**RESOLUTION**

 WHEREAS, the Kentucky Municipal Energy Agency (“KyMEA”) has entered into an All Requirements Power Sales Contract (the “AR Contract”) with certain of its Members (the “AR Members”) for the purpose of setting forth the terms and conditions relating to the proposed sale of electric power and energy requirements by KyMEA to the AR Members; and

 WHEREAS pursuant to the AR Contract, the All Requirements Project Committee (the “AR Project Committee”) consisting of all AR Members is tasked with the responsibility of developing and designing the rates in accordance with generally accepted ratemaking principles and procedures to provide revenues to meet the anticipated revenue requirements of KyMEA (the “Revenue Requirements”) to furnish electric power and energy to the AR Members; and

 WHEREAS, pursuant to the AR Contract, the KyMEA Board of Directors shall establish and maintain rates under the AR Contracts that will provide revenues which are sufficient, but only sufficient, to meet the anticipated Revenue Requirements of KyMEA in providing electric power and energy to its AR Members; and

 WHEREAS, the KyMEA Board of Directors shall establish rates and charges for all products and services KyMEA provides to its Members which shall be consistent with Prudent Utility Practice; and

 WHERAS, the KyMEA Board of Directors shall not unreasonably withhold its approval and establishment of rates developed by the AR Project Committee; and

 WHEREAS, to assist the AR Members in planning for the costs of their respective electric power and energy requirments, KyMEA desires to present to them indicative rates and budgetary information and the methodology in the establishment of the rates;

 NOW THEREFORE BE IT RESOLVED:

 **Section 1. AR Project Committee Indicative Rate Proposal.** The AR Project Committee has designed and developed an indicative rate and budget proposal and the methodology to set rates (the “Indicative Rate Proposal”) in order to provide the AR Members with costs associated with the provision of electric power and energy requirements under the AR Contract and has submitted the Indicative Rate Proposal to the KyMEA Board of Directors for approval.

 **Section 2. Approval of Indicative Rate Proposal.** The KyMEA Board of Directors has reviewed the Indicative Rate Proposal and hereby determines that the Indicative Rate Proposal has been developed in accordance with generally accepted ratemaking principles and procedures and is consistent with Prudent Utility Practice and will provide revenues which are sufficient to meet the anticipated Revenue Requirements of KyMEA in providing electric power and energy to its AR Members.

 **Section 3. Presentation to Members.** To assist its AR Members in planning for the costs of their respective electric power and energy requirements, KyMEA shall present the Indicative Rate Proposal to its Members together with information describing the methodology. The President, the Interim Chief Financial Officer and all other appropriate consultants and persons as may be necessary are hereby authorized and directed to make any formal presentations requested by any KyMEA Member and to deliver other supplemental information and documentation as may be reasonably necessary to effect the purpose of this Resolution and the assistance of KyMEA Members in planning their electric power and energy requirements.