

SHELBY ENERGY COOPERATIVE, INC.

E-Mail Communications

November 28, 2017, through February 23, 2018

From: Mark Stallons
Sent: Tuesday, January 30, 2018 11:43 AM
To: 'Debbie Martin'
Subject: RE: Power Supply RFP Process

Debbie,

You are welcome, it was a group decision and no one hesitated. We are glad to have you and Joni join the RFP. To keep you up to date, Chris Brewer called today and asked to join. His board meeting is today and he has begun working with Elaine as you did yesterday. In effect the group is basically maxed out at roughly 77MW if everyone gives notice.

Please call if you have any questions,

Thanks,

Mark

From: Debbie Martin [mailto:debbiem@shelbyenergy.com]
Sent: Tuesday, January 30, 2018 11:23 AM
To: Mark Stallons <mstallons@owenelectric.com>; Joni Hazelrigg <jhazelrigg@fme.coop>
Cc: Missy Moore <mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>; Elaine.Johns@enervision-inc.com; Jim Crawford <JCrawford@cbkylaw.com>
Subject: RE: Power Supply RFP Process

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

Mark :

Thank you for the opportunity to join the group. We have a special board meeting scheduled for tomorrow, and Elaine has provided the necessary documents. She will be giving a presentation to our directors, so we should have a decision by the end of the work day.

I appreciate it.
Debbie

Debra J. Martin
President & CEO

620 Old Finchville Road
Shelbyville, KY 40065

Office: (502)633-4163
Fax: (502)633-2387



Shelby Energy Cooperative

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From: Mark Stallons [<mailto:mstallons@owenelectric.com>]
Sent: Monday, January 29, 2018 11:25 AM
To: Debbie Martin <debbiem@shelbyenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>
Cc: Missy Moore <mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>;
Elaine.Johns@enervision-inc.com; Jim Crawford <JCrawford@cbkylaw.com>
Subject: Power Supply RFP Process

Debbie & Joni,

For your information and consideration, Bluegrass Energy, Jackson Energy, Owen Electric and Salt River Electric have entered into Non-Disclosure Agreements (NDA's) with five (5) power suppliers, one of which is presently contacting multiple cooperatives and marketing their services. We have received power supply RFP's and intend to make a decision on or before the end of the February. If you would like to join the group, please reply to this email notice and we will be glad to include you into the RFP process if timing and availability are favorable or if timing and availability are not favorable we will assist in facilitating a second RFP.

The requirement to participate includes a Board Resolution authorizing the cooperative CEO to sign an agreement with our consulting firm, sign the necessary Confidentiality Agreements, and agree to financially contribute to the cost of the process. The timeline required to participate is as follows:

Timeline:

1. Board commitment to the RFP process on or before Monday February 5, 2018.
2. Decision to provide notice to EKPC on or before Friday February 23, 2018.

Should you need any information, please feel free to contact Elaine Johns, President/CEO, EnerVision, at 678.910.1122 or Elaine.Johns@enervision-inc.com.

Sincerely,

Mike Williams, Bluegrass Energy President/CEO
Carol Wright, Jackson Energy President & CEO
Mark Stallons, Owen Electric President & CEO
Tim Sharp, Salt River Electric President & CEO

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From: Mike McNalley
To: [Debbie Martin](#)
Subject: ES re-spread
Date: Monday, January 29, 2018 12:33:41 PM

Debbie,

I had Isaac work through the \$4.1 million ES that would have been re-allocated to the distribution systems if SK had taken their 58 MW off EKPC a year ago (same time frame as the memo). We estimate that Shelby's share of the \$4.1 million would have been about \$176,000. Obviously this is a pass-thru to Shelby's members as well.

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

From: Mike McNalley
To: [Debbie Martin](mailto:Debbie.Martin@shelbyenergy.com)
Subject: RE: ES re-spread
Date: Monday, January 29, 2018 1:53:04 PM

No trouble at all! This is pretty convoluted stuff, and we rarely have to even think about it much less make long-term decisions based on that thinking! Glad to help any way we can.

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

From: Debbie Martin [<mailto:debbiem@shelbyenergy.com>]
Sent: Monday, January 29, 2018 1:52 PM
To: Mike McNalley
Subject: RE: ES re-spread

Mike:

I was mixing the two items and apologize for thinking out loud in the e-mail. Thank you for the detailed information, because it was very helpful. I appreciate you and Isaac provided the updated information and working with me.

So sorry for being so much trouble, but I do appreciate your assistance.

Debbie

Debra J. Martin
President & CEO

620 Old Finchville Road
Shelbyville, KY 40065
Office: (502)633-4163
Fax: (502)633-2387



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From: Mike McNalley [<mailto:Michael.McNalley@ekpc.coop>]
Sent: Monday, January 29, 2018 1:46 PM
To: Debbie Martin <debbiem@shelbyenergy.com>

Subject: RE: ES re-spread

Debbie,

I think we're mixing two things. For the SK deal, everyone else's ES goes up, but theirs goes down (not 100% since they get reallocated part of their prior share). The total ES goes down \$4.3 million at SK, but the reallocation gives \$200k back to SK for a net reduction to them and reallocation to everyone else of \$4.1 million.

For a Shelby deal, other than the fuel adjustment and ES which are automatically reallocated, you would have to file a base rate reduction case to pass through any savings. The fuel adjustment from EKPC would be lower since we are not generating/buying the power any more, but higher possibly under your "deal" (depending on whether you treat the entire deal as purchase power and pass it thru, or base and don't).

So for Shelby deal,

1. ES from EKPC goes down but not 100% of the load since it is allocated on revenue
2. FAC from EKPC goes down
3. Base rates from EKPC stay the same (for now)
4. FAC from Shelby goes up if "deal" is passed through as PP, unchanged if not.
5. Base rates from Shelby go up if "deal" is not passed through FAC and you file a rate recovery, otherwise unchanged.

So is 4 greater than 1+2? If it is a good deal for Shelby, there must be a net savings.

I hope that made some sense!

Isaac recalculated the ES – the correct amount being reallocated from SK to Shelby (for the prior 12 months as in the memo) would have been \$159k.

Best,

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

859-745-9209 O

859-595-3897 C

Michael.mcnalley@ekpc.coop

From: Debbie Martin [<mailto:debbiem@shelbyenergy.com>]

Sent: Monday, January 29, 2018 12:53 PM

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

Subject: RE: ES re-spread

Mike:

This is an accounting question that may be down in the weeds more than you care to go. If EKPC charges the additional ES, as you mentioned, it would have to be passed on to the members. If we save money by buying lower cost power through Amendment 3, how would we pass on any portion of that savings to members and offset the ES?

Thanks

Debbie

Debra J. Martin

President & CEO

620 Old Finchville Road

Shelbyville, KY 40065
Office: (502)633-4163
Fax: (502)633-2387



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From: Mike McNalley [<mailto:Michael.McNalley@ekpc.coop>]

Sent: Monday, January 29, 2018 12:34 PM

To: Debbie Martin <debbiem@shelbyenergy.com>

Subject: ES re-spread

Debbie,

I had Isaac work through the \$4.1 million ES that would have been re-allocated to the distribution systems if SK had taken their 58 MW off EKPC a year ago (same time frame as the memo). We estimate that Shelby's share of the \$4.1 million would have been about \$176,000. Obviously this is a pass-thru to Shelby's members as well.

Mike McNalley

EVP & CFO

East Kentucky Power Cooperative, Inc.

859-745-9209 O

859-595-3897 C

Michael.mcnalley@ekpc.coop

From: Terri Combs
To: [A L Rosenberger](#); [Alan Ahman - 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](#); [Debbie Martin](#); [Dennis Holt](#); [Elbert Hampton](#); [Jerry Carter](#); [Jimmy Longmire -- Salt River](#); [Jody Hughes](#); [Joe Spalding - Inter-County Energy](#); [Jon 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: [Ann Bridges](#); [Barry Lindeman](#); [Barry Mayfield](#); [Craig Johnson](#); [David Crews](#); [David Smart](#); [Denver York](#); [Don Mosier](#); [Jerry Purvis](#); [Mike McNailey](#); [Terri Combs](#); [Tom Stachnik](#); [Tony Campbell](#)
Subject: RE: Potential MOU Strategy
Date: Tuesday, January 30, 2018 2:27:38 PM
Attachments: [image002.png](#)
[Directors and Owner-Member CEO MOU Memo.docx](#)
[Amendment 3.pdf](#)
[MOU_Final_072015_.pdf](#)
Importance: High

Sending on behalf of Tony Campbell:

Directors/CEO's,

I have been contacted by a number of Owner-Member CEO's regarding the MOU. Needless-to-say, EKPC is bound by the language of the MOU agreement signed by all 16 Owners. It seems the most concerning worry is the fact that there will potentially be cost shifting if I cannot mitigate the loss of load. Plus the fact that there might be some Owner-Members left out if we have an additional run on the MOU bank.

For the above reasons, we at EKPC are trying to find a solution that might prevent that from happening. I have attached a memo that describes our proposal. In addition, I have attached a copy of the MOU, and Amendment #3. At the next board meeting we will discuss this in much greater detail, and begin the process.

Regards,
Anthony "Tony" Campbell

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



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unauthorized persons. If you have received this electronic mail transmission in error, delete it from your system without copying or forwarding it, and notify the sender of the error by replying via email or by calling East Kentucky Power Cooperative, Inc. at 859-744-4812 (collect), so that our address record can be corrected.

From: Mark Stallons
To: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin; CHRIS BREWER
(cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)
Cc: Jim Crawford; Rusty Williams; April Brown; Judy Osborne; Missy Moore; Mary Ellen Cole;
Elaine Johns@enervision-inc.com
Subject: FW: Amendment 3 Notice
Date: Friday, February 02, 2018 5:22:24 PM
Attachments: 2018 A3 Notice.pdf

All,

We finished our board meeting this afternoon at 2pm and my board passed a motion requesting that I provide notice to EKPC as soon as possible. Please see the attached notice that I emailed to Tony at 4:50pm this afternoon. Owen's notice is a blend of South Kentucky and Salt River's recent notices.

I then left a message on Tony's mobile and work phone explaining that Owen views this as a defensive strategy and desires to work with EKPC and our fellow Member Owners. Please call if you would like to discuss in more depth.

Thanks,

Mark

From: Mark Stallons
Sent: Friday, February 02, 2018 4:51 PM
To: tony.campbell@ekpc.coop
Cc: James M Crawford (jcrawford@cbkylaw.com) <jcrawford@cbkylaw.com>
Subject: Amendment 3 Notice

Tony,

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

Sincerely,

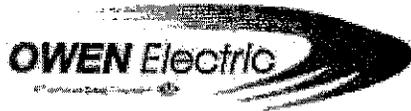
Mark A. Stallons
President & CEO

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

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

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



"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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From: [Debbie Martin](#)
To: [Diana Arnold \(dsarnold.shelbyenergy@gmail.com\)](#); [Jeff Joyce](#); [Lauren Gutermuth](#); [Pat Hargadon \(Pat.Hargadon@kyfb.com\)](#); [Roger Taylor \(Rogcan@bellsouth.net\)](#); [Wayne Stratton](#)
Subject: FW: Amendment 3 Notice
Date: Saturday, February 03, 2018 1:42:37 PM
Attachments: [2018 A3 Notice.pdf](#)

At this time, Salt River and Owen have given notice for their 5%. The initial plan was for the Kentucky Group ("Group") to give notice on February 23rd. I'm disappointed that some have jumped the gun but emotions are run high for a number of coops.

Jim Crawford contacted me yesterday afternoon and shared his concern along with providing me a copy of the notice to provide EKPC should we wish to do so. Unless you direct me to do otherwise, I wish to stay with that timeline. There is always the risk that others may file that are outside of the Group, but I don't think the risk is extremely high at this point. As always, there's no guarantee.

I have talked with Bluegrass, who is one of the Group, and their Board has yet to approve a Resolution. Fleming-Mason is, also, included, and their plan is to stay with the initial date of February 23rd, should it be necessary to continue with the Group purchase on the market.

There are conversations continuing with Tony Campbell, and he is working with his legal and management team to find alternate solutions. I believe he intends to have some discussion with South Kentucky, but with their application being filed with the PSC on Thursday afternoon, it may be difficult for them to do much in the way of revisions. There is consideration by EKPC to put each of the coop's 5% load allocation, other than South Kentucky, on the market rather than any of us having to go with a marketer.

We've all talked about the burden that South KY's decision has placed on the remaining cooperatives with their decision. It may be a decision we must continue forward on, but I don't want to add insult to injury if something can be done that will help all the cooperatives in a fair manner. As you all know, having EKPC market the load ends mostly with us taking it from one hand and putting it in the other. If I understand correctly, if handled in this manner, it will lower the benefit to South KY and help each coop mitigate the cost shifting more fairly.

My preference would be to give Tony and his team an opportunity to develop options and have a chance to hear what they are able to do at the Board meeting on February

13th. If you feel I should move forward on the notice to EKPC, please let me know. I'm working from home today, so I'll be available on my cell or home phone; 502-525-0122 or 502-633-3683 should you have any questions or wish to discuss further.

Thanks
Debbie

Debra J. Martin
President & CEO

620 Old Finchville Road
Shelbyville, KY 40065

Office: (502)633-4163
Fax: (502)633-2387



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

Sent: Friday, February 02, 2018 5:22 PM

To: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>;
mikew@bgenenergy.com; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin
<debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com)
(cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>

Cc: Jim Crawford <JCrawford@cbkylaw.com>; Rusty Williams <rwilliams@owenelectric.com>; April
Brown <abrown@owenelectric.com>; Judy Osborne <josborne@owenelectric.com>; Missy Moore
<mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>;
Elaine.Johns@enervision-inc.com

Subject: FW: Amendment 3 Notice

All,

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Thanks,

Mark

From: Mark Stallons
Sent: Friday, February 02, 2018 4:51 PM
To: tony.campbell@ekpc.coop
Cc: James M Crawford (jcrawford@cbkylaw.com) <jcrawford@cbkylaw.com>
Subject: Amendment 3 Notice

Tony,

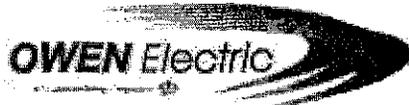
Attached please find Owen Electric's notice of its election to reduce its purchases of electric power from EKPC and replace same with power furnished from an alternate source. We will follow with a written letter in the mail this coming Monday, February 5, 2018. Should you have any questions, please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

Sincerely,

Mark A. Stallons
President & CEO

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

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



"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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From: Mark Stallons
To: mikew@bcenergy.com; [Tim Sharp](mailto:Tim.Sharp); [Carol Wright](mailto:Carol.Wright); [Joni Hazelrigg](mailto:Joni.Hazelrigg); [Debbie Martin](mailto:Debbie.Martin); [CHRIS BREWER](mailto:CHRIS.BREWER)
(cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)
Cc: [Mark Stallons](mailto:Mark.Stallons); [Rusty Williams](mailto:Rusty.Williams); [April Brown](mailto:April.Brown); [Judy Osborne](mailto:Judy.Osborne)
Subject: Amendment 3 Cost Impact
Date: Monday, February 05, 2018 10:59:32 AM
Attachments: [Cost Shift All IN 020318.xlsx](#)

Kentucky Group,

Attached please find an excel model to understand the cost impacts and shifts associated with giving Amendment 3 notice. To use the model please complete the following:

1. Note that on the A3 Savings tab cell E2 it has a zero (0) entered to date meaning that no coops other than SKY have exercised their Amendment 3 option. You can change the number to 7 to see the impact of the Kentucky Group or you can change the number to 15 and see the impact of all the cooperatives using the remaining allotment.
2. Note that the Allotment tab includes Sally Witt's load data up through October 31, 2017. When January 2018 numbers are available this week I will update this tab.
3. Note on the Cost Shift tab, please add your 2018 Environmental Surcharge power budget in column titled the same and also add your Base Rate 2018 Budget number in the column titled the same. This will allow you to see the cost impact on your cooperative for all three cases discussed above.

Please add your cooperative data and reply to all of us. Please review and vet the model from an accuracy stand point. I welcome your gentle corrections. I suggest we share this or a similar tool with EKPC to aide our discussions at EKPC next week.

Thanks,

Mark

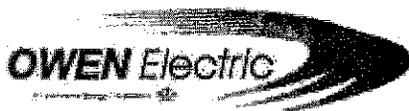
Mark A. Stallons
President & CEO

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

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

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From: David Crews
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
Date: Wednesday, February 07, 2018 4:05:02 PM
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx

This is the spreadsheet updated with notices received today.

From: Bill Prather
To: Tim Sharp
Cc: bsexton@big sandyrecc.com; Mike Williams (mikew@baenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.frale@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons; "Dennis Holt" (dholt@skrecc.com); Debbie Martin; bmyers@trecc.com; tony.campbell@ekpc.coop
Subject: Re: EKPC Amendment Three Notification
Date: Thursday, February 08, 2018 3:53:38 PM

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



From: Dennis Holt
To: hs Sexton@higsandvirecc.com; [Mike Williams \(mikew@bgenergy.com\)](mailto: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; khoward@lvrecc.com; mmiller@nolinrecc.com; Debbie Martin; bmyers@tcrecc.com; tony.campbell@ekpc.coop; Don Mosler; Mike McNalley; david.crews@ekpc.coop; Mark Stallons; Bill Prather; Tim Sharp
Subject: EKPC Amendment Three
Date: Monday, February 12, 2018 7:25:34 AM
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

From: Jerry Carter
To: bsexton@bigsandyrecc.com; [Mike Williams \(mikew@bgenergy.com\)](mailto:Mike.Williams@mikew@bgenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; ihazelrigg@fme.coop; carol.fraleigh@graysonrecc.com; Jerry Carter; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; "Dennis Holt" (dholt@skrecc.com); Debbie Martin; bmyers@tccecc.com; tony.campbell@ekpc.coop; Don Mosler; Mike McNalley; david.crews@ekpc.coop; Bill Prather; lsharp@srelectric.com
Cc: Hadden Dean; [Allen Goggin External](#); [Bill Peyton External](#); [Jason Todd External](#); [Joe Spalding External](#); [Kevin Preston](#); [Louis Kerrick External](#)
Subject: Inter-County's Filing of the Notice of Intent to Exercise its Rights Under the Amendment 3 MOU
Date: Monday, February 12, 2018 5:19:55 PM

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



Missy Moore

From: Dennis Holt <dholt@skrecc.com>
Sent: Tuesday, November 28, 2017 7:19 PM
To: Bobby Sexton; mikew@bgenergy.com; cbrewer@clarkenergy.com; ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; jhazelrigg@fme.coop; Carol Fraley (carol.fraley@graysonrecc.com); Jim Jacobus; Carol Wright; 'Kerry Howard'; Mickey Miller (mmiller@nolinrecc.com); Mark Stallons; sharp@srelectric.com; Debbie Martin; Barry Myers (tcrecc.com)
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Crews
Subject: EKPC Amendment Three Notification

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First I want to thank everyone for their assistance and insights during my short time as an Interim Manager at South Kentucky. You have all been helpful and it is greatly appreciated.

As a common courtesy I feel I need to make you aware that South Kentucky has given East Kentucky Power notification today of our intention to exercise our Amendment Three right.

As you all are aware East Kentucky Power has an Amendment Three clause in their all power requirements contract that allows distribution cooperatives to utilize an "alternate source" for a percentage of their power purchases. The original wholesale power contract with East Kentucky Power was executed in 1964 and was effective until January 1, 2010. Amendment One was executed in 1976 and extended the length of the contract until January 1, 2018. Amendment Two was executed in 1980 and extended the contract until January 1, 2025. The original contract and the first two amendments required the distribution cooperatives to purchase 100% of our power from East Kentucky Power (All Power Requirements Contract).

Amendment Three was adopted by the cooperatives in 2003 and extended the contract to January 1, 2041. Amendment Three allowed for up to 5% of East Kentucky's Peak Load (based on a three year rolling average) to be acquired from an alternate source. Amendment Three was ambiguous as to the limits of each distribution cooperative and was not workable until all 16 cooperatives signed the Memorandum of Understanding that allows for an individual cooperative to acquire up to 15% of their rolling three year average peak from an alternate source until East Kentucky utilized 2.5% of their system peak. There is a maximum allowable contract length on these alternate source purchase of 20 years and also a requirement of an 18 month notice to East Kentucky Power.

Today, South Kentucky has given East Kentucky notice of our intent to acquire 15% of our rolling three year average peak from an alternate source. This alternate source is scheduled to begin on June 1, 2019 (18 months from now). The total amount to be purchased from an alternate source is 58 Megawatts and the terms are for 20 years.

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

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

Missy Moore

From: Joni Hazelrigg <jhazelrigg@fme.coop>
Sent: Monday, January 29, 2018 1:56 PM
To: Mark Stallons; Debbie Martin
Cc: Missy Moore; Mary Ellen Cole; Elaine.Johns@enervision-inc.com; Jim Crawford
Subject: RE: Power Supply RFP Process

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Mark & Debbie,

Fleming-Mason has definite interest in joining this group if possible. I have spoken with Elaine and she is sending information to me to share with our Board. We have a board meeting scheduled for Thursday, February 1, and it is my intent to have a definite answer for this group well within the proposed time line.

I appreciate the opportunity - and hopefully our members will reap the benefit for some time to come.

Joni

Joni Hazelrigg, President & CEO
Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328 1449 Elizaville Rd.
Flemingsburg, KY 41041
O: 606.845.2661 C: 606.782.4526 F: 606.845.1008



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From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 11:25 AM
To: Debbie Martin <debbiem@shelbyenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>
Cc: Missy Moore <mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>; Elaine.Johns@enervision-inc.com; Jim Crawford <JCrawford@cbkylaw.com>
Subject: Power Supply RFP Process

Debbie & Joni,

For your information and consideration, Bluegrass Energy, Jackson Energy, Owen Electric and Salt River Electric have entered into Non-Disclosure Agreements (NDA's) with five (5) power suppliers, one of which is presently contacting multiple cooperatives and marketing their services. We have received power supply RFP's and intend to make a decision on or before the end of the February. If you would like to join the group, please reply to this email notice and we will be

glad to include you into the RFP process if timing and availability are favorable or if timing and availability are not favorable we will assist in facilitating a second RFP.

The requirement to participate includes a Board Resolution authorizing the cooperative CEO to sign an agreement with our consulting firm, sign the necessary Confidentiality Agreements, and agree to financially contribute to the cost of the process. The timeline required to participate is as follows:

Timeline:

1. Board commitment to the RFP process on or before Monday February 5, 2018.
2. Decision to provide notice to EKPC on or before Friday February 23, 2018.

Should you need any information, please feel free to contact Elaine Johns, President/CEO, EnerVision, at 678.910.1122 or Elaine.Johns@enervision-inc.com.

Sincerely,

Mike Williams, Bluegrass Energy President/CEO
Carol Wright, Jackson Energy President & CEO
Mark Stallons, Owen Electric President & CEO
Tim Sharp, Salt River Electric President & CEO

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Missy Moore

From: Debbie Martin <debbiem@shelbyenergy.com>
Sent: Tuesday, January 30, 2018 11:23 AM
To: Mark Stallons; Joni Hazelrigg
Cc: Missy Moore; Mary Ellen Cole; Elaine.Johns@enervision-inc.com; Jim Crawford
Subject: RE: Power Supply RFP Process

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Mark :

Thank you for the opportunity to join the group. We have a special board meeting scheduled for tomorrow, and Elaine has provided the necessary documents. She will be giving a presentation to our directors, so we should have a decision by the end of the work day.

I appreciate it.
Debbie

Debra J. Martin
President & CEO

620 Old Finchville Road
Shelbyville, KY 40065

Office: (502)633-4163
Fax: (502)633-2387



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From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 11:25 AM
To: Debbie Martin <debbiem@shelbyenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>
Cc: Missy Moore <mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>; Elaine.Johns@enervision-inc.com; Jim Crawford <JCrawford@cbkylaw.com>
Subject: Power Supply RFP Process

Debbie & Joni,

For your information and consideration, Bluegrass Energy, Jackson Energy, Owen Electric and Salt River Electric have entered into Non-Disclosure Agreements (NDA's) with five (5) power suppliers, one of which is presently contacting multiple cooperatives and marketing their services. We have received power supply RFP's and intend to make a decision on or before the end of the February. If you would like to join the group, please reply to this email notice and we will be glad to include you into the RFP process if timing and availability are favorable or if timing and availability are not favorable we will assist in facilitating a second RFP.

The requirement to participate includes a Board Resolution authorizing the cooperative CEO to sign an agreement with our consulting firm, sign the necessary Confidentiality Agreements, and agree to financially contribute to the cost of the process. The timeline required to participate is as follows:

Timeline:

1. Board commitment to the RFP process on or before Monday February 5, 2018.
2. Decision to provide notice to EKPC on or before Friday February 23, 2018.

Should you need any information, please feel free to contact Elaine Johns, President/CEO, EnerVision, at 678.910.1122 or Elaine.Johns@enervision-inc.com.

Sincerely,

Mike Williams, Bluegrass Energy President/CEO
Carol Wright, Jackson Energy President & CEO
Mark Stallons, Owen Electric President & CEO
Tim Sharp, Salt River Electric President & CEO

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Missy Moore

From: Chris Brewer <cbrewer@clarkenergy.com>
Sent: Tuesday, January 30, 2018 10:20 AM
To: Mark Stallons
Cc: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject: RE: Amendment 3 RFP Process

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Mark,

Thank you for the information. I have talked to Elaine this morning and she is in the process of sending me a resolution on authorizing the RFP process. I have a board meeting to day nad will be discussing it with them. Also, my next regular board meeting is scheduled before Feb. 23rd so that time frame should not be a problem. Thanks.

Chris Brewer, PE
cbrewer@clarkenergy.com
859-901-9207
President & CEO
Clark Energy

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Tuesday, January 30, 2018 10:01 AM
To: Chris Brewer <cbrewer@clarkenergy.com>
Cc: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenergy.com; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>
Subject: Amendment 3 RFP Process

Chris,

Based upon your recent discussions with Mike Williams and for your information and consideration, Bluegrass Energy, Jackson Energy, Owen Electric and Salt River Electric have entered into Non-Disclosure Agreements (NDA's) with five (5) power suppliers, one of which is presently contacting multiple cooperatives and marketing their services. We have received power supply RFP's and intend to make a decision on or before the end of the February. If you would like to join the group, please reply to this email notice, contact Elaine Johns, and we will be glad to include you into the RFP process if timing and availability are favorable or if timing and availability are not favorable we will assist in facilitating a second RFP. Shelby Energy and Fleming Mason Energy have expressed interest in joining the group and are also discussing the opportunity with their Board of Directors.

The requirement to participate includes a Board Resolution authorizing the cooperative CEO to sign an agreement with our consulting firm, sign the necessary Confidentiality Agreements, and agree to financially contribute to the cost of the process. The timeline required to participate is as follows:

Timeline:

1. Board commitment to the RFP process on or before Monday February 5, 2018.
2. Decision to provide notice to EKPC on or before Friday February 23, 2018.

Should you need any information, please feel free to contact Elaine Johns, President/CEO, EnerVision, at 678.910.1122 or Elaine.Johns@enervision-inc.com.

Sincerely,

Mike Williams, Bluegrass Energy President/CEO

Carol Wright, Jackson Energy President & CEO

Mark Stallons, Owen Electric President & CEO

Tim Sharp, Salt River Electric President & CEO

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From: Elaine Johns
To: [Mark Stallons](mailto:Mark.Stallons)
Subject: RE: EKPC A3 Notice
Date: Thursday, February 8, 2018 12:15:36 PM

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Did you see in SKRECC's notice – they refer to the MOU dated July 15, 2015 (not July 16). Were there 2 different versions? My copy says July 16.

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Tuesday, February 6, 2018 12:09 PM
To: Elaine Johns <Elaine.Johns@enervision-inc.com>
Cc: mikew@bgenenergy.com; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>; Jim Crawford <JCrawford@cbkylaw.com>; Missy Moore <mmoore@owenelectric.com>
Subject: EKPC A3 Notice

Elaine,

I have revised my notice after confirming with David Crews that Owen's 5% maximum 36 month rolling coincident peak has moved from 18.5MW to 18.9MW as a result of the January 2018 load levels. Please review and advise. I would like to send this update later today.

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

owen300dpi with Touchstone



"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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From: Elaine Johns
To: [Mark Stallons](#); [Tim Sharp](#); [Carol Wright](#); mikew@bgenergy.com
Cc: [Mary Ellen Cole](#)
Subject: FW: Sample Board Resolution and EnerVision Services Agreement
Date: Monday, January 29, 2018 5:41:57 PM
Attachments: [Sample resolution.docx](#)

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FYI – I have spoken with both Joni and Debbie today and we are getting them prepared for their board meetings (Debbie is shooting for a special board meeting 1/31 and Joni's is 2/1).

They both requested a sample resolution (see attached). We are also preparing a slide deck for their board meetings which I will copy you in the distribution. We plan to send that out tomorrow (night, probably).

Please let me know if you have any questions! Thanks,
Elaine

From: Elaine Johns
Sent: Monday, January 29, 2018 5:36 PM
To: Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>
Cc: Mary_Ellen.Cole@enervision-inc.com
Subject: Sample Board Resolution and EnerVision Services Agreement

Joni and Debbie – for your board meetings this week, attached is a sample board resolution that allows you to participate in the Kentucky Group RFP and negotiate any agreements on behalf of the Cooperative.

Also attached is our Professional Services Agreement, one for Shelby and one for Fleming Mason.

Please let me know if you have any questions. We will be sending tomorrow the slide deck for your board meetings. The best way to reach me tomorrow is via cell below – I've also attached my v-card.

Look forward to working with you! Thanks,
Elaine

Elaine Johns President/CEO
T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840
elaine.johns@enervision-inc.com | www.enervision-inc.com

ENERVISION® 4170 Ashford Dunwoody Road | Suite 650 | Atlanta, GA 30319

Look for us in Booth #1518 at the NRECA Tech-Advantage Conference & Expo in Nashville, TN Feb. 26th-28th, 2018!

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From: Elaine Johns
To: Mark Stallons; Tim Sharp; Carol Wright; mikew@bgenergy.com
Subject: FW: Weds 1:30 slides
Date: Wednesday, January 31, 2018 7:35:08 AM
Attachments: [EVI Power Supply RFP Intro Shelby 013018.pptx](#)

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Sharing what I'm presenting with Shelby board at 1:30 today.

From: Elaine Johns
Sent: Tuesday, January 30, 2018 4:48 PM
To: 'wayne@jnmcpa.com' <wayne@jnmcpa.com>; Debbie Martin <debbiem@shelbyenergy.com>
Subject: Weds 1:30 slides

Debbie and Wayne, please find attached the slide deck for tomorrow's 1:30 meeting.

To dial in by phone:
1-404-400-8750
Conference id: 702-156-323#

Debbie, I will send you the Outlook invite with the link next.

See you at 1:30pm tomorrow! Thanks,
Elaine

Elaine Johns President/CEO
T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840
elaine.johns@enervision-inc.com | www.enervision-inc.com

ENERVISION® 4170 Ashford Dunwoody Road | Suite 550 | Atlanta, GA 30319

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