

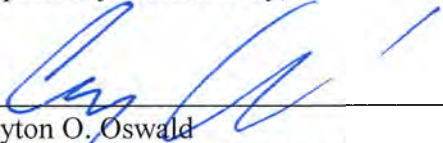
**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR) Case No. 2018-00050
APPROVAL OF MASTER POWER PURCHASE AND)
SALE AGREEMENT AND TRANSACTIONS THEREUNDER)

**RESPONSE OF JACKSON ENERGY COOPERATIVE CORPORATION
TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION'S REQUESTS FOR INFORMATION**

Respectfully submitted by,



Clayton O. Oswald
Taylor, Keller & Oswald, PLLC
P.O. Box 3440
1306 W. 5th St., Suite 100
(606) 878-8844
Fax: (606) 878-8850
E-mail: coswald@tkolegal.com

CERTIFICATE OF SERVICE

Pursuant to 807 KAR 5:001 Section 6, the undersigned certifies that consistent with 807 KAR5:001 Section 4(8)(d)(3), a copy of this document has been electronically served upon the following on this the 27 day of April, 2018:

Ms. Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Blvd., P.O. Box 615
Frankfort, Kentucky 40602-0615

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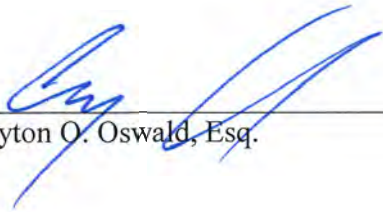
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Clayton O. Oswald, Esq.

Jackson Energy Cooperative Corporation

Case No. 2018-00050

South Kentucky Rural Electric Cooperative Corporation

1. Reference is made to page 13, lines 11 through 17 of Mr. John Wolfram's testimony. Please explain in detail your opinion or opinions as to how EKPC might "properly charge" South Kentucky for its remaining load.

Response: See Response of Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Inter-County Energy Cooperative Corporation, Licking Valley Rural Electric Cooperative Corporation, and Nolin Rural Electric Cooperative Corporation, hereinafter collectively "Joint Intervenors".

Jackson Energy Cooperative Corporation

Case No. 2018-00050

South Kentucky Rural Electric Cooperative Corporation

2. For each distribution cooperative with an Alternative Source of power under Amendment 3 and the MOU, indicate the EKPC rates under which the capacity and/or energy is used solely to reduce billings.

Response: Rate E.

Jackson Energy Cooperative Corporation

Case No. 2018-00050

South Kentucky Rural Electric Cooperative Corporation

3. For each instance in the response to Question 2 where it is stated that the Alternative Source is used to reduce billings under Rates B, C or G, provide the following:
 - a. Billings from EKPC for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.
 - b. Calculations from the cooperative for each month during 2017 showing in detail how the power from the Alternative Source reduced billings under EKPC's Rates B, C, or G.

Response: Not applicable.

Jackson Energy Cooperative Corporation

Case No. 2018-00050

South Kentucky Rural Electric Cooperative Corporation

4. Please produce all email communications sent or received by and between any of the Distribution Cooperatives **during the period November 28, 2017 through February 23, 2018** that reference South Kentucky (as defined in the instructions) or that relate in any way to Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

Response: Jackson Energy objects to this request to the extent it seeks the disclosure of email communications concerning the selection of an attorney to represent it in this matter, intervention in this matter and/or the sharing of costs and fees in this matter as being wholly irrelevant to the issues to be adjudicated in this matter. Jackson Energy has not produced emails concerning those subjects. Jackson Energy further must object that the requests seeks the disclosure of email communications between it and a consultant, EnerVision, which are protected from disclosure by a confidentiality agreement. Jackson Energy has not produced emails concerning that subject pursuant to its requirements under said agreement.

Jackson Energy further objects that this request is overly broad and unduly burdensome. However, without waiving said objection, please see the attached emails.

Jackson Energy Cooperative Corporation

Case No. 2018-00050

South Kentucky Rural Electric Cooperative Corporation

5. Identify and describe all meetings held or conversations occurring **during the period November 28, 2017 through February 23, 2018** at which any one of the following items was discussed—South Kentucky (as defined in the instructions), Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU—and in which participated at least two or more members of management of any of the Distribution Cooperatives. For all such meetings or conversations, describe all statements made (regardless by whom) concerning South Kentucky (as defined in the instructions) or Amendment 3, the MOU or the potential or actual exercise of rights by South Kentucky under Amendment 3 and/or the MOU.

Response: Jackson Energy objects to this request to the extent that it seeks the disclosure of conversations regarding the selection of legal counsel or the sharing of costs in this matter as being wholly irrelevant to the issues involved. In addition, Jackson Energy objects that the request is overly broad and unduly burdensome. Jackson Energy also notes that the request seeks the recall of conversations which have occurred over many months, and it is simply impossible for the answering witness to recall each and every conversation, or to recall who was present for the conversations and all topics of the conversations. Without waiving said objection, Jackson Energy states as follows:

On or about December 12, 2017, subsequent to a Board meeting at East Kentucky Power, Carol Wright of Jackson Energy, met with the CEOs of various other distribution cooperatives and Tony Campbell, the CEO of East Kentucky Power. Other members of management of East Kentucky Power were present as well. The group discussed South Kentucky's proposed purchase of 58MW of electricity from Morgan Stanley and the effect this would have on the remaining distribution cooperatives in the East Kentucky system.

On or about December 19, 2017, Tony Campbell met with the CEOs of some of the distribution cooperatives, including Jackson Energy, to again discuss the effect of South Kentucky's election on the remaining distribution cooperatives and whether and to what extent this would result in a cost shift to the remaining

cooperatives, and the extent to which East Kentucky Power could mitigate any cost shift.

Jackson Energy has engaged in several discussions with other distribution cooperatives with respect to forming a group of cooperatives that would solicit proposals for the purchase of electricity outside of the East Kentucky system to mitigate any shifting of costs caused by South Kentucky's election. These conversations are too numerous to recall the exact dates or participants in each.

Jackson Energy Cooperative Corporation

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6. State whether a joint defense agreement or comparable arrangement has been agreed to by the Distribution Cooperatives for this proceeding. If one has been reached, please identify the date of its effectiveness and state whether EKPC is a party.

Response: There is no written joint defense agreement or comparable arrangement that has been agreed to by the Distribution Cooperatives. The Distribution Cooperatives have agreed to share in the costs of witness John Wolfram, but there is no written agreement among them concerning same. This response should not be interpreted as waiving and does not waive the right of any of the Distribution Cooperatives to assert the common interest or joint defense privilege to the extent applicable.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

7. Reference is made to pages 6-14, of Mr. Wolfram's testimony. Please provide all analysis in their native format and all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

8. Reference is made to pages 7, lines 12-16, of Mr. Wolfram's testimony. Please provide all the appropriate PJM charge types and estimates of cost of each charge type South Kentucky did not demonstrate that it properly included in its NPV analysis.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

9. Reference is made to pages 7, lines 17-18, of Mr. Wolfram's testimony. Please provide the PJM capacity price forecast for the period applicable to the transaction used to draw his conclusion. Insofar as this forecast is not a published PJM forecast, please state whether any such published forecasts are available and the source for such forecasts.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

10. Reference is made to pages 8 and 9, lines 8-21 on page 9, of Mr. Wolfram's testimony.

Please provide a detailed explanation of why these costs would not impact EKPC rates to a similar degree.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

11. Reference is made to pages 10, line 14 through page 11, line 4 of Mr. Wolfram's testimony.

Please provide any analyses performed regarding the quantification of the risks (including the estimated cost associated with such risks) that Mr. Wolfram claims were not properly included in South Kentucky's analysis.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

12. Reference is made to page 11, line 5 to page 12, line 2, of Mr. Wolfram's testimony. Please provide all sensitivity analyses around key variables (transmission rates, wholesale rate changes, environmental cost changes, escalation rates, gas prices, etc.).

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

13. Reference is made to pages 13, lines 4-6, of Mr. Wolfram's testimony. Provide East Kentucky's latest long range financial forecast, 10 years or longer, that has been approved by the Board of Directors and that was distributed to the owner-members of EKPC. If not evident from the forecast, please also indicate the date the forecast was distributed to the owner-members.

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

14. Reference is made to pages 13, lines 18-19 of Mr. Wolfram's testimony. Please provide any analysis conducted incorporating the FAC and ES and state its impact on the NPV calculation. If you were to use the FAC and the ES from the 2015 Long Range Financial Forecast, what would be the impact on NPV savings to South Kentucky?

Response: See Response of Joint Intervenors.

Jackson Energy Cooperative Corporation

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South Kentucky Rural Electric Cooperative Corporation

15. Reference is made to pages 18, lines 17-21 of Mr. Wolfram's testimony. Please provide all analyses performed by, on behalf of or at the direction of Mr. Wolfram, in their native format, with all associated forecasts, assumptions, inputs, escalations or any other workpapers associated with the analysis including their sources.

Response: See Response of Joint Intervenors.

Attachments

Carol Wright

From: Terri Combs <terri.combs@ekpc.coop>
Sent: Friday, December 29, 2017 3:32 PM
To: A L Rosenberger ; Alan Ahrman - Owen; Barry Myers -- Taylor County; Bill Prather -- Farmers; Bobby Sexton--Big Sandy; Boris Haynes; Carol Fraley -- Grayson; Carol Wright; 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 -- 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
Attachments: 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*



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

PRIVILEGED OR CONFIDENTIAL NOTICE: This electronic mail transmission is for the use of the named individual or entity to which it is directed and may contain information that is privileged or confidential. It is not to be transmitted to or received by anyone other than the named addressee (or a person authorized to deliver it to the named addressee). It is not to be copied or forwarded to any 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.

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 \$4.1 million 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.

Carol Wright

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Tuesday, January 30, 2018 10:01 AM
To: CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)
Cc: Tim Sharp; Carol Wright; mikew@bgenenergy.com; Joni Hazelrigg; Debbie Martin
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

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Carol Wright

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

Mark,

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

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

From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Tuesday, January 30, 2018 10:01 AM
To: Chris Brewer <cbrewer@clarkenergy.com>
Cc: Tim Sharp <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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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

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Carol Wright

From: Chris Brewer <cbrewer@clarkenergy.com>
Sent: Tuesday, January 30, 2018 4:14 PM
To: Mark Stallons
Cc: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin
Subject: RE: Amendment 3 RFP Process

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:

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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

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Carol Wright

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Friday, February 02, 2018 5:22 PM
To: Tim Sharp; Carol Wright; mikew@bgenergy.com; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)
Cc: Jim Crawford; Rusty Williams; April Brown; Judy Osborne; Missy Moore; Mary Ellen Cole; Elaine.Johns@enervision-inc.com
Subject: FW: Amendment 3 Notice
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.

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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 Contract 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

Carol Wright

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, February 05, 2018 10:59 AM
To: mikew@bgenergy.com; Tim Sharp; Carol Wright; Joni Hazelrigg; Debbie Martin; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com)
Cc: Mark Stallons; Rusty Williams; April Brown; Judy Osborne
Subject: Amendment 3 Cost Impact
Attachments: Cost Shift All IN 020318.xlsx

Kentucky Group,

Attached please find an excel model to understand the cost impacts and shifts associated with giving Amendment 3 notice. To use the model please complete the following:

1. Note that on the A3 Savings tab cell E2 it has a zero (0) entered to date meaning that no coops other than SKY have exercised their Amendment 3 option. You can change the number to 7 to see the impact of the Kentucky Group or you can change the number to 15 and see the impact of all the cooperatives using the remaining allotment.
2. Note that the Allotment tab includes Sally Witt's load data up through October 31, 2017. When January 2018 numbers are available this week I will update this tab.
3. Note on the Cost Shift tab, please add your 2018 Environmental Surcharge power budget in column titled the same and also add your Base Rate 2018 Budget number in the column titled the same. This will allow you to see the cost impact on your cooperative for all three cases discussed above.

Please add your cooperative data and reply to all of us. Please review and vet the model from an accuracy stand point. I welcome your gentle corrections. I suggest we share this or a similar tool with EKPC to aide our discussions at EKPC next week.

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



OWEN Electric

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EKPC A3 Allotments, Based on Data Through October 2017 (per Sally Witt)

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Load Ratio Share of the 5% Cap	15% Election	5% Election	Existing Projects	Noticed Projects	Remaining MW Share	All In	RFP Election	Percent
	Feb. 2015	Jan. 2016	Jan. 2017										
Blue Grass	410.92	315.86	324.44	350.40	17.52	53.37	17.80	0.00	0.00	17.80	11.33	11.30	63.48%
Owen	347.37	313.05	350.69	337.03	16.85	61.71	20.60	2.00	0.00	18.60	11.84	11.80	63.44%
Salt River	314.39	248.65	262.00	275.01	13.75	41.79	13.90	2.00	0.00	11.90	7.57	7.60	63.87%
Jackson	325.61	241.36	230.23	265.73	13.29	40.06	13.40	2.60	2.64	8.16	5.19	5.10	62.50%
Nolin	211.10	188.12	199.11	199.44	9.97	31.08	10.40	0.00	0.00	10.40	6.62	6.60	63.46%
Fleming Mason	196.87	179.19	166.89	180.98	9.05	27.41	9.10	0.00	0.00	9.10	5.79	5.80	63.74%
Inter-County	171.14	126.10	134.05	143.76	7.19	21.83	7.30	0.00	0.00	7.30	4.65	4.60	63.01%
Taylor	159.42	126.55	139.07	141.68	7.08	21.36	7.10	0.00	0.00	7.10	4.52	4.50	63.38%
Cumberland Valley	158.27	120.75	109.65	129.55	6.48	19.45	6.50	0.00	0.00	6.50	4.14	4.10	63.08%
Clark	153.99	114.84	113.62	127.48	6.37	19.14	6.40	0.00	0.00	6.40	4.07	4.00	62.50%
Shelby	120.51	102.00	99.56	107.35	5.37	16.27	5.40	0.00	0.00	5.40	3.44	3.40	62.96%
Big Sandy	89.48	64.77	56.94	70.40	3.52	10.65	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Licking Valley	88.57	62.72	58.66	69.98	3.50	10.64	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Grayson	85.17	62.79	57.65	68.53	3.43	10.30	3.40	0.00	0.00	3.40	2.16	2.10	61.76%
Farmers	136.36	120.49	115.85	124.23	6.21	18.81	6.30	4.60	0.00	1.70	1.08	1.00	58.82%
South Kentucky	458.91	352.24	353.44	388.20	19.41	58.46	19.50	0.00	58.00	0.46	0.00	0.00	
Total	3428.06	2739.47	2771.82	2979.79	148.99	462.32	154.10	11.20	60.64	121.22	76.86	76.30	
Remaining Notice Amount										77.15			

Noticed Projects

Owner-Member	Project	MW	Delivery Date	
Jackson	Irvine LFGTE	1.60	10/2013	
Jackson	Dupree Energy Sys	1.00	3/2015	
Farmers	Federal Mogul DG	3.60	2005	
Farmers	Glasgow LFGTE	1.00	11/2015	
Salt River	Lock 7	2.00	2013	
Owen	Bromley DG Unit	2.00	2016	
South Kentucky	PPA	58.00	6/2019	
Jackson	Hydro	2.64	1/2019	Not yet Noticed
Total Projects		71.84		

Savings Based on Number that gives Notice			0	Discount Rate			4.00%
Cooperative	MW Load Oct 31, 2017	Savings per MW	Savings per Year	NPV 5 Years	NPV 10 Years	NPV 15 Years	NPV 20 Years
Blue Grass	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Owen	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Salt River	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Jackson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Nolin	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Fleming Mason	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Inter-County	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Taylor	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Cumberland Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Clark	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Shelby	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Big Sandy	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Licking Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Grayson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Farmers	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
	-		-	-	-	-	-
South Kentucky	\$ 58.00	\$ 20.00	\$ 10,161,600	\$ 45,237,638	\$ 82,419,679	\$ 112,980,606	\$ 138,099,460

Amendment 3 Impact on EKPC (DRAFT)

<u>Notice</u>	<u>MW</u>	<u>MWh/Year</u>	<u>ES \$ Shift</u>	<u>ES %</u>	<u>Base \$ Shift</u>	<u>Total \$ Shift</u>
South Kentucky	58.0	508,080	\$ 4,100,000.00	100.00%	\$ 13,000,000.00	\$ 17,100,000.00
Blue Grass	0.0	-	\$ -	0.00%	\$ -	\$ -
Owen	0.0	-	\$ -	0.00%	\$ -	\$ -
Salt River	0.0	-	\$ -	0.00%	\$ -	\$ -
Jackson	0.0	-	\$ -	0.00%	\$ -	\$ -
Nolin	0.0	-	\$ -	0.00%	\$ -	\$ -
Fleming Mason	0.0	-	\$ -	0.00%	\$ -	\$ -
Inter-County	0.0	-	\$ -	0.00%	\$ -	\$ -
Taylor	0.0	-	\$ -	0.00%	\$ -	\$ -
Cumberland Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Clark	0.0	-	\$ -	0.00%	\$ -	\$ -
Shelby	0.0	-	\$ -	0.00%	\$ -	\$ -
Big Sandy	0.0	-	\$ -	0.00%	\$ -	\$ -
Licking Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Grayson	0.0	-	\$ -	0.00%	\$ -	\$ -
Farmers	0.0	-	\$ -	0.00%	\$ -	\$ -
Member Owner Total	58.0	508,080	\$ 4,100,000.00		\$ 13,000,000.00	\$ 17,100,000.00
EKPC 2018 Budget	29,194	13,534,101	EKPC Pass Thru		EKPC Rate Increase	

Cost Shift Percentages

<u>EKPC Base Rate</u>	<u>EKPC 2018 Budget</u>	<u>Base Shift</u>	<u>Percent</u>	<u>SKY</u>
<u>Impact</u>	<u>(pgA2)</u>		<u>Increase</u>	<u>Alone</u>
Base Rate	\$ 777,941,988.00	\$ 13,000,000.00	1.67%	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,100,000.00	3.74%	3.74%

A3 Cost Shift

		3.74%		1.67%			
<u>Member Owner</u>	<u>Member Owner ES Power Bill</u>	<u>ES Cost Increase</u>	<u>Member Owner Base Rate Power Bill</u>	<u>Base Rate Increase</u>	<u>Base Rate Savings</u>	<u>Net Base Rate Savings (Loss)</u>	<u>Net Member Savings (Loss)</u>
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)	

Carol Wright

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Monday, February 05, 2018 2:27 PM
To: Carol Wright
Subject: Re: Amendment 3 Cost Impact
Attachments: image001.jpg

Carol,

Yes, only ES charges for ES column and only Base Rate charges for E and B rates at Owen. We do not have Rate G. I did not include special contracts.

Thanks,

Mark

Mark Stallons
Sent from my iPhone

On Feb 5, 2018, at 2:03 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! *****

On the cost shift tab, just want to verify that you used the ES charges for the 12 months in 2017 for column C and only demand and energy charges (no ES, FAC, or fixed costs such as sub/metering) for the 12 months in column E?

Carol Wright

President & CEO
606-364-9213
<image004.jpg>

From: Mark Stallons [<mailto:mstallons@owenelectric.com>]

Sent: Monday, February 05, 2018 10:59 AM

To: mikew@bgenergy.com; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>

Cc: Mark Stallons <mstallons@owenelectric.com>; Rusty Williams <rwilliams@owenelectric.com>; April Brown <abrown@owenelectric.com>; Judy Osborne <josborne@owenelectric.com>

Subject: Amendment 3 Cost Impact

Kentucky Group,

Attached please find an excel model to understand the cost impacts and shifts associated with giving Amendment 3 notice. To use the model please complete the following:

1. Note that on the A3 Savings tab cell E2 it has a zero (0) entered to date meaning that no coops other than SKY have exercised their Amendment 3 option. You can change the number to 7 to

see the impact of the Kentucky Group or you can change the number to 15 and see the impact of all the cooperatives using the remaining allotment.

2. Note that the Allotment tab includes Sally Witt's load data up through October 31, 2017. When January 2018 numbers are available this week I will update this tab.
3. Note on the Cost Shift tab, please add your 2018 Environmental Surcharge power budget in column titled the same and also add your Base Rate 2018 Budget number in the column titled the same. This will allow you to see the cost impact on your cooperative for all three cases discussed above.

Please add your cooperative data and reply to all of us. Please review and vet the model from an accuracy stand point. I welcome your gentle corrections. I suggest we share this or a similar tool with EKPC to aide our discussions at EKPC next week.

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



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<Cost Shift All IN 020318.xlsx>

Carol Wright

From: Mark Stallons <mstallons@owenelectric.com>
Sent: Wednesday, February 07, 2018 10:01 AM
To: Elaine.Johns@enervision-inc.com; Tim Sharp; Carol Wright; mikew@bgenergy.com
Subject: FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx

Carol, Tim & Mike;

Here is the latest A3 load allocations including January.

Mark

From: Mike McNalley [mailto:Michael.McNalley@ekpc.coop]
Sent: Wednesday, February 07, 2018 9:33 AM
To: Mark Stallons <mstallons@owenelectric.com>
Subject: FW: Amendment 3 Allotment Jan 2018 for distribution.xlsx

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

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

From: Sally Witt
Sent: Tuesday, February 6, 2018 4:51 PM
To: David Crews <David.Crews@ekpc.coop>; Don Mosier <Don.Mosier@ekpc.coop>; Mike McNalley <Michael.McNalley@ekpc.coop>
Cc: Julie Tucker <julie.tucker@ekpc.coop>
Subject: Amendment 3 Allotment Jan 2018 for distribution.xlsx

Attached is an updated version, including Mike's additional column. Please let me know what changes you have.

Thanks!
Sally

EKPC 5% Limit

A3 Allotments, Based on Data Through January 2018

A3 Balances as of January 2018

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

* indicates project in place or in process.

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

offsetting

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

Noticed Projects

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

Total Projects 102.6
 Not to Exceed 158.5 MW
Balance 55.9

Carol Wright

From: David Crews <David.Crews@ekpc.coop>
Sent: Wednesday, February 07, 2018 4:05 PM
To: Barry Myers; Bill Prather; Bobby Sexton; Carol Fraley; Carol Wright; Chris Brewer - Clark Energy; Debbie Martin; Dennis Holt; Jerry Carter; Joni Hazelrigg; Kerry Howard; Mark Stallons; Mickey Miller; Mike Williams; Ted Hampton; Tim Sharp - Salt River Electric
Subject: Amendment 3 Allotment Jan 2018 for distribution.xlsx
Attachments: Amendment 3 Allotment Jan 2018 for distribution.xlsx

This is the spreadsheet updated with notices received today.

EKPC 5% Limit

A3 Allotments, Based on Data Through January 2018

A3 Balances as of January 2018

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

* Indicates project in place or in process.

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

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

Noticed Projects

Owner-Member	Project	Notice Given	MW	Delivery
Jackson	Irvine LFGTE		1.6	10/2013
Jackson	Dupree Energy Sys		1.0	3/2015
Farmers	Federal Mogul DG		3.6	2005
Farmers	Glasgow LFGTE		1.0	11/2015
Salt River	Lock 7		2.0	2013
Owen	Owen Office		2.0	2016
South Kentucky	PJM/Market	12/2018	58.0	6/2019
Salt River	PJM/Market	2/2018	12.7	9/2019
Owen	PJM/Market	2/2018	19.3	9/2019
Fleming-Mason	LFG PPA	2/2018	1.4	10/2018
Licking Valley	Solar installation	2/2018	0.3	5/2018
Jackson	Lock 12	2/2018	1.7	12/2018
Jackson	Lock 14	2/2018	1.7	12/2019
Jackson	PJM/Market	2/2018	8.0	9/2019

Total Projects 114.4
Not to Exceed 158.5 MW
Remaining 44.1

Carol Wright

From: Carol Wright
Sent: Monday, February 05, 2018 2:03 PM
To: 'mstallons@owenelectric.com'
Subject: FW: Amendment 3 Cost Impact
Attachments: Cost Shift All IN 020318.xlsx

On the cost shift tab, just want to verify that you used the ES charges for the 12 months in 2017 for column C and only demand and energy charges (no ES, FAC, or fixed costs such as sub/metering) for the 12 months in column E?

Carol Wright
President & CEO
606-364-9213



From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, February 05, 2018 10:59 AM
To: mikew@bgenergy.com; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>
Cc: Mark Stallons <mstallons@owenelectric.com>; Rusty Williams <rwilliams@owenelectric.com>; April Brown <abrown@owenelectric.com>; Judy Osborne <josborne@owenelectric.com>
Subject: Amendment 3 Cost Impact

Kentucky Group,

Attached please find an excel model to understand the cost impacts and shifts associated with giving Amendment 3 notice. To use the model please complete the following:

1. Note that on the A3 Savings tab cell E2 it has a zero (0) entered to date meaning that no coops other than SKY have exercised their Amendment 3 option. You can change the number to 7 to see the impact of the Kentucky Group or you can change the number to 15 and see the impact of all the cooperatives using the remaining allotment.
2. Note that the Allotment tab includes Sally Witt's load data up through October 31, 2017. When January 2018 numbers are available this week I will update this tab.
3. Note on the Cost Shift tab, please add your 2018 Environmental Surcharge power budget in column titled the same and also add your Base Rate 2018 Budget number in the column titled the same. This will allow you to see the cost impact on your cooperative for all three cases discussed above.

Please add your cooperative data and reply to all of us. Please review and vet the model from an accuracy stand point. I welcome your gentle corrections. I suggest we share this or a similar tool with EKPC to aide our discussions at EKPC next week.

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

The logo for OWEN Electric features the company name in a bold, sans-serif font. The word "OWEN" is in all caps, and "Electric" is in title case. To the right of the text is a stylized, dark, curved graphic element that resembles a swoosh or a partial circle, suggesting motion or a power line. The entire logo is set against a light, textured background.

OWEN Electric

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EKPC A3 Allotments, Based on Data Through October 2017 (per Sally Witt)

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Share of the 5% Cap	15% Election	5% Election	Existing Projects	Noticed Projects	Remaining MW Share	All In	RFP Election	Percent
	Feb. 2015	Jan. 2016	Jan. 2017										
Blue Grass	410.92	315.86	324.44	350.40	17.52	53.37	17.80	0.00	0.00	17.80	11.33	11.30	63.48%
Owen	347.37	313.05	350.69	337.03	16.85	61.71	20.60	2.00	0.00	18.60	11.84	11.80	63.44%
Salt River	314.39	248.65	262.00	275.01	13.75	41.79	13.90	2.00	0.00	11.90	7.57	7.60	63.87%
Jackson	325.61	241.36	230.23	265.73	13.29	40.06	13.40	2.60	2.64	8.16	5.19	5.10	62.50%
Nolin	211.10	188.12	199.11	199.44	9.97	31.08	10.40	0.00	0.00	10.40	6.62	6.60	63.46%
Fleming Mason	196.87	179.19	166.89	180.98	9.05	27.41	9.10	0.00	0.00	9.10	5.79	5.80	63.74%
Inter-County	171.14	126.10	134.05	143.76	7.19	21.83	7.30	0.00	0.00	7.30	4.65	4.60	63.01%
Taylor	159.42	126.55	139.07	141.68	7.08	21.36	7.10	0.00	0.00	7.10	4.52	4.50	63.38%
Cumberland Valley	158.27	120.75	109.65	129.55	6.48	19.45	6.50	0.00	0.00	6.50	4.14	4.10	63.08%
Clark	153.99	114.84	113.62	127.48	6.37	19.14	6.40	0.00	0.00	6.40	4.07	4.00	62.50%
Shelby	120.51	102.00	99.56	107.35	5.37	16.27	5.40	0.00	0.00	5.40	3.44	3.40	62.96%
Big Sandy	89.48	64.77	56.94	70.40	3.52	10.65	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Licking Valley	88.57	62.72	58.66	69.98	3.50	10.64	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Grayson	85.17	62.79	57.65	68.53	3.43	10.30	3.40	0.00	0.00	3.40	2.16	2.10	61.76%
Farmers	136.36	120.49	115.85	124.23	6.21	18.81	6.30	4.60	0.00	1.70	1.08	1.00	58.82%
South Kentucky	458.91	352.24	353.44	388.20	19.41	58.46	19.50	0.00	58.00	0.46	0.00	0.00	
Total	3428.06	2739.47	2771.82	2979.79	148.99	462.32	154.10	11.20	60.64	121.22	76.86	76.30	
Remaining Notice Amount										77.15			

Noticed Projects

Owner-Member	Project	MW	Delivery Date	
Jackson	Irvine LFGTE	1.60	10/2013	
Jackson	Dupree Energy Sys	1.00	3/2015	
Farmers	Federal Mogul DG	3.60	2005	
Farmers	Glasgow LFGTE	1.00	11/2015	
Salt River	Lock 7	2.00	2013	
Owen	Bromley DG Unit	2.00	2016	
South Kentucky	PPA	58.00	6/2019	
Jackson	Hydro	2.64	1/2019	Not yet Noticed
Total Projects		71.84		

Savings Based on Number that gives Notice			0	Discount Rate			4.00%
Cooperative	MW Load Oct 31, 2017	Savings per MW	Savings per Year	NPV 5 Years	NPV 10 Years	NPV 15 Years	NPV 20 Years
Blue Grass	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Owen	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Salt River	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Jackson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Nolin	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Fleming Mason	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Inter-County	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Taylor	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Cumberland Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Clark	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Shelby	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Big Sandy	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Licking Valley	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Grayson	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Farmers	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
	-		-	-	-	-	-
South Kentucky	\$ 58.00	\$ 20.00	\$ 10,161,600	\$ 45,237,638	\$ 82,419,679	\$ 112,980,606	\$ 138,099,460

Amendment 3 Impact on EKPC (DRAFT)

<u>Notice</u>	<u>MW</u>	<u>MWh/Year</u>	<u>ES \$ Shift</u>	<u>ES %</u>	<u>Base \$ Shift</u>	<u>Total \$ Shift</u>
South Kentucky	58.0	508,080	\$ 4,100,000.00	100.00%	\$ 13,000,000.00	\$ 17,100,000.00
Blue Grass	0.0	-	\$ -	0.00%	\$ -	\$ -
Owen	0.0	-	\$ -	0.00%	\$ -	\$ -
Salt River	0.0	-	\$ -	0.00%	\$ -	\$ -
Jackson	0.0	-	\$ -	0.00%	\$ -	\$ -
Nolin	0.0	-	\$ -	0.00%	\$ -	\$ -
Fleming Mason	0.0	-	\$ -	0.00%	\$ -	\$ -
Inter-County	0.0	-	\$ -	0.00%	\$ -	\$ -
Taylor	0.0	-	\$ -	0.00%	\$ -	\$ -
Cumberland Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Clark	0.0	-	\$ -	0.00%	\$ -	\$ -
Shelby	0.0	-	\$ -	0.00%	\$ -	\$ -
Big Sandy	0.0	-	\$ -	0.00%	\$ -	\$ -
Licking Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Grayson	0.0	-	\$ -	0.00%	\$ -	\$ -
Farmers	0.0	-	\$ -	0.00%	\$ -	\$ -
Member Owner Total	58.0	508,080	\$ 4,100,000.00		\$ 13,000,000.00	\$ 17,100,000.00
EKPC 2018 Budget	29,194	13,534,101	EKPC Pass Thru		EKPC Rate Increase	

Cost Shift Percentages

<u>EKPC Base Rate</u> <u>Impact</u>	<u>EKPC 2018 Budget</u> <u>(pgA2)</u>	<u>Base Shift</u>	<u>Percent</u> <u>Increase</u>	<u>SKY</u> <u>Alone</u>
Base Rate	\$ 777,941,988.00	\$ 13,000,000.00	1.67%	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,100,000.00	3.74%	3.74%

A3 Cost Shift

		3.74%		1.67%			
<u>Member Owner</u>	<u>Member Owner ES Power Bill</u>	<u>ES Cost Increase</u>	<u>Member Owner Base Rate Power Bill</u>	<u>Base Rate Increase</u>	<u>Base Rate Savings</u>	<u>Net Base Rate Savings (Loss)</u>	<u>Net Member Savings (Loss)</u>
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)	

Carol Wright

From: Carol Wright
Sent: Monday, February 05, 2018 2:30 PM
To: Mark Stallons
Subject: RE: Amendment 3 Cost Impact

Thanks.

Also, Feb. 2015 peak is incorrect for Jackson. It should be 327.70 per Sally Witt's spreadsheet. Not a major item as the spreadsheet will change this week again.

Carol Wright
President & CEO
606-364-9213



From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, February 05, 2018 2:27 PM
To: Carol Wright <carolwright@jacksonenergy.com>
Subject: Re: Amendment 3 Cost Impact

Carol,

Yes, only ES charges for ES column and only Base Rate charges for E and B rates at Owen. We do not have Rate G. I did not include special contracts.

Thanks,

Mark

Mark Stallons
Sent from my iPhone

On Feb 5, 2018, at 2:03 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! *****

On the cost shift tab, just want to verify that you used the ES charges for the 12 months in 2017 for column C and only demand and energy charges (no ES, FAC, or fixed costs such as sub/metering) for the 12 months in column E?

Carol Wright

President & CEO

606-364-9213

<image004.jpg>

From: Mark Stallons [<mailto:mstallons@owenelectric.com>]

Sent: Monday, February 05, 2018 10:59 AM

To: mikew@bgenergy.com; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>

Cc: Mark Stallons <mstallons@owenelectric.com>; Rusty Williams <rwilliams@owenelectric.com>; April Brown <abrown@owenelectric.com>; Judy Osborne <josborne@owenelectric.com>

Subject: Amendment 3 Cost Impact

Kentucky Group,

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Please add your cooperative data and reply to all of us. Please review and vet the model from an accuracy stand point. I welcome your gentle corrections. I suggest we share this or a similar tool with EKPC to aide our discussions at EKPC next week.


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

The logo for OWEN Electric features the company name in a bold, sans-serif font. To the right of the text is a stylized graphic consisting of several curved, overlapping lines that suggest motion or a signal, possibly representing an electrical plug or a dynamic wave.

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<Cost Shift All IN 020318.xlsx>

Carol Wright

From: Carol Wright
Sent: Tuesday, February 06, 2018 10:45 AM
To: Mark Stallons
Subject: RE: Amendment 3 Cost Impact
Attachments: Cost Shift All IN 020318 Revised by JE.xlsx

Mark:

I have made corrections on a couple of the tabs highlighted in yellow with numerical changes in red.

I am not following your logic on the Update Allotment tab as my 5% is 8MW with the new peaks including my hydro projects.

If you have time to discuss, I am in the office until 2pm.

Thanks,

Carol Wright
President & CEO
606-364-9213



From: Mark Stallons [mailto:mstallons@owenelectric.com]
Sent: Monday, February 05, 2018 10:59 AM
To: mikew@bgenergy.com; Tim Sharp <tjsharp@srelectric.com>; Carol Wright <carolwright@jacksonenergy.com>; Joni Hazelrigg <jhazelrigg@fme.coop>; Debbie Martin <debbiem@shelbyenergy.com>; CHRIS BREWER (cbrewer@clarkenergy.com) (cbrewer@clarkenergy.com) <cbrewer@clarkenergy.com>
Cc: Mark Stallons <mstallons@owenelectric.com>; Rusty Williams <rwilliams@owenelectric.com>; April Brown <abrown@owenelectric.com>; Judy Osborne <josborne@owenelectric.com>
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President & CEO

Owen Electric Cooperative
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☎ **Direct Line:** 502-563-3500

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



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EKPC A3 Allotments, Based on Data Through October 2017 (per Sally Witt)

Owner-Member Cooperative	EKPC CP (MW) for Month of			Average	Load Ratio	15% Election	5% Election	Existing Projects	Noticed Projects	Remaining MW Share	All In	RFP Election	Percent
	Feb. 2015	Jan. 2016	Jan. 2018		Share of the 5% Cap								
Blue Grass	410.92	315.86	324.44	350.40	17.52	53.37	17.80	0.00	0.00	17.80	11.35	11.30	63.48%
Owen	347.37	313.05	350.69	337.03	16.85	61.71	20.60	2.00	0.00	18.60	11.86	11.80	63.44%
Salt River	314.39	248.65	262.00	275.01	13.75	41.79	13.90	2.00	0.00	11.90	7.59	7.60	63.87%
Jackson	327.70	232.22	293.62	284.51	14.23	42.68		2.60	3.40	8.23	5.25	5.10	61.97%
Nolin	211.10	188.12	199.11	199.44	9.97	31.08	10.40	0.00	0.00	10.40	6.63	6.60	63.46%
Fleming Mason	196.87	179.19	166.89	180.98	9.05	27.41	9.10	0.00	0.00	9.10	5.8	5.80	63.74%
Inter-County	171.14	126.10	134.05	143.76	7.19	21.83	7.30	0.00	0.00	7.30	4.65	4.60	63.01%
Taylor	159.42	126.55	139.07	141.68	7.08	21.36	7.10	0.00	0.00	7.10	4.53	4.50	63.38%
Cumberland Valley	158.27	120.75	109.65	129.55	6.48	19.45	6.50	0.00	0.00	6.50	4.14	4.10	63.08%
Clark	153.99	114.84	113.62	127.48	6.37	19.14	6.40	0.00	0.00	6.40	4.08	4.00	62.50%
Shelby	120.51	102.00	99.56	107.35	5.37	16.27	5.40	0.00	0.00	5.40	3.44	3.40	62.96%
Big Sandy	89.48	64.77	56.94	70.40	3.52	10.65	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Licking Valley	88.57	62.72	58.66	69.98	3.50	10.64	3.50	0.00	0.00	3.50	2.23	2.20	62.86%
Grayson	85.17	62.79	57.65	68.53	3.43	10.30	3.40	0.00	0.00	3.40	2.17	2.10	61.76%
Farmers	136.36	120.49	115.85	124.23	6.21	18.81	6.30	4.60	0.00	1.70	1.08	1.00	58.82%
South Kentucky	458.91	352.24	353.44	388.20	19.41	58.46	19.50	0.00	58.00	0.46	0.00	0.00	
Total	3430.15	2730.34	2835.21	2998.57	149.93	464.93	155.00	11.20	61.40	121.29	77.03	76.30	
Remaining Notice Amount										77.33			

Noticed Projects

Owner-Member	Project	MW	Delivery Date	
Jackson	Irvine LFGTE	1.60	10/2013	
Jackson	Dupree Energy Sys	1.00	3/2015	
Farmers	Federal Mogul DG	3.60	2005	
Farmers	Glasgow LFGTE	1.00	11/2015	
Salt River	Lock 7	2.00	2013	
Owen	Bromley DG Unit	2.00	2016	
South Kentucky	PPA	58.00	6/2019	
Jackson	Hydro	2.64	1/2019	Not yet Noticed
Total Projects		71.84		

Savings Based on Number that gives Notice			0	Discount Rate			4.00%
Cooperative	MW Load Oct 31, 2017	Savings per MW	Savings per Year	NPV 5 Years	NPV 10 Years	NPV 15 Years	NPV 20 Years
Blue Grass	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Owen	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Salt River	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Jackson	8.00	\$ 30.00	\$ 2,102,400	\$ 9,359,511	\$ 17,052,347	\$ 23,375,298	\$ 28,572,302
Nolin	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Fleming Mason	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Inter-County	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Taylor	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Cumberland Valley	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Clark	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Shelby	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Big Sandy	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Licking Valley	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Grayson	0.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
Farmers	0.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
	8.00		2,102,400	9,359,511	17,052,347	23,375,298	28,572,302
South Kentucky	\$ 58.00	\$ 20.00	\$ 10,161,600	\$ 45,237,638	\$ 82,419,679	\$ 112,980,606	\$ 138,099,460

Amendment 3 Impact on EKPC (DRAFT)

<u>Notice</u>	<u>MW</u>	<u>MWh/Year</u>	<u>ES \$ Shift</u>	<u>ES %</u>	<u>Base \$ Shift</u>	<u>Total \$ Shift</u>
South Kentucky	58.0	508,080	\$ 4,100,000.00	87.88%	\$ 13,000,000.00	\$ 17,100,000.00
Blue Grass	0.0	-	\$ -	0.00%	\$ -	\$ -
Owen	0.0	-	\$ -	0.00%	\$ -	\$ -
Salt River	0.0	-	\$ -	0.00%	\$ -	\$ -
Jackson	8.0	70,080	\$ 565,517.24	12.12%	\$ 1,793,103.45	\$ 2,358,620.69
Nolin	0.0	-	\$ -	0.00%	\$ -	\$ -
Fleming Mason	0.0	-	\$ -	0.00%	\$ -	\$ -
Inter-County	0.0	-	\$ -	0.00%	\$ -	\$ -
Taylor	0.0	-	\$ -	0.00%	\$ -	\$ -
Cumberland Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Clark	0.0	-	\$ -	0.00%	\$ -	\$ -
Shelby	0.0	-	\$ -	0.00%	\$ -	\$ -
Big Sandy	0.0	-	\$ -	0.00%	\$ -	\$ -
Licking Valley	0.0	-	\$ -	0.00%	\$ -	\$ -
Grayson	0.0	-	\$ -	0.00%	\$ -	\$ -
Farmers	0.0	-	\$ -	0.00%	\$ -	\$ -
Member Owner Total	66.0	578,160	\$ 4,665,517.24		\$ 14,793,103.45	\$ 19,458,620.69
 EKPC 2018 Budget	 29,194	 13,534,101	 EKPC Pass Thru		 EKPC Rate Increase	

Cost Shift Percentages

<u>EKPC Base Rate</u> <u>Impact</u>	<u>EKPC 2018 Budget</u> <u>(pgA2)</u>	<u>Base Shift</u>	<u>Percent</u> <u>Increase</u>	<u>SKY</u> <u>Alone</u>
Base Rate	\$ 777,941,988.00	\$ 14,793,103.45	1.90%	1.67%
EKPC ES Revenue	\$ 109,603,865.00	\$ 4,665,517.24	4.26%	3.74%

A3 Cost Shift

		4.26%		1.90%			
<u>Member Owner</u>	<u>Member Owner ES Power Bill</u>	<u>ES Cost Increase</u>	<u>Member Owner Base Rate Power Bill</u>	<u>Base Rate Increase</u>	<u>Base Rate Savings</u>	<u>Net Base Rate Savings (Loss)</u>	<u>Net Member Savings (Loss)</u>
Blue Grass							
Owen	\$ 10,178,329.52	\$ 433,261.84	\$ 79,426,899.01	\$ 1,510,357.27	\$ -	\$ (1,510,357.27)	\$ (1,943,619.10)
Salt River							
Jackson	\$ 8,587,016	\$ 321,218.29	\$ 54,402,030	\$ 1,034,492.12	\$ 2,102,400.00	\$ 1,067,907.88	\$ 746,689.59
Nolin							
Fleming Mason							
Inter-County							
Taylor							
Cumberland Valley							
Clark							
Shelby							
Big Sandy							
Licking Valley							
Grayson							
Farmers							
South Kentucky							
Total	\$ 18,765,345.52	\$ 754,480.12	\$ 133,828,929.01	\$ 2,544,849.39	\$ 2,102,400.00	\$ (442,449.39)	