

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR ) Case No. 2018-00050  
APPROVAL OF MASTER POWER PURCHASE AND )  
SALE AGREEMENT AND TRANSACTIONS THEREUNDER )

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RESPONSE OF SALT RIVER ELECTRIC COOPERATIVE  
CORPORATION TO SOUTH KENTUCKY RURAL ELECTRIC  
COOPERATIVE CORPORATION'S REQUESTS FOR INFORMATION

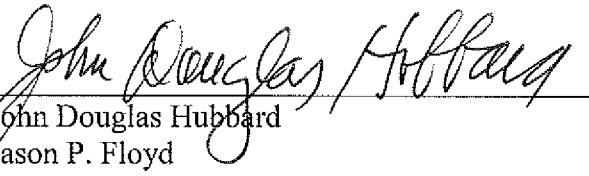
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Respectfully submitted,

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Attorneys for Salt River Electric Cooperative  
Corporation

BY:

  
\_\_\_\_\_  
John Douglas Hubbard  
Jason P. Floyd

CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Section 6, the undersigned certifies that consistent with 807 KAR 5:001 Section 4(8)(d)(3), a copy of this document has been electronically served upon the following on this the 29 day of April, 2018:

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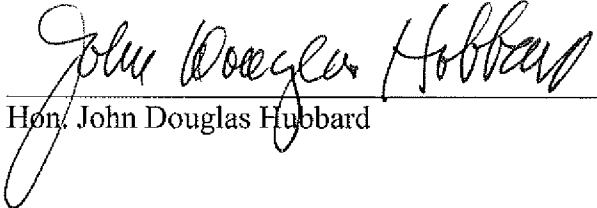
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\_\_\_\_\_  
Hon. John Douglas Hubbard

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

1. Reference is made to page 13, lines 11 through 17 of Mr. John Wolfram's testimony.

Please explain in detail your opinion or opinions as to how EKPC might "properly

Charge" South Kentucky for its remaining load.

**Response:** See Response of Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Inter-County Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, and Nolin Rural Electric Cooperative Corporation, hereinafter collectively "Joint Intervenors".

Witness: Tim Sharp

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

2. For each distribution cooperative with an Alternative Source of power under Amendment 3 and the MOU, indicate the EKPC rates under which the capacity And/or energy is used solely to reduce billings.

**Response:** Rate E-2

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

3. For each instance in the response to Question 2 where it is stated that the Alternative Source is used to reduce billings under Rates B, C or G, provide the following:
- a. Billings from EKPC for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.
  - b. Calculations from the cooperative for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.

**Response: Not applicable.**

Witness: Tim Sharp  
Mechonda O'Brien

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

4. Please produce all email communications set or received by and between any of the Distribution Cooperatives during the period November 28, 2017 through February 23, 2018 that reference South Kentucky (as defined in the instructions) or that relate in any way to amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under amendment 3 and/or the MOU.

**Response:** The responding parties object to this request to the extent it seeks production of emails concerning potential intervention in this matter, selection of counsel in this matter, sharing of costs relating to this and confidential matters because those subjects are not relevant to the issues in this case; and the parties have not produced emails relevant to these three subjects. The responding parties also object because the request is overly broad as many, if not all, of the emails that are the subject of this request are irrelevant to this proceeding, and it is unduly burdensome to require the parties to search for and produce these emails. Without waiving these objections, the responding parties provide the following response.

In regard to Salt River's e-mail communications, see Attachment #1.

Witness: Tim Sharp

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

5. Identify and describe all meetings held or conversations occurring **during the period November 28, 2017 through February 23, 2018** at which any one of the following Items was discussed –South Kentucky (as defined in the instructions), Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU—and in which participated at least two or more Members of management of any of the Distribution Cooperatives. For all such Meetings or conversations, describe all statements made (regardless by whom) concerning South Kentucky (as defined in the instructions) or Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

**Response:** The responding parties object to this request to the extent it asks for information about meetings or conversations concerning potential intervention in this matter, selection of counsel in this matter, confidential matters or sharing of costs relating to this matter because those subjects are not relevant to the issues in this case; and the parties have not provided information regarding meetings or conversations on these subjects. The responding parties also object because the request is overly broad as many, if not all, of the meetings or conversations that are the subject of this request are irrelevant to this proceedings, and it is unduly burdensome to require the parties to detail all such meetings or conversations in this response. Moreover, it would be difficult, if not impossible, to have a specific recollection of all such meetings and conversations, who was



Witness: Tim Sharp

involved, and what was said. Without waiving these objections, the responding parties provide the following response.

In early December of 2017, Tm Sharp and three (3) other cooperative CEOs met with Tony Campbell, David Crews and Mike McNalley to discuss generally Amendment 3, the MOU, and the impact of South Kentucky's 50 MW notice on EKPC and the other (15) cooperatives. I do not recall any specific details of the meeting.

The South Kentucky alternative source notice and/or the status of its PSC application requesting authorization to purchase 58 MWs of energy on a 7 x 24 x 365 basis (1005 load factor) for 20 years have been discussed generally at Salt River Electric regular board meetings on December 7, 2017, January 4, 2018, and February 1, 2018. Additionally, the same matters were discussed with Salt River Electric senior staff during regular staff meetings on December 5, 2017, January 3, 2018 and January 30, 2018. In addition, these matters were generally discussed at the regular monthly East Kentucky Power Cooperative board meetings held on December 12, 2017, and February 13, 2018. In addition to the above, Tim Sharp has had numerous conversations with individual CEOs of the Distribution Cooperatives, staff members, and board members at various times during the period. At this time I do not recall specific details as to the conversations regarding South Kentucky Amendment 3 or the MOU, both of which were discussed in detail.

Witness: Tim Sharp

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

6. State whether a joint defense agreement or comparable arrangement has been agreed to by the Distribution cooperatives for this proceeding. If one has been reached, please identify the date of its effectiveness and state whether EKPC is a Party.

**Response:** Salt River is not aware of or a party to any such agreement. Salt River has orally agreed through its counsel to share in the costs of the witness, John Wolfram. As some of our colleagues have responded Salt River is not waiving the right of any of the Distribution Cooperatives to assert their common interest or joint defense privilege to the extent applicable. This response should not be interpreted as waiving and does not waive the right of any of the Distribution Cooperatives to assert the common interest or joint defense privilege to the extent applicable.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

Reference is made to pages 6 – 14, of Mr. Wolfram’s testimony. Please provide all Analysis in their native format and all associated forecasts, assumptions, inputs, Escalations or any other workpapers associated with the analysis including their Sources.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

8. Reference is made to pages 7, lines 12-16, of Mr. Wolfram's testimony. Please Provide all the appropriate PJM charge types and estimates of costs of each charge type South Kentucky did not demonstrate that it properly included in its NPV analysis.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

9. Reference is made to pages 7, lines 17-18, of Mr. Wolfram's testimony. Please provide the PJM capacity price forecast for the period applicable to the transaction used to draw his conclusions. Insofar as this forecast is not a published PJM forecast, please state whether any such published forecasts are available and the source for such forecasts.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

10. Reference is made to pages 8 and 9, lines 8-21 on page 9, of Mr. Wolfram's testimony. Please provide a detailed explanation of why these costs would not impact EKPC rates to a similar degree.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

11. Reference is made to pages 10, line 14 through page 11, line 4 of Mr. Wolfram's testimony. Please provide any analyses performed regarding the quantification of the risks (including the estimated cost associated with such risks) that Mr. Wolfram claims were not properly included in South Kentucky analysis.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

12. Reference is made to page 11, line 5 to page 12, line 2, of Mr. Wolfram's testimony. Please provide all sensitivity analyses around key variables (transmission rates, wholesale rate changes, environmental cost changes, escalation rates, gas prices, etc.).

**Response:** See Response of Joint Intervenors.



**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

13. Reference is made to pages 13, lines 4-6, of Mr. Wolfram's testimony. Provide East Kentucky's latest long range financial forecast, 10 years or longer, that has been approved by the Board of Directors and that was distributed to the owner-members of EKPC. If not evident from the forecast, please also indicate the date the forecast was distributed to the owner-members.

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

14. Reference is made to pages 13, lines 18-19 of Mr. Wolfram's testimony. Please provide any analysis conducted incorporating the FAC and ES and state its impact on the NPV calculation. If you were to use the FAC and the ES from the 2015 Long Range Financial Forecast, what would be the impact on NPV savings to South Kentucky?

**Response:** See Response of Joint Intervenors.

**Salt River Electric Cooperative Corporation**

**Case No. 2018-00050**

**South Kentucky Rural Electric Cooperative Corporation**

15. Reference is made to pages 18, lines 17-21 of Mr. Wolfram's testimony. Please provide all analyses performed by, on behalf of or at the direction of Mr. Wolfram, in their native format, with all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

**Response:** See Response of Joint Intervenors.

Salt River Electric Cooperative Corporation

Attachment 1

To South Kentucky Rural Electric Cooperative

Corporation Requests for Information

E-mail Communications November 28, 2017

Through February 23, 2018

**Tim Sharp**

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**From:** Tim Sharp  
**Sent:** Thursday, February 1, 2018 4:20 PM  
**To:** carolwright@jacksonenergy.com; Mark Stallons; Mike Williams (mikew@bgenergy.com)  
**Cc:** Elaine Johns  
**Subject:** FW: Salt River notification  
**Attachments:** Notification to EKPC 02-01-18.pdf

FYI. See attached. I also spoke briefly with Tony & he understood our position.

Please call if you have questions.


**From:** Tim Sharp  
**Sent:** Thursday, February 1, 2018 4:11 PM  
**To:** 'tony.campbell@ekpc.coop' <tony.campbell@ekpc.coop>  
**Subject:** Salt River notification

Tony,

Please see attached.



## SALT RIVER ELECTRIC

A Touchstone Energy Cooperative 

111 West Brashear Avenue • Bardstown, Kentucky 40004  
(502) 348-3931 • (502) 955-9732 • Fax (502) 348-1993

February 1, 2018

Mr. Tony Campbell  
President and CEO  
East Kentucky Power Cooperative  
4775 Lexington Rd  
Winchester KY 40392

RE: Alternate Source Notice Pursuant to Amendment No. 3 to the Wholesale Power Contract Between East Kentucky Power Cooperative and Salt River Electric Cooperative Corporation

Dear Tony:

Salt River Electric Cooperative Corporation (hereafter, "Member") hereby provides an Alternate Source Notice to East Kentucky Power Cooperative, Inc. (hereafter, "EKPC") pursuant to Amendment No. 3 to the Wholesale Power Contract between EKPC and Member dated November 21, 2003, as interpreted in the Memorandum of Understanding and Agreement Regarding Alternative Power Sources between EKPC and each of the Owner Members dated July 16, 2015.

Notice is given to EKPC that Member intends to use an Alternate Source to reduce its purchases from EKPC under the Wholesale Power Contract beginning September 1, 2019 and continuing for a period of 20 years.

The capacity of the Alternate Source is to be calculated at the level equal to five percent (5%) of the rolling average of Member's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding this notice, less previously-noticed Lock 7 Hydro Partners LLC. Our notice is in reference to the A3 Allotment spreadsheet by EKPC which includes the month of January 2018 in the calculation. The Alternate Source shall reduce Member's demand to be served by EKPC by the same amount.

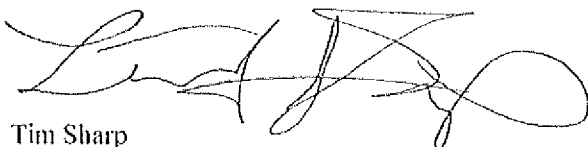
The Alternate Source is anticipated to be a market purchase by Member under a power purchase agreement or similar contractual arrangement that will provide for delivery of the capacity designated above in every hour of the term of the Alternate Source.

It is anticipated that the Alternate Source will be interconnected or delivered to EKPC's or another entity's transmission system.

We will provide additional detail regarding the Alternate Source when it is available and look forward to working with EKPC on implementation.

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

Sincerely,



Tim Sharp  
President and CEO

**Tim Sharp**

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**From:** Tim Sharp  
**Sent:** Friday, February 2, 2018 8:12 AM  
**To:** bsexton@bigsandyrecc.com; Mike Williams (mikew@bgenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons; 'Dennis Holt' (dholt@skrecc.com); debbiem@shelbyenergy.com; bmyers@tcrecc.com  
**Cc:** tony.campbell@ekpc.coop  
**Subject:** EKPC Amendment Three Notification

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

Witness: Tim Sharp

**Tim Sharp**

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**From:** Mark Stallons <mstallons@owenelectric.com>  
**Sent:** Monday, February 5, 2018 10:59 AM  
**To:** mikew@bgenenergy.com; Tim Sharp; Carol Wright; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)  
**Cc:** Mark Stallons; Rusty Williams; April Brown; Judy Osborne  
**Subject:** Amendment 3 Cost Impact  
**Attachments:** Cost Shift All IN 020318.xlsx

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

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

✉ **Email:** [mstallons@owenelectric.com](mailto:mstallons@owenelectric.com)





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**EKPC A3 Allotments, Based on Data Through October 2017 (per Sally Witt)**

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Load Ratio Share of the 5% Cap	15% Election	5% Election	Existing Projects	Noticed Projects	Remaining MW Share	All In	RFP Election	RFP Percent
	Feb. 2015	Jan. 2016	Jan. 2017										
Blue Grass	410.92	315.86	324.44	350.40	17.52	53.37	17.80	0.00	0.00	17.80	11.33	11.30	63.48%
Owen	347.37	313.05	350.69	337.03	16.85	61.71	20.60	2.00	0.00	18.60	11.84	11.80	63.44%
Salt River	314.39	248.65	262.00	275.01	13.75	41.79	13.90	2.00	0.00	11.90	7.57	7.60	63.87%
Jackson	325.61	241.36	230.23	265.73	13.29	40.06	13.40	2.60	2.64	8.16	5.19	5.10	62.50%
Nolin	211.10	188.12	199.11	199.44	9.97	31.08	10.40	0.00	0.00	10.40	6.62	6.60	63.46%
Fleming Mason	196.87	179.19	166.89	180.98	9.05	27.41	9.10	0.00	0.00	9.10	5.79	5.80	63.74%
Inter-County	171.14	126.10	134.05	143.76	7.19	21.83	7.30	0.00	0.00	7.30	4.65	4.60	63.01%
Taylor	159.42	126.55	139.07	141.68	7.08	21.36	7.10	0.00	0.00	7.10	4.52	4.50	63.38%
Cumberland Valley	158.27	120.75	109.65	129.55	6.48	19.45	6.50	0.00	0.00	6.50	4.14	4.10	63.08%
Clark	153.99	114.84	113.62	127.48	6.37	19.14	6.40	0.00	0.00	6.40	4.07	4.00	62.50%
Shelby	120.51	102.00	99.56	107.35	5.37	16.27	5.40	0.00	0.00	5.40	3.44	3.40	62.96%
Big Sandy	89.48	64.77	56.94	70.40	3.52	10.65	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Licking Valley	88.57	62.72	58.66	69.98	3.50	10.64	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Grayson	85.17	62.79	57.65	68.53	3.43	10.30	3.40	0.00	0.00	3.40	2.16	2.10	61.76%
Farmers	136.36	120.49	115.85	124.23	6.21	18.81	6.30	4.60	0.00	1.70	1.08	1.00	58.82%
South Kentucky	458.91	352.24	353.44	388.20	19.41	58.46	19.50	0.00	58.00	0.46	0.00	0.00	
<b>Total</b>	<b>3428.06</b>	<b>2739.47</b>	<b>2771.82</b>	<b>2979.79</b>	<b>148.99</b>	<b>462.32</b>	<b>154.10</b>	<b>11.20</b>	<b>60.64</b>	<b>121.22</b>	<b>76.86</b>	<b>76.30</b>	
<b>Remaining Notice Amount</b>											<b>77.15</b>		

**Noticed Projects**

Owner-Member	Project	MW	Delivery Date
Jackson	Invine LFGTE	1.60	10/2013
Jackson	Dupree Energy Sys	1.00	3/2015
Farmers	Federal Mogul DG	3.60	2005
Farmers	Glasgow LFGTE	1.00	11/2015
Salt River	Lock 7	2.00	2013
Owen	Bromley DG Unit	2.00	2016
South Kentucky	PPA	58.00	6/2019
Jackson	Hydro	2.64	1/2019
<b>Total Projects</b>		<b>71.84</b>	<i>Not yet Noticed</i>

Savings Based on Number that gives Notice			0	Discount Rate				4.00%
Cooperative	MW Load Oct 31, 2017	Savings per MW	Savings per Year	NPV 5 Years	NPV 10 Years	NPV 15 Years	NPV 20 Years	
Blue Grass	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Owen	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Salt River	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Jackson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Nolin	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Fleming Mason	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Inter-County	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Taylor	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Cumberland Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Clark	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Shelby	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Big Sandy	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Licking Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Grayson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	
Farmers	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	

South Kentucky	\$ 58.00	\$ 20.00	\$ 10,161,600	\$ 45,237,638	\$ 82,419,679	\$ 112,980,606	\$ 138,099,460
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### Amendment 3 Impact on EKPC (DRAFT)

<u>Notice</u>	<u>MW</u>	<u>MWh/Year</u>	<u>ES \$ Shift</u>	<u>ES %</u>	<u>Base \$ Shift</u>	<u>Total \$ Shift</u>
South Kentucky	58.0	508,080	\$ 4,100,000.00	100.00%	\$ 13,000,000.00	\$ 17,100,000.00
Blue Grass	0.0	-	-	0.00%	-	-
Owen	0.0	-	-	0.00%	-	-
Salt River	0.0	-	-	0.00%	-	-
Jackson	0.0	-	-	0.00%	-	-
Nolin	0.0	-	-	0.00%	-	-
Fleming Mason	0.0	-	-	0.00%	-	-
Inter-County	0.0	-	-	0.00%	-	-
Taylor	0.0	-	-	0.00%	-	-
Cumberland Valley	0.0	-	-	0.00%	-	-
Clark	0.0	-	-	0.00%	-	-
Shelby	0.0	-	-	0.00%	-	-
Big Sandy	0.0	-	-	0.00%	-	-
Licking Valley	0.0	-	-	0.00%	-	-
Grayson	0.0	-	-	0.00%	-	-
Farmers	0.0	-	-	0.00%	-	-
<b>Member Owner Total</b>	<b>58.0</b>	<b>508,080</b>	<b>\$ 4,100,000.00</b>		<b>\$ 13,000,000.00</b>	<b>\$ 17,100,000.00</b>
<b>EKPC 2018 Budget</b>	<b>29,194</b>	<b>13,534,101</b>	<b>EKPC Pass Thru</b>		<b>EKPC Rate Increase</b>	

<b>Cost Shift Percentages</b>			
<u>EKPC Base Rate Impact</u>	<u>EKPC 2018 Budget (pgA2)</u>	<u>Base Shift</u>	<u>SKY Alone</u>
Base Rate	\$ 777,941,988.00	\$ 13,000,000.00	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,100,000.00	3.74%
	<u>Percent Increase</u>		<u>SKY Alone</u>
	1.67%		1.67%
	3.74%		3.74%

**A3 Cost Shift**

Member Owner	3.74%		1.67%		Net Base Rate Savings (Loss)	Net Member Savings (Loss)
	Member Owner ES Power Bill	ES Cost Increase	Member Owner Base Rate Power Bill	Base Rate Increase		
Blue Grass						
Owen	\$ 10,178,329.52	\$ 380,745.25	\$ 79,426,899.01	\$ 1,327,283.66	\$ -	\$ (1,708,028.91)
Salt River						
Jackson						
Nolin						
Fleming Mason						
Inter-County						
Taylor						
Cumberland Valley						
Clark						
Shelby						
Big Sandy						
Licking Valley						
Grayson						
Farmers						
South Kentucky						
Total	\$ 10,178,329.52	\$ 380,745.25	\$ 79,426,899.01	\$ 1,327,283.66	\$ -	\$ (1,327,283.66)

Witness: Tim Sharp

**Tim Sharp**

---

**From:** Mark Stallons <mstallons@owenelectric.com>  
**Sent:** Tuesday, February 6, 2018 12:09 PM  
**To:** Elaine.Johns@enervision-inc.com  
**Cc:** mikew@bgenergy.com; Tim Sharp; Carol Wright; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); Jim Crawford; Missy Moore  
**Subject:** EKPC A3 Notice  
**Attachments:** Letter of Notice -Final.docx

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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](mailto:mstallons@owenelectric.com)



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

Source: The One Minute Manager, Page 30.

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February 2, 2018

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

Dear Mr. Campbell,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

Mark A. Stallons  
President and CEO  
Owen Electric Cooperative



**Tim Sharp**

---

**From:** Mark Stallons <mstallons@owenelectric.com>  
**Sent:** Wednesday, February 7, 2018 10:01 AM  
**To:** Elaine.Johns@enervision-inc.com; Tim Sharp; Carol Wright; mikew@bgenergy.com  
**Subject:** FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx  
**Attachments:** Amendment 3 Allotment Jan 2018 for distribution.xlsx

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

Carol, Tim & Mike;

Here is the latest A3 load allocations including January.

Mark

**From:** Mike McNalley [mailto:Michael.McNalley@ekpc.coop]  
**Sent:** Wednesday, February 07, 2018 9:33 AM  
**To:** Mark Stallons <mstallons@owenelectric.com>  
**Subject:** FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx

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

**From:** Sally Witt  
**Sent:** Tuesday, February 6, 2018 4:51 PM  
**To:** David Crews <[David.Crews@ekpc.coop](mailto:David.Crews@ekpc.coop)>; Don Mosier <[Don.Mosier@ekpc.coop](mailto:Don.Mosier@ekpc.coop)>; Mike McNalley <[Michael.McNalley@ekpc.coop](mailto:Michael.McNalley@ekpc.coop)>  
**Cc:** Julie Tucker <[julie.tucker@ekpc.coop](mailto:julie.tucker@ekpc.coop)>  
**Subject:** Amendment 3 Allotment Jan 2018 for distribution.xlsx

Attached is an updated version, including Mike's additional column. Please let me know what changes you have.

Thanks!  
Sally

### A3 Allotments, Based on Data Through January 2018

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

**Tim Sharp**

Witness: Tim Sharp

**From:** Bill Prather <bprather@farmersrecc.net>  
**Sent:** Thursday, February 8, 2018 3:53 PM  
**To:** Tim Sharp  
**Cc:** bsexton@bigsandyrecc.com; Mike Williams (mikew@bgenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons; 'Dennis Holt' (dholt@skrecc.com); debbiem@shelbyenergy.com; bmyers@tcrecc.com; tony.campbell@ekpc.coop  
**Subject:** Re: EKPC Amendment Three Notification

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Folks,

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

Bill Prather  
Farmers RECC

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

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

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

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

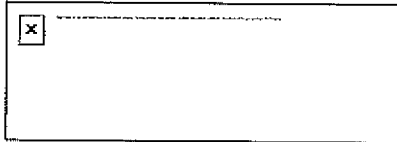
Please feel free to contact me if you have any questions or concerns.

Tim Sharp

Salt River Electric

--

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



**Tim Sharp**

**From:** Carol Wright <carolwright@jacksonenergy.com>  
**Sent:** Friday, February 9, 2018 5:29 PM  
**To:** Mark Stallons  
**Cc:** Tim Sharp; mikew@bgenergy.com; Alan Ahrman  
**Subject:** Re: A3 Path Forward

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Does SK get to keep their 15% while the remaining 15 are limited to 5%? Or are you saying SK let's others join their 58MW group? Confused on that one....

I am available Monday after BROC meeting which should be finished around noon.

Carol

Sent from my iPhone

> On Feb 9, 2018, at 5:17 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

>

> All,

>

> Below please find an email string between Mike McNalley and me earlier in the week. Mike & I have had several phone calls as well. Based on conversations with all of you this week and EKPC staff, I suggest the following as a possible path forward:

>

> 1. We approve S Kentucky's notice - to not approve would invite and basically guarantee a lawsuit battle much worse than Grayson

> 2. We form a special committee comprised of interested CEO's/Manager's; EKPC staff including Tony, Mike, Don & David; and the Board Representation to accomplish the following:

>

> a. Agree to Identify possible pathways to move our portfolio away from carbon risk assets by a defined time and present to the EKPC Board for further discussion and hopefully an agreement.

> b. Provide a pathway for Member Owners to move to more market based power supply without shifting costs.

> 1. Based on January 2018 Amendment 3 (A3) load Allocation, EKPC assigns 161.9 MW of market based power available to any Member Owner who request access to A3 market power.

> 2. Member Owner's agree that no one can exceed 5% of their cooperative's rolling 36 month coincident peak as identified in the MOU.

> c. S KY assigns Morgan Stanley agreement to EKPC as an A3 noticed project.

> d. Member Owner's have a defined x day window to join the S KY Morgan Stanley Agreement or the Kentucky Group and purchase up to their full 5% allocation as defined above.

>

> Can we discuss either in person or by phone sometime Monday, before, in between or after Committee Meetings, your thoughts,

>

> Mark

>

>  
>  
> -----Original Message-----  
> From: Mark Stallons  
> Sent: Wednesday, February 07, 2018 6:11 AM  
> To: Mike McNalley <Michael.McNalley@ekpc.coop>  
> Subject: Re: A3 Cost Shift Spreadsheet  
>  
> Mike,  
>  
> Thanks for taking a look. Your comments are spot on. I kept it simple and that does compromise accuracy.  
>  
> I have capacity as well as energy pricing in the short term. We should have escalators in the next few weeks.  
>  
> In regards to a twenty year NPV I have that in a different model with Owen alone. To improve accuracy, I need a more recent or adjusted EKPC financial forecast. I have the 2015 in my files. However, it is obviously dated.  
>  
> The ES and base rate 2018 EKPC budget numbers by Cooperative is necessary to finish the model. Without that I can not accurately show the impact on a Cooperative basis.  
>  
> Would also like to see present capacity and energy costs by generating unit for all of EKPC's units compared to market. In addition a range of expected market selling price and revenue, the remaining depreciation and resulting annual regulatory asset cost for each of EKPC's generating assets.  
>  
> In other words what is the cost of our steel hedge compared to market and what if any possible pathways do we have to lessen our stranded costs. What is our enterprise risk associated with Dems regaining control of the EPA, house and or Senate? What is our risk mitigation plan if Bevin and the Republicans deregulate Kentucky?  
>  
> The S KY Amendment 3 move highlights a handful of questions that I am sure the EKPC staff understand, have thought about, and have concluded that staying with a steel hedge is our best response. In the last few weeks I have found that most board of directors and CEO's can not explain the value or risk of a steel hedge at \$15 to \$25 per MWh above the PJM market.  
>  
> I found this simple spreadsheet to be a useful tool to educate my board concerning the impact of SKY's actions as well as a means to explain the possible outcomes associated with a variety of mitigation strategies. If we work together, I believe we can develop a more accurate model to educate all stakeholders including the PSC.  
>  
> I can talk about the above anytime this morning.  
>  
> Thanks,  
>  
> Mark  
>  
>  
> Mark Stallons  
> Sent from my iPhone  
>  
>> On Feb 6, 2018, at 5:25 PM, Mike McNalley <Michael.McNalley@ekpc.coop> wrote:  
>>  
>> Didn't hear from you today but did see a couple of issues. One is the \$20/MWh savings could decline over time if (a) EKPC continues to lower cost, and/or (b) there are any escalators or Re-openers in the contract. So using the first year savings probably overstates it, and the NPVs should be adjusted.

>> Second is that there is no capacity cost. I don't know what is being quoted, but I do know that it follows market so could escalate quite dramatically. Might erase all remaining savings.

>>

>> If you get some time Wed, give me a shout.

>>

>> Mike McNalley

>> EVP & CFO

>> East Kentucky Power Cooperative, Inc.

>> 859-745-9209 office

>> 859-595-3897 cell

>> michael.mcnalley@ekpc.coop<mailto:michael.mcnalley@ekpc.coop>

>>

>>

>> On Feb 5, 2018, at 5:31 PM, Mark Stallons <mstallons@owenelectric.com<mailto:mstallons@owenelectric.com>> wrote:

>>

>> Mike,

>>

>> Here is my simple spreadsheet. What is a good time to call tomorrow?

>>

>> Thanks,

>>

>> Mark

>>

>> Mark A. Stallons

>> President & CEO

>>

>> Owen Electric Cooperative

>> 8205 Hwy 127N; PO Box 400

>> Owenton, KY 40359

>>

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

>> \*Mobile: 502-514-1650

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

>> <image001.jpg>

>>

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

>> Source: The One Minute Manager, Page 30.

>>

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>>

>>

>> <Cost Shift 020318.xlsx>

>

**Tim Sharp**

**From:** Mark Stallons <mstallons@owenelectric.com>  
**Sent:** Friday, February 9, 2018 5:17 PM  
**To:** Tim Sharp; carolwright@jacksonenergy.com; mikew@bgenergy.com  
**Cc:** Alan Ahrman  
**Subject:** FW: A3 Path Forward

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Sent from my iPhone

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>

> Mike McNalley

> EVP & CFO

> East Kentucky Power Cooperative, Inc.

> 859-745-9209 office

> 859-595-3897 cell

> michael.mcnalley@ekpc.coop<mailto:michael.mcnalley@ekpc.coop>

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> Mark A. Stallons  
> President & CEO  
>  
> Owen Electric Cooperative  
> 8205 Hwy 127N; PO Box 400  
> Owenton, KY 40359  
>  
> \* Direct Line: 502-563-3500  
> \*Mobile: 502-514-1650  
> \*Email: mstallons@owenelectric.com<mailto:mstallons@owenelectric.com>  
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you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original  
message.  
>  
>  
> <Cost Shift 020318.xlsx>

**Tim Sharp**

---

**From:** Dennis Holt <dholt@skrecc.com>  
**Sent:** Monday, February 12, 2018 7:25 AM  
**To:** bsexton@bigandyrecc.com; Mike Williams (mikew@bgenergy.com); CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; debbiem@shelbyenergy.com; bmyers@tcrecc.com; tony.campbell@ekpc.coop; Don Mosier; Mike McNalley; david.crews@ekpc.coop; Mark Stallons; Bill Prather; Tim Sharp  
**Subject:** EKPC Amendment Three  
**Attachments:** DOC021218-02122018072337.pdf

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

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

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

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

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



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

February 12, 2018

Dear Fellow Managers,

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

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

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

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

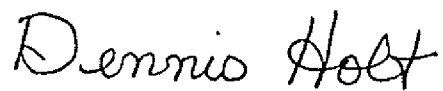
South Kentucky has expended significant expense in staff time, consultants and attorneys to reach this point in the process. We would hope that whoever ultimately benefits from

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

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

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

Sincerely Yours,

A handwritten signature in black ink that reads "Dennis Holt". The signature is written in a cursive style with a large initial "D" and "H".

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

**Tim Sharp**

---

**From:** Tim Sharp  
**Sent:** Monday, February 12, 2018 7:58 AM  
**To:** mstallons@owenelectric.com  
**Subject:** today?

What did we decided about today?

**Tim Sharp**

---

**From:** Mark Stallons <mark.judy.stallons@gmail.com>  
**Sent:** Monday, February 12, 2018 9:31 PM  
**To:** Carol Wright; Debbie Martin; Joni Hazelrigg; Mike Williams; Tim Sharp; Alan Ahrman  
**Subject:** Updated A3 Spreadsheet  
**Attachments:** A3 Cost Shift SK10 Do Nothing.xlsx; A3 Cost Shift SK10%.xlsx

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

Ky Group,

Attached, please find a do nothing case with SK at 10% and then find a SK 10% case with the balance spread to remaining coops in pro-rata shares. I input Owen's 2017 base rate cost and environmental surcharge excluding Nucor GS.

Just to keep you in the loop, I am running a slight fever tonight and have asked Terri to see if I can call in for the meeting in case I do not rebound.

Mark

EKPC 5% Limit		A3 Allotments, Based on Data Through January 2018				A3 Balances as of January 2018				Feb 8 2018							
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Big Sandy	89.5	56.9	74.3	73.6	3.7	3.7	89.5	58.8	74.3	74.2	3.7	0.0	N	0.0	3.1	\$ (341,951.78)	
Blue Grass	410.9	324.4	382.2	372.5	18.6	18.6	410.9	324.4	382.2	372.8	18.6	0.0	N	0.0	15.4	\$ (1,906,042.10)	
Clark	154.0	113.6	139.4	135.7	6.8	6.8	154.0	113.6	140.1	135.9	6.8	0.0	N	0.0	5.6	\$ (675,903.83)	
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	6.8	158.3	110.0	141.3	136.5	6.8	0.0	N	0.0	5.7	\$ (667,516.35)	
Farmers	136.4	115.9	138.4	130.2	6.5	6.5	136.8	115.9	138.4	130.3	6.5	0.0	Y	0.0	1.9	\$ (732,751.54)	
Fleming Mason	156.9	166.9	189.1	184.3	9.2	9.2	156.9	166.9	189.1	188.9	9.4	0.0	N	0.0	6.7	\$ (1,199,985.68)	
Grayson	85.2	57.6	72.7	71.9	3.6	3.6	85.2	58.3	72.7	72.1	3.6	0.0	N	0.0	3.0	\$ (378,182.38)	
Inter-County	171.1	134.1	158.6	154.6	7.7	7.7	171.1	134.4	158.6	154.7	7.7	0.0	N	0.0	6.4	\$ (713,217.28)	
Jackson	325.6	230.2	293.6	283.2	14.2	14.2	327.7	232.2	293.6	284.5	14.2	0.0	Y	0.0	8.2	\$ (1,340,683.66)	
Licking Valley	88.6	58.7	75.0	74.1	3.7	3.7	88.6	60.6	76.6	75.3	3.8	0.0	N	0.0	3.1	\$ (376,251.98)	
Nolin	211.1	195.1	215.5	208.6	10.4	10.4	230.4	199.1	216.1	215.2	10.8	0.0	N	0.0	10.8	\$ (1,077,567.05)	
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South Kentucky	458.9	353.4	426.2	412.9	20.6	20.6	458.9	353.4	426.2	412.9	20.6	0.0	N	0.0	0.0	\$ 5,339,891.51	
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<b>Total</b>	<b>3,428.1</b>	<b>2,771.8</b>	<b>3,307.4</b>	<b>3,169.1</b>	<b>158.5</b>	<b>158.5</b>	<b>3,537.0</b>	<b>2,844.5</b>	<b>3,335.0</b>	<b>3,238.8</b>	<b>161.9</b>	<b>203.2</b>	<b>54.7</b>	<b>-</b>	<b>125.3</b>	<b>103.8</b>	

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

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

Net to Exceed 158.5 MW  
 Remaining balance of 5% Amendment 3 Pool Feb 8, 2018  
 Notified February 8, 2019 not in above

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Cumberland Valley	158.3	109.6	141.3	136.4	6.8	6.8	158.3	11									



Assumed Savings per Year (DRAFT)			
Cooperative	MW Load Noticed 2018	Savings per MW	Savings per Year
Big Sandy	0.00	\$ 20.00	\$ -
Blue Grass	0.00	\$ 20.00	\$ -
Clark	0.00	\$ 20.00	\$ -
Cumberland Valley	0.00	\$ 20.00	\$ -
Farmers	0.00	\$ 20.00	\$ -
Fleming Mason	0.00	\$ 20.00	\$ -
Grayson	0.00	\$ 20.00	\$ -
Inter-County	0.00	\$ 20.00	\$ -
Jackson	0.00	\$ 20.00	\$ -
Licking Valley	0.00	\$ 20.00	\$ -
Nolin	0.00	\$ 20.00	\$ -
Owen	0.00	\$ 20.00	\$ -
Salt River	0.00	\$ 20.00	\$ -
Shelby	0.00	\$ 20.00	\$ -
South Kentucky	\$ 38.70	\$ 20.00	\$ 6,780,240
Taylor	0.00	\$ 20.00	\$ -
<b>Totals</b>	<b>38.70</b>		<b>6,780,240</b>

Amendment 3 Impact on EKPC (DRAFT)						
Notice	MW	MWh/Year	ES \$ Shift	ES %	Base \$ Shift	Total \$ Shift
Big Sandy	0.0	-	\$ -	0.00%	\$ -	\$ -
Blue Grass	0.0	-	\$ -	0.00%	\$ -	\$ -
Clark	0.0	-	\$ -	0.00%	\$ -	\$ -
Cumberland Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Farmers	0.0	-	\$ -	0.00%	\$ -	\$ -
Fleming Mason	0.0	-	\$ -	0.00%	\$ -	\$ -
Grayson	0.0	-	\$ -	0.00%	\$ -	\$ -
Inter-County	0.0	-	\$ -	0.00%	\$ -	\$ -
Jackson	0.0	-	\$ -	0.00%	\$ -	\$ -
Licking Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Nolin	0.0	-	\$ -	0.00%	\$ -	\$ -
Owen	0.0	-	\$ -	0.00%	\$ -	\$ -
Salt River	0.0	-	\$ -	0.00%	\$ -	\$ -
Shelby	0.0	-	\$ -	0.00%	\$ -	\$ -
South Kentucky	38.7	339,012	\$ 4,100,000.00	100.00%	\$ 13,000,000.00	\$ 17,100,000.00
Taylor	0.0	-	\$ -	0.00%	\$ -	\$ -
<b>Member Owner Total</b>	<b>38.7</b>	<b>339,012</b>	<b>\$ 4,100,000.00</b>		<b>\$ 13,000,000.00</b>	<b>\$ 17,100,000.00</b>
<b>EKPC 2018 Budget</b>	<b>29,194</b>	<b>13,534,101</b>	<b>EKPC Pass Thru</b>		<b>EKPC Rate Increase</b>	

Cost Shift Percentages			
<u>EKPC Base Rate Impact</u>	<u>EKPC 2018 Budget (pgA2)</u>	<u>Base Shift</u>	<u>Percent Increase</u>
Base Rate	\$ 777,941,988.00	\$ 13,000,000.00	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,100,000.00	3.74%

SKY Nov Election  
58



**Tim Sharp**

---

**From:** Tim Sharp  
**Sent:** Wednesday, February 14, 2018 10:15 AM  
**To:** Carol Wright; mstallons@owenelectric.com  
**Subject:** RE: Committee

Carol,

Thanks for your vote of confidence. I sent Tony an email offering to help. I will let you know what I hear.

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

From: Carol Wright [mailto:carolwright@jacksonenergy.com]  
Sent: Wednesday, February 14, 2018 8:10 AM  
To: mstallons@owenelectric.com; Tim Sharp <tjsharp@srelectric.com>  
Subject: Committee

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

I would like to see you both on this committee that Tony will be forming.

Do you want to volunteer or get volunteered-someone nominate you?

Carol

Sent from my iPhone

**Tim Sharp**

---

**From:** Tim Sharp  
**Sent:** Wednesday, February 14, 2018 10:41 AM  
**To:** Carol Wright; Mark Stallons  
**Subject:** RE: Committee

FYI, I received confirmation that I'm on also.

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

**From:** Carol Wright [mailto:carolwright@jacksonenergy.com]  
**Sent:** Wednesday, February 14, 2018 9:08 AM  
**To:** Mark Stallons <mstallons@owenelectric.com>  
**Cc:** Tim Sharp <tjsharp@srelectric.com>  
**Subject:** Re: Committee

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Thanks mark! And I hope you feel better soon...

Carol

Sent from my iPhone

> On Feb 14, 2018, at 8:53 AM, Mark Stallons <mstallons@owenelectric.com> wrote:

>

> Carol & Tim,

>

> I volunteered by sending a text to Tony and received confirmation that I am on the committee. I will try to find out who else is on the committee. Feeling better today, temp is 98.9. Still not totally back to normal by closer.

>

> Thanks,

>

>

> Mark

>

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

> **From:** Carol Wright [mailto:carolwright@jacksonenergy.com]

> **Sent:** Wednesday, February 14, 2018 8:10 AM

> **To:** Mark Stallons <mstallons@owenelectric.com>; Tim Sharpe <tjsharp@srelectric.com>

> **Subject:** Committee

>

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> I would like to see you both on this committee that Tony will be forming.

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- >
- > Carol
- >
- > Sent from my iPhone
- >



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR ) Case No. 2018-00050  
APPROVAL OF MASTER POWER PURCHASE AND )  
SALE AGREEMENT AND TRANSACTIONS THEREUNDER )

VERIFICATION OF MECHONDA O'BRIEN

STATE OF KENTUCKY )  
 )  
COUNTY OF NELSON )

Mechonda O'Brien, Manager of Finance of Salt River Electric Cooperative Corporation, being duly sworn, states that she has supervised the preparation of the Responses of Salt River Electric Cooperative Corporation, in the above styled case submitted, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

*Mechonda O'Brien*  
\_\_\_\_\_  
Mechonda O'Brien

The foregoing Verification was signed, acknowledge and sworn to before me this the 26 day of April, 2018, by Mechonda O'Brien, Manager of Finance of Salt River Electric Cooperative Corporation.

*Kathy Brewer*  
\_\_\_\_\_  
Notary Public  
My Commission expires: 12/16/18  
#433406