		\$1,081,774		\$3,203,864		\$8,526,283		\$4,965,360		\$2,123,359		\$2,264,287			
138		17.60%		17.60%		17.60%		17.60%		17.60%		17.60%			
139															
140	\$21,941		\$6,600		\$16,447		\$24,085		\$27,462		\$9,892		\$39,535	\$272,583	\$275,267
141															
142															
143		\$1,469,416		\$4,169,540		\$10,053,059		\$6,323,020		\$2,697,279		\$3,028,553			
144		\$253,488		\$700,628		\$1,720,345		\$1,076,136		\$458,983		\$482,795			
145		\$1,235,928		\$3,469,912		\$8,332,714		\$5,248,882		\$2,238,296		\$2,635,756			
146		\$5,569		\$15,872		\$45,575		\$25,814		\$8,296		\$12,580			
147		\$9,652		\$16,704		\$23,681		\$25,314		\$8,296		\$12,580			
148		\$22,828		\$51,628		\$97,462		\$97,079		\$29,932		\$39,633			
149		\$1,270,967		\$3,544,196		\$8,489,432		\$5,383,777		\$2,286,121		\$2,597,036			
150		20.58%		20.58%		20.58%		20.58%		20.58%		20.58%			
151															
152	\$27,052		\$8,028		\$19,626		\$28,441		\$31,826		\$11,409		\$41,571	\$319,852	\$309,624
153															
154															
155	\$234,333		\$70,466		\$192,826		\$239,568		\$306,990		\$104,136		\$377,606	\$3,003,828	\$3,109,326
156															
157	\$19,528		\$5,871		\$15,236		\$19,964		\$25,466		\$8,878		\$31,459	(\$109,236)	\$3,000,090
158															
159															
160		\$14,523,387		\$43,222,864		\$106,792,867		\$67,199,144		\$27,829,355		\$30,460,542			
161															
162															
163		\$2,445,351		\$7,266,612		\$18,455,517		\$11,367,522		\$4,888,490		\$4,897,611		\$103,116,609	2,913%
164	2.714%		2.861%		2.506%		1.280%		2.688%		2.221%		7.706%		
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1 SoKentuckyAmend3-2017 41.2MW Var Adj.xlsx
2 Summary of Detailed Calculations

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5 "Before Rate Case" Scenario - Annual Impacts

Member	Potential Pressure on Margins			Change in FAC	Change in Environ. Surch.	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
10 Big Sandy	\$80,405	\$230,716	\$311,123	\$32,513	\$52,432	2.203%	-3.071%	2.380%	\$13,064,875	(\$1,058,726)	\$14,123,601
11 Blue Grass	\$394,925	\$1,105,040	\$1,499,965	\$198,073	\$295,444	1.818%	-3.059%	2.307%	\$76,038,336	(\$6,474,712)	\$82,513,048
12 Clark	\$159,982	\$459,837	\$619,819	\$62,957	\$95,685	2.244%	-3.066%	2.221%	\$25,557,549	(\$2,053,477)	\$27,611,026
13											
14 Cumberland Valley	\$157,161	\$471,590	\$628,751	\$64,512	\$96,190	2.268%	-3.079%	2.232%	\$25,630,914	(\$2,095,353)	\$27,726,267
15											
16 Farmers	\$158,633	\$480,976	\$639,609	\$70,610	\$98,075	2.032%	-2.876%	1.965%	\$29,021,488	(\$2,455,141)	\$31,476,629
17											
18 Fleming-Mason	\$154,687	\$465,311	\$619,998	\$158,439	\$613,195	0.951%	-3.093%	6.315%	\$60,059,026	(\$5,122,282)	\$65,181,308
19											
20 Grayson	\$80,074	\$236,441	\$316,515	\$37,180	\$55,013	1.990%	-3.076%	2.230%	\$14,645,794	(\$1,208,636)	\$15,854,430
21											
22 Inter-County	\$156,981	\$424,876	\$581,857	\$66,300	\$102,786	1.982%	-3.064%	2.224%	\$27,421,220	(\$2,228,897)	\$29,650,117
23											
24 Jackson	\$303,217	\$859,483	\$1,162,700	\$128,266	\$192,396	2.096%	-3.073%	2.226%	\$51,306,719	(\$4,173,510)	\$55,480,229
25											
26 Licking Valley	\$88,895	\$266,725	\$355,620	\$36,497	\$54,400	2.264%	-3.077%	2.228%	\$14,523,387	(\$1,186,232)	\$15,709,619
27											
28 Noln	\$229,171	\$643,977	\$873,148	\$113,368	\$163,123	1.861%	-3.074%	2.236%	\$43,222,864	(\$3,687,923)	\$46,910,787
29											
30 Owen	\$358,198	\$1,118,594	\$1,476,792	\$343,963	\$300,742	1.231%	-3.077%	1.630%	\$108,792,867	(\$11,178,662)	\$119,971,529
31											
32 Salt River	\$373,760	\$1,124,116	\$1,497,876	\$175,588	\$262,972	2.054%	-3.075%	2.225%	\$67,199,144	(\$5,711,082)	\$72,910,226
33											
34 Shelby	\$117,124	\$351,313	\$468,437	\$74,918	\$105,842	1.546%	-3.079%	2.259%	\$27,829,355	(\$2,433,118)	\$30,262,473
35											
36 Taylor County	\$163,078	\$473,994	\$637,072	\$68,726	\$360,265	1.948%	-3.057%	7.356%	\$30,460,542	(\$2,247,838)	\$32,708,380
37											
38 Totals	\$2,976,291	\$8,712,791	\$11,689,082	\$1,633,910	\$2,838,752	1.750%	-3.065%	2.753%	\$614,774,080	(\$53,315,589)	\$668,089,669
39											
40											
41											
42 South Kentucky:											
43 Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326						
44 Share of FAC and											
45 Surcharge	\$0	\$0	\$0	\$134,115	\$203,630						
46 Net Effect	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,629,411)	\$2,815,696						

47
48
49 "After Rate Case" Scenario - Annual Impacts

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
53 Big Sandy	\$72,023	\$211,707	\$283,730	\$32,513	\$65,396	2.009%	-3.071%	2.981%	\$13,064,875	(\$1,058,726)	\$14,123,601
54											
55 Blue Grass	\$353,941	\$1,013,981	\$1,367,922	\$198,073	\$324,072	1.658%	-3.059%	2.531%	\$76,038,336	(\$6,474,712)	\$82,513,048
56											
57 Clark	\$143,352	\$421,750	\$565,102	\$62,957	\$122,922	2.047%	-3.066%	2.853%	\$25,557,549	(\$2,053,477)	\$27,611,026
58											
59 Cumberland Valley	\$140,806	\$432,781	\$573,587	\$64,512	\$124,409	2.069%	-3.079%	2.867%	\$25,630,914	(\$2,095,353)	\$27,726,267
60											
61 Farmers	\$142,264	\$441,444	\$583,708	\$70,610	\$119,617	1.854%	-2.876%	2.434%	\$29,021,488	(\$2,455,141)	\$31,476,629
62											
63 Fleming-Mason	\$138,649	\$426,953	\$565,602	\$158,439	\$549,077	0.868%	-3.093%	5.655%	\$60,059,026	(\$5,122,282)	\$65,181,308
64											
65 Grayson	\$71,779	\$216,986	\$288,745	\$37,180	\$64,687	1.821%	-3.076%	2.622%	\$14,645,794	(\$1,208,636)	\$15,854,430
66											
67 Inter-County	\$140,580	\$369,766	\$510,354	\$66,300	\$119,334	1.789%	-3.064%	2.562%	\$27,421,220	(\$2,228,897)	\$29,650,117
68											
69 Jackson	\$271,556	\$788,549	\$1,060,105	\$128,266	\$234,333	1.911%	-3.073%	2.714%	\$51,306,719	(\$4,173,510)	\$55,480,229
70											
71 Licking Valley	\$79,673	\$244,760	\$324,433	\$36,497	\$70,456	2.065%	-3.077%	2.881%	\$14,523,387	(\$1,186,232)	\$15,709,619
72											
73 Noln	\$205,385	\$590,994	\$796,389	\$113,368	\$182,826	1.698%	-3.074%	2.508%	\$43,222,864	(\$3,687,923)	\$46,910,787
74											
75 Owen	\$321,643	\$1,026,741	\$1,348,384	\$343,963	\$239,568	1.124%	-3.077%	1.288%	\$108,792,867	(\$11,178,662)	\$119,971,529
76											
77 Salt River	\$335,432	\$1,031,930	\$1,367,362	\$175,588	\$305,590	1.875%	-3.075%	2.688%	\$67,199,144	(\$5,711,082)	\$72,910,226
78											
79 Shelby	\$105,045	\$322,386	\$427,431	\$74,918	\$104,136	1.412%	-3.079%	2.221%	\$27,829,355	(\$2,433,118)	\$30,262,473
80											
81 Taylor County	\$148,129	\$435,001	\$583,130	\$68,726	\$377,505	1.777%	-3.057%	7.708%	\$30,460,542	(\$2,247,838)	\$32,708,380
82											
83 Totals	\$2,668,275	\$7,995,709	\$10,663,984	\$1,633,910	\$3,003,928	1.596%	-3.065%	2.913%	\$614,774,080	(\$53,315,589)	\$668,089,669
84											
85											
86 South Kentucky:											
87 Initial Bill Reduction	\$2,976,288	\$17,288,043	\$20,264,331	(\$1,763,526)	\$3,109,326						
88 Share of Base Rates,											
89 FAC, and Surcharge	\$308,026	\$717,080	\$1,025,106	\$134,115	\$109,236						
90 Net Effect	\$2,668,262	\$16,570,963	\$19,239,225	(\$1,629,411)	\$3,000,090						

1 SoKentuckyAmend3-2017 20.6MW Var Adj.xlsx
2 Estimated Effect of Amendment 3 Election using 2017 Actual Billings

3
4 *Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.*

5
6 **Actual Billing Information - December 2016 to November 2017**

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh				Days in Month	Calculated Overall Load Factor	
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge			Total Billing
December 2016	318,654	136,642,060	\$8,625,709	(\$534,275)	\$1,614,239	\$9,705,673	\$63.13	(\$3.91)	\$59.22	\$11.81	\$71.03	31	57.64%
January	369,429	128,653,435	\$8,543,212	(\$414,935)	\$1,375,301	\$9,503,578	\$66.40	(\$3.23)	\$63.17	\$10.69	\$73.86	31	46.81%
February	299,188	102,221,559	\$6,839,011	(\$405,227)	\$721,225	\$7,155,009	\$66.90	(\$3.96)	\$62.94	\$7.06	\$70.00	28	50.84%
March	307,956	108,841,661	\$7,214,288	(\$802,352)	\$786,104	\$7,198,040	\$66.28	(\$7.37)	\$58.91	\$7.22	\$66.13	31	47.50%
April	182,567	85,645,592	\$5,345,732	(\$415,147)	\$775,585	\$5,706,170	\$62.42	(\$4.85)	\$57.57	\$9.06	\$66.63	30	65.16%
May	193,943	91,076,403	\$5,759,714	(\$484,072)	\$812,453	\$6,086,095	\$63.24	(\$5.32)	\$57.92	\$8.92	\$66.84	31	63.12%
June	223,253	99,979,261	\$6,389,751	(\$503,627)	\$1,168,985	\$7,055,109	\$63.91	(\$5.04)	\$58.87	\$11.69	\$70.56	30	62.20%
July	248,069	118,121,139	\$7,445,705	(\$769,674)	\$1,210,364	\$7,686,395	\$63.03	(\$6.52)	\$56.51	\$10.25	\$66.76	31	64.00%
August	229,842	108,641,725	\$6,857,145	(\$574,720)	\$1,115,132	\$7,397,557	\$63.12	(\$5.29)	\$57.83	\$10.26	\$68.09	31	63.53%
September	196,183	90,491,676	\$5,528,857	(\$633,995)	\$777,795	\$5,672,657	\$61.10	(\$7.01)	\$54.09	\$8.60	\$62.69	30	64.06%
October	242,393	92,870,513	\$5,824,776	(\$246,721)	\$977,832	\$6,555,887	\$62.72	(\$2.66)	\$60.06	\$10.53	\$70.59	31	51.50%
November	275,950	105,154,553	\$6,587,296	(\$342,493)	\$1,280,809	\$7,525,612	\$62.64	(\$3.26)	\$59.38	\$12.18	\$71.56	30	52.93%
Totals to Date	3,087,427	1,268,339,577	\$80,961,196	(\$6,127,238)	\$12,615,824	\$87,449,782	\$63.83	(\$4.83)	\$59.00	\$9.95	\$68.95	30.42	56.27%

39 **Recalculated 2016-2017 Billing - Excluding 58 MW from Amendment 3**

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh				Days in Month	Calculated Overall Load Factor	
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge			Total Billing
December 2016	298,054	121,315,660	\$7,763,122	(\$474,196)	\$1,454,139	\$8,743,065	\$63.99	(\$3.91)	\$60.08	\$11.99	\$72.07	31	54.71%
January	348,829	113,327,035	\$7,680,625	(\$365,431)	\$1,237,727	\$8,552,921	\$67.77	(\$3.22)	\$64.55	\$10.92	\$75.47	31	43.67%
February	278,588	88,378,359	\$6,047,899	(\$350,131)	\$638,718	\$6,336,486	\$68.43	(\$3.96)	\$64.47	\$7.23	\$71.70	28	47.21%
March	287,356	93,515,261	\$6,351,701	(\$689,090)	\$694,237	\$6,356,848	\$67.92	(\$7.37)	\$60.55	\$7.42	\$67.97	31	43.74%
April	161,967	70,813,592	\$4,506,970	(\$343,063)	\$654,987	\$4,818,894	\$63.65	(\$4.84)	\$58.81	\$9.25	\$68.06	30	60.72%
May	173,343	75,750,003	\$4,885,988	(\$402,536)	\$690,456	\$5,173,908	\$64.50	(\$5.31)	\$59.19	\$9.11	\$68.30	31	58.74%
June	202,653	85,147,261	\$5,540,210	(\$428,725)	\$1,015,142	\$6,126,627	\$65.07	(\$5.04)	\$60.03	\$11.92	\$71.95	30	58.36%
July	227,469	102,794,739	\$6,571,979	(\$669,593)	\$1,070,102	\$6,972,488	\$63.93	(\$6.51)	\$57.42	\$10.41	\$67.83	31	60.74%
August	209,242	93,315,325	\$5,983,419	(\$493,490)	\$974,464	\$6,464,393	\$64.12	(\$5.29)	\$58.83	\$10.44	\$69.27	31	59.94%
September	175,583	75,659,676	\$4,714,616	(\$529,578)	\$665,004	\$4,850,042	\$62.31	(\$7.00)	\$55.31	\$8.79	\$64.10	30	59.85%
October	221,793	77,544,113	\$4,998,666	(\$205,800)	\$840,188	\$5,633,054	\$64.46	(\$2.65)	\$61.81	\$10.83	\$72.64	31	46.99%
November	255,350	90,322,553	\$5,783,834	(\$293,644)	\$1,125,997	\$6,615,987	\$64.04	(\$3.25)	\$60.79	\$12.47	\$73.26	30	49.13%
Totals to Date	2,840,227	1,087,883,577	\$70,829,029	(\$5,245,477)	\$11,061,161	\$76,644,713	\$65.11	(\$4.82)	\$60.29	\$10.17	\$70.46	30.42	52.46%

72 **Units/Dollar and Percentage Change - Recalculated versus Actual**

74 75 76	Month	Billed Revenues from					Mils per kWh					Calculated Overall Load Factor	
		Total kW	Total kWh	Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge		Total Billing
77	December 2016	(20,600)	(15,326,400)	(\$862,587)	\$60,079	(\$160,100)	(\$962,608)	\$0.86	\$0.00	\$0.86	\$0.18	\$1.04	-2.93%
78		-6.4647%	-11.2165%	-10.0002%	-11.2450%	-9.9180%	-9.9180%	1.3623%	0.0000%	1.4522%	1.5241%	1.4642%	-5.0833%
79													
80	January	(20,600)	(15,326,400)	(\$862,587)	\$49,504	(\$137,574)	(\$950,657)	\$1.37	\$0.01	\$1.38	\$0.23	\$1.61	-3.14%
81		-5.5762%	-11.9129%	-10.0968%	-11.9305%	-10.0032%	-10.0031%	2.0633%	-0.3096%	2.1846%	2.1515%	2.1798%	-6.7080%
82													
83	February	(20,600)	(13,843,200)	(\$791,112)	\$55,096	(\$82,507)	(\$818,523)	\$1.53	\$0.00	\$1.53	\$0.17	\$1.70	-3.63%
84		-6.8853%	-13.5423%	-11.5676%	-13.5963%	-11.4398%	-11.4399%	2.2870%	0.0000%	2.4309%	2.4079%	2.4286%	-7.1400%
85													
86	March	(20,600)	(15,326,400)	(\$862,587)	\$113,262	(\$91,867)	(\$841,192)	\$1.64	\$0.00	\$1.64	\$0.20	\$1.84	-3.76%
87		-6.6893%	-14.0814%	-11.9566%	-14.1162%	-11.6864%	-11.6864%	2.4744%	0.0000%	2.7639%	2.7701%	2.7824%	-7.9158%
88													
89	April	(20,600)	(14,832,000)	(\$838,762)	\$72,084	(\$120,598)	(\$887,276)	\$1.23	\$0.01	\$1.24	\$0.19	\$1.43	-4.44%
90		-11.2835%	-17.3179%	-15.6903%	-17.3635%	-15.5493%	-15.5494%	1.9705%	-0.2062%	2.1539%	2.0971%	2.1462%	-6.8140%
91													
92	May	(20,600)	(15,326,400)	(\$873,726)	\$81,536	(\$121,997)	(\$914,187)	\$1.26	\$0.01	\$1.27	\$0.19	\$1.46	-4.38%
93		-10.6217%	-16.8281%	-15.1696%	-16.8438%	-15.0159%	-15.0160%	1.9924%	-0.1880%	2.1927%	2.1300%	2.1843%	-6.9392%
94													
95	June	(20,600)	(14,832,000)	(\$849,541)	\$74,902	(\$153,843)	(\$926,482)	\$1.16	\$0.00	\$1.16	\$0.23	\$1.39	-3.84%
96		-9.2272%	-14.8351%	-13.2954%	-14.8725%	-13.1604%	-13.1604%	1.8151%	0.0000%	1.9704%	1.9675%	1.9700%	-6.1736%
97													
98	July	(20,600)	(15,326,400)	(\$873,726)	\$100,081	(\$140,262)	(\$913,907)	\$0.90	\$0.01	\$0.91	\$0.16	\$1.07	-3.26%
99		-8.3041%	-12.9752%	-11.7346%	-13.0030%	-11.5884%	-11.5884%	1.4279%	-0.1534%	1.6103%	1.5610%	1.6028%	-5.0937%
100													
101	August	(20,600)	(15,326,400)	(\$873,726)	\$81,230	(\$140,668)	(\$933,164)	\$1.00	\$0.00	\$1.00	\$0.18	\$1.18	-3.59%
102		-8.9627%	-14.1073%	-12.7418%	-14.1338%	-12.6145%	-12.6145%	1.5843%	0.0000%	1.7292%	1.7544%	1.7330%	-5.6509%
103													
104	September	(20,600)	(14,832,000)	(\$814,241)	\$104,417	(\$112,791)	(\$822,615)	\$1.21	\$0.01	\$1.22	\$0.19	\$1.41	-4.21%
105		-10.5004%	-16.3905%	-14.7271%	-16.4697%	-14.5014%	-14.5014%	1.9804%	-0.1427%	2.2555%	2.2093%	2.2492%	-6.5720%
106													
107	October	(20,600)	(15,326,400)	(\$826,110)	\$40,921	(\$137,644)	(\$922,833)	\$1.74	\$0.01	\$1.75	\$0.30	\$2.05	-4.51%
108		-8.4986%	-16.5030%	-14.1827%	-16.5859%	-14.0764%	-14.0764%	2.7742%	-0.3759%	2.9138%	2.8490%	2.9041%	-8.7573%
109													
110	November	(20,600)	(14,832,000)	(\$803,462)	\$48,649	(\$154,812)	(\$909,625)	\$1.40	\$0.01	\$1.41	\$0.29	\$1.70	-3.80%
111		-7.4651%	-14.1050%	-12.1971%	-14.2044%	-12.0870%	-12.0871%	2.2350%	-0.3067%	2.3745%	2.3810%	2.3756%	-7.1793%
112													
113	Totals to Date	(247,200)	(180,456,000)	(\$10,132,167)	\$881,761	(\$1,554,663)	(\$10,805,069)	\$1.28	\$0.01	\$1.29	\$0.22	\$1.51	-3.81%
114		-8.0067%	-14.2277%	-12.5148%	-14.3908%	-12.3231%	-12.3557%	2.0053%	-0.2070%	2.1864%	2.2111%	2.1900%	-6.7709%
115													
116													

Rounding

1 SoKentuckyAmend3-2017 20.6MW Var Adj.xlsx
2 Calculation of Bill Impact of 36.6 MW under Amendment 3

3
4 **Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.**

5
6 Assumptions: 100% load factor for purchase
7 Amendment 3 purchase offsets Rate E load only
8 On-Peak/Off-Peak Mix:
9 Oct - Apr
10 On-Peak 41.67%
11 Off-Peak 58.33%
12 May - Sep
13 On-Peak 50.00%
14 Off-Peak 50.00%
15

17	18	19	20	21	22 Energy			23 Rates and Factors				24 Pricing of Billing Components									
					25 Total (kWh)	26 On-Peak (kWh)	27 Off-Peak (kWh)	28 Demand	29 On-Peak Energy	30 Off-Peak Energy	31 FAC	32 Surcharge	33 Demand	34 On-Peak Energy	35 Off-Peak Energy	36 Total Base Rate	37 FAC	38 Subtotal	39 Surcharge	40 Total Billing	
20	December 2016	31	20,600	15,326,400	6,366,511	8,939,889	\$6.02	\$0.053279	\$0.044554	(\$0.003920)	19.96%	\$124.012	\$340,267	\$368,308	\$862,567	(\$60,079)	\$802,508	\$160,100	\$962,608		
21	21	22	January	31	20,600	15,326,400	6,366,511	8,939,889	\$6.02	\$0.053279	\$0.044554	(\$0.003230)	16.92%	\$124.012	\$340,267	\$368,308	\$862,567	(\$49,504)	\$813,063	\$137,574	\$950,637
22	23	24	February	28	20,600	13,843,200	5,798,461	8,074,739	\$6.02	\$0.053279	\$0.044554	(\$0.003980)	11.21%	\$124.012	\$307,336	\$359,762	\$791,112	(\$55,096)	\$736,016	\$82,507	\$818,523
23	25	26	March	31	20,600	15,326,400	6,366,511	8,939,889	\$6.02	\$0.053279	\$0.044554	(\$0.007390)	12.26%	\$124.012	\$340,267	\$368,308	\$862,567	(\$113,252)	\$749,325	\$91,867	\$841,192
24	27	28	April	30	20,600	14,832,000	6,180,494	8,651,506	\$6.02	\$0.053279	\$0.044554	(\$0.004980)	15.73%	\$124.012	\$329,291	\$385,469	\$836,762	(\$72,084)	\$764,678	\$120,598	\$885,276
25	29	30	May	31	20,600	15,326,400	7,663,200	7,663,200	\$6.02	\$0.053279	\$0.044554	(\$0.005320)	15.40%	\$124.012	\$408,298	\$341,426	\$873,726	(\$81,536)	\$792,190	\$121,997	\$914,187
26	31	32	June	30	20,600	14,832,000	7,416,000	7,416,000	\$6.02	\$0.053279	\$0.044554	(\$0.005050)	19.86%	\$124.012	\$395,117	\$330,412	\$849,541	(\$74,902)	\$774,639	\$153,843	\$928,482
27	33	34	July	31	20,600	15,326,400	7,663,200	7,663,200	\$6.02	\$0.053279	\$0.044554	(\$0.006930)	18.13%	\$124.012	\$408,298	\$341,426	\$873,726	(\$100,081)	\$773,645	\$140,282	\$913,927
28	35	36	August	31	20,600	15,326,400	7,663,200	7,663,200	\$6.02	\$0.053279	\$0.044554	(\$0.005300)	17.75%	\$124.012	\$408,298	\$341,426	\$873,726	(\$81,230)	\$792,496	\$140,668	\$933,164
29	37	38	September	30	20,600	14,832,000	7,416,000	7,416,000	\$6.02	\$0.050899	\$0.042174	(\$0.007040)	15.89%	\$124.012	\$377,467	\$312,762	\$814,241	(\$104,417)	\$709,824	\$112,791	\$822,615
30	39	40	October	31	20,600	15,326,400	6,366,511	8,939,889	\$6.02	\$0.050899	\$0.042174	(\$0.002670)	17.53%	\$124.012	\$325,067	\$377,031	\$826,110	(\$40,821)	\$785,289	\$137,644	\$922,933
31	41	42	November	30	20,600	14,832,000	6,180,494	8,651,506	\$6.02	\$0.050899	\$0.042174	(\$0.003280)	20.51%	\$124.012	\$314,581	\$364,869	\$803,462	(\$48,649)	\$754,813	\$154,812	\$909,625
32	43	44	Totals to Date		247,200	180,456,000	81,497,093	88,958,907						\$1,488,144	\$4,294,526	\$4,349,497	\$10,132,167	(\$881,761)	\$9,250,406	\$1,554,663	\$10,805,069

1 SouthKendyAnnex2017 20 0MM Vw Adj
 2 Recalculation of FAC Factor to Reflect Election of South Kentucky Purchase
 3 Note: This calculation reflects the "delta" in the FAC Factors resulting from the South Kentucky purchase. Recalculated FAC Factors will be applied to all Members, as the FAC Factor is not used like base rates.

Month	Expense	Original FAC Factor	Current FAC Factor	Delta	South Kentucky		Recalculated FAC Factor		Delta	Delta %
					Original FAC Factor	Current FAC Factor	Original FAC Factor	Current FAC Factor		
11	November 2016	(60,028.0)	924,821,723	984,849,751	924,821,723	14,522,000	90,0283	93,12014	(60,0001)	December 2016
12	December	(60,003.2)	933,031,933	1,348,939,972	936,423	15,206,400	90,0083	93,12014	(60,0021)	January
13	January	(60,008.6)	931,241,749	1,307,760,531	636,905	15,206,400	93,0202	93,12014	(60,0091)	February
14	February	(60,007.3)	922,024,039	968,121,759	629,217	15,206,400	90,0281	93,12014	(60,0073)	March
15	March	(60,004.6)	928,281,897	1,043,789,398	900,290	13,206,400	90,0239	93,12014	(60,0046)	April
16	April	(60,003.2)	921,237,031	955,052,910	934,227	14,622,000	90,0249	93,12014	(60,0032)	May
17	May	(60,005.0)	920,942,237	918,647,642	926,223	15,206,400	90,0257	93,12014	(60,0050)	June
18	June	(60,006.5)	923,593,933	997,714,387	979,824	14,622,000	90,0289	93,12014	(60,0065)	July
19	July	(60,005.6)	928,417,888	1,144,230,114	926,833	15,206,400	90,0348	93,12014	(60,0056)	August
20	August	(60,007.4)	934,422,142	1,037,217,273	993,899	15,206,400	90,0371	93,12014	(60,0074)	September
21	September	(60,008.7)	932,686,466	920,221,762	939,890	14,622,000	90,0502	93,02776	(60,0087)	October
22	October	(60,0026.1)	921,116,132	933,280,390	924,339	15,206,400	90,0442	93,02776	(60,0026)	November
23	Totals		923,622,848	12,181,027,472	93,492,914	90,000,000				

37 Note: South Kentucky Cost Reduction is estimated at 1.15%. If below that costs would be lower if the energy to provide service were! This recalculation results in a "delta" of the FAC that nearly matches the net change to South Kentucky.

Month	Expense	Original FAC Factor	Current FAC Factor	Delta	South Kentucky		Recalculated FAC Factor		Delta	Delta %
					Original FAC Factor	Current FAC Factor	Original FAC Factor	Current FAC Factor		
41	December 2016	(60,007.1)	933,031,933	1,348,939,972	936,423	15,206,400	90,0083	93,12014	(60,0071)	January 2017
42	January	(60,008.6)	931,241,749	1,307,760,531	636,905	15,206,400	93,0202	93,12014	(60,0086)	February
43	February	(60,007.3)	922,024,039	968,121,759	629,217	15,206,400	90,0281	93,12014	(60,0073)	March
44	March	(60,004.6)	928,281,897	1,043,789,398	900,290	13,206,400	90,0239	93,12014	(60,0046)	April
45	April	(60,003.2)	921,237,031	955,052,910	934,227	14,622,000	90,0249	93,12014	(60,0032)	May
46	May	(60,005.0)	920,942,237	918,647,642	926,223	15,206,400	90,0257	93,12014	(60,0050)	June
47	June	(60,006.5)	923,593,933	997,714,387	979,824	14,622,000	90,0289	93,12014	(60,0065)	July
48	July	(60,005.6)	928,417,888	1,144,230,114	926,833	15,206,400	90,0348	93,12014	(60,0056)	August
49	August	(60,007.4)	934,422,142	1,037,217,273	993,899	15,206,400	90,0371	93,12014	(60,0074)	September
50	September	(60,008.7)	932,686,466	920,221,762	939,890	14,622,000	90,0502	93,02776	(60,0087)	October
51	October	(60,0026.1)	921,116,132	933,280,390	924,339	15,206,400	90,0442	93,02776	(60,0026)	November
52	November	(60,000.0)	923,622,848	12,181,027,472	93,492,914	90,000,000			(60,0000)	December

53 Note: South Kentucky Cost Reduction is estimated at 1.15%. If below that costs would be lower if the energy to provide service were! This recalculation results in a "delta" of the FAC that nearly matches the net change to South Kentucky.

Total FAC is based on South Kentucky
 Change in South Kentucky FAC due to
 Top FAC is based on other Members

8 ScheduleAmend0-2017 22 B&B
9 Recalculation of FAC Factor by Month
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Month	Component	2016 Actual	2017 Actual	2017 Change	South Kentucky Impact from FAC
December 2016	Blind FAC	(5143.870)	(54,354,180)	(54,284,148)	Adjusted W/R Sales
	Blind W/R Sales	45,542,810			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00381)			FAC at Recalculated Rate
	Recalculated FAC Amount		(9,388,771)	(9,322,331)	Change due to Recalculation
	Change in FAC		50,002	(172,329)	
January	Blind FAC	(5119,310)	(52,446,678)	(52,446,878)	Adjusted W/R Sales
	Blind W/R Sales	46,227,038			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00703)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5,148,589)	(5,436,344)	Change due to Recalculation
	Change in FAC		9924	(57,204)	
February	Blind FAC	(5115,060)	(52,442,457)	(52,442,437)	Adjusted W/R Sales
	Blind W/R Sales	26,402,710			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00284)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5143,631)	(5,407,680)	Change due to Recalculation
	Change in FAC		91,453	(54,587)	
March	Blind FAC	(5283,497)	(56,901,614)	(56,901,614)	Adjusted W/R Sales
	Blind W/R Sales	26,204,181			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00723)			FAC at Recalculated Rate
	Recalculated FAC Amount		(2291,136)	(5,644,080)	Change due to Recalculation
	Change in FAC		57,321	(55,028)	
April	Blind FAC	(5149,205)	(52,746,311)	(52,746,311)	Adjusted W/R Sales
	Blind W/R Sales	30,700,872			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00478)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5148,758)	(5,677,730)	Change due to Recalculation
	Change in FAC		30,452	(60,172)	
May	Blind FAC	(5177,660)	(54,398,560)	(54,398,560)	Adjusted W/R Sales
	Blind W/R Sales	33,234,420			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00517)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5172,856)	(5,427,491)	Change due to Recalculation
	Change in FAC		30,010	(17,012)	
June	Blind FAC	(5188,732)	(54,328,668)	(54,328,668)	Adjusted W/R Sales
	Blind W/R Sales	37,372,230			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00482)			FAC at Recalculated Rate
	Recalculated FAC Amount		(9,153,672)	(5,412,417)	Change due to Recalculation
	Change in FAC		54,899	(17,691)	
July	Blind FAC	(5298,408)	(56,887,084)	(56,887,084)	Adjusted W/R Sales
	Blind W/R Sales	41,311,034			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00843)			FAC at Recalculated Rate
	Recalculated FAC Amount		(2280,776)	(6,618,118)	Change due to Recalculation
	Change in FAC		30,832	(60,068)	
August	Blind FAC	(5213,568)	(55,021,702)	(55,021,702)	Adjusted W/R Sales
	Blind W/R Sales	42,371,074			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00295)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5212,382)	(5,663,607)	Change due to Recalculation
	Change in FAC		91,314	(57,595)	
September	Blind FAC	(5224,587)	(55,980,610)	(55,980,610)	Adjusted W/R Sales
	Blind W/R Sales	33,325,119			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00697)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5222,290)	(5,638,682)	Change due to Recalculation
	Change in FAC		52,333	(56,633)	
October	Blind FAC	(580,430)	(52,182,484)	(52,182,484)	Adjusted W/R Sales
	Blind W/R Sales	39,106,846			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00294)			FAC at Recalculated Rate
	Recalculated FAC Amount		(188,680)	(5,680,258)	Change due to Recalculation
	Change in FAC		54,394	(1,100,200)	
November 2017	Blind FAC	(5138,120)	(52,628,489)	(52,628,489)	Adjusted W/R Sales
	Blind W/R Sales	33,102,738			FAC at Actual Billing Rate
	Recalculated FAC Factor	(50,00219)			FAC at Recalculated Rate
	Recalculated FAC Amount		(5130,730)	(5,401,575)	Change due to Recalculation
	Change in FAC		50,380	(17,914)	
Total	Total Change in FAC		520,618	(520,600)	Total Change due to Recalculation
	Total Blind FAC	(62,217,808)	(622,216,888)	(622,216,888)	Total FAC at Actual Billing Rate
	Total Recalculated FAC		(62,209,420)	(62,209,420)	Total FAC at Recalculated Rate
	Percent Change		-1.754%	-1.755%	Percentage Change

sign change to reflect reduction
recalculation

1: \S\K\sk\emc3\2017 20 MW Var Advise
2: Allocation of Demand and Energy Revenue from South Kentucky Purchase
3:
4: Allocation will be based on Rate E Demand in MW and Energy on kWh. Salt River totals adjusted for generator credit
5:
6: "Rate Rate Case" Scenario
7:
8:
9:
10:

	Month	South Kentucky Allocation	Big Sandy	Blue Grass	Clay	Cumberland Valley	Fleming	Fleming-Madison	Gaines	Hammond	Jordan	Letcher Valley	Martin	Meigs	Monroe	North West	Polk	Rockwell	South Kentucky	Totals	
11	December 2016																				
12	Demand kW	51 893	229 882	105 521	94 806	100 126	108 293	88 254	107 305	183 253	57 987	157 319	212 549	227 300	75 195	108 521	1 903 728	267 829	2 171 657		
13	Demand Percentage	11.967%	4.659%	23.376%	21.045%	22.623%	23.834%	19.703%	23.834%	40.807%	12.652%	34.681%	46.747%	50.742%	16.874%	23.834%	100.000%	100.000%	100.000%		
14	Energy kWh	23 394 645	115 389 770	47 563 118	47 179 731	48 630 225	45 840 736	29 197 171	49 819 850	84 470 873	27 988 895	63 739 141	106 087 312	104 401 173	33 285 422	47 266 512	47 986 977	87 787 874	107 796 841	940 561 156	5 315 568 033
15	Energy Percentage	4.463%	21.457%	8.763%	8.707%	8.974%	8.306%	5.387%	9.187%	15.369%	5.094%	11.645%	19.314%	19.262%	6.280%	8.763%	100.000%	100.000%	100.000%		
16	Allocated Demand \$	\$124 012	\$2 564	\$1 841	\$9 326	\$5 418	\$15 763	\$5 379	\$2 883	\$6 127	\$1 625	\$3 289	\$8 883	\$12 137	\$12 388	\$4 295	\$6 127	\$468 713	\$15 311	\$124 012	
17	Allocated Energy \$	\$322 784	\$7 886	\$2 388	\$10 030	\$10 251	\$10 420	\$7 854	\$15 410	\$29 866	\$8 289	\$21 506	\$58 811	\$34 388	\$11 814	\$15 562	\$29 307	\$35 458	\$322 784		
18																					
19	January																				
20	Demand kW	56 265	292 423	113 818	109 649	110 305	102 189	54 300	129 620	224 876	58 690	178 238	214 151	248 197	80 729	123 473	2 099 287	320 189	2 415 456		
21	Demand Percentage	12.309%	6.427%	25.064%	24.239%	24.539%	23.048%	12.000%	28.939%	48.309%	13.209%	39.939%	52.309%	56.709%	18.309%	27.309%	100.000%	100.000%	100.000%		
22	Energy kWh	22 004 730	107 233 560	44 518 120	43 870 038	43 302 743	41 702 895	22 227 788	43 227 755	84 470 873	27 988 895	63 739 141	106 087 312	104 401 173	33 285 422	47 266 512	47 986 977	87 787 874	107 796 841	940 561 156	5 315 568 033
23	Energy Percentage	4.141%	19.999%	8.255%	8.111%	8.111%	7.811%	4.181%	8.111%	15.369%	5.094%	11.645%	19.314%	19.262%	6.280%	8.763%	100.000%	100.000%	100.000%		
24	Allocated Demand \$	\$124 012	\$2 568	\$1 845	\$9 334	\$5 425	\$15 774	\$5 388	\$2 888	\$6 132	\$1 630	\$3 294	\$8 891	\$12 141	\$12 393	\$4 300	\$6 132	\$468 713	\$15 311	\$124 012	
25	Allocated Energy \$	\$324 466	\$8 345	\$2 400	\$10 039	\$10 255	\$10 424	\$7 858	\$15 414	\$29 870	\$8 293	\$21 510	\$58 815	\$34 392	\$11 818	\$15 566	\$29 311	\$35 463	\$324 466		
26																					
27	February																				
28	Demand kW	54 976	294 221	109 142	102 622	88 385	81 585	52 106	106 355	204 542	57 908	158 219	197 584	209 562	71 622	94 978	1 832 411	249 828	2 082 338		
29	Demand Percentage	12.648%	6.525%	24.525%	24.525%	20.025%	18.525%	12.025%	24.525%	45.525%	13.209%	45.525%	52.309%	56.709%	18.309%	27.309%	100.000%	100.000%	100.000%		
30	Energy kWh	18 023 248	81 727 551	34 840 581	38 348 481	33 968 221	35 572 739	17 841 063	32 668 833	68 420 843	26 459 200	46 471 905	78 450 821	78 450 821	25 765 253	34 478 350	33 878 818	75 248 828	715 227 221	534 329 662	3 111 702
31	Energy Percentage	3.317%	15.025%	6.255%	6.255%	6.255%	6.255%	3.255%	6.255%	12.659%	4.181%	10.025%	10.025%	10.025%	6.255%	8.763%	100.000%	100.000%	100.000%		
32	Allocated Demand \$	\$124 012	\$2 574	\$1 847	\$9 334	\$5 425	\$15 774	\$5 388	\$2 888	\$6 132	\$1 630	\$3 294	\$8 891	\$12 141	\$12 393	\$4 300	\$6 132	\$468 713	\$15 311	\$124 012	
33	Allocated Energy \$	\$327 786	\$8 290	\$2 406	\$10 039	\$10 255	\$10 424	\$7 858	\$15 414	\$29 870	\$8 293	\$21 510	\$58 815	\$34 392	\$11 818	\$15 566	\$29 311	\$35 463	\$327 786		
34																					
35	March																				
36	Demand kW	55 545	240 523	80 142	108 870	91 215	88 740	49 831	97 564	203 821	58 455	136 134	180 371	203 821	67 816	100 888	1 821 825	267 258	2 069 885		
37	Demand Percentage	12.704%	5.407%	18.074%	24.239%	20.525%	20.025%	12.652%	22.623%	48.309%	13.209%	39.939%	52.309%	56.709%	18.309%	27.309%	100.000%	100.000%	100.000%		
38	Energy kWh	18 371 183	87 187 752	37 470 152	38 919 827	30 330 410	38 415 087	16 531 132	34 157 811	70 152 841	28 919 915	48 454 222	84 470 868	101 532 433	27 328 837	38 211 028	38 919 915	78 978 627	730 888 828	539 841 429	3 111 702
39	Energy Percentage	3.454%	16.025%	6.811%	8.707%	6.025%	8.707%	3.255%	7.811%	15.369%	5.094%	11.645%	19.314%	19.262%	6.280%	8.763%	100.000%	100.000%	100.000%		
40	Allocated Demand \$	\$124 012	\$2 574	\$1 847	\$9 334	\$5 425	\$15 774	\$5 388	\$2 888	\$6 132	\$1 630	\$3 294	\$8 891	\$12 141	\$12 393	\$4 300	\$6 132	\$468 713	\$15 311	\$124 012	
41	Allocated Energy \$	\$328 585	\$8 298	\$2 406	\$10 039	\$10 255	\$10 424	\$7 858	\$15 414	\$29 870	\$8 293	\$21 510	\$58 815	\$34 392	\$11 818	\$15 566	\$29 311	\$35 463	\$328 585		
42																					
43	April																				
44	Demand kW	29 321	148 127	62 245	61 267	87 231	84 242	31 097	57 054	116 180	32 411	75 714	106 256	129 438	41 681	58 272	1 112 451	133 020	1 246 481		
45	Demand Percentage	6.525%	3.317%	14.045%	13.811%	19.525%	19.025%	6.709%	12.652%	24.525%	7.309%	21.025%	28.939%	34.681%	11.111%	15.566%	62.309%	62.309%	62.309%		
46	Energy kWh	16 010 306	88 288 416	38 048 516	38 019 586	29 320 874	29 700 224	14 833 889	28 824 837	61 862 186	16 328 818	38 378 140	68 833 437	80 307 818	21 240 959	28 711 187	53 754 343	57 137 388	586 831 681	336 821 615	1 420 188
47	Energy Percentage	2.987%	16.255%	6.811%	6.811%	6.025%	6.025%	3.255%	6.025%	12.659%	4.181%	10.025%	10.025%	10.025%	6.255%	8.763%	100.000%	100.000%	100.000%		
48	Allocated Demand \$	\$124 012	\$2 574	\$1 847	\$9 334	\$5 425	\$15 774	\$5 388	\$2 888	\$6 132	\$1 630	\$3 294	\$8 891	\$12 141	\$12 393	\$4 300	\$6 132	\$468 713	\$15 311	\$124 012	
49	Allocated Energy \$	\$330 548	\$8 298	\$2 406	\$10 039	\$10 255	\$10 424	\$7 858	\$15 414	\$29 870	\$8 293	\$21 510	\$58 815	\$34 392	\$11 818	\$15 566	\$29 311	\$35 463	\$330 548		
50																					
51	May																				
52	Demand kW	33 544	165 520	65 710	66 702	87 813	82 832	38 844	60 085	121 387	37 803	95 276	130 883	178 981	51 701	65 581	1 278 655	143 476	1 420 188		
53	Demand Percentage	7.500%	3.681%	14.825%	14.974%	19.703%	18.624%	10.425%	13.209%	26.255%	8.763%	26.255%	34.681%	46.747%	15.566%	21.025%	100.000%	100.000%	100.000%		
54	Energy kWh	16 840 034	81 727 551	29 656 150	30 912 527	33 383 505	33 017 202	15 021 789	26 705 714	54 549 231	17 100 874	42 382 127	74 893 928	78 189 598	22 289 584	31 300 784	57 374 304	57 137 388	586 831 681	336 821 615	1 420 188
55	Energy Percentage	3.155%	15.025%	5.387%	5.625%	6.025%	5.974%	2.709%	4.825%	10.025%	3.255%	9.181%	13.209%	13.209%	6.255%	8.763%	100.000%	100.000%	100.000%		
56	Allocated Demand \$	\$124 012	\$2 574	\$1 847	\$9 334	\$5 425	\$15 774	\$5 388	\$2 888	\$6 132	\$1 630	\$3 294	\$8 891	\$12 141	\$12 393	\$4 300	\$6 132	\$468 713	\$15 311	\$124 012	
57	Allocated Energy \$	\$334 548	\$8 298	\$2 406	\$10 039	\$10 255	\$10 424	\$7 858	\$15 414	\$29 870	\$8 293	\$21 510	\$58 815	\$34 392	\$11 818	\$15 566	\$29 311	\$35 463	\$334 548		
58																					
59	June																				
60	Demand kW	35 578	189 889	75 188	85 800	87 231	79 211	30 836	79 284	177 462	60 261	115 006	162 838	204 882	68 808	78 878	1 451 252	172 502	1 623 754		
61	Demand Percentage	8.025%	4.255%	17.025%	19.025%	19.525%	18.025%	6.709%	17.625%	38.309%	13.209%	32.625%	42.309%	52.309%	21.025%	10.825%	62.309%	62.309%	62.309%		
62	Energy kWh	16 209 668	82 017 533	33 264 878	33 027 487	38 025 561	32 885 707	16 914 452	30 015 344	58 614 096	18 617 888	48 322 189	81 538 107	88 825 033	26 320 279	35 252 638	68 751 028	68 827 936	716 871 841	539 841 429	1 420 188
63	Energy Percentage	3.025%	15.025%	6.025%	6.025%	6.025%	6.025														

1 SoKentuckyAmend3-2017 20.6MW Var Adj.xlsx
2 Summary of Detailed Calculations

3
4
5 **"Before Rate Case" Scenario - Annual Impacts**

Member	Potential Pressure on Margins			Change in FAC	Change in Environ. Surch	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
10 Big Sandy	\$40,203	\$115,359	\$155,562	\$18,740	\$22,459	1.101%	-1.770%	1.024%	\$13,064,875	(\$1,058,726)	\$14,123,601
12 Blue Grass	\$197,462	\$552,520	\$749,982	\$114,044	\$120,319	0.909%	-1.761%	0.940%	\$76,036,336	(\$6,474,712)	\$82,513,048
14 Clark	\$79,990	\$229,819	\$309,809	\$36,266	\$37,100	1.122%	-1.767%	0.861%	\$25,557,549	(\$2,053,477)	\$27,611,026
16 Cumberland Valley	\$78,583	\$235,795	\$314,378	\$37,173	\$37,334	1.134%	-1.774%	0.866%	\$25,630,914	(\$2,095,353)	\$27,726,267
18 Farmers	\$79,317	\$240,487	\$319,804	\$38,337	\$31,207	1.016%	-1.561%	0.635%	\$29,021,488	(\$2,455,141)	\$31,476,629
20 Fleming-Mason	\$77,344	\$232,656	\$310,000	\$91,076	\$474,743	0.476%	-1.778%	4.869%	\$60,059,026	(\$5,122,252)	\$65,181,308
22 Grayson	\$40,039	\$118,221	\$158,260	\$21,399	\$21,354	0.996%	-1.771%	0.866%	\$14,645,794	(\$1,208,636)	\$15,854,430
24 Inter-County	\$78,491	\$212,439	\$290,930	\$39,391	\$39,674	0.981%	-1.767%	0.863%	\$27,421,220	(\$2,228,897)	\$29,650,117
26 Jackson	\$151,809	\$429,742	\$581,351	\$73,950	\$74,650	1.046%	-1.772%	0.864%	\$51,306,719	(\$4,173,510)	\$55,480,229
28 Licking Valley	\$44,447	\$133,363	\$177,810	\$21,033	\$21,142	1.132%	-1.773%	0.855%	\$14,523,367	(\$1,186,232)	\$15,709,619
30 Nolin	\$114,586	\$321,989	\$436,575	\$65,247	\$63,510	0.931%	-1.769%	0.870%	\$43,222,864	(\$3,687,923)	\$46,910,787
32 Owen	\$179,099	\$559,298	\$738,398	\$197,564	\$45,515	0.615%	-1.767%	0.247%	\$108,792,867	(\$11,178,662)	\$119,971,529
34 Salt River	\$186,879	\$562,058	\$748,937	\$100,905	\$98,123	1.027%	-1.767%	0.863%	\$67,199,144	(\$5,711,082)	\$72,910,226
36 Shelby	\$58,560	\$175,656	\$234,216	\$43,094	\$41,680	0.774%	-1.771%	0.868%	\$27,829,355	(\$2,433,118)	\$30,262,473
38 Taylor County	\$81,540	\$236,995	\$318,535	\$39,418	\$290,900	0.974%	-1.754%	5.939%	\$30,460,542	(\$2,247,838)	\$32,708,380
40 Totals	\$1,468,149	\$4,356,398	\$5,844,547	\$937,659	\$1,419,690	0.875%	-1.759%	1.377%	\$614,774,080	(\$53,315,589)	\$668,089,669
42 South Kentucky:											
43 Initial Bill Reduction	\$1,468,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663						
44 Share of FAC and											
45 Surcharge	\$0	\$0	\$0	\$93,539	\$164,163						
46 Net Effect	\$1,468,144	\$8,644,023	\$10,132,167	(\$788,222)	\$1,390,470						

49 **"After Rate Case" Scenario - Annual Impacts**

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
54 Big Sandy	\$35,584	\$103,649	\$139,233	\$18,740	\$28,741	0.986%	-1.770%	1.310%	\$13,064,875	(\$1,058,726)	\$14,123,601
56 Blue Grass	\$174,863	\$496,471	\$671,334	\$114,044	\$134,029	0.814%	-1.761%	1.047%	\$76,036,336	(\$6,474,712)	\$82,513,048
58 Clark	\$70,816	\$206,489	\$277,307	\$36,288	\$50,306	1.004%	-1.767%	1.168%	\$25,557,549	(\$2,053,477)	\$27,611,026
60 Cumberland Valley	\$69,560	\$211,676	\$281,436	\$37,173	\$51,018	1.015%	-1.774%	1.164%	\$25,630,914	(\$2,095,353)	\$27,726,267
62 Farmers	\$70,279	\$216,126	\$286,407	\$38,337	\$41,615	0.910%	-1.561%	0.847%	\$29,021,488	(\$2,455,141)	\$31,476,629
64 Fleming-Mason	\$68,491	\$209,032	\$277,523	\$91,076	\$443,186	0.426%	-1.778%	4.564%	\$60,059,026	(\$5,122,282)	\$65,181,308
66 Grayson	\$35,464	\$106,220	\$141,684	\$21,399	\$26,022	0.894%	-1.771%	1.055%	\$14,645,794	(\$1,208,636)	\$15,854,430
68 Inter-County	\$69,461	\$190,851	\$260,312	\$39,391	\$47,664	0.878%	-1.767%	1.036%	\$27,421,220	(\$2,228,897)	\$29,650,117
70 Jackson	\$134,167	\$386,101	\$520,268	\$73,950	\$94,046	0.938%	-1.772%	1.100%	\$51,306,719	(\$4,173,510)	\$55,480,229
72 Licking Valley	\$39,360	\$119,837	\$159,197	\$21,033	\$28,684	1.013%	-1.773%	1.181%	\$14,523,367	(\$1,186,232)	\$15,709,619
74 Nolin	\$101,479	\$289,340	\$390,819	\$65,247	\$72,977	0.833%	-1.769%	1.000%	\$43,222,864	(\$3,687,923)	\$46,910,787
76 Owen	\$158,671	\$502,658	\$661,329	\$197,564	\$15,225	0.551%	-1.767%	0.082%	\$108,792,867	(\$11,178,662)	\$119,971,529
78 Salt River	\$165,705	\$505,183	\$670,888	\$100,905	\$123,562	0.920%	-1.767%	1.087%	\$67,199,144	(\$5,711,082)	\$72,910,226
80 Shelby	\$51,892	\$157,845	\$209,737	\$43,094	\$40,671	0.693%	-1.771%	0.867%	\$27,829,355	(\$2,433,118)	\$30,262,473
82 Taylor County	\$72,196	\$212,974	\$285,170	\$39,418	\$299,201	0.872%	-1.754%	6.109%	\$30,460,542	(\$2,247,838)	\$32,708,380
84 Totals	\$1,318,190	\$3,914,654	\$5,232,844	\$937,659	\$1,498,247	0.783%	-1.759%	1.453%	\$614,774,080	(\$53,315,589)	\$668,089,669
86 South Kentucky:											
87 Initial Bill Reduction	\$1,468,144	\$8,644,023	\$10,132,167	(\$881,761)	\$1,554,663						
88 Share of Base Rates,											
89 FAC, and Surcharge	\$169,662	\$441,726	\$611,688	\$93,539	\$59,660						
90 Net Effect	\$1,318,190	\$8,202,297	\$9,520,479	(\$788,222)	\$1,495,003						

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 22, 2018 7:42 AM
To: Isaac Scott
Subject: call

Isaac,

Call me when you're in, please. Regarding the SK analyses.

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

Gwyn Willoughby

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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Gwyn Willoughby

From: Chris Brewer <cbrewer@clarkenergy.com>
Sent: Wednesday, February 21, 2018 4:04 PM
To: Mike McNalley
Subject: A3 Cost Shift 020818 Owen worksheet assuming variable SK options.xlsx
Attachments: A3 Cost Shift 020818 Owen worksheet assuming variable SK options.xlsx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Here is the model I have been using.

Chris

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 Yor 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- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018				Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018					%	MW						
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	7.604	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		

Assumed Savings per Year (DRAFT)			
Cooperative	MW Load Noticed 2018	Savings per MW	Savings per Year
Big Sandy	1.12	\$ 20.00	\$ 196,224
Blue Grass	5.60	\$ 20.00	\$ 981,120
Clark	2.04	\$ 20.00	\$ 357,408
Cumberland Valley	2.04	\$ 20.00	\$ 357,408
Farmers	1.66	\$ 20.00	\$ 290,832
Fleming Mason	2.40	\$ 20.00	\$ 420,480
Grayson	1.08	\$ 20.00	\$ 189,216
Inter-County	2.32	\$ 20.00	\$ 406,464
Jackson	2.40	\$ 20.00	\$ 420,480
Licking Valley	1.06	\$ 20.00	\$ 185,712
Nolin	3.26	\$ 20.00	\$ 571,152
Owen	5.82	\$ 20.00	\$ 1,019,664
Salt River	3.82	\$ 20.00	\$ 669,264
Shelby	1.68	\$ 20.00	\$ 294,336
South Kentucky	\$ 19.40	\$ 20.00	\$ 3,398,880
Taylor	2.30	\$ 20.00	\$ 402,960
Totals	58.00		10,161,600

Amendment 3 Impact on EKPC (DRAFT)							
Notice	MW	MWh/Year		ES \$ Shift	ES %	Base \$ Shift	Total \$ Shift
Big Sandy	1.1	9,811		\$ 79,172.80	1.93%	\$ 251,034.56	\$ 330,207.36
Blue Grass	5.6	49,056		\$ 395,864.00	9.66%	\$ 1,255,172.80	\$ 1,651,036.80
Clark	2.0	17,870		\$ 144,207.60	3.52%	\$ 457,241.52	\$ 601,449.12
Cumberland Valley	2.0	17,870		\$ 144,207.60	3.52%	\$ 457,241.52	\$ 601,449.12
Farmers	1.7	14,542		\$ 117,345.40	2.86%	\$ 372,069.08	\$ 489,414.48
Fleming Mason	2.4	21,024		\$ 169,656.00	4.14%	\$ 537,931.20	\$ 707,587.20
Grayson	1.1	9,461		\$ 76,345.20	1.86%	\$ 242,069.04	\$ 318,414.24
Inter-County	2.3	20,323		\$ 164,000.80	4.00%	\$ 520,000.16	\$ 684,000.96
Jackson	2.4	21,024		\$ 169,656.00	4.14%	\$ 537,931.20	\$ 707,587.20
Licking Valley	1.1	9,286		\$ 74,931.40	1.83%	\$ 237,586.28	\$ 312,517.68
Nolin	3.3	28,558		\$ 230,449.40	5.62%	\$ 730,689.88	\$ 961,139.28
Owen	5.8	50,983		\$ 411,415.80	10.03%	\$ 1,304,483.16	\$ 1,715,898.96
Salt River	3.8	33,463		\$ 270,035.80	6.59%	\$ 856,207.16	\$ 1,126,242.96
Shelby	1.7	14,717		\$ 118,759.20	2.90%	\$ 376,551.84	\$ 495,311.04
South Kentucky	19.4	169,944		\$ 1,371,386.00	33.45%	\$ 4,348,277.20	\$ 5,719,663.20
Taylor	2.3	20,148		\$ 162,587.00	3.97%	\$ 515,517.40	\$ 678,104.40
Member Owner Total	58.0	508,080		\$ 4,100,020.00		\$ 13,000,004.00	\$ 17,100,024.00
EKPC 2018 Budget	29,194	13,534,101		EKPC Pass Thru		EKPC Rate Increase	

Cost Shift Percentages			
<u>EKPC Base Rate</u>	<u>EKPC 2018 Budget</u>	<u>Base Shift</u>	<u>Percent Increase</u>
<u>Impact</u>	<u>(pgA2)</u>		
Base Rate	\$ 777,941,988.00	\$ 13,000,004.00	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,100,020.00	3.74%

A3 Cost Shift Draft (2017 Actuals)								
			3.74%		1.67%			
<u>Member Owner</u>	<u>2017 Capital Credits</u>	<u>Est. 2017 Member Owner ES Power Bill</u>	<u>ES Cost Increase</u>	<u>Est. 2017 Member Owner Base Rate Power Bill</u>	<u>Base Rate Increase</u>	<u>Base Rate Savings</u>	<u>Net Base Rate Savings (Loss)</u>	<u>Net Member Savings (Loss)</u>
Big Sandy	\$ 456,552.84	\$ 2,332,135.41	\$ 85,555.01	\$ 15,242,430.52	\$ 254,712.64	\$ 196,224.00	\$ (58,488.64)	\$ (144,043.65)
Blue Grass	\$ 2,544,829.40	\$ 12,999,342.52	\$ 439,323.86	\$ 84,961,436.94	\$ 1,419,770.42	\$ 981,120.00	\$ (438,650.42)	\$ (877,974.27)
Clark	\$ 902,424.95	\$ 4,609,712.16	\$ 166,373.30	\$ 30,128,275.19	\$ 503,466.46	\$ 357,408.00	\$ (146,058.46)	\$ (312,431.76)
Cumberland Valley	\$ 891,226.76	\$ 4,552,510.25	\$ 164,308.77	\$ 29,754,413.47	\$ 497,218.94	\$ 357,408.00	\$ (139,810.94)	\$ (304,119.72)
Farmers	\$ 978,324.48	\$ 4,997,417.51	\$ 181,591.11	\$ 32,662,249.82	\$ 545,811.11	\$ 290,832.00	\$ (254,979.11)	\$ (436,570.22)
Fleming Mason	\$ 1,594,149.10	\$ 8,143,135.32	\$ 292,010.56	\$ 53,222,113.14	\$ 889,382.11	\$ 420,480.00	\$ (468,902.11)	\$ (760,912.67)
Grayson	\$ 504,925.70	\$ 2,579,230.70	\$ 94,686.31	\$ 16,857,402.32	\$ 281,700.05	\$ 189,216.00	\$ (92,484.05)	\$ (187,170.36)
Inter-County	\$ 952,243.55	\$ 4,864,192.50	\$ 174,679.56	\$ 31,791,514.33	\$ 531,260.45	\$ 406,464.00	\$ (124,796.45)	\$ (299,476.01)
Jackson	\$ 1,789,997.81	\$ 9,143,557.77	\$ 327,885.43	\$ 59,760,699.90	\$ 998,646.88	\$ 420,480.00	\$ (578,166.88)	\$ (906,052.31)
Licking Valley	\$ 502,348.35	\$ 2,566,065.24	\$ 94,236.09	\$ 16,771,355.15	\$ 280,262.14	\$ 185,712.00	\$ (94,550.14)	\$ (188,786.23)
Nolin	\$ 1,438,700.80	\$ 7,349,083.79	\$ 259,459.82	\$ 48,032,330.69	\$ 802,656.88	\$ 571,152.00	\$ (231,504.88)	\$ (490,964.70)
Owen	\$ 2,870,788.29	\$ 14,664,385.87	\$ 493,514.67	\$ 95,843,870.04	\$ 1,601,624.17	\$ 1,019,664.00	\$ (581,960.17)	\$ (1,075,474.84)
Salt River	\$ 2,281,982.31	\$ 11,656,683.03	\$ 407,329.72	\$ 76,186,048.52	\$ 1,273,126.98	\$ 669,264.00	\$ (603,862.98)	\$ (1,011,192.70)
Shelby	\$ 901,620.69	\$ 4,605,603.89	\$ 167,294.38	\$ 30,101,424.24	\$ 503,017.76	\$ 294,336.00	\$ (208,681.76)	\$ (375,976.14)
South Kentucky	\$ 2,592,576.90	\$ 13,243,243.39	\$ 329,696.08	\$ 86,555,530.52	\$ 1,446,408.94	\$ 3,398,880.00	\$ 1,952,471.06	\$ 1,622,774.99
Taylor	\$ 939,573.41	\$ 4,799,471.66	\$ 172,417.26	\$ 31,368,510.21	\$ 524,191.73	\$ 402,960.00	\$ (121,231.73)	\$ (293,648.99)
Total	\$ 22,142,265.34	\$ 113,105,771.00	\$ 3,850,361.92	\$ 739,239,605.00	\$ 12,353,257.66	\$ 10,161,600.00	\$ (2,191,657.66)	\$ (6,042,019.58)

Calculation of Member Sales MW's and MWH's

	2015		2016		2017	
	Billing KW	KWH	Billing KW	KWH	Billing KW	KWH
Sales to Coops	28,356,754	12,277,253,683	26,990,067	12,672,956,008	27,362,808	12,337,233,812
Steam Sales	408,014	221,067,595	394,154	203,307,328	381,852	209,428,447
Subtotal	28,764,768	12,498,321,278	27,384,221	12,876,263,336	27,744,660	12,546,662,259
Generator Credit	-14,827	-8,375,628	-16,806	-9,528,453	-18,019	-10,397,816
Net Sales	28,749,941	12,489,945,650	27,367,415	12,866,734,883	27,726,641	12,536,264,443

	2015		2016		2017	
	Billing MW	MWH	Billing MW	MWH	Billing MW	MWH
Net Sales	28,750	12,489,946	27,367	12,866,735	27,727	12,536,264

Gwyn Willoughby

Subject: Update re: today's phone call with Dennis Holt
Location: Conference Call

Start: Wed 2/21/2018 3:30 PM
End: Wed 2/21/2018 4:00 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Terri Combs
Required Attendees: 'Chris Brewer'; Joe Spalding, Inter-County Energy; Bill Shearer; Landis Cornett (ekpc@landiscornett.com); Mike Williams (mikew@bgenergy.com); Tim Sharp; mstallons@owenelectric.com; Tony Campbell; Don Mosier; Mike McNalley; David Smart; David Crews; Bill Prather

Tony would like to have a conference call today at 3:30 p.m. to update you regarding a phone conversation that he had today with Dennis Holt.

The dial in information for the conference call with the MOU Committee is:

Toll-Free Dial-In: 1-877-597-2663
Conference ID: 2213450
Moderator PIN: 4689 (Tony will moderate)

If you have any issues, please feel free to contact me as soon as possible.

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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Gwyn Willoughby

From: Mike McNalley
Sent: Tuesday, February 20, 2018 3:26 PM
To: Bill Prather
Subject: Re: numbers on South Kentucky

I'm with you. Kill it. Don't negotiate.

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

On Feb 20, 2018, at 3:19 PM, Bill Prather <bprather@farmersrecc.net> wrote:

Ok.

On Tue, Feb 20, 2018 at 2:18 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:
Agree and understand. Just trying to get them polished up and be sure anyone contrary (SK) can't use them against us.

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

On Feb 20, 2018, at 3:16 PM, Bill Prather
<bprather@farmersrecc.net<<mailto:bprather@farmersrecc.net>>> wrote:

Which is what I want - are consistent numbers.

On Tue, Feb 20, 2018 at 2:11 PM, Mike McNalley
<Michael.McNalley@ekpc.coop<<mailto:Michael.McNalley@ekpc.coop>>> wrote:
Maybe - got put on hold pending interventions and potential for the numbers to become testimony. Need to be sure we can put a witness up and that all parties use the numbers consistently.

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

On Feb 20, 2018, at 3:10 PM, Bill Prather
<bprather@farmersrecc.net<<mailto:bprather@farmersrecc.net>><<mailto:bprather@farmersrecc.net>>>> wrote:

Mike,

Are you still planning to put out some numbers on what this means to each of us?

Bill

--

William T. Prather
President/CEO
Farmers Rural Electric Cooperative Corporation
504 South Broadway
Glasgow, Kentucky 42141
[270-651-2191](tel:270-651-2191), ext. 8300<tel:270-651-2191%2C%20ext.%208300>
bprather@farmersrecc.com<mailto:bprather@farmersrecc.com><mailto:bprather@farmersrecc.com><mailto:bprather@farmersrecc.com>>

[<https://docs.google.com/uc?export=download&id=0BzskuyDgQ3NOVmZvOFRfZWNCbVE&revid=0BzskuyDgQ3NOaTdlYjYyR2RiS3FVVW9relZZL0oxL1NMK25FPQ>]

--

William T. Prather
President/CEO
Farmers Rural Electric Cooperative Corporation
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[270-651-2191](tel:270-651-2191), ext. 8300
bprather@farmersrecc.com<mailto:bprather@farmersrecc.com>

[<https://docs.google.com/uc?export=download&id=0BzskuyDgQ3NOVmZvOFRfZWNCbVE&revid=0BzskuyDgQ3NOaTdlYjYyR2RiS3FVVW9relZZL0oxL1NMK25FPQ>]

--

William T. Prather
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270-651-2191, ext. 8300
bprather@farmersrecc.com



A Touchstone Energy Cooperative 

Gwyn Willoughby

From: Jerry Carter <jerry@intercountyenergy.net>
Sent: Monday, February 19, 2018 3:46 PM
To: Tony Campbell
Subject: EKPC Board Resolution

Mr. Campbell,

Being as someone who is relatively new as a CEO, I have a couple of questions concerning the board resolution passed at the February EKPC Board meeting.

Since South Kentucky is using Morgan Stanley as a hedge while EKPC purchases the power from PJM, is this what EKPC is offering, to be the hedge? Or, is this the technical aspect of EKPC purchasing at PJM but we as a group or individually would have to find a third-party hedge provider?

I apologize for the simplistic questions.

Jerry W. Carter
President/CEO
Inter-County Energy
P.O. Box 87
Danville, KY 40423-0087
1-888-266-7322 (toll free), Extension 7831
859-936-7831 (direct)
859-236-3627 (fax)
859-324-2446 Cell



Gwyn Willoughby

From: Terri Combs
Sent: Monday, February 19, 2018 2:59 PM
To: A L Rosenberger ; Alan Ahrman - Owen; Barry Myers -- Taylor County; Bill Prather -- Farmers; Bobby Sexton--Big Sandy; Boris Haynes; Carol Fraley -- Grayson; Carol Wright - Jackson Energy; Chris Brewer - Clark Energy; Danny Wallen (dlwallen@icloud.com); Debbie Martin -- Shelby; Dennis Holt; Elbert Hampton; Jerry Carter; Jimmy Longmire -- Salt River; Jody Hughes; Joe Spalding, Inter-County Energy; Joni Hazelrigg; Ken Arrington -- Grayson; Kerry Howard -- Licking Valley; Landis Cornett; Mark Stallons -- Owen; Mickey Miller -- Nolin; Mike Williams -- Blue Grass; Paul Hawkins -- Farmers; Raymond Rucker; Ted Hampton; Ted Holbrook; Tim Eldridge; Tim Sharp - Salt River Electric; Wayne Stratton -- Shelby; William Shearer -- Clark
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Smart; David Crews
Subject: FW: Sending on Behalf of Tony Campbell re: Order from KY PSC

This email is confirmation that the PSC has told us that any Motion to Intervene shall be filed by February 23, 2018 and the PSC is issuing a corrective Order.

From: Terri Combs
Sent: Monday, February 19, 2018 1:52 PM
To: A L Rosenberger <buddyandcarol@bbtel.com>; Alan Ahrman - Owen <alanahrman@gmail.com>; Barry Myers -- Taylor County <bmyers@tcrecc.com>; Bill Prather -- Farmers <bprather@farmersrecc.com>; Bobby Sexton--Big Sandy <bsexton@bigsandyrecc.com>; Boris Haynes <borish@skrecc.com>; Carol Fraley -- Grayson <carol.fraley@graysonrecc.com>; Carol Wright - Jackson Energy <carolwright@jacksonenergy.com>; Chris Brewer - Clark Energy <cbrewer@clarkenergy.com>; Danny Wallen (dlwallen@icloud.com) <dlwallen@icloud.com>; Debbie Martin -- Shelby <debbiem@shelbyenergy.com>; Dennis Holt <dennish@skrecc.com>; Elbert Hampton <Ereedhampton@gmail.com>; Jerry Carter <jerry@intercountyenergy.net>; Jimmy Longmire -- Salt River <jlongmire94@icloud.com>; Jody Hughes <jodyh@bgenergy.com>; Joe Spalding, Inter-County Energy <spaldingfarm@windstream.net>; Joni Hazelrigg <jhazelrigg@fme.coop>; Ken Arrington -- Grayson <karringtonrecc@foothills.net>; Kerry Howard -- Licking Valley <kkhoward@lvrecc.com>; Landis Cornett <ekpc@landiscornett.com>; Mark Stallons -- Owen <mstallons@owenelectric.com>; Mickey Miller -- Nolin <mmiller@nolinrecc.com>; Mike Williams -- Blue Grass <mikew@bgenergy.com>; Paul Hawkins -- Farmers <paulcat@scrtc.com>; Raymond Rucker <lakeside47@yahoo.com>; Ted Hampton <ted.hampton@cumberlandvalley.coop>; Ted Holbrook <tedh@mrtc.com>; Tim Eldridge <timothy.eldridge@baldwincpas.com>; Tim Sharp - Salt River Electric <tjsharp@srelectric.com>; Wayne Stratton -- Shelby <wayne@jnmcpa.com>; William Shearer -- Clark <wpshearer@bellsouth.net>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; David Smart <david.smart@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Subject: Sending on Behalf of Tony Campbell re: Order from KY PSC

Sending on behalf of Tony Campbell:

The KY Public Service Commission issued an Order this afternoon establishing a procedural schedule for South Kentucky's Application Requesting Approval of a Long-Term Power Purchase and Sale Agreement with Morgan Stanley Capital Group, Inc., which I have attached. Paragraph 6 on Page 4 indicates that any Motion to Intervene shall be filed on February 20, 2018, while the Appendix states that "All requests for Intervention shall be filed by February 23, 2018". EKPC is in the process of verifying whether Motions are due either tomorrow or Friday and we will let you know as soon as we find out.

Regards,
Anthony "Tony" Campbell

President and CEO
Phone: 859-745-9313
Fax: 859-744-7053



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Gwyn Willoughby

From: Mike McNalley
Sent: Friday, February 16, 2018 2:28 PM
To: Isaac Scott
Subject: RE: Update
Attachments: SoKentuckyAmend3-2017 58MW Var Adj.xlsx

Here is my addition to your spreadsheet to see the changes.... I'll call you in a minute...

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

From: Isaac Scott
Sent: Friday, February 16, 2018 2:26 PM
To: Mike McNalley
Subject: RE: Update

Mike,
The reason the demand and energy for any Member is greater in the "before" section is because the spread of the demand and energy was across only 15 Members – South Kentucky was excluded because without a rate case it was assumed they wouldn't feel the effects. This could have been a bad assumption since it is a margin-related issue. The "after" spread the demand and energy across all 16 Members since a rate case had been assumed.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Friday, February 16, 2018 2:21 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Subject: RE: Update

So shouldn't the demand plus energy (Column E on the Summary tab) for any coop be greater in the "after" section than it is in the "before"? It seems to be the other way.

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

From: Isaac Scott
Sent: Friday, February 16, 2018 2:12 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: Update

Mike,
Sorry about the confusion. The "Before Rate Case" shows the drop in revenues due to South Kentucky's 58MW and potential impacts on all the Members for the FAC and surcharge. The "loss" of the demand and energy sections would be hits to our margins, since there hasn't been a rate case. The "After Rate Case" also starts with the drop in revenues due to the South Kentucky's 58MW with potential impacts on all the Members for the FAC and surcharge. It also assumes there has been a rate case to recover the "loss" of the demand and energy revenues from all the Members, including South Kentucky. The assumption of a rate case in the "After Rate Case" impacts the surcharge calculations as base revenues will have been changed for each Member.

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isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Friday, February 16, 2018 2:02 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Subject: RE: Update

Maybe I'm misunderstanding the spreadsheet and section labels. Is the "Before Rate Case" how things are today, or how they will be if SK revenue is dropped by the 58MW but we haven't yet run a rate case? Or something else? And then what is the "After Rate Case" scenario?

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

From: Isaac Scott
Sent: Friday, February 16, 2018 1:54 PM

To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: Update

Mike,
A little. I believe the reason that the demand and energy are lower in the "after" compared to the "before" is because none of the changes in demand and energy were spread to South Kentucky in the "before" section. This was an attempt to reflect that in order to recover the loss in demand and energy there would have to be a base rate case. The "before" section is prior to a rate case. In the "after" section, some of the reduction in demand and energy were spread to South Kentucky as well as the other Members because it was assumed there had been a rate case. That's about all I've come up with.

Isaac S. Scott
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859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Friday, February 16, 2018 1:42 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Subject: FW: Update

Isaac,

Have you had a chance to think about this issue?

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

From: Mike McNalley
Sent: Thursday, February 15, 2018 1:12 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>
Subject: RE: Update

Isaac,

I don't think this is working correctly – the before and after on the summary page for demand plus energy should show an increase for all systems except SKRECC, but it shows a decrease. I know you have the filings to get out so we can discuss in the morning.

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

From: Isaac Scott
Sent: Thursday, February 15, 2018 9:55 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>
Subject: RE: Update

Mike,
Attached is my attempt at a revision for the variable expense change we discussed yesterday for the 58MW analysis. I hope this is in the ballpark, at least conceptually. The calculation for the adjustment I performed on energy is shown on the Demand-Energy Alloc tabs, both Before and After. This adjustment did impact the surcharge calculations on the Surcharge After tab, as the energy amount did change. As for the other analysis you suggested, I'm still trying to get my head around it. One idea that is bouncing around in my head is to run the spreadsheet twice, once at 38.5MW and once at 19.5MW. But I don't know if looking at the results of those two spreadsheets together would capture what you were looking for. I'm sure we'll need to talk it through some more. Unfortunately, I do have to get the Members' surcharge pass-through factors out later today, so I really can't tackle the second analysis today.

Isaac S. Scott
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isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Wednesday, February 14, 2018 3:14 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Subject: Update

Isaac,

Remember this spreadsheet?

One assumption embedded in it is that the only variable cost is fuel – all other costs/revenue must be reallocated and recovered. However in reality I think about half of our total cost (including fuel) is variable, and would be avoided on the 58MW.

Is there any way to revise and update this at both the 58Mw level and also assuming SKRECC reduced their notice to 38.5 MW and the remaining 19.5MW was “absorbed” by EKPC (Becomes part of our cost, displacing lower cost energy)? Let me know how challenging this is, please!

Thanks,

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

1 SoKentuckyAmend3-2017 58MW Var Adj.xlsx
2 Estimated Effect of Amendment 3 Election using 2017 Actual Billings

3
4 **Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.**

5
6 **Actual Billing Information - December 2016 to November 2017**

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh					Days in Month	Calculated Overall Load Factor
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge	Total Billing		
December 2016	318,654	136,642,060	\$8,625,709	(\$534,275)	\$1,614,239	\$9,705,673	\$63.13	(\$3.91)	\$59.22	\$11.81	\$71.03	31	57.64%
January	369,429	128,653,435	\$8,543,212	(\$414,935)	\$1,375,301	\$9,503,578	\$66.40	(\$3.23)	\$63.17	\$10.69	\$73.86	31	46.81%
February	299,188	102,221,559	\$6,839,011	(\$405,227)	\$721,225	\$7,155,009	\$66.90	(\$3.96)	\$62.94	\$7.06	\$70.00	28	50.84%
March	307,956	108,841,661	\$7,214,288	(\$802,352)	\$786,104	\$7,198,040	\$66.26	(\$7.37)	\$58.91	\$7.22	\$66.13	31	47.50%
April	182,567	85,645,592	\$5,345,732	(\$415,147)	\$775,585	\$5,706,170	\$62.42	(\$4.85)	\$57.57	\$9.06	\$66.63	30	65.16%
May	193,943	91,076,403	\$5,759,714	(\$484,072)	\$612,453	\$6,088,095	\$63.24	(\$5.32)	\$57.92	\$8.92	\$66.84	31	63.12%
June	223,253	99,979,261	\$6,389,751	(\$503,627)	\$1,168,985	\$7,055,109	\$63.91	(\$5.04)	\$58.87	\$11.69	\$70.56	30	62.20%
July	248,069	118,121,139	\$7,445,705	(\$769,674)	\$1,210,364	\$7,886,395	\$63.03	(\$6.52)	\$56.51	\$10.25	\$66.76	31	64.00%
August	229,842	108,641,725	\$6,857,145	(\$574,720)	\$1,115,132	\$7,397,557	\$63.12	(\$5.29)	\$57.83	\$10.26	\$68.09	31	63.53%
September	196,183	90,491,676	\$5,528,857	(\$633,995)	\$777,795	\$5,672,657	\$61.10	(\$7.01)	\$54.09	\$8.60	\$62.69	30	64.06%
October	242,393	92,870,513	\$5,824,776	(\$246,721)	\$977,832	\$6,555,887	\$62.72	(\$2.66)	\$60.06	\$10.53	\$70.59	31	51.50%
November	275,950	105,154,553	\$6,587,296	(\$342,493)	\$1,260,809	\$7,525,612	\$62.64	(\$3.26)	\$59.38	\$12.18	\$71.56	30	52.93%
Totals to Date	3,087,427	1,268,339,577	\$80,961,196	(\$6,127,238)	\$12,615,824	\$87,449,782	\$63.83	(\$4.83)	\$59.00	\$9.95	\$68.95	30.42	56.27%

39 **Recalculated 2016-2017 Billing - Excluding 58 MW from Amendment 3**

Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh					Days in Month	Calculated Overall Load Factor
			Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge	Total Billing		
December 2016	260,654	93,490,060	\$6,197,067	(\$365,119)	\$1,163,472	\$6,995,420	\$66.29	(\$3.91)	\$62.38	\$12.44	\$74.82	31	48.21%
January	311,429	85,501,435	\$6,114,570	(\$275,554)	\$987,958	\$6,826,974	\$71.51	(\$3.22)	\$68.29	\$11.55	\$79.84	31	36.90%
February	241,188	63,245,559	\$4,611,609	(\$250,103)	\$488,923	\$4,850,429	\$72.92	(\$3.95)	\$68.97	\$7.73	\$76.70	28	39.02%
March	249,956	65,689,661	\$4,785,646	(\$483,459)	\$527,449	\$4,829,636	\$72.85	(\$7.36)	\$65.49	\$8.03	\$73.52	31	35.32%
April	124,567	43,885,592	\$2,984,170	(\$212,193)	\$436,036	\$3,208,013	\$68.00	(\$4.84)	\$63.16	\$9.94	\$73.10	30	48.93%
May	135,943	47,924,403	\$3,299,709	(\$254,503)	\$468,966	\$3,514,172	\$68.85	(\$5.31)	\$63.54	\$9.79	\$73.33	31	47.38%
June	165,253	58,219,261	\$3,997,837	(\$292,739)	\$735,833	\$4,440,931	\$68.67	(\$5.03)	\$63.64	\$12.64	\$76.28	30	48.93%
July	190,069	74,969,139	\$4,985,700	(\$487,891)	\$615,452	\$5,313,261	\$66.50	(\$6.51)	\$59.99	\$10.88	\$70.87	31	53.01%
August	171,842	65,489,725	\$4,397,140	(\$346,014)	\$719,076	\$4,770,202	\$67.14	(\$5.28)	\$61.86	\$10.98	\$72.84	31	51.22%
September	136,183	48,731,676	\$3,236,333	(\$340,005)	\$460,228	\$3,356,556	\$66.41	(\$6.98)	\$59.43	\$9.44	\$68.87	30	48.98%
October	184,393	49,718,513	\$3,498,836	(\$131,505)	\$590,292	\$3,957,623	\$70.37	(\$2.64)	\$67.73	\$11.87	\$79.60	31	36.24%
November	217,950	63,394,553	\$4,325,123	(\$205,520)	\$844,930	\$4,964,533	\$68.23	(\$3.24)	\$64.99	\$13.33	\$78.32	30	40.40%
Totals to Date	2,391,427	760,259,577	\$52,433,740	(\$3,644,605)	\$8,238,615	\$57,027,750	\$68.97	(\$4.79)	\$64.18	\$10.84	\$75.02	30.42	43.54%

72 **Units/Dollar and Percentage Change - Recalculated versus Actual**

74 75 76	Month	Total kW	Total kWh	Billed Revenues from				Mills per kWh				Calculated Over- all Load Factor	
				Base Rates	FAC	Surcharge	Total Billing	Base Rates	FAC	Base Rate & FAC	Surcharge		Total Billing
77	December 2016	(58,000)	(43,152,000)	(\$2,428,642)	\$169,156	(\$450,767)	(\$2,710,253)	\$3.16	\$0.00	\$3.16	\$0.63	\$3.79	-9.43%
78		-18.2016%	-31.5803%	-28.1559%	-31.6608%	-27.9244%	-27.9244%	5.0055%	0.0000%	5.3360%	5.3345%	5.3358%	-16.3602%
79													
80	January	(58,000)	(43,152,000)	(\$2,428,642)	\$139,381	(\$387,343)	(\$2,676,604)	\$5.11	\$0.01	\$5.12	\$0.86	\$5.98	-9.91%
81		-15.6999%	-33.5413%	-28.4277%	-33.5910%	-28.1642%	-28.1642%	7.6958%	-0.3096%	8.1051%	8.0449%	8.0964%	-21.1707%
82													
83	February	(58,000)	(38,976,000)	(\$2,227,402)	\$155,124	(\$232,302)	(\$2,304,580)	\$6.02	\$0.01	\$6.03	\$0.67	\$6.70	-11.82%
84		-19.3858%	-38.1289%	-32.5691%	-38.2808%	-32.2094%	-32.2093%	8.9985%	-0.2525%	9.5806%	9.4901%	9.5714%	-23.2494%
85													
86	March	(58,000)	(43,152,000)	(\$2,428,642)	\$318,893	(\$258,655)	(\$2,368,404)	\$6.57	\$0.01	\$6.58	\$0.81	\$7.39	-12.18%
87		-18.8339%	-39.6466%	-33.6643%	-39.7448%	-32.9034%	-32.9035%	9.9125%	-0.1357%	11.1696%	11.2188%	11.1750%	-25.6421%
88													
89	April	(58,000)	(41,760,000)	(\$2,361,562)	\$202,954	(\$339,549)	(\$2,498,157)	\$5.58	\$0.01	\$5.59	\$0.88	\$6.47	-16.23%
90		-31.7692%	-48.7591%	-44.1766%	-48.8873%	-43.7797%	-43.7799%	8.9394%	-0.2062%	9.7099%	9.7130%	9.7103%	-24.9079%
91													
92	May	(58,000)	(43,152,000)	(\$2,460,005)	\$229,569	(\$343,487)	(\$2,573,923)	\$5.61	\$0.01	\$5.62	\$0.87	\$6.49	-15.74%
93		-29.9057%	-47.3800%	-42.7105%	-47.4246%	-42.2778%	-42.2780%	8.8710%	-0.1880%	9.7030%	9.7534%	9.7098%	-24.9366%
94													
95	June	(58,000)	(41,760,000)	(\$2,391,914)	\$210,888	(\$433,152)	(\$2,614,178)	\$4.76	\$0.01	\$4.77	\$0.95	\$5.72	-13.27%
96		-25.9795%	-41.7687%	-37.4336%	-41.8738%	-37.0537%	-37.0537%	7.4480%	-0.1984%	8.1026%	8.1268%	8.1066%	-21.3344%
97													
98	July	(58,000)	(43,152,000)	(\$2,460,005)	\$281,783	(\$394,912)	(\$2,573,134)	\$3.47	\$0.01	\$3.48	\$0.63	\$4.11	-10.99%
99		-23.3806%	-36.5320%	-33.0392%	-36.6107%	-32.6275%	-32.6275%	5.5053%	-0.1534%	6.1582%	6.1463%	6.1564%	-17.1719%
100													
101	August	(58,000)	(43,152,000)	(\$2,460,005)	\$228,706	(\$396,056)	(\$2,627,355)	\$4.02	\$0.01	\$4.03	\$0.72	\$4.75	-12.31%
102		-25.2347%	-39.7195%	-35.8751%	-39.7943%	-35.5165%	-35.5165%	6.3688%	-0.1890%	6.9687%	7.0175%	6.9761%	-19.3767%
103													
104	September	(58,000)	(41,760,000)	(\$2,292,524)	\$293,990	(\$317,567)	(\$2,316,101)	\$5.31	\$0.03	\$5.34	\$0.84	\$6.18	-15.08%
105		-29.5642%	-46.1479%	-41.4647%	-46.3710%	-40.8291%	-40.8292%	8.6907%	-0.4280%	9.8724%	9.7674%	9.8580%	-23.5404%
106													
107	October	(58,000)	(43,152,000)	(\$2,325,940)	\$115,216	(\$387,540)	(\$2,598,264)	\$7.65	\$0.02	\$7.67	\$1.34	\$9.01	-15.26%
108		-23.9281%	-46.4647%	-39.9318%	-46.6969%	-39.6326%	-39.6325%	12.1971%	-0.7519%	12.7706%	12.7255%	12.7638%	-29.6311%
109													
110	November	(58,000)	(41,760,000)	(\$2,262,173)	\$136,973	(\$435,879)	(\$2,561,079)	\$5.59	\$0.02	\$5.61	\$1.15	\$6.76	-12.53%
111		-21.0183%	-39.7130%	-34.3415%	-39.9929%	-34.0315%	-34.0315%	8.9240%	-0.6135%	9.4478%	9.4417%	9.4466%	-23.6728%
112													
113	Totals to Date	(696,000)	(508,080,000)	(\$28,527,456)	\$2,482,633	(\$4,377,209)	(\$30,422,032)	\$5.14	\$0.04	\$5.18	\$0.89	\$6.07	-12.73%
114		-22.5430%	-40.0587%	-35.2360%	-40.5180%	-34.6962%	-34.7880%	8.0526%	-0.8282%	8.7797%	8.9447%	8.8035%	-22.6231%
115													
116													

Rounding

1 SoKentuckyAmend3-2017 58MW Var Adj.xlsx
2 Calculation of Bill Impact of 36.6 MW under Amendment 3

3
4 **Note: This calculation shows the value of the load reduction based on rates actually charged to South Kentucky during the analysis period.**

5
6 Assumptions: 100% load factor for purchase
7 Amendment 3 purchase offsets Rate E load only
8 On-Peak/Off-Peak Mix:
9 Oct - Apr
10 On-Peak 41.67%
11 Off-Peak 58.33%
12 May - Sep
13 On-Peak 50.00%
14 Off-Peak 50.00%
15

Month	Days in Month	Demand (kW)	Energy			Rates and Factors				Pricing of Billing Components								
			Total (kWh)	On-Peak (kWh)	Off-Peak (kWh)	Demand	On-Peak Energy	Off-Peak Energy	FAC	Surcharge	Demand	On-Peak Energy	Off-Peak Energy	Total Base Rate	FAC	Subtotal	Surcharge	Total Billing
December 2016	31	58,000	43,152,000	17,981,438	25,170,562	\$6.02	\$0.053279	\$0.044554	(\$0.003920)	19.95%	\$349,160	\$958,033	\$1,121,449	\$2,428,642	(\$169,156)	\$2,259,486	\$450,767	\$2,710,253
January	31	58,000	43,152,000	17,981,438	25,170,562	\$6.02	\$0.053279	\$0.044554	(\$0.003230)	16.02%	\$349,160	\$958,033	\$1,121,449	\$2,428,642	(\$138,361)	\$2,289,261	\$387,343	\$2,676,604
February	28	58,000	38,976,000	16,241,299	22,734,701	\$6.02	\$0.053279	\$0.044554	(\$0.003980)	11.21%	\$349,160	\$865,320	\$1,012,922	\$2,227,402	(\$155,124)	\$2,072,278	\$232,302	\$2,304,580
March	31	58,000	43,152,000	17,981,438	25,170,562	\$6.02	\$0.053279	\$0.044554	(\$0.007390)	12.26%	\$349,160	\$958,033	\$1,121,449	\$2,428,642	(\$318,883)	\$2,109,749	\$258,655	\$2,368,404
April	30	58,000	41,760,000	17,401,392	24,358,608	\$6.02	\$0.053279	\$0.044554	(\$0.004860)	15.73%	\$349,160	\$927,129	\$1,085,273	\$2,361,562	(\$202,954)	\$2,158,608	\$339,549	\$2,498,157
May	31	58,000	43,152,000	21,576,000	21,576,000	\$6.02	\$0.053279	\$0.044554	(\$0.005320)	15.40%	\$349,160	\$1,149,548	\$961,297	\$2,460,005	(\$229,569)	\$2,230,436	\$343,487	\$2,573,923
June	30	58,000	41,760,000	20,880,000	20,880,000	\$6.02	\$0.053279	\$0.044554	(\$0.005050)	19.86%	\$349,160	\$1,112,466	\$930,288	\$2,381,914	(\$210,888)	\$2,181,026	\$433,152	\$2,614,178
July	31	58,000	43,152,000	21,576,000	21,576,000	\$6.02	\$0.053279	\$0.044554	(\$0.006530)	19.13%	\$349,160	\$1,149,548	\$961,297	\$2,460,005	(\$281,783)	\$2,178,222	\$394,912	\$2,573,134
August	31	58,000	43,152,000	21,576,000	21,576,000	\$6.02	\$0.053279	\$0.044554	(\$0.005300)	17.75%	\$349,160	\$1,149,548	\$961,297	\$2,460,005	(\$228,706)	\$2,231,299	\$396,056	\$2,627,355
September	30	58,000	41,760,000	20,880,000	20,880,000	\$6.02	\$0.050899	\$0.042174	(\$0.007040)	15.89%	\$349,160	\$1,062,771	\$880,595	\$2,292,524	(\$293,990)	\$1,998,534	\$317,567	\$2,316,101
October	31	58,000	43,152,000	17,981,438	25,170,562	\$6.02	\$0.050899	\$0.042174	(\$0.002670)	17.53%	\$349,160	\$915,237	\$1,061,543	\$2,325,940	(\$115,216)	\$2,210,724	\$387,540	\$2,598,264
November	30	58,000	41,760,000	17,401,392	24,358,608	\$6.02	\$0.050899	\$0.042174	(\$0.003280)	20.61%	\$349,160	\$885,713	\$1,027,300	\$2,262,173	(\$136,973)	\$2,125,200	\$435,879	\$2,561,079
Totals to Date		696,000	508,080,000	229,457,835	278,622,165						\$4,189,920	\$12,091,379	\$12,246,157	\$28,527,456	(\$2,482,633)	\$26,044,823	\$4,377,209	\$30,422,032

1 Substantively revised 2017 SMM
2 Recalculation of FAC Factor is 0
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4 Note: This recalculation reflects
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6 Recalculated FAC Factors
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9 Expense
10 Month
11 November 2016
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13 December
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15 January
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17 February
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19 March
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21 April
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23 May
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25 June
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27 July
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29 August
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31 September
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33 October
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35 Totals
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37 Note: South Kentucky Coal Road
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Month	Components	2016 Amount	2017 Amount	Actual - 2016 Expense	Actual - 2016 Expense	Actual - 2016 Expense
41	December 2016					
42	Blended FAC	(\$10,870)	(\$4,384,186)	(\$4,254,788)	Adjusted With Sales	\$3,142,350
43	Blended WWh Sales	49,347,812			FAC at Actual Billing Rate	\$285,120
44	Recalculated FAC Factor	(80.0034)	(\$180,204)	(\$184,240)	FAC at Recalculated Rate	(\$79,045)
45	Recalculated FAC Amount				Change due to Recalculation	\$20,283
46	Change in FAC		\$13,519	\$3,917		
47	January					
48	Blended FAC	(\$19,213)	(\$3,448,871)	(\$3,248,875)	Adjusted With Sales	\$3,212,314
49	Blended WWh Sales	48,127,038			FAC at Actual Billing Rate	(\$75,564)
50	Recalculated FAC Factor	(26.0021)	(\$148,269)	(\$143,241)	FAC at Recalculated Rate	(\$73,448)
51	Recalculated FAC Amount				Change due to Recalculation	\$1,738
52	Change in FAC		\$854	\$21,334		
53	February					
54	Blended FAC	(\$145,064)	(\$3,412,437)	(\$3,147,457)	Adjusted With Sales	\$3,482,214
55	Blended WWh Sales	39,432,710			FAC at Actual Billing Rate	(\$36,156)
56	Recalculated FAC Factor	(\$1.0028)	(\$12,086)	(\$1,200,281)	FAC at Recalculated Rate	(\$30,788)
57	Recalculated FAC Amount				Change due to Recalculation	\$3,389
58	Change in FAC		\$2,160	\$1,488		
59	March					
60	Blended FAC	(\$20,471)	(\$8,961,019)	(\$8,981,818)	Adjusted With Sales	\$3,721,439
61	Blended WWh Sales	39,294,315			FAC at Actual Billing Rate	(\$48,453)
62	Recalculated FAC Factor	(88.00724)	(\$27,880)	(\$6,780,843)	FAC at Recalculated Rate	(\$473,844)
63	Recalculated FAC Amount				Change due to Recalculation	\$8,813
64	Change in FAC		\$2,722	\$140,870		
65	April					
66	Blended FAC	(\$149,225)	(\$2,740,211)	(\$2,348,211)	Adjusted With Sales	\$3,892,722
67	Blended WWh Sales	30,700,872			FAC at Actual Billing Rate	(\$712,161)
68	Recalculated FAC Factor	(33.0047)	(\$143,373)	(\$1,584,086)	FAC at Recalculated Rate	(\$523,864)
69	Recalculated FAC Amount				Change due to Recalculation	\$8,296
70	Change in FAC		\$5,833	\$116,221		
71	May					
72	Blended FAC	(\$177,888)	(\$4,385,262)	(\$4,204,900)	Adjusted With Sales	\$7,129,480
73	Blended WWh Sales	33,294,628			FAC at Actual Billing Rate	(\$24,129)
74	Recalculated FAC Factor	(86.0042)	(\$194,628)	(\$4,076,064)	FAC at Recalculated Rate	(\$238,845)
75	Recalculated FAC Amount				Change due to Recalculation	\$18,887
76	Change in FAC		\$13,024	\$322,439		
77	June					
78	Blended FAC	(\$184,732)	(\$4,838,086)	(\$4,125,083)	Adjusted With Sales	\$7,367,700
79	Blended WWh Sales	37,722,026			FAC at Actual Billing Rate	(\$382,771)
80	Recalculated FAC Factor	(\$1.00411)	(\$176,026)	(\$4,224,060)	FAC at Recalculated Rate	(\$273,233)
81	Recalculated FAC Amount				Change due to Recalculation	\$19,709
82	Change in FAC		\$12,707	\$304,323		
83	July					
84	Blended FAC	(\$288,838)	(\$8,867,194)	(\$8,857,184)	Adjusted With Sales	74,712,827
85	Blended WWh Sales	42,324,824			FAC at Actual Billing Rate	(\$487,893)
86	Recalculated FAC Factor	(80.0062)	(\$287,336)	(\$8,482,047)	FAC at Recalculated Rate	(\$473,820)
87	Recalculated FAC Amount				Change due to Recalculation	\$14,915
88	Change in FAC		\$8,078	\$285,111		
89	August					
90	Blended FAC	(\$213,888)	(\$8,021,752)	(\$8,127,722)	Adjusted With Sales	\$5,390,881
91	Blended WWh Sales	42,171,074			FAC at Actual Billing Rate	(\$246,614)
92	Recalculated FAC Factor	78.00830	(\$206,820)	(\$4,235,920)	FAC at Recalculated Rate	(\$229,452)
93	Recalculated FAC Amount				Change due to Recalculation	\$8,378
94	Change in FAC		\$4,036	(\$4,746)		
95	September					
96	Blended FAC	(\$254,887)	(\$5,205,210)	(\$5,085,613)	Adjusted With Sales	\$4,192,884
97	Blended WWh Sales	33,325,448			FAC at Actual Billing Rate	(\$246,922)
98	Recalculated FAC Factor	(89.00887)	(\$226,828)	(\$5,129,070)	FAC at Recalculated Rate	(\$231,750)
99	Recalculated FAC Amount				Change due to Recalculation	\$8,210
100	Change in FAC		\$5,468	\$127,208		
101	October					
102	Blended FAC	(\$89,438)	(\$2,192,494)	(\$2,182,884)	Adjusted With Sales	\$5,251,212
103	Blended WWh Sales	33,498,895			FAC at Actual Billing Rate	(\$171,501)
104	Recalculated FAC Factor	(88.0022)	(\$74,303)	(\$1,889,479)	FAC at Recalculated Rate	(\$115,248)
105	Recalculated FAC Amount				Change due to Recalculation	\$18,283
106	Change in FAC		\$11,603	\$282,881		
107	November 2017					
108	Blended FAC	(\$128,128)	(\$2,822,480)	(\$8,026,888)	Adjusted With Sales	\$2,038,778
109	Blended WWh Sales	31,450,730			FAC at Actual Billing Rate	(\$205,029)
110	Recalculated FAC Factor	(\$6.00220)	(\$112,278)	(\$2,805,280)	FAC at Recalculated Rate	(\$192,868)
111	Recalculated FAC Amount				Change due to Recalculation	\$23,584
112	Change in FAC		\$13,844	\$321,201		
113	Total Change in FAC		\$87,021	\$2,319,782	Total Change due to Recalculation	\$156,122
114	Total Blended FAC	(\$2,247,806)	(\$23,215,589)	(\$22,215,588)	Total FAC at Actual Billing Rate	(\$5,750,046)
115	Total Recalculated FAC		(\$2,160,217)	(\$20,868,827)	Total FAC at Recalculated Rate	(\$5,382,336)
116	Percentage Change		-4.242%		Percentage Change	-4.216%
117	99% change to reflect reduction in calculation			\$2,482,853		
118				\$128,128		
119				\$2,319,782		

1 SKKentuckyAmm0-2017 10MW Var Adt.xlsx
2 Allocation of Demand and Energy Revenue from South Kentucky Purchase
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4 Allocation will be based on Rate & Demand (in kW) and Energy (in kWh). See River Totals added for generator credit.
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Month	South Kentucky Allocation	Big Sandy	Blue Creek	Coke	Cumberland Valley	Farmers	Fleming-Scott	Gilson	Henry County	Jackson	Letcher Valley	Meigs	Owen	Putnam	Randolph	Taylor County	Watauga	Titons	Percentage Adjustment to Energy	
December 2016																				
12 Demand kW	51,893	259,882	105,521	94,906	100,826	101,209	50,654	107,339	9,028	185,063	57,690	157,519	212,540	227,300	75,195	108,521	1,903,728	220,530	2,134,257	
12 Demand Percentage	12.14%	61.20%	25.21%	22.71%	23.71%	23.71%	23.71%	23.71%	2.17%	42.68%	13.62%	37.00%	50.00%	55.00%	18.00%	26.00%	420.00%	50.00%	50.00%	
12 Energy kWh	33,946,645	113,599,770	47,585,118	47,585,118	40,453,205	48,843,758	23,707,171	46,812,650	91,308,878	27,148,485	60,330,740	106,067,312	104,401,173	35,280,432	47,269,510	872,787,874	71,071,511	562,741,565	533,258,033	
12 Energy Percentage	15.16%	51.41%	21.52%	21.52%	18.25%	21.52%	10.52%	20.52%	40.52%	12.52%	27.52%	47.52%	46.52%	15.52%	21.52%	39.52%	630.52%	100.00%	100.00%	
12 Allocated Demand \$	\$346,160	\$8,488	\$42,517	\$17,262	\$19,027	\$18,444	\$9,328	\$19,566	\$38,112	\$11,556	\$23,112	\$46,224	\$45,712	\$15,238	\$20,318	\$381,444	\$37,112	\$371,326	\$346,160	
12 Allocated Energy \$	\$508,436	\$32,848	\$108,361	\$45,306	\$45,006	\$44,319	\$22,170	\$44,651	\$88,302	\$27,502	\$56,224	\$112,448	\$111,424	\$36,716	\$50,882	\$923,548	\$76,224	\$546,324	\$508,436	
12 Percentage Adjustment																			43.705%	
12 Month O&M Expenses																				\$66,148,504
12 Month Fuel Expense																				\$28,238,828
12 Total																				\$33,287,332
12 Cost of Electric Service																				\$89,395,636
12 Percentage Adjustment																				43.705%
12 Month O&M Expenses																				\$54,212,851
12 Month Fuel Expense																				\$18,282,786
12 Total																				\$33,295,637
12 Cost of Electric Service																				\$73,125,736
12 Percentage Adjustment																				48.802%
12 Month O&M Expenses																				\$44,983,930
12 Month Fuel Expense																				\$13,272,220
12 Total																				\$33,011,700
12 Cost of Electric Service																				\$63,114,136
12 Percentage Adjustment																				48.802%
12 Month O&M Expenses																				\$44,983,930
12 Month Fuel Expense																				\$13,272,220
12 Total																				\$33,011,700
12 Cost of Electric Service																				\$63,114,136
12 Percentage Adjustment																				48.802%

1 | SoKentuckyAmend3 2017 58MW Var Ad.xlsx
 2 | Allocation of Demand and Energy Revenues from South Kentucky Purchase
 3 |
 4 | Allocation will be based on Rate E Demand (in kWh) and Energy (in kWh). Set River rates adjusted for generation credit.
 5 |
 6 | **"After Rate Case" Scenario**
 7 |
 8 |

	South Kentucky Allocation	Big Sandy	Blue Grass	Cook	Cumberland Valley	Farrar's	Fleming-Mason	Gilman	High County	Jackson	Letcher Valley	North	Owen	Robt. Byrd	Shelby	Taylor County	Watauga	West Kentucky	Totals	Percentage Adjustment to Energy	
T23	Allocated Energy \$:	\$12,265,577	\$383,294	\$1,452,593	\$604,168	\$620,000	\$632,482	\$611,671	\$319,829	\$558,331	\$1,129,652	\$350,637	\$846,640	\$1,471,008	\$1,478,472	\$461,854	\$623,166	\$11,454,746	\$819,830	\$12,265,577	
T24																					
T25																			Total:		\$16,456,504
																			Change in South Kentucky Billing:		\$28,027,458

1 SoKentuckyAmend3-2017 58MW Var Adj.xlsx
2 Summary of Detailed Calculations

5 "Before Rate Case" Scenario - Annual Impacts

Member	Potential Pressure on Margins			Change in FAC	Change in Environ. Surch.	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
Big Sandy	\$113,193	\$324,798	\$437,991	\$46,082	\$77,186	3.101%	-4.353%	3.518%	\$13,064,875	(\$1,058,726)	\$14,123,601
Blue Grass	\$555,965	\$1,555,637	\$2,111,602	\$280,831	\$440,167	2.559%	-4.337%	3.437%	\$76,038,336	(\$6,474,712)	\$82,513,048
Clark	\$225,215	\$647,062	\$872,277	\$89,274	\$144,064	3.159%	-4.347%	3.344%	\$25,557,549	(\$2,053,477)	\$27,611,026
Cumberland Valley	\$221,250	\$663,890	\$885,140	\$91,450	\$144,802	3.192%	-4.364%	3.360%	\$25,630,914	(\$2,095,353)	\$27,726,267
Farmers	\$223,320	\$677,103	\$900,423	\$102,369	\$153,333	2.861%	-4.170%	3.120%	\$29,021,488	(\$2,455,141)	\$31,476,629
Fleming-Mason	\$217,766	\$655,049	\$872,815	\$224,498	\$727,589	1.339%	-4.383%	7.494%	\$60,059,026	(\$5,122,282)	\$65,181,308
Grayson	\$112,726	\$332,854	\$445,580	\$52,700	\$82,815	2.810%	-4.360%	3.357%	\$14,645,794	(\$1,208,636)	\$15,854,430
Inter-County	\$220,994	\$598,126	\$819,120	\$96,872	\$154,752	2.763%	-4.346%	3.348%	\$27,421,220	(\$2,228,897)	\$29,650,117
Jackson	\$426,858	\$1,209,953	\$1,636,811	\$181,868	\$289,654	2.950%	-4.358%	3.354%	\$51,306,719	(\$4,173,510)	\$55,480,229
Licking Valley	\$125,143	\$375,487	\$500,630	\$51,735	\$82,031	3.187%	-4.361%	3.355%	\$14,523,387	(\$1,186,232)	\$15,709,619
Nolin	\$322,621	\$906,572	\$1,229,193	\$160,769	\$245,455	2.620%	-4.356%	3.364%	\$43,222,864	(\$3,687,923)	\$46,910,787
Owen	\$504,261	\$1,574,721	\$2,078,982	\$487,471	\$512,354	1.733%	-4.361%	2.776%	\$108,792,867	(\$11,178,662)	\$119,971,529
Salt River	\$526,167	\$1,582,493	\$2,108,660	\$249,030	\$380,930	2.892%	-4.360%	3.351%	\$67,199,144	(\$5,711,082)	\$72,910,226
Shelby	\$164,883	\$494,566	\$659,449	\$106,192	\$159,085	2.179%	-4.364%	3.392%	\$27,829,355	(\$2,433,118)	\$30,262,473
Taylor County	\$229,577	\$667,270	\$896,847	\$97,621	\$417,456	2.742%	-4.343%	6.523%	\$30,460,542	(\$2,247,838)	\$32,708,380
Totals	\$4,189,939	\$12,265,581	\$16,455,520	\$2,318,762	\$4,011,673	2.463%	-4.349%	3.890%	\$614,774,080	(\$53,315,589)	\$668,089,669
South Kentucky: Initial Bill Reduction	\$4,189,920	\$24,337,536	\$28,527,456	(\$2,482,633)	\$4,377,209						
Share of FAC and Surcharge	\$0	\$0	\$0	\$158,122	\$362,210						
Net Effect	<u>\$4,189,920</u>	<u>\$24,337,536</u>	<u>\$28,527,456</u>	<u>(\$2,324,511)</u>	<u>\$4,014,009</u>						

50 "After Rate Case" Scenario - Annual Impacts

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Percentage Change from Actual			Actual Revenues		
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only
Big Sandy	\$102,397	\$303,254	\$405,651	\$46,082	\$95,747	2.872%	-4.353%	4.364%	\$13,064,875	(\$1,058,726)	\$14,123,601
Blue Grass	\$503,216	\$1,452,593	\$1,955,809	\$280,831	\$481,054	2.370%	-4.337%	3.756%	\$76,038,336	(\$6,474,712)	\$82,513,048
Clark	\$203,808	\$604,168	\$807,976	\$89,274	\$183,080	2.926%	-4.347%	4.250%	\$25,557,549	(\$2,053,477)	\$27,611,026
Cumberland Valley	\$200,194	\$620,009	\$820,203	\$91,450	\$185,245	2.958%	-4.364%	4.299%	\$25,630,914	(\$2,095,353)	\$27,726,267
Farmers	\$202,271	\$632,462	\$834,733	\$102,369	\$184,194	2.852%	-4.170%	3.748%	\$29,021,488	(\$2,455,141)	\$31,476,629
Fleming-Mason	\$197,139	\$611,671	\$808,810	\$224,498	\$635,499	1.241%	-4.383%	6.545%	\$60,059,026	(\$5,122,282)	\$65,181,308
Grayson	\$102,063	\$310,829	\$412,892	\$52,700	\$96,667	2.604%	-4.360%	3.918%	\$14,645,794	(\$1,208,636)	\$15,854,430
Inter-County	\$199,862	\$558,331	\$758,193	\$96,872	\$178,417	2.557%	-4.346%	3.860%	\$27,421,220	(\$2,228,897)	\$29,650,117
Jackson	\$386,077	\$1,129,652	\$1,515,729	\$181,868	\$349,700	2.732%	-4.358%	4.050%	\$51,306,719	(\$4,173,510)	\$55,480,229

72	Licking Valley	\$113,283	\$350,637	\$463,920	\$51,735	\$104,909	2.953%	-4.361%	4.290%	\$14,523,387	(\$1,186,232)	\$15,709,619
73												
74	Nolin	\$292,006	\$646,640	\$1,138,646	\$160,769	\$273,610	2.427%	-4.359%	3.750%	\$43,222,864	(\$3,687,923)	\$46,910,787
75												
76	Owen	\$457,379	\$1,471,006	\$1,928,387	\$487,471	\$424,342	1.607%	-4.361%	2.299%	\$108,792,867	(\$11,178,662)	\$119,971,529
77												
78	Salt River	\$476,948	\$1,478,472	\$1,955,420	\$249,030	\$456,312	2.682%	-4.360%	4.014%	\$67,199,144	(\$5,711,082)	\$72,910,226
79												
80	Shelby	\$149,360	\$461,854	\$611,214	\$106,192	\$156,439	2.020%	-4.364%	3.336%	\$27,829,355	(\$2,433,118)	\$30,262,473
81												
82	Taylor County	\$207,758	\$623,166	\$830,924	\$97,621	\$442,134	2.540%	-4.343%	9.027%	\$30,460,542	(\$2,247,838)	\$32,708,380
83												
84	Totals	\$3,793,761	\$11,454,746	\$15,248,507	\$2,318,762	\$4,247,349	2.282%	-4.349%	4.119%	\$614,774,080	(\$53,315,589)	\$668,089,669
85												
86	South Kentucky:											
87	Initial Bill Reduction	\$4,189,920	\$24,337,536	\$28,527,456	(\$2,482,633)	\$4,377,209						
88	Share of Base Rates,											
89	FAC, and Surcharge	\$396,167	\$810,830	\$1,206,997	\$158,122	\$130,401						
90	Net Effect	\$3,793,753	\$23,526,706	\$27,320,459	(\$2,324,511)	\$4,246,808						
91												
92												

Differences (After - Before)

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Percentage Change from Actual			Actual Revenues			
	Demand	Energy	Total			Base Revenues	FAC	Surcharge	Base & FAC	FAC	Base Only	
98	Big Sandy	(\$10,796)	(\$21,544)	(\$32,340)	\$0	\$18,561	-0.229%	0.000%	0.846%	\$0	\$0	\$0
99												
100	Blue Grass	(\$52,749)	(\$103,044)	(\$155,793)	\$0	\$40,887	-0.189%	0.000%	0.319%	\$0	\$0	\$0
101												
102	Clark	(\$21,407)	(\$42,894)	(\$64,301)	\$0	\$39,016	-0.233%	0.000%	0.906%	\$0	\$0	\$0
103												
104	Cumberland Valley	(\$21,056)	(\$43,881)	(\$64,937)	\$0	\$40,443	-0.234%	0.000%	0.939%	\$0	\$0	\$0
105												
106	Farmers	(\$21,049)	(\$44,641)	(\$65,690)	\$0	\$30,861	-0.209%	0.000%	0.628%	\$0	\$0	\$0
107												
108	Fleming-Mason	(\$20,627)	(\$43,378)	(\$64,005)	\$0	(\$92,090)	-0.098%	0.000%	-0.949%	\$0	\$0	\$0
109												
110	Grayson	(\$10,663)	(\$22,025)	(\$32,688)	\$0	\$13,852	-0.206%	0.000%	0.561%	\$0	\$0	\$0
111												
112	Inter-County	(\$21,132)	(\$39,795)	(\$60,927)	\$0	\$23,665	-0.206%	0.000%	0.512%	\$0	\$0	\$0
113												
114	Jackson	(\$40,781)	(\$80,301)	(\$121,082)	\$0	\$60,046	-0.218%	0.000%	0.696%	\$0	\$0	\$0
115												
116	Licking Valley	(\$11,860)	(\$24,850)	(\$36,710)	\$0	\$22,878	-0.234%	0.000%	0.935%	\$0	\$0	\$0
117												
118	Nolin	(\$30,615)	(\$59,932)	(\$90,547)	\$0	\$28,155	-0.193%	0.000%	0.386%	\$0	\$0	\$0
119												
120	Owen	(\$46,882)	(\$103,713)	(\$150,595)	\$0	(\$88,012)	-0.126%	0.000%	-0.477%	\$0	\$0	\$0
121												
122	Salt River	(\$49,219)	(\$104,021)	(\$153,240)	\$0	\$75,382	-0.210%	0.000%	0.663%	\$0	\$0	\$0
123												
124	Shelby	(\$15,523)	(\$32,712)	(\$48,235)	\$0	(\$2,646)	-0.159%	0.000%	-0.056%	\$0	\$0	\$0
125												
126	Taylor County	(\$21,819)	(\$44,104)	(\$65,923)	\$0	\$24,678	-0.202%	0.000%	0.504%	\$0	\$0	\$0
127												
	Totals	(\$396,178)	(\$810,835)	(\$1,207,013)	\$0	\$235,676	-0.181%	0.000%	0.229%	\$0	\$0	\$0
	South Kentucky:	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	0.000%	\$0	\$0	\$0
	Initial Bill Reduction	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	0.000%	\$0	\$0	\$0
	Share of Base Rates,	\$0	\$0	\$0	\$0	\$0	0.000%	0.000%	0.000%	\$0	\$0	\$0
	FAC, and Surcharge	\$396,167	\$810,830	\$1,206,997	\$0	(\$231,809)	0.000%	0.000%	0.000%	\$0	\$0	\$0
	Net Effect	(\$396,167)	(\$810,830)	(\$1,206,997)	\$0	\$231,809	0.000%	0.000%	0.000%	\$0	\$0	\$0

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 15, 2018 2:35 PM
To: Laura Wilson
Subject: RE: McNalley 2012 to 2017 South Ky Data.xlsx

Thanks!

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

From: Laura Wilson
Sent: Thursday, February 15, 2018 2:22 PM
To: Mike McNalley
Subject: McNalley 2012 to 2017 South Ky Data.xlsx

Mike:

I have attached the data for South Kentucky from 2012-2017. They did not go below the 58 MW load for any months for this time period. Let me know if you need anything further.

Laura

SOUTH KENTUCKY RECC 58 MW													
	2012		2013		2014		2015		2016		2017		
	KW	KWH	KW	KWH	KW	KWH	KW	KWH	KW	KWH	KW	KWH	
January	296,718	133,409,418	323,990	139,988,573	451,091	181,845,162	423,301	156,209,460	359,034	156,967,880	369,429	128,653,435	
February	309,384	115,405,843	316,629	124,319,932	349,856	137,698,489	464,538	161,324,030	325,562	130,947,727	299,188	102,221,559	
March	248,060	90,319,852	305,865	131,071,053	333,104	125,916,108	386,145	116,214,423	250,230	100,760,159	307,956	108,841,661	
April	202,908	83,430,900	221,868	89,141,382	241,177	85,620,583	191,823	83,911,408	202,369	87,766,977	182,567	85,645,592	
May	212,104	95,043,781	188,790	88,502,573	187,536	91,987,094	181,469	92,903,596	191,052	89,077,143	193,943	91,076,403	
June	257,589	101,211,534	217,266	98,889,180	227,830	102,534,651	225,679	104,657,876	231,760	108,024,660	223,253	99,979,261	
July	251,810	121,210,904	231,336	106,614,105	232,112	106,277,253	240,288	114,947,952	237,748	119,056,685	248,069	118,121,139	
August	236,988	107,515,532	224,200	107,570,086	219,950	109,522,983	229,337	105,293,989	238,510	121,703,357	229,842	108,641,725	
September	211,462	88,084,706	217,829	91,600,676	206,962	91,354,419	225,974	94,521,727	230,146	101,270,515	196,183	90,491,676	
October	197,703	90,621,429	233,472	91,687,347	170,299	88,868,084	198,962	88,103,704	182,526	84,808,691	242,393	92,870,513	
November	267,048	110,107,100	294,371	115,115,002	314,550	123,116,478	281,465	96,346,791	262,660	97,170,121	275,950	105,154,553	
December	274,530	120,621,023	303,259	137,053,902	284,543	129,576,003	260,711	106,167,192	318,654	136,642,060	353,692	142,950,824	
	2,966,304	1,256,982,022	3,078,875	1,321,553,811	3,219,010	1,374,317,307	3,309,692	1,320,602,148	3,030,251	1,334,195,975	3,122,465	1,274,648,341	

MW	KW	MONTHLY	
		HOURS	KWH
58	58,000	744	43,152,000
58	58,000	672	38,976,000
58	58,000	744	43,152,000
58	58,000	720	41,760,000
58	58,000	744	43,152,000
58	58,000	720	41,760,000
58	58,000	744	43,152,000
58	58,000	744	43,152,000
58	58,000	720	41,760,000
58	58,000	744	43,152,000
58	58,000	720	41,760,000
58	58,000	744	43,152,000

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 15, 2018 1:04 PM
To: Laura Wilson
Subject: SKRECC

Laura,

Can you look through the billing history and tell me if there have been any months (and if so, how many) when SKRECC's load was below 58MW or the KWh were below 42,000 MWh? 2012-2017.

Thanks,

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

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 15, 2018 11:27 AM
To: 'Bill Prather'
Cc: Tony Campbell
Subject: RE: Amendment 3 Info
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx; Executive Session Presentation-MOU Discussion-V4a.pptx

Bill,

I am attaching the last draft of the presentation that I have, it is very close to the final and may be identical except for a typo or font.

I am also attaching a spreadsheet I use to track the Owner-Member elections. It isn't a great spreadsheet, and requires checking and rechecking each time an election is received, but it can get the job done.

I should have something on your other request tomorrow, if not later today.

Best,

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

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 15, 2018 11:01 AM
To: Mike McNalley
Cc: Tony Campbell
Subject: Amendment 3 Info

Mike,

Would you allow me to have a copy of your Amendment 3 Power Point that you all presented during Executive Session.....or at least the spreadsheet that shows the co-ops who have given notice, those that haven't, and the allocations available? Our board meeting is tonight at 4:30 and I would like to share some info with them.

You and Tony may not want me to share some of that, and if so, please say so. I feel our board needs to know what is going on and that level of information is not so confidential.

Do you have a feeling for when you might have the cost-shifting information we've requested?

Bill

--

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 

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



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

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		5% Balance	
	Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018				Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018					%	MW	MW	
Big Sandy	89.5	56.9	74.3	73.6	3.7	Big Sandy	89.5	58.8	74.3	74.2	3.7	11.1	Big Sandy	5%	3.7	3.7	
Blue Grass	410.9	324.4	382.2	372.5	18.6	Blue Grass	410.9	324.4	383.2	372.8	18.6	55.9	Blue Grass	5%	18.6	18.6	
Clark	154.0	113.6	139.4	135.7	6.8	Clark	154.0	113.6	140.1	135.9	6.8	20.4	Clark	5%	6.8	6.8	
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5	Cumberland Valley	5%	6.8	6.8	
Farmers	136.4	115.9	138.4	130.2	6.5	Farmers	136.8	115.9	138.4	130.3	6.5	19.6	Farmers*	5%	6.5	0.0	
Fleming Mason	196.9	166.9	189.1	184.3	9.2	Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3	Fleming Mason	5%	9.4	8.0	
Grayson	85.2	57.6	72.7	71.9	3.6	Grayson	85.2	58.3	72.7	72.1	3.6	10.8	Grayson	5%	3.6	3.6	
Inter-County	171.1	134.1	158.6	154.6	7.7	Inter-County	171.1	134.4	158.6	154.7	7.7	23.2	Inter-County	5%	7.7	0.0	
Jackson	325.6	230.2	293.6	283.2	14.2	Jackson	327.7	232.2	293.6	284.5	14.2	42.7	Jackson*	5%	14.2	0.1	
Licking Valley	88.6	58.7	75.0	74.1	3.7	Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3	Licking Valley	5%	3.8	3.5	
Nolin	211.1	199.1	215.5	208.6	10.4	Nolin	230.4	199.1	216.1	215.2	10.8	32.3	Nolin	5%	10.8	10.8	
Owen	347.4	350.7	423.8	374.0	18.7	Owen	430.9	401.5	447.5	426.6	21.3	64.0	Owen*	5%	21.3	0.0	
Salt River	314.4	262.0	306.4	294.3	14.7	Salt River	316.1	262.0	306.4	294.8	14.7	44.2	Salt River*	5%	14.7	0.0	
Shelby	120.5	99.6	113.9	111.3	5.6	Shelby	120.5	101.6	113.9	112.0	5.6	16.8	Shelby	5%	5.6	5.6	
South Kentucky	458.9	353.4	426.2	412.9	20.6	South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9	South Kentucky*	15%	61.9	3.9	
Taylor	159.4	139.1	157.0	151.8	7.6	Taylor	160.2	139.1	157.0	152.1	7.6	22.8	Taylor	5%	7.6	7.6	
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				203.2	79.2	
													Not to Exceed 158.5 MW				

* indicates project in place or in process.

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
Jackson	Irvine LFGTE		1.6	10/2013
Jackson	Dupree Energy Sys		1.0	3/2015
Jackson	Misc	Feb-18	11.5	
Farmers	PJM/Market	Feb-18	5.5	
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
IC	PJM/Market	1-Feb	7.7	
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
Licking Valley	Solar pV	Feb-18	0.3	
Total Projects			124.0	
			Not to Exceed 158.5 MW	
Balance				34.5

Gwyn Willoughby

From: Bill Prather <bprather@farmersrecc.net>
Sent: Thursday, February 15, 2018 11:52 AM
To: Mike McNalley
Subject: Re: Amendment 3 Info

Thank you!

On Thu, Feb 15, 2018 at 10:26 AM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

Bill,

I am attaching the last draft of the presentation that I have, it is very close to the final and may be identical except for a typo or font.

I am also attaching a spreadsheet I use to track the Owner-Member elections. It isn't a great spreadsheet, and requires checking and rechecking each time an election is received, but it can get the job done.

I should have something on your other request tomorrow, if not later today.

Best,

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

[859-595-3897](tel:859-595-3897) C

Michael.mcnalley@ekpc.coop

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 15, 2018 11:01 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Tony Campbell <tony.campbell@ekpc.coop>
Subject: Amendment 3 Info

Mike,

Would you allow me to have a copy of your Amendment 3 Power Point that you all presented during Executive Session.....or at least the spreadsheet that shows the co-ops who have given notice, those that haven't, and the allocations available? Our board meeting is tonight at 4:30 and I would like to share some info with them.

You and Tony may not want me to share some of that, and if so, please say so. I feel our board needs to know what is going on and that level of information is not so confidential.

Do you have a feeling for when you might have the cost-shifting information we've requested?

Bill

--

William T. Prather

President/CEO

Farmers Rural Electric Cooperative Corporation

504 South Broadway

Glasgow, Kentucky 42141

[270-651-2191, ext. 8300](tel:270-651-2191)

bprather@farmersrecc.com



--

William T. Prather

President/CEO

Farmers Rural Electric Cooperative Corporation

504 South Broadway

Glasgow, Kentucky 42141

[270-651-2191, ext. 8300](tel:270-651-2191)

bprather@farmersrecc.com



Gwyn Willoughby

From: Bill Prather <bprather@farmersrecc.net>
Sent: Thursday, February 15, 2018 11:59 AM
To: Mike McNalley
Cc: Tony Campbell
Subject: Re: Amendment 3 Info

Absolutely. I would not handle it any other way.

Thank you.

On Thu, Feb 15, 2018 at 10:31 AM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

Bill,

I should have mentioned, although I am sure you already know, that since this was presented in executive session it should be held confidential and not distributed or discussed outside of the attendees Tuesday afternoon.

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

[859-595-3897](tel:859-595-3897) C

Michael.mcnalley@ekpc.coop

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Thursday, February 15, 2018 11:01 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Tony Campbell <tony.campbell@ekpc.coop>
Subject: Amendment 3 Info

Mike,

Would you allow me to have a copy of your Amendment 3 Power Point that you all presented during Executive Session.....or at least the spreadsheet that shows the co-ops who have given notice, those that haven't, and the allocations available? Our board meeting is tonight at 4:30 and I would like to share some info with them.

You and Tony may not want me to share some of that, and if so, please say so. I feel our board needs to know what is going on and that level of information is not so confidential.

Do you have a feeling for when you might have the cost-shifting information we've requested?

Bill

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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 

--

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 

Gwyn Willoughby

From: Bill Prather <bprather@farmersrecc.net>
Sent: Wednesday, February 14, 2018 3:10 PM
To: Mike McNalley
Cc: Tony Campbell; Don Mosier
Subject: Re: Amendment 3 info

Thank you.

On Wed, Feb 14, 2018 at 2:05 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

Bill,

I will see what I can put together.

Mark's effort is intended to be a bit more directional so any system can estimate the impacts, but it loses a lot of fidelity in the process. And some of his numbers for billing, etc are off, which I'm sure you noticed if you entered Farmers' data. Still, it is a good first screen.

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

[859-745-9209](tel:859-745-9209) O

[859-595-3897](tel:859-595-3897) C

Michael.mcnalley@ekpc.coop

From: Bill Prather [mailto:bprather@farmersrecc.net]
Sent: Wednesday, February 14, 2018 2:58 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>
Subject: Amendment 3 info

Mike,

Is it too much to ask for you all to put out a spreadsheet that would show how much of a cost shift will occur under South Kentucky's 15% Amendment 3 purchase? Perhaps you would want to show it at 10%?

I received a copy of Stalling's spreadsheet, but would feel better if it came from you all.

We all need to understand the worst case scenario on this.

Bill

--

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 

--

William T. Prather

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Glasgow, Kentucky 42141

270-651-2191, ext. 8300

bprather@farmersrecc.com



A Touchstone Energy® Cooperative 

Gwyn Willoughby

From: Terri Combs
Sent: Wednesday, February 14, 2018 12:06 PM
To: Joe Spalding, Inter-County Energy; Bill Shearer; Landis Cornett (ekpc@landiscornett.com); Mike Williams (mikew@bgenergy.com); Tim Sharp; Chris Brewer; mstallons@owenelectric.com
Cc: Tony Campbell; David Smart; Don Mosier; Mike McNalley; David Crews
Subject: FROM TONY CAMPBELL RE: MOU Committee

Importance: High

SENDING ON BEHALF OF TONY CAMPBELL:

All:

I was asked to put together a committee to assist with the resolution to our MOU issue. You, and the following, are being asked to serve on this committee. I'm thinking this will not require a substantial amount of time. Plus, I will try to use phone conferencing where possible.

Directors: **1) Joe Spalding 2) Bill Shearer 3) Landis Cornett**

CEO's: **1) Mike Williams 2) Tim Sharp 3) Chris Brewer 4) Mark Stallons**

If you would rather not serve on the committee please let me know as soon as possible, and I'll make some changes.

I'm going to try and kick this off early next week by conference call.

Regards,
Anthony "Tony" Campbell

President and CEO
Phone: 859-745-9313
Fax: 859-744-7053



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Gwyn Willoughby

From: Tony Campbell
Sent: Wednesday, February 14, 2018 12:04 PM
To: Don Mosier; Mike McNalley; David Smart; David Crews
Subject: FW: Meeting

See note from Dennis. He will meet with us to discuss Friday. However, he is wanting us to do a night meeting with his board.

From: Dennis Holt [mailto:dholt@skrecc.com]
Sent: Wednesday, February 14, 2018 11:59 AM
To: Tony Campbell
Subject: RE: Meeting

I am available to meet but all of my Board Members have jobs and we have to have an evening meeting to accommodate them. I will be glad to meet with you and your Staff on Friday but let me get some dates that will work for our Board Members and get back to you. It would be best if you came to Somerset.

Dennis Holt
President & CEO
South Kentucky RECC
Somerset, Kentucky 42503
Phone 606-678-4121
Cell 606-872-3555

From: Tony Campbell [mailto:tony.campbell@ekpc.coop]
Sent: Wednesday, February 14, 2018 9:45 AM
To: Dennis Holt <dholt@skrecc.com>
Cc: Mark D. Goss <mdgoss@gosssamfordlaw.com>; Terri Combs <terri.combs@ekpc.coop>
Subject: RE: Meeting
Importance: High

Dennis,

We have a Governance meeting Friday morning. Would you want to get together right after that meeting? My team is available then too.

Regards,
Anthony "Tony" Campbell

President and CEO
Phone: 859-745-9313
Fax: 859-744-7053





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Gwyn Willoughby

From: David Smart
Sent: Wednesday, February 14, 2018 11:46 AM
To: 'A.L. Rosenberger -- Nolin'; 'Alan Ahrman - Owen'; 'Barry Myers -- Taylor County'; 'Bill Prather -- Farmers'; Bobby Sexton; Boris Haynes; 'Carol Fraley -- Grayson'; 'Carol Wright - Jackson Energy'; 'Chris Brewer - Clark Energy'; Danny Wallen; 'Debbie Martin -- Shelby'; Dennis Holt; Elbert Hampton; Jerry Carter; 'Jimmy Longmire -- Salt River'; 'Jody Hughes'; 'Joe Spalding (spaldingfarm@windstream.net)'; 'Joni Hazelrigg'; 'Kelly Shepherd'; 'Ken Arrington -- Grayson'; 'Kerry Howard -- Licking Valley'; 'Landis Cornett'; 'Mark Stallons -- Owen'; 'Mickey Miller -- Nolin'; 'Mike Williams -- Blue Grass'; 'Paul Hawkins -- Farmers'; 'Raymond Rucker'; 'Ted Hampton'; Ted Holbrook; 'Tim Eldridge'; 'Tim Sharp - Salt River Electric'; 'Wayne Stratton -- Shelby'; 'William Shearer -- Clark'
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Crews; Jeannie Jones; Terri Combs; Shanana Strange
Subject: Resolution for Approval to Enter into Power Purchase Agreement (Amended)
Attachments: Approval to Enter into Power Purchase Agreement (Amended).pdf

Dear Directors and CEOs,

As promised at yesterday's Board Meeting, I am sending to you the amended Board Resolution regarding EKPC's authority to enter into a power purchase agreement in the context of A3 and the MOU. I added the last sentence to the Resolution requiring Board review and approval of any such action by EKPC Management. I used Paul Hawkins' exact words. Thanks very much.

David

David Smart
General Counsel
East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707
(859) 745.9237 (DD)

Gwyn Willoughby

From: Mike McNalley
Sent: Wednesday, February 14, 2018 9:19 AM
To: Tony Campbell
Cc: David Smart; Don Mosier; Terri Combs
Subject: Re: Meeting

Friday morning is fine with me. Here is more convenient of course, but could also go there.

Mike McNalley
EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 office
859-595-3897 cell
michael.mcnalley@ekpc.coop

On Feb 14, 2018, at 9:16 AM, Tony Campbell <tony.campbell@ekpc.coop> wrote:

All:

Would you fellows be free to meet with South Kentucky Friday late morning?? I agreed to put a committee of a few Directors, and CEO's and not certain of their availability yet. However, I will not hold up meeting because of them.

TC

From: Dennis Holt [<mailto:dholt@skrecc.com>]
Sent: Wednesday, February 14, 2018 7:06 AM
To: Tony Campbell <tony.campbell@ekpc.coop>
Cc: Mark D. Goss <mdgoss@gosssamfordlaw.com>
Subject: Meeting

Tony,

I am sorry for the contention on EKPC's Board. I feel responsible as I underestimated the reaction and emotions of other Managers and Directors. While I firmly believe South Kentucky did nothing wrong we are willing to meet and discuss potential solutions from EKPC. Please let me know what dates you and/or your staff would be available to meet.

Also, I would like for my Board to be current and knowledgeable on the issue and would like to make the presentation given in the Executive Session available to them prior to our meeting. Would it be possible to have a copy sent to me for distribution to our Board?

Thanks so much.

Dennis Holt
President & CEO
South Kentucky RECC
Somerset, Kentucky 42503
Phone 606-678-4121
Cell 606-872-3555

Gwyn Willoughby

From: Isaac Scott
Sent: Tuesday, February 13, 2018 11:40 AM
To: Mike McNalley
Cc: Patrick Woods
Subject: RE: Belden Contracts - South Kentucky - Next Chapter

Mike,
Thank you – again I apologize for bothering during the Board meeting.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
[*isaac.scott@ekpc.coop*](mailto:isaac.scott@ekpc.coop)

From: Mike McNalley
Sent: Tuesday, February 13, 2018 11:39 AM
To: Isaac Scott
Cc: Patrick Woods
Subject: Re: Belden Contracts - South Kentucky - Next Chapter

That does help. We can accept Feb 1.

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

On Feb 13, 2018, at 11:38 AM, Isaac Scott <isaac.scott@ekpc.coop> wrote:

I got the impression during my call with Donnie Glover at South Kentucky that they have consistently mixed up the two contracts and they were now trying to get to a “clean break” with this customer. From our billing perspective, using either an effective date of today or the next meter reading date would result in us billing South Kentucky at Rate B, and given the usage would be a minimum bill. Our system would not bill half of the month on Rate B and half on Rate E. If we allowed the February 1, 2018 effective date, the usage for February would be billed under our Rate E and avoid a Rate B minimum bill. Given the situation with the customer, last week they should have asked for both contracts to be cancelled and move both accounts to Rate E. But they didn't and I really am at a loss for why they didn't. I don't know if I'm helping this or not.

Isaac S. Scott

Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Tuesday, February 13, 2018 11:13 AM
To: Isaac Scott <isaac.scott@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>
Subject: Re: Belden Contracts - South Kentucky - Next Chapter

I don't see an issue although I don't know why we wouldn't make it either today or at the next meter reading date.

Mike McNalley
EVP and CFO
East Kentucky Power Cooperative

On Feb 13, 2018, at 11:11 AM, Isaac Scott <isaac.scott@ekpc.coop> wrote:

Mike,
South Kentucky has two contracts with a customer named Belden Electronics. Last Monday, South Kentucky contacted us about whether they could cancel one of the two Belden contracts and make the cancellation effective February 1, 2018. The customer is in the process of winding down operations and will be moving out of the country. The contract in question was a standard Industrial Power Agreement between South Kentucky and the customer. EKPC is not a signatory to the agreement. Cancelling the contract would move that account off of EKPC's Rate B and any usage in February would be billed under our regular processes. You had suggested that since this was between South Kentucky and Belden, they needed to decide if they wanted to cancel as of February 1, 2018 and let us know. Near the end of the day last Monday, South Kentucky notified us that they wanted to cancel one of the contracts effective February 1, 2018. I passed along this information to appropriate personnel here. Today South Kentucky notified me that they wish to cancel the remaining contract with Belden and move that account off of Rate B. They would also like to make that cancellation effective February 1, 2018. Since we are nearing the middle of the month, I wanted to check with you first to be sure this was acceptable. If you have any questions, please let me know. I apologize for bothering you during the Board meeting. Thank you.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707

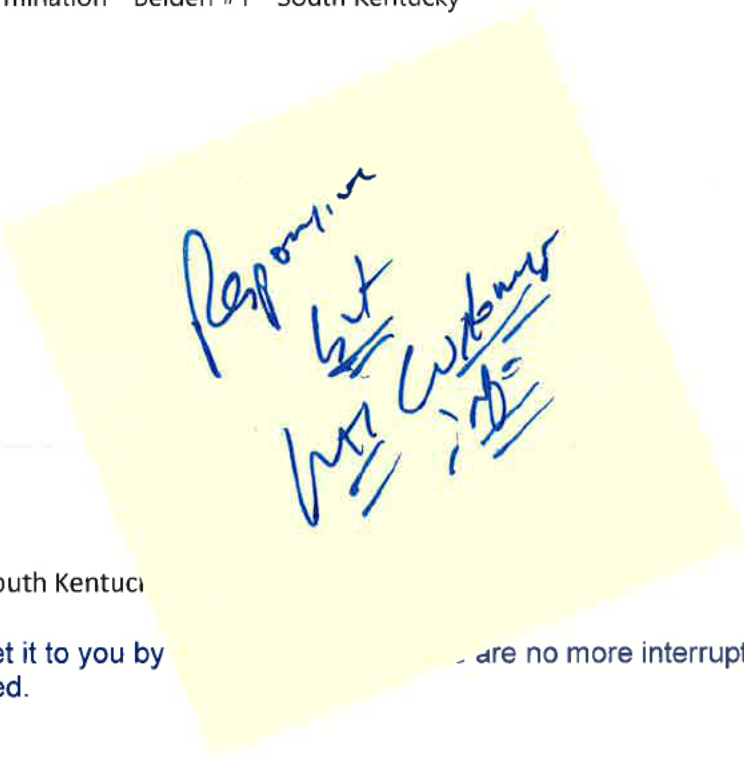
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

Gwyn Willoughby

From: Mike McNalley
Sent: Monday, February 5, 2018 3:19 PM
To: Isaac Scott
Subject: RE: Customer Termination - Belden #1 - South Kentucky

Thanks!

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



From: Isaac Scott
Sent: Monday, February 5, 2018 3:19 PM
To: Mike McNalley
Subject: RE: Customer Termination - Belden #1 - South Kentucky

I'm finishing the summary page and hope to get it to you by [redacted] are no more interruptions. I will be messaging Dennis after I get this finished.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Monday, February 05, 2018 3:17 PM
To: Isaac Scott <isaac.scott@ekpc.coop>
Subject: RE: Customer Termination - Belden #1 - South Kentucky

Separate subject, how is the A3 analysis (analyses) coming? ETA?

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

From: Isaac Scott
Sent: Monday, February 5, 2018 3:17 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>; Michelle Carpenter <michelle.carpenter@ekpc.coop>; Kimberly Withers <kimberly.withers@ekpc.coop>; Laura Wilson <laura.wilson@ekpc.coop>; Yewande Otekeiwebia <Yewande.Otekeiwebia@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>; Pam Harris <pam.harris@ekpc.coop>; Michael Igo <mike.igo@ekpc.coop>
Subject: RE: Customer Termination - Belden #1 - South Kentucky

Mike,
Thanks. I'll e-mail Dennis along those lines and let everyone here know what his response is.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Monday, February 05, 2018 3:16 PM
To: Isaac Scott <isaac.scott@ekpc.coop>; Michelle Carpenter <michelle.carpenter@ekpc.coop>; Kimberly Withers <kimberly.withers@ekpc.coop>; Laura Wilson <laura.wilson@ekpc.coop>; Yewande Otekeiwebia <Yewande.Otekeiwebia@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>; Pam Harris <pam.harris@ekpc.coop>; Michael Igo <mike.igo@ekpc.coop>
Subject: RE: Customer Termination - Belden #1 - South Kentucky

Yeah, we don't have a dog in this fight. Our billing will be our standard billing methodology since there is no special contract to guide anything different.

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

From: Isaac Scott
Sent: Monday, February 5, 2018 3:14 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>; Michelle Carpenter <michelle.carpenter@ekpc.coop>; Kimberly Withers <kimberly.withers@ekpc.coop>; Laura Wilson <laura.wilson@ekpc.coop>; Yewande Otekeiwebia <Yewande.Otekeiwebia@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>; Pam Harris <pam.harris@ekpc.coop>; Michael Igo

<mike.igo@ekpc.coop>

Subject: RE: Customer Termination - Belden #1 - South Kentucky

Mike,
This agreement is one of the standard Industrial Power Agreements whose only signatories are South Kentucky and Belden #1. We are referenced in the Agreement, but are not a formal party to the Agreement. There is not a separate contract between EKPC and South Kentucky for this load. It falls under a general provision in Rate B that there is to be a contract. I know this doesn't help the situation, but unfortunately virtually all of the Industrial Power Agreements under Rates B and C are set up this way. I mentioned to Dennis that the Agreement had the two month notice clause, but he didn't seem very interested in pushing for the two months. I really think he is looking to us, and will align South Kentucky's billing to Belden to match what we do to South Kentucky. Apparently Belden really slowed down operations for the first five days this month. It looks like their energy usage for the first five days is approximately 7,100 kWh. Should I contact Dennis and tell him since the Agreement is between South Kentucky and Belden, they need to decide how they want to bill and let us know? I wouldn't be surprised if Dennis wants to cut off billing as of February 1st. Thanks.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Mike McNalley
Sent: Monday, February 05, 2018 3:02 PM
To: Isaac Scott <isaac.scott@ekpc.coop>; Michelle Carpenter <michelle.carpenter@ekpc.coop>; Kimberly Withers <kimberly.withers@ekpc.coop>; Laura Wilson <laura.wilson@ekpc.coop>; Yewande Otekeiwebia <Yewande.Otekeiwebia@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>; Pam Harris <pam.harris@ekpc.coop>; Michael Igo <mike.igo@ekpc.coop>
Subject: RE: Customer Termination - Belden #1 - South Kentucky

From what you've presented, it seems like SK should bill Belden for two more months (the cancellation/notice period) but of course that is between SK and the customer. Do we have a contract with SK on this, or are we a party to the Belden agreement?

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

From: Isaac Scott
Sent: Monday, February 5, 2018 2:59 PM

To: Mike McNalley <Michael.McNalley@ekpc.coop>; Michelle Carpenter <michelle.carpenter@ekpc.coop>; Kimberly Withers <kimberly.withers@ekpc.coop>; Laura Wilson <laura.wilson@ekpc.coop>; Yewande Otekeiwebia <Yewande.Otekeiwebia@ekpc.coop>
Cc: Patrick Woods <patrick.woods@ekpc.coop>; Pam Harris <pam.harris@ekpc.coop>; Michael Igo <mike.igo@ekpc.coop>
Subject: Customer Termination - Belden #1 - South Kentucky

Folks,

Dennis Holt called me this afternoon concerning this customer. The operations associated with Belden #1 have been a "phase out" mode for several months, with the operations eventually being closed down and the operations moving to Mexico. Dennis told me that South Kentucky has been in contact with both the local plant personnel as well as corporate, discussing the reductions in load and trying to either get them to give a termination notice or when the load dropped enough, move them off of the EKPC Rate B. Neither group would follow-through with South Kentucky's suggestions. Now, as the note below indicates, Belden #1's meter was disconnected this morning at their request.

Dennis was wondering what to do concerning billing. The contract states:

Section 1 – Term. This Agreement shall become effective as of January 1, 2009, subject to the provisions of Section 13. This Agreement shall continue in effect for a term of 5 (five) years from said date and shall continue thereafter unless terminated by either party by providing written notice of such termination at least 2 (two) months prior to the desired termination date.

Section 13 – Approvals. This Agreement is subject to any necessary approvals of EKPC, the Rural Utilities Service, any other lenders to Cooperative and the PSC.

Dennis wondered if they should be billed as if termination was on February 1st, bill the 5 days in February, or something else. What do you think is reasonable? Thanks.

Isaac S. Scott
Pricing Manager
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707
859.745.9243
isaac.scott@ekpc.coop

From: Sharon Keith [<mailto:sharonk@skrecc.com>]
Sent: Monday, February 05, 2018 2:40 PM
To: Isaac Scott <isaac.scott@ekpc.coop>; michael.igo@ekpc.coop; Laura Wilson <laura.wilson@ekpc.coop>
Cc: Pam Harris <pam.harris@ekpc.coop>; Kendra Baker <kendrab@skrecc.com>
Subject: Belden

As of this morning, Belden #1 meter number 141522995 was disconnected per their request.

If you have any questions please let me know.

Sharon Keith
Service Center Representative/
Large Power Accounts
606-451-4172



Gwyn Willoughby

From: Mike McNalley
Sent: Tuesday, February 13, 2018 8:00 AM
To: Sally Witt
Subject: RE: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

Thanks!

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

From: Sally Witt
Sent: Tuesday, February 13, 2018 8:00 AM
To: Mike McNalley
Subject: RE: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

Here is the updated list and what's left for you...

Noticed Projects				
Owner-Member	Project	Notice Given	MW	Delivery
Jackson	Irvine LFGTE		1.6	10/2013
Jackson	Dupree Energy Sys		1.0	3/2015
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
Licking Valley	Solar Installation	2/2018	0.3	5/2018
Jackson	Lock 12	2/2018	1.7	12/2018
Jackson	Lock 14	2/2018	1.7	12/2019
Jackson	PJM/Market	2/2018	8.0	9/2019
Farmers	PJM/Market	2/2018	5.5	9/2019
Inter-County	PJM/Market	2/2018	7.7	6/2020
Total Projects			124.0	
	Not to Exceed 158.5 MW			
Remaining			34.5	

From: Mike McNalley
Sent: Tuesday, February 13, 2018 7:46 AM
To: Sally Witt <sally.witt@ekpc.coop>
Subject: RE: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

I don't think so – at this point we're baked for the board.

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

From: Sally Witt
Sent: Tuesday, February 13, 2018 7:46 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

Good Moring!!

You want the presentation updated?

From: Mike McNalley
Sent: Tuesday, February 13, 2018 7:30 AM
To: Sally Witt <sally.witt@ekpc.coop>
Subject: FW: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

FYI

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

From: Tony Campbell
Sent: Monday, February 12, 2018 6:48 PM
To: David Smart <david.smart@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Subject: Fwd: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

FYI, another notice.

TC

Sent from my iPhone

Begin forwarded message:

From: Jerry Carter <jerry@intercountyenergy.net>
Date: February 12, 2018 at 5:07:43 PM EST
To: "Tony.Campbell@ekpc.coop" <Tony.Campbell@ekpc.coop>
Cc: David Crews <David.Crews@ekpc.coop>, Hadden Dean <dean@danvillekylaw.com>, Allen Goggin External <allen.goggin@gmail.com>, Bill Peyton External <billhpeyton@gmail.com>, Jason Todd External <jason.todd.lo0i@statefarm.com>, Joe Spalding External <spaldingfarm@windstream.net>, Kevin Preston <KPreston@intercountyenergy.net>, Louis Kerrick External <lak175@roadrunner.com>
Subject: Inter-County Energy's Notice to Exercise its Rights Under the Amendment 3 MOU

Mr. Campbell,

Attached you will find Inter-County's notice of intent to exercise its rights under the Amendment 3 Memorandum of Understanding.

Inter-County is willing and hopeful that an equitable solution can be obtained that serves the entire membership of each member-owner of East Kentucky Power Cooperative.

Sincerely,

Jerry W. Carter

President/CEO
Inter-County Energy
P.O. Box 87
Danville, KY 40423-0087
1-888-266-7322 (toll free), Extension 7831
859-936-7831 (direct)
859-236-3627 (fax)
859-324-2446 Cell

Gwyn Willoughby

From: Bill H Peyton <billhpeyton@gmail.com>
Sent: Monday, February 12, 2018 6:33 PM
To: Jerry Carter
Cc: mmiller@nolinrecc.com; Allen Goggin External; Tony Campbell; Louis Kerrick External; Don Mosier; ted.hampton@cumberlandvalley.coop; bsexton@bigsandyrecc.com; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); kkhoward@lvrecc.com; carol.fraley@graysonrecc.com; tjsharp@srelectric.com; jhazelrigg@fme.coop; Jason Todd External; Mike Williams (mikew@bgenergy.com); Mike McNalley; debbiem@shelbyenergy.com; Joe Spalding External; Bill Prather; bmyers@tcrecc.com; carolwright@jacksonenergy.com; Kevin Preston; 'Dennis Holt' (dholt@skrecc.com); David Crews; Hadden Dean
Subject: Re: Inter-County's Filing of the Notice of Intent to Exercise its Rights Under the Amendment 3 MOU

Great news, thanks for the update.

On Feb 12, 2018 5:19 PM, "Jerry Carter" <jerry@intercountyenergy.net> wrote:

My Fellow Cooperative Managers,

After great care and painstaking discussion by the board of directors of Inter-County Energy, I am informing you that Inter-County has exercised its rights under the Amendment 3 MOU.

Inter-County is willing and hopeful that an equitable solution can be obtained that serves the entire membership of each member-owner of East Kentucky Power Cooperative.

Sincerely,

Jerry W. Carter

President/CEO

Inter-County Energy

P.O. Box 87

Danville, KY 40423-0087

1-888-266-7322 (toll free), Extension 7831

859-936-7831 (direct)

859-236-3627 (fax)

859-324-2446 Cell



Gwyn Willoughby

From: Mike McNalley
Sent: Monday, February 12, 2018 1:37 PM
To: Terri Combs
Subject: Fwd: Slides
Attachments: Item 4a - Portfolio model Jan 2018.pptx; ATT00001.htm

Terri,

Can you pull slide 5 from the attached pack and have it ready for the board meeting tomorrow? I may use it after/during our MOU presentation.

Thanks!

Mike McNalley
EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 office
859-595-3897 cell
michael.mcnalley@ekpc.coop

Begin forwarded message:

From: Narmada Nanjundan <Narmada.Nanjundan@ekpc.coop>
Date: February 12, 2018 at 1:15:46 PM EST
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: Slides

Mike,

Attached is the monthly portfolio report.

Narmada

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

From: Mike McNalley
Sent: Monday, February 12, 2018 1:01 PM
To: Narmada Nanjundan <Narmada.Nanjundan@ekpc.coop>
Subject: Slides

Narmada,

Can you send me your slides from today's BROCC, please (Portfolio Report). I may want to use one tomorrow at the board.

Thanks,

Mike McNalley

EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 office
859-595-3897 cell
michael.mcnalley@ekpc.coop

Gwyn Willoughby

From: Dennis Holt <dholt@skrecc.com>
Sent: Monday, February 12, 2018 7:25 AM
To: 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; debbiem@shelbyenergy.com; bmyers@tcrecc.com; Tony Campbell; Don Mosier; Mike McNalley; David Crews; Mark Stallons; Bill Prather; Tim Sharp
Subject: EKPC Amendment Three
Attachments: DOC021218-02122018072337.pdf

In advance of tomorrow's EKPC Board Meeting I am sending the attached letter for your review.

I look forward to seeing everyone at tomorrow's meeting.

Dennis Holt
President & CEO
South Kentucky RECC
Somerset, Kentucky 42503
Phone 606-678-4121
Cell 606-872-3555

Dennis Holt
President & CEO
Phone (606) 678-4121



200 Electric Avenue
P. O. Box 910
Somerset KY 42502

February 12, 2018

Dear Fellow Managers,

As you are all aware South Kentucky gave notice to East Kentucky Power (EKPC) on November 28, 2017 to exercise our Amendment Three Privileges. South Kentucky is aware of the concerns of other EKPC Member Cooperatives that the cumulative effect of all Amendment Three elections could be significant cost-shifting between and among us. Because of South Kentucky's recognition of this fact we are willing to work with the other distribution cooperatives to help mitigate these concerns.

South Kentucky has contracted with Morgan Stanley for a 58 Megawatt fixed energy product, and a 68 Megawatt Financial Capacity Hedge product. While South Kentucky remains obligated under this contract to take 58 Megawatts from Morgan Stanley, we are open to reasonable options to reduce the impact on the other distribution cooperatives.

During the due diligence phase of this transaction leading up to our Amendment Three notification to EKPC we have been very careful to meet all legal requirements outlined in Amendment Three and the corresponding Memorandum of Understanding agreed to by all of us, and approved by the Kentucky Public Service Commission. However, South Kentucky values its relationship to each of its sister cooperatives too much to allow disunity at EKPC. Because of this, at its recent monthly meeting, South Kentucky's Board of Directors voted and directed me to investigate ways in which we can reduce our election of 15% by 1/3, to a 10% election instead.

I am sure each of you understands that South Kentucky cannot now directly reduce the amount of power being procured in the contract with Morgan Stanley due to contractual obligations; however, we believe there may be other ways to transfer and/or assign a portion of our contracted amount so as to benefit other cooperatives and flatten out the effect of cost-shifting. We will all probably need EKPC's expertise in determining ways to achieve this transfer and/or assignment.

South Kentucky has expended significant expense in staff time, consultants and attorneys to reach this point in the process. We would hope that whoever ultimately benefits from

this transfer will recognize this fact and South Kentucky would expect some reasonable mitigation of its financial outlay from the participant(s).

South Kentucky stands ready to work with our sister distribution cooperatives to develop a plan to achieve the objective of mitigation of cost-shifting to the degree possible. I'm sure that we will all need to rely on EKPC's assistance as we move forward to accomplish this goal.

We can discuss this matter in greater detail at tomorrow's EKPC Board of Directors meeting.

Sincerely Yours,

A handwritten signature in black ink that reads "Dennis Holt". The signature is written in a cursive, slightly slanted style.

Dennis Holt
President & CEO
South Kentucky RECC
200 Electric Avenue
Somerset, Kentucky 42503

Gwyn Willoughby

From: Mike McNalley
Sent: Sunday, February 11, 2018 11:48 AM
To: Michelle Carpenter
Subject: Re: 85-15

Sorry, was thinking backwards!

So SK doesn't push us over, and the 105MW noticed probably won't either, but a full 150MW might.

That's what I needed; thanks!

Mike McNalley
EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 office
859-595-3897 cell
michael.mcnalley@ekpc.coop

> On Feb 11, 2018, at 11:46 AM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>

> Not sure what you are asking. You had me reduce member revenue by about 4.4% and basically double off-system sales. Everything else was held constant. We were at 8.56% before the modifications and the modifications moved it to 10.81%.

>

>

> Michelle

>

> Michelle K. Carpenter, CPA

> Controller

> East Kentucky Power Cooperative, Inc.

> 4775 Lexington Road

> PO Box 707

> Winchester, KY 40392-0707

> 859.745.9294

> michelle.carpenter@ekpc.coop

>

>

>

> -----Original Message-----

> From: Mike McNalley

> Sent: Sunday, February 11, 2018 11:39 AM

> To: Michelle Carpenter <michelle.carpenter@ekpc.coop>

> Subject: Re: 85-15

>

> I might have done that wrong. 508k MWh x \$30/MWh would be \$15 million non-member. I think that is optimistic, but good for this purpose.

>

> If we are already at 9%, how do we go to 11%???

>

> Mike McNalley

> EVP & CFO

> East Kentucky Power Cooperative, Inc.

> 859-745-9209 office

> 859-595-3897 cell

> michael.mcnalley@ekpc.coop

>

>

>> On Feb 11, 2018, at 11:33 AM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>>

>> Mike,

>>

>> I had pulled up our 330 Report and came back to the same % of KWh and hence, revenue before I had to get back to the kitchen to finish preparing lunch. So, I was with you there...but how did you determine the non-member increase?

>>

>> I've ran your scenario through our draft 85/15 for December 2017, attached. The changes for your scenario are highlighted in yellow. Looks like the 85/15 would be fine (89.19%). Holding all other things constant, capacity, leases, cushion (and reduction of member revenue), it appears that we'd have no worries unless non-member hit \$79MM.

>>

>>

>> Michelle

>>

>> Michelle K. Carpenter, CPA

>> Controller

>> East Kentucky Power Cooperative, Inc.

>> 4775 Lexington Road

>> PO Box 707

>> Winchester, KY 40392-0707

>> 859.745.9294

>> michelle.carpenter@ekpc.coop

>>

>>

>>

>> -----Original Message-----

>> From: Mike McNalley

>> Sent: Sunday, February 11, 2018 11:19 AM

>> To: Michelle Carpenter <michelle.carpenter@ekpc.coop>

>> Subject: Re: 85-15

>>

>> No problem, it is Sunday...

>>

>> Mike McNalley

>> EVP & CFO

>> East Kentucky Power Cooperative, Inc.

>> 859-745-9209 office

>> 859-595-3897 cell

>> michael.mcnalley@ekpc.coop

>>

>>

>>> On Feb 11, 2018, at 11:17 AM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>>>

>>> Yes. Sorry, for the delay.

>>>

>>> Sent from my iPhone

>>>

>>>> On Feb 11, 2018, at 11:14 AM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

>>>>

>>>> So, assume we drop \$35MM Mesmer revenue and pick up \$18MM non member. What would that do to the test?

>>>>

>>>> Can you send me the most recent figures?

>>>>

>>>> Mike McNalley

>>>> EVP & CFO

>>>> East Kentucky Power Cooperative, Inc.

>>>> 859-745-9209 office

>>>> 859-595-3897 cell

>>>> michael.mcnalley@ekpc.coop

>>>>

>>>>

>>>>> On Feb 11, 2018, at 9:39 AM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>>>>>

>>>>> If you recall, we switched to the gross methodology last year because of bluegrass and capacity not really having fuel etc. to offset the gross revenue. So, with the old methodology, member was netted and non-member was basically at gross with the exception of off-system sales, which falsely overinflated the non-member percentage. Increased earnings from the cushion of credit also impact the non-member portion.

>>>>>

>>>>>

>>>>> Michelle

>>>>>

>>>>> Michelle K. Carpenter, CPA

>>>>> Controller

>>>>> East Kentucky Power Cooperative, Inc.

>>>>> 4775 Lexington Road

>>>>> PO Box 707

>>>>> Winchester, KY 40392-0707

>>>>> 859.745.9294

>>>>> michelle.carpenter@ekpc.coop

>>>>>

>>>>>

>>>>>

>>>>> -----Original Message-----

>>>>> From: Michelle Carpenter

>>>>> Sent: Sunday, February 11, 2018 9:29 AM

>>>>> To: Mike McNalley <Michael.McNalley@ekpc.coop>

>>>>> Subject: RE: 85-15

>>>>>

>>>>> At year-end 12/31/16, it was approximately 8 percent non-member. As of Q3 this year, it was 9 percent.

>>>>>

>>>>>

>>>>> Michelle

>>>>>

>>>>> Michelle K. Carpenter, CPA

>>>> Controller
>>>> East Kentucky Power Cooperative, Inc.
>>>> 4775 Lexington Road
>>>> PO Box 707
>>>> Winchester, KY 40392-0707
>>>> 859.745.9294
>>>> michelle.carpenter@ekpc.coop
>>>>
>>>>
>>>>
>>>> -----Original Message-----
>>>> From: Mike McNalley
>>>> Sent: Sunday, February 11, 2018 9:06 AM
>>>> To: Michelle Carpenter <michelle.carpenter@ekpc.coop>
>>>> Subject: 85-15
>>>>
>>>> What have our most recent calculations shown? What percent is non-member in them?
>>>>
>>>> Mike McNalley
>>>> EVP & CFO
>>>> East Kentucky Power Cooperative, Inc.
>>>> 859-745-9209 office
>>>> 859-595-3897 cell
>>>> michael.mcnalley@ekpc.coop
>>>>
>> <8515_TEST_2017 GROSS METHODOLOGY-SKRECC SCENARIO.xls>

Gwyn Willoughby

From: Mike McNalley
Sent: Sunday, February 11, 2018 9:58 AM
To: Michelle Carpenter
Subject: Re: 85-15

Will SK taking 15% (58mw) and us reselling that to PJM push us over 15%?

Mike McNalley
EVP & CFO
East Kentucky Power Cooperative, Inc.
859-745-9209 office
859-595-3897 cell
michael.mcnalley@ekpc.coop

> On Feb 11, 2018, at 9:39 AM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>

> If you recall, we switched to the gross methodology last year because of bluegrass and capacity not really having fuel etc. to offset the gross revenue. So, with the old methodology, member was netted and non-member was basically at gross with the exception of off-system sales, which falsely overinflated the non-member percentage. Increased earnings from the cushion of credit also impact the non-member portion.

>

>

> Michelle

>

> Michelle K. Carpenter, CPA

> Controller

> East Kentucky Power Cooperative, Inc.

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> michelle.carpenter@ekpc.coop

>

>

>

> -----Original Message-----

> From: Michelle Carpenter

> Sent: Sunday, February 11, 2018 9:29 AM

> To: Mike McNalley <Michael.McNalley@ekpc.coop>

> Subject: RE: 85-15

>

> At year-end 12/31/16, it was approximately 8 percent non-member. As of Q3 this year, it was 9 percent.

>

>

> Michelle

>

> Michelle K. Carpenter, CPA

> Controller
> East Kentucky Power Cooperative, Inc.
> 4775 Lexington Road
> PO Box 707
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>
>
>
> -----Original Message-----
> From: Mike McNalley
> Sent: Sunday, February 11, 2018 9:06 AM
> To: Michelle Carpenter <michelle.carpenter@ekpc.coop>
> Subject: 85-15
>
> What have our most recent calculations shown? What percent is non-member in them?
>
> Mike McNalley
> EVP & CFO
> East Kentucky Power Cooperative, Inc.
> 859-745-9209 office
> 859-595-3897 cell
> michael.mcnalley@ekpc.coop
>

Gwyn Willoughby

From: Tony Campbell
Sent: Saturday, February 10, 2018 6:05 AM
To: Don Mosier; Mike McNalley; David Smart
Subject: Fwd: Amendment 3 Allotment Jan 2018 for distribution.xlsx

Sent from my iPad

Begin forwarded message:

From: Jerry Carter <jerry@intercountyenergy.net>
Date: February 8, 2018 at 10:12:38 AM EST
To: David Crews <David.Crews@ekpc.coop>
Cc: "Tony.Campbell@ekpc.coop" <Tony.Campbell@ekpc.coop>, Joe Spalding <JSpalding@intercountyenergy.net>
Subject: RE: Amendment 3 Allotment Jan 2018 for distribution.xlsx

David,

Thank you for the update.

Please do not mistake my silence on this issue as one of disregard or apathy. I understand the issue of South Kentucky's intention to go around EKPC and purchase from the market and the effect it will have on the membership of Inter-County Energy. It is my opinion that the balance what is left in Amendment 3 after allowing for South Kentucky's allotment should be managed by EKPC for the other fifteen member-owner cooperatives.

Jerry W. Carter

From: David Crews [<mailto:David.Crews@ekpc.coop>]
Sent: Wednesday, February 7, 2018 4:05 PM
To: Barry Myers <bmyers@tcrecc.com>; Bill Prather <bprather@farmersrecc.com>; Bobby Sexton <bsexton@bigsandyrecc.com>; Carol Fraley <carol.fraley@graysonrecc.com>; Carol Wright - Jackson Energy <carolwright@jacksonenergy.com>; Chris Brewer - Clark Energy <cbrewer@clarkenergy.com>; Debbie Martin <debbiem@shelbyenergy.com>; Dennis Holt <dennish@skrecc.com>; Jerry Carter <jerry@intercountyenergy.net>; Joni Hazelrigg <jhazelrigg@fme.coop>; Kerry Howard <khoward@lvrecc.com>; Mark Stallons <mstallons@owenelectric.com>; Mickey Miller <mmiller@nolinrecc.com>; Mike Williams <mikew@bgenenergy.com>; Ted Hampton <ted.hampton@cumberlandvalley.coop>; Tim Sharp - Salt River Electric <tsharp@srelectric.com>
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	

EKPC 5% Limit

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	5% Limit
	Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018		
Big Sandy	89.5	56.9	74.3	73.6	3.7
Blue Grass	410.9	324.4	382.2	372.5	18.6
Clark	154.0	113.6	139.4	135.7	6.8
Cumberland Valley	158.3	109.6	141.3	136.4	6.8
Farmers	136.4	115.9	138.4	130.2	6.5
Fleming Mason	196.9	166.9	189.1	184.3	9.2
Grayson	85.2	57.6	72.7	71.9	3.6
Inter-County	171.1	134.1	158.6	154.6	7.7
Jackson	325.6	230.2	293.6	283.2	14.2
Licking Valley	88.6	58.7	75.0	74.1	3.7
Nolin	211.1	199.1	215.5	208.6	10.4
Owen	347.4	350.7	423.8	374.0	18.7
Salt River	314.4	262.0	306.4	294.3	14.7
Shelby	120.5	99.6	113.9	111.3	5.6
South Kentucky	458.9	353.4	426.2	412.9	20.6
Taylor	159.4	139.1	157.0	151.8	7.6
Total	3,428.1	2,771.8	3,307.4	3,169.1	158.5

A3 Allotments, Based on Data Through January 2018

Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election
	Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 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	

A3 Balances as of January 2018

Owner-Member Cooperative	Allocation		5% Balance	Pro-rata Share of Balance
	%	MW		
Big Sandy	5%	3.7	3.7	1.8
Blue Grass	5%	18.6	18.6	9.2
Clark	5%	6.8	6.8	3.4
Cumberland Valley	5%	6.8	6.8	3.4
Farmers*	5%	6.5	1.9	1.0
Fleming Mason*	5%	9.4	8.0	4.0
Grayson	5%	3.6	3.6	1.8
Inter-County	5%	7.7	7.7	3.8
Jackson*	5%	14.2	0.1	0.1
Licking Valley*	5%	3.8	3.5	1.7
Nolin	5%	10.8	10.8	5.3
Owen*	5%	21.3	0.0	0.0
Salt River*	5%	14.7	0.0	0.0
Shelby	5%	5.6	5.6	2.8
South Kentucky*	15%	61.9	3.9	1.9
Taylor	5%	7.6	7.6	3.8
Total			88.8	44.1

* indicates project in place or in process.

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
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
Licking Valley	Solar Installation	2/2018	0.3	5/2018
Jackson	Lock 12	2/2018	1.7	12/2018
Jackson	Lock 14	2/2018	1.7	12/2019
Jackson	PJM/Market	2/2018	8.0	9/2019

Total Projects 114.4
Not to Exceed 158.5 MW
Remaining 44.1

Gwyn Willoughby

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, titled "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@bigandyrecc.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@tcrecc.com; tony.campbell@ekpc.coop

Subject: Re: EKPC Amendment Three Notification

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

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 Yor 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- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018				Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018					%	MW						
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	7.604	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

* indicates project in place or in process.

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	

Assumed Savings per Year (DRAFT)			
Cooperative	MW Load Noticed 2018	Savings per MW	Savings per Year
Big Sandy	0.00	\$ 20.00	\$ -
Blue Grass	0.00	\$ 20.00	\$ -
Clark	0.00	\$ 20.00	\$ -
Cumberland Valley	0.00	\$ 20.00	\$ -
Farmers	1.90	\$ 20.00	\$ 332,880
Fleming Mason	0.00	\$ 20.00	\$ -
Grayson	0.00	\$ 20.00	\$ -
Inter-County	0.00	\$ 20.00	\$ -
Jackson	8.00	\$ 20.00	\$ 1,401,600
Licking Valley	0.00	\$ 20.00	\$ -
Nolin	0.00	\$ 20.00	\$ -
Owen	19.30	\$ 20.00	\$ 3,381,360
Salt River	12.70	\$ 20.00	\$ 2,225,040
Shelby	0.00	\$ 20.00	\$ -
South Kentucky	\$ 58.00	\$ 20.00	\$ 10,161,600
Taylor	0.00	\$ 20.00	\$ -
Totals	99.90		17,502,480

Amendment 3 Impact on EKPC (DRAFT)							
Notice	MW	MWh/Year		ES \$ Shift	ES %	Base \$ Shift	Total \$ Shift
Big Sandy	0.0	-		\$ -	0.00%	\$ -	\$ -
Blue Grass	0.0	-		\$ -	0.00%	\$ -	\$ -
Clark	0.0	-		\$ -	0.00%	\$ -	\$ -
Cumberland Valley	0.0	-		\$ -	0.00%	\$ -	\$ -
Farmers	1.9	16,644		\$ 134,310.34	1.90%	\$ 425,862.07	\$ 560,172.41
Fleming Mason	0.0	-		\$ -	0.00%	\$ -	\$ -
Grayson	0.0	-		\$ -	0.00%	\$ -	\$ -
Inter-County	0.0	-		\$ -	0.00%	\$ -	\$ -
Jackson	8.0	70,080		\$ 565,517.24	8.01%	\$ 1,793,103.45	\$ 2,358,620.69
Licking Valley	0.0	-		\$ -	0.00%	\$ -	\$ -
Nolin	0.0	-		\$ -	0.00%	\$ -	\$ -
Owen	19.3	169,068		\$ 1,364,310.34	19.32%	\$ 4,325,862.07	\$ 5,690,172.41
Salt River	12.7	111,252		\$ 897,758.62	12.71%	\$ 2,846,551.72	\$ 3,744,310.34
Shelby	0.0	-		\$ -	0.00%	\$ -	\$ -
South Kentucky	58.0	508,080		\$ 4,100,000.00	58.06%	\$ 13,000,000.00	\$ 17,100,000.00
Taylor	0.0	-		\$ -	0.00%	\$ -	\$ -
Member Owner Total	99.9	875,124		\$ 7,061,896.55		\$ 22,391,379.31	\$ 29,453,275.86
EKPC 2018 Budget	29,194	13,534,101		EKPC Pass Thru		EKPC Rate Increase	

Cost Shift Percentages			
<u>EKPC Base Rate</u> <u>Impact</u>	<u>EKPC 2018 Budget</u> <u>(pgA2)</u>	<u>Base Shift</u>	<u>Percent Increase</u>
Base Rate	\$ 777,941,988.00	\$ 22,391,379.31	2.88%
EKPC ES Revenue	\$ 109,603,865.00	\$ 7,061,896.55	6.44%

A3 Cost Shift Draft (2017 Actuals)								
			6.44%		2.88%			
Member Owner	2017 Capital Credits	Est. 2017 Member Owner ES Power Bill	ES Cost Increase	Est. 2017 Member Owner Base Rate Power Bill	Base Rate Increase	Base Rate Savings	Net Base Rate Savings (Loss)	Net Member Savings (Loss)
Big Sandy	\$ 456,552.84	\$ 2,332,135.41	\$ 150,262.03	\$ 15,242,430.52	\$ 438,720.43	\$ -	\$ (438,720.43)	\$ (588,982.46)
Blue Grass	\$ 2,544,829.40	\$ 12,999,342.52	\$ 837,561.82	\$ 84,961,436.94	\$ 2,445,431.40	\$ -	\$ (2,445,431.40)	\$ (3,282,993.21)
Clark	\$ 902,424.95	\$ 4,609,712.16	\$ 297,008.78	\$ 30,128,275.19	\$ 867,177.31	\$ -	\$ (867,177.31)	\$ (1,164,186.09)
Cumberland Valley	\$ 891,226.76	\$ 4,552,510.25	\$ 293,323.20	\$ 29,754,413.47	\$ 856,416.50	\$ -	\$ (856,416.50)	\$ (1,149,739.70)
Farmers	\$ 978,324.48	\$ 4,997,417.51	\$ 315,865.14	\$ 32,662,249.82	\$ 940,112.29	\$ 332,880.00	\$ (607,232.29)	\$ (923,097.44)
Fleming Mason	\$ 1,594,149.10	\$ 8,143,135.32	\$ 524,671.09	\$ 53,222,113.14	\$ 1,531,883.54	\$ -	\$ (1,531,883.54)	\$ (2,056,554.62)
Grayson	\$ 504,925.70	\$ 2,579,230.70	\$ 166,182.65	\$ 16,857,402.32	\$ 485,203.90	\$ -	\$ (485,203.90)	\$ (651,386.55)
Inter-County	\$ 952,243.55	\$ 4,864,192.50	\$ 313,405.23	\$ 31,791,514.33	\$ 915,050.05	\$ -	\$ (915,050.05)	\$ (1,228,455.28)
Jackson	\$ 1,789,997.81	\$ 9,143,557.77	\$ 541,951.87	\$ 59,760,699.90	\$ 1,720,082.63	\$ 1,401,600.00	\$ (318,482.63)	\$ (860,434.50)
Licking Valley	\$ 502,348.35	\$ 2,566,065.24	\$ 165,334.38	\$ 16,771,355.15	\$ 482,727.22	\$ -	\$ (482,727.22)	\$ (648,061.60)
Nolin	\$ 1,438,700.80	\$ 7,349,083.79	\$ 473,509.48	\$ 48,032,330.69	\$ 1,382,506.86	\$ -	\$ (1,382,506.86)	\$ (1,856,016.34)
Owen	\$ 2,870,788.29	\$ 14,664,385.87	\$ 762,305.26	\$ 95,843,870.04	\$ 2,758,658.72	\$ 3,381,360.00	\$ 622,701.28	\$ (139,603.98)
Salt River	\$ 2,281,982.31	\$ 11,656,683.03	\$ 655,573.62	\$ 76,186,048.52	\$ 2,192,850.80	\$ 2,225,040.00	\$ 32,189.20	\$ (623,384.41)
Shelby	\$ 901,620.69	\$ 4,605,603.89	\$ 296,744.08	\$ 30,101,424.24	\$ 866,404.46	\$ -	\$ (866,404.46)	\$ (1,163,148.54)
South Kentucky	\$ 2,592,576.90	\$ 13,243,243.39	\$ 357,880.78	\$ 86,555,530.52	\$ 2,491,313.94	\$ 10,161,600.00	\$ 7,670,286.06	\$ 7,312,405.28
Taylor	\$ 939,573.41	\$ 4,799,471.66	\$ 309,235.19	\$ 31,368,510.21	\$ 902,874.79	\$ -	\$ (902,874.79)	\$ (1,212,109.99)
Total	\$ 22,142,265.34	\$ 113,105,771.00	\$ 6,460,814.60	\$ 739,239,605.00	\$ 21,277,414.84	\$ 17,502,480.00	\$ (3,774,934.84)	\$ (10,235,749.43)

Gwyn Willoughby

From: Michelle Carpenter
Sent: Friday, February 9, 2018 1:38 PM
To: David Crews
Cc: Mike McNalley
Subject: RE: Follow-up

David,

After meeting with my team and reviewing the data we have readily available, I determined that we couldn't project LSE charges associated with the 58MW quickly or within an acceptable range of accuracy that I would desire for something going to the Board of Directors.

We had a call with ACES, explained the deliverables and advised of the due date. They advised they do these calculations regularly and could develop a basic rough estimate (rate based) by mid-day Monday and then, would work to refine it after giving us preliminary results.

While I know it is not within your desired timeframe, I think it is the best approach. Please let me know if you have any concerns or if we can provide you with other information in the interim.

Thanks,

Michelle

Michelle K. Carpenter, CPA
Controller
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
PO Box 707
Winchester, KY 40392-0707
859.745.9294
michelle.carpenter@ekpc.coop



From: David Crews
Sent: Friday, February 9, 2018 8:20 AM
To: Michelle Carpenter
Subject: RE: Follow-up

Yes. We are just trying to get a number to what in addition to capacity and energy SK will be billed by PJM.

From: Michelle Carpenter
Sent: Friday, February 9, 2018 8:19 AM
To: David Crews <David.Crews@ekpc.coop>
Subject: Follow-up
Importance: High

David,

I've got lots of things going on and I just want to make sure I completely understood your request, as we will not have much time to put together. I don't want any missteps.

You have requested for us to pull one year of our PJM billing codes related on to serving as a LSE. Then, you'd like for to determine the % of the 58MW to our entire load and apply to the charge codes to come up with a rough estimate of the PJM related charges that SKRECC may incur. Is that correct? Please advise of any needed changes.

Thanks,

Michelle

Michelle K. Carpenter, CPA
Controller
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
PO Box 707
Winchester, KY 40392-0707
859.745.9294
michelle.carpenter@ekpc.coop



Gwyn Willoughby

From: Michelle Carpenter
Sent: Thursday, February 8, 2018 8:57 PM
To: Mike McNalley
Subject: Re: Request from Crews

Ok.

Sent from my iPhone

> On Feb 8, 2018, at 8:56 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

>
> Ok, go ahead. It's all, part of the SK issue, obviously. Copy me on it, too, please.

>
> Mike McNalley
> EVP & CFO
> East Kentucky Power Cooperative, Inc.
> 859-745-9209 office
> 859-595-3897 cell
> michael.mcnalley@ekpc.coop

>
>
>> On Feb 8, 2018, at 8:54 PM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>>
>> Will need to distinguish which are LSE specific. Not that big of a deal to pull dollars from codes once we're clear on the codes.

>>
>> Sent from my iPhone

>>
>>> On Feb 8, 2018, at 8:16 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:

>>>
>>> What's involved in pulling the codes?

>>>
>>> Mike McNalley
>>> EVP & CFO
>>> East Kentucky Power Cooperative, Inc.
>>> 859-745-9209 office
>>> 859-595-3897 cell
>>> michael.mcnalley@ekpc.coop

>>>
>>>
>>>> On Feb 8, 2018, at 8:13 PM, Michelle Carpenter <michelle.carpenter@ekpc.coop> wrote:

>>>>
>>>> Mike,

>>>> Crews came in this evening and asked to get a years worth of LSE PJM codes and determine the 58MW impact based on our total load. Said needs before Monday. I'll see what we can do...might enlist ACES. But its going to take us away from January close and FAC issues. Your preference of priorities?

>>>>

>>>> Sent from my iPhone

Gwyn Willoughby

From: Tony Campbell
Sent: Thursday, February 8, 2018 4:25 PM
To: Don Mosier; Mike McNalley; David Smart; David Crews
Subject: Fwd: Supplemental Letter for Amendment 3 Notification
Attachments: Salt River Supplemental Notification.docx.pdf; ATT00001.htm

FYI

Sent from my iPhone

Begin forwarded message:

From: "Tim Sharp" <tjsharp@srelectric.com>
To: "Tony Campbell" <tony.campbell@ekpc.coop>
Cc: "David Crews" <David.Crews@ekpc.coop>, "'Doug Hubbard' (jdj@bardstown.com)" <jdj@bardstown.com>
Subject: Supplemental Letter for Amendment 3 Notification

Tony,

Please find attached a scanned copy of the document that David Crews asked us to submit to supplement our original notification dated February 1, 2018 for Amendment 3. It is our understanding that this change is to better conform to the standard document and simplify the process. This will be followed by a hard copy in the mail.

Please let me know if you have any questions.

Tim

Gwyn Willoughby

From: Mike McNalley
Sent: Thursday, February 8, 2018 1:44 PM
To: Terri Combs
Subject: RE: SSlide 10
Attachments: Executive Session Presentation-MOU Discussion-V4a.pptx

Too late. Apparently Crews and Tony talked and concluded I should change slide 15, too. So here it is again!

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

From: Terri Combs
Sent: Thursday, February 8, 2018 1:43 PM
To: Mike McNalley
Subject: RE: SSlide 10

Sure – don't tease me lol!!

From: Mike McNalley
Sent: Thursday, February 08, 2018 1:34 PM
To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

Let's call this done – for now!

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

From: Terri Combs
Sent: Thursday, February 8, 2018 11:16 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SSlide 10

The attached version is now V4, which is what we just received from Don that includes his changes.

From: Mike McNalley
Sent: Thursday, February 08, 2018 9:59 AM

To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

I think it is going to change again – slide 10 once more – because of the Farmers’ notice today.

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

From: Terri Combs
Sent: Thursday, February 8, 2018 8:13 AM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SSlide 10

Is this the finished product?

From: Mike McNalley
Sent: Wednesday, February 07, 2018 4:35 PM
To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

And here you go!

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

From: Terri Combs
Sent: Wednesday, February 7, 2018 4:26 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SSlide 10

Here you go! Thanks, Mike.

From: Mike McNalley
Sent: Wednesday, February 07, 2018 4:26 PM
To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

I just need it back...but it can wait until morning.

Mike McNalley

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

From: Terri Combs
Sent: Wednesday, February 7, 2018 4:25 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SSlide 10

On to V-3 lol!

From: Mike McNalley
Sent: Wednesday, February 07, 2018 4:19 PM
To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

OK, I am going to have to revise slide 10 again, data keeps changing!

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

From: Terri Combs
Sent: Wednesday, February 7, 2018 4:08 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SSlide 10

Sorry – I have it saved in Tony’s area on the “Executive” drive. Once we have a final version, I will have it on the podium file too for the Board meeting.

From: Mike McNalley
Sent: Wednesday, February 07, 2018 4:03 PM
To: Terri Combs <terri.combs@ekpc.coop>
Subject: RE: SSlide 10

Saved where?

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

From: Terri Combs
Sent: Wednesday, February 7, 2018 3:13 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Subject: RE: SLide 10

This one is saved as V2, for version 2. Thanks.

From: Mike McNalley
Sent: Wednesday, February 07, 2018 3:02 PM
To: Terri Combs <terri.combs@ekpc.coop>
Cc: Don Mosier <Don.Mosier@ekpc.coop>; Tony Campbell <tony.campbell@ekpc.coop>
Subject: SLide 10

The only revision here is Slide 10, revised to correct Owen and add Jackson's new notice. Both the table and words have been updated.

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

Gwyn Willoughby

From: Don Mosier
Sent: Thursday, February 8, 2018 11:14 AM
To: Mike McNalley; Tony Campbell; Terri Combs
Subject: Executive Session Presentation-MOU Discussion Rev slide 10_Mosier edits.pptx
Attachments: Executive Session Presentation-MOU Discussion Rev slide 10_Mosier edits.pptx

Here's my final take on mitigation slides, added to Mike's last version which obviously will be amended again as new notices arrive.

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		9.7
Clark	20.4	6.8		3.5
Cumberland Valley	20.5	6.8		3.5
Farmers	19.6	6.5	4.6	1.0
Fleming Mason	28.3	9.4	1.4	4.2
Grayson	10.8	3.6		1.9
Inter-County	23.2	7.7		4.0
Jackson	42.7	14.2	14.0	0.1
Licking Valley	11.3	3.8	0.3	1.8
Nolin	32.3	10.8		5.6
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.9
South Kentucky	61.9	20.6	58.0	0.0
Taylor	22.8	7.6		4.0
<i>Systems' total</i>		161.9		
<i>EKPC Limit</i>		158.5	114.3	44.2

As of February 7, 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 114.3 MW

- Each remaining member can take up to their 5% until the balance (44.2 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 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

Gwyn Willoughby

From: Sally Witt
Sent: Thursday, February 8, 2018 10:54 AM
To: Mike McNalley
Cc: David Crews; Julie Tucker
Subject: RE: Farmers RECC Amendment 3 Letters of Notification
Attachments: MOU Discussion.pptx

Here you go!

From: Mike McNalley
Sent: Thursday, February 08, 2018 9:58 AM
To: Sally Witt
Cc: David Crews
Subject: FW: Farmers RECC Amendment 3 Letters of Notification

Sally,

Just wanted to be sure you had something to work on today... ☺

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

From: Tony Campbell
Sent: Thursday, February 8, 2018 9:54 AM
To: Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Smart <david.smart@ekpc.coop>
Subject: Fwd: Farmers RECC Amendment 3 Letters of Notification

FYI

Sent from my iPhone

Begin forwarded message:

From: "Bill Prather" <bprather@farmersrecc.net>
To: "Tony Campbell" <tony.campbell@ekpc.coop>, "Terri Combs" <terri.combs@ekpc.coop>, "David Crews" <David.Crews@ekpc.coop>
Cc: "Paul Hawkins" <paulcat@srtc.com>
Subject: Farmers RECC Amendment 3 Letters of Notification

Tony,

Attached are Amendment 3 Letters of Notification. One requests an adjustment to our current allocation, based upon the entering of our generators in the PJM Emergency Capacity Market last year, and the other requesting our full 5% allocation allowed under the Amendment 3.

We regret issuing a request for the 5% allocation, but I feel we must do this in order to protect the long term interests of our cooperative from the negative effects that will result from others following this same path. Farmers does not believe the Amendment 3 provisions, as being exercised by some co-ops, is in the best long-term interests of EKPC or its member-owners.

Please let me know if we need to correct anything in the attached two notices to provide the proper notification. It is our hope that EKPC and its member-owners will be able to gain consensus for a better path forward.

Sincerely,

Bill

--

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 

Gwyn Willoughby

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.

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		5% Balance		Pro-rata Share of Balance
	Feb 2015-	Feb 2016-	Feb 2017-				Feb 2015-	Feb 2016-	Feb 2017-					%	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	3.7	11.1	Big Sandy	5%	3.7	3.7	1.8	
Blue Grass	410.9	324.4	382.2	372.5	18.6	Blue Grass	410.9	324.4	382.2	372.8	18.6	55.9	Blue Grass	5%	18.6	18.6	9.2	
Clark	154.0	113.6	139.4	135.7	6.8	Clark	154.0	113.6	140.1	135.9	6.8	20.4	Clark	5%	6.8	6.8	3.4	
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5	Cumberland Valley	5%	6.8	6.8	3.4	
Farmers	136.4	115.9	138.4	130.2	6.5	Farmers	136.8	115.9	138.4	130.3	6.5	19.6	Farmers*	5%	6.5	1.9	1.0	
Fleming Mason	196.9	166.9	189.1	184.3	9.2	Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3	Fleming Mason*	5%	9.4	8.0	4.0	
Grayson	85.2	57.6	72.7	71.9	3.6	Grayson	85.2	58.3	72.7	72.1	3.6	10.8	Grayson	5%	3.6	3.6	1.8	
Inter-County	171.1	134.1	158.6	154.6	7.7	Inter-County	171.1	134.4	158.6	154.7	7.7	23.2	Inter-County	5%	7.7	7.7	3.8	
Jackson	325.6	230.2	293.6	283.2	14.2	Jackson	327.7	232.2	293.6	284.5	14.2	42.7	Jackson*	5%	14.2	0.1	0.1	
Licking Valley	88.6	58.7	75.0	74.1	3.7	Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3	Licking Valley*	5%	3.8	3.5	1.7	
Nolin	211.1	199.1	215.5	208.6	10.4	Nolin	230.4	199.1	216.1	215.2	10.8	32.3	Nolin	5%	10.8	10.8	5.3	
Owen	347.4	350.7	423.8	374.0	18.7	Owen	430.9	401.5	447.5	426.6	21.3	64.0	Owen*	5%	21.3	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	14.7	44.2	Salt River*	5%	14.7	0.0	0.0	
Shelby	120.5	99.6	113.9	111.3	5.6	Shelby	120.5	101.6	113.9	112.0	5.6	16.8	Shelby	5%	5.6	5.6	2.8	
South Kentucky	458.9	353.4	426.2	412.9	20.6	South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9	South Kentucky*	15%	61.9	3.9	1.9	
Taylor	159.4	139.1	157.0	151.8	7.6	Taylor	160.2	139.1	157.0	152.1	7.6	22.8	Taylor	5%	7.6	7.6	3.8	
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		88.8	44.1		

* indicates project in place or in process.

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
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
Licking Valley	Solar Installation	2/2018	0.3	5/2018
Jackson	Lock 12	2/2018	1.7	12/2018
Jackson	Lock 14	2/2018	1.7	12/2019
Jackson	PJM/Market	2/2018	8.0	9/2019

Total Projects 114.4
Not to Exceed 158.5 MW
Remaining 44.1

Gwyn Willoughby

From: Sally Witt
Sent: Wednesday, February 7, 2018 3:19 PM
To: Don Mosier; David Crews; Mike McNalley
Cc: Julie Tucker
Subject: Re: growth rates

One more note...if I calculate the growth rates beginning with 2019, which is when the reductions are assumed, the growth rates are:

Base prior to reductions = 0.9% - same as before
After the 58 MW reduction = 0.8%
After the 150 MW reduction = 0.6%.

From: Sally Witt
Sent: Wednesday, February 07, 2018 2:21 PM
To: Don Mosier ; David Crews
Cc: Julie Tucker
Subject: RE: MOU updated with Licking Valley Notice

Let me clarify, the 1.2% is the growth rate for the forecast for the 20 year period of 2016-2036. The range in the graph is for the 12-year period of 2018-2030.

For this 12 year growth rates are:
Base prior to reductions = 0.9%
After the 58 MW reduction = 0.7%
After the 150 MW reduction = 0.2%.

From: Don Mosier
Sent: Wednesday, February 07, 2018 1:30 PM
To: Sally Witt ; David Crews
Cc: Julie Tucker
Subject: RE: MOU updated with Licking Valley Notice

Growth rate 1.2%?

From: Sally Witt
Sent: Wednesday, February 07, 2018 10:12 AM
To: Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Cc: Julie Tucker <julie.tucker@ekpc.coop>
Subject: RE: MOU updated with Licking Valley Notice

Good Morning!

Both graphs assume total requirements from the most recent updated load forecast.

The South Kentucky reduction is 58 MW at 100% load factor resulting in an annual reduction of 508,080 MWh and 509,472 MWh during leap years.

The other graph shows a reduction of 150 MW at 100% load factor resulting in an annual reduction of 1,314,000 MWh and 1,317,600 MWh during leap years.

Please let me know if you need anything else.

Sally

From: Don Mosier

Sent: Wednesday, February 07, 2018 9:24 AM

To: Sally Witt <sally.witt@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Crews <David.Crews@ekpc.coop>

Cc: Julie Tucker <julie.tucker@ekpc.coop>

Subject: RE: MOU updated with Licking Valley Notice

Would you please provide assumption details for the graphs?

From: Sally Witt

Sent: Wednesday, February 07, 2018 9:05 AM

To: Mike McNalley <Michael.McNalley@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; David Crews <David.Crews@ekpc.coop>

Cc: Julie Tucker <julie.tucker@ekpc.coop>

Subject: MOU updated with Licking Valley Notice

Gwyn Willoughby

From: Mike McNalley
Sent: Wednesday, February 7, 2018 3:02 PM
To: Terri Combs
Cc: Don Mosier; Tony Campbell
Subject: SSlide 10
Attachments: Executive Session Presentation-MOU Discussion Rev slide 10.pptx

The only revision here is Slide 10, revised to correct Owen and add Jackson's new notice. Both the table and words have been updated.

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

Gwyn Willoughby

From: Mike McNalley
Sent: Wednesday, February 7, 2018 2:57 PM
To: Sally Witt
Subject: RE: Jackson Energy Notice Letters

I've been here nearly 8 years and this is your first mistake. Not too bad. I've made more, by the way.

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

From: Sally Witt
Sent: Wednesday, February 7, 2018 2:51 PM
To: Mike McNalley
Subject: RE: Jackson Energy Notice Letters

Yeah...I made a mistake. ☹️ I had entered Owen's peak coincident with EK for their individual peak. I corrected it yesterday. I spoke with Mark and he is going to revise his draft notice that he sent to David and maybe you have it too. He was kind about it. David knows too. I'm sorry. I was comparing all of the numbers with the raw data reports before sending the presentation materials and found the error.

From: Mike McNalley
Sent: Wednesday, February 07, 2018 2:46 PM
To: Sally Witt <sally.witt@ekpc.coop>
Subject: RE: Jackson Energy Notice Letters

Is Owen too high? I thought their limit was 20.9 MW

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

From: Sally Witt
Sent: Wednesday, February 7, 2018 2:41 PM
To: Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Don Mosier <Don.Mosier@ekpc.coop>; David Crews <David.Crews@ekpc.coop>; Julie Tucker <julie.tucker@ekpc.coop>
Subject: RE: Jackson Energy Notice Letters

With Jackson's notice included



From: Mike McNalley
Sent: Wednesday, February 07, 2018 1:56 PM
To: Sally Witt <sally.witt@ekpc.coop>
Subject: FW: Jackson Energy Notice Letters
Importance: High

In case you're keeping score...

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

From: Tony Campbell
Sent: Wednesday, February 7, 2018 1:24 PM
To: Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Smart <david.smart@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Cc: Terri Combs <terri.combs@ekpc.coop>
Subject: FW: Jackson Energy Notice Letters
Importance: High

All:

Attached find Jackson Energy's notice for the MOU. Don/David, please make certain it meets the MOU's notice requirements. If not please assist her too. Terri – print for me.

TC

From: Carol Wright [<mailto:carolwright@jacksonenergy.com>]
Sent: Wednesday, February 7, 2018 12:44 PM
To: Tony Campbell <tony.campbell@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Cc: Executive Team <executiveteam@jacksonenergy.com>; Terri Combs <terri.combs@ekpc.coop>
Subject: Jackson Energy Notice Letters
Importance: High

Mr. Campbell:

Please find attached to this email three notice letters per the MOU and Amendment #3 that will reduce Jackson Energy's purchase power from EKPC from three alternate power sources.

The attached letters will be postmarked and mailed today, but I wanted to provide notice immediately to ensure they were counted in the 5% election as of today's date.

If you have any questions, please do not hesitate to contact me.

Thanks you,

Carol Wright
President & CEO
606-364-9213

