



September 20, 2019

***VIA ELECTRONIC TARIFF
FILING SYSTEM***

Ms. Gwen R. Pinson
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Re: Green Energy Tariff

Dear Ms. Pinson:

Please find enclosed for filing with the Commission the above-referenced East Kentucky Power Cooperative, Inc. ("EKPC") Green Energy Tariff. This tariff is an expansion of EKPC's existing Renewable Energy Program and is submitted in furtherance of our goal to meet end-use members' growing expectations to source renewable energy at fair, just and reasonable rates. The attached Green Energy Tariff is carefully designed to offer end-use members the flexibility they desire without causing harm to other customers.

As the Commission is already aware, EKPC's existing Renewable Energy Program is a rider to all current rate schedules. It allows end-use members to support renewable energy by purchasing Renewable Energy Certificates ("RECs") derived from various solar, wind, hydroelectric or biomass resources. End-use members participate in the Renewable Energy Program via contributions on their monthly electric bill. EKPC then purchases and retires the appropriate number and category of RECs based upon the dollar amount of RECs contributed by the end-use member. The existing Renewable Energy Program is marketed as *Envirowatts*.

While the *Envirowatts* program works for many residential and small commercial customers, EKPC has found it to be less well-suited to larger energy consumers. Several large companies with facilities served by EKPC's owner-members have developed corporate sustainability goals. A typical energy-related sustainability goal is to purchase a percentage of a company's energy requirements from physical renewable or sustainable resources. Through an ongoing dialogue with the larger end-use members on the EKPC system, EKPC sought to develop a tariff that would enable these energy users to satisfy their sustainability goals without prejudicing EKPC's other customers. EKPC's due diligence included researching similar tariffs already in place with other utilities, consulting with a company that currently utilizes a green tariff offered by another utility and retaining a consultant to help EKPC's staff model and fully understand the economics of a green tariff. The tariff and draft agreement that is being submitted herewith achieves the goal of assuring that EKPC and its owner-members recover all fixed-legacy costs without causing financial harm to EKPC, its owner-members or their non-participating end-use

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A Touchstone Energy Cooperative 

members. As a result of these efforts, the following goals were developed for the Green Energy Tariff:

- Retail participants continue to pay for legacy assets;
- Owner-members and EKPC are responsive to large end-use members' sustainability goals;
- Participants do not shift costs to non-participants;
- Renewable assets necessary to support this program will be secured by EKPC either by constructing a suitable generation facility or purchasing the desired type of renewable energy; and
- EKPC and its owner-members will negotiate individual agreements among EKPC, the owner-member and the participating end-use member for at least 1 MW, however, the purchase will not exceed the participant's average monthly consumption.

The structure of the Green Energy tariff is a bill credit for EKPC's avoided fuel expense, variable environmental costs and base fuel rate. Participants will receive an additional charge for the cost incurred by EKPC to provide the renewable energy. This structure allows participants to access renewable energy but does not allow them to avoid their share of the legacy assets. The new Green Energy tariff is proposed as a five-year pilot program.

To assure that the benefits of the Green Energy Tariff are available to all end-use members throughout the EKPC system, each of EKPC's owner-members are expected to file corresponding retail tariffs with the Commission in the next few weeks. Pursuant to KRS 278.180(1), EKPC is giving at least 30-days' advance notice to the Commission. Therefore, the proposed effective date of these tariff revisions will be November 1, 2019. Because the Green Energy tariff is a strictly voluntary tariff and does not impact the amount that a non-participating customer will pay for the same quality and quantity of service that is currently available, the public notice described by 807 KAR 5:011, Section 8 is not required to be given.

Please contact me if you have any questions.

Very truly yours,



Patrick Woods
Director, Regulatory and Compliance Services

Enclosures

cc: David S. Samford
Rebecca Goodman
Kent Chandler
Michael Kurtz

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, September 10, 2019, at 9:30 a.m., EDT, the following business transacted:

Authorization to Request Approval of the Kentucky Public Service Commission to Modify the Existing Renewable Energy Tariff to Include Green Energy

After review of the applicable information, Strategic Issues Committee Chairman Bill Shearer made a motion to authorize to Request Approval of the Kentucky Public Service Commission to Modify the Existing Renewable Energy Tariff to Include Green Energy, seconded by Ted Holbrook, and passed by the full Board to approve the following:

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) has a Renewable Energy program approved by the Kentucky Public Service Commission (“Commission”) that offers end-use members the opportunity to support renewable energy by purchasing Renewable Energy Certificates (“RECs”); and

Whereas, Several large companies, with facilities served by EKPC’s owner-members, have developed sustainability goals; and

Whereas, EKPC has researched green energy program structures deployed by other utilities and sought program structure design input from at least one large company utilizing green energy tariffs at other utilities; and


Whereas, EKPC staff, in collaboration with a consultant, developed modeling to confirm that a green energy program’s design will achieve the goal of assuring that EKPC and the owner-members recover all fixed legacy costs; and

Whereas, EKPC has completed modeling which demonstrates that the green energy tariff program design would not financially harm EKPC, its participating and nonparticipating owner-members, or non-participating end-use members; now, therefore be it

Resolved, The Board hereby authorizes EKPC to seek Commission approval of the changes to the existing Renewable Energy Program to include the green energy tariff, other entities, and to take any other actions necessary or desirable, to fully implement the Project.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 10th day of September 2019.



Jody E. Hughes, Secretary

Corporate Seal

Rate H

Wholesale Renewable Energy Program

Standard Rider

This Renewable Energy Program is a rider to Rates A, B, C, E and G. The purpose of this program is to provide EKPC owner-members with a source of renewable energy or renewable energy attributes for resale to their retail members.

Applicability

In all territory served by EKPC.

Definitions

- a. "Renewable energy" is that electricity which is generated from renewable sources including but not limited to: solar, wind, hydroelectric, geothermal, landfill gas, biomass, biodiesel used to generate electricity, agricultural crops or waste, all animal and organic waste, all energy crops and other renewable resources deemed to be Green-e certified. T
- b. A "Renewable Energy Certificate" ("REC") is the tradable renewable energy attribute which represents the commodity formed by unbundling the environmental-benefit attributes of a unit of renewable energy from the underlying electricity. One REC is equivalent to the environmental-benefits attributes of one MWh of renewable energy. T

Availability of Service

Option A

Owner-members may participate in the program by contributing monthly as much as they like in \$2.50 increments (e.g. \$2.50, \$5.00, \$7.50, or more per month). Funds provided by owner-members are not refundable.

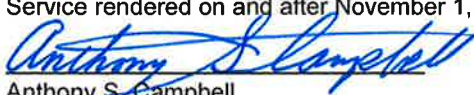
Option B

On and before December 31, 2024, Owner-members may, after entering into an agreement with their retail member and EKPC, offer renewable energy to offset a portion or all of the energy consumed by the retail member utilizing owner-member's firm service rates.

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DATE OF ISSUE: September 20, 2019

DATE EFFECTIVE: Service rendered on and after November 1, 2019

ISSUED BY: 
Anthony S. Campbell,
President and Chief Executive Officer

Rate H (continued)

Eligibility

All EKPC owner-members are eligible for this rider.

Under Option A, the owner-member will indicate the amount of voluntary Renewable Energy Program Contributions that the owner-member intends to purchase monthly. All owner-members will have executed a Renewable Energy Program Agreement with the participating retail member.

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Under Option B, the retail member in conjunction with the owner-member and EKPC, will determine the amount of renewable energy to be provided to the retail member. The minimum renewable energy capacity to be purchased, supplied, or secured by EKPC in the agreement should be 1 MW. The maximum annual renewable energy under the agreement can't exceed the participating retail member's average annual consumption over the previous three (3) years. For new businesses with no usage history, the maximum annual renewable energy under the contract will be estimated. The type of renewable energy will be selected by individually participating retail members. Retail members having multiple services across the EKPC system may aggregate consumption and renewable energy totals into a single agreement.

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Monthly Program Contribution

Option A only


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Renewable Energy Program Contributions: The monthly Renewable Energy Program Contributions by the owner-member is the total monthly voluntary contribution by the owner-member's participating retail members in any \$2.50 increments for the type of renewable energy resources (Landfill Gas, Solar, Wind, Hydroelectric) chosen by the participating retail member. EKPC will generate, purchase renewable energy, or purchase RECs equal to the monthly sum of Renewable Energy Program Contributions for each renewable energy resource type minus \$0.25 per increment retained to help offset administrative and advertising costs. For Renewable Energy Program Contributions assigned by the retail member for renewable energy resources that EKPC does not own, EKPC will purchase the appropriate type of RECs equaling the total contribution amount and will retire the associated RECs. For Renewable Energy Program Contributions assigned by the retail member for renewable energy resources that EKPC owns and operates, EKPC will allocate the appropriate generation (kwhs) and costs to the assigned renewable energy program contribution and retire the associated RECs.

Billing and Minimum Charge

Under Option A, EKPC will bill the owner-member at the rate of \$2.50 per increment. The sum of the Renewable Energy Program Contributions from each renewable energy resource type pledged under this tariff shall constitute the total amount that the owner-member may be billed during a normal billing period. Existing Wholesale Renewable Energy Program ("Envirowatts") retail participants will be billed at the existing retail rate from their owner-member.

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ISSUED BY: 
Anthony S. Campbell,
President and Chief Executive Officer

Rate H (continued)

Under Option B, EKPC will increase the owner-member monthly wholesale power bill by the negotiated and contracted renewable energy rate and delivered renewable energy for each participating agreement while providing a credit for the avoided cost of base fuel per MWh of renewable energy delivered and capacity credits when applicable.

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Terms of Service and Payment

This rate shall be subject to all other terms of service and payment of the wholesale power tariff.

Fuel Adjustment Clause

Under Option A, the fuel adjustment clause is not applicable to the Renewable Energy Program Contributions.

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Under Option B, EKPC will provide a credit on the owner-member's monthly wholesale power bill for the avoided cost of the base fuel and the Fuel Adjustment Clause equal to the delivered renewable energy monthly for each participating agreement.

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Environmental Surcharge

Under Option A, the environmental surcharge is not applicable to the Renewable Energy Program Contributions.

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Under Option B, EKPC will provide a credit on the owner-member's monthly wholesale power bill for the avoided cost of the variable environmental surcharge equal to the delivered renewable energy monthly for each participating agreement.

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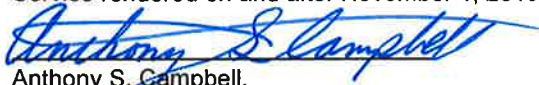
Total Credits

The total credit on the owner-member's monthly wholesale power bill will be the total of the avoided costs from base fuel, the fuel adjustment clause, and the variable environmental surcharge for the delivered renewable energy. The total credit will be limited to the lesser of the total credit as described in the Fuel Adjustment Clause and Environmental Surcharge sections above or the PJM Localized Marginal Cost ("LMP").

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DATE OF ISSUE: September 20, 2019

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ISSUED BY: 
Anthony S. Campbell,
President and Chief Executive Officer

Rate H**Wholesale Renewable Energy Program****Standard Rider**

This Renewable Energy Program is a rider to Rates A, B, C, E and G. The purpose of this program is to provide EKPC owner-members with a source of renewable energy or renewable energy attributes for resale to their retail members.

Applicability

In all territory served by EKPC.

Definitions

- a. "Renewable energy" is that electricity which is generated from renewable sources including but not limited to: solar, wind, hydroelectric, geothermal, landfill gas, biomass, biodiesel used to generate electricity, agricultural crops or waste, all animal and organic waste, all energy crops and other renewable resources deemed to be Green-e certified.
- b. A "Renewable Energy Certificate" ("REC") is the tradable renewable energy attribute which represents the commodity formed by unbundling the environmental-benefit attributes of a unit of renewable energy from the underlying electricity. One REC is equivalent to the environmental-benefits attributes of one MWh of renewable energy.

Availability of Service***Option A***

Owner-members may participate in the program by contributing monthly as much as they like in \$2.50 increments (e.g. \$2.50, \$5.00, \$7.50, or more per month). Funds provided by owner-members are not refundable.

Option B

On and before December 31, 2024, Owner-members may, after entering into an agreement with their retail member and EKPC, offer renewable energy to offset a portion or all of the energy consumed by the retail member utilizing owner-member's firm service rates.

Eligibility

All EKPC owner-members are eligible for this rider.

Under Option A, the owner-member will indicate the amount of voluntary Renewable Energy Program Contributions that the owner-member intends to purchase monthly. All owner-members will have executed a Renewable Energy Program Agreement with the participating retail member.

Under Option B, the retail member in conjunction with the owner-member and EKPC, will determine the amount of renewable energy to be provided to the retail member. The minimum renewable energy capacity to be purchased, supplied, or secured by EKPC in the agreement should be 1 MW. The maximum annual renewable energy under the agreement can't exceed the participating retail member's average annual consumption over the previous three (3) years. For new businesses with no usage history, the maximum annual renewable energy under the contract will be estimated. The type of renewable energy will be

selected by individually participating retail members. Retail members having multiple services across the EKPC system may aggregate consumption and renewable energy totals into a single agreement.

DATE OF ISSUE: September 20, 2019

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ISSUED BY: _____
Anthony S. Campbell,
President and Chief Executive Officer

Rate H (continued)**Monthly Program Contribution***Option A only*

Renewable Energy Program Contributions: The monthly Renewable Energy Program Contributions by the owner-member is the total monthly voluntary contribution by the owner-member's participating retail members in any \$2.50 increments for the type of renewable energy resources (Landfill Gas, Solar, Wind, Hydroelectric) chosen by the participating retail member. EKPC will generate, purchase renewable energy, or purchase RECs equal to the monthly sum of Renewable Energy Program Contributions for each renewable energy resource type minus \$0.25 per increment retained to help offset administrative and advertising costs. For Renewable Energy Program Contributions assigned by the retail member for renewable energy resources that EKPC does not own, EKPC will purchase the appropriate type of RECs equaling the total contribution amount and will retire the associated RECs. For Renewable Energy Program Contributions assigned by the retail member for renewable energy resources that EKPC owns and operates, EKPC will allocate the appropriate generation (kwhs) and costs to the assigned renewable energy program contribution and retire the associated RECs.

Billing and Minimum Charge

Under Option A, EKPC will bill the owner-member at the rate of \$2.50 per increment. The sum of the Renewable Energy Program Contributions from each renewable energy resource type pledged under this tariff shall constitute the total amount that the owner-member may be billed during a normal billing period. Existing Wholesale Renewable Energy Program ("Envirowatts") retail participants will be billed at the existing retail rate from their owner-member.

Under Option B, EKPC will increase the owner-member monthly wholesale power bill by the negotiated and contracted renewable energy rate and delivered renewable energy for each participating agreement while providing a credit for the avoided cost of base fuel per MWh of renewable energy delivered and capacity credits when applicable.

Terms of Service and Payment

This rate shall be subject to all other terms of service and payment of the wholesale power tariff.

Fuel Adjustment Clause

Under Option A, the fuel adjustment clause is not applicable to the Renewable Energy Program Contributions.

Under Option B, EKPC will provide a credit on the owner-member's monthly wholesale power bill for the avoided cost of the base fuel and the Fuel Adjustment Clause equal to the delivered renewable energy monthly for each participating agreement.

Environmental Surcharge

Under Option A, the environmental surcharge is not applicable to the Renewable Energy Program Contributions.

Under Option B, EKPC will provide a credit on the owner-member's monthly wholesale power bill for the avoided cost of the variable environmental surcharge equal to the delivered renewable energy monthly for each participating agreement.

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Anthony S. Campbell,
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Rate H (continued)

Total Credits

The total credit on the owner-member's monthly wholesale power bill will be the total of the avoided costs from base fuel, the fuel adjustment clause, and the variable environmental surcharge for the delivered renewable energy. The total credit will be limited to the lesser of the total credit as described in the Fuel Adjustment Clause and Environmental Surcharge sections above or the PJM Localized Marginal Cost ("LMP").

~~RESERVED FOR FUTURE USE~~

DATE OF ISSUE: September 20, 2019
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ISSUED BY: _____
Anthony S. Campbell,
President and Chief Executive Officer

RENEWABLE ENERGY
PURCHASE AGREEMENT

This Renewable Energy Purchase Agreement (“Agreement”) is made and entered into this ____ day of _____, 20__, by and between East Kentucky Power Cooperative, Inc., 4775 Lexington Road, Winchester, Kentucky 40391 (“EKPC”); <CO-OP NAME>, with its principal place of business at <CO-OP ADDRESS> (“Cooperative”); and the following identified person (“Customer”), who is a Member of Cooperative:

Customer: _____

Mailing Address: _____

Service Address(es): _____

Telephone Number: _____ Email: _____

Account Number(s): _____

WHEREAS, Customer desires and agrees to purchase, and EKPC and Cooperative are both willing and agree to sell, energy from a renewable resource(s) to offset a portion or all of the energy consumed by the Customer at the above-listed service address(es);

THEREFORE, in mutual consideration of the promises, representations, recitals, terms and conditions, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby agree as follows:

1. **Purchase and Sale of Renewable Energy.** The Customer may purchase renewable energy from Cooperative up to an amount equal to the Customer’s average annual energy consumption over the previous three (3) calendar years. In the event Customer has not yet consumed power provided by Cooperative for at least three years, the Customer’s actual usage shall be used to calculate an average annual energy consumption amount. The amount of energy purchased hereunder shall be equivalent to at least one (1) megawatt (MW) of installed renewable capacity. Cooperative shall acquire the renewable power sold to Customer from EKPC. The calculations and elections necessary to fulfill the obligation to purchase and sell renewable energy are set forth in Appendix A, which is adopted and incorporated by reference as if set forth herein in full.
2. **Account Aggregation.** Should the Customer have multiple accounts or service addresses with the Cooperative, the Customer shall be able to aggregate the energy consumption across all accounts or services addresses.
3. **Transmission.** EKPC shall arrange and be responsible for all transmission service for the renewable energy contemplated to be purchased hereunder and shall deliver or cause to be delivered such renewable energy to the point(s) of delivery of all

current and future non-renewable energy sales to the Cooperative and from which the Cooperative's electric distribution system currently delivers energy to the Customer. EKPC shall schedule or arrange for scheduling services with its transmission providers to deliver the renewable energy to said point(s) of delivery.

4. **Distribution.** The Cooperative shall arrange and be responsible for all distribution service for the renewable energy contemplated to be purchased hereunder and shall deliver or cause to be delivered such renewable energy to the Customer's meter(s).
5. **Title and Risk of Loss.** Title to and risk of loss related to the renewable energy acquired herein shall transfer: (a) from EKPC to the Cooperative at the delivery point(s) for all energy delivered to the Cooperative currently and in the future; and (b) from the Cooperative to the Customer at the Customer's meter. EKPC and Cooperative both warrant that they will deliver the renewable energy to the Customer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Customer's meter.
6. **Renewable Resources.** The Customer may choose the type(s) of renewable resource from which the renewable energy sold hereunder shall be generated. The choices available include: solar, wind, hydro, landfill methane gas or biomass. The Customer may not request or designate that the renewable energy purchased hereunder be acquired from any particular generation facility. EKPC retains the sole and exclusive right to select the resource(s) from which the renewable energy purchases contemplated herein are acquired.
7. **Pricing.** [TO BE NEGOTIATED ON A CASE BY CASE BASIS BASED UPON APPLICABLE RATE SCHEDULES.]
8. **Wholesale Credits.** The Cooperative shall receive a monthly credit on its wholesale power bill in an amount equal to the lesser of: (1) the avoided cost of: (a) base fuel and fuel adjustment clause per MWh of renewable energy delivered and capacity credits; and (b) variable environmental surcharge equal to the demand energy; or (2) the PJM Localized Marginal Cost. At no time shall EKPC be required to convert any credit accruing hereunder to cash. Any excess credit(s) can be carried forward to offset a later billed amount.
9. **Retail Credits.** The Customer shall receive a monthly credit on its retail power bill in an amount equal to the lesser of: (1) the avoided cost of: (a) base fuel and fuel adjustment clause per MWh of renewable energy delivered and capacity credits; and (b) variable environmental surcharge equal to the demand energy; or (2) the PJM Localized Marginal Cost. At no time shall Cooperative be required to convert any credit accruing hereunder to cash. Any excess credit(s) can be carried forward to offset a later billed amount.
10. **Billing.** EKPC shall invoice the Cooperative for all renewable energy delivered to the Cooperative as part of the invoice it sends to the Cooperative for all non-

renewable energy purchases by the Cooperative. The Cooperative shall then invoice the Customer for all renewable energy delivered to the Customer as part of the invoice it sends to the Customer for all non-renewable energy purchases by the Customer. In both cases, the invoice shall provide sufficient information to demonstrate the manner in which the charges for renewable energy sales were calculated.

11. **Failure to Take Delivery.** If Customer fails to accept all or part of the renewable energy sold hereunder and such failure is not excused by EKPC's or the Cooperative's failure to perform, then the Customer shall pay to the Cooperative, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the amount for which the renewable energy is actually sold by EKPC or Cooperative to another buyer from the price set forth herein. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.
12. **Term.** Subject to paragraph twenty-four (24) below, this Agreement shall be effective beginning on the date set forth above and will continue for a period of ____ years (the "Term"), subject to early termination as provided herein.
13. **Obligation to Customer.** EKPC and Cooperative agree to provide Customer with reasonable updates in the event of any changes in the availability of renewable energy purchased pursuant to this Agreement.
14. **Non-Transferrable.** The Customer may not transfer or assign any obligation, right, liability, or credit arising under this Agreement from one account or service address to another account or service address that is not listed above. The Customer may not transfer, assign, convey, sell or donate this Agreement to any other person unless EKPC and the Cooperative have both provided their express written consent to such action. Such consent may be granted or withheld in the sole discretion of EKPC and the Cooperative.
15. **Effect on other Rates.** Nothing in this Agreement shall be construed to effect, limit, alter, amend or change the terms or conditions of Customer's receipt of service from the Cooperative under any other tariff or rate schedule then in effect or subsequently approved by the Kentucky Public Service Commission ("Commission") which applies to the Customer. Likewise, nothing in this Agreement shall be construed to effect, limit, alter, amend or change the terms or conditions of the Cooperative's receipt of service from EKPC under any other tariff or rate schedule then in effect or subsequently approved by the Commission which applies to the Cooperative.
16. **Events of Default.** An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

- (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;
- (c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to receive the renewable energy, the exclusive remedy for which is provided in paragraph <eleven (11)> above) if such failure is not remedied within three (3) Business Days after written notice;
- (d) such Party becomes bankrupt; or
- (e) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party.

17. **Termination for an Event of Default.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, any other Party (the "Non-Defaulting Party") shall have the right to: (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date") to accelerate all amounts owing between the Parties; (ii) withhold any payments due to the Defaulting Party under this Agreement; and (iii) suspend performance. The Non-Defaulting Party shall calculate, in a commercially reasonable manner and considering the full period of non-performance from the Early Termination Date through the date of the expiration of the Agreement's Term, a Termination Payment amount as of the Early Termination Date. As soon as practicable after a termination, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within two (2) Business Days after such notice is effective. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within two (2) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer to the Non-Defaulting Party an amount equal to the Termination Payment to be held in escrow pending the outcome of the dispute.

18. **Disputes and Adjustments of Bills.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Parties. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the rate of two percent (2%) over the stated rate for commercial paper as published in the *Wall Street Journal* on the date that notice of the Dispute is given, from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments. Any dispute with respect to an invoice is waived unless the other Parties are notified in accordance with this paragraph within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.
19. **Resolution of Disputes.** Any dispute or need of interpretation between the Parties involving or arising under this Agreement first shall be referred for resolution to a senior representative of each Party. Upon receipt of a notice describing the dispute and designating the notifying Party's senior representative and that the dispute is to be resolved by the Parties' senior representatives under this Agreement, the other Parties shall promptly designate its senior representatives to the notifying Party. The senior representatives so designated shall attempt to resolve the dispute on an informal basis as promptly as practicable. If the dispute has not been resolved within thirty (30) days after the notifying Party's notice was received by the other Parties, or within such other period as the Parties may jointly agree, the Parties may pursue any remedies available at law or in equity to enforce its rights provided in the Agreement. Notwithstanding any inconsistent provision herein, any Party may be entitled to injunctive or other equitable relief without resort to the settlement or resolution procedures set forth herein.
20. **Representations and Warranties.** Each Party represents and warrants to the other Parties that:
- a. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
 - b. it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
 - c. the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate

any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it, except as set forth herein;

- d. this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;
- e. it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- f. there is not pending or, to its knowledge, threatened against it or any of its affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- g. no Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- h. it is acting for its own account, has made its own independent decision to enter into this Agreement and, as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of any other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- i. it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all renewable energy referred to herein; and
- j. the material economic terms of this Agreement were and are subject to individual negotiation by the Parties.

21. **Disclaimer and Force Majeure.** Customer understands and acknowledges that the generation of renewable energy and the sale of renewable energy is dependent upon numerous factors, including many which are beyond the control of EKPC and the Cooperative. EKPC and the Cooperative shall not be responsible or liable for any disruption or prevention of the production of renewable energy from any generation resource that is attributable to: (a) natural events such as acts of God, landslides, lightning, eclipses, weather patterns, earthquakes, fires, storms or the like; (b) interruption and/or curtailment of transmission facilities of third-parties; (c) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (d) governmental actions such as necessity for compliance with any court or administrative order, law, statute, ordinance, regulation, order, or policy having the effect of law promulgated by a governmental authority having jurisdiction. In the event of any inability by EKPC or the Cooperative to acquire or deliver the renewable energy contemplated to be purchased herein, the Customer agrees to accept non-renewable energy from the Cooperative under the terms and conditions of the Cooperative's tariffs and rate schedules in effect at such time(s).

22. **Limitation of Liability.** EXCEPT AS MAY BE SET FORTH EXPRESSLY HEREIN, CUSTOMER UNDERSTANDS AND ACKNOWLEDGES THAT EKPC AND THE COOPERATIVE HAVE MADE NO SPECIFIC OR GENERAL REPRESENTATIONS OR WARRANTIES REGARDING THE RENEWABLE ENERGY TO BE PURCHASED HEREBY OR ANY FACILITIES ASSOCIATED WITH GENERATING, TRANSMITTING OR DISTRIBUTING SAME, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE EXTENT ANY REPRESENTATIONS AND WARRANTIES HAVE BEEN MADE, UNLESS EXPRESSLY SET FORTH HEREIN, CUSTOMER UNDERSTANDS AND ACKNOWLEDGES THAT THEY ARE HEREBY EXPRESSLY DISCLAIMED. CUSTOMER ALSO UNDERSTANDS AND AGREES THAT HIS OR HER SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF A BREACH OF THIS AGREEMENT BY EKPC OR THE COOPERATIVE IS EXPRESSLY LIMITED TO PURCHASING REPLACEMENT POWER FROM THE COOPERATIVE AT PREVAILING TARIFFED RATES.
23. **Notice.** All notices, requests, consents, and other communications required under this Agreement shall be in writing and will be mailed to the mailing address for each Party as set forth above. Notices will be deemed delivered upon the earlier of: (a) the date of actual receipt, with a copy thereof being sent concurrently by certified or registered mail, return receipt requested; (b) three business days after being deposited in certified or registered mail, return receipt requested, postage prepaid; or (c) the following business day after being delivered to a reputable overnight courier service. If for any reason, a Party's mailing address should change, that Party must notify the other Parties in writing of the change of address for notices to be sent.
24. **Regulatory Approvals.** The Agreement is subject to approval by the Commission. This Agreement shall be filed with the Commission by EKPC within twenty (20) days of its full and final execution and EKPC and Cooperative agree to use reasonable efforts to obtain said approval from the Commission. However, in the event that Commission approval is not obtained within one hundred twenty (120) days, the Agreement shall be null and void. This Agreement may also be filed with the United States Rural Utilities Service, however, such a filing would be for informational purposes only.

25. **No Agency.** In performing their respective obligations hereunder, no Party is acting, or is authorized to act, as agent of any other Party.
26. **Forward Contract.** The Parties acknowledge and agree that all sales of renewable power hereunder constitute “forward contracts” within the meaning of the United States Bankruptcy Code.
27. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. This Agreement may not be released, discharged, or modified except by an instrument in writing signed by a duly authorized representative of each of the parties.
28. **Waiver of Trial by Jury. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THE AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THE AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**
29. **Jurisdiction.** Each party agrees that any suit, action, dispute or other proceeding arising out of the Agreement or any transaction contemplated by the Agreement shall be heard in, and hereby irrevocably submits to the exclusive jurisdictions of the Circuit Court of Clark County, and the United States District Court for the Eastern District of Kentucky, Lexington Division, and the related appellate courts. Each party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party’s respective address set forth in the Agreement shall be effective service of process for any actions, suit, dispute or other proceeding described herein. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in the aforementioned courts and the related appellate courts, and hereby and thereby further irrevocably and unconditionally waives and agrees not

to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

30. **Governing Law.** This Agreement shall be deemed to have been made in, and shall be construed under, the internal laws of the State of Kentucky, without regard to the principles of conflicts of laws thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

<CUSTOMER>

<CO-OP>

CUSTOMER NAME (please print)

<CO-OP REPRESENTATIVE NAME
AND TITLE> (please print)

CUSTOMER SIGNATURE

SIGNATURE

**EAST KENTUCKY POWER
COOPERATIVE, INC.**

<TITLE>, EAST KENTUCKY POWER
COOPERATIVE, INC. (please print)

SIGNATURE

APPENDIX A

ORDER SUMMARY

Customer's Average Annual Energy Consumption = _____ MWhs per year

Amount of Renewable Energy to be Purchased = _____ MWhs per year

Equivalent MWs of Capacity to be Purchased = _____ MWs

Types of Renewable Energy to be Purchased (check all that apply):

_____ Solar _____ Wind _____ Hydro

_____ Landfill Methane Gas _____ Biomass

EKPC Billing Summary: Green Power Alternative Analysis
Sample Billing Month: June

2/8/2019

Line		EKPC	COOP A	COOP B	COOP C	COOP D
1	Standard Bill					
2						
3	Customer	\$0	\$93	\$66	\$52	\$50
4	Demand	\$3,913	\$4,076	\$4,505	\$3,933	\$4,550
5	Energy	\$18,242	\$19,504	\$19,397	\$23,334	\$21,427
6	FAC	(\$815)	(\$1,228)	(\$1,074)	(\$1,129)	(\$1,207)
7	ES	\$3,263	\$2,256	\$2,576	\$2,920	\$2,671
8	Total	\$24,603	\$24,700	\$25,469	\$29,110	\$27,490
9	Difference from EKPC		\$97	\$866	\$4,507	\$2,887
10						
11						
12	Green Bill					
13						
14	Standard Bill	\$24,603	\$24,700	\$25,469	\$29,110	\$27,490
15	Plus Net Present Value Cost of Panels	\$10,675	\$10,675	\$10,675	\$10,675	\$10,675
16	Less Net Actual Fuel Costs	(\$3,741)	(\$3,741)	(\$3,741)	(\$3,741)	(\$3,741)
17	Less Adjustment to Environmental Surcharge	(\$179)	(\$179)	(\$179)	(\$179)	(\$179)
18	Less PJM BRA Revenue Credit	(\$2,384)	(\$2,384)	(\$2,384)	(\$2,384)	(\$2,384)
19	Total	\$28,975	\$29,072	\$29,841	\$33,482	\$31,862
20	Difference from EKPC		\$97	\$866	\$4,507	\$2,887
21						
22	Variance					
23						
24	Standard Bill	\$24,603	\$24,700	\$25,469	\$29,110	\$27,490
25	Green Bill	\$28,975	\$29,072	\$29,841	\$33,482	\$31,862
26	Green Bill Increase (Decrease)	\$4,372	\$4,372	\$4,372	\$4,372	\$4,372

1 Green Power Tariff - Alternative - Revised 02-08-2019
 2 Review of Proposal for Green Power Option

3
 4
 5 Current Billing, EKPC to Members (Rate E2):
 6
 7 Assumptions:
 8 Panels 3,800
 9 Monthly Demand (kW) 650
 10 Annual kWh / panel 460
 11 Total Monthly Energy (kWh) 392,000 60% load factor
 12 Monthly Energy from Green Power (kWh) 145,667 all On-Peak
 13
 14 Billing for Month of June

	Units	Rate	Cost
19 Demand	650	\$6.02	\$3,913
21 Energy -			
22 On-Peak	196,000	\$0.050899	\$9,978
23 Off-Peak	196,000	\$0.042174	\$8,266
24			
25 FAC	392,000	(\$0.002080)	(\$815)
26			
27 Subtotal			\$21,340
28			
29 Surcharge		15.29%	\$3,263
30			
31 Total Billing			\$24,603
32			
33			
34			
35			

36 Possible Billing with Green Power, EKPC to Members (Rate E2):

	Units	Rate	Cost
40 Green Power Adjustments:			
41			
42 Net Present Value Cost of Panels	145,667	\$0.073286	\$10,675
43			
44 Adjustment for Actual Fuel Costs -			
45 Base Fuel Cost	145,667	\$0.027760	\$4,044
46 Fuel Adjustment Clause Factor	145,667	(\$0.002080)	(\$303)
47 Net Actual Fuel Costs			\$3,741
48			
49 Adjustment to Environmental Surcharge			
50 due to Adjustment to Actual Fuel Costs -			
51 Total Surcharge on Net Actual Fuel Costs		15.29%	\$572
52 Less Fixed Portion of Surcharge Factor		10.51%	(\$33)
53 Adjustment to Environmental Surcharge			\$179
54			
55 PJM BRA Revenue Credit	18	\$131	\$2,384
56			
57 Billing with Green Power:			
58 Bill before Green Power			\$24,603
59 Plus Net Present Value Cost of Panels			\$10,675
60 Less Net Actual Fuel Costs			(\$3,741)
61 Less Adjustment to Environmental Surcharge			(\$179)
62 Less PJM BRA Revenue Credit			(\$2,384)
63			
64 Billing with Green Power			\$28,975
65			
66 Standard Bill			\$24,603
67 Green Bill			\$28,975
68 Green Bill Increase (Decrease)			\$4,372
69			
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75			

Current Billing, Members to Retail Customers:

Assumptions:	COOP A			COOP B			COOP C			COOP D		
	Units	Rate	Cost	Units	Rate	Cost	Units	Rate	Cost	Units	Rate	Cost
Monthly Demand (kW)	650			650			650			650		
Coincident Peak Adjustment Factor	1.00			1.00			1.00			1.00		
Total Monthly Energy (kWh)	392,000			392,000			392,000			392,000		
Monthly Energy from Green Power (kWh)	145,667			145,667			145,667			145,667		
Average Monthly Line Loss	5.356%			3.600%			3.479%			5.072%		
Customer Charge		\$93.28	\$93		\$65.11	\$66		\$52.18	\$52		\$50.00	\$50
Demand	650	\$6.27	\$4,076	650	\$4.93	\$4,505	650	\$6.05	\$3,933	650	\$7.00	\$4,550
Energy	371,004	\$0.052570	\$19,504	377,888	\$0.051330	\$19,397	378,366	\$0.061670	\$23,334	372,118	\$0.057580	\$21,427
FAC	371,004	(\$0.003310)	(\$1,228)	377,888	(\$0.002841)	(\$1,074)	378,366	(\$0.002853)	(\$1,129)	372,118	(\$0.003244)	(\$1,207)
Subtotal			\$22,444			\$22,893			\$26,190			\$24,819
Surcharge		10.00%	\$2,256		11.25%	\$2,576		11.15%	\$2,920		10.76%	\$2,671
Total Billing			\$24,700			\$25,469			\$29,110			\$27,490
Difference from EKPC Billing			\$97			\$866			\$4,507			\$2,887

Possible Billing with Green Power, Members to Retail Customers:

	COOP A		COOP B		COOP C		COOP D		
	Units	Cost	Units	Cost	Units	Cost	Units	Cost	
Green Power Adjustments:									
Net Present Value Cost of Panels	145,667	\$0.073286	\$10,675	145,667	\$0.073286	\$10,675	145,667	\$0.073286	\$10,675
Adjustment for Actual Fuel Costs -									
Base Fuel Cost	145,667	\$0.027760	\$4,044	145,667	\$0.027760	\$4,044	145,667	\$0.027760	\$4,044
Fuel Adjustment Clause Factor	145,667	(\$0.002080)	(\$303)	145,667	(\$0.002080)	(\$303)	145,667	(\$0.002080)	(\$303)
Net Actual Fuel Costs			\$3,741			\$3,741			\$3,741
Adjustment to Environmental Surcharge									
due to Adjustment to Actual Fuel Costs -									
Total Surcharge on Net Actual Fuel Costs			\$572			\$572			\$572
Less Fixed Portion of Surcharge Factor			(\$33)			(\$33)			(\$33)
Adjustment to Environmental Surcharge			\$179			\$179			\$179
PJM BRA Revenue Credit	18	\$131	\$2,384	18	\$131	\$2,384	18	\$131	\$2,384
Billing with Green Power:									
Bill before Green Power			\$24,700			\$25,469			\$29,110
Plus Net Present Value Cost of Panels			\$10,675			\$10,675			\$10,675
Less Net Actual Fuel Costs			(\$3,741)			(\$3,741)			(\$3,741)
Less Adjustment to Environmental Surcharge			(\$179)			(\$179)			(\$179)
Less PJM BRA Revenue Credit			(\$2,384)			(\$2,384)			(\$2,384)
Billing with Green Power			\$29,072			\$29,841			\$33,482
Standard Bill			\$24,700			\$25,469			\$29,110
Green Bill			\$29,072			\$29,841			\$33,482
Green Bill Increase (Decrease)			\$4,372			\$4,372			\$4,372

Notes: Assumed any and all "Green Charges" would be passed through to the retail customer.
 Coincident Peak Adjustment Factor has been incorporated to recognize the fact that EKPC demand is measured at the EKPC system coincident peak while Member demands are measured at the Member's overall peak, which could result in different demand levels for the Member analysis.
 The Adjustment Factor can be used to adjust the demand level billed by the Member if needed for this analysis.
 The reduction in the total environmental surcharge billed is to be expected, as under the Green Tariff a portion of the energy would be supplied by a non-coal fired generating source.

58	34	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
59	35	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
60	36	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
61	37	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
62	38	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
63	39	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
64	40	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
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PV Facility

Year	Investment	Book Depreciation	Net Plant	Rate Base	Interest	O&M	Property Taxes	Annual Rev Requirement	Present Value Interest Factor	Present Value Revenue Requirement	Cumulative Present Value Revenue Requirement
0	\$ 17,601,900								1.000000	\$ -	\$ -
1		\$ 704,076	\$ 16,897,824	\$ 16,897,824	\$ 405,548	\$ 79,560	\$ 76,040	\$ 1,265,224	0.952381	1,204,975	1,204,975
2		704,076	16,193,748	16,193,748	388,650	81,151	72,872	1,246,749	0.907029	1,130,838	2,335,813
3		704,076	15,489,672	15,489,672	371,752	82,774	69,704	1,228,306	0.863838	1,061,057	3,396,870
4		704,076	14,785,596	14,785,596	354,854	84,430	66,535	1,209,895	0.822702	995,384	4,392,254
5		704,076	14,081,520	14,081,520	337,956	86,118	63,367	1,191,518	0.783526	933,585	5,325,839
6		704,076	13,377,444	13,377,444	321,059	87,841	60,198	1,173,174	0.746215	875,440	6,201,280
7		704,076	12,673,368	12,673,368	304,161	89,597	57,030	1,154,864	0.710681	820,741	7,022,020
8		704,076	11,969,292	11,969,292	287,263	91,389	53,862	1,136,590	0.676839	769,289	7,791,309
9		704,076	11,265,216	11,265,216	270,365	93,217	50,693	1,118,352	0.644609	720,900	8,512,209
10		704,076	10,561,140	10,561,140	253,467	95,082	47,525	1,100,150	0.613913	675,397	9,187,605
11		704,076	9,857,064	9,857,064	236,570	96,983	44,357	1,081,986	0.584679	632,615	9,820,220
12		704,076	9,152,988	9,152,988	219,672	98,923	41,188	1,063,859	0.556837	592,397	10,412,616
13		704,076	8,448,912	8,448,912	202,774	100,901	38,020	1,045,771	0.530321	554,595	10,967,211
14		704,076	7,744,836	7,744,836	185,876	102,919	34,852	1,027,723	0.505068	519,070	11,486,281
15		704,076	7,040,760	7,040,760	168,978	104,978	31,683	1,009,715	0.481017	485,690	11,971,972
16		704,076	6,336,684	6,336,684	152,080	107,077	28,515	991,749	0.458112	454,332	12,426,303
17		704,076	5,632,608	5,632,608	135,183	109,219	25,347	973,824	0.436297	424,876	12,851,180
18		704,076	4,928,532	4,928,532	118,285	111,403	22,178	955,942	0.415521	397,214	13,248,393
19		704,076	4,224,456	4,224,456	101,387	113,631	19,010	938,104	0.395734	371,240	13,619,633
20		704,076	3,520,380	3,520,380	84,489	115,904	15,842	920,311	0.376889	346,855	13,966,488
21		704,076	2,816,304	2,816,304	67,591	118,222	12,673	902,563	0.358942	323,968	14,290,456
22		704,076	2,112,228	2,112,228	50,693	120,586	9,505	884,861	0.341850	302,490	14,592,946
23		704,076	1,408,152	1,408,152	33,796	122,998	6,337	867,206	0.325571	282,338	14,875,284
24		704,076	704,076	704,076	16,898	125,458	3,168	849,600	0.310068	263,434	15,138,717
25		704,076	-	-	-	-	-	704,076	0.295303	207,916	15,346,633
26		-	-	-	-	-	-	-	-	-	-
27		-	-	-	-	-	-	-	-	-	-
28		-	-	-	-	-	-	-	-	-	-
29		-	-	-	-	-	-	-	-	-	-
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Net Present Value Revenue Requirements \$ 15,346,633

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1 Green Power Tariff - Alternative - Revised 02-08-2019
 2 Review of Proposals for Green Power Tariff and Community Solar Participation

3
 4 **Background**

5
 6 Member's FAC and Line Losses:

7
 8 The Member's FAC is a function of the amount billed by EKPC each month adjusted for the Member's line losses.
 9 Thus, there is no separately identified "base" fuel component in the Member energy rates, unlike EKPC.

10
 11 For use in the analysis, below are 4 Member actual FAC factors, averaged and adjusted to reflect EKPC's adjustment
 12 to its base fuel component.

14 Month	15 FAC Factors and Calculations				16 Line Losses - 12 Month Average as Reported and Calculations			
	COOP A	COOP B	COOP C	COOP D	COOP A	COOP B	COOP C	COOP D
17 March 2016	(\$0.007049)	(\$0.006350)	(\$0.006930)	(\$0.007430)				
18 April	(\$0.008501)	(\$0.007860)	(\$0.007800)	(\$0.008270)				
19 May	(\$0.006756)	(\$0.006690)	(\$0.006930)	(\$0.008020)	5.400%	3.700%	3.360%	4.700%
20 June	(\$0.005616)	(\$0.005950)	(\$0.005420)	(\$0.005970)	5.380%	3.600%	3.420%	4.992%
21 July	(\$0.003902)	(\$0.003050)	(\$0.003400)	(\$0.003040)	5.350%	3.500%	3.390%	4.916%
22 August	(\$0.003862)	(\$0.003610)	(\$0.003450)	(\$0.003310)	5.340%	3.500%	3.730%	5.601%
23 September 2016	(\$0.005053)	(\$0.003740)	(\$0.004240)	(\$0.004100)	5.310%	3.700%	3.490%	5.149%
24 FAC:								
25 Sum	(\$0.040739)	(\$0.037250)	(\$0.038170)	(\$0.040140)				
26 Average Factor	(\$0.005820)	(\$0.005321)	(\$0.005453)	(\$0.005734)				
27 Adjustment	(\$0.002510)	(\$0.002480)	(\$0.002470)	(\$0.002490)				
28								
29 Estimated Factor	(\$0.003310)	(\$0.002841)	(\$0.002983)	(\$0.003244)				
30 Line Losses:								
31 Sum					26.780%	18.000%	17.390%	25.358%
32 Average of 12-								
33 Month Averages					5.356%	3.600%	3.478%	5.072%

34
 35 FAC Notes:

36 If the objective in a Green Power Tariff is to remove fuel costs from the energy rates charged to the customer, then it must be assumed that
 37 EKPC's base fuel cost of \$0.02776 / kWh is incorporated into the energy rates of the Member. The monthly FAC factor is the adjustment to the base fuel cost to
 38 reflect the actual fuel cost in any given period.
 39 This assumption is necessary because the Member's FAC review cases have never stated what the level of base fuel cost is in the Member's energy rates. FAC
 40 review case Orders going back to 1981 have been examined and this has always been the case.

41 Line Losses Notes:

42 The monthly 12-month average line losses are as reported on the monthly Member FAC reports. For analysis purposes, the average of the five months will be
 43 utilized.

44
 45 Member's Environmental Surcharge Pass-through Factor:

46
 47 The current 12-month average environmental surcharge pass-through factor for these 4 Members is shown below.

	COOP A	COOP B	COOP C	COOP D
49 Average Factor	10.05%	11.25%	11.15%	10.76%

51
 52

53 Possible Allocation:

54 Demand Share	63.77%	63.77%	63.77%	63.77%
55 Energy Share	36.23%	36.23%	36.23%	36.23%
56				
57 Demand Factor	6.41%	7.17%	7.11%	6.86%
58 Energy Factor	3.64%	4.08%	4.04%	3.90%

59
 60 Neither EKPC's surcharge factor nor the Members' Pass-through factor are separated into "fixed" and "variable" components. Rather, a single surcharge factor is
 61 determined for each and applied to bills following the "percentage of revenue" methodology, which in theory mimics the split between demand and energy
 62 reflected in the current bill. To accomplish a "fixed" (demand) and "variable" (energy) split accurately would require conducting a cost-of-service study on the
 63 surcharge components. The lack of a cost-of-service study and the ability to accurately allocate the surcharge and pass-through factors between demand and
 64 energy has been one of reasons given previous 2-year surcharge reviews not to incorporate the surcharge into base rates.
 65 However, for purposes of this analysis, an allocation between demand and energy has been made based on a review of the costs recovered through
 66 the surcharge. The return on rate base and depreciation expense have been assumed to be demand-related while all other expenses have been assumed to be
 67 energy-related. The allocation percentages are based on information from a recent 2-year surcharge review.
 68

69 EKPC's Average FAC and Surcharge Factors:

70				
71 Current average FAC factor, adjusted for recent base fuel cost roll-in			(\$0.00290)	
72				
73 Current average Surcharge factor			16.48%	
74		Demand Share	10.51%	Energy Share 5.97%

76 EKPC Energy Rates

77
 78 While cost-of-service studies were prepared and considered in the last three EKPC base rate cases, it should be remembered that the final rates in each of those
 79 cases reflected the results of settlement agreements, which were not based on the cost-of-service study results. Consequently, it is possible that some portion
 80 of the current EKPC energy rates do recover "fixed" costs. This is not an unusual result in rate design, but it should not be assumed EKPC's current rates reflect
 81 a strict "fixed/variable" split.
 82

83 PJM Capacity Pricing

84										
85	2019	2020	2021	2022	2023	2024	2025	2026	2027	AVG
86	\$150.00	\$80.00	\$76.50	\$140.00	\$121.50	\$129.80	\$145.30	\$159.10	\$173.40	\$130.62