

Kentucky Municipal Energy Agency
Proposed Terms and Conditions
Seasonal Capacity Sale to Berea for Winter Planning Reserves

Item	Description
Seller	Kentucky Municipal Energy Agency ("KyMEA")
Buyer	City of Berea, Kentucky ("Berea") Berea Municipal Utilities
Product Description	Seasonal Capacity Sale – Winter Peak Planning Reserves sourced from KyMEA's PPS power purchase agreement
Term of Agreement	Beginning May 1, 2019 for 5 years
Capacity Amount by Year	January – March 2020 ---- 10 MW January – March 2021 ---- 10 MW January – March 2022 ---- 10 MW January – March 2023 ---- 10 MW January – March 2024 ---- 10 MW
Capacity Price	January – March 2020 ---- \$3.85 per kW-month January – March 2021 ---- \$3.85 per kW-month January – March 2022 ---- \$3.85 per kW-month January – March 2023 ---- ** January – March 2024 ---- ** ** After May 31, 2022, the capacity price shall be adjusted each year in accordance with the provisions for "CPI Adjustment of Monthly Capacity Price" set forth in Appendix B (attached)
Energy Price (Contract Rate)	During the proposed Term of Agreement, Berea's energy will normally be supplied by AMP pursuant to a 5-year all-requirements, firm LD market purchase from the MISO Indiana Hub to the MISO-LGEE interface. To the extent that Berea schedules energy under this contract, energy pricing will be at KyMEA's incremental cost incurred in the hour the energy was delivered, including transaction costs.
Delivery Point	PPS interconnection with LGEE

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Transmission Service Arrangements	Berea is a Transmission Service Member of KyMEA. KyMEA has obtained Network Integrated Transmission Service on the LGEE system including Berea's 69-kV delivery points
Scheduling	Berea can schedule up to 10 MW during the months of January, February, and March on a day-ahead basis.
Payment	<p>TBD – Berea and KyMEA may agree in the contract to either a monthly or seasonal reservation charge or seasonal reservation charge.</p> <p>Annual Fixed Capacity Charge = 10 MW x Capacity Price x 3 months</p> <p>Energy Charge = MWh delivered x KyMEA's hourly incremental cost</p>
Other considerations	<p>This Term Sheet is preliminary and is intended to set forth certain basic terms and to serve as a basis for further discussions and negotiations between the Parties with respect to the transaction described herein (the "Transaction"). The matters set forth in this Term Sheet are not intended to and do not constitute a binding agreement of the Parties or establish any obligation of the Parties with respect to the Transaction. Any such binding agreement will arise only upon the successful negotiation, execution and delivery of a mutually satisfactory Agreement (the "Agreement") and the satisfaction of all of the conditions set forth therein, including the approval of such Agreement by the respective governing body (ies) and management of each Party, which approval shall be in the sole subjective discretion of the respective governing body (ies) and management.</p>

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Appendix B

CPI Adjustment of Monthly Capacity Price

Commencing on June 1, 2022, and as of each June 1 thereafter during the remainder of the Contract Term, the monthly capacity price shall be adjusted by the percentage by which the final published annual "CPI-U Index" for the preceding calendar year is greater than or less than the final published annual "CPI-U Index" for calendar year 2020. In 2022 and each following year, after publication of the final annual "CPI-U Index" for the preceding calendar year, the Agency shall calculate an updated monthly capacity price using the change in such "CPI-U Index" compared to the 2020 annual "CPI-U Index." For purposes of clarity, the monthly capacity price to be so adjusted in each year shall be the initial price of \$3.85 per kilowatt-month, excluding the effects of any previous adjustments for annual "CPI-U Index" changes compared to 2020. The Agency shall provide notice of the updated price to the Member with supporting documentation within 45 days of publication of the final annual "CPI-U Index."

For purposes of adjusting the monthly capacity price, the "CPI-U Index" shall be that index identified as Consumer Price Index for All Urban Consumers – U.S. city average, all items [1980-1982=100] determined and reported by the Bureau of Labor Statistics of the U.S. Department of Labor. The "CPI-U Index" shall be determined to the nearest three decimal places. The percentage change in the "CPI-U Index" for a given year compared to 2020 shall be calculated to the nearest one-tenth of one percent. The adjusted monthly capacity price to be applied in a given period shall be rounded to the nearest one cent.

As an example, if the "CPI-U Index" for calendar year 2023 were 271.245, and the "CPI U Index" for 2020 were 259.188, the percentage adjustment of the monthly capacity price as of June 1, 2024 would be 104.7%, and the adjusted monthly capacity price would be \$4.03 per kilowatt-month.