

MINUTES
OF
BOARD GOVERNANCE COMMITTEE
March 28, 2012

Regular Committee Meeting

A regular meeting of the Board Governance Committee of East Kentucky Power Cooperative, Inc. was held at East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Winchester, Kentucky, on Wednesday, March 28, 2012, at 1:30 p.m., EDT. The following members of the Committee were present:

Don Shuffett (D) Chairman	Taylor County RECC
Ken Arrington (D)	Grayson RECC
Landis Cornett (D)	Jackson EC
Tom Estes (D)	South Kentucky RECC
Hope Kinman (D)	Owen EC
Allen Anderson (M)	South Kentucky RECC
Paul Embs (M)	Clark RECC
Carol Ann Fraley (M)	Grayson RECC
Debbie Martin (M)	Shelby EC

Barry Myers (M) of Taylor County RECC was not present for the meeting.

EKPC staff members attending for all or part of the meeting included Tony Campbell, Roger Cowden, Michelle Carpenter, Don Mosier, David Crews, Steve McClure and Brian Prendergast. Monica Schmidt of NRECA, General Counsel David Smart, Counsel from Frost Brown Todd and Don Schaefer, Jackson Energy CEO were also in attendance. Gwyn Willoughby assisted with the minutes.

ACTION ITEMS---

General Counsel, Mr. David Smart, offered a safety moment.

[REDACTED]

[REDACTED]

Discuss Next Steps on Amendments 3 and 5 to the Wholesale Power Agreement

A written statement from Mark Stallons, CEO of Owen Electric Cooperative, regarding the status of the Linxwiler study was provided to the Committee. Mr. Don Schaefer also updated the Committee on the status of the Linxwiler study and his perspective regarding Amendments 3 and 5. A detailed discussion followed about ways to revise the amendment to better gain the acceptance of member systems. Mr. Tony Campbell requested that a deadline be set for a vote in the June Board Meeting.

A motion was made by Landis Cornett and passed to call for a vote for approval of Amendment 5 at the June Board Meeting.

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Pending Agenda Items for Next Meeting

[REDACTED] in the Boardroom
Boardroom – Audio and Visual Issues
Amendment Nos. 3 and 5

INFORMATION AND DISCUSSION ITEMS--

The following reports were attached to the agenda for information and discussion: Minutes from February 21, 2012 Committee Meeting for Vote; Policy No. 113, Legal Representation and Use of Attorneys Policy; Draft Governance Committee Assessment Potential Statement; Draft of Proposed Changes to Nepotism Policy No. 109; Current Policy No. 109; Board Agenda Item regarding Board Policy No. 404, Transaction Authority Limit Policy for Energy and Energy Related Commodities and Transportation; Redline version of Policy No. 404; Policy No. 404 as approved by Governance Committee; Board Agenda Item regarding Board Policy No. 204, Credit Policy; Redline version of Policy No. 204; Policy No. 204 as approved by Governance Committee; Draft of revisions to Policy No. 203, Strategic Financial Management and Article IV of EKPC Bylaws.

The following were handed out at the Committee Meeting for information and discussion: Response from Mark Stallons, Owen Electric CEO—Status of Linxwiler Study; NRECA documents entitled "Part 1: Proposed 2011 Goals/Performance

Governance Committee Meeting
March 28, 2012

Expectation" and Part 2: Overview of Competency Profile and the Governance
Committee Charter.

Chairman, Don Shuffett, adjourned the meeting at 4:11 p.m.

Hope Kinman, Secretary

Approved:

Hope Kinman

Date:

4-17-12

Governance Committee Meeting
April 17, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

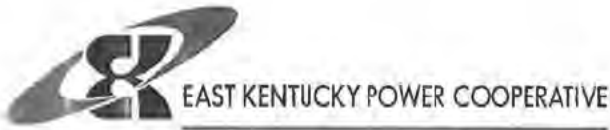
[REDACTED]

[REDACTED]

[REDACTED]

Update on Amendments 3 and 5 to the Wholesale Power Agreement

Mr. Don Mosier updated the Committee on the current status of Amendments 3 and 5. Mr. David Crews spoke with Don Schaefer, Jackson Energy CEO, regarding possible ways to revise Amendment 5, but they determined there were fundamental differences of opinion regarding Amendment 5 that could not be resolved by language revisions. Mr. Mosier also indicated that he had received a phone call from Owen Electric CEO, Mark Stallons, just before the Committee meeting advising that the Linxwiler study of Amendment 5 had been completed. Mr. Stallons asked for a meeting with EKPC staff, Jackson Energy, Owen Electric and Salt River to review the Linxwiler report. Mr. Mosier will update the Governance Committee at the May Committee meeting. The Committee agreed that we are still scheduled to take Amendments 3 and 5 to the Wholesale Power Agreement to the Board for vote at June Board Meeting.



June 1, 2012

Board of Directors
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

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

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

AGENDA

I. CALL TO ORDER

II. INVOCATION

III. ROLL CALL

IV. ACTION ON PREVIOUS BOARD MINUTES

Approval of Minutes from Board Meeting on April 10, 2012

V. ADOPTION OF AGENDA

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
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- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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

- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

A. L. Rosenberger

A. L. Rosenberger, Secretary

[REDACTED]

[REDACTED]

[REDACTED]


[REDACTED]

[REDACTED]

Board Agenda Item

JUNE

TO: Strategic Issues Committee and EKPC Board of Directors

FROM: Anthony S. Campbell 

DATE: June 1, 2012

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

Background

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

Justification and Strategic Analysis

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

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

Jackson Energy will complete contract negotiations, contraction and commence operation at this site by the end of 2012.

Recommendation

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

Resolution

JUNE

APPROVAL OF JACKSON ENERGY COOPERATIVE UTILIZING AMENDMENT #3 OF THE WHOLESALE POWER CONTRACT FOR THE BLUE RIDGE LANDFILL GAS PROJECT OF 1.6 MW

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

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

Whereas, Jackson Energy will utilize a three phase distribution feeder from the Rice substation and the initial capacity of the site will be 1.6 MW and could increase to 3.2 MW, depending on availability of methane gas and future expansion of the landfill;

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


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

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

Board Agenda Item

JUNE

TO: Strategic Issues Committee and EKPC Board of Directors

FROM: Anthony S. Campbell 

DATE: June 1, 2012

SUBJECT: Rescission of Approval for Owen Electric Cooperative to Purchase Two Separate 1 MW Blocks of Solar Power From NuFranc

Background

The East Kentucky Power Cooperative (“EKPC”) Board of Directors (“Board”) at the November 2010 and the March 2011 meetings respectively, granted approval for Owen Electric Cooperative (“Owen”) to purchase two separate 1 MW blocks of solar power from NuFranc’s proposed solar projects to be located in Owen County.

Justification and Strategic Analysis

In December of 2011 Owen received notice from NuFranc that due to financing issues both solar projects were no longer viable and would not be constructed. In order to clarify that these two MW will no longer be counted against Owen’s allocation under Amendment 3 of the Wholesale Power Contract, the Board should proceed to rescind the above approvals.

Recommendation

Management and the Strategic Issues Committee therefore recommend that the EKPC Board rescind its approval of Owen’s purchase of two separate 1 MW blocks of solar power from NuFranc.

Resolution

JUNE

RESCISSION OF APPROVAL OF OWEN ELECTRIC COOPERATIVE'S PURCHASE OF TWO 1 MW BLOCKS OF SOLAR POWER FROM NUFRANC

Whereas, The East Kentucky Power Cooperative, Inc. ("EKPC") Board of Directors ("Board") at its November 2010 and March 2011 meetings respectively, approved Owen Electric Cooperative's ("Owen") purchase of two separate 1 MW blocks of solar power from NuFranc;

Whereas, The NuFranc solar projects are no longer economically viable and will not be constructed;

Whereas, EKPC management and the Strategic Issues Committee recommend that the Board rescind approval of these two purchases; now, therefore, be it;

Resolved, That the EKPC Board hereby rescinds approval of Owen's purchase of two 1 MW blocks of Solar Power from NuFranc.

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

B. Information and Discussion Items

[REDACTED]

2. Update on Linxwiler Study and Amendments 3 and 5 to the Wholesale Power Agreement

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

MINUTES
OF
BOARD GOVERNANCE COMMITTEE
March 28, 2012

Regular Committee Meeting

A regular meeting of the Board Governance Committee of East Kentucky Power Cooperative, Inc. was held at East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Winchester, Kentucky, on Wednesday, March 28, 2012, at 1:30 p.m., EDT. The following members of the Committee were present:

Don Shuffett (D) Chairman	Taylor County RECC
Ken Arrington (D)	Grayson RECC
Landis Cornett (D)	Jackson EC
Tom Estes (D)	South Kentucky RECC
Hope Kinnan (D)	Owen EC
Allen Anderson (M)	South Kentucky RECC
Paul Embs (M)	Clark RECC
Carol Ann Fraley (M)	Grayson RECC
Debbie Martin (M)	Shelby EC

Barry Myers (M) of Taylor County RECC was not present for the meeting.

EKPC staff members attending for all or part of the meeting included Tony Campbell, Roger Cowden, Michelle Carpenter, Don Mosier, David Crews, Steve McClure and Brian Prendergast. Monica Schmidt of NRECA, General Counsel David Smart, Counsel from Frost Brown Todd and Don Schaefer, Jackson Energy CEO were also in attendance. Gwyn Willoughby assisted with the minutes.

ACTION ITEMS---

[REDACTED]

[REDACTED]

[REDACTED] by Tom Estes and passed to approve the February 21, 2012 minutes as presented.

Discuss Next Steps on Amendments 3 and 5 to the Wholesale Power Agreement

A written statement from Mark Stallons, CEO of Owen Electric Cooperative, regarding the status of the Linxwiler study was provided to the Committee. Mr. Don Schaefer also updated the Committee on the status of the Linxwiler study and his perspective regarding Amendments 3 and 5. A detailed discussion followed about ways to revise the amendment to better gain the acceptance of member systems. Mr. Tony Campbell requested that a deadline be set for a vote in the June Board Meeting.

A motion was made by Landis Cornett and passed to call for a vote for approval of Amendment 5 at the June Board Meeting.

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Governance Committee Meeting
March 28, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Amendment Nos. 3 and 5

[REDACTED]

[REDACTED]

[REDACTED]

**MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
APRIL 9, 2012**

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee was held at Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Monday, April 9, 2012, pursuant to proper notice. Strategic Issues Committee Chairman Lonnie Vice called the meeting to order at 1:30 p.m. (EDT).

The following members of the Committee were present:

Lonnie Vice	Fleming Mason EC
Jimmy Longmire	Salt River ECC
A. L. Rosenberger	Nolin RECC
William Shearer	Clark EC
Wade May	Big Sandy RECC
E. A. Gilbert	Blue Grass ECC
Mike Williams	Blue Grass ECC
Ted Hampton	Cumberland Valley Electric
Kerry Howard	Licking Valley RECC
Mark Stallons	Owen Electric

The following members of the Committee were present via teleconference:

Bill Prather	Farmers RECC
Jim Jacobus	Inter-County Energy Cooperative

EKPC staff members present for either all or a portion of the meeting included Tony Campbell, P&CEO; Don Mosier, EVP&COO; Craig Johnson; David Crews; Denver York; Frank Oliva; Barry Mayfield; Jerry Purvis; Mary Jane Warner; Gary Stansberry; Steve McClure; Joe Smothers; Terri Combs; Brenda Bowen; Corporate Counsel Sherman Goodpaster; Don Schaefer, CEO of Jackson Energy; and, Monica Schmidt with NRECA.

ACTION ITEMS---



[REDACTED]

[REDACTED]

[REDACTED]

INFORMATION AND DISCUSSION ITEMS---

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Jackson Energy Amendment 3 Request

David Crews, Senior Vice President of Power Supply, reported regarding a request from Jackson Energy Cooperative to utilize Amendment 3 of the Wholesale Power Contract for a distributed generation projection of 1.0 MW and a landfill gas project of 1.6 MW, both of which falls within the 5% assigned to Jackson Energy. EKPC Management has reviewed the information related to this request and recommends it be approved and will submit to this Committee a Resolution in June for approval and recommendation to the Board for a final decision.

Withdrawal of the Owen NuFrank Amendment 3

David Crews provided information to the Committee regarding the circumstances related to the Owen NuFrank project and subject to terms of Amendment 3, the necessity to withdraw the project from the approved project list. EKCP Management has reviewed the information related to this request and will submit to this Committee a Resolution in June for approval and recommendation to the Board for a final decision.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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April 9, 2012
Page 4

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Jimmy Longmire, Secretary

Approved: _____

Date: _____

Governance Committee Meeting
April 17, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Update on Amendments 3 and 5 to the Wholesale Power Agreement

Mr. Don Mosier updated the Committee on the current status of Amendments 3 and 5. Mr. David Crews spoke with Don Schaefer, Jackson Energy CEO, regarding possible ways to revise Amendment 5, but they determined there were fundamental differences of opinion regarding Amendment 5 that could not be resolved by language revisions. Mr. Mosier also indicated that he had received a phone call from Owen Electric CEO, Mark Stallons, just before the Committee meeting advising that the Linxwiler study of Amendment 5 had been completed. Mr. Stallons asked for a meeting with EKPC staff, Jackson Energy, Owen Electric and Salt River to review the Linxwiler report. Mr. Mosier will update the Governance Committee at the May Committee meeting. The Committee agreed that we are still scheduled to take Amendments 3 and 5 to the Wholesale Power Agreement to the Board for vote at June Board Meeting.

Governance Committee Meeting
April 17, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Amendment Nos. 3 and 5

[REDACTED]

[REDACTED]

[REDACTED]

Hope Kinman, Secretary

Approved: Via Teleconference

Date: May 16, 2012

Page No.

IX. STRATEGIC ISSUES ITEMS
Lonnie Vice, Chairman

[REDACTED]

[REDACTED]

S3-S6

[REDACTED]

[REDACTED]

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S7-S35

6. Withdrawal of the Owen NuFrank Amendment #3 - CREWS (-)

[REDACTED]

(-)

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

S36
S37-S38

[REDACTED]

S39-S40
S41

[REDACTED]

S42
S43
S44

[REDACTED]

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Page No.

■ [REDACTED]

[REDACTED]

G2-G3

[REDACTED]

B. Information and Discussion Items

[REDACTED]

G4-G7

[REDACTED]

G8-G13

[REDACTED]

G14-G77

[REDACTED]

[REDACTED]

[REDACTED]

7. Update on Linxwiler Study and Amendments 3 and 5 to the Wholesale Power Agreement – (–)

[REDACTED]

[REDACTED]

MINUTES
OF
BOARD GOVERNANCE COMMITTEE
February 21, 2012

Regular Committee Meeting

A regular meeting of the Board Governance Committee of East Kentucky Power Cooperative, Inc. was held at East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Winchester, Kentucky, on Tuesday, February 21, 2012, at 1:35 p.m., EST. The following members of the Committee were present:

Don Shuffett (D) Chairman	Taylor County RECC
Ken Arrington (D)	Grayson RECC
Landis Cornett (D)	Jackson EC
Tom Estes (D)	South Kentucky RECC
Hope Kinman (D)	Owen EC
Allen Anderson (M)	South Kentucky RECC
Paul Embs (M)	Clark RECC
Carol Ann Fraley (M)	Grayson RECC

Attending via conference call was Debbie Martin (M) of Shelby EC.

Barry Myers (M) of Taylor County RECC was not present for the meeting.

EKPC staff members attending for all or part of the meeting included Tony Campbell, Roger Cowden and Brian Prendergast. Monica Schmidt of NRECA and General Counsel David Smart, Counsel from Frost Brown Todd were also in attendance. Gwyn Willoughby assisted with the minutes.

ACTION ITEMS---

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Governance Committee Meeting
February 21, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Discuss Next Steps on Amendments 3 and 5 to the Wholesale Power Agreement

A detailed discussion was held regarding next steps on amendments 3 and 5.

Mr. Campbell will communicate the set deadline with Jackson, Owen and Salt River. Mr. Mosier will announce to the Board at the March Board meeting that a deadline has been set for Jackson, Owen and Salt River to have a report on the Linxwiler findings to the Governance Committee at the March 28, 2012 committee meeting. Depending on the findings of the report, the Governance Committee would like this to be taken to the full Board in April.

[REDACTED]

IX. STRATEGIC ISSUES ITEMS
Lonnie Vice, Chairman

[REDACTED]

[REDACTED] S3-S6

[REDACTED]

[REDACTED] --

[REDACTED] S7-S36

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12. Discussion of Grayson RECC's Request to Utilize Amendment #3 of
the Wholesale Power Contract for 15% of their Peak Load - CAMPBELL (--)

[REDACTED]

[REDACTED] --

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] S37
S38-S39

[REDACTED]

[REDACTED] S40-S41
S42

[REDACTED] --

[REDACTED] --

[REDACTED] --

[REDACTED] --

[REDACTED]

**MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
JUNE 8, 2012**

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee was held at Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Friday, June 8, 2012, pursuant to proper notice. Strategic Issues Committee Chairman Lonnie Vice called the meeting to order at 1:30 p.m. (EDT).

The following members of the Committee were present:

Lonnie Vice	Fleming Mason EC
Jimmy Longmire	Salt River ECC
A. L. Rosenberger	Nolin RECC
William Shearer	Clark EC
Wade May	Big Sandy RECC
Mike Williams	Blue Grass ECC
Kerry Howard	Licking Valley RECC

The following members of the Committee were present via teleconference:

Bill Prather	Farmers RECC
Jim Jacobus	Inter-County Energy Cooperative
Ted Hampton	Cumberland Valley Electric

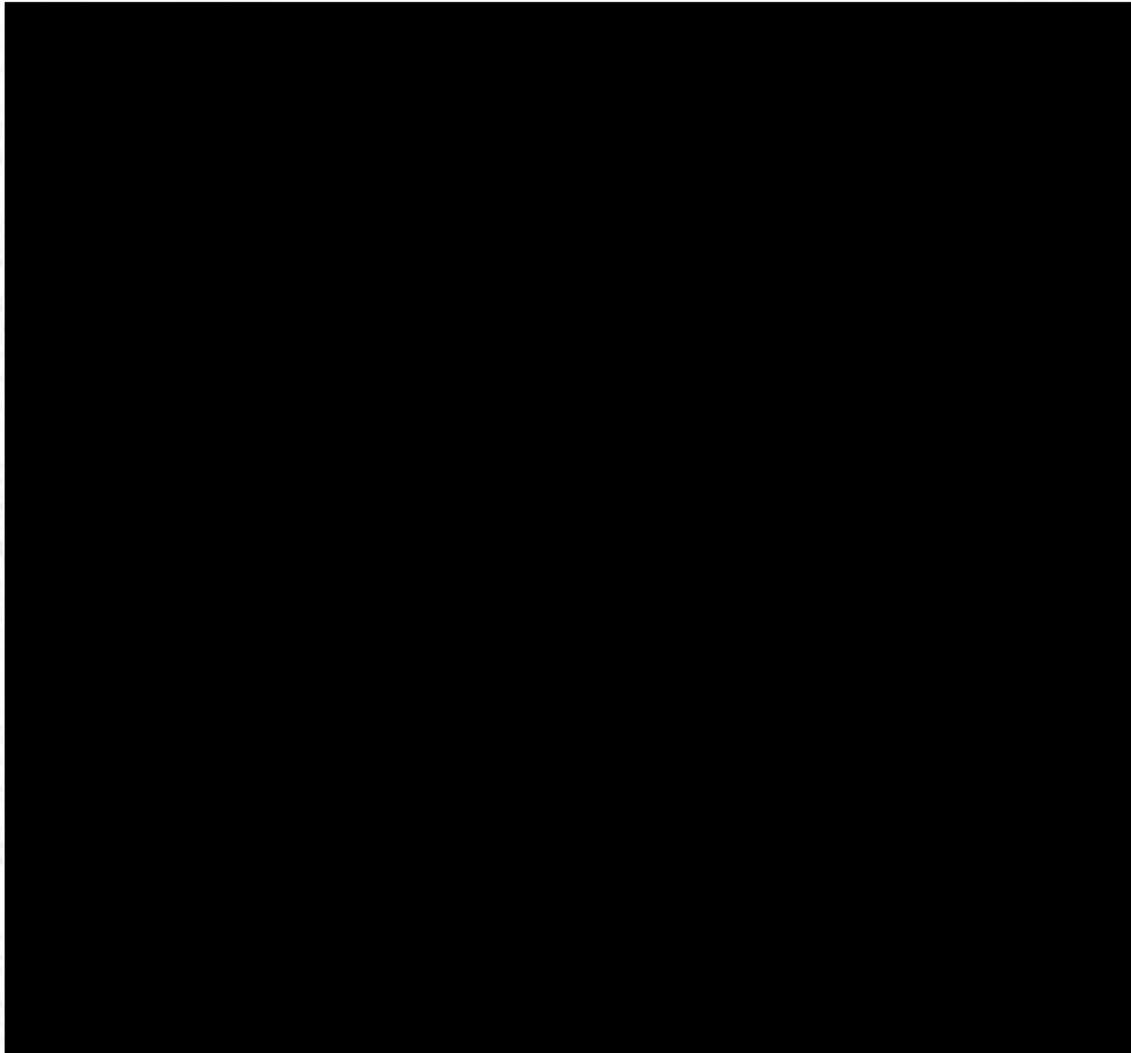
EKPC staff members present for either all or a portion of the meeting included Tony Campbell, P&CEO; Don Mosier, EVP&COO; Mike McNalley, EVP & CFO; Craig Johnson; David Crews; Frank Oliva; Barry Mayfield; Jerry Purvis; Mary Jane Warner; Mark Brewer; Gary Stansberry; Steve McClure; Joe Smothers; Kim Fyffe; Brenda Bowen; and, Corporate Counsel Sherman Goodpaster.

[REDACTED]

[REDACTED]

[REDACTED]

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June 8, 2012
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Review and Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project of 1.6 MW Resolution and Executive Summary and Recommend to Board for Approval

David Crews, Senior Vice President of Power Supply, updated the Committee regarding Jackson Energy Cooperative's request to utilize Amendment 3 of the Wholesale Power Contract for a landfill gas project of 1.6 MW. Crews continued by stating that this request falls within the 5% assigned to Jackson Energy and that EKPC Management has reviewed the information related to this request and recommends it be approved.

After further discussion, a motion was made by William Shearer, seconded by Jimmy Longmire, and passed by the Committee to approve the Resolution authorizing Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for the

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June 8, 2012
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Blue Ridge Landfill Gas Project of 1.6 MW and recommends submission to the full Board for final approval.

Review and Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW Resolution and Executive Summary and Recommend to Board for Approval

David Crews also provided an update regarding Jackson Energy Cooperative's request to utilize Amendment 3 of the Wholesale Power Contract for a distributed generation projection of 1.0 MW. Crews advised that this request also falls within the 5% assigned to Jackson Energy and that EKPC Management has reviewed the information related to this request and recommends it be approved.

After further discussion, a motion was made by Jimmy Longmire, seconded by Wade May, and passed by the Committee to approve the Resolution authorizing Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW and recommends submission to the full Board for final approval.

Review and Approval of Rescission of Approval for Owen Electric Cooperative to Purchase Two Separate 1 MW Blocks of Solar Power from NuFranc Resolution and Executive Summary and Recommend to Board for Approval

David Crews updated the Committee regarding the circumstances related to the Owen NuFranc project stating it no longer is financially feasible thereby making it necessary to withdraw the project from the approved project list.

After further discussion, a motion was made by William Shearer, seconded by Jimmy Longmire, and passed by the Committee to approve the Resolution authorizing the Rescission of Approval for Owen Electric Cooperative to Purchase Two Separate 1 MW Blocks of Solar Power from NuFranc and recommends submission to the full Board for final approval.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

EXECUTIVE SESSION

[REDACTED]

[REDACTED]

[REDACTED]

Page No.

■ [REDACTED]

[REDACTED]

[REDACTED]

G2-G9

[REDACTED]

G10-G18

B. Information and Discussion Items

[REDACTED]

G19-G22

2. Update on Linxwiler Study and Amendments 3 and 5 to the Wholesale Power Agreement (--)

--

3. [REDACTED]

[REDACTED]

[REDACTED]

Governance Committee Meeting
May 16, 2012

Update on Amendments 3 and 5 to the Wholesale Power Agreement

David Crews updated the committee on the status of Amendments 3 and 5. Mark Stallons (M) of Owen EC, Don Schaefer (M) of Jackson EC and Larry Hicks (M) of Salt River ECC joined via teleconference for a detailed discussion. The Committee agreed to postpone the June vote on Amendments 5 and allow time for Linxwiler to present their findings to EKPC staff and representatives from Jackson, Owen and Salt River on June 13, 2012.

Chairman Shuffett will update the Board at the June Board meeting regarding the status of the progress made toward requesting a vote on Amendment 5.

A motion was made by Landis Cornett and passed to postpone the June vote on Amendment 5 until after the June 13, 2012 meeting with EKPC staff, Linxwiler staff and Jackson, Owen and Salt River representatives. The Committee will update and provide recommendations at the July Board meeting.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

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

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

ROLL CALL

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

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

[REDACTED]

[REDACTED]

[REDACTED]

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

[REDACTED]

MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
JULY 16, 2012

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee was held at Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Monday, July 16, 2012, pursuant to proper notice. Strategic Issues Committee Chairman Lonnie Vice called the meeting to order at 1:30 p.m. (EDT).

The following members of the Committee were present:

Lonnie Vice	Fleming Mason EC
Jimmy Longmire	Salt River ECC
Ted Hampton	Cumberland Valley Electric
A. L. Rosenberger	Nolin RECC
William Shearer	Clark EC
E. A. Gilbert	Blue Grass ECC
Alan Ahrman	Owen Electric

The following members of the Committee were present via teleconference:

Carol Ann Fraley	Grayson RECC
Jim Jacobus	Inter-County Energy Cooperative
Mark Stallons	Owen Electric
Kerry Howard	Licking Valley RECC

EKPC staff members present for either all or a portion of the meeting included Tony Campbell, P&CEO; Don Mosier, EVP&COO; Mike McNalley, EVP & CFO; Craig Johnson; David Crews; Denver York; Barry Mayfield; Jerry Purvis; Mark Brewer; Gary Stansberry; Steve McClure; Rick Drury; Kim Fyffe; Brenda Bowen; Corporate Counsel Sherman Goodpaster; and, General Counsel David Smart.

ACTION ITEMS--

[REDACTED]

[REDACTED]

[REDACTED]

Page No.

X.

[REDACTED]

[REDACTED]

[REDACTED]

S3-S6

[REDACTED]

[REDACTED]

--
S7-S35

6. Discuss Grayson RECC's Request to Utilize Amendment #3 of the Wholesale Power Contract for 15% of their Peak Load (--)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

S36-S38
S39-S40

[REDACTED]

S41-S42
S43

[REDACTED]

S44
S45
S46

[REDACTED]

S47

[REDACTED]

S48
S49

Strategic Issues Committee Minutes
July 16, 2012
Page 4

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Discussion of Grayson RECC's Request to Utilize Amendment #3 of the Wholesale Power Contract for 15% of their Peak Load

CEO Tony Campbell discussed a request by Grayson RECC to utilize Amendment #3 of the Wholesale Power Agreement. EKPC received correspondence from Grayson RECC (copy of which was distributed to the Committee) requesting 10.7 MW which is equal to 15% of Grayson's three year rolling peak load average. Discussion continued regarding the terms of Amendment #3 and proposed Amendment #5.

[REDACTED]

[REDACTED]

MINUTES
OF
BOARD GOVERNANCE COMMITTEE
June 21, 2012

Regular Committee Meeting

A regular meeting of the Board Governance Committee of East Kentucky Power Cooperative, Inc. was held at East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Winchester, Kentucky, on Thursday, June 21, 2012, at 9:00 a.m., EDT. The following members of the Committee were present:

Don Shuffett (D) Chairman	Taylor County RECC
Ken Arrington (D)	Grayson RECC
John Pruitt (D)	South Kentucky RECC
Joe Spalding (D)	Inter County E
Allen Anderson (M)	South Kentucky RECC
Paul Embs (M)	Clark RECC

Debbie Martin (M) of Shelby EC, Bill Prather (M) of Farmers RECC and Monica Schmidt of NRECA attended via conference call.

Wade May (D) of Big Sandy RECC and Barry Myers (M) of Taylor County RECC were not present for the meeting.

EKPC staff members attending for all or part of the meeting included Michelle Carpenter, Brian Prendergast, Tony Campbell and Roger Cowden. Gwyn Willoughby assisted with the minutes.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Governance Committee Meeting
June 21, 2012

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]


INFORMATION AND DISCUSSION ITEMS--

The following reports were attached to the agenda for information and discussion:

[REDACTED]

A letter addressed to Mr. Tony Campbell, dated June 12, 2012 regarding the Proposed Amendment No. 5 to Wholesale Power Contracts was handed out at the meeting.

[REDACTED]

 Secretary

Approved: John T. Pruitt Jr.

Date: 7-16-12

**MINUTES
OF
STRATEGIC ISSUES COMMITTEE MEETING
AUGUST 13, 2012**

REGULAR COMMITTEE MEETING

The regular meeting of the East Kentucky Power Cooperative, Inc. ("EKPC") Strategic Issues Committee was held at Headquarters Building, 4775 Lexington Road, Winchester, Kentucky, on Monday, August 13, 2012, pursuant to proper notice. Strategic Issues Committee Chairman Lonnie Vice called the meeting to order at 1:30 p.m. (EDT).

The following members of the Committee were present:

Lonnie Vice	Fleming Mason EC
Jimmy Longmire	Salt River ECC
Ted Hampton	Cumberland Valley Electric
A. L. Rosenberger	Nolin RECC
William Shearer	Clark EC
E. A. Gilbert	Blue Grass ECC
Don Schaefer	Jackson Energy
Mark Stallons	Owen Electric
Carol Ann Fraley	Grayson RECC
Kerry Howard	Licking Valley RECC

The following members of the Committee were present via teleconference:

Jim Jacobus	Inter-County Energy Cooperative
-------------	---------------------------------

EKPC staff members present for either all or a portion of the meeting included Tony Campbell, P&CEO; Don Mosier, EVP&COO; Mike McNalley, EVP & CFO; Craig Johnson; David Crews; Jerry Purvis; Gary Stansberry; Steve McClure; Julie Tucker; Kim Fyffe; Brenda Bowen; and Corporate Counsel Sherman Goodpaster. Guests included Carol Wright, Jackson Energy; Don Combs and Brandon Cherri, Grayson RECC; and Jeffrey Scott, Esq., Counsel for Grayson RECC.

ACTION ITEMS---

[REDACTED]

[REDACTED]

*Privileged & Confidential
Attorney Work Product*

MEMORANDUM

Monday, May 5, 2003

TO: Dave Eames
Frank Oliva

FROM: Dale Henley

RE: SKRECC Memo dated April 30, 2003

I doubt that EKPC will propose an amendment to the WPC to take into consideration these specific scenarios outlined in the attached letter. Rather, it is my understanding that Roy has submitted, for RUS review, comment and approval, the draft language which recognizes ten percent flexibility along with possible exit strategies.

Dave, since this is a member assigned to you, do you want to take the lead on addressing this situation with Allen or how do you see this situation. I don't want him to be disappointed to realize that it is unlikely that we can accommodate these specific situations in formal amendments to the WPC.

dwh/lm
attachment



Allen Anderson, Head Coach & CEO

925-929 North Main Street
Post Office Box 910
Somerset, KY 42502-0910
Telephone 606-678-4121
Toll Free 800-264-5112
Fax 606-679-8279
www.skrecc.com

April 30, 2003

*Copy - Dale Henley
Dave Eames
Frank Oliva*

East Kentucky Power Cooperative
Mr. Roy Palk, President and CEO
Post Office Box 707
Winchester, Kentucky 40392-0707

Dear Roy:

Here are three different ways that South Kentucky RECC could utilize some flexibility in the Wholesale Power Contract, which I feel will be helpful in the future for EKPC, SKRECC, and the members at the end of line.

If you have any questions, please feel free to call me at any time.

Sincerely,

SOUTH KENTUCKY RECC

Allen Anderson
(Signature)

Allen Anderson
CEO

AA:cgw

Enclosure



WPC

925-929 North Main Street
Post Office Box 910
Somerset, KY 42502-0910
Telephone 606-678-4121
Toll Free 800-264-5112
Fax 606-679-8279
www.skrecc.com

ADMENDMENT TO THE WHOLESALE POWER CONTRACT

We support and urgently need for East Kentucky Power Cooperative to build some flexibility in the Wholesale Power Contract.

Ways we plan to use the flexibility in the Wholesale Power Contract:

- 1) The Somerset Housing Project consisting of 174 housing units has expressed interest in donating for \$1.00 the distribution system serving the 174 units. They want to get out of the utility business and have someone to operate and maintain the system for them. These units are primary metered and served by Kentucky Utilities. We want to place the primary meters in South Kentucky RECC's name, continuing to purchase this power from KU. We also feel since this is totally new territory that the new EKPC amended contract should allow this and also be excluded from any percentage of demand limitations.

This allows SKRECC this growth and when economically feasible could be served by EKPC.

- 2) We see possible opportunities in the near future of purchasing municipals and/or investor owned distribution systems. There may be situations or conditions that exist with these opportunities that having the flexibility to buy the power supply from the existing provider may help to negotiate the deal.

All opportunities are somewhat different but in SKRECC's service area, the opportunities I am speaking of are the Monticello Plant Board and the KU Townships with our service area.

It would be great to exclude new added territories from the All Power Contract, and build in a required time of notice to EKPC if EKPC is expected to serve any of this new load.

- 3) The only other opportunity could be to own and maintain fuel cells, and/or on site generators in the future.

Please consider any new territory added by distribution co-ops to be excluded from the All Power Requirement Contract.

We would like for at least 10% of the highest recorded or average co-op monthly demand over the previous year flexibility be considered in the All Power Contract.

We would also like to see the notification period be reviewed and shortened to a one month. If there is no negative impact on EKPC or six months if there is an impact on EKPC. The wording of uncontrolled demand probably should also be removed.

I appreciate your willingness to work with us on this critically important issue. I am confident that this consideration is in the future best interest of EKPC, SKRECC, and ultimately the member at the end of the line.

k:\AmendmentWholesalePowerContract.cgw

Bobby Rucker
Jimmy Longmire
Ned Gilbert
Lonna Vee
Vinson & Elkins
ATTORNEYS AT LAW
Fred Brown

SK Requests 29 & 31

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VINSON & ELKINS L.L.P.
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WPC

Donald L. Howell
Direct Dial 713/758-2318
Direct Fax 713/758-4899
dhowell@velaw.com

**TERM SHEET
FOR RENEWAL OF
ALL REQUIREMENTS CONTRACT ("ARC")**

FORM. New Amended and Restated Wholesale Power Contract (modern contract form)

TERM. Until first maturity of debt incurred to finance new generation plant, but not later than 2040.

ALL REQUIREMENTS OBLIGATIONS. The Buyer will purchase and Eastern Kentucky Cooperative ("EKC") will provide, unless prevented by force Majeure, all of the power and energy that the Buyer shall require for the operation of Buyer's system, except as provided below:

1. New Wholesale Customers. The requirements of any new wholesale customer of the Buyer after the effective date of this Contract EKC notifies the Buyer that it does not desire to serve the requirements of such new wholesale customer under this Contract.
2. New Territory/Customers. Buyer may elect, in its discretion, to serve the requirements of territory and/or customers acquired by purchase or acquired by merger or consolidation from another electric utility after the effective date of this Contract if such territory and/or any such customer was not subject to an all requirements contract with EKC on the effective date of the acquisition by purchase or if the utility acquired in a merger or consolidation was not a party to an all requirements contract with EKC prior to the effective date of the merger or consolidation.
3. Large Customers. Buyer may elect, in its sole discretion, to have large customers, i.e., those new customers after the effective date of this Contract, which have an expected demand obligation of 900kw or more to be served through contracts with person(s) other than EKC.
4. PURPA. Electric power and energy that the Buyer is required to purchase from persons other than EKC by federal law or regulations including the Public Utility Regulatory Policies Act of 1978 and regulations thereunder or by Kentucky laws or regulations, as any such laws or regulations may exist from time to time.
5. SEPA. Electric power and energy that the Buyer is entitled to purchase from SEPA from time to time.

6. Buyer Owned or Purchased Power. In addition to the foregoing, any electric power and associated energy that the Buyer may receive (i) from facilities owned or leased by the Buyer, (ii) from any person other than EKC, or (iii) from EKC other than under this Contract in an aggregate amount at the time of commencement of receipt of any such power and energy in an aggregate amount not to exceed five percent (5%) of the greatest amount of measured demand of the Buyer purchased from EKC hereunder on the one (1) hour monthly coincident peak of EKC, after adjustment to remove any interruptible power purchased by the Buyer from EKC.
7. Dispersed Generation. In addition to the foregoing, any electric power and associated energy that is provided from time to time by dispersed generation that the Buyer may receive (i) from dispersed generation owned or leased by the Buyer, primarily to serve a retail electric customer of the Buyer, (ii) from any retail electric customer of the Buyer, or (iii) from EKC, other than under this Contract, in an aggregate amount at the time of commencement of receipt of any such power and energy in an aggregate amount not to exceed five percent (5%) of the greatest amount of measured demand of the Buyer purchased from EKC hereunder on the one (1) hour monthly coincident peak of EKC, after adjustment to remove any interruptible power purchased by the Buyer from EKC.
8. Standard of Performance of Contract by the Buyer and EKC. Prudent utility practice.
9. Sale of Load Management. EKC shall cooperate with the Buyer to implement procedures pursuant to which large customers of the Buyer may sell load management to EKC or to persons other than EKC and receive 90% of the proceeds of such sale.
10. Retail Competition. EKC shall not, during the term of this Contract, without the consent of the Buyer, (i) sell or offer to sell electric power or energy at retail within the Buyer's assigned geographic area, if any, established by applicable laws or regulations, or (ii) offer to provide retail electric service to any existing customer of the Buyer.
11. Fixed Purchase Buyer. If EKC in the future determines to build a new generating plant with a nameplate capacity in excess of 200 MW and the Buyer does not wish to participate in the purchase of power and energy from such new generation plant, the Buyer may elect to become a Fixed Purchase Buyer. See generally the provisions of the Great River Energy agreement.

AMENDMENT NO. ____ TO
WHOLESALE POWER CONTRACT
BETWEEN
EAST KENTUCKY POWER COOPERATIVE, INC.
AND

This agreement dated the ____ day of _____, 2003, amends the Wholesale Power Contract dated _____ between said parties as follows:

I. Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

1. General – The Seller shall sell and deliver to the Consumer and the Consumer shall purchase and receive from the Seller all electric power and energy which the Consumer shall require for the operation of the Consumer's system.

Notwithstanding the provisions above, the Consumer may elect to receive electric power and energy other than from Seller provided that the aggregate amount so obtained under this paragraph shall not exceed 10% of the Consumer's highest historical monthly, uncontrolled demand. Consumer shall give Seller notice of not less than 12 months prior to this election. This election shall continue until 12 months after Consumer gives Seller notice of cancellation of the election. Energy from power supply under this paragraph will be required to be scheduled approximately on the basis of Consumer's most recent rolling three-year historical load profile at the time of the election.

Notwithstanding the provisions of the first paragraph and in addition to the exception provided in the second paragraph, the Consumer is also permitted to receive electric power and energy for new customers of the Consumer whose estimated metered load Consumer and Seller mutually agree will be 2 MW or larger. Consumer is required to give notice of this election not less than 12 months prior to the beginning of electric service to the new customer. This election will continue until 12 months (24 months if load exceeds 5 MW) after Consumer gives Seller notice of cancellation of this election. Energy and capacity provided under this paragraph will be required to be scheduled approximately on a customer specific load profile basis. In determining the estimated metered load, the parties shall consider the course of past performance in making similar determinations and the reasonably expected growth in power requirements of a facility. For the purpose of this provision, a customer shall be considered to be a new customer if one or more of the following circumstances

exists: (i) the customer has not previously been a customer of Consumer; (ii) the customer is currently served by Consumer, but builds a new facility with the required estimated load of 2 MW or greater; or (iii) the customer is currently served by Consumer, but builds or makes improvements to an existing facility which adds loads of 2 MW or greater. Subparts (ii) and (iii) shall apply only with respect to the incremental amount of new load added as a consequence of the building or improvements. Should any existing customer of Consumer shut down or discontinue an existing facility serviced by Consumer, the amount of load lost as a consequence of the shutdown shall be subtracted from any new load added by the customer of the Consumer for the purpose of determining if the new load is 2 MW or larger under this provision.

Seller will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and Consumer will pay charges therefore to seller. Seller also agrees to allow, at Consumer's sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

Consumer will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Mid-Continent Area Power Pool or succeeding authority.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 shall read in its entirety as follows:

10. Withdrawal – A Consumer that decides to withdraw from Seller shall submit to Seller a resolution from its board of directors stating its intended course of action and specifying an effective date, which shall be no earlier than 12 months from the date of the resolution, unless the withdrawal action is a consolidation or merger which is designated a Permitted Transaction pursuant to Section 2(i) or (ii) of the Supplemental Agreement. Such withdrawal will require the approval of the Seller's board of directors and the Rural Utilities Service ("RUS").

Seller's management will recommend that their board of directors approve a withdrawal unless an analysis shows that, despite all relevant commitments agreed to by the Consumer as conditions for withdrawal, such actions would result in rate increases to other consumers, would impair Seller's ability to repay its secured loans in accordance with their terms, or would adversely affect system performance in a material way.

Absent other unusual adverse system impacts of a withdrawal action, the commitment of a withdrawing Consumer to a negotiated settlement using one of the methodologies listed hereinabove, shall be deemed by Seller to satisfy any

further obligations of the Consumer under the Wholesale Power Contract, subject to the necessary review and approval of RUS. The settlement shall be made, and any associated settlement payment shall be calculated using one of the following methods:

- (i) Flat Fee Method – The existing Consumer will pay a flat fee and be freed from all further obligations to Seller.
- (ii) Phase-Out Method – The exiting Consumer will phase out its power supply requirements over a determined period of years so as to have no negative impact on Seller

The determination of the Flat Fee or the length of the Phase-Out Period shall be at the sole determination of the Seller and will require RUS approval.

Seller's final approval will be conditioned upon the withdrawing Consumer's:

(i) execution of all necessary documents to effect the withdrawal, including confidentiality agreements; (ii) compliance with other relevant provisions of the Seller's Articles, Bylaws, and Board Policies; (iii) and compliance with any relevant RUS and other regulatory requirements related to such withdrawal. Circumstances may require the Board to prescribe additional terms and conditions for a Consumer withdrawal, consistent with terms hereinabove.

The rights of a withdrawing Consumer to the retirement of patronage capital of Seller credited to its account shall be governed by the Articles, Bylaws, and Board Policies of Seller, as amended from time to time, including any amendments subsequent to the date of this policy or the Consumer's withdrawal; provided, however, that no such amendments will discriminate against a withdrawn Consumer.

(FINDIV\FINANCE\GENERAL\AMENDMENT-WHOLESale POWER CONTRACT)

WPL

DISCUSSION DRAFT # 1

**THIRD AMENDMENT
TO
WHOLESALE POWER CONTRACT, AS AMENDED**

THIS AMENDMENT made on _____ by and between
EAST KENTUCKY POWER COOPERATIVE, INC. (formerly named EAST
KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION) a corporation
organized and existing under the laws of the Commonwealth of Kentucky, hereinafter
called "SELLER," and _____,
a corporation organized and existing under the laws of the Commonwealth of Kentucky,
hereinafter called "MEMBER."

WHEREAS, SELLER and MEMBER have entered into a contract dated October 1,
1964, for the purchase and sale of electric power and energy, with the approval of the
Administrator of the Rural Electrification Administration (now Rural Utilities Service),
and said Wholesale Power Contract is now in full force and effect; and

WHEREAS, SELLER, MEMBER, and the aforesaid Administrator have entered
into a Supplemental Agreement dated October 1, 1964, that provides for certain rights
and obligations to guarantee compliance with the aforesaid Wholesale Power Contract;
and

WHEREAS, SELLER and MEMBER have entered into a First Amendment to
Wholesale Power Contract dated November 12, 1976, that provides for an extension in
the Wholesale Power Contract from 2010 to 2018 in compliance with REA (now RUS)
loan policy and requirements; and

DISCUSSION DRAFT # 1

WHEREAS, SELLER and MEMBER have entered into a Second Amendment to Wholesale Power Contract dated April 1, 1980, that provides for an extension in the Wholesale Power Contract from 2018 to 2025 in compliance with REA (now RUS) loan policy and requirements; and

WHEREAS, SELLER and MEMBER have also entered into a Supplemental Agreement dated _____, and Memorandum of Agreement dated _____, that provide for certain rights and obligations to guarantee compliance with the aforesaid Wholesale Power Contract and to provide assurance that the "Notes" referred to in the Wholesale Power Contract, as amended, are repaid and that the purposes of the Rural Electrification Act of 1936, as amended, are carried out; and

WHEREAS, SELLER has proposed and the aforesaid Administrator is contemplating a loan, guaranteed or otherwise, in the approximate amount of \$434,000,000 to finance a project consisting of the construction and operation of a 268 MW generating unit, with related substation and transmission line facilities; and

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and in order to consummate and finalize the aforesaid financial arrangements, SELLER and MEMBER do hereby reiterate and reaffirm the provisions of the aforesaid Wholesale Power Contract, Supplemental Agreement, First and Second Amendments, second Supplemental Agreement, and Memorandum of Agreement to Wholesale Power Contract with the exception of the following provisions to which they do now hereby agree to amend and adopt, to-wit:

- I. Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

DISCUSSION DRAFT # 1

1. General – The SELLER shall sell and deliver to the MEMBER and the MEMBER shall purchase and receive from the SELLER all electric power and energy which the MEMBER shall require for the operation of the MEMBER'S system.
 - a. Notwithstanding the provisions above, the MEMBER may elect to receive electric power and energy other than from SELLER provided that the aggregate amount so obtained under this paragraph shall not exceed 5% of the MEMBER'S highest historical monthly, uncontrolled demand. MEMBER shall give SELLER notice of not less than 12 months prior to this election. This election shall continue until 12 months after MEMBER gives SELLER notice of cancellation of the election. Energy from power supply under this paragraph will be required to be scheduled approximately on the basis of MEMBER'S most recent rolling three-year historical load profile at the time of the election.
 - b. SELLER will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and MEMBER will pay charges therefore to SELLER. SELLER also agrees to allow, at MEMBER'S sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

DISCUSSION DRAFT # 1

c. MEMBER will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 shall read in its entirety as follows:

10. Withdrawal – A MEMBER that decides to withdraw from SELLER shall submit to SELLER a resolution from its board of directors stating its intended course of action and specifying an effective date, which shall be no earlier than 12 months from the date of the resolution, unless the withdrawal action is a consolidation or merger which is designated a Permitted Transaction pursuant to Section 2(i) or (ii) of the Supplemental Agreement. Any withdrawal which is not a Permitted Transaction will require the approval of the SELLER'S board of directors and the Rural Utilities Service ("RUS").

SELLER'S management will recommend that their board of directors approve a withdrawal unless an analysis shows that, despite all relevant commitments agreed to by the MEMBER as conditions for withdrawal, such actions would result in rate increases to other members, would impair SELLER'S ability to repay its secured loans in accordance with their terms, or would adversely affect system performance in a material way.

DISCUSSION DRAFT # 1

Any settlement due the SELLER from the MEMBER shall be determined at the time of the MEMBER'S withdrawal from the SELLER and will be subject to the approval of the SELLER'S board of directors, RUS, and any other regulatory agencies as appropriate.

SELLER'S final approval will be conditioned upon the withdrawing MEMBER'S: (i) execution of all necessary documents to effect the withdrawal, including confidentiality agreements; (ii) compliance with other relevant provisions of the SELLER'S Articles, Bylaws, and Board Policies; (iii) and compliance with any RUS requirements and other regulatory requirements related to such withdrawal. Circumstances may require the Board to prescribe additional terms and conditions for a MEMBER withdrawal, consistent with terms hereinabove.

The rights of a withdrawing MEMBER to the retirement of patronage capital of SELLER credited to its account shall be governed by the Articles, Bylaws, and Board Policies of SELLER, as amended from time to time, including any amendments subsequent to the date of this policy or the MEMBER'S withdrawal; provided, however, that no such amendments will discriminate against a withdrawn MEMBER in this regard.

11. Term. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than twelve (12) months' written notice of its intention to terminate.

DISCUSSION DRAFT # 1

Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the MEMBER to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

(SELLER) EAST KENTUCKY POWER COOPERATIVE, INC.

By: _____
Chairman of the Board

ATTEST:

Secretary

(MEMBER) _____

By: _____
(Title)

ATTEST:

Secretary

APPROVED: UNITED STATES OF AMERICA

By: _____
Administrator of
Rural Utilities Service

WPC

DISCUSSION DRAFT # 2

**THIRD AMENDMENT
TO
WHOLESALE POWER CONTRACT, AS AMENDED**

THIS AMENDMENT made on _____ by and between
EAST KENTUCKY POWER COOPERATIVE, INC. (formerly named EAST
KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION) a corporation
organized and existing under the laws of the Commonwealth of Kentucky, hereinafter
called "SELLER," and
_____,
a corporation organized and existing under the laws of the Commonwealth of Kentucky,
hereinafter called "MEMBER."

WHEREAS, SELLER and MEMBER have entered into a contract dated October 1,
1964, for the purchase and sale of electric power and energy, with the approval of the
Administrator of the Rural Electrification Administration (now Rural Utilities Service),
and said Wholesale Power Contract is now in full force and effect; and

WHEREAS, SELLER, MEMBER, and the aforesaid Administrator have entered
into a Supplemental Agreement dated October 1, 1964, that provides for certain rights
and obligations to guarantee compliance with the aforesaid Wholesale Power Contract;
and

WHEREAS, SELLER and MEMBER have entered into a First Amendment to
Wholesale Power Contract dated November 12, 1976, that provides for an extension in
the Wholesale Power Contract from 2010 to 2018 in compliance with REA (now RUS)
loan policy and requirements; and

DISCUSSION DRAFT # 2

WHEREAS, SELLER and MEMBER have entered into a Second Amendment to Wholesale Power Contract dated April 1, 1980, that provides for an extension in the Wholesale Power Contract from 2018 to 2025 in compliance with REA (now RUS) loan policy and requirements; and

WHEREAS, SELLER and MEMBER have also entered into a Supplemental Agreement dated _____, and Memorandum of Agreement dated _____, that provide for certain rights and obligations to guarantee compliance with the aforesaid Wholesale Power Contract and to provide assurance that the "Notes" referred to in the Wholesale Power Contract, as amended, are repaid and that the purposes of the Rural Electrification Act of 1936, as amended, are carried out; and

WHEREAS, SELLER has proposed and the aforesaid Administrator is contemplating a loan, guaranteed or otherwise, in the approximate amount of \$434,000,000 to finance a project consisting of the construction and operation of a 268 MW generating unit, with related substation and transmission line facilities; and

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, and in order to consummate and finalize the aforesaid financial arrangements, SELLER and MEMBER do hereby reiterate and reaffirm the provisions of the aforesaid Wholesale Power Contract, Supplemental Agreement, First and Second Amendments, and Second Supplemental Agreement to Wholesale Power Contract with the exception of the following provisions to which they do now hereby agree to amend and adopt, to-wit:

- I. Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

DISCUSSION DRAFT # 2

1. General – The SELLER shall sell and deliver to the MEMBER and the MEMBER shall purchase and receive from the SELLER all electric power and energy which the MEMBER shall require for the operation of the MEMBER'S system.
 - a. Notwithstanding the provisions above, the MEMBER may elect to receive electric power and energy other than from SELLER provided that the aggregate amount so obtained under this paragraph shall not exceed 5% of the MEMBER'S highest historical monthly, uncontrolled demand. MEMBER shall give SELLER notice of not less than 12 months prior to this election. This election shall continue until 12 months after MEMBER gives SELLER notice of cancellation of the election. Energy from power supply under this paragraph will be required to be scheduled approximately on the basis of MEMBER'S most recent rolling three-year historical load profile at the time of the election.
 - b. The MEMBER may elect to have its purchase obligations under this Wholesale Power Contract governed by this paragraph rather than the preceding paragraphs commencing on the Fixed Date by giving SELLER irrevocable written notice of such election at any time (a "Fixed Purchase Election"). The notice of such Fixed Purchase Election shall specifically state that it is an election under this paragraph 1. b. to Amendment No. 3, and its sub-parts.

DISCUSSION DRAFT # 2

Fixed Date. The "Fixed Date" shall be the first May 1 or November 1 that is at least seven hundred thirty (730) days after the date SELLER receives the MEMBER'S Fixed Purchase Election.

Fixed Amounts of Firm Power and Energy. The amounts of firm electric power and of electric energy to be sold and delivered by SELLER and purchased and received by the MEMBER during each calendar month after the Fixed Date shall equal the average amounts of firm electric power and electric energy, respectively, purchased by the MEMBER from SELLER hereunder during the three (3) corresponding calendar months occurring during the thirty-six (36) months immediately preceding the Fixed Date. For purposes of this, the amount of firm electric power purchased by the MEMBER from SELLER during each calendar month occurring during the thirty-six (36) months immediately preceding the Fixed Date shall be the MEMBER'S measured demand for purchases from SELLER for the fifteen minute coincident peak of SELLER during such month, adjusted to remove all Interruptible Power of the MEMBER purchased from SELLER. For example, if a MEMBER'S Fixed Date is May 1, 2006, then for each May after the Fixed Date, the amounts of firm electric power and of electric energy to be purchased by the MEMBER pursuant to this paragraph shall be based on electric power and energy purchased from SELLER for the months of May 2003, May 2004, and May 2005. The amounts of

DISCUSSION DRAFT # 2

firm electric power and of electric energy for each other calendar month after the Fixed Date (June through April) shall be similarly established.

- c. SELLER will provide transmission, substation, and ancillary services without discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and MEMBER will pay charges therefore to SELLER. SELLER also agrees to allow, at MEMBER'S sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.
- d. MEMBER will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11, and new Section 10 shall read in its entirety as follows:

- 10. Withdrawal – A MEMBER that decides to withdraw from SELLER shall submit to SELLER a resolution from its board of directors stating its intended course of action and specifying an effective date, which shall be no earlier than 12 months from the date of the resolution, unless the withdrawal action is a consolidation or merger which is designated a Permitted Transaction pursuant to Section 2(i) or (ii) of the Supplemental Agreement.

DISCUSSION DRAFT # 2

Any withdrawal which is not a Permitted Transaction will require the approval of the SELLER'S board of directors and the Rural Utilities Service ("RUS").

SELLER'S management will recommend that their board of directors approve a withdrawal unless an analysis shows that, despite all relevant commitments agreed to by the MEMBER as conditions for withdrawal, such actions would result in rate increases to other members, would impair SELLER'S ability to repay its secured loans in accordance with their terms, or would adversely affect system performance in a material way.

Any settlement due the SELLER from the MEMBER shall be determined at the time of the MEMBER'S withdrawal from the SELLER and will be subject to the approval of the SELLER'S board of directors, RUS, and any other regulatory agencies as appropriate.

SELLER'S final approval will be conditioned upon the withdrawing MEMBER'S: (i) execution of all necessary documents to effect the withdrawal, including confidentiality agreements; (ii) compliance with other relevant provisions of the SELLER'S Articles, Bylaws, and Board Policies; (iii) and compliance with any RUS requirements and other regulatory requirements related to such withdrawal. Circumstances may require the Board to prescribe additional terms and conditions for a MEMBER withdrawal, consistent with terms hereinabove.

DISCUSSION DRAFT # 2

The rights of a withdrawing MEMBER to the retirement of patronage capital of SELLER credited to its account shall be governed by the Articles, Bylaws, and Board Policies of SELLER, as amended from time to time, including any amendments subsequent to the date of this policy or the MEMBER'S withdrawal; provided, however, that no such amendments will discriminate against a withdrawn MEMBER in this regard.

11. Term. This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than twelve (12) months' written notice of its intention to terminate. Subject to the provisions of Article 1 hereof, service hereunder and the obligation of the MEMBER to pay therefor shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

(SELLER) EAST KENTUCKY POWER COOPERATIVE, INC.

By: _____
Chairman of the Board

ATTEST:

Secretary

DISCUSSION DRAFT # 2

(MEMBER) _____

By: _____
(Title)

ATTEST:

Secretary

APPROVED: UNITED STATES OF AMERICA

By: _____
Administrator of
Rural Utilities Service

(FINDIV\FINANCE\GENERAL\WHOLESALE POWER CONTRACT-AMEND-W-CHANGES-5-29-03-#1)

David Smart

From: David Crews
Sent: Monday, April 23, 2018 8:54 AM
To: David Smart
Subject: FW: A3/A5 Talking Points

From: David Crews
Sent: Friday, September 9, 2011 11:12 AM
To: Ted Hampton <thampton@cvecc.com>
Subject: A3/A5 Talking Points

The main issues have been the stranded cost and moving from 15% to a 5% allocation. Distributed and Renewable generators are on the radar screen but to a lesser extent.

Here is the time line. I went through the minutes and it looks like the issue came up for action first in Jan 2011.

Jan 4 - Reviewed Policy 304/305/A3 Need to clarify A3

Feb 7 - Presentation from Dorothy Franzoni (Sutherland counsel) Discussed issues around serving loads and 5%

March 1 - Further discussion A3/A5 5% vs 15%, Stranded Cost, Distributed and Renewable Generations, Reviewed draft of A5, Decided to have a workshop on April 15

April 15 - Workshop – Discussed 5%, Stranded Cost, OATT Transmission Service, Distributed Generation, Oglethorpe Model

May 9 – Comments from members discussed, Revision to A5 draft based on member comments

June 6 - Submitted to A5 draft to BROCC for BROCC action.

Let me know if this gets you what you need.