A3 Cost Shift							
		3.74%		1.67%			
Member Owner	Member Owner ES Power Bill	ES Cost Increase	Member Owner Base Rate Power Bill	Base Rate Increase	Base Rate Savings	Net Base Rate Savings (Loss)	Net Member Savings (Loss)
Blue Grass							
Owen	$ 10,178,329.52	$ 380,745.25	$ 79,426,899.01	$ 1,327,283.66	$ -	$ (1,327,283.66)	$ (1,708,028.91)
Salt River							
Jackson							
Nolin							
Fleming Mason							
Inter-County							
Taylor							
Cumberland Valley							
Clark							
Shelby							
Big Sandy							
Licking Valley							
Grayson							
Farmers							
South Kentucky							
Total	$ 10,178,329.52	$ 380,745.25	$ 79,426,899.01	$ 1,327,283.66	$ -	$ (1,327,283.66)	

From:	Elaine Johns
To:	Joni Hazelrigg
Cc:	Debbie Martin; Chris Brewer
Subject:	RE: question
Date:	Monday, February 5, 2018 10:42:14 AM
Attachments:	image001.png

We discussed this with the original 4 coops: $1,500 application fee, $5000 annually.

From: Joni Hazelrigg [mailto:jhazelrigg@fme.coop]
Sent: Monday, February 5, 2018 10:33 AM
To: Elaine Johns <Elaine.Johns@enervision-inc.com>
Subject: question

Good morning,
Quick question.
This is a snippet from the SKRECC application:

12. PJM Arrangements & Settlements:	(a) For the avoidance of doubt, MSCG will not act as SKRECC's agent, for billing purposes, scheduling purposes or otherwise, under the PJM Agreements. (b) SKRECC covenants to promptly apply for and diligently pursue membership in PJM as a Market Participant, and agrees to maintain its status as a Market Participant in good standing throughout the Delivery Period. SKRECC understands and agrees that, as between PJM and SKRECC, SKRECC shall be solely responsible for any amounts charged by PJM to SKRECC as Market Participant and as owner of the load asset represented by this Confirmation. (c) SKRECC agrees to promptly enter into and file with PJM (or arrange to have filed by EKPC) a Declaration of Authority specifying SKRECC as principal and EKPC as its designated agent for purposes of EKPC acting as SKRECC's billing and scheduling agent for all purposes under this Transaction.

What is the approx. cost associated with becoming a member of PJM? Is that an annual cost or a one-time buy in?
Thanks,
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

Fleming-Mason Energy
A Touchstone Energy Cooperative

This institution is an equal opportunity provider and employer.

Spam | Not spam
Forget previous vote

s &	(a) For the avoidance of doubt, MSCG will not act as SK for billing purposes, scheduling purposes or otherwise, u Agreements.
	(b) SKRECC covenants to promptly apply for and dilig membership in PJM as a Market Participant, and agrees status as a Market Participant in good standing througho Period. SKRECC understands and agrees that, as betwe SKRECC, SKRECC shall be solely responsible for any by PJM to SKRECC as Market Participant and as owner represented by this Confirmation.
	(c) SKRECC agrees to promptly enter into and file with to have filed by EKPC) a Declaration of Authority specif principal and EKPC as its designated agent for purposes as SKRECC's billing and scheduling agent for all pur Transaction.

Clark SK 4/000116

From:	Mark Stallons
To:	Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin; Chris Brewer
Cc:	Jim Crawford; Rusty Williams; April Brown; Judy Osborne; Missy Moore; Mary Ellen Cole; Elaine.Johns@enervision-inc.com
Subject:	FW: Amendment 3 Notice
Date:	Friday, February 2, 2018 5:22:21 PM
Attachments:	2018 A3 Notice.pdf

All,

We finished our board meeting this afternoon at 2pm and my board passed a motion requesting that I provide notice to EKPC as soon as possible. Please see the attached notice that I emailed to Tony at 4:50pm this afternoon. Owen's notice is a blend of South Kentucky and Salt River's recent notices.

I then left a message on Tony's mobile and work phone explaining that Owen views this as a defensive strategy and desires to work with EKPC and our fellow Member Owners. Please call if you would like to discuss in more depth.

Thanks,

Mark

From: Mark Stallons
Sent: Friday, February 02, 2018 4:51 PM
To: tony.campbell@ekpc.coop
Cc: James M Crawford (jcrawford@cbkylaw.com) <jcrawford@cbkylaw.com>
Subject: Amendment 3 Notice

Tony,

Attached please find Owen Electric's notice of its election to reduce its purchases of electric power from EKPC and replace same with power furnished from an alternate source. We will follow with a written letter in the mail this coming Monday, February 5, 2018. Should you have any questions, please do not hesitate to call.

Sincerely,

Mark A. Stallons
President & CEO

Owen Electric Cooperative
8205 Hwy 127N; PO Box 400
Owenton, KY 40359

☎ **Direct Line**: 502-563-3500
☎**Mobile**: 502-514-1650
✉**Email:** mstallons@owenelectric.com

"One of your goals for the future is for you to identify and solve your own problems. But since you are new, come on up and we'll talk."
Source: The One Minute Manager, Page 30.

OWEN Electric

A Touchstone Energy Cooperative

February 2, 2018

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

Dear Mr. Campbell,

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

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

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

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

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

The maximum electrical capacity to be available from the Alternate Source, and the corresponding amount of reduction in demands to be served by EKPC as a result of the use of the Alternate Source, is to be calculated at the level equal to five percent (5%) of the rolling average of Owen Electric's coincident peak demand for the single calendar month with the highest average peak demand occurring during each of the three (3) twelve-month (12-month) periods immediately preceding this notice, less previously-noticed 2MW Bromley DG Unit upon calculation of the five percent (5%)

level as defined by the A3 Allotment spreadsheet by EKPC which includes the month of January 2018 in the calculation.

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

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

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

The Alternate Source will provide for delivery of the capacity designated above in every hour of the term of the Alternate Source.

(v) *a designation of whether the Alternate Sources will be:*

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

(b) interconnected or delivered to EKPC's or another entity's transmission system; or

(c) interconnected to the Owner Member's distribution system and will produce energy that exceeds the Owner Member's load at the Related EKPC Point of Delivery.

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

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

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

Sincerely,

Mark A. Stallons
President and CEO
Owen Electric Cooperative

From: Tim Sharp
To: bsexton@bigsandyrecc.com; Mike Williams (mikew@bgenergy.com); Chris Brewer; ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; jhazelrigg@fme.coop; carol.fraley@graysonrecc.com; jerry@intercountyenergy.net; carolwright@jacksonenergy.com; kkhoward@lvrecc.com; mmiller@nolinrecc.com; Mark Stallons; "Dennis Holt" (dholt@skrecc.com); debbiem@shelbyenergy.com; bmyers@tcrecc.com
Cc: tony.campbell@ekpc.coop
Subject: EKPC Amendment Three Notification
Date: Friday, February 2, 2018 2:31:09 PM

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

From:	Elaine Johns
To:	mstallons@owenelectric.com; Tim Sharp; Carol Wright; Mike Williams; Chris Brewer; debbiem@shelbyenergy.com; jhazelrigg@fme.coop
Cc:	Mary Ellen Cole; Barry Birkett
Subject:	SKRECC filing
Date:	Friday, February 2, 2018 10:26:13 AM

Posted on the PUC website: https://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2018-00050

Elaine Johns President/CEO
T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840
elaine.johns@enervision-inc.com | www.enervision-inc.com

EnerVision® 4170 Ashford Dunwoody Road | Suite 550 | Atlanta, GA 30319

Sent from my iPad

From: Joni Hazelrigg
To: Chris Brewer
Subject: Fwd: EKPC Amendment Three Notification
Date: Friday, February 2, 2018 10:19:24 AM

Sent from my iPhone

Begin forwarded message:

> **From:** Tim Sharp <tjsharp@srelectric.com>
> **Date:** February 2, 2018 at 8:11:38 AM EST
> **To:** "bsexton@bigsandyrecc.com" <bsexton@bigsandyrecc.com>, "Mike Williams (mikew@bgenergy.com)" <mikew@bgenergy.com>, "CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)" <cbrewer@clarkenergy.com>, "ted.hampton@cumberlandvalley.coop" <ted.hampton@cumberlandvalley.coop>, "bprather@farmersrecc.com" <bprather@farmersrecc.com>, "jhazelrigg@fme.coop" <jhazelrigg@fme.coop>, "carol.fraley@graysonrecc.com" <carol.fraley@graysonrecc.com>, "jerry@intercountyenergy.net" <jerry@intercountyenergy.net>, "carolwright@jacksonenergy.com" <carolwright@jacksonenergy.com>, "kkhoward@lvrecc.com" <kkhoward@lvrecc.com>, "mmiller@nolinrecc.com" <mmiller@nolinrecc.com>, Mark Stallons <mstallons@owenelectric.com>, "'Dennis Holt' (dholt@skrecc.com)" <dholt@skrecc.com>, "debbiem@shelbyenergy.com" <debbiem@shelbyenergy.com>, "bmyers@tcrecc.com" <bmyers@tcrecc.com>
> **Cc:** "tony.campbell@ekpc.coop" <tony.campbell@ekpc.coop>
> **Subject: EKPC Amendment Three Notification**
>
> As a courtesy, we want to make you aware that Salt River Electric has given East Kentucky Power notification yesterday of our intention to exercise our Amendment Three rights.
>
> Salt River Electric has given East Kentucky Power notice of our intent to acquire the remaining amount up to 5% of our rolling three year average peak from an alternate source. This alternate source is scheduled to begin on September 1, 2019.
>
> Per Tony Campbell's memo of 1/30/18, Salt River is more than willing to work toward a strategy is more beneficial to all of EKPC's members.
>
> Please feel free to contact me if you have any questions or concerns.
>
> Tim Sharp
> Salt River Electric

From:	Elaine Johns
To:	Chris Brewer; debbiem@shelbyenergy.com; jhazelrigg@fme.coop
Cc:	Mary Ellen Cole; Mark Stallons; Tim Sharp; Carol Wright; Mike Williams
Subject:	Next Steps
Date:	Friday, February 2, 2018 7:54:49 AM

(Sorry to miss you yesterday, Chris!)

The next steps:
We are communicating to the marketers today to start Round 2 pricing (sharpen the pencils), potential 70 MW and inquire/introduce a subscription process (in the event some may not execute). At that time, we will communicate your coop names and proceed with NDAs for you - this will probably entail all 7 of you to execute NDAs with each marketer to allow you to share information.

Round 2 pricing will be due Feb. 14.

Our admin staff will be working next week to even out all expenses to this project through January among the 7 of you. Please send me your executed EnerVision Professional Services Agreement if you haven't already.

Please send me your contact information (like your cell) as things can move quickly this month.

Hoping the Groundhog has a great day! Please let us know if you have any questions.
Elaine

Elaine Johns President/CEO
T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840
elaine.johns@enervision-inc.com | www.enervision-inc.com

EnerVision® 4170 Ashford Dunwoody Road | Suite 550 | Atlanta, GA 30319

Sent from my iPad

From:	Joni Hazelrigg
To:	Mark Stallons; Debbie Martin; Chris Brewer
Cc:	Missy Moore; Mary Ellen Cole; Elaine.Johns@enervision-inc.com; Jim Crawford
Subject:	RE: Power Supply RFP Process
Date:	Thursday, February 1, 2018 2:57:53 PM
Attachments:	Resolution.pdf

To All,

Attached is Fleming-Mason's executed Board Resolution. We truly appreciate the opportunity to join in this group effort.

Be safe,

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

Fleming-Mason Energy
A Touchstone Energy Cooperative

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 11:25 AM
To: Debbie Martin <debbiem@shelbyenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>
Cc: Missy Moore <mmoore@owenelectric.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>; Elaine.Johns@enervision-inc.com; Jim Crawford <JCrawford@cbkylaw.com>
Subject: Power Supply RFP Process

Debbie & Joni,

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 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.

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

FLEMING-MASON ENERGY COOPERATIVE, INC.

RESOLUTION

APPROVAL OF POWER SUPPLY REQUEST FOR PROPOSALS

FEBRUARY 1, 2018

WHEREAS, East Kentucky Power Cooperative ("EKPC") has implemented Amendment 3 and the corresponding Memorandum of Understanding ("MOU") to allow the EKPC members flexibility in pursuing wholesale power supply options; and

WHEREAS, South Kentucky RECC ("SKRECC") has already noticed EKPC of their intent to implement its 15% flexibility allotment as defined by Amendment 3 and the MOU which results in $1,200,000 in cost shifting to Fleming-Mason Energy Cooperative, Inc.;

WHEREAS, Owen Electric Cooperative, Salt River Electric, Jackson Energy Cooperative and Blue Grass Energy have an informal alliance ("the Kentucky Group") and issued a Request for Proposals ("RFP") for power supply following Amendment 3 and the MOU; and further, have invited Fleming-Mason Energy Cooperative, Inc. ("FME") to participate in their existing RFP that could possibly dilute SKRECC cost shifting; and

WHEREAS, with SKRECC's notice, the remaining EKPC members are only allowed 5% flexibility allotment as defined by Amendment 3 and the MOU until EKPC's total allotment pool is taken (at which time, no other allotments will be allowed); and

WHEREAS, the President/CEO has recommended to the Board of Directors of FME that in order for FME to receive any flexibility allotment, FME be allowed to participate with the Kentucky Group, contract with the Kentucky Group's consultant (EnerVision), and share in the transactional costs of the RFP and subsequent contractual negotiations, if any; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Fleming-Mason Energy Cooperative, Inc. to participate with the Kentucky Group.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes and approves this recommendation by staff to participate with the Kentucky Group in its power supply RFP.

RESOLVED FURTHER that the President/CEO of Fleming-Mason Energy Cooperative, Inc. is hereby authorized, empowered and directed for and on behalf of FME to negotiate any resulting agreements as she determines is in the best interest of FME.

CERTIFICATE

I, Dina Gooding, Secretary/Treasurer of Fleming-Mason Energy Cooperative, Inc., do hereby certify that the above is a true and correct copy of a certain resolution of the Board of Directors of Fleming-Mason Energy Cooperative, Inc., duly adopted at a regular meeting of said Board after due and proper notice held on the 1st day of February, 2018.

This 1st day of February, 2018.

Dina Gooding

Dina Gooding, Secretary/Treasurer

From: Elaine Johns
To: mstallons@owenelectric.com; Tim Sharp; Carol Wright; mikew@bgenergy.com; Debbie Martin; Joni Hazelrigg; Chris Brewer
Cc: Mary Ellen Cole
Subject: EnerVision Fees for Kentucky Group
Date: Tuesday, January 30, 2018 5:00:39 PM

A local attorney has requested confirmation of the sharing of EnerVision fees for the Amendment 3 RFP.

The purpose of this email is to confirm the intention of the above group to share evenly in EnerVision fees and expenses. Once the group has been finalized (NDAs executed), EnerVision will begin billing each participating cooperative its even share of our fees and expenses. Any prior fees and expenses will involve a process, not yet defined, to keep the initial participants whole.

Thanks,
Elaine

Elaine Johns **President/CEO**
T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840
elaine.johns@enervision-inc.com | www.enervision-inc.com

ENERVISION® 4170 Ashford Dunwoody Road | Suite 550 | Atlanta, GA 30319

Look for us in Booth #1518 at the NRECA Tech-Advantage Conference & Expo in Nashville, TN Feb. 26th-28th, 2018!

From:	Chris Brewer
To:	Mark Stallons
Cc:	Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject:	RE: Amendment 3 RFP Process
Date:	Tuesday, January 30, 2018 4:13:00 PM

Just to let every one know I have emailed Elaine Johns an executed board resolution authorizing Clark's participation in the RFP process. 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

From: Terri Combs

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; 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

Date: Tuesday, January 30, 2018 2:27:44 PM

Attachments: image002.png
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

EAST KENTUCKY POWER COOPERATIVE
A Touchstone Energy Cooperative

EKPC SAFETY IS R.I.G.H.T.

unauthorized persons. If you have received this electronic mail transmission in error, 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.

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.

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

20052924.7

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. <u>Development and Use of Alternate Sources</u>

(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. <u>Other Matters</u>.

(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

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: Delno Tolliver

ITS: CHAIRMAN OF THE BOARD

Sam Penn
ATTEST, SECRETARY

Big Sandy Rural Electric
Cooperative Corporation

BY: John E. Shepherd

ITS: Chairman of the Board

Jack Harris Jr.
ATTEST, SECRETARY

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

From:	Joni Hazelrigg
To:	Chris Brewer
Subject:	Re: Amendment 3 RFP Process
Date:	Tuesday, January 30, 2018 11:16:55 AM

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

From: Mark Stallons
To: Chris Brewer
Subject: Re: Amendment 3 RFP Process
Date: Tuesday, January 30, 2018 11:05:44 AM

Chris,

If you have any questions do not hesitate to call.

Mark

Mark Stallons
Sent from my iPhone

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

> ***** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email! *****
> Mark,
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>
> 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
>
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Carol Wright, Jackson Energy President & CEO
Mark Stallons, Owen Electric President & CEO
Tim Sharp, Salt River Electric President & CEO

From:	Chris Brewer
To:	Mark Stallons
Cc:	Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject:	RE: Amendment 3 RFP Process
Date:	Tuesday, January 30, 2018 10:20:00 AM

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

From: Mark Stallons
To: Chris Brewer
Cc: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject: Amendment 3 RFP Process
Date: Tuesday, January 30, 2018 10:00:51 AM

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.

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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

From:	Terri Combs
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; Debbie Martin -- Shelby; Dennis Holt; Elbert Hampton; Jerry Carter; Jim Jacobus -- Inter-County; 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; Mike McNalley; Don Mosier; David Smart
Subject:	From Tony Campbell re: Amendment 3 Memo
Date:	Friday, December 29, 2017 3:32:28 PM
Attachments:	image002.png A3 Load Loss Mitigation Discussion Final.docx

Sending on behalf of Tony Campbell

All:

Since South Kentucky gave us notice to exercise their rights under the MOU, we have had a number of CEO's contact us. Many have asked questions about the financial impacts to the remaining Owner Members. Mike McNalley and his team have been working on the potential cost implications of losing this 58 MW baseload block of power. Please remember this was done somewhat quickly, and we will continue to refine the data. In addition, please note that we will do everything possible to totally mitigate this loss of load, and will protect our Owner Members should it return at an inopportune time.

Regards,

Anthony "Tony" Campbell
President and CEO
Phone: 859-745-9313
Fax: 859-744-7053

EAST KENTUCKY POWER COOPERATIVE
A Touchstone Energy Cooperative

EKPC SAFETY IS R.I.G.H.T.

East Kentucky Power Cooperative

Mitigation of Amendment 3 Load Loss

December 27, 2017

For this analysis I am using the SK Amendment 3 notice and their actual billings for the 12 months ending November 2017. The notice was for 58MW of load to be removed from the EKPC system, at an effective load factor of 100%.

South Kentucky Billing

EKPC billing differential to SK for the 12 months would have been a reduction of 508,000 MWh and $30.4 million over the 12 months. This includes a reduction of $28.5 million from Base Rates, an increase of $2.5 million from the FAC, and a reduction of $4.4 million in the ES. The base rate and FAC impacts should be taken together, for a net billing reduction of $26.0 million.

For SK, we calculate a reduced load factor on the EKPC system because they are removing 100% load factor MWs. SK's load factor in the 12 months of 2017 would have dropped from the actual 56.3% to only 43.5%; this would have resulted in an increased cost per MWh billed by EKPC of $6.07/MWh (from $68.95/MWh to $75.02/MWh). Because we do not have their new contract details it is impossible for us to calculate the net impact of their new contract on SK members.

Cost Shift and Mitigation

The load loss as a result of an Amendment 3 election will shift costs. EKPC will act promptly to mitigate that cost shift.

The cost shift consists of the fixed costs EKPC would no longer recover in base rates from SK, and the ES which would be "automatically" reallocated based on revenue to all members (including SK).

We estimate that the ES amount that would remain with SK is about $0.3 million, so approximately $4.1million would be reallocated to the other 15 owner-members.

EKPC's system is approximately half fixed cost and half variable cost (fuel, purchased power, etc). So of the base revenue loss ($26.0 million), about $13 million would be fixed and need to be recovered.

Thus, the total cost shift, without any mitigation, is approximately $17.1 million to the 15 owner members for the 12 month period ending November 2017.

Amendment3 (and SK) provides for a long notice period, which is necessary for EKPC to achieve the best mitigation of the load loss for its owner-members. This is important because it gives EKPC the time to develop and execute numerous options. Without the time to act, EKPC would have only two options: sales of the energy into PJM in the day-ahead and real-time market, and a base rate increase. For 2017, the energy market would have provided approximately $5/MWh of margin, or $2.3 million, leaving an unmitigated balance of $14.8 million. Given EKPC's low margins this year, this might be large enough to tip us into a base rate increase, especially if we had no further mitigation options.

However, with time, more options unfold. These include participating in the PJM Intermediate Capacity Auctions (IA), the PJM Base (May) Capacity Auction (BRA), natural load growth, economic development, and special contracted loads. In the IA we might expect from $800k to $1.6 million of revenue in the first year, growing as the market firms and better prices are realized (three years out) in the BRA.

Load growth in our budget for 2018, which includes a bounce back to weather-normal as well as some real load growth, is projected at 1,388 MW and 974,217 MWh. If this is achieved, it is sufficient to absorb the loss of the SK load, although our EKPC results would be lower than projected (because we have their entire load in our budget). Because the notice period extends beyond the 2018 budget year, it is reasonable to conclude that EKPC can grow load sufficiently to offset the SK loss by the time their load actually leaves. Any load growth on SK's system also will directly benefit the EKPC system and all owner-members because their notice is for a fixed block of power which cannot grow – thus all load growth must be served under the wholesale power agreement.

A significant new load developed through economic development efforts could further mitigate the SK load loss. However to be valuable in this context that new load should be at tariffed rates and not heavily discounted so that it makes a full contribution to the fixed costs. A load such as the expansion of Gallatin, which is interruptible and does not contribute substantially to fixed costs, will not provide a material benefit in this context (it is obviously valuable in other ways).

Special load contracts (bi-lateral agreements) could possibly be negotiated. However the MW size (58) is odd, and it is likely we would have difficulty finding a good match at the size needed.

Finally, the SK notice is for a 20 year contract. We will mitigate the load loss for that period, and this strictly means that we will not have those resources immediately available to serve SK should they desire to return early – again a key reason for the long notice periods in Amendment 3.

Additional Load Loss (more Amendment 3 Notices)

Under Amendment 3, after SK's election, there are approximately 69.2 MW of potential load to be noticed across all owner-members. If some or all of these MWs are noticed soon, EKPC will follow similar mitigation plans. However, our "natural" load growth scenario will be insufficient to absorb all of the load loss by the time the notices are effective, so there likely would be some margin depression for a year or so. Other mitigation efforts might make up some of the shortfall, but we should expect some cost shifting in base rates, at least for a year or two.

All figures are estimates and we are continuing to refine these analyses.

From: Dennis Holt
To: Bobby Sexton; mikew@bgenergy.com; Chris Brewer; ted.hampton@cumberlandvalley.coop; bprather@farmersrecc.com; jhazelrigg@fme.coop; Carol Fraley (carol.fraley@graysonrecc.com); Jim Jacobus; Carol Wright; "Kerry Howard"; Mickey Miller (mmiller@nolinrecc.com); Mark Stallons (mstallons@owenelectric.com); sharp@srelectric.com; Debbie Martin; Barry Myers (tcrecc.com)
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Crews
Subject: EKPC Amendment Three Notification
Date: Wednesday, November 29, 2017 8:35:22 AM

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:	Mike McNalley
To:	Bill Prather (bprather@farmersrecc.net); Bill Shearer; Chris Brewer; Mike Williams (mikew@bgenergy.com); Mark Stallons (mstallons@owenelectric.com); Tim Sharp (tjsharp@srelectric.com); Joe Spalding (spaldingfarm@windstream.net); Landis Cornett
Cc:	Tony Campbell; Don Mosier; David Smart; David Crews
Subject:	Analyses of SK Scenarios
Date:	Thursday, February 22, 2018 1:41:48 PM
Attachments:	A3 Summary Analyses Draft.xlsx

Special Committee Members:

Please treat this email and attachment as **confidential**.

Attached is a summary of the preliminary analyses Isaac and I prepared on SK's Amendment 3 election. This summarizes several large, complex analyses in several spreadsheets – it is not the output of a dynamic model where we can modify selected inputs to generate different scenarios. This is because of the complexity of our billing mechanisms and cost structures.

There are three scenarios summarized on the first tab, and each is detailed a bit on the subsequent tabs.

The Base Case Scenario is South Kentucky takes 58MW (We have been calling this 15% but it is actually a bit shy of that). This sets the impacts on FAC, ES and Base Rates after a rate case, using current ratemaking (before we do a cost of service study and try to reallocate some of this)

Case 1 is South Kentucky takes 10% which is 41.2 MW and the remaining 16.8 MW are spread to the other 15 owner-members using their share of the A3 allotments proportionately.

Case 2 is South Kentucky takes 5% which is 20.6 MW and the remaining 37.4 MW are spread to the other 15 owner-members using their share of the A3 allotments proportionately.

For Cases 2 and 3 I had to assume a cost of the Morgan Stanley purchase. I assumed $40/MWh for energy plus $5/MWh for capacity (68 MW * $100/MW-Day *365), for a total of $45/MWh. Our average cost of energy (BROC report) is $25/MWh so the net cost of the Morgan Stanley deal is assumed to be $20/MWh. There are several other assumptions that were necessary to prepare these analyses, which are subject to correction, so it must be viewed as probably directionally correct but not precise. Some of the key assumptions are noted on the first tab (page) of the attachment, but there are several others embedded in the thinking.

Note that I have made no effort to estimate what SK is saving in their "deal"; the attached is from the EKPC perspective only. There are several other scenarios we can create, but they are increasingly difficult to model or require assumptions which are much more likely to lead to incorrect conclusions.

Feel free to call to discuss this.

Best,

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

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses
CONFIDENTIAL WORKING DRAFT

Summary of Cases: Total Unmitigated Impact on Owner-Member Billing

Member	Base Case	Case 1: SK 10%, Spread	Case 2: SK 5% Spread
Big Sandy	$547,480	$463,300	$368,443
Blue Grass	$2,717,694	$2,300,466	$1,832,718
Clark	$1,080,330	$900,583	$696,829
Cumberland Valley	$1,096,898	$912,774	$704,033
Farmers	$1,121,296	$895,388	$636,642
Fleming-Mason	$1,668,807	$1,481,056	$1,274,535
Grayson	$562,259	$469,935	$365,633
Inter-County	$1,033,482	$888,303	$726,589
Jackson	$2,047,297	$1,678,639	$1,258,728
Licking Valley	$620,564	$514,221	$393,456
Nolin	$1,573,025	$1,329,463	$1,056,202
Owen	$2,840,200	$2,357,485	$1,821,391
Salt River	$2,660,762	$2,129,054	$1,519,617
Shelby	$873,845	$729,746	$567,811
Taylor County	$1,370,679	$1,194,770	$996,344
Totals	$21,814,618	$18,245,182	$14,218,973
South Kentucky:			
Initial Bill Reduction	$30,422,032	$21,610,131	$10,805,069
Share of Base Rates, FAC, and Surcharge	$1,495,520	$1,268,457	$764,887
Net Effect on SK	$29,242,756	$20,609,904	$10,227,260
Net Savings All Owner Members	$7,428,138	$2,364,722	($3,991,713)

Key assumptions:

1. Unmitigated loss of load and demand
2. Uses Rate E for SK revenue calculations for simplification.
3. Based on monthly actual billing, etc., for 12/2016-11/2017
4. Very preliminary analyses subject to substantial revision

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Base Case: SK 58 MW impact, after base rate case; no other new elections effective

Member	Increase in Base Rates to Members			Change in FAC	Change in Environ. Surch.	Total
	Demand	Energy	Total			
Big Sandy	$102,397	$303,254	$405,651	$46,082	$95,747	$547,480
Blue Grass	$503,216	$1,452,593	$1,955,809	$280,831	$481,054	$2,717,694
Clark	$203,808	$604,168	$807,976	$89,274	$183,080	$1,080,330
Cumberland Valley	$200,194	$620,009	$820,203	$91,450	$185,245	$1,096,898
Farmers	$202,271	$632,462	$834,733	$102,369	$184,194	$1,121,296
Fleming-Mason	$197,139	$611,671	$808,810	$224,498	$635,499	$1,668,807
Grayson	$102,063	$310,829	$412,892	$52,700	$96,667	$562,259
Inter-County	$199,862	$558,331	$758,193	$96,872	$178,417	$1,033,482
Jackson	$386,077	$1,129,652	$1,515,729	$181,868	$349,700	$2,047,297
Licking Valley	$113,283	$350,637	$463,920	$51,735	$104,909	$620,564
Nolin	$292,006	$846,640	$1,138,646	$160,769	$273,610	$1,573,025
Owen	$457,379	$1,471,008	$1,928,387	$487,471	$424,342	$2,840,200
Salt River	$476,948	$1,478,472	$1,955,420	$249,030	$456,312	$2,660,762
Shelby	$149,360	$461,854	$611,214	$106,192	$156,439	$873,845
Taylor County	$207,758	$623,166	$830,924	$97,621	$442,134	$1,370,679
Totals	$3,793,761	$11,454,746	$15,248,507	$2,318,762	$4,247,349	$21,814,618
South Kentucky:						
Initial Bill Reduction	$4,189,920	$24,337,536	$28,527,456	($2,482,633)	$4,377,209	$30,422,032
Share of Base Rates, FAC, and Surcharge	$396,167	$810,830	$1,206,997	$158,122	$130,401	$1,495,520
Net Effect on SK	$3,793,753	$23,526,706	$27,320,459	($2,324,511)	$4,246,808	$29,242,756

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder
Big Sandy	11.1	3.7		1.6
Blue Grass	55.9	18.6		8.1
Clark	20.4	6.8		3.0
Cumberland Valley	20.5	6.8		3.0
Farmers	19.6	6.5	6.5	0.0
Fleming Mason	28.3	9.4	1.4	3.5
Grayson	10.8	3.6		1.6
Inter-County	23.2	7.7	7.7	0.0
Jackson	42.7	14.2	14.1	0.1
Licking Valley	11.3	3.8	0.3	1.5
Nolin	32.3	10.8		4.7
Owen	64.0	21.3	21.3	0.0
Salt River	44.2	14.7	14.7	0.0
Shelby	16.8	5.6		2.4
South Kentucky	61.9	20.6	58.0	1.7
Taylor	22.8	7.6		3.3
Systems' total		161.9		
EKPC Limit		158.5	124.0	34.5

As of February 12, 2018

See Key Assumptions on Page 1

Case

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Case 1: SK 10% (41.2MW), deal spread to others

Member	Increase in Base Rates to Members Demand	Energy	Total	Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh $ 175,200	Total
Big Sandy	$72,023	$211,707	$283,730	$32,513	$65,396	$381,639	$81,661	$463,300
Blue Grass	$353,941	$1,013,981	$1,367,922	$198,073	$324,072	$1,890,067	$410,399	$2,300,466
Clark	$143,352	$421,750	$565,102	$62,957	$122,922	$750,981	$149,602	$900,583
Cumberland Valley	$140,806	$432,781	$573,587	$64,512	$124,409	$762,508	$150,266	$912,774
Farmers	$142,264	$441,444	$583,708	$70,610	$119,617	$773,935	$121,453	$895,388
Fleming-Mason	$138,649	$426,953	$565,602	$158,439	$549,077	$1,273,118	$207,938	$1,481,056
Grayson	$71,779	$216,966	$288,745	$37,180	$64,687	$390,612	$79,323	$469,935
Inter-County	$140,588	$389,766	$530,354	$68,300	$119,334	$717,988	$170,315	$888,303
Jackson	$271,556	$788,549	$1,060,105	$128,266	$234,333	$1,422,704	$255,935	$1,678,639
Licking Valley	$79,673	$244,760	$324,433	$36,497	$70,456	$431,386	$82,835	$514,221
Nolin	$205,395	$590,994	$796,389	$113,368	$182,826	$1,092,583	$236,880	$1,329,463
Owen	$321,643	$1,026,741	$1,348,384	$343,963	$239,568	$1,931,915	$425,570	$2,357,485
Salt River	$335,432	$1,031,930	$1,367,362	$175,588	$305,590	$1,848,540	$280,514	$2,129,054
Shelby	$105,045	$322,386	$427,431	$74,918	$104,136	$606,485	$123,261	$729,746
Taylor County	$146,129	$435,001	$581,130	$68,726	$377,505	$1,027,361	$167,409	$1,194,770
Totals	$2,668,275	$7,995,709	$10,663,984	$1,633,910	$3,003,928	$15,301,822	$2,943,360	$18,245,182
South Kentucky:								
Initial Bill Reduction	$2,976,288	$17,288,043	$20,264,331	($1,763,526)	$3,109,326	$21,610,131		
Share of Base Rates, FAC, and Surcharge	$308,026	$717,080	$1,025,106	$134,115	$109,236	$1,268,457		
Net Effect on SK	$2,668,262	$16,570,963	$19,239,225	($1,629,411)	$3,000,090	$20,609,904		

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.0	0.47
Blue Grass	55.9	18.6		15.3	2.34
Clark	20.4	6.8		5.6	0.85
Cumberland Valley	20.5	6.8		5.6	0.86
Farmers	19.6	6.5	1.0	4.5	0.69
Fleming Mason	28.3	9.4		7.7	1.19
Grayson	10.8	3.6		3.0	0.45
Inter-County	23.2	7.7		6.3	0.97
Jackson	42.7	14.2	2.6	9.5	1.46
Licking Valley	11.3	3.8		3.1	0.47
Nolin	32.3	10.8		8.8	1.35
Owen	64.0	21.3	2.0	15.9	2.43
Salt River	44.2	14.7	2.0	10.5	1.60
Shelby	16.8	5.6		4.6	0.70
South Kentucky	61.9	20.6	41.2	0.0	0.00
Taylor	22.8	7.6		6.2	0.96
Systems' total		161.9			
EKPC Limit		158.5	48.8	109.7	16.80

As of February 12, 2018

See Key Assumptions on Page 1

East Kentucky Power Cooperative, Inc.
Ammendment 3 Summary of Preliminary Analyses

CONFIDENTIAL WORKING DRAFT

Case 1: SK 5% (20.6MW) MW impact, after base rate case, all others get balance of MS deal

Member	Increase in Base Rates to Members: Demand	Increase in Base Rates to Members: Energy	Increase in Base Rates to Members: Total	Change in FAC	Change in Environ. Surch.	Total	Deal Impact/MWh $ 175,200	Total
Big Sandy	$35,584	$103,649	$139,233	$18,740	$28,741	$186,714	$181,729	$368,443
Blue Grass	$174,863	$496,471	$671,334	$114,044	$134,029	$919,407	$913,311	$1,832,718
Clark	$70,818	$206,489	$277,307	$36,288	$50,306	$363,901	$332,928	$696,829
Cumberland Valley	$69,560	$211,876	$281,436	$37,173	$51,018	$369,627	$334,406	$704,033
Farmers	$70,279	$216,128	$286,407	$38,337	$41,615	$366,359	$270,283	$636,642
Fleming-Mason	$68,491	$209,032	$277,523	$91,076	$443,186	$811,785	$462,750	$1,274,535
Grayson	$35,464	$106,220	$141,684	$21,399	$26,022	$189,105	$176,528	$365,633
Inter-County	$69,461	$190,851	$260,312	$39,391	$47,864	$347,567	$379,022	$726,589
Jackson	$134,167	$386,101	$520,268	$73,950	$94,946	$689,164	$569,564	$1,258,728
Licking Valley	$39,360	$119,837	$159,197	$21,033	$28,884	$209,114	$184,342	$393,456
Nolin	$101,479	$289,340	$390,819	$65,247	$72,977	$529,043	$527,159	$1,056,202
Owen	$158,871	$502,658	$661,529	$197,564	$15,225	$874,318	$947,073	$1,821,391
Salt River	$165,705	$505,183	$670,888	$100,905	$123,562	$895,355	$624,262	$1,519,617
Shelby	$51,892	$157,845	$209,737	$43,094	$40,671	$293,502	$274,309	$567,811
Taylor County	$72,196	$212,974	$285,170	$39,418	$299,201	$623,789	$372,555	$996,344
Totals	$1,318,190	$3,914,654	$5,232,844	$937,659	$1,498,247	$7,668,750	$6,550,223	$14,218,973

South Kentucky:	Demand	Energy	Total	Change in FAC	Change in Environ. Surch.	Total
Initial Bill Reduction	$1,488,144	$8,644,023	$10,132,167	($881,761)	$1,554,663	$10,805,069
Share of Base Rates, FAC, and Surcharge	$169,962	$441,726	$611,688	$93,539	$59,660	$764,887
Net Effect on SK	$1,318,182	$8,202,297	$9,520,479	($788,222)	$1,495,003	$10,227,260

A3 Allocations and Elections

Owner-Member Cooperative	Member 15% Limit	5% Limit	Elected	Proportionate Remainder	Deal Spread
Big Sandy	11.1	3.7		3.6	1.04
Blue Grass	55.9	18.6		18.2	5.21
Clark	20.4	6.8		6.6	1.90
Cumberland Valley	20.5	6.8		6.6	1.91
Farmers	19.6	6.5	1	5.4	1.54
Fleming Mason	28.3	9.4		9.2	2.64
Grayson	10.8	3.6		3.5	1.01
Inter-County	23.2	7.7		7.5	2.16
Jackson	42.7	14.2	2.6	11.3	3.25
Licking Valley	11.3	3.8		3.7	1.05
Nolin	32.3	10.8		10.5	3.01
Owen	64.0	21.3	2	18.8	5.41
Salt River	44.2	14.7	2	12.4	3.56
Shelby	16.8	5.6		5.5	1.57
South Kentucky	61.9	20.6	20.6	0.0	0.00
Taylor	22.8	7.6		7.4	2.13
Systems' total		161.9			
EKPC Limit		158.5	48.8	130.3	37.39

As of February 12, 2018

See Key Assumptions on Page 1