

>>> 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.
>>>
>>> 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: Chris Brewer <cbrewer@clarkenergy.com>
Sent: Saturday, February 10, 2018 2:44 PM
To: Mark Stallons; Mike Williams; Carol Wright; Tim Sharp; Joni Hazelrigg; Debbie Martin
Subject: RE: A3 Path Forward

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,
>

> 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.

> d. Member Owner's agree that no one can exceed 5% of their cooperative's rolling 36 month coincident peak as identified by A3 and in the MOU and at present totals 161.9 MW.

> e. S KY 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 KY 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 BROCC 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 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.
>>
>> 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: Joni Hazelrigg
Sent: Saturday, February 10, 2018 5:07 PM
To: Mark Stallons
Cc: Mike Williams; Carol Wright; Tim Sharp; Debbie Martin; Chris Brewer
Subject: Re: A3 Path Forward

I am available after the board meeting on Tuesday also. I plan to attend the S.I. meeting Monday afternoon as well.

Thanks Mark for the spreadsheet and sharing your information.

Joni

Sent from my iPhone

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.

>> d. Member Owner's agree that no one can exceed 5% of their cooperative's rolling 36 month coincident peak as identified by A3 and in the MOU and at present totals 161.9 MW.

>> e. S KY 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 KY 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 BROCC 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 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.

>>>

>>> 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: Chris Brewer <cbrewer@clarkenergy.com>
Sent: Tuesday, January 30, 2018 9:20 AM
To: Mark Stallons
Cc: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject: RE: Amendment 3 RFP Process

Mark,

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

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

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

Chris,

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

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

Timeline:

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

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

Sincerely,

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

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.

From: Joni Hazelrigg
Sent: Tuesday, January 30, 2018 10:17 AM
To: Chris Brewer
Subject: Re: Amendment 3 RFP Process

Hi Chris,
Sorry I missed your call. Glad you received the info. Give me a call back when you can.
Joni

Sent from my iPhone

On Jan 30, 2018, at 10:20 AM, Chris Brewer <cbrewer@clarkenergy.com> wrote:

Mark,

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

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

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

Chris,

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

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

Timeline:

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

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

Sincerely,

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

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.

From: Bill Prather <bprather@farmersrecc.net>
Sent: Thursday, February 08, 2018 2:53 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; Joni Hazelrigg; 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

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

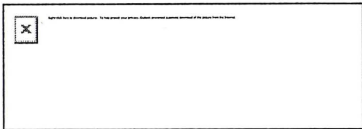
Farmers Rural Electric Cooperative Corporation

504 South Broadway

Glasgow, Kentucky 42141

270-651-2191, ext. 8300

bprather@farmersrecc.com



From: Joni Hazelrigg
Sent: Friday, December 01, 2017 6:38 AM
To: 'Dennis Holt'
Subject: RE: EKPC Amendment Three Notification

No apology needed – I have no doubt you have been crazy busy. Enjoy a much deserved vacation!
Talk to you soon,
Joni

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



This institution is an equal opportunity provider and employer.

CONFIDENTIALITY NOTICE. This documentation, including any attachments, transmitted by electronic mail is intended for the use of the individual to whom or the entity to which it is addressed, and may contain information which is proprietary, confidential, privileged and/or protected from disclosure by applicable laws. Confidentiality and privilege are not lost by this documentation having been sent to the wrong electronic mail address. If you are not the intended recipient (or the person responsible for delivering thereto) please immediately notify the sender and destroy this documentation and all copies (in any form and media); and note that any distribution, reproduction or other use of this documentation is strictly prohibited and may violate public and intellectual property laws. Thank you.

From: Dennis Holt [mailto:dholt@skrecc.com]
Sent: Thursday, November 30, 2017 6:56 PM
To: Joni Hazelrigg <jhazelrigg@fme.coop>
Subject: RE: EKPC Amendment Three Notification

Joni,

Sorry I have not gotten back to you sooner. I called yesterday and you were out of the office. Today has gotten away from me before I realized it. This deal is not with Sky Global, it is a purchase power agreement with another entity and we will be taking delivery through PJM at the East Kentucky node. We are still finalizing the contract and expect to have it signed in the next few days. We feel we will see significant savings and all of the information will become public when we file with the PSC.

I am out of the office for the next few days leaving in the morning for a short vacation. I will return next Thursday December 7th. Hopefully by the time I return I can discuss everything in more detail.

Please feel free to call me and I will gladly answer any questions you may have. Good luck with the Aluminum Smelter. This is a huge load and I am sure it would be a significant boost in revenue and to the local economy.

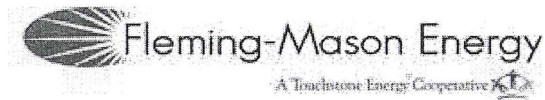
Dennis Holt

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

From: Joni Hazelrigg [mailto:jhazelrigg@fme.coop]
Sent: Wednesday, November 29, 2017 7:23 AM
To: Dennis Holt <dholt@skrecc.com>
Subject: RE: EKPC Amendment Three Notification

Thanks for the information Dennis. I am curious – is this with Sky Global?
Wish you much success!
Joni

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



This institution is an equal opportunity provider and employer.

CONFIDENTIALITY NOTICE. This documentation, including any attachments, transmitted by electronic mail is intended for the use of the individual to whom or the entity to which it is addressed, and may contain information which is proprietary, confidential, privileged and/or protected from disclosure by applicable laws. Confidentiality and privilege are not lost by this documentation having been sent to the wrong electronic mail address. If you are not the intended recipient (or the person responsible for delivering thereto) please immediately notify the sender and destroy this documentation and all copies (in any form and media); and note that any distribution, reproduction or other use of this documentation is strictly prohibited and may violate public and intellectual property laws. Thank you.

From: Dennis Holt [mailto:dholt@skrecc.com]
Sent: Tuesday, November 28, 2017 7:19 PM
To: Bobby Sexton <bsexton@bigsandyrecc.com>; mikew@bgenergy.com; cbrewer@clarkenergy.com; ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; Joni Hazelrigg <jhazelrigg@fme.coop>; Carol Fraley (carol.fraley@graysonrecc.com) <carol.fraley@graysonrecc.com>; Jim Jacobus <jim@intercountyenergy.net>; Carol Wright <carolwright@jacksonenergy.com>; 'Kerry Howard' <kkhoward@lvrecc.com>; Mickey Miller (mmiller@nolinrecc.com) <mmiller@nolinrecc.com>; Mark Stallons (mstallons@owenelectric.com) <mstallons@owenelectric.com>; sharp@srelectric.com; Debbie Martin <debbiem@shelbyenergy.com>; Barry Myers (tcrecc.com) <bmyers@tcrecc.com>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Subject: EKPC Amendment Three Notification

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

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

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

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

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

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

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

From: Dennis Holt <dholt@skrecc.com>
Sent: Thursday, November 30, 2017 5:56 PM
To: Joni Hazelrigg
Subject: RE: EKPC Amendment Three Notification

Joni,

Sorry I have not gotten back to you sooner. I called yesterday and you were out of the office. Today has gotten away from me before I realized it. This deal is not with Sky Global, it is a purchase power agreement with another entity and we will be taking delivery through PJM at the East Kentucky node. We are still finalizing the contract and expect to have it signed in the next few days. We feel we will see significant savings and all of the information will become public when we file with the PSC.

I am out of the office for the next few days leaving in the morning for a short vacation. I will return next Thursday December 7th. Hopefully by the time I return I can discuss everything in more detail.

Please feel free to call me and I will gladly answer any questions you may have. Good luck with the Aluminum Smelter. This is a huge load and I am sure it would be a significant boost in revenue and to the local economy.

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

From: Joni Hazelrigg [mailto:jhazelrigg@fme.coop]
Sent: Wednesday, November 29, 2017 7:23 AM
To: Dennis Holt <dholt@skrecc.com>
Subject: RE: EKPC Amendment Three Notification

Thanks for the information Dennis. I am curious – is this with Sky Global?
Wish you much success!

Joni

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



This institution is an equal opportunity provider and employer.

CONFIDENTIALITY NOTICE. This documentation, including any attachments, transmitted by electronic mail is intended for the use of the individual to whom or the entity to which it is addressed, and may contain information which is proprietary, confidential, privileged and/or protected from disclosure by applicable laws. Confidentiality and privilege are not lost by this documentation having been sent to the wrong electronic mail address. If you are not the intended recipient (or the person responsible for delivering thereto) please immediately notify the sender and destroy this documentation and all copies (in any form and media); and note that any distribution, reproduction or other use of this documentation is strictly prohibited and may violate public and intellectual property laws. Thank you.

From: Dennis Holt [<mailto:dholt@skrecc.com>]
Sent: Tuesday, November 28, 2017 7:19 PM
To: Bobby Sexton <bsexton@bigsandyrecc.com>; mikew@bgenergy.com; cbrewer@clarkenergy.com; ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; Joni Hazelrigg <jhazelrigg@fme.coop>; Carol Fraley (carol.fraley@graysonrecc.com) <carol.fraley@graysonrecc.com>; Jim Jacobus <Jim@intercountyenergy.net>; Carol Wright <carolwright@jacksonenergy.com>; 'Kerry Howard' <kkhoward@lvrecc.com>; Mickey Miller (mmiller@nolinrecc.com) <mmiller@nolinrecc.com>; Mark Stallons (mstallons@owenelectric.com) <mstallons@owenelectric.com>; sharp@srelectric.com; Debbie Martin <debbiem@shelbyenergy.com>; Barry Myers (tcrecc.com) <bmyers@tcrecc.com>
Cc: Tony Campbell <tony.campbell@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>; David Crews <David.Crews@ekpc.coop>
Subject: EKPC Amendment Three Notification

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

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

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

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

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

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

Dennis Holt
Interim CEO
South Kentucky RECC
Somerset, Kentucky 42503