

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, April 12, 2016, at 9:30 a.m., EDT, the following business was transacted:

Proposed Rescission of Board Policy 305—Allocation Procedures for Non-EKPC-Sources Power Acquisitions Under Wholesale Power Contract Amendment Number 3

After review of the applicable information, a motion to rescind Board Policy 305, Allocation Procedures for Non-EKPC-Sources Power Acquisitions Under Wholesale Power Contract Amendment Number 3 was made by Governance Committee Chairman Alan Ahrman, and passed by the full Board to approve the following:

Whereas, the Board of Directors of East Kentucky Power Cooperative, Inc. (“EKPC”), has reviewed the proposed rescission of Board Policy 305 - Allocation Procedures for non-EKPC-Sourced Power Acquisitions Under Wholesale Power Contract Amendment Number 3;

Whereas, the executed Memo of Understanding (“MOU”) addresses these, as well as other, issues in far greater detail than Board Policy 305; and

Resolved, that the EKPC Board of Directors hereby grants approval to rescind Board Policy 305, as it is no longer necessary.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 12th day of April 2016.


Michael Adams, Secretary

Board Policy 305 was officially rescinded at the April 12, 2016 Board Meeting.

EAST KENTUCKY POWER COOPERATIVE

Policy No. 305

March 9, 2004

ALLOCATION PROCEDURES FOR NON-EKPC-SOURCED
POWER ACQUISITIONS UNDER WHOLESALE POWER
CONTRACT AMENDMENT NUMBER 3

I. BACKGROUND

Amendment Number 3 to the Wholesale Power Contract between East Kentucky Power Cooperative (“EKPC”) and its member systems allows each member system executing the Amendment to purchase or otherwise acquire power and energy from non-EKPC sources up to a maximum of 15% of the member system’s 3-year rolling average peak load (the “15% Option”), provided that the total of all such non-EKPC acquisitions by all member systems does not exceed 5% of EKPC’s 3-year rolling average peak load (the “5% Cap”).

II. OBJECTIVE

The objective of this Board Policy is to provide a reasonable mechanism to allocate the 5% Cap among the member systems so that those member systems with specific, identifiable projects that would be facilitated by the use of the 15% Option can proceed in a timely manner.

III. CONTENT

- A. An Allocation Pool is hereby created which will be made up of the combined total of the unused portions of each member system’s load ratio share of the 5% Cap, as hereinafter set out.
- B. An Allocation Committee is hereby created as hereinafter set out which will administer the allocation of the unused portions of the member systems’ load ratio share of the 5% Cap in the Allocation Pool to requesting eligible member systems.
- C. (1) As soon as is reasonably possible, but no later than 90 days after either the adoption of this Board Policy or the execution of Amendment Number 3 of the Wholesale Power Contract, whichever is later, each member system shall submit to the Allocation Committee a detailed, written plan of its intended use of its 15% Option (the “Plan”). Each Plan shall include the following:

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- a) Whether or not the member system intends to use all or any portion of its load ratio share of the 5% Cap within 6 months of the date of submittal of the Plan;
 - b) How much of its load ratio share of the 5% Cap the member system intends to use;
 - c) A detailed description of the specific use to which it will be put;
 - d) The anticipated time frame within which the use will occur;
 - e) Any contracts or other agreements executed with respect to such use, and if none, the status of negotiations for such contracts or agreements and the anticipated date of execution thereof; and
 - f) Any other information that may be requested by the Allocation Committee.
- (2) A member system may immediately proceed to utilize that portion of its load ratio share of the 5% cap identified in its Plan.
 - (3) If a member system's Plan reveals that the member system does not intend to use any or all of its load ratio share of the 5% Cap, then the unused portion will be placed in the Allocation Pool.
 - (4) If, within 6 months from the submittal of its Plan, a member system does not use the portion of its load ratio share of the 5% Cap as stated in the Plan, or, if reasonable progress, in the determination of the Allocation Committee, has not been made by the member system toward such use, then that portion of the 5% Cap will be placed in the Allocation Pool.
 - (5) The Allocation Committee may require periodic progress reports with respect to such use at intervals of the Committee's determination.
- D. (1) At any time after submittal of its Plan, a member system who desires an initial allocation or an allocation of more than its load ratio share of the 5% Cap, shall submit a written request to the Allocation Committee, which request shall contain the same type of information as required by Paragraphs III(C)(1)(a-f) hereof.

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- (2) The Committee shall determine whether to grant such a request by majority vote.
 - (3) If, within 6 months from the granting of any such request by the Committee, a member system has not used the allocation, or if reasonable progress, in the determination of the Committee, has not been made toward such use, then the allocation shall be returned to the Allocation Pool.
- E. Any new member of EKPC admitted by the EKPC Board of Directors (“Board”) shall have the same rights as existing members with respect to the 15% Option and 5% Cap upon execution by the new member of the Wholesale Power Contract including Amendment Number 3. The new member shall submit a Plan within 90 days of its execution of the Wholesale Power Contract.
- F. The use of 15% Option shall be limited to the following:
- 1) Service of new load acquired by a member system and which was not part of the member’s traditionally recognized service territory as certified by the Kentucky Public Service Commission pursuant to KRS 278.017.
 - 2) Distributed Generation projects owned by a member system.
 - 3) Other uses as established by the Board.
- G. A member may exceed the 15% Option only upon approval of the Board and RUS. Any request by a member system to so exceed its 15% Option shall be made in writing to the Allocation Committee and shall include all relevant information and justifications for such request. The Committee shall have the authority to request any additional information or documentation it feels is necessary or advisable. The Committee shall review and consider the request and make a recommendation to the full Board for action.
- H. Any determination or decision of the Allocation Committee may be reviewed by the Board at the request and upon the motion of any director and the Board may affirm, overturn or modify such determination or decision in its discretion.

IV. ORGANIZATIONAL RELATIONSHIPS

- A. The Allocation Committee shall report directly to the Board.
- B. The Allocation Committee shall have 5 members, 3 of which shall be managers of member systems, 1 of which shall be a regular director of the Board, and 1 of which shall be an employee or other representative of EKPC. The members shall be appointed by the Chairman of the Board with the advice and consent of the other officers of the Board and in consultation with the President and CEO in accordance with Board Policy 105 and shall serve at the pleasure of the Board.
- C. The Committee is a continuing one, except for the EKPC representative, and the term of each member shall run for one year, coincident with the term of the Chairman of the Board, or until his successor is appointed. Appointments of committee members shall be staggered so that no more than two members leave the Committee each year. No member shall serve more than 4 consecutive years except that the term of the EKPC representative shall be indefinite.
- D. The Committee shall annually elect a Chairman, Vice-Chairman and Secretary. Minutes of each meeting shall be kept. The Chairmen of other Board Committees or any Board officer shall not be Chairman of the Allocation Committee.
- E. Meetings of the Committee shall be held at the call of the Committee Chairman, the Chairman of the Board, or at the call of three members of the Committee when there are items or other issues for consideration by the Committee. The time, location and agenda of the meeting shall be set in the notice.