**Memorandum of Understanding**

WHEREAS, Kentucky Municipal Power Agency (KMPA) and its members, Paducah Power System (PPS) and Princeton Electric Power Board (Princeton EPB), and Kentucky Municipal Energy Agency (KyMEA) (each a Party, collectively, the Parties) have come together to explore potential mutual benefits from collaborative power supply planning and cost sharing opportunities for the purpose of achieving the lowest cost of reliable and environmentally responsible electricity for public power providers in Kentucky; and

WHEREAS, KMPA and KyMEA have identified several potential areas of mutual benefit for the Agencies and their members; and

WHEREAS, it may be mutually beneficial for PPS and Princeton EPB and/or KMPA to join KyMEA; and

WHEREAS, the greater economies of scale achieved through load aggregation would provide opportunities for lowering average operating costs, such as for scheduling, dispatch, contract administration, and member services; and

WHEREAS, there may be additional benefits associated with joint generation and transmission planning; and

WHEREAS, KMPA has expressed interest in exploring a long-term, all-requirements power supply arrangement with KyMEA;

WHEREAS, KMPA and its members and KyMEA are interested in more fully developing the details of such potential arrangements for achieving long-term mutual benefits:

NOW, THEREFORE, the Parties hereby enter into this Memorandum of Understanding and agree as follows:

1. The Parties agree to work together to identify specific opportunities for achieving mutual benefits through evaluation of the following:
   1. Membership in KyMEA of KMPA, PPS, and/or Princeton EPB, including identification of the scope of services that KyMEA can provide to the other Parties during the period prior to May 1, 2019, and the estimated cost of such services.
   2. Participation by KMPA and/or its members in a KyMEA energy pool that would jointly dispatch the power supply resources of participating pool members.
   3. Options for KyMEA to become the all requirements power supplier to KMPA.
   4. Potential purchases by KyMEA of power supply resources of KMPA and its members, subject to applicable Kentucky Model Procurement Code requirements.
   5. Collective power supply planning, including evaluation of renewable energy supplies.
   6. Collective arrangements for third party services, such as for scheduling, dispatch, and marketing of power supply resources.
   7. Optimization of the utilization of existing and future transmission service arrangements.
   8. Establishment of a scope of services and compensation terms for KMPA staff to provide administrative and financial services to KyMEA prior to KyMEA’s hiring of permanent staff.
2. Each Party shall be responsible for its own costs in performing the activities contemplated in this MOU.
3. A Party may terminate its participation in this MOU and its activities by providing notice of termination to the other Parties. Upon providing such notice, the Party shall have no further obligations arising out of this MOU.

Kentucky Municipal Power Agency

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_

Paducah Power System

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_

Princeton Electric Plant Board

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_

Kentucky Municipal Energy Agency

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_