

From: Elaine Johns
To: mstallons@owenelectric.com; Tim Sharp; Carol Wright; Mike Williams
Cc: Mary Ellen Cole
Subject: FW: Sample Board Resolution and EnerVision Services Agreement
Date: Monday, January 29, 2018 5:42:05 PM
Attachments: [Sample_resolution.docx](#)

FYI – I have spoken with both Joni and Debbie today and we are getting them prepared for their board meetings (Debbie is shooting for a special board meeting 1/31 and Joni's is 2/1).

They both requested a sample resolution (see attached). We are also preparing a slide deck for their board meetings which I will copy you in the distribution. We plan to send that out tomorrow (night, probably).

Please let me know if you have any questions! Thanks,
Elaine

From: Elaine Johns
Sent: Monday, January 29, 2018 5:36 PM
To: Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>
Cc: Mary_Ellen.Cole@enervision-inc.com
Subject: Sample Board Resolution and EnerVision Services Agreement

Joni and Debbie – for your board meetings this week, attached is a sample board resolution that allows you to participate in the Kentucky Group RFP and negotiate any agreements on behalf of the Cooperative.

Also attached is our Professional Services Agreement, one for Shelby and one for Fleming Mason.

Please let me know if you have any questions. We will be sending tomorrow the slide deck for your board meetings. The best way to reach me tomorrow is via cell below – I've also attached my v-card.

Look forward to working with you! 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

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

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From: Mark Stallons
To: Elaine Johns; Tim Sharp; Carol Wright; Mike Williams
Cc: Mary Ellen Cole
Subject: RE: RFP Process
Date: Monday, January 29, 2018 11:20:20 AM

All,

Elaine, I will make the phone number change. I just finished talking to Debbie, she is committed and her board is ready to go. I will be surprised if they do not meet the timeline in the email. I am forwarding it to her and will copy all of you.

Mark

From: Elaine Johns [mailto:Elaine.Johns@enervision-inc.com]
Sent: Monday, January 29, 2018 10:52 AM
To: Mark Stallons <mstallons@owenelectric.com>; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenergy.com
Cc: Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>
Subject: RE: RFP Process

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

Mark, could you please give them my cell 678-910-1122 and email, too? Those would be faster ways to reach me – I'm in a meeting tomorrow and can duck out pretty easily.

Thanks,
Elaine

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 10:42 AM
To: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenergy.com
Cc: Elaine Johns <Elaine.Johns@enervision-inc.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>
Subject: RFP Process

Tim, Carol, Mike;

I just finished talking with Elaine. We revised the email as shown below. I will call Joni and Debbie this morning inviting them to join the group and will send this email out this afternoon. If you want to talk let me know.

Thanks,

Mark

Fellow CEO's,

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 678.510.2910.

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

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From: [Elaine Johns](#)
To: [Mark Stallons](#); [Tim Sharp](#); [Carol Wright](#); [Mike Williams](#)
Cc: [Mary Ellen Cole](#)
Subject: RE: RFP Process
Date: Monday, January 29, 2018 10:52:10 AM

Mark, could you please give them my cell 678-910-1122 and email, too? Those would be faster ways to reach me – I'm in a meeting tomorrow and can duck out pretty easily.

Thanks,
Elaine

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 10:42 AM
To: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenenergy.com
Cc: Elaine Johns <Elaine.Johns@enervision-inc.com>; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>
Subject: RFP Process

Tim, Carol, Mike;

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From: Tim Sharp
To: Mark Stallons; Carol Wright; Mike Williams
Cc: Elaine.Johns@enervision-inc.com; Mary Ellen Cole
Subject: RE: RFP Process
Date: Monday, January 29, 2018 10:51:15 AM

I'm good with it.

Tim

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 10:42 AM
To: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenergy.com
Cc: Elaine.Johns@enervision-inc.com; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>
Subject: RFP Process

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Tim, Carol, Mike;

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Mark Stallons, Owen Electric President & CEO
Tim Sharp, Salt River Electric President & CEO

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From: Carol Wright
To: Mark Stallons; Tim Sharp; Mike Williams
Cc: Elaine.Johns@enervision-inc.com; Mary Ellen Cole
Subject: RE: RFP Process
Date: Monday, January 29, 2018 10:47:03 AM

Looks fair to me. Thanks.

Carol Wright
President & CEO
606-364-9213



From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, January 29, 2018 10:42 AM
To: Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; mikew@bgenergy.com
Cc: Elaine.Johns@enervision-inc.com; Mary Ellen Cole <Mary_Ellen.Cole@enervision-inc.com>
Subject: 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

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From: [Mark Stallons](#)
To: [Tim Sharp](#); [Carol Wright](#); [Mike Williams](#)
Cc: Elaine.Johns@enervision-inc.com; [Mary Ellen Cole](#)
Subject: RFP Process
Date: Monday, January 29, 2018 10:41:45 AM

Tim, Carol, Mike;

I just finished talking with Elaine. We revised the email as shown below. I will call Joni and Debbie this morning inviting them to join the group and will send this email out this afternoon. If you want to talk let me know.

Thanks,

Mark

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Carol Wright, Jackson Energy President & CEO
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are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

From: Elaine Johns
To: Mark Stallons
Cc: Tim Sharp; Carol Wright; Mike Williams
Subject: Re: RFP letter to fellow EKPC Member CEO's
Date: Monday, January 29, 2018 9:49:12 AM

Not sure if this works - because there is a limited number of MWs left!

Sent from my iPhone

On Jan 29, 2018, at 8:45 AM, Mark Stallons <mstallons@owenelectric.com> wrote:

Fellow CEO's,

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 by the end of the February. If you would like to join the group, please reply to this notice and we will be glad to include you into the RFP process.

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Timeline:
??????

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

Mark A. Stallons
President & CEO

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

 **Direct Line:** 502-563-3500
 **Mobile:** 502-514-1650

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

<image001.jpg>

***"One of your goals for the future is for you to identify and solve your own problems.
But since you are new, come on up and we'll talk."***

Source: The One Minute Manager, Page 30.

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From: Mark Stallons
To: Tim Sharp; Carol Wright; Mike Williams
Cc: Elaine.Johns@enervision-inc.com
Subject: RFP letter to fellow EKPC Member CEO's
Date: Monday, January 29, 2018 8:45:54 AM

Fellow CEO's,

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 by the end of the February. If you would like to join the group, please reply to this notice and we will be glad to include you into the RFP process.

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Timeline:
??????

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

Mark A. Stallons
President & CEO

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

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



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

Source: The One Minute Manager, Page 30.

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From: Elaine Johns
To: Mark Stallons; Tim Sharp; Carol Wright; Mike Williams
Cc: Mary Ellen Cole
Subject: EnerVision Housekeeping for KY Group
Date: Thursday, January 4, 2018 8:47:25 PM

Hi, all - I spoke to Mark today our several items that came up over the holidays:
. We are tracking our costs via 2 buckets: one for the RFP and the other for Amendment 3 and MOU process and transacting in PJM. Mark indicated that he and Mike have agreed to the following approach: The RFP Bucket will be split evenly among Owen, Salt River and Jackson. When/If Blue Grass participates, we will take the total and have Blue Grass true you up. The other Bucket will be split evenly among the 4 coops. Tim and Carol, do you concur?
. This week's weather is being labeled as the 2nd Polar Vortex. If that is true, we expect EKPC will be peaking this week, thus, per my earlier email, if you all provide notice on Feb. 1, you will probably have an increased allocation that you can take to the market. Please refer to that email as I would like to have EKPC's concurrence to our conclusion.
. Mary Ellen Cole (from EnerVision) is facilitating the RFP with the marketers. Today she sent over NDAs from 3 marketers that need to be executed by Owen, Salt River and Jackson. We need to have your John Hancocks before the marketers submit their bids on Jan. 19.

Please let me know if you have any questions! 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

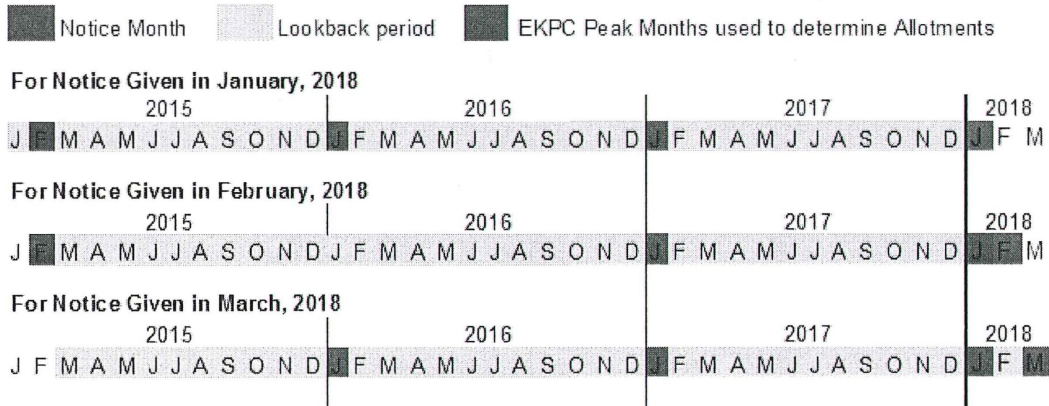
EnerVision® 4170 Ashford Dunwoody Road | Suite 550 | Atlanta, GA 30319

Sent from my iPad

From: Elaine Johns
To: mstallons@owenelectric.com; tjsharp@srelectric.com; Carol Wright; Mike Williams
Cc: Barry Birkett
Subject: RE: A3 Allocation Change Due to This Week's Weather
Date: Tuesday, January 2, 2018 3:34:55 PM
Attachments: image001.png

Here's a visual that may help to explain how the MOU calculations work.

- . The first line shows the 3 rolling 12-month CPs, if you give notice in January.
- . The second line, if you notice in February. Notice that Jan 2018 comes into play if you wait to notice in Feb. That's what I'd like to verify with EKPC – assuming that Jan. 2018 will set an EKPC peak.
- . And the third line, if March. Notice you lose the polar vortex (Jan. 2015) if you wait until March to provide notice.



From: Elaine Johns
Sent: Tuesday, January 2, 2018 9:07 AM
To: mstallons@owenelectric.com; 'tjsharp@srelectric.com' <tjsharp@srelectric.com>; 'Carol Wright' <carolwright@jacksonenergy.com>; 'Mike Williams' <mikew@bgenergy.com>
Subject: A3 Allocation Change Due to This Week's Weather
Importance: High

From looking at EKPC zone this morning, we are watching to see if this week will knock off the January 2016 from the A3 Allocation if you notice February 1. We should verify our interpretation of the MOU with EKPC – to get January 2018 (which is higher than January 2016) in the A3 Allocation, your notice needs to be submitted on Feb. 1 instead of Jan 31.

Thanks,
Elaine

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From: Elaine Johns
To: Mike Williams; mstallons@owenelectric.com; tsharp@srelectric.com; Carol Wright
Subject: Contract Provisions
Date: Tuesday, January 2, 2018 10:39:07 AM
Attachments: KY Cooperatives Contract Protections Slides 01 02 2018.pptx

Happy New Year !! I hope you all had a great holiday! (maybe you're still on it...lucky you!) Per Mike's request, attached is a short slide deck that explains contract protections, provisions for credit, early terminations and PJM historical market prices.

Please let me know if you'd like to discuss or have any questions. 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

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From: Elaine Johns
To: mstallons@owenelectric.com; tsharp@srelectric.com; Carol Wright; Mike Williams
Subject: A3 Allocation Change Due to This Week's Weather
Date: Tuesday, January 2, 2018 9:07:38 AM
Importance: High

From looking at EKPC zone this morning, we are watching to see if this week will knock off the January 2016 from the A3 Allocation if you notice February 1. We should verify our interpretation of the MOU with EKPC – to get January 2018 (which is higher than January 2016) in the A3 Allocation, your notice needs to be submitted on Feb. 1 instead of Jan 31.

Thanks,
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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 - Clark Energy; 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; 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 3:32:31 PM
Attachments: image002.png
A3 Load Loss Mitigation Discussion Final.docx

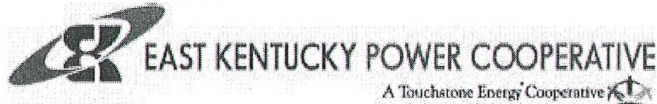
Sending on behalf of Tony Campbell

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



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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: Elaine Johns
To: Carol Wright
Cc: Tim Sharp; mstallons@owenelectric.com; Mike Williams
Subject: Re: EnerVision Professional Services Agreement
Date: Wednesday, December 27, 2017 5:01:45 PM

We have clients who share transaction costs (ie, consultant and attorney fees) different ways - from even split to load ratio share. It's really the group's preference. Be glad to help you talk through this if you'd like.

Thanks,
Elaine

Sent from my iPad

On Dec 27, 2017, at 4:03 PM, Carol Wright <carolwright@jacksonenergy.com> wrote:

I would like to know the same.

How will the cost be split going forward?

Carol

Sent from my iPhone

On Dec 22, 2017, at 12:22 PM, Tim Sharp <tjsharp@srelectric.com> wrote:

Elaine,

Our attorney reviewed the agreement and had a specific concern before we sign it.

He would like it to spell out how the cost will be divided among the cooperatives (straight split, % of contract, etc.) and also how we would handle someone deciding not to participate or someone else deciding to participate in the future.

In general terms, we said we would share the cost, but he does bring up a valid concern we need to address.

Carol, Mark, or Mike.....Do you have any thoughts on how you want to handle this? I do not have any strong feelings, but feel we do need to decide before we get too far along.

Have a great Christmas!

Tim

From: Elaine Johns [mailto:Elaine.Johns@enervision-inc.com]

Sent: Thursday, December 14, 2017 11:29 AM

To: Tim Sharp <tjsharp@srelectric.com>

Subject: EnerVision Professional Services Agreement

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

Hi, Tim -- I hope the information I sent yesterday will be helpful for your discussions with your board. Please let me know if you need anything else.

Attached is our Professional Services Agreement. Please let me know if you have any comments. You will see in the description dollar estimates for each Phase of the project, these dollars are for the entire group. Usually, the cooperatives will determine together how they will divide up our fees and expenses.

We can execute via scans if that's ok with you. Merry Christmas! 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

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<EnerVison-Salt River PSA.docx>

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From: Carol Wright
To: Tim Sharp
Cc: Elaine Johns; mstallons@owenelectric.com; Mike Williams
Subject: Re: EnerVision Professional Services Agreement
Date: Wednesday, December 27, 2017 4:03:33 PM

I would like to know the same.

How will the cost be split going forward?

Carol

Sent from my iPhone

On Dec 22, 2017, at 12:22 PM, Tim Sharp <tjsharp@srelectric.com> wrote:

Elaine,

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He would like it to spell out how the cost will be divided among the cooperatives (straight split, % of contract, etc.) and also how we would handle someone deciding not to participate or someone else deciding to participate in the future.

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<EnerVison-Salt River PSA.docx>

From: Tim Sharp
To: Elaine Johns
Cc: carolwright@jacksonenergy.com; "mstallons@owenelectric.com"; Mike Williams
Subject: FW: EnerVision Professional Services Agreement
Date: Friday, December 22, 2017 12:22:03 PM
Attachments: EnerVision-Salt River PSA.docx

Elaine,

Our attorney reviewed the agreement and had a specific concern before we sign it.

He would like it to spell out how the cost will be divided among the cooperatives (straight split, % of contract, etc.) and also how we would handle someone deciding not to participate or someone else deciding to participate in the future.

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Have a great Christmas!

Tim

From: Elaine Johns [mailto:Elaine.Johns@enervision-inc.com]
Sent: Thursday, December 14, 2017 11:29 AM
To: Tim Sharp <tjsharp@srelectric.com>
Subject: EnerVision Professional Services Agreement

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From: [Tim Sharp](#)
To: [Carol Wright](#); "[mstallons@owenelectric.com](#)"; [Mike Williams](#)
Subject: RE: Board Approval
Date: Thursday, December 21, 2017 4:50:38 PM

After talking with all of my board members, they are in agreement to proceed also.

Merry Christmas

From: Carol Wright [<mailto:carolwright@jacksonenergy.com>]
Sent: Thursday, December 21, 2017 9:44 AM
To: 'mstallons@owenelectric.com' <mstallons@owenelectric.com>; MIKE WILLIAMS <mikew@bgenenergy.com>; Tim Sharp <tjsharp@srelectric.com>
Cc: Elaine Johns <Elaine.Johns@enervision-inc.com>
Subject: Board Approval
Importance: High

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All:

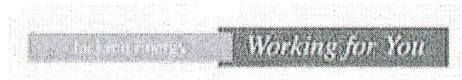
I have Board approval to move forward with the RFP.

Elaine: I will touch base later this afternoon regarding the PSA.

I will be out of the office until 3pm but can be reached on my cell in the meantime.

Thanks,

Carol Wright
President & CEO
606-364-9213



From: [Carol Wright](#)
To: "mstallons@owenelectric.com"; [Mike Williams](#); tsharp@srelectric.com
Cc: [Elaine Johns](#)
Subject: Board Approval
Date: Thursday, December 21, 2017 9:44:24 AM
Importance: High

All:

I have Board approval to move forward with the RFP.

Elaine: I will touch base later this afternoon regarding the PSA.

I will be out of the office until 3pm but can be reached on my cell in the meantime.

Thanks,

Carol Wright
President & CEO
606-364-9213



From: Mark Stallons
To: Elaine Johns; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: [Mike Williams](mailto:Mike.Williams); [Mary Ellen Cole](mailto:Mary_Ellen.Cole)
Subject: RE: Stuff
Date: Wednesday, December 20, 2017 6:09:47 PM
Attachments: [Kentucky Group RFP 12 2017 Draft.docx](#)

Elaine,

Here is the revised RFP including Owen's elevator speech. Maps are attached.

Thanks,

Mark

From: Elaine Johns [<mailto:Elaine.Johns@enervision-inc.com>]
Sent: Tuesday, December 19, 2017 8:50 PM
To: Mark Stallons <mstallons@owenelectric.com>; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: [Mike Williams](mailto:Mike.Williams) <mikew@bgenergy.com>; [Mary Ellen Cole](mailto:Mary_Ellen.Cole@enervision-inc.com) <Mary_Ellen.Cole@enervision-inc.com>
Subject: Stuff

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All, I have attached 2 items:

1. A PowerPoint slide deck to introduce you and your board to power supply market concepts and our RFP process. There is a lot here, as we have outlined most steps involved in the RFP process. Please let me know if you'd like to discuss.
2. A draft of the RFP document. You will see at the end of the document is where your 5-minute elevator speech is inserted. For illustrative purposes, we have inserted a partial example of Owen's information. Note: we have defined the RFP release date as this **Friday, Dec. 22**.

Please feel free to call me to discuss. Thanks,
Elaine

Elaine Johns President/CEO
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elaine.johns@enervision-inc.com | www.enervision-inc.com

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From: Elaine Johns
To: mstallons@owenelectric.com; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: [Mike Williams](mailto:Mike.Williams)
Subject: RE: Power Supply Attorneys
Date: Wednesday, December 20, 2017 4:27:11 PM

I wanted to add one more for your consideration. He is my go-to person on power supply contracting issues, but he is not a practicing attorney. He is very deadly though, an attorney and CPA, both. Extremely knowledgeable to coop accounting, too. Our NC clients use him for legalise and contract development, even though he is not a practicing attorney.

J.W. Rayder
Ashby Consulting
501-951-4196 (cell)
301-656-2468 (office)
jwrayder@aol.com

From: Elaine Johns
Sent: Tuesday, December 19, 2017 6:18 PM
To: mstallons@owenelectric.com; 'tjsharp@srelectric.com' <tjsharp@srelectric.com>; 'carolwright@jacksonenergy.com' <carolwright@jacksonenergy.com>
Cc: 'Mike Williams' <mikew@bgenergy.com>
Subject: Power Supply Attorneys

Don Howell
Andrews Kurth
281-798-3833 (cell)
713-220-3892 (office)
dhowell@andrewskurth.com

Bill DeGrandis
Paul Hastings
703-819-1379 (cell)
202-551-1720 (office)
billdegrandis@paulhastings.com

Charles Autry
Autry, Hall & Cook
678-232-3203 (cell)
770-270-7945 (office)
autry@ahclaw.com

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From: Elaine Johns
To: Mark Stallons
Cc: tsharp@srelectric.com; carolwright@jacksonenergy.com; Mike Williams; Mary Ellen Cole
Subject: Re: Stuff
Date: Wednesday, December 20, 2017 7:38:58 AM

FYI - SKREC execute their 15% contract last night.

Sent from my iPad

On Dec 19, 2017, at 10:23 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

Thanks, I will get back with you tomorrow.

Mark

Mark Stallons
Sent from my iPhone

On Dec 19, 2017, at 8:50 PM, Elaine Johns <Elaine.Johns@enervision-inc.com> wrote:

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Please feel free to call me to discuss. Thanks,
Elaine

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<EVI Power Supply Intro.pptx>

<Kentucky Group RFP 12 2017 Draft.docx>

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From: Mark Stallons
To: Elaine Johns
Cc: tsharp@srelectric.com; carolwright@jacksonenergy.com; Mike Williams; Mary Ellen Cole
Subject: Re: Stuff
Date: Tuesday, December 19, 2017 10:23:47 PM

Thanks, I will get back with you tomorrow.

Mark

Mark Stallons
Sent from my iPhone

On Dec 19, 2017, at 8:50 PM, Elaine Johns <Elaine.Johns@enervision-inc.com> wrote:

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Elaine

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<Kentucky Group RFP 12 2017 Draft.docx>

From: [Elaine Johns](#)
To: mstallons@owenelectric.com; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: [Mike Williams](#); [Mary Ellen Cole](#)
Subject: Stuff
Date: Tuesday, December 19, 2017 8:50:07 PM
Attachments: [EVI Power Supply Intro.pptx](#)
[Kentucky Group RFP 12 2017 Draft.docx](#)

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From: Elaine Johns
To: mstallons@owenelectric.com; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: Mike Williams
Subject: Power Supply Attorneys
Date: Tuesday, December 19, 2017 6:18:07 PM

Don Howell
Andrews Kurth
281-798-3833 (cell)
713-220-3892 (office)
dhowell@andrewskurth.com

Bill DeGrandis
Paul Hastings
703-819-1379 (cell)
202-551-1720 (office)
billdegrandis@paulhastings.com

Charles Autry
Autry, Hall & Cook
678-232-3203 (cell)
770-270-7945 (office)
autry@ahclaw.com

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From: Elaine Johns
To: mstallons@owenelectric.com; tsharp@srelectric.com; carolwright@jacksonenergy.com
Cc: [Mike Williams](mailto:Mike.Williams)
Subject: Discussion Follow-Up
Date: Tuesday, December 19, 2017 5:17:50 PM

Guys – I just wanted to put a tickler in your ear:

- Please send me your 5-minute elevator speech on your coop (who you are, where you're located, how many member and meters, miles of line, etc.)
- Did you happen to get the latest Amendment 3 Allocators through November 2017?

Draft RFP (after I drop in your elevator speeches!) and Power Supply Market slide deck coming in the morning -- Thanks,

Elaine

Elaine Johns President/CEO
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From: Elaine Johns
To: mstallons@owenelectric.com; Mike Williams; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Subject: RE: Amendment 3 Market Assessment
Date: Thursday, December 14, 2017 4:51:57 PM

I received a clarifying question from Blue Grass today and realized that I left out some details – sorry!

The ranges below for the market estimates: The low end is the price estimate at the start of the contract (2020). The high end is the price at the end of the contract (includes cost escalations).

The market estimates include NITS and ancillaries, thus are comparable to the EKPC range of \$64.45 - \$94.11.

Approximate breakouts of capacity, energy and NITS & ancillaries within the prices:

- Energy 75-78%
- Capacity 11-13%
- NITS & Anc. 10-13%

Please let me know if you have any questions! Thanks,
Elaine

From: Elaine Johns
Sent: Wednesday, December 13, 2017 2:07 PM
To: mstallons@owenelectric.com; 'Mike Williams' <mikew@bgenergy.com>; 'tjsharp@srelectric.com' <tjsharp@srelectric.com>; 'carolwright@jacksonenergy.com' <carolwright@jacksonenergy.com>
Subject: Amendment 3 Market Assessment

All, we have prepared the information below for your consideration of Amendment 3. I think we captured everything you requested. Please let me know if you have any questions. My contact information is at the bottom of this email.

Thanks,
Elaine

Current Market Estimates

Estimated EKPC range (including NITS and Ancillaries)	\$64.45 - \$94.11
Estimated EKPC range (excluding NITS and Ancillaries)	\$62.71 - \$91.36
Equivalent market estimates (\$/MWh)	
5 year range	\$38.00 - \$43.00
10 year range	\$38.00 - \$44.00
15 year range	\$40.00 - \$45.00
20 year range	\$41.00 - \$49.00

Pros

- Net savings by purchasing energy at a lower rate from the market rather than from EKPC
- Purchase less energy at the EKPC rate, which is likely to increase as other members make Amendment 3 purchases
- Avoid taking on share of EKPC expenses no longer paid by other members making Amendment 3 purchases (if not participating)

Cons

- New expenses associated with administering contract for Amendment 3 purchase (could be shared with other participating cooperatives)
- New skill/knowledge for coop staff to learn
- PSC Exposure: Need for PSC approval of Amendment 3 purchase (RUS approval also needed but expected to be no issue)
- Breaking "agreement" with other EKPC members regarding use of Amendment 3 purchases

Anticipated Billing Changes

With the implementation of Amendment 3, anticipated changes to the cooperatives' month billings are listed below. The bulk of this information is located in the MOU, Section 5(E). EKPC is currently producing a mock bill for SKRECC.

- Section 5E(i) outlines EKPC's role to provide replacement capacity and energy should the Alternate Source not deliver sufficient capacity or energy to serve the Owner Member's actual load intended to be served by the Alternate Source. In this situation, EKPC will purchase replacement capacity and energy and charge the Owner Member, and not at rates under the Wholesale Power Contract. This means an Alternate Source contract should address failure to deliver, as EKPC may purchase capacity and energy at then-current PJM prices, which may be higher than the prices from the Alternate Source.
- Section 5E(iv) describes how EKPC will pass through all revenues, credits, and charges from PJM associated with the Alternate Source. This includes day-ahead and real-time energy market, PJM capacity market, PJM operating reserve, and PJM operating services necessary to serve the load served by the Alternative Source.
- Section 5E(vi) states that the Owner Member will pay an administrative fee to EKPC to cover the increased operation and administrative costs. This fee has not been finalized, but we anticipate this to be small relative to the overall savings.
- Section 5E(vii) outlines how EKPC or EKPC's agent will manage the PJM market participant activities for the Alternate Source and related load. This includes a non-discriminatory, cost-based fee that Owner Member shall pay to EKPC for these market services.
- New PJM membership will be necessary. This includes filing a one-time Application with a fee of \$1,500 and providing an Annual Membership Fee of \$5,000.

Proposed Schedule

Notice:	ASAP (to ensure place in queue with little risk because market is lower than EKPC) or by end of January 2018
RFP release:	January 1
Bids due:	February 1
Short list:	

	March 15
Contract negotiations & Board approvals:	May 15
Approvals (RUS, PSC):	November 1
Commencement:	June 2019

Elaine Johns President/CEO

T (678) 510-2910 | C (678) 910-1122 | (888) 999-8840

elaine.johns@enervision-inc.com | www.enervision-inc.com

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From: Elaine Johns
To: mstallons@owenelectric.com; Mike Williams; tjsharp@srelectric.com; carolwright@jacksonenergy.com
Subject: Amendment 3 Market Assessment
Date: Wednesday, December 13, 2017 2:07:37 PM

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From: [Carol Wright](#)
To: [Mike Williams](#)
Cc: [Mark Stallons](#); [Tim Sharp](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 5:59:59 PM

Will do the same....

Sent from my iPhone

On Dec 11, 2017, at 5:37 PM, Mike Williams <mikew@bgenergy.com> wrote:

I will call from cell as well.

Thanks,
Mike Williams

On Dec 11, 2017, at 5:11 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

Carol,

I will probably call from my cell phone on the way in to EKPC and then meet in an open conference room.

Mark

Mark Stallons
Sent from my iPhone

On Dec 11, 2017, at 5:05 PM, Carol Wright <carolwright@jacksonenergy.com> wrote:

***** Exercise caution. This is an EXTERNAL email.
DO NOT open attachments or click links from
unknown senders or unexpected email! *****
Yes. Are we calling from Ek?

Sent from my iPhone

On Dec 11, 2017, at 4:54 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

Tim, Carol & Mike,

Are you available for a call with Elaine
Johns tomorrow morning at 8:45am before

EKPC?

Thanks,

Mark

Mark Stallons
Sent from my iPhone

Begin forwarded message:

From: "Elaine Johns"
<Elaine.Johns@enervision-inc.com>
To: "Mark Stallons"
<mstallons@owenelectric.com>, "mikew@bgenergy.com"
<mikew@bgenergy.com>
**Subject: EnerVision KY
Group Call**

*** Exercise caution. This is an
EXTERNAL email. DO NOT
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unexpected email! ***

From: [Mike Williams](#)
To: [Mark Stallons](#)
Cc: [Carol Wright](#); [Tim Sharp](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 5:37:27 PM

I will call from cell as well.

Thanks,
Mike Williams

On Dec 11, 2017, at 5:11 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

Carol,

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Mark

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Sent from my iPhone

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From: "Elaine Johns"
<Elaine.Johns@enervision-inc.com>
To: "Mark Stallons"
<mstallons@owenelectric.com>,
"mikew@bgenenergy.com"
<mikew@bgenenergy.com>
Subject: EnerVision KY Group Call

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From: [Mark Stallons](#)
To: [Carol Wright](#)
Cc: [Tim Sharp](#); [Mike Williams](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 5:11:26 PM

Carol,

I will probably call from my cell phone on the way in to EKPC and then meet in an open conference room.

Mark

Mark Stallons
Sent from my iPhone

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From: "Elaine Johns" <Elaine.Johns@enervision-inc.com>
To: "Mark Stallons" <mstallons@owenelectric.com>, "mikew@bgenergy.com" <mikew@bgenergy.com>
Subject: EnerVision KY Group Call

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From: [Carol Wright](#)
To: [Mark Stallons](#)
Cc: [Tim Sharp](#); [Mike Williams](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 5:08:41 PM

Never mind...got your text about call in number

Sent from my iPhone

On Dec 11, 2017, at 4:54 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

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From: [Carol Wright](#)
To: [Mark Stallons](#)
Cc: [Tim Sharp](#); [Mike Williams](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 5:05:16 PM

Yes. Are we calling from Ek?

Sent from my iPhone

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Sent from my iPhone

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From: "Elaine Johns" <Elaine.Johns@enervision-inc.com>
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Subject: EnerVision KY Group Call

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From: [Tim Sharp](#)
To: [Mark Stallons](#)
Cc: [Carol Wright](#); [Mike Williams](#)
Subject: Re: EnerVision KY Group Call
Date: Monday, December 11, 2017 4:56:47 PM

Yes

Sent from my iPhone

On Dec 11, 2017, at 4:54 PM, Mark Stallons <mstallons@owenelectric.com> wrote:

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From: [Mark Stallons](#)
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Subject: EnerVision KY Group Call

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From: [Mark Stallons](#)
To: [Mike Williams](#)
Subject: FW: PPA project
Date: Friday, December 8, 2017 5:25:34 PM
Attachments: [Amendment 3 Limits Nov 2017 Owen.xlsx](#)

From: Mark Stallons
Sent: Friday, December 08, 2017 11:57 AM
To: Elaine.Johns@enervision-inc.com
Cc: 'Tim Sharp' <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>
Subject: PPA project

Elaine,

Tim Sharp and Carol Wright at Salt River and Jackson are agreeable to discussing working with Owen and EnerVision on a joint RFP. I am going to call Mike Williams this afternoon. I am also thinking about calling Joni Hazelrigg at Fleming Mason & Mickey Miller at Nolin. Four of us gets us to 50 plus while all six would get us to a 70 plus MW RFP. Please see attached spreadsheet. Elaine, your thoughts? Tim & Carol, please feel free to chime in as well.

Thanks,

Mark

Mark A. Stallons
President & CEO

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

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



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

Source: The One Minute Manager, Page 30.

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EKPC A3 Allotments, Based on Data Through October

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Load Ratio Share of the 5% Cap	15% Election
	Feb. 2015	Jan. 2016	Jan. 2017			
Blue Grass	410.92	315.86	324.44	350.40	17.52	53.37
Owen	347.37	313.05	350.69	337.03	16.85	61.71
Salt River	314.39	248.65	262.00	275.01	13.75	41.79
Jackson	325.61	241.36	230.23	265.73	13.29	40.06
Nolin	211.10	188.12	199.11	199.44	9.97	31.08
Fleming Mason	196.87	179.19	166.89	180.98	9.05	27.41
Inter-County	171.14	126.10	134.05	143.76	7.19	21.83
Taylor	159.42	126.55	139.07	141.68	7.08	21.36
Cumberland Valley	158.27	120.75	109.65	129.55	6.48	19.45
Clark	153.99	114.84	113.62	127.48	6.37	19.14
Shelby	120.51	102.00	99.56	107.35	5.37	16.27
Big Sandy	89.48	64.77	56.94	70.40	3.52	10.65
Licking Valley	88.57	62.72	58.66	69.98	3.50	10.64
Grayson	85.17	62.79	57.65	68.53	3.43	10.30
Farmers	136.36	120.49	115.85	124.23	6.21	18.81
South Kentucky	458.91	352.24	353.44	388.20	19.41	58.46
Total	3428.06	2739.47	2771.82	2979.79	148.99	462.32

Noticed Projects

Owner-Member	Project	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	PPA	58.0	6/2019
Jackson	Hydro	2.64	1/2019 Not yet Noticed
Total Projects		71.8	

Billing Demand (KW) (error - number needs to Actual Demand not billed)

		Owen Reg.	Nucor	Total	12 Month Rolling KW Average	Month of	3-12 Month KW Average	15% KW Threshold	5% KW Threshold
						Max Coincident Peak			
2012	January	232,505	159,375	391,880					
	February	215,389	159,901	375,290					
	March	194,175	160,132	354,307					
	April	155,245	159,908	315,153					
	May	228,595	159,964	388,559					
	June	264,696	159,413	424,109					
	July	261,923	159,691	421,614					
	August	252,603	159,888	412,491					
	September	223,878	159,564	383,442					
	October	180,007	159,194	339,201					
	November	198,823	159,845	358,668					
	December	205,226	159,562	364,788					
2013	January	249,698	159,686	409,384					
	February	243,929	159,664	403,593					
	March	222,488	160,926	383,414					
	April	189,281	159,132	348,413					
	May	207,091	161,620	368,711					
	June	223,156	159,724	382,880					
	July	250,177	160,253	410,430					
	August	250,417	159,849	410,266					
	September	244,730	159,852	404,582					
	October	175,850	159,829	335,679	410,430	Jul-13			
	November	207,330	159,816	367,146					
	December	235,890	159,230	395,120					
2014	January	299,272	155,032	454,304					
	February	271,878	152,908	424,786					
	March	250,041	152,817	402,858					
	April	193,611	151,957	345,568					
	May	197,593	152,167	349,760					
	June	238,433	152,084	390,517					
	July	248,466	152,242	400,708					
	August	243,836	151,893	395,729					
	September	242,108	151,800	393,908					
	October	186,583	151,837	338,420	454,304	Jan-14			
	November	232,780	151,915	384,695					
	December	212,448	151,804	364,252					
2015	January	293,469	151,797	445,266					
	February	307,796	130,125	437,921					
	March	268,480	130,020	398,500					
	April	159,797	130,454	290,251					
	May	197,795	134,781	332,576					
	June	239,470	134,798	374,268					
	July	237,169	134,968	372,137					
	August	233,640	137,989	371,629					
	September	247,226	137,975	385,201					
	October	159,949	137,979	297,928	445,266	Jan-15	436,667	65,500.00	21,833.33
	November	194,023	138,183	332,206					
	December	204,721	138,004	342,725					
2016	January	261,223	138,084	399,307					
	February	234,026	138,116	372,142					
	March	205,472	138,063	343,535					
	April	174,688	139,883	314,571					
	May	219,030	144,718	363,748					
	June	227,626	144,534	372,160					
	July	261,582	142,323	403,905					
	August	255,401	142,613	398,014					
	September	251,771	143,374	395,145					
	October	180,763	141,923	322,686	403,905	Jul-16	434,492	65,173.75	21,724.58

	November	188,211	146,759	334,970					
	December	249,269	147,870	397,139					
2017	January	249,016	148,867	397,883					
	February	231,939	148,382	380,321					
	March	225,489	149,829	375,318					
	April	180,160	149,086	329,246					
	May	209,137	149,611	358,748					
	June	229,259	149,344	378,603					
	July	248,706	149,276	397,982					
	August	245,405	150,023	395,428					
	September	232,373	149,611	381,984					
	October	183,206	149,978	333,184	397,982	Jul-17	415,718	62,357.65	20,785.88

From: Dennis Holt
To: Bobby Sexton; Mike Williams; cbrewer@clarkenergy.com; 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 (trecc.com)
Cc: Tony Campbell; Don Mosier; Mike McNalley; David Crews
Subject: EKPC Amendment Three Notification
Date: Tuesday, November 28, 2017 7:20:07 PM

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