



# Roundtable Key Topics for Discussion

**Tony Campbell**

**December 2012 Board Meeting**

**Contains ATTORNEY CLIENT PRIVILEGED INFORMATION**

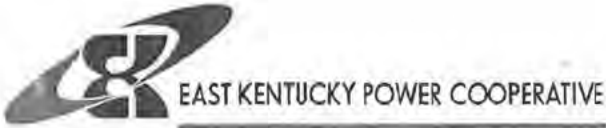


EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy Cooperative

## Amendment 3

- EKPC will ensure that all Amendment 3 requests conform to the requirements in the Amendment and desires that all member systems are treated fairly (equal cost shifting opportunity).
- EKPC is not a party to the Magnum-Grayson contract nor has EKPC been requested to evaluate the merits of the project.
- EKPC has offered to take all capacity above our Owners 5% (if economical).
- Owner-Member CEO's continue to work on an MOU solution.
- EKPC now has a PSC complaint regarding Amendment #3.



November 30, 2012

Board of Directors  
East Kentucky Power Cooperative, Inc.

Ladies and Gentlemen:

Notice is hereby given that the **Audit, BROC and Strategic Issues Standing Committees of East Kentucky Power Cooperative, Inc.** will meet on Monday, December 10, 2012 or Tuesday, December 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 Tuesday, December 11, 2012 at 9:30 a.m. (E.S.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 - Paul H.
- III. ROLL CALL
- IV. SAFETY MOMENT - Denver York
- V. ACTION ITEMS FOR VOTE BY FULL BOARD
  - A. Request Acceptance of South Kentucky Rural Electric Cooperative's Election of Lee Coffee as Director for East Kentucky Power Cooperative, Inc. - HAWKINS
- VI. ACTION ON PREVIOUS BOARD MINUTES  
Approval of Minutes from Board Meeting on November 6, 2012
- VII. ADOPTION OF AGENDA - 1) E.A. 2) Dan V.
- VIII. MONTHLY FINANCIAL OVERVIEW - CFO REPORT - MCNALLEY

1) Gordis 2) Alan

1-3

1) Joe V 2) Gordis

Back of Board Book

A

**IX. REPORT OF OFFICERS**

Page No.

**A. Report of the President and Chief Executive Officer –  
CAMPBELL**

- 1. Legal Update - SMART *- Postpone*
- 2. 2013 Annual Work Plan and Budget (vote) – *- Passed*  
MCNALLEY/OLIVA
- 3. PJM Update – MOSIER
- 4. RFP Update – MOSIER/CREWS
- 5. Roundtable Question & Answer –  
CAMPBELL/MOSIER/MCNALLEY
- 6. Information Clarification – CAMPBELL
- 7. Fuels Update (should time permit) – CREWS

**X. AUDIT COMMITTEE ITEMS**  
Wayne Stratton, Chairman

**A. No Board Action Requested**

**B. Information and Discussion Items**

AU2-AU24

**XI. STRATEGIC ISSUES COMMITTEE ITEMS**  
Lonnie Vice, Chairman

**A. Board Action Requested**

*Passed*  
*Passed*

- 1. Review and Approval of the 2013 Annual Budget/2013 Work Plan – MCNALLEY (S3-S4)
- 2. Approval of Peyton’s Store Substation Rebuild, Sewellton Substation Rebuild, Gallatin County 138 kV Breaker Addition, Spurlock Station 345 kV Breaker Replacements, Goose Rock Substation and Tap Line Rebuild, Perryville 69 kV Capacitor Bank Addition, Mt. Olive 69 kV Tap Line Partial Rebuild, Liberty Junction 161 kV Linebacker Replacement, Spurlock Station Unit #1 Relay Addition, Mobile Substation Cable Trailer, and Amendment of EKPC 2012-2015 Construction Work Plan – YORK/ADAMS (S5-S11)
- 3. Review and Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW and Recommend to Board for Information and Approval – CREWS (S12-S14)

S3-S14

*Passed*

**B. Information and Discussion Items**

S15-S53

**XII. BOARD RISK OVERSIGHT COMMITTEE ITEMS**  
Michael Adams, Chairman

**A. No Board Action Requested**

**B**

## Board Agenda Item

DECEMBER

**TO:** Strategic Issues Committee and Board of Directors

**FROM:** Anthony Campbell

**DATE:** December 11, 2012

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

### Background

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

### Justification and Strategic Analysis

This installation is considered DG and Jackson Energy proposes to purchase the power and utilize Amendment #3 of the Wholesale Power Contract. The site selected is in Laurel County and is less than 1,000 feet from a Jackson Energy three-phase distribution line. The site is also close to the Campground distribution substation. This unit will be installed on a feeder that is heavily loaded and would offset future capital investments to relieve loading issues. The total capacity of this site will be 1.0 MW.

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

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

Jackson Energy provided notice of the 1.0 MW election to EKPC on October 11, 2012. Jackson Energy's total election from four Amendment #3 projects is 3.975 MWs.

**Board Agenda Item**

**DECEMBER**

**Recommendation**

The Jackson Energy Cooperative Board of Directors requests that the EKPC Board of Directors approve Jackson Energy Cooperative utilizing Amendment #3 of the Wholesale Power Contract for this 1.0 MW DG project.



Page No.

*Wayne*  
VIII.

[REDACTED]

[REDACTED]

[REDACTED]

AU2-AU4

~~IX.~~

[REDACTED]

A. Board Action Requested

*Lannie passed*

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

S3-S4

*passed*

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

S5-S6

*passed*

3. Rescission of Approval for Owen Electric Cooperative to Purchase Two Separate 1 MW Blocks of Solar Power From NuFranc - CREWS

S7-S8

*passed*

4. [REDACTED]

S9-S14

[REDACTED]

S15-S58

~~X.~~

[REDACTED]

[REDACTED]

[REDACTED]

BR2-BR65

~~XI.~~

[REDACTED]

*Done*

[REDACTED]

[REDACTED]

G2-G6

[REDACTED]

G7-G26

[REDACTED]

G27-G34

[REDACTED]

G35-G42

*passed*

B



**IX. STRATEGIC ISSUES ITEMS**  
Lonnie Vice, Chairman

**A. Board Action Requested**

1. Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for the Blue Ridge Landfill Gas Project - CREWS S3-S4
2. Approval of Jackson Energy Cooperative Utilizing Amendment #3 of the Wholesale Power Contract for a Distributed Generation Project of 1.0 MW - CREWS S5-S6
3. Rescission of Approval for Owen Electric Cooperative to Purchase Two Separate 1 MW Blocks of Solar Power From NuFranc - CREWS S7-S8

[REDACTED] S9-S14

[REDACTED]

[REDACTED] S15-S42

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] S43  
S44-S45

[REDACTED] S46-S47  
S48


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[REDACTED]	S50
[REDACTED]	S51
[REDACTED]	S52
[REDACTED]	S53
[REDACTED]	S54
[REDACTED]	S55
[REDACTED]	S56
[REDACTED]	S57
[REDACTED]	S58
[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.

JUNE

## Resolution

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

### Background

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

### Justification and Strategic Analysis

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

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

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

### Recommendation

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

## Resolution

JUNE

### APPROVAL OF JACKSON ENERGY COOPERATIVE UTILIZING AMENDMENT #3 OF THE WHOLESALE POWER CONTRACT FOR A DISTRIBUTED GENERATION PROJECT OF 1.0 MW

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

**Whereas**, Wellhead converts the gas into electricity using a combustion engine that drives a generator and has developed a modular unit which is self-contained and mobile;

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

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

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


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

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

## 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.

**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.

[REDACTED]

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[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]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Jimmy Longmire, Secretary

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

**XI. GOVERNANCE COMMITTEE ITEMS**  
Donald Shuffett, Chairman

A. [REDACTED]

[REDACTED]

G2-G6

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

[REDACTED]

3. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]