

**AGENCY AGREEMENT BETWEEN
CITY OF BEREHA, KENTUCKY
AND
KENTUCKY MUNICIPAL ENERGY AGENCY
FOR PROCUREMENT OF BEREHA TRANSMISSION SERVICES**

This **AGENCY AGREEMENT FOR PROCUREMENT OF BEREHA TRANSMISSION SERVICES** ("Agreement") is entered into this 6th day of September, 2016, by and between the City of Bereha, Kentucky, a municipal corporation in the Commonwealth of Kentucky ("Bereha"), and the Kentucky Municipal Energy Agency, an interlocal agency organized and existing under the laws of the Commonwealth of Kentucky (the "Agency"), also hereafter referred to individually as "Party" or collectively as "Parties."

RECITALS

WHEREAS, Bereha is arranging for a new electric power supply to commence May 1, 2019; and

WHEREAS, to obtain delivery of its new power supply, Bereha will need Network Integration Transmission Service and related services under the Open Access Transmission Tariff of Kentucky Utilities Company and Louisville Gas and Electric Company ("KU/LG&E"), as well as transmission and related services from other transmission service providers to reach the KU/LG&E transmission grid ("Bereha Transmission Services"); and

WHEREAS, Bereha anticipates becoming a member of the Agency for the limited purpose of saving money in the procurement of Bereha Transmission Services; and

WHEREAS, by becoming a member of the Agency, Bereha has the opportunity to reduce its cost of procuring Bereha Transmission Services by sharing the costs of necessary transmission studies and related administrative costs with other members of the Agency that also need transmission services; and

WHEREAS, Bereha has the opportunity to expedite the procurement of Bereha Transmission Services as a participant in pending transmission service requests that the Agency has submitted for service that can include service for Bereha's loads; and

WHEREAS, Bereha desires that the Agency be and act as Bereha's agent for the procurement of Bereha Transmission Services, and the Agency is willing to serve as Bereha's agent for such purposes in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the foregoing premises, the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1.0 APPOINTMENT OF THE AGENCY AS AGENT: Berea hereby agrees that the Agency shall serve as Berea's agent in the procurement of Berea Transmission Services in accordance with the provisions in this Agreement, and the Agency hereby agrees to serve as Berea's agent for such purposes.

2.0 EFFECTIVE DATE, TERM AND TERMINATION:

- 2.1 This Agreement shall become effective upon execution by both Parties.
- 2.2 This Agreement may be terminated as of the beginning of any calendar month (a) by either Party by providing at least 30 days' advance notice of termination in writing, or (b) by mutual agreement of the Parties. Absent agreement of the Parties to the contrary, termination of this Agreement shall not terminate any transactions hereunder that may then be underway; rather, such transactions shall be completed and settled as though this Agreement were still in effect.
- 2.3 All obligations incurred pursuant to this Agreement prior to its termination shall be preserved until satisfied.

3.0 SERVICES TO BE PROVIDED:

- 3.1 As Berea's agent, the Agency shall procure Berea Transmission Services necessary to deliver Berea's electric power supply to Berea's delivery point(s). The costs of transmission studies required to procure Berea Transmission Services shall be shared proportionately among all Agency members, including Berea, for whose transmission service the studies are required. Costs incurred for an individual Agency member or subset of members shall be borne solely by that member or subset of members. The daily and hourly scheduling of transmission service to Berea shall be the responsibility of Berea's power supply provider and shall be coordinated with the Agency to achieve any available efficiency and cost advantages for Berea and other Agency members.
- 3.2 For all Berea Transmission Services for which the Agency is the transmission customer of the transmission service provider, the Agency shall be responsible for paying the rates and charges for such services to the transmission service provider. Berea shall reimburse the Agency for the Agency's cost of Berea Transmission Services.
- 3.3 Berea and the Agency shall share and exchange information as needed to facilitate the efficient and cost-effective procurement of Berea Transmission Services and to support Berea's timely arrangements for delivery of its electric power supply.
- 3.4 The Agency shall maintain and make available to Berea accounting records identifying all costs incurred by the Agency in procuring Berea Transmission Services pursuant to this Agreement.

4.0 BILLING AND PAYMENT

4.1 The Agency shall prepare and deliver assessments and invoices to Berea to recover Berea's share of the Agency's costs in procuring Berea Transmission Services consistent with the Agency's standard billing practices for its members. The Agency agrees that there shall be no pattern of adverse distinction and no pattern of undue discrimination in carrying out its obligations under this Agreement relating to Berea as compared to other Agency members. The Agency shall prepare and deliver to Berea monthly invoices for reimbursement of monthly transmission service rates and charges paid by the Agency to transmission service providers for Berea Transmission Services. The Agency shall invoice Berea for Berea's proportionate share of transmission study costs and the pass-through of transmission service rates and charges incurred by the Agency for Berea Transmission Services at the actual costs incurred by the Agency with no adder or mark-up. Agency assessments to Berea for Berea's share of Agency administrative costs shall be limited to a proportionate share of only those administrative costs that are attributable to the Agency's procurement and administration of transmission services. For example, if Berea's load-proportionate share of transmission services is 8%, and the Agency's share of administrative costs attributable to transmission services is 12% of total Agency administrative costs, Berea's share of the Agency's total administrative costs would be 0.96% (8% times 12%). Like any other Agency member, Berea shall have the right to review and audit the assessment of Agency administrative costs to assure itself that the costs are reasonable and that the allocation of costs is non-discriminatory as among Agency members, including Berea. Through its representative on the Agency's Board of Directors, Berea shall be entitled to raise any concerns about the level or allocation of administrative costs before the Agency's Board of Directors. If Berea believes that the assessment to Berea of Agency administrative costs does not comply with the standards set forth in this Agreement, Berea may seek resolution of the issue through any mutually agreeable dispute resolution process or in any court of law with jurisdiction over the parties and subject matter.

4.2 Berea's payments to the Agency shall be due in accordance with the Agency's standard timetable for assessments and invoices to other Agency members for whom the Agency obtains transmission services. Berea shall pay monthly Agency invoices for reimbursement of transmission rates and charges from transmission service providers by electronic transfer to a bank account designated from time to time by the Agency within 15 days of receipt of the bill; provided, however, that if said 15th day is a Saturday, Sunday or legal holiday in the Commonwealth of Kentucky, the next following business day shall be the day on which such payment shall be due.

5.0 METERING

5.1 Berea and the Agency shall coordinate to establish and maintain revenue-quality metering and associated equipment required at each Berea delivery point to

measure and record the electric power and energy delivered and to communicate the real-time metering data to the Agency and Berea's electric power supply provider on a continuous basis. Such metering equipment shall provide a continuous record of the integrated total demand of Berea at such delivery point(s) during each monthly billing period. Such records shall be available at all reasonable times to authorized agents of Berea. All metering equipment shall be maintained by the respective owner(s) thereof.

- 5.2 The Agency shall test and calibrate meters or cause meters to be tested and calibrated by comparison with accurate standards at intervals of not less than twelve (12) months. The Agency shall also perform or cause to be performed special meter tests at Berea's request. The cost of all tests shall be borne by the Agency except that if any special meter test performed at Berea's request shall disclose that the meters are recording accurately, Berea shall reimburse the Agency for the cost of such test. Meters registering within one percent (1%) of accuracy shall be deemed to be accurate. The readings for any meter that shall have been disclosed by test to be inaccurate shall be corrected in accordance with the applicable provisions of the Open Access Transmission Tariff under which transmission service is being provided. The Agency shall notify Berea or cause Berea to be notified in advance of the time of any meter test so that Berea's representative may be present at such meter test.

6.0 ASSIGNMENT, SUCCESSORS AND ASSIGNS

- 6.1 This Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties to this Agreement; provided, however, that, neither this Agreement nor any interest herein shall be transferred or assigned by either Party except with the consent in writing of the other Party, which the Party may grant or deny in its sole discretion. The Party seeking to assign this Agreement must provide at least ninety (90) days' prior written notice to the other Party. No assignment or transfer of this Contract shall relieve the Parties of any obligation hereunder.

7.0 LIABILITY AND INDEMNITY:

- 7.1 Each Party shall indemnify and save the other Party and the directors, agents, officers, officials, and employees of the other Party, harmless from and against any liability, loss, damage, claims, costs, and expenses (including reasonable attorneys' fees and court costs through appeal) incurred or claimed on account of injury to persons (including death) or damage or destruction of property, occasioned by the act or omissions of the indemnifying Party or its directors, agents, officers, officials, and employees, except to the extent that such liability, loss, damage, claim, costs, or expense results from the gross negligence or willful misconduct of the indemnified Party; provided however, that each Party shall be solely responsible to its own employees for all claims or benefits due for injuries occurring in the course of their employment or arising out of any workers' compensation law (except for claims due to the negligence of the other Party), and

each Party shall indemnify and save the other Party harmless from and against any liability, loss, damage, claims, costs, and expenses (including reasonable attorneys' fees and court costs through appeal) relating to its own employees. Except as otherwise provided in this Section 7.1 and except for loss, injury, damages or destruction that result from a breach or default of a Party's duty or obligation as set forth herein, the Parties shall each bear their own respective risk of loss for any loss, injury, damage or destruction to their respective property, facilities, equipment and for the replacement or repair of such property. To the fullest extent permitted by law, neither Party shall have liability to the other Party for any indirect, consequential, multiple or punitive damages including, but not limited to, loss of earnings or revenues.

8.0 APPLICABLE LAW

8.1 This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

9.0 ENTIRE AGREEMENT

9.1 This Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between the Parties or their representatives with respect to the subject matter hereof and constitutes the entire agreement of the Parties with respect to the subject matter hereof.


10.0 COUNTERPARTS

10.1 This Contract may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

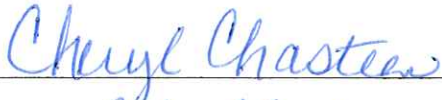
IN WITNESS WHEREOF, each of the Parties hereto has caused this Contract to be executed by its duly authorized official, officer, or representative and its seal to be hereto affixed, if required, effective as of the day, month and year first above written.

(signatures appear on the following page)

CITY OF BERE, KENTUCKY

By: 
Title: Mayor

ATTEST:


Title: City Clerk

(SEAL)

KENTUCKY MUNICIPAL ENERGY AGENCY

By: _____
Chairman

ATTEST:

Secretary

(SEAL)