
From: Mark Stallons <mstallons@owenelectric.com>
Sent: Friday, February 09, 2018 12:44 PM
To: Bill Prather; 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; 'Dennis Holt' (dholt@skrecc.com); debbiem@shelbyenergy.com; bmyers@tcrecc.com; tony.campbell@ekpc.coop; Don Mosier; Mike McNalley; david.crews@ekpc.coop
Subject: RE: EKPC Amendment Three Notification
Attachments: A3 Cost Shift 020818.xlsx

Fellow Manager's,

Owen has likewise given EKPC notification on the remaining balance of our Amendment 3 rights. As Tim and Bill have expressed, Owen is also hopeful that we can work together to find common ground and determine a pathway that meets all of our 500,000 plus members desire for affordable and reliable energy. As developed in 2003, Amendment 3's differential between an individual coops ability to go to market for 15% while EKPC's allotment is simply 5%, has always been recognized and is a serious problem that creates major inequities. When we negotiated the MOU, unfortunately we were unable to mitigate this risk and agree on a common percentage that applied to both EKPC and the Member Owners.

In Owen's board room discussions, we used the attached excel spreadsheet to understand the Amendment 3 impacts to EKPC and all 16 member owners. You are welcome to modify and use this model to see what your Cooperative's impacts are under a variety of scenarios. Please understand that some data is not readily available and as a result I have made assumptions that affect the outcome. For example in the last tab entitled "Cost shift", I used the 2017 capital credit allocations to estimate each cooperatives power bill. To receive a more accurate estimated impact, please input your actual 2017 Environmental Surcharge power expense in column D (highlighted green) and your Base Rate power bill in column F also highlighted green.

The first tab, titled "Jan 2018 Allotment", is a historical summary of Amendment 3 notices and the balances by cooperative as of February 8, 2018. I have included Farmer's recent notice, however, I simply applied the notice to the remaining balance. If a prior notice has been rescinded then my assumption is not accurate. If you want to see the impact of your Cooperative's decision to give notice or to not give notice please update column X and Y highlighted in green and entitled 2018 PJM Notices with either your remaining balance in column Z, the pro-rata share in column AA, or leave as zero. Please note that column AE, titled "Net Member Savings(Loss)" identifies the resulting cost impact. As you change your notice and as others change their notice the impacts shift.

The second tab, titled "A3 Savings" takes the noticed amount from tab 1 "Jan 2018 Allotment" and calculates the annual savings that your individual cooperative could expect in year 1 if the price spread was \$20. You can change the price spread highlighted in green to any number you choose.

The third tab, titled "EKPC Impact" shows the impact on the Environmental Surcharge and on the Base Rates charged to each member owner based upon the number of cooperatives who have given notice. Please note that the cost shifts are proportional to the cost shifts identified in EKPC's letter dated December 27, 2017 which discusses said cost shifts and mitigation. Please also note that the notices provided since November 2017 are estimated to result in roughly a \$7

Million dollar reduction (6.44%) in EKPC's environmental surcharge revenue and roughly a \$22 Million reduction (2.88%) in base rate revenue. As you change your notice choice on tab 1, the impact is updated.

The fourth tab, entitled "Cost Shift", displays the savings if you exercise Amendment 3, the resulting cost shifts, and the net impact on all 16 cooperatives. Unfortunately, the bottom line is that exercising your Amendment 3 option will not completely mitigate the negative cost impacts or totally reduce the cost shifts. The only successful way forward is for all of us to sit down and develop a new path that is beneficial to all concerned.

I do not claim the attached spreadsheet to be perfect, however, I do believe it is directionally correct and a good start. I am also very willing to work with interested parties to modify and improve the model. Should you have any questions, please do not hesitate to call.

Sincerely,

Mark

From: Bill Prather [mailto:bprather@farmersrecc.net]

Sent: Thursday, February 08, 2018 3:53 PM

To: Tim Sharp <tjsharp@srelectric.com>

Cc: bsexton@big sandyrecc.com; Mike Williams (mikew@bgenergy.com) <mikew@bgenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>;

ted.hampton@cumberlandvalley.coop; jhazlrigg@fme.coop; carol.fraley@graysonrecc.com;

jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark

Stallons <mstallons@owenelectric.com>; 'Dennis Holt' (dholt@skrecc.com) <dholt@skrecc.com>;

debbiem@shelbyenergy.com; bmyers@tcrecc.com; tony.campbell@ekpc.coop

Subject: Re: EKPC Amendment Three Notification

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

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

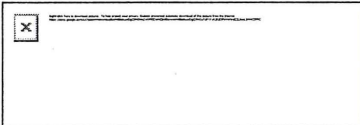
Farmers Rural Electric Cooperative Corporation

504 South Broadway

Glasgow, Kentucky 42141

270-651-2191, ext. 8300

bprather@farmersrecc.com



| 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 | | Notice Before 2018 & 2018 Non PJM Notices | PJM Notice Yr N | Please choose your 2018 PJM Notice | 5% Balance | Live Pro-rata Share of Balance | Feb 8 2018 Pro-Rata Share of Balance | Net Member Savings (Loss) |
| | Feb 2015- Jan 2016 | Feb 2016- Jan 2017 | Feb 2017- Jan 2018 | Average | | | | Feb 2015- Jan 2016 | Feb 2016- Jan 2017 | Feb 2017- Jan 2018 | Average | | | | | % | MW | | | | | | | |
| Big Sandy | 89.5 | 56.9 | 74.3 | 73.6 | 3.7 | Big Sandy | 89.5 | 58.8 | 74.3 | 74.2 | 3.710 | 11.1 | Big Sandy | 5% | 3.7 | 0.0 | N | 0.0 | 3.7 | 1.9 | 1.9 | \$ (588,982.46) | | |
| Blue Grass | 410.9 | 324.4 | 382.2 | 372.5 | 18.6 | Blue Grass | 410.9 | 324.4 | 383.2 | 372.8 | 18.642 | 55.9 | Blue Grass | 5% | 18.6 | 0.0 | N | 0.0 | 18.6 | 9.5 | 9.5 | \$ (3,282,993.21) | | |
| Clark | 154.0 | 113.6 | 139.4 | 135.7 | 6.8 | Clark | 154.0 | 113.6 | 140.1 | 135.9 | 6.796 | 20.4 | Clark | 5% | 6.8 | 0.0 | N | 0.0 | 6.8 | 3.5 | 3.5 | \$ (1,164,186.09) | | |
| Cumberland Valley | 158.3 | 109.6 | 141.3 | 136.4 | 6.8 | Cumberland Valley | 158.3 | 110.0 | 141.3 | 136.5 | 6.826 | 20.5 | Cumberland Valley | 5% | 6.8 | 0.0 | N | 0.0 | 6.8 | 3.5 | 3.5 | \$ (1,249,739.70) | | |
| Farmers | 136.4 | 115.9 | 138.4 | 130.2 | 6.5 | Farmers | 136.8 | 115.9 | 138.4 | 130.3 | 6.517 | 19.6 | Farmers* | 5% | 6.5 | 4.6 | Y | 1.9 | 0.0 | 0.0 | 0.0 | \$ (923,097.44) | | |
| Fleming Mason | 196.9 | 166.9 | 189.1 | 184.3 | 9.2 | Fleming Mason | 198.0 | 179.7 | 189.1 | 188.9 | 9.445 | 28.3 | Fleming Mason* | 5% | 9.4 | 1.4 | N | 0.0 | 8.0 | 4.1 | 4.1 | \$ (2,056,554.62) | | |
| Grayson | 85.2 | 57.6 | 72.7 | 71.9 | 3.6 | Grayson | 85.2 | 58.3 | 72.7 | 72.1 | 3.603 | 10.8 | Grayson | 5% | 3.6 | 0.0 | N | 0.0 | 3.6 | 1.8 | 1.8 | \$ (651,386.55) | | |
| Inter-County | 171.1 | 134.1 | 158.6 | 154.6 | 7.7 | Inter-County | 171.1 | 134.4 | 158.6 | 154.7 | 7.736 | 23.2 | Inter-County | 5% | 7.7 | 0.0 | N | 0.0 | 7.7 | 4.0 | 4.0 | \$ (1,228,455.28) | | |
| Jackson | 325.6 | 230.2 | 293.6 | 283.2 | 14.2 | Jackson | 327.7 | 232.2 | 293.6 | 284.5 | 14.226 | 42.7 | Jackson* | 5% | 14.2 | 6.0 | Y | 8.0 | 0.0 | 0.0 | 0.0 | \$ (860,434.50) | | |
| Licking Valley | 88.6 | 58.7 | 75.0 | 74.1 | 3.7 | Licking Valley | 88.6 | 60.6 | 76.6 | 75.3 | 3.763 | 11.3 | Licking Valley | 5% | 3.8 | 0.0 | N | 0.0 | 3.8 | 1.9 | 1.9 | \$ (648,061.60) | | |
| Nolin | 211.1 | 199.1 | 215.5 | 208.6 | 10.4 | Nolin | 230.4 | 199.1 | 216.1 | 215.2 | 10.760 | 32.8 | Nolin | 5% | 10.8 | 0.0 | N | 0.0 | 10.8 | 5.5 | 5.5 | \$ (1,856,016.34) | | |
| Owen | 347.4 | 350.7 | 423.8 | 374.0 | 18.7 | Owen | 430.9 | 401.5 | 447.5 | 426.6 | 21.330 | 64.0 | Owen* | 5% | 21.3 | 2.0 | Y | 19.3 | 0.0 | 0.0 | 0.0 | \$ (139,603.98) | | |
| Salt River | 314.4 | 262.0 | 306.4 | 294.3 | 14.7 | Salt River | 316.1 | 262.0 | 306.4 | 294.8 | 14.742 | 44.2 | Salt River* | 5% | 14.7 | 2.0 | Y | 12.7 | 0.0 | 0.0 | 0.0 | \$ (623,384.41) | | |
| Shelby | 120.5 | 98.6 | 113.9 | 111.3 | 5.6 | Shelby | 120.5 | 101.6 | 113.9 | 112.0 | 5.599 | 16.8 | Shelby | 5% | 5.6 | 0.0 | N | 0.0 | 5.6 | 2.9 | 2.9 | \$ (1,163,148.54) | | |
| South Kentucky | 458.9 | 353.4 | 426.2 | 412.9 | 20.6 | South Kentucky | 458.9 | 353.4 | 426.2 | 412.9 | 20.643 | 61.9 | South Kentucky* | 15% | 61.9 | 58.0 | N | 0.0 | 0.0 | 0.0 | 0.0 | \$ 7,312,405.28 | | |
| Taylor | 159.4 | 139.1 | 157.0 | 151.8 | 7.6 | Taylor | 160.2 | 139.1 | 157.0 | 152.1 | 7.604 | 22.8 | Taylor | 5% | 7.6 | 0.0 | N | 0.0 | 7.6 | 3.9 | 3.9 | \$ (1,212,109.99) | | |
| 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 | | 203.2 | 74.0 | | 41.9 | 83.2 | 42.6 | 42.5 | | | |

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

| Noticed Projects | | | | |
|--|-------------------|--------------|--------------|---------------|
| Owner-Member | Project | Notice Given | MW | Delivery Date |
| 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 |
| Jackson | PJM Market | 2/2019 | 8.0 | |
| Jackson | Hydro | 2/2020 | 3.4 | |
| Total Projects | | | 114.0 | |
| Not to Exceed 158.5 MW | | | | |
| Remaining Balance of 5% Amendment 3 Pool Feb 8, 2018 | | | 44.46 | |
| Noticed February 8, 2019 not in above | | | 1.9 | |

| 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 | 1.90 | \$ 20.00 | \$ 332,880 |
| Fleming Mason | 0.00 | \$ 20.00 | \$ - |
| Grayson | 0.00 | \$ 20.00 | \$ - |
| Inter-County | 0.00 | \$ 20.00 | \$ - |
| Jackson | 8.00 | \$ 20.00 | \$ 1,401,600 |
| Licking Valley | 0.00 | \$ 20.00 | \$ - |
| Nolin | 0.00 | \$ 20.00 | \$ - |
| Owen | 19.90 | \$ 20.00 | \$ 3,381,360 |
| Salt River | 12.70 | \$ 20.00 | \$ 2,225,040 |
| Shelby | 0.00 | \$ 20.00 | \$ - |
| South Kentucky | \$ 58.00 | \$ 20.00 | \$ 10,161,600 |
| Taylor | 0.00 | \$ 20.00 | \$ - |
| Totals | 99.90 | | 17,502,480 |

Input Savings per MW assumed to \$20

| Amendment 3 Impact on EKPC (DRAFT) | | | | | | |
|------------------------------------|---------------|-------------------|------------------------|-------------|---------------------------|-------------------------|
| <i>Notice</i> | <i>MW</i> | <i>MWh/Year</i> | <i>ES \$ Shift</i> | <i>ES %</i> | <i>Base \$ Shift</i> | <i>Total \$ Shift</i> |
| Big Sandy | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Blue Grass | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Clark | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Cumberland Valley | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Farmers | 1.9 | 16,644 | \$ 134,310.34 | 1.90% | \$ 425,862.07 | \$ 560,172.41 |
| Fleming Mason | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Grayson | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Inter-County | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Jackson | 8.0 | 70,080 | \$ 565,517.24 | 8.01% | \$ 1,793,103.45 | \$ 2,358,620.69 |
| Licking Valley | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Nolin | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Owen | 19.3 | 169,068 | \$ 1,364,310.34 | 19.32% | \$ 4,325,862.07 | \$ 5,690,172.41 |
| Salt River | 12.7 | 111,252 | \$ 897,758.62 | 12.71% | \$ 2,846,551.72 | \$ 3,744,310.34 |
| Shelby | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| South Kentucky | 58.0 | 508,080 | \$ 4,100,000.00 | 58.06% | \$ 13,000,000.00 | \$ 17,100,000.00 |
| Taylor | 0.0 | - | \$ - | 0.00% | \$ - | \$ - |
| Member Owner Total | 99.9 | 875,124 | \$ 7,061,896.55 | | \$ 22,391,379.31 | \$ 29,453,275.86 |
| EKPC 2018 Budget | 29,194 | 13,534,101 | EKPC Pass Thru | | EKPC Rate Increase | |

| Cost Shift Percentages | | | |
|------------------------------|--------------------------------|-------------------|-------------------------|
| <i>EKPC Base Rate Impact</i> | <i>EKPC 2018 Budget (pgA2)</i> | <i>Base Shift</i> | <i>Percent Increase</i> |
| Base Rate | \$ 777,941,988.00 | \$ 22,391,379.31 | 2.88% |
| EKPC ES Revenue | \$ 109,603,865.00 | \$ 7,061,896.55 | 6.44% |

| A3 Cost Shift Draft (2017 Actuals) | | | | | | | | | |
|---|-----------------------------|---|-------------------------|--|---------------------------|--------------------------|-------------------------------------|----------------------------------|--|
| | | | 6.44% | | 2.88% | | | | |
| <i>Member Owner</i> | <i>2017 Capital Credits</i> | <i>Est. 2017 Member Owner ES Power Bill</i> | <i>ES Cost Increase</i> | <i>Est. 2017 Member Owner Base Rate Power Bill</i> | <i>Base Rate Increase</i> | <i>Base Rate Savings</i> | <i>Net Base Rate Savings (Loss)</i> | <i>Net Member Savings (Loss)</i> | |
| Big Sandy | \$ 456,552.84 | \$ 2,332,135.41 | \$ 150,262.03 | \$ 15,242,430.52 | \$ 438,720.43 | \$ - | \$ (438,720.43) | \$ (588,982.46) | |
| Blue Grass | \$ 2,544,829.40 | \$ 12,999,342.52 | \$ 837,561.82 | \$ 84,961,436.94 | \$ 2,445,431.40 | \$ - | \$ (2,445,431.40) | \$ (3,282,993.21) | |
| Clark | \$ 902,424.95 | \$ 4,609,712.16 | \$ 297,008.78 | \$ 30,128,275.19 | \$ 867,177.31 | \$ - | \$ (867,177.31) | \$ (1,164,186.09) | |
| Cumberland Valley | \$ 891,226.76 | \$ 4,552,510.25 | \$ 293,323.20 | \$ 29,754,413.47 | \$ 856,416.50 | \$ - | \$ (856,416.50) | \$ (1,149,739.70) | |
| Farmers | \$ 978,324.48 | \$ 4,997,417.51 | \$ 315,865.14 | \$ 32,662,249.82 | \$ 940,112.29 | \$ 332,880.00 | \$ (607,232.29) | \$ (923,097.44) | |
| Fleming Mason | \$ 1,594,149.10 | \$ 8,143,135.32 | \$ 524,671.09 | \$ 53,222,113.14 | \$ 1,531,883.54 | \$ - | \$ (1,531,883.54) | \$ (2,056,554.62) | |
| Grayson | \$ 504,925.70 | \$ 2,579,230.70 | \$ 166,182.65 | \$ 16,857,402.32 | \$ 485,203.90 | \$ - | \$ (485,203.90) | \$ (651,386.55) | |
| Inter-County | \$ 952,243.55 | \$ 4,864,192.50 | \$ 313,405.23 | \$ 31,791,514.33 | \$ 915,050.05 | \$ - | \$ (915,050.05) | \$ (1,228,455.28) | |
| Jackson | \$ 1,789,997.81 | \$ 9,143,557.77 | \$ 541,951.87 | \$ 59,760,699.90 | \$ 1,720,082.63 | \$ 1,401,600.00 | \$ (318,482.63) | \$ (860,434.50) | |
| Licking Valley | \$ 502,348.35 | \$ 2,566,065.24 | \$ 165,334.38 | \$ 16,771,355.15 | \$ 482,727.22 | \$ - | \$ (482,727.22) | \$ (648,061.60) | |
| Nolin | \$ 1,438,700.80 | \$ 7,349,083.79 | \$ 473,509.48 | \$ 48,032,330.69 | \$ 1,382,506.86 | \$ - | \$ (1,382,506.86) | \$ (1,856,016.34) | |
| Owen | \$ 2,870,788.29 | \$ 14,664,385.87 | \$ 762,305.26 | \$ 95,843,870.04 | \$ 2,758,658.72 | \$ 3,381,360.00 | \$ 622,701.28 | \$ (139,603.98) | |
| Salt River | \$ 2,281,982.31 | \$ 11,656,683.03 | \$ 655,573.62 | \$ 76,186,048.52 | \$ 2,192,850.80 | \$ 2,225,040.00 | \$ 32,189.20 | \$ (623,384.41) | |
| Shelby | \$ 901,620.69 | \$ 4,605,603.89 | \$ 296,744.08 | \$ 30,101,424.24 | \$ 866,404.46 | \$ - | \$ (866,404.46) | \$ (1,163,148.54) | |
| South Kentucky | \$ 2,592,576.90 | \$ 13,243,243.39 | \$ 357,880.78 | \$ 86,555,530.52 | \$ 2,491,313.94 | \$ 10,161,600.00 | \$ 7,670,286.06 | \$ 7,312,405.28 | |
| Taylor | \$ 939,573.41 | \$ 4,799,471.66 | \$ 309,235.19 | \$ 31,368,510.21 | \$ 902,874.79 | \$ - | \$ (902,874.79) | \$ (1,212,109.99) | |
| Total | \$ 22,142,265.34 | \$ 113,105,771.00 | \$ 6,460,814.60 | \$ 739,239,605.00 | \$ 21,277,414.84 | \$ 17,502,480.00 | \$ (3,774,934.84) | \$ (10,235,749.43) | |

Please input actual data

From: Terri Combs <terri.combs@ekpc.coop>
Sent: Tuesday, January 30, 2018 1:27 PM
To: A L Rosenberger ; Alan Ahrman - Owen; Barry Myers -- Taylor County; Bill Prather -- Farmers; Bobby Sexton--Big Sandy; Boris Haynes; Carol Fraley -- Grayson; Carol Wright - Jackson Energy; Chris Brewer - Clark Energy; Debbie Martin -- Shelby; Dennis Holt; Elbert Hampton; Jerry Carter; Jimmy Longmire -- Salt River; Jody Hughes; Joe Spalding, Inter-County Energy; Joni Hazelrigg; Kelly Shepherd; Ken Arrington -- Grayson; Kerry Howard -- Licking Valley; Landis Cornett; Mark Stallons -- Owen; Mickey Miller -- Nolin; Mike Williams -- Blue Grass; Paul Hawkins -- Farmers; Raymond Rucker; Ted Hampton; Ted Holbrook; Tim Eldridge; Tim Sharp - Salt River Electric; Wayne Stratton -- Shelby; William Shearer -- Clark
Cc: Ann Bridges; Barry Lindeman; Barry Mayfield; Craig Johnson; David Crews; David Smart; Denver York; Don Mosier; Jerry Purvis; Mike McNalley; Terri Combs; Tom Stachnik; Tony Campbell
Subject: RE: Potential MOU Strategy
Attachments: Directors and Owner-Member CEO MOU Memo.docx; Amendment 3.pdf; MOU_Final_072015_.pdf
Importance: High

Sending on behalf of Tony Campbell:

Directors/CEO's,

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

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

*Regards,
Anthony "Tony" Campbell*

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



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Directors and CEO's:

As you know, RUS, EKPC and all Owner-Members executed Amendment No. 3 to the Wholesale Power Contract on or about October 17, 2003. This provided, among other things, that the Member Owners would have an option, from time to time with notice to EKPC, to receive electric power and energy from persons other than EKPC, or from facilities owned or leased by the Members, provided that the aggregate amount of all Member Owners' elections not exceed expressed quantified limitations. In an attempt to clarify, the process for taking this alternate power from a source other than EKPC, in 2015 the Owner Members executed a Memorandum of Understanding (MOU) to guide everyone through the process.

On November 28, 2017, SKRECC provided notice to EKPC of its intent to take 58 MWs of power from an alternate source to be in conformity and in compliance with the MOU. Pursuant to the MOU and Amendment No. 3, and including all other alternate sources already in existence (16 MWs) consistent with the MOU, this left 85 MWs available to the remaining 15 Owner-Members at the time of SKRECC's notice.

Recently, as a result of SKRECC's action to take 15%, a number of CEO's of the remaining 15 Owner-Members have contacted EKPC regarding what they believe to be the fairness or lack of opportunity for the remaining small reserve under the MOU. It is EKPC's intent to share this sentiment to the Board and the CEO's. The comments that EKPC has received from the remaining 15 Owner-Members reflects their concerns that there may not be enough MWs to distribute among those others interested in participating under the MOU.

In an attempt to fairly provide an opportunity to the remaining 15 Owner-Members the ability to purchase power with the remaining MWs under the MOU, EKPC is offering to take the remaining portion of alternate power to the market for all of the remaining 15 Owner-Members spread proportionately among them.

Please understand that this decision by EKPC is an offer to try and help with any potential cost shifting that might occur to the remaining 15 Members, and is not necessarily a decision to guarantee lower rates. EKPC will also use all other available opportunities to mitigate any potential cost shifting to the best of its ability.

In the meantime, EKPC asks that all 15 remaining Member Owners allow EKPC time to aggregate this remaining percentage under the MOU for all of the 15 Member Owners who wish to participate and ask they not submit any independent MOU notices of intent to exercise that option. EKPC will do its best to take advantage of the best possible pricing for this remaining alternate power supply and to limit risk where possible.

EKPC intends to have an in-depth discussion of these issues, and begin the process, at our February 13th Board meeting in Executive Session with all Directors and CEO's. I have attached sample copies of both the MOU and Amendment No. 3 for your convenience.

AMENDMENT NO. 3 TO WHOLESALE POWER CONTRACT
BETWEEN EAST KENTUCKY POWER COOPERATIVE, INC. AND
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

This Agreement dated the 17th day of OCTOBER, 2003, amends the Wholesale Power Contract dated October 1, 1964 between East Kentucky Power Cooperative, Inc. (hereinafter "Seller") and Big Sandy Rural Electric Cooperative Corporation (hereinafter "Member") as follows:

I. Numerical Section 1 of the Wholesale Power Contract shall be amended and restated to read in its entirety as follows:

1. General - The Seller shall sell and deliver to the Member and the Member shall purchase and receive from the Seller all electric power and energy which shall be required to serve the Member's load, including all electric power and energy required for the operation of the Member's system. Notwithstanding the foregoing, the Member shall have the option, from time to time, with notice to the Seller, to receive electric power and energy, from persons other than the Seller, or from facilities owned or leased by the Member, provided that the aggregate amount of all members' elections (measured in megawatts in 15-minute intervals) so obtained under this paragraph shall not exceed five percent (5%) of the rolling average of Seller's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the 3 twelve month periods immediately preceding any election by the Member from time to time, as provided herein and further provided that no Member shall receive more than fifteen percent (15%) of the rolling average of its coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the 3 twelve

month periods immediately preceding any election by the Member from time to time, as provided herein.

For any election made or cancelled under this Section, the following provisions shall apply:

a. During any calendar year, the Member may make or cancel any such election or elections by giving at least 90 days' notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or less, in the annual aggregate.

b. During any calendar year, the Member may make or cancel any such election or elections by giving at least 18 months or greater notice to the Seller with respect to any load or loads with an average coincident peak demand (calculated in the same manner as provided in the preceding paragraph) of 5.0 Megawatts or more, in the annual aggregate

Upon the effective date of the Member's cancellation of any such election under this Agreement, the load or loads shall be governed by the all requirements obligations of the Seller and the Member in this Section, and notice of same shall be provided to the Rural Utilities Service ("RUS") by the member. Such loads which are transferred to Seller's all-requirements obligations shall not thereafter be switched by Member to a different power supplier.

c. Should any such election by Member involve the acquisition of new service territory currently served by another power supplier or municipal utility, Member shall provide evidence to Seller and RUS in the new Load Purchase Agreement that the acquired territory must be served by the current power supplier as a condition of the acquisition of the new load.

Seller will provide transmission, substation, and ancillary services without

discrimination or adverse distinction with regard to rates, terms of service or availability of such service as between power supplies under paragraphs above and Member will pay charges therefore to Seller. Seller also agrees to allow, at Member's sole cost and expense, such additional interconnection as may be reasonably required to provide such capacity and energy as contemplated in the above paragraphs.

Member will be solely responsible for all additional cost associated with the exercise of elections under the above paragraphs including but not limited to administrative, scheduling, transmission tariff and any penalties, charges and costs, imposed by the Midwest Independent System Operator ("MISO") or other authorities.

II. Section 10 of the Wholesale Power Contract shall be restated as Section 11 and new Section 10 and Section 11 shall read in their entirety as follows:

10. Retail Competition - Seller and its subsidiaries, shall not, during the term of this contract, without the consent of the Member, (i) sell or offer to sell electric power or energy at retail within the Member's assigned or expanded geographic area, if any, established by applicable laws or regulations or (ii) provide or offer to provide retail electric service to any person which is a customer of the Member.

11. Term - This Agreement shall become effective only upon approval in writing by the Administrator and shall remain in effect until January 1, 2041, and thereafter until terminated by either party's giving to the other not less than six months' written notice of its intention to terminate. Subject to the provisions of Section 1 hereof, service hereunder and the obligation of the Member to pay therefore shall commence upon completion of the facilities necessary to provide service.

Executed the day and year first above mentioned.

EAST KENTUCKY POWER
COOPERATIVE, INC.

BY: Orlando Tolson

CHAIRMAN OF THE BOARD
ITS: _____

Sam Lenn
ATTEST, SECRETARY

Big Sandy Rural Electric
Cooperative Corporation

BY: John E. Shepherd

ITS: Chairman of the Board

Jim Harris
ATTEST, SECRETARY

(H:Legal/misc/amend-3-wpc)

**MEMORANDUM OF UNDERSTANDING AND AGREEMENT
REGARDING ALTERNATE POWER SOURCES**

This Memorandum of Understanding and Agreement (“**MOU&A**”) is entered into and effective as of this [] day of [_____], 2015, by and between East Kentucky Power Cooperative, Inc. (“**EKPC**”), and each of the following Member Distribution Cooperatives (also referred to herein as “**Owner Member**”):

Member Distribution Cooperatives

Big Sandy Rural Electric Cooperative Corporation
Blue Grass Energy Cooperative Corporation
Clark Energy Cooperative, Inc.
Cumberland Valley Electric
Farmers Rural Electric Cooperative Corporation
Fleming-Mason Energy Cooperative
Grayson Rural Electric Cooperative Corporation
Inter-County Energy Cooperative Corporation
Jackson Energy Cooperative Corporation
Licking Valley Rural Electric Cooperative Corporation
Nolin Rural Electric Cooperative Corporation
Owen Electric Cooperative, Inc.
Salt River Electric Cooperative Corporation
Shelby Energy Cooperative, Inc.
South Kentucky Rural Electric Cooperative Corporation
Taylor County Rural Electric Cooperative Corporation

Factual Recitals

0.1 Each Owner Member is an electric cooperative, organized under the laws of the State of Kentucky, engaged in the business of supplying and distributing electric power and energy to its members within a certain service area, for which business the Owner Member operates an electric distribution system, among other operations.

0.2 EKPC is a generation and transmission cooperative corporation, organized under the laws of the State of Kentucky, which is owned by its Owner Members, which are certain electric cooperatives operating in the State of Kentucky (“**Owner Members**”).

0.3 EKPC and each Owner Member are parties to a Wholesale Power Contract, dated October 1, 1964, as amended, pursuant to which (among other things) EKPC sells and delivers to that Owner Member, and that Owner Member purchases and receives, electric power and energy

required for the operation of the Owner Member's electric system. Such Wholesale Power Contracts are identical in all material respects, except for the identification of the respective Owner Member that is a party to each such agreement. A reference herein to "**Wholesale Power Contract**" refers to each and every such agreement.

0.4 As of October 23, 2003, each Wholesale Power Contract was amended by the execution of that certain amendment designated and known as "**Amendment No. 3**" thereto, to provide, among other things, for the obtaining by the subject Owner Member of electric power and energy from sources other than EKPC for use in operating the Owner Member's electric system, subject to certain limitation and required procedures set forth therein. Except for the identification of the respective Owner Member that is a party to each such Amendment No. 3, all of such amendments are identical. A reference herein to "**Amendment No. 3**" refers to each and every such amendment.

0.5 EKPC and certain Owner Members have, in the past, disagreed on the interpretation of some provisions of Amendment No. 3 and, therefore, to the Wholesale Power Contract as amended thereby.

0.6 The Owner Members each have a keen interest in pursuing or investigating opportunities to develop or otherwise obtain and use sources of electric power and energy other than EKPC. Such non-EKPC sources are hereinafter referred to as "**Alternate Sources**" and further defined in Section 2(A) below.

0.7 EKPC and each Owner Member each desire to avoid litigation over the provisions of the Wholesale Power Contract that pertain to Alternate Sources, and thereby avoid the costs and uncertainty of such litigation.

NOW THEREFORE, in consideration of the mutual covenants, understandings, and undertakings set forth herein, each of the Owner Members and EKPC, agree as follows:

Understandings, Stipulations, and Agreements

1. Term

(A) This MOU&A shall become effective on the date first written above and shall continue in effect until the termination of the Wholesale Power Contract. If the Wholesale Power Contract between EKPC and one of the Owner Members terminates before the other Wholesale Power Contracts, then this MOU&A shall terminate with respect to that Owner Member, but shall remain in effect with respect to the other Owner Members.

2. Scope

(A) The purpose of this MOU&A is to memorialize EKPC's and the Owner Members' mutually agreed interpretation of Amendment No. 3 with respect to Alternate Sources. Except as provided in Section 2(B), an "**Alternate Source**" is any generating resource that is owned (directly or indirectly, in whole or in part) or controlled (directly or indirectly, in whole or in part) by an Owner Member, regardless of whether the resource is connected to the Owner

Member's distribution system, or any power purchase arrangement under which an Owner Member purchases capacity or energy (or both), if such generating resource or power purchase arrangement is used to serve any portion of the Owner Member's load.

(B) A generating resource that meets the definition of a "Behind the Meter Source" as set forth in Section 4(A)(v)(a) that is used by a Member solely to provide energy to serve interruptible retail load during times when service for such load through PJM has been interrupted pursuant to the load's participation in PJM's demand response program will not be considered an "Alternate Source" subject to the requirements of this MOU&A. If an Owner Member desires to use such a generating resource at any other time, the Owner Member must comply with the requirements of this MOU&A with respect to that generating resource.

(C) Nothing in this MOU&A is intended to modify any of the express provisions of Amendment No. 3. During the term of this MOU&A, neither EKPC nor any Owner Member shall assert that this MOU&A is invalid for the reason that it is contrary to or inconsistent with the Wholesale Power Contract. In the event of an actual conflict between the Wholesale Power Contract, as amended, including by Amendment No. 3, and this MOU&A, the Wholesale Power Contract, as amended, including by Amendment No. 3, shall control.

3. Maximum Permissible Demand Reduction.

(A) The maximum demand reduction that an Owner Member can obtain through the use of Alternate Sources shall be determined as follows:

- (i) All demand measurements, whether of EKPC aggregate demand or an Owner Member's demand, called for in this Section 3 shall be measured in megawatts in 15-minute intervals and shall be adjusted to include any interruptible load that was interrupted at the time of measurement.
- (ii) If in connection with its acquisition of new service territory the Owner Member provides evidence to EKPC and the RUS in the related acquisition agreement that the acquired service territory must continue to be served by the current power supplier as a condition of the acquisition, the acquired service territory may be supplied by such current power supplier for so long as is required under the terms of such acquisition agreement. Until such supply from the current power supplier is terminated, the load of such acquired service territory shall not be included in the calculations of the 5% and 15% limitations set forth below in this Section 3 applicable to the Owner Member that acquired the service territory or any other Owner Member. From and after the termination of such supply from the current power supplier, the load of such acquired service territory (including such load during the three (3) twelve-month (12-month) periods immediately preceding the date of termination of such supply from the current power supplier) shall be included in calculations of the 5% and 15% limitations set forth below in this Section 3 applicable to the Owner Member or any Other Member.

- (iii) If, at the time the Owner Member submits an election notice pursuant to Section 4, the aggregate amount of all Owner Members' loads being served with Alternate Sources (including the load proposed to be served by the Owner Member's new Alternate Source) would be less than two and one half percent (2.5%) of the rolling average of EKPC's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding the date the Owner Member delivers such election notice, the Owner Member's aggregate demand reduction from Alternate Sources (including the demand reduction from the proposed new Alternate Source) may not exceed 15% of the rolling average of the Owner 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 the date the Owner Member delivers such election notice. If this 15% threshold would be exceeded, the Alternate Source shall not be permitted unless the load proposed to be served by it is reduced such that this 15% threshold is not exceeded.
- (iv) If, at the time the Owner Member submits an election notice pursuant to Section 4, the aggregate amount of all Owner Members' loads being served with Alternate Sources (including the load proposed to be served by the Owner Member's new Alternate Source) would be equal to or greater than two and one half percent (2.5%) of the rolling average of EKPC's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding the date the Owner Member delivers such election notice, the Owner Member's aggregate demand reduction from Alternate Sources (including the demand reduction from the proposed new Alternate Source) may not exceed five percent (5%) of the rolling average of the Owner 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 the date the Owner Member delivers such election notice. If this five percent (5%) threshold would be exceeded, the Alternate Source shall not be permitted unless the load proposed to be served by it is reduced such that this five percent (5%) threshold is not exceeded.
- (v) If, at the time the Owner Member submits an election notice pursuant to Section 4, the aggregate amount of all Owner Members' loads being served with Alternate Sources (including the load proposed to be served by the Owner Member's new Alternate Source) would be greater than five percent (5%) of the rolling average of EKPC's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding the date the Owner Member delivers such election notice, the

Alternate Source shall not be permitted unless the load proposed to be served by it is reduced such that this five percent (5%) threshold is not exceeded.

- (vi) The term of any Alternate Source (inclusive of any renewal options), whether the Alternate Source is a generating facility owned or controlled by the Owner Member or a contract with a third party, shall not exceed twenty (20) years.

- (a) Any Alternate Source that is a contract in effect at the time when the 2.5% threshold defined in Section 3(A)(iii) is reached will be honored for the remaining term of the contract (without exercise of any renewal option). However, if at the end of the existing contract's term that was in effect when the 2.5% threshold was reached, the 2.5% threshold continues to be reached or is exceeded, and the Owner Member's aggregate amount of Alternate Source elections then exceeds the 5% threshold defined in Section 3(A)(iv), then the Alternate Source contract may not be renewed unless the Owner Member reduces the aggregate amount of the Owner Member's load served by Alternate Sources such that the aggregate amount of the Owner Member's load served by Alternate Sources (taking into account the renewal of the contract) does not exceed the 5% threshold set forth in Section 3(A)(iv). The Owner Member may meet this requirement by using demand reduction available to another Owner Member, in accordance with Section 3(B).

- (b) Any Alternate Source that is a generating facility owned or controlled by the Owner Member that is in effect when the 2.5% threshold defined in Section 3(A)(iii) is reached will be honored for the remaining term of the Alternate Source as set forth in the notice provided under Section 4(A).

(B) Demand reduction available to one Owner Member may be used by another Owner Member if those two Owner Members so agree; provided, however, that in no event may a new Alternate Source proposed by an Owner Member in an election notice pursuant to Section 4 be approved if:

- (i) the aggregate amount of all Owner Members' loads being served with Alternate Sources (including the load proposed to be served by the Owner Member's new Alternate Source) would be greater than five percent (5%) of the rolling average of EKPC's coincident peak demand for the single calendar month with the highest peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding the date the Owner Member delivers such election notice; or

(ii) the aggregate amount of the Owner Member's load being served by Alternate Sources (including the load proposed to be served by the Owner Member's new Alternate Source) would be greater than fifteen percent (15%) of the rolling average of the Owner 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 such notice.

4. Alternate Source Notices

(A) In order for an Owner Member to reduce its purchases from EKPC by using electric power and energy from an Alternate Source, that Owner Member shall have provided EKPC with prior written notice of such reduction in accordance with the procedures and requirements set forth herein. Each such notice hereunder (an "**Alternate Source Notice**") shall set forth the following information regarding the subject Alternate Source:

- (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);
- (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 use of the Alternate Source, appropriately taking into account expected losses, if any;
- (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;
- (iv) the approximate, expected pattern of use or dispatching of the Alternate Source and the corresponding pattern of hourly reductions in energy to be purchased by the Owner Member from EKPC; and
- (v) a designation of whether the Alternate Source 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 this MOU&A as "**Behind the Meter Sources**". The "**Related EKPC Point of Delivery**" with respect to any Alternate Source 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.

(B) Except as provided in Section 4(C) below, each Alternate Source Notice shall be provided to EKPC in writing at least eighteen (18) months prior to the date on which the use of the subject Alternate Source is to begin.

(C) For each Alternate Source having a noticed demand reduction of 5,000 kW or less, the required prior written notice may be provided to EKPC up to, but not later than ninety (90) days prior to the date on which the Owner Member intends to begin using that Alternate Source.

(D) An Owner Member may change or cancel an Alternate Source Notice only by providing to EKPC prior written notice of such change or cancellation, as follows: If after three years of operation an Alternate Source has a three-year rolling average peak capacity less than the maximum capacity set forth in the initial Alternate Source Notice, the Owner Member may reduce the maximum capacity of such Alternate Source by providing written notice to EKPC. Any such reduction shall not change the term or other characteristics of the Alternate Source. Ninety (90) days' prior written notice of any other change or any cancellation shall be required for an Alternate Source having an associated demand reduction of 5,000 kW or less. Otherwise, eighteen (18) months' prior written notice to EKPC of a change or cancellation shall be required. If any change is made to the demand reduction amount of an Alternate Source, the thresholds provided in Section 3 will be re-calculated as of the date the notice of change is submitted.

(E) If the Owner Member does not implement an Alternate Source within six (6) months after the date set forth in its notice for commencement of deliveries from the Alternate Source, the Owner Member may not implement the Alternate Source without re-submitting the notice required under this Section 4 and such notice shall be subject to re-calculation of the thresholds provided in Section 3 as of the date of such re-submitted notice. During the six (6) month period described in this Section (E), EKPC shall continue to serve the load intended to be served by the Alternate Source through sales of power and energy to the Owner Member under its Wholesale Power Contract.

5. Development and Use of Alternate Sources

(A) During the noticed term of use of that Alternate Source, it shall be the responsibility of the Owner Member to use commercially reasonable efforts to develop or otherwise acquire the subject Alternate Source so that such source may be used to supply a portion of the Owner Member's requirements beginning on the noticed date. EKPC shall use

commercially reasonable efforts to cooperate with and assist the Owner Member in its development or acquisition; provided that EKPC shall not be required to make out-of-pocket expenditures or provide or facilitate financing for any Alternate Source.

(B) Except as otherwise agreed to by EKPC and an Owner Member, the owning Owner Member shall use commercially reasonable efforts to operate, maintain, and dispatch the facilities comprising each of its Alternate Sources (or to cause such operation, maintenance, and dispatching) so as to reduce the maximum electrical demand placed on EKPC's system by the corresponding noticed demand reduction.

(C) With respect to each noticed Alternate Source of an Owner Member, the obligations set forth in the foregoing two paragraphs shall continue until the end of the noticed term of the Alternate Source; provided, however, that such term may be shortened or lengthened at any time by the Owner Member by providing to EKPC prior written notice of such change, as follows: For each such change, ninety (90) days' prior written notice of such change shall be required for an Alternate Source having an associated demand reduction of 5,000 kW or less. Otherwise, eighteen (18) months' prior written notice to EKPC of such change shall be required.

(D) Other requirements for Behind the Meter Sources are as follows:

(i) To the extent that the Alternate Source does not deliver capacity or energy sufficient to serve the actual load of the Owner Member intended to be served by the Alternate Source, EKPC will charge the Owner Member for capacity and energy at the rates for electric service provided under the Wholesale Power Contract.

(ii) The Owner Member must provide to EKPC information regarding the expected generation from the Behind the Meter Source, including planned and unplanned outages, as needed by EKPC so that EKPC can include such information in its schedules of load submitted to PJM and minimize to the extent reasonably practicable any PJM penalties for deviations in load attributable to differences between the estimated and actual generation from the Behind the Meter Source.

(iii) The Alternate Sources will be metered with revenue class meters.

(E) Other requirements for Alternate Sources interconnected or delivered to EKPC's or another entity's transmission system are as follows:

(i) To the extent that the Alternate Source does not deliver capacity or energy sufficient to serve the actual load of the Owner Member intended to be served by the Alternate Source, EKPC will charge the Owner Member for capacity and energy as provided in this MOU&A, and not at the rates for electric service provided under the Wholesale Power Contract. EKPC will purchase amounts of replacement capacity and energy based on the historical amounts of capacity and energy provided by the Alternate Source.

(ii) The Owner Member must provide to EKPC a day-ahead schedule of generation. EKPC will work with the Owner Member to develop the day-ahead schedule.

(iii) The day-ahead schedule of load to be served by the Alternate Source will be deemed to equal the day-ahead generation schedule of the Alternate Source.

(iv) EKPC will pass through to the Owner Member all revenues, credits and charges from PJM associated with the Alternate Source, including without limitation PJM day-ahead and real-time energy market revenues, charges and credits, PJM capacity market revenues, charges and credits, PJM operating reserve revenues, credits and charges, and PJM operating services necessary to serve the load served by the Alternate Source (i.e. capacity, energy, ancillary services (including operating reserves), NITS transmission, RTEP, etc.).

(v) The Alternate Sources will be metered with revenue class meters.

(vi) The Owner Member will pay an administrative fee to EKPC to cover the increased operation and administrative costs.

(vii) PJM market participant activities for the Alternate Source and related load will be managed by EKPC or EKPC's agent. The Owner Member shall pay EKPC a non-discriminatory, cost-based fee for such PJM market participant services, which shall be performed in accordance with good utility practices. Any dispute regarding such fee shall be submitted to the Kentucky Public Service Commission for a determination of the appropriate fee.

(F) Other requirements for Alternate Sources interconnected to an Owner Member's distribution system that produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery shall be developed based on the requirements set forth above in Sections 5(D) and 5(E).

6. Other Matters.

(A) EKPC shall not be entitled to charge any Owner Member for so-called "stranded costs" related to the Owner Member's implementation of its rights to use Alternate Sources. As a result, to the extent that an Owner Member's use of Alternate Sources reduces its billing demands under EKPC's rates under the Wholesale Power Contract as in effect from time to time, EKPC shall not be entitled to charge any special rate or charge to the Owner Member attributable to such billing demand reduction. EKPC will, however, be entitled to continue to set its rates for all Owner Members under the Wholesale Power Contracts to produce revenues that are sufficient to cover all of its costs, in accordance with the Wholesale Power Contracts.

(B) EKPC covenants and agrees to revise or rescind existing Board Policies so that its Board Policies are consistent with this MOU&A.

(C) This Agreement may be executed in counterpart, which shall be deemed an original, but all of which together shall constitute one and the same instrument.

| | |
|---|------|
| Big Sandy Rural Electric Cooperative Corporation | Date |
| Blue Grass Energy Cooperative Corporation | Date |
| Clark Energy Cooperative, Inc. | Date |
| Cumberland Valley Electric | Date |
| Farmers Rural Electric Cooperative Corporation | Date |
| Fleming-Mason Energy Cooperative | Date |
| Grayson Rural Electric Cooperative Corporation | Date |
| Inter-County Energy Cooperative Corporation | Date |
| Jackson Energy Cooperative Corporation | Date |
| Licking Valley Rural Electric Cooperative Corporation | Date |
| Nolin Rural Electric Cooperative Corporation | Date |
| Owen Electric Cooperative, Inc. | Date |
| Salt River Electric Cooperative Corporation | Date |
| Shelby Energy Cooperative, Inc. | Date |

South Kentucky Rural Electric Cooperative Corporation

Date

Taylor County Rural Electric Cooperative Corporation

Date

From: David Smart <david.smart@ekpc.coop>
Sent: Wednesday, February 14, 2018 10:46 AM
To: 'A.L. Rosenberger -- Nolin'; 'Alan Ahrman - Owen'; 'Barry Myers -- Taylor County'; 'Bill Prather -- Farmers'; 'Bobby Sexton; Boris Haynes'; 'Carol Fraley -- Grayson'; 'Carol Wright - Jackson Energy'; 'Chris Brewer - Clark Energy'; 'Danny Wallen'; 'Debbie Martin -- Shelby'; 'Dennis Holt; Elbert Hampton; Jerry Carter'; 'Jimmy Longmire -- Salt River'; 'Jody Hughes'; 'Joe Spalding (spaldingfarm@windstream.net)'; 'Joni Hazelrigg'; 'Kelly Shepherd'; 'Ken Arrington -- Grayson'; 'Kerry Howard -- Licking Valley'; 'Landis Cornett'; 'Mark Stallons -- Owen'; 'Mickey Miller -- Nolin'; 'Mike Williams -- Blue Grass'; 'Paul Hawkins -- Farmers'; 'Raymond Rucker'; 'Ted Hampton'; 'Ted Holbrook'; 'Tim Eldridge'; 'Tim Sharp - Salt River Electric'; 'Wayne Stratton -- Shelby'; 'William Shearer -- Clark'
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Crews; Jeannie Jones; Terri Combs; Shanán Strange
Subject: Resolution for Approval to Enter into Power Purchase Agreement (Amended)
Attachments: Approval to Enter into Power Purchase Agreement (Amended).pdf

Dear Directors and CEOs,

As promised at yesterday's Board Meeting, I am sending to you the amended Board Resolution regarding EKPC's authority to enter into a power purchase agreement in the context of A3 and the MOU. I added the last sentence to the Resolution requiring Board review and approval of any such action by EKPC Management. I used Paul Hawkins' exact words. Thanks very much.

David

David Smart
General Counsel
East Kentucky Power Cooperative, Inc.
P.O. Box 707
Winchester, KY 40392-0707
(859) 745.9237 (DD)

Resolution

APPROVAL TO ENTER INTO POWER PURCHASE AGREEMENT

WHEREAS, on or about October 1, 1964, East Kentucky Power Cooperative (“EKPC”) entered into separate Wholesale Power Contracts with each of its Owner-Members. Each of the Wholesale Power Contracts contain identical provisions and under those contracts, EKPC sells and delivers to each of the sixteen Owner-Members and each of the sixteen Owner-Members purchases and receives, all electric power for the operations of their respective retail electric system; and

WHEREAS, in 2003 each Wholesale Power Contract was amended to permit each of the sixteen Owner-Members the ability to obtain power and energy from non-EKPC sources subject to certain limitations and required procedures, this amendment also known as “Amendment No. 3;” and

WHEREAS, on or about July 23, 2015, EKPC and each of the sixteen Owner-Members entered into a Memorandum of Understanding and Agreement Regarding Alternate Power Sources (“MOU”), which provides the framework by which the sixteen Owner-Members may pursue and contract with parties other than EKPC (“Alternate Source”) to satisfy a defined portion of their future power needs and includes provisions relating to, among other matters, limitations on the quantities of alternate source power that can be acquired by each Owner-Member, the length of the terms for which the alternate source power can be acquired, and the advance notice that must be provided by an Owner-Member before acquiring alternate-source power; and

WHEREAS, South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) has provided notice to EKPC, pursuant to the terms of the MOU, that it intends to reduce and substitute 58 MW of its purchases from EKPC by using electric power and energy from an Alternate Source beginning in mid-2019, and, further, South Kentucky has filed an Application with the Kentucky Public Service Commission to approve its power purchase agreement with its Alternate Source provider, Morgan Stanley Capital Group; and

WHEREAS, the proposed power purchase contract South Kentucky has entered into has precipitated a concern from other Owner-Members of EKPC that South Kentucky and other potential distribution cooperatives exercising rights under the MOU will be unfairly subsidized by entering into power purchase contracts, to the detriment of those cooperatives not entering into those agreements; and

WHEREAS, it has always been the earnest resolve of EKPC to be prudent and fair with all of its Owner-Members in its business decisions and conduct; and

WHEREAS, an Owner-Member exercising its rights under the MOU may create a situation that is, or is perceived to be, a disproportionate or unfair allocation of

Resolution

alternate power from an alternate source.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of EKPC hereby authorizes and empowers EKPC to take the most economical action within the Wholesale Power Contract to procure a power purchase agreement (“PPA”) for those Owner-Members who do or did not have an opportunity, due to the original Amendment No. 3/MOU notice, to purchase a proportionate 5% allocation of alternate power from EKPC as an alternate source in complete compliance with the Wholesale Power Contract and Amendment No. 3. Any action taken by EKPC Management will be reviewed and approved by the Board of Directors.

From: Terri Combs <terri.combs@ekpc.coop>
Sent: Friday, February 16, 2018 7:15 PM
To: A L Rosenberger ; Alan Ahrman - Owen; Barry Myers -- Taylor County; Bill Prather -- Farmers; Bobby Sexton--Big Sandy; Boris Haynes; Carol Fraley -- Grayson; Carol Wright - Jackson Energy; Chris Brewer - Clark Energy; Debbie Martin -- Shelby; Dennis Holt; Elbert Hampton; Jerry Carter; Jimmy Longmire -- Salt River; Jody Hughes; Joe Spalding, Inter-County Energy; Joni Hazelrigg; Kelly Shepherd; Ken Arrington -- Grayson; Kerry Howard -- Licking Valley; Landis Cornett; Mark Stallons -- Owen; Mickey Miller -- Nolin; Mike Williams -- Blue Grass; Paul Hawkins -- Farmers; Raymond Rucker; Ted Hampton; Ted Holbrook; Tim Eldridge; Tim Sharp - Salt River Electric; Wayne Stratton -- Shelby; William Shearer -- Clark
Cc: Tony Campbell
Subject: Sending on behalf of Tony Campbell: RE: Directors and CEO's

Sending on behalf of Tony Campbell

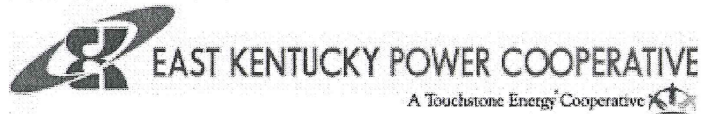
Directors/CEO's,

At last Tuesday's board meeting, I was asked to create a committee to assist me in possibly finding resolution to the South Kentucky MOU issue. Following are the people I placed on the committee (the CEO's contacted me and requested to be on the committee): 1) Joe Spalding 2) Bill Shearer 3) Landis Cornett 4) Mike Williams 5) Tim Sharp 6) Chris Brewer and 7) Mark Stallons.

I'm planning on having a kickoff conference call mid next week. We will then wait to get a date from Dennis Holt to meet with the South Kentucky board. I would assume Chairman Spalding would then want to update the board on our findings.

Regards,
Anthony "Tony" Campbell

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



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delete it from your system without copying or forwarding it, and notify the sender of the error by replying via email or by calling East Kentucky Power Cooperative, Inc. at 859-744-4812 (collect), so that our address record can be corrected.

From: Mark Stallons <mark.judy.stallons@gmail.com>
Sent: Monday, February 12, 2018 8:31 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

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 | | | | | | | | | | | | |
|--------------------------|---------------------------|--------------------|--------------------|----------------|---|--------------------------|------------------------|--------------------|--------------------|--------------------------------|--------------|--------------|--------------------------|------------|--------------|---|------------------|------------------------------------|--------------|--------------------------------|--------------------------------------|---------------------------|
| 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 | | Notice Before 2018 & 2018 Non PJM Notices | PJM Notice Yor N | Please choose your 2018 PJM Notice | 5% Balance | Live Pro-Rata Share of Balance | Feb 8 2018 Pro-Rata Share of Balance | Net Member Savings (Loss) |
| | 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 | 3.710 | 11.1 | Big Sandy | 5% | 3.7 | 0.0 | N | 0.0 | 3.7 | 3.1 | 3.1 | \$ (341,951.78) |
| Blue Grass | 410.9 | 324.4 | 382.2 | 372.5 | 18.6 | Blue Grass | 410.9 | 324.4 | 383.2 | 372.8 | 18.642 | 55.9 | Blue Grass | 5% | 18.6 | 0.0 | N | 0.0 | 18.6 | 15.4 | 15.4 | \$ (1,906,042.10) |
| Clark | 154.0 | 113.6 | 139.4 | 135.7 | 6.8 | Clark | 154.0 | 113.6 | 140.1 | 135.9 | 6.796 | 20.4 | Clark | 5% | 6.8 | 0.0 | N | 0.0 | 6.8 | 5.6 | 5.6 | \$ (675,903.83) |
| Cumberland Valley | 158.3 | 109.6 | 141.3 | 136.4 | 6.8 | Cumberland Valley | 158.3 | 110.0 | 141.3 | 136.5 | 6.826 | 20.5 | Cumberland Valley | 5% | 6.8 | 0.0 | N | 0.0 | 6.8 | 5.7 | 5.7 | \$ (667,516.55) |
| Farmers | 136.4 | 115.9 | 138.4 | 130.2 | 6.5 | Farmers | 136.3 | 115.9 | 138.4 | 130.3 | 6.517 | 19.6 | Farmers* | 5% | 6.5 | 4.6 | Y | 0.0 | 1.9 | 1.6 | 1.6 | \$ (732,751.54) |
| Fleming Mason | 196.9 | 166.9 | 189.1 | 184.3 | 9.2 | Fleming Mason | 198.0 | 179.7 | 189.1 | 188.9 | 9.445 | 28.3 | Fleming Mason* | 5% | 9.4 | 1.4 | N | 0.0 | 8.0 | 6.7 | 6.7 | \$ (1,193,995.68) |
| Grayson | 85.2 | 57.6 | 72.7 | 71.9 | 3.6 | Grayson | 85.2 | 58.3 | 72.7 | 72.1 | 3.603 | 10.8 | Grayson | 5% | 3.6 | 0.0 | N | 0.0 | 3.6 | 3.0 | 3.0 | \$ (378,182.38) |
| Inter-County | 171.1 | 134.1 | 158.6 | 154.6 | 7.7 | Inter-County | 171.1 | 134.4 | 158.6 | 154.7 | 7.736 | 23.2 | Inter-County | 5% | 7.7 | 0.0 | N | 0.0 | 7.7 | 6.4 | 6.4 | \$ (713,217.28) |
| Jackson | 325.6 | 230.2 | 293.6 | 283.2 | 14.2 | Jackson | 327.7 | 232.2 | 293.6 | 284.5 | 14.226 | 42.7 | Jackson* | 5% | 14.2 | 6.0 | Y | 0.0 | 8.2 | 6.8 | 6.8 | \$ (1,340,683.66) |
| Licking Valley | 88.6 | 58.7 | 75.0 | 74.1 | 3.7 | Licking Valley | 88.6 | 60.6 | 76.6 | 75.3 | 3.763 | 11.3 | Licking Valley | 5% | 3.8 | 0.0 | N | 0.0 | 3.8 | 3.1 | 3.1 | \$ (376,251.98) |
| Nolin | 211.1 | 199.1 | 215.5 | 208.6 | 10.4 | Nolin | 230.4 | 199.1 | 216.1 | 215.2 | 10.760 | 32.8 | Nolin | 5% | 10.8 | 0.0 | N | 0.0 | 10.8 | 8.9 | 8.9 | \$ (1,077,567.05) |
| Owen | 347.4 | 350.7 | 423.8 | 374.0 | 18.7 | Owen | 430.9 | 401.5 | 447.5 | 426.6 | 21.330 | 64.0 | Owen* | 5% | 21.3 | 2.0 | Y | 0.0 | 19.3 | 16.0 | 16.0 | \$ (1,790,012.35) |
| Salt River | 314.4 | 262.0 | 306.4 | 294.3 | 14.7 | Salt River | 316.1 | 262.0 | 306.4 | 294.8 | 14.742 | 44.2 | Salt River* | 5% | 14.7 | 2.0 | Y | 0.0 | 12.7 | 10.6 | 10.6 | \$ (1,709,173.26) |
| Shelby | 120.5 | 99.6 | 113.9 | 111.3 | 5.6 | Shelby | 120.5 | 101.6 | 113.9 | 112.0 | 5.599 | 16.8 | Shelby | 5% | 5.6 | 0.0 | N | 0.0 | 5.6 | 4.6 | 4.6 | \$ (675,301.46) |
| South Kentucky | 458.9 | 353.4 | 426.2 | 412.9 | 20.6 | South Kentucky | 458.9 | 353.4 | 426.2 | 412.9 | 20.643 | 61.9 | South Kentucky* | 15% | 61.9 | 38.7 | N | 0.0 | 0.0 | 0.0 | 0.0 | \$ 5,333,831.51 |
| Taylor | 159.4 | 139.1 | 157.0 | 151.8 | 7.6 | Taylor | 160.2 | 139.1 | 157.0 | 152.1 | 7.604 | 22.8 | Taylor | 5% | 7.6 | 0.0 | N | 0.0 | 7.6 | 6.3 | 6.3 | \$ (703,727.52) |
| 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 | | 203.2 | 54.7 | | - | 125.3 | 103.8 | 103.8 | |

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

| Noticed Projects | | | | |
|--|-------------------|--------------|-------------|---------------|
| Owner-Member | Project | Notice Given | MW | Delivery Date |
| 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 | 38.7 | 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 |
| Jackson | PJM Market | 2/2019 | 8 | 0.0 |
| Jackson | Hydro | 2/2020 | 3.4 | |
| Total Projects | | | 54.7 | |
| Not to Exceed 158.5 MW | | | | |
| Remaining Balance of 5% Amendment 3 Pool Feb 8, 2018 | | | 103.76 | |
| Noticed February 8, 2019 not in above | | | 1.3 | 0.0 |

| 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 | \$ - |
| Totals | 38.70 | | 6,780,240 |

Input Savings per MW assumed to \$20

| 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> |
| 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% | \$ - | \$ - |
| Member Owner Total | 38.7 | 339,012 | \$ 4,100,000.00 | | \$ 13,000,000.00 | \$ 17,100,000.00 |
| EKPC 2018 Budget | 29,194 | 13,534,101 | EKPC Pass Thru | | EKPC Rate Increase | |



| 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
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| A3 Cost Shift Draft (2017 Actuals) | | | | | | | | |
|---|-----------------------------|---|-------------------------|--|---------------------------|--------------------------|-------------------------------------|----------------------------------|
| | | | 3.74% | | 1.67% | | | |
| <i>Member Owner</i> | <i>2017 Capital Credits</i> | <i>Est. 2017 Member Owner ES Power Bill</i> | <i>ES Cost Increase</i> | <i>Est. 2017 Member Owner Base Rate Power Bill</i> | <i>Base Rate Increase</i> | <i>Base Rate Savings</i> | <i>Net Base Rate Savings (Loss)</i> | <i>Net Member Savings (Loss)</i> |
| Big Sandy | \$ 456,552.84 | \$ 2,332,135.41 | \$ 87,239.22 | \$ 15,242,430.52 | \$ 254,712.56 | \$ - | \$ (254,712.56) | \$ (341,951.78) |
| Blue Grass | \$ 2,544,829.40 | \$ 12,999,342.52 | \$ 486,272.12 | \$ 84,961,436.94 | \$ 1,419,769.98 | \$ - | \$ (1,419,769.98) | \$ (1,906,042.10) |
| Clark | \$ 902,424.95 | \$ 4,609,712.16 | \$ 172,437.53 | \$ 30,128,275.19 | \$ 503,466.30 | \$ - | \$ (503,466.30) | \$ (675,903.83) |
| Cumberland Valley | \$ 891,226.76 | \$ 4,552,510.25 | \$ 170,297.75 | \$ 29,754,413.47 | \$ 497,218.79 | \$ - | \$ (497,218.79) | \$ (667,516.55) |
| Farmers | \$ 978,324.48 | \$ 4,997,417.51 | \$ 186,940.60 | \$ 32,662,249.82 | \$ 545,810.94 | \$ - | \$ (545,810.94) | \$ (732,751.54) |
| Fleming Mason | \$ 1,594,149.10 | \$ 8,143,135.32 | \$ 304,613.85 | \$ 53,222,113.14 | \$ 889,381.83 | \$ - | \$ (889,381.83) | \$ (1,193,995.68) |
| Grayson | \$ 504,925.70 | \$ 2,579,230.70 | \$ 96,482.42 | \$ 16,857,402.32 | \$ 281,699.96 | \$ - | \$ (281,699.96) | \$ (378,182.38) |
| Inter-County | \$ 952,243.55 | \$ 4,864,192.50 | \$ 181,956.99 | \$ 31,791,514.33 | \$ 531,260.29 | \$ - | \$ (531,260.29) | \$ (713,217.28) |
| Jackson | \$ 1,789,997.81 | \$ 9,143,557.77 | \$ 342,037.09 | \$ 59,760,699.90 | \$ 998,646.57 | \$ - | \$ (998,646.57) | \$ (1,340,683.66) |
| Licking Valley | \$ 502,348.35 | \$ 2,566,065.24 | \$ 95,989.93 | \$ 16,771,355.15 | \$ 280,262.05 | \$ - | \$ (280,262.05) | \$ (376,251.98) |
| Nolin | \$ 1,438,700.80 | \$ 7,349,083.79 | \$ 274,910.41 | \$ 48,032,330.69 | \$ 802,656.64 | \$ - | \$ (802,656.64) | \$ (1,077,567.05) |
| Owen | \$ 2,870,788.29 | \$ 12,252,154.00 | \$ 458,321.72 | \$ 79,690,620.00 | \$ 1,331,690.64 | \$ - | \$ (1,331,690.64) | \$ (1,790,012.35) |
| Salt River | \$ 2,281,982.31 | \$ 11,656,683.03 | \$ 436,046.67 | \$ 76,186,048.52 | \$ 1,273,126.59 | \$ - | \$ (1,273,126.59) | \$ (1,709,173.26) |
| Shelby | \$ 901,620.69 | \$ 4,605,603.89 | \$ 172,283.85 | \$ 30,101,424.24 | \$ 503,017.60 | \$ - | \$ (503,017.60) | \$ (675,301.46) |
| South Kentucky | \$ 2,592,576.90 | \$ 13,243,243.39 | \$ - | \$ 86,555,530.52 | \$ 1,446,408.49 | \$ 6,780,240.00 | \$ 5,333,831.51 | \$ 5,333,831.51 |
| Taylor | \$ 939,573.41 | \$ 4,799,471.66 | \$ 179,535.95 | \$ 31,368,510.21 | \$ 524,191.57 | \$ - | \$ (524,191.57) | \$ (703,727.52) |
| Total | \$ 22,142,265.34 | \$ 113,105,771.00 | \$ 3,645,366.09 | \$ 739,239,605.00 | \$ 12,083,320.81 | \$ 6,780,240.00 | \$ (5,303,080.81) | \$ (8,948,446.90) |

Please input actual data