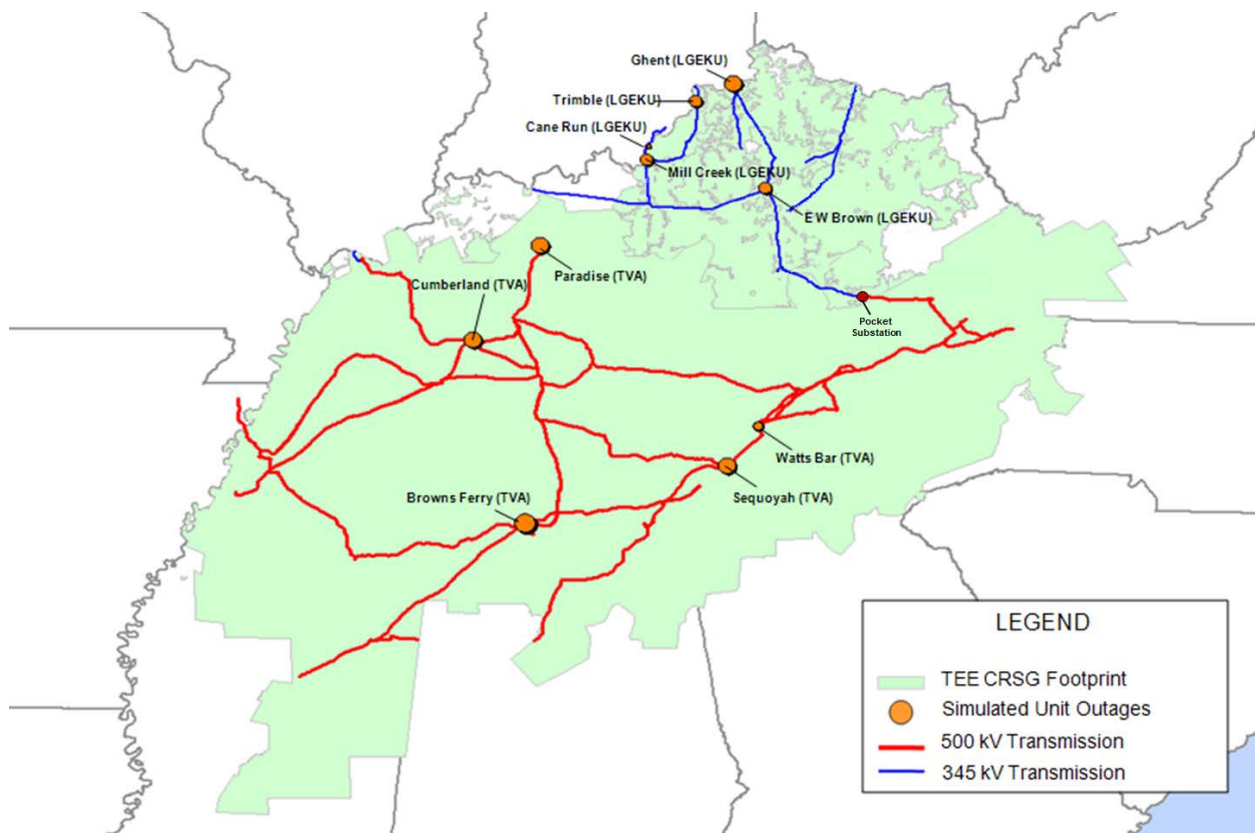


Contingency Reserve Sharing Group Certification of Deliverability

East Kentucky Power Cooperative (EKPC), LG&E and KU Services Company (LGE/KU) and Tennessee Valley Authority (TVA) executed a contingency reserve sharing group agreement (TCRSG) that became effective on January 1, 2010. In June 2013, EKPC left the TCRSG and joined the PJM market.

The TCRSG agreement requires that a deliverability study be conducted annually to evaluate the capability of the interconnected transmission system of TVA and LGE/KU. The deliverability study conducted in December 2016 confirms that the contingency reserve sharing agreement between LGE/KU and TVA continues to be deliverable over the interconnected transmission systems of the participating parties and the first-tier interconnected transmission systems.

Figure 1 – Locations of Plants with Tested Unit Outages



The contingency reserve sharing agreement specified utilization of gross MW capability of generating units as the basis for determining each company's reserve obligation. Therefore, the deliverability study used this as the basis for the analyses performed. The study was conducted to verify deliverability and to determine the Transmission Reliability Margin (TRM) values to be allocated to the interfaces of the transmission systems of the parties.

The joint study team has determined through the findings of this study that the TCRSG agreement between LGE/KU and TVA remains deliverable over the interconnected transmission systems of the participating parties and the first-tier interconnected transmission systems.

To accommodate the TCRSG agreement, sufficient capacity will be reserved on the interfaces and/or Flowgates in the form of TRM. TVA and LGE/KU use the Flowgate Methodology for calculating Available Flowgate Capability for each ATC Path. Each party will need to review the calculation of the Short-term System Operator response (Operating Reserve actions) component of its TRM reservation on each Flowgate to reflect the obligations of the TCRSG. The transmission contract path ratings between the TCRSG participants are shown in Figure 2. The TRM to be reserved on each interface is determined by the maximum reserve obligations that are identified in Table 1 below. The TRM values, which are determined by the maximum reserve obligations, are reserved for five years until January 31, 2022.

Figure 2 - Contract Path Ratings (MVA)



Table 1 – Interface TRM for Reserve Sharing (January 31, 2017 to January 31, 2022)

Transfer Path	TRM (MW)
LGE/KU to TVA	250
TVA to LGE/KU	559

LGE/KU and TVA hereby certify deliverability as described above for one year beginning January 31, 2017.

Chris Balmer

12/9/16
Date

Chris Balmer
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12-7-2016
Date

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