

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>

From: [Debbie Martin](#)
To: [Mike Williams](#)
Cc: [Mark Stallons](#); [Carol Wright](#); [Tim Sharp](#); [Joni Hazelrigg](#); [Chris Brewer](#)
Subject: Re: A3 Path Forward
Date: Saturday, February 10, 2018 4:12:27 PM

I like the suggestion of meeting after we have the EKPC board meeting on Tuesday. Also, if agreeable with the group, Chris's idea of meeting someplace other than EKPC may be good.

*Debra J. Martin
President & CEO
Shelby Energy Cooperative
Office: (502) 633- 4163
Fax: (502) 633-2387 .*

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On Feb 10, 2018, at 3:49 PM, Mike Williams <mikew@bgenergy.com> wrote:

Would it be better to wait and see what options are presented during board meeting on Tuesday and we could afterwards or latter in the week to discuss next step?

Thanks,
Mike Williams

On Feb 10, 2018, at 9:19 AM, 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 and EKPC the past few weeks , I suggest we consider 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 key staff including Tony, Mike, Don & David; and Board Representation to accomplish the following:

- a. Agree to Identify possible pathways to move our portfolio in a financially prudent manner 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 an increasing market based alternate source power supply portfolio without shifting costs. I believe we need to do this to give SKY reason to talk. They have spent considerable funds to secure market power and they will not simply give it up.
- c. Based on January 2018 Amendment 3 (A3) load Allocation calculations, EKPC agrees to use the Jan 2018 method resulting in 161.9 MW to allocate present and future A3 market based power available to Member Owners.
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- e. S K Y agrees to reduce their A3 percentage to 5% and assigns Morgan Stanley agreement to EKPC as an A3 noticed project.
- f. The Kentucky Group of 7 agrees to work with EKPC and open their RFP process to any EKPC member owner.
- g. Member Owner's have a defined x day window to join the S K Y Morgan Stanley Agreement up to 58MW or join the Kentucky Group and purchase up to their full 5% allocation as defined above.

3. If item 2 above fails, then we are left with intervention at the PSC and/or moving forward with the Kentucky Group RFP process.

Can we discuss either in person or by phone Monday,

after BROC and before SI

in between Committee Meetings during lunch.

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

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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

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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.

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<Cost Shift 020318.xlsx>

From: [Chris Brewer](#)
To: [Mark Stallons](#); [Mike Williams](#); [Carol Wright](#); [Tim Sharp](#); [Joni Hazelrigg](#); [Debbie Martin](#)
Subject: RE: A3 Path Forward
Date: Saturday, February 10, 2018 3:44:18 PM

To All

I'm fine to meet on Monday. I would like to offer that we can meet at our office if the group prefers rather than meeting at EKP. Just let me know the plans.

Chris

From: Mark Stallons [mstallons@owenelectric.com]
Sent: Saturday, February 10, 2018 9:19 AM
To: Mike Williams; Carol Wright; Tim Sharp; Joni Hazelrigg; Debbie Martin; Chris Brewer
Subject: Fwd: A3 Path Forward

> All,

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> 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 and EKPC the past few weeks, I suggest we consider the following as a possible path forward:

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> Your thoughts,

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>> Source: The One Minute Manager, Page 30.
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>>
>>
>> <Cost Shift 020318.xlsx>

From: Mark Stallons
To: Mike Williams; Carol Wright; Tim Sharp; Joni Hazelrigg; Debbie Martin; Chris Brewer
Subject: Fwd: A3 Path Forward
Date: Saturday, February 10, 2018 9:19:36 AM

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> Sent: Wednesday, February 07, 2018 6:11 AM
> To: Mike McNalley <Michael.McNalley@ekpc.coop>
> Subject: Re: A3 Cost Shift Spreadsheet
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>>

>>

>> <Cost Shift 020318.xlsx>

From: Carol Wright
To: Mark Stallons
Cc: Tim Sharp; Mike Williams; Alan Ahrman
Subject: Re: A3 Path Forward
Date: Saturday, February 10, 2018 7:24:40 AM

I think the whole group should be involved. I am fine to include them. We need all the support we can get.

Carol

Sent from my iPhone

> On Feb 9, 2018, at 8:06 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

>

> Tim,

>

> I may be naive, but I am hopeful that our willingness to look at all of our assets, lessen our carbon risk in a financially prudent process and define a path to greater market opportunities for individual systems will entice SK back. EKPC and the other member owners have to give SK something and we can give this if we are willing. I think you are correct they will either say yes or no.

>

> Mike, are you ok with this? If yes, can you check with Chris and see if he is good with this?

>

> Or should I reforward this to all of you and add Joni, Chris and Debbie and continue the discussion with the broader group?

>

>

>

> Mark Stallons

> Sent from my iPhone

>

>> On Feb 9, 2018, at 7:37 PM, Tim Sharp <tjsharp@srelectric.com> wrote:

>>

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

>>

>> I can work with this option as well, but it all revolves around SK being willing to step back. Seems like a yes or no option and I'm not sure how we negotiate off that position. The rest we should be able to work out, if they are willing to move.

>>

>> Sent from my iPhone

>>

>>> On Feb 9, 2018, at 7:18 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

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>>>

>>>

>>> All,

>>>

>>> Something to think about. If this is something we could accept, then what position do we start with? Or, do we start here and simply hold? I typically start with something less desirable and have several moves before agreeing to a final position.

>>>

>>> Mark Stallons

>>> Sent from my iPhone

>>>

>>>> On Feb 9, 2018, at 5:54 PM, Carol Wright <carolwright@jacksonenergy.com> wrote:

>>>>

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>>>>

>>>> Ok. I would be interested in exploring that option.

>>>>

>>>> Carol

>>>>

>>>> Sent from my iPhone

>>>>

>>>>> On Feb 9, 2018, at 5:46 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

>>>>>

>>>>> Carol,

>>>>>

>>>>> SK gives up 58MW agreement and assigns their contract to EKPC who then makes it available to all member owners. SKY would agree to move from 15% to 5% and most likely keep their 5% share with the Morgan Stanley agreement. The rest of us would have access to the remaining share of the Morgan Stanley agreement or could fully use or expand the 35-70 MW Kentucky Group RFP project. If the Kentucky Group assigned our PJM project to EKPC, then we would not need a financial hedge as we would use EKPC's existing steel in the ground hedge that we are already paying for.

>>>>>

>>>>> Mark

>>>>>

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

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

>>>>> Sent: Friday, February 09, 2018 5:29 PM

>>>>> To: Mark Stallons <mstallons@owenelectric.com>

>>>>> Cc: Tim Sharp <tjsharp@srelectric.com>; mikew@bgenergy.com; Alan Ahrman <alanahrman@gmail.com>

>>>>> 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 BROCC 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,

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>>>>>>

>>>>>>

>>>>>>> <Cost Shift 020318.xlsx>

>>>>>>

>>>>>

>

From: [Mark Stallons](#)
To: [Tim Sharp](#)
Cc: [Carol Wright](#); [Mike Williams](#); [Alan Ahrman](#)
Subject: Re: A3 Path Forward
Date: Friday, February 9, 2018 8:06:46 PM

Tim,

I may be naive, but I am hopeful that our willingness to look at all of our assets, lessen our carbon risk in a financially prudent process and define a path to greater market opportunities for individual systems will entice SK back. EKPC and the other member owners have to give SK something and we can give this if we are willing. I think you are correct they will either say yes or no.

Mike, are you ok with this? If yes, can you check with Chris and see if he is good with this?

Or should I reforward this to all of you and add Joni, Chris and Debbie and continue the discussion with the broader group?

Mark Stallons
Sent from my iPhone

> On Feb 9, 2018, at 7:37 PM, Tim Sharp <tjsharp@srelectric.com> wrote:

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>>>> To: Mark Stallons <mstallons@owenelectric.com>

>>>> Cc: Tim Sharp <tjsharp@srelectric.com>; mikew@bgenergy.com; Alan Ahrman <alanahrman@gmail.com>

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From: [Tim Sharp](#)
To: [Mark Stallons](#)
Cc: [Carol Wright](#); [Mike Williams](#); [Alan Ahrman](#)
Subject: Re: A3 Path Forward
Date: Friday, February 9, 2018 7:37:34 PM

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To: Carol Wright
Cc: Tim Sharp; Mike Williams; Alan Ahrman
Subject: Re: A3 Path Forward
Date: Friday, February 9, 2018 7:20:28 PM

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>>>> 8205 Hwy 127N; PO Box 400

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>>>>

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

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>>>> <image001.jpg>

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>>>> "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>

>>>

>>

From: [Mark Stallons](#)
To: [Carol Wright](#)
Cc: [Tim Sharp](#); [Mike Williams](#); [Alan Ahrman](#)
Subject: Re: A3 Path Forward
Date: Friday, February 9, 2018 7:18:59 PM

All,

Something to think about. If this is something we could accept, then what position do we start with? Or, do we start here and simply hold? I typically start with something less desirable and have several moves before agreeing to a final position.

Mark Stallons
Sent from my iPhone

> On Feb 9, 2018, at 5:54 PM, Carol Wright <carolwright@jacksonenergy.com> wrote:

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

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

>> Sent: Friday, February 09, 2018 5:29 PM

>> To: Mark Stallons <mstallons@owenelectric.com>

>> Cc: Tim Sharp <tjsharp@srelectric.com>; mikew@bgenergy.com; Alan Ahrman <alanahrman@gmail.com>

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>>> Sent: Wednesday, February 07, 2018 6:11 AM
>>> To: Mike McNalley <Michael.McNalley@ekpc.coop>
>>> Subject: Re: A3 Cost Shift Spreadsheet
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To: [Mark Stallons](#)
Cc: [Tim Sharp](#); [Mike Williams](#); [Alan Ahrman](#)
Subject: Re: A3 Path Forward
Date: Friday, February 9, 2018 5:54:48 PM

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Cc: Tim Sharp; Mike Williams; Alan Ahrman
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Date: Friday, February 9, 2018 5:46:46 PM

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>> 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.
>>
>> PRIVILEGED OR CONFIDENTIAL NOTICE: This e-mail message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If 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>
>

From: Mark Stallons
To: Tim Sharp; carolwright@jacksonenergy.com; Mike Williams
Cc: Alan Ahrman
Subject: FW: A3 Path Forward
Date: Friday, February 9, 2018 5:17:13 PM

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,

>

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> 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>

From: Mark Stallons
To: Elaine.Johns@enervision-inc.com; Tim Sharp; Carol Wright; Mike Williams
Subject: FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx
Date: Wednesday, February 7, 2018 10:01:07 AM
Attachments: [Amendment 3 Allotment Jan 2018 for distribution.xlsx](#)

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

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

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

From: Sally Witt
Sent: Tuesday, February 6, 2018 4:51 PM
To: David Crews <David.Crews@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Julie Tucker <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

EKPC 5% Limit					A3 Allotments, Based on Data Through January 2018					A3 Balances as of January 2018							
Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	5% Limit	Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election	Owner-Member Cooperative	Allocation		5% Balance	Pro-rata Share of Balance
	Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018				Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018					%	MW		
Big Sandy	89.5	56.9	74.3	73.6	3.7	Big Sandy	89.5	58.8	74.3	74.2	3.7	11.1	Big Sandy	5%	3.7	3.7	2.1
Blue Grass	410.9	324.4	382.2	372.5	18.6	Blue Grass	410.9	324.4	383.2	372.8	18.6	55.9	Blue Grass	5%	18.6	18.6	10.3
Clark	154.0	113.6	139.4	135.7	6.8	Clark	154.0	113.6	140.1	135.9	6.8	20.4	Clark	5%	6.8	6.8	3.8
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5	Cumberland Valley	5%	6.8	6.8	3.8
Farmers	136.4	115.9	138.4	130.2	6.5	Farmers	136.8	115.9	138.4	130.3	6.5	19.6	Farmers*	5%	6.5	1.9	1.1
Fleming Mason	196.9	166.9	189.1	184.3	9.2	Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3	Fleming Mason*	5%	9.4	8.0	4.5
Grayson	85.2	57.6	72.7	71.9	3.6	Grayson	85.2	58.3	72.7	72.1	3.6	10.8	Grayson	5%	3.6	3.6	2.0
Inter-County	171.1	134.1	158.6	154.6	7.7	Inter-County	171.1	134.4	158.6	154.7	7.7	23.2	Inter-County	5%	7.7	7.7	4.3
Jackson	325.6	230.2	293.6	283.2	14.2	Jackson	327.7	232.2	293.6	284.5	14.2	42.7	Jackson*	5%	14.2	11.6	6.5
Licking Valley	88.6	58.7	75.0	74.1	3.7	Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3	Licking Valley	5%	3.8	3.8	2.1
Nolin	211.1	199.1	215.5	208.6	10.4	Nolin	230.4	199.1	216.1	215.2	10.8	32.3	Nolin	5%	10.8	10.8	6.0
Owen	347.4	350.7	423.8	374.0	18.7	Owen	430.9	401.5	447.5	426.6	21.3	64.0	Owen*	5%	21.3	0.0	0.0
Salt River	314.4	262.0	306.4	294.3	14.7	Salt River	316.1	262.0	306.4	294.8	14.7	44.2	Salt River*	5%	14.7	0.0	0.0
Shelby	120.5	99.6	113.9	111.3	5.6	Shelby	120.5	101.6	113.9	112.0	5.6	16.8	Shelby	5%	5.6	5.6	3.1
South Kentucky	458.9	353.4	426.2	412.9	20.6	South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9	South Kentucky*	15%	61.9	3.9	2.2
Taylor	159.4	139.1	157.0	151.8	7.6	Taylor	160.2	139.1	157.0	152.1	7.6	22.8	Taylor	5%	7.6	7.6	4.2
Total	3,428.1	2,771.8	3,307.4	3,169.1	158.5	Total	3,537.0	2,844.5	3,335.0	3,238.8	161.9		Total		100.6	55.9	

* indicates project in place or in process.

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

offsetting

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

Noticed Projects

Owner-Member	Project	Notice Given	MW	Delivery
Jackson	Irvine LFGTE		1.6	10/2013
Jackson	Dupree Energy Sys		1.0	3/2015
Farmers	Federal Mogul DG		3.6	2005
Farmers	Glasgow LFGTE		1.0	11/2015
Salt River	Lock 7		2.0	2013
Owen	Owen Office		2.0	2016
South Kentucky	PJM/Market	12/2018	58.0	6/2019
Salt River	PJM/Market	2/2018	12.7	9/2019
Owen	PJM/Market	2/2018	19.3	9/2019
Fleming-Mason	LFG PPA	2/2018	1.4	10/2018

Total Projects	102.6
Not to Exceed 158.5 MW Balance	55.9

From: Bill Prather
To: Tim Sharp
Cc: bsexton@big sandyrecc.com; Mike Williams; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); ted.hampton@cumberlandvalley.coop; jhazelrigg@fme.coop; carol.frale@graysonrecc.com; jerry@intercountvenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons; "Dennis Holt" (dholt@skrecc.com); debblem@shelbyenergy.com; bmyers@tcrecc.com; tony.campbell@ekpc.coop
Subject: Re: EKPC Amendment Three Notification
Date: Thursday, February 8, 2018 3:53:35 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: [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 7, 2018 4:05:06 PM
Attachments: [Amendment 3 Allotment Jan 2018 for distribution.xlsx](#)

This is the spreadsheet updated with notices received today.

EKPC 5% Limit

A3 Allotments, Based on Data Through January 2018

A3 Balances as of January 2018

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	5% Limit	Owner-Member Cooperative	Owner-Member Peak (MW)			Average	5% Election	15% Election	Owner-Member Cooperative	Allocation		5% Balance	Pro-rata Share of Balance
	Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018				Feb 2015- Jan 2016	Feb 2016- Jan 2017	Feb 2017- Jan 2018					%	MW		
Big Sandy	89.5	56.9	74.3	73.6	3.7	Big Sandy	89.5	58.8	74.3	74.2	3.7	11.1	Big Sandy	5%	3.7	3.7	1.8
Blue Grass	410.9	324.4	382.2	372.5	18.6	Blue Grass	410.9	324.4	383.2	372.8	18.6	55.9	Blue Grass	5%	18.6	18.6	9.2
Clark	154.0	113.6	139.4	135.7	6.8	Clark	154.0	113.6	140.1	135.9	6.8	20.4	Clark	5%	6.8	6.8	3.4
Cumberland Valley	158.3	109.6	141.3	136.4	6.8	Cumberland Valley	158.3	110.0	141.3	136.5	6.8	20.5	Cumberland Valley	5%	6.8	6.8	3.4
Farmers	136.4	115.9	138.4	130.2	6.5	Farmers	136.8	115.9	138.4	130.3	6.5	19.6	Farmers*	5%	6.5	1.9	1.0
Fleming Mason	196.9	166.9	189.1	184.3	9.2	Fleming Mason	198.0	179.7	189.1	188.9	9.4	28.3	Fleming Mason*	5%	9.4	8.0	4.0
Grayson	85.2	57.6	72.7	71.9	3.6	Grayson	85.2	58.3	72.7	72.1	3.6	10.8	Grayson	5%	3.6	3.6	1.8
Inter-County	171.1	134.1	158.6	154.6	7.7	Inter-County	171.1	134.4	158.6	154.7	7.7	23.2	Inter-County	5%	7.7	7.7	3.8
Jackson	325.6	230.2	293.6	283.2	14.2	Jackson	327.7	232.2	293.6	284.5	14.2	42.7	Jackson*	5%	14.2	0.1	0.1
Licking Valley	88.6	58.7	75.0	74.1	3.7	Licking Valley	88.6	60.6	76.6	75.3	3.8	11.3	Licking Valley*	5%	3.8	3.5	1.7
Nolin	211.1	199.1	215.5	208.6	10.4	Nolin	230.4	199.1	216.1	215.2	10.8	32.3	Nolin	5%	10.8	10.8	5.3
Owen	347.4	350.7	423.8	374.0	18.7	Owen	430.9	401.5	447.5	426.6	21.3	64.0	Owen*	5%	21.3	0.0	0.0
Salt River	314.4	262.0	306.4	294.3	14.7	Salt River	316.1	262.0	306.4	294.8	14.7	44.2	Salt River*	5%	14.7	0.0	0.0
Shelby	120.5	99.6	113.9	111.3	5.6	Shelby	120.5	101.6	113.9	112.0	5.6	16.8	Shelby	5%	5.6	5.6	2.8
South Kentucky	458.9	353.4	426.2	412.9	20.6	South Kentucky	458.9	353.4	426.2	412.9	20.6	61.9	South Kentucky*	15%	61.9	3.9	1.9
Taylor	159.4	139.1	157.0	151.8	7.6	Taylor	160.2	139.1	157.0	152.1	7.6	22.8	Taylor	5%	7.6	7.6	3.8
Total	3,428.1	2,771.8	3,307.4	3,169.1	158.5	Total	3,537.0	2,844.5	3,335.0	3,238.8	161.9		Total		88.8	44.1	

* indicates project in place or in process.

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

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Owner-Member	Project	Notice Given	MW	Delivery
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Jackson	Dupree Energy Sys		1.0	3/2015
Farmers	Federal Mogul DG		3.6	2005
Farmers	Glasgow LFGTE		1.0	11/2015
Salt River	Lock 7		2.0	2013
Owen	Owen Office		2.0	2016
South Kentucky	PJM/Market	12/2018	58.0	6/2019
Salt River	PJM/Market	2/2018	12.7	9/2019
Owen	PJM/Market	2/2018	19.3	9/2019
Fleming-Mason	LFG PPA	2/2018	1.4	10/2018
Licking Valley	Solar Installation	2/2018	0.3	5/2018
Jackson	Lock 12	2/2018	1.7	12/2018
Jackson	Lock 14	2/2018	1.7	12/2019
Jackson	PJM/Market	2/2018	8.0	9/2019

Total Projects	114.4
Not to Exceed 158.5 MW	
Remaining	44.1

From: Carol Wright
To: Mark Stallons
Cc: Elaine Johns; Mike Williams; Tim Sharp; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); Jim Crawford; Missy Moore
Subject: Re: EKPC A3 Notice
Date: Wednesday, February 7, 2018 8:54:32 AM

I don't have one, please ask for one. My Board meeting starts at 9:30am.

Thanks,

Carol

Sent from my iPad

On Feb 7, 2018, at 8:48 AM, Mark Stallons <mstallons@owenelectric.com> wrote:

Elaine,

I received the update from a phone call and have not received an email copy yet. Does anyone else have the February updated A# allocation spreadsheet? If not, I will ask David to forward and send to everyone.

Mark

From: Elaine Johns [mailto:Elaine.Johns@enervision-inc.com]
Sent: Tuesday, February 06, 2018 12:12 PM
To: Mark Stallons <mstallons@owenelectric.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: Re: EKPC A3 Notice

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Ok, can you please send the latest and greatest A3 Allotment spreadsheet?

Thanks!

Sent from my iPhone

On Feb 6, 2018, at 12:09 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

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

<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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[Spam](#) | [Not spam](#)

[Forget previous vote](#)

<Letter of Notice -Final.docx>

From: [Elaine Johns](#)
To: [Mark Stallons](#)
Cc: [Mike Williams](#); [Tim Sharp](#); [Carol Wright](#); [Joni Hazelrigg](#); [Debbie Martin](#); [CHRIS BREWER \(cbrewer@clarkenergy.com\)](#) ([cbrewer@clarkenergy.com](#)); [Jim Crawford](#); [Missy Moore](#)
Subject: RE: EKPC A3 Notice
Date: Tuesday, February 6, 2018 12:50:29 PM

1. Yes, this language is consistent with our RFP requirements:

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

2. Making sure that you have documentation that backs your 18.9MW number – please get Sally's spreadsheet to confirm your MWs. Second alternative (but not ideal) is to document your phone call with David Crews when he provided you with 18.9MW for Owen.

Tim, I'm assuming EKPC has asked you to revise your notice with the specific MWs?

Thanks,
Elaine

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@bgenergy.com; [Tim Sharp <tjsharp@srelectric.com>](mailto:tjsharp@srelectric.com); [Carol Wright <carolwright@jacksonenergy.com>](mailto:carolwright@jacksonenergy.com); [Joni Hazelrigg <jhazelrigg@fme.coop>](mailto:jhazelrigg@fme.coop); [Debbie Martin <debbiem@shelbyenergy.com>](mailto:debbiem@shelbyenergy.com); [CHRIS BREWER \(cbrewer@clarkenergy.com\)](mailto:cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>; [Jim Crawford <JCrawford@cbkylaw.com>](mailto:JCrawford@cbkylaw.com); [Missy Moore <mmoore@owenelectric.com>](mailto: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

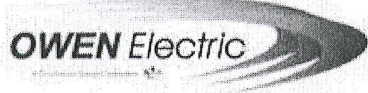
Owen Electric Cooperative
8205 Hwy 127N; PO Box 400

Owenton, KY 40359

☎ **Direct Line:** 502-563-3500

☎ **Mobile:** 502-514-1650

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



"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: Elaine Johns
Cc: Mike Williams; Tim Sharp; Carol Wright; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com); Jim Crawford; Missy Moore
Subject: RE: EKPC A3 Notice
Date: Tuesday, February 6, 2018 12:16:05 PM

Elaine,

I received the update from a phone call and have not received an email copy yet. Does anyone else have the February updated A# allocation spreadsheet? If not, I will ask David to forward and send to everyone.

Mark

From: Elaine Johns [mailto:Elaine.Johns@enervision-inc.com]
Sent: Tuesday, February 06, 2018 12:12 PM
To: Mark Stallons <mstallons@owenelectric.com>
Cc: mikew@bgenergy.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: Re: EKPC A3 Notice

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Ok, can you please send the latest and greatest A3 Allotment spreadsheet?

Thanks!

Sent from my iPhone

On Feb 6, 2018, at 12:09 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

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